

House Fiscal Advisory Staff

Budget as Enacted Fiscal Year 2011



Submitted to the 2010 House of Representatives

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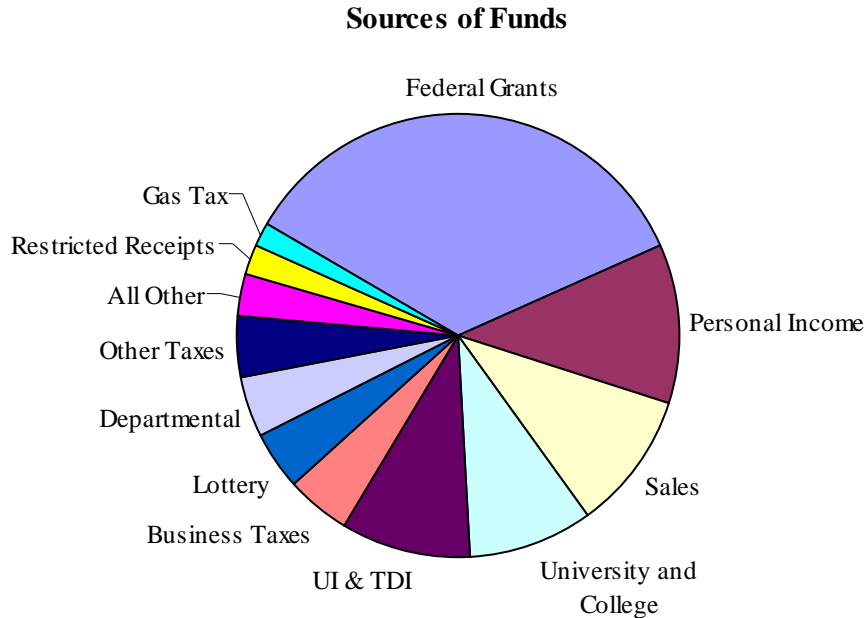
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Section I

Budget at a Glance

FY 2011 Budget at a Glance

The Assembly adopted a FY 2011 budget with total expenditures of \$7,864.1 million. It contains \$2,942.1 million of expenditures funded from general revenues, \$58.2 million, or 1.9 percent less than the enacted general revenue funded budget. They are also \$93.1 million more than the Governor's recommendations.



Budget Issues

- **Rainy Day Fund.** The Assembly provides \$22.0 million to pay back the Budget Stabilization and Cash Reserve Account for funds borrowed in FY 2009. The Governor proposed legislation delaying the repayment until FY 2012. The Budget as enacted uses no funds from the Rainy Day Fund, which would have a balance of \$126.9 million.
- **Structural Issues.** Consistent with the Governor's original assumptions, the budget includes significant savings from the American Recovery and Reinvestment Act of 2009. Total general revenue budget relief is \$233.8 million, which includes \$107.6 million assuming an extension of enhanced Medicaid reimbursements set to expire on December 31, 2010 absent Congressional action. Both the FY 2010 and FY 2011 budget recommendations rely on non-recurring employee concessions. The out-year budget gaps, largely due to the end of stimulus and the one time expenditure savings, are not resolved.
- **Revenue-Expenditure Gap.** House Fiscal Staff estimates that in preparing the FY 2011 budget, the Governor faced a projected revenue-expenditure gap of \$400 million, which would grow to \$750 million by FY 2015. This was \$222.7 million more than Staff's FY 2011 forecast in the enacted FY 2010 budget of \$177.3 million due mainly to significant downward revision in revenues at the November 2009 Revenue Estimating Conference and unachieved structural changes in FY 2010.

The results of the May Revenue Estimating Conference provided approximately \$34.5 million in additional resources not previously accounted for to help close the budget gap. The Governor's deficit

resolution assumed that the enhanced Medicaid rate that is scheduled to end on December 31, 2010 will be extended for six months to June 30, 2011. The Assembly also assumed this extension and the associated savings of \$107.6 million. It had not yet received congressional approval, however. As a contingency plan, the Assembly enacted Section 16 of Article 1, which authorizes the Governor to institute across the board reductions in the event that assistance or an alternate plan is not approved.

Taxes and Revenues (See Section VI, Special Reports: Revenue Changes)

- **Personal Income Tax Structure Change.** The Assembly enacted legislation to change the personal income tax structure. The changes are effective in tax year 2011. Under the new structure, there are three taxable income brackets with a top rate of 5.99 percent; it allows for a standard deduction and a personal and dependent exemption of \$3,500, which will grow with inflation. It maintains eight tax credits: Earned Income, Property Tax Relief, Lead Paint Abatement, Credit for Income Taxes Paid to Other States, Historic Structures, Motion Picture Production, Contributions to Scholarship Organizations, and the Child and Dependent Care tax credits. It eliminates the alternative flat tax and the alternative minimum tax and continues to treat capital gains as ordinary income.
- **Enterprise Zone Tax Credit Elimination.** The Assembly did not concur with the Governor's proposal to eliminate the Enterprise Zone Tax Credit. Under current law, a qualified business in an enterprise zone is allowed a credit against personal income taxes for pass through entities or business corporations' taxes for wages paid to employees that are part of the new employees hired to meet the 12 month, 5.0 percent jobs growth requirement. The business is eligible for a credit equal to 50.0 percent of the wages for the new jobs, up to \$2,500 per job. If the new employee lives in the enterprise zone, the credit increases to 75.0 percent, up to \$5,000 per employee.
- **Small Business Jobs Growth Tax Credit.** The Assembly did not concur with the Governor's proposal to create a Small Business Jobs Growth Tax Credit. Under the proposal, an eligible company would receive a \$2,000 tax credit against the personal income tax and the corporation income tax for every new employee it adds between July 1, 2010 through December 31, 2011. The business must have at least five but no more than 100 employees working in the state. He included a revenue loss of \$10.0 million.
- **Corporate and Franchise Minimum Tax Reduction.** The Assembly did not concur with the Governor proposal's to reduce the corporate and franchise minimum tax from \$500 to \$250. For businesses filing corporate income tax returns, the franchise tax rate is \$500 per million of authorized capital stock or \$500, whichever is greater. Franchise tax liability is offset by the amount of corporate income tax paid. The corporate minimum tax has been \$500 since January 2004.
- **Tax Credit for K-12 Scholarship Organization Contributions.** The Assembly maintained funding for the tax credit allowed for business entities making contributions to scholarship organizations at \$1.0 million. The Governor proposed increasing the cap to \$2.0 million.
- **Motion Picture Tax Credit Elimination.** The Assembly maintained the Motion Picture Tax Credit program, which is capped at \$15.0 million annually.
- **Motor Vehicles New Road Test Fee.** The Budget includes \$625,000 in revenues from the implementation of a new road test fee of \$25. The Division of Motor Vehicles administers 25,000 road tests annually.

- **Motor Vehicles State Identification Card Fee.** The Budget includes \$130,000 in additional revenues from increasing the fee charged for obtaining a state identification card from \$15 to \$25. The Division of Motor Vehicles issues 13,000 state identification cards annually.
- **Motor Vehicles Dealers License Fees.** The Budget includes \$116,000 in additional revenues from increasing the business license fee charged to motor vehicle dealers from \$100 to \$300. This fee is charged on an annual basis to the 580 motor vehicle dealers in the state.
- **Motor Vehicles Manufacturers, Distributors and Factory Representatives Fees.** The Budget includes \$34,500 in additional revenues from increasing the business license fee charged to 150 motor vehicle manufacturers and distributors from \$200 to \$300, and from increasing the fee charged to 325 motor vehicle factory representatives from \$40 to \$100. These fees are charged on an annual basis.
- **Motor Vehicles Flashing Light Permit Fee.** The Budget establishes a \$25 flashing light permit fee. Information provided indicates that a fee of \$5 is currently being charged; however, there is no current law provision that allows the charge. The Budget assumes \$44,000 in revenue from this fee.
- **Motor Vehicles School Bus Registration Fee Increase.** The Budget includes \$37,400 in additional revenues from increasing the school bus registration fee from \$3 to \$25. The Division of Motor Vehicles registers 1,700 school buses annually.
- **State Police Accident Report Fee.** The Budget includes \$26,910 of additional revenues from increasing the fee for obtaining a copy of a State Police accident report from \$10 to \$15 in FY 2011.
- **Prepaid Wireless E-911 Surcharge.** The Budget includes \$350,000 of revenues from assessing a 2.5 percent E-911 charge at the time of retail transaction for a prepaid wireless device. This charge will be based upon the cost of the prepaid wireless communication device and minutes.
- **Underground Storage Tank Fund.** The Assembly did not concur with the Governor's proposal to exempt the Underground Storage Tank Fund from the state's 10.0 percent indirect cost recovery charge and assumed \$0.2 million in additional revenues for FY 2010 and FY 2011.
- **Surplus Lines of Insurance.** The Assembly increased the tax charged to the insured by the insurer from 3.0 percent to 4.0 percent on surplus lines of insurance and included \$1.1 million in additional revenue from increasing the tax. This is consistent with rates charged in Massachusetts.
- **Joint Underwriters Association.** The Assembly enacted legislation to apply the 2.0 percent gross premiums tax on the Medical Malpractice Joint Underwriters Association which had previously been exempt. The Assembly included \$150,000 in additional revenues from the application of the tax to the association's premiums.
- **Telecommunications Education Access Fund.** The budget includes \$350,000 from general revenues to support the Telecommunications Education Access Fund. The Governor had proposed legislation to reduce the assessment for the Telecommunications Education Access Fund from \$0.26 to \$0.15 per line effective February 1, 2010 and expand it to include wireless lines. The Assembly did not enact the proposed legislation.
- **Rhode Island Health and Educational Building Corporation Transfer.** The Budget includes a transfer of \$1.0 million from the Rhode Island Health and Educational Building Corporation to the general fund in FY 2011.
- **Hospital License Fee.** The Governor recommended Article 16 to extend the licensing fee for FY 2011 at the current rate of 5.237 percent of net patient services revenue. His budget includes the enacted

level of \$128.8 million in revenue, which includes \$123.1 million from the community hospitals and \$5.8 million from Eleanor Slater Hospital.

The Assembly passed Section 9 of Article 9 to include an FY 2010 licensing fee set at 5.314 percent of hospitals' net patient services revenue for a base year of 2008 with revenue of \$130.7 million, \$124.9 million from the community hospitals and \$5.8 million from Eleanor Slater Hospital. It also includes an FY 2011 licensing fee at 5.465 percent of revenues for an updated base year of 2009 with revenue of \$141.8 million, \$135.8 million from the community hospitals and \$6.0 million from Eleanor Slater Hospital.

- ***Elimination of Dog Racing.*** The Assembly decreased pari-mutuel revenues by \$0.3 million in FY 2011 based upon the passage of legislation to prohibit dog racing and the operation of a dog track in the town of Lincoln.
- ***Twin River Bankruptcy.*** Subsequent to his budget submission, the Governor requested an amendment to change the state's current contract with owner and operator of Twin River to conform with provisions of the bankruptcy plan. The legislation required state support for a portion of the marketing costs, prohibits dog racing, and allows for establishment of a promotional points program. It also changes the jobs requirement for five year renewal to 650.0 full-time positions, a decrease from 1,300.0 positions in current law. The Assembly reduced revenues by \$3.7 million in FY 2011 to reflect an annual pro rata share for marketing fees.
- ***Newport Grand Rate Parity.*** Subsequent to his budget submission, the Governor requested an amendment to change the state's current contract with the owner and operator of Twin River to conform with provisions of the bankruptcy plan. This legislation amends the state's current contract with the owner and operator of Twin River to conform with provisions of the bankruptcy plan. The Assembly adopted legislation revising it to extend marketing cost participation to Newport Grand if earnings thresholds are met and it further provides for Newport's share of income to be consistent with Twin River. The Assembly included a revenue loss of \$985,000.

Local Aid (See Section VI, Special Reports: State Aid to Local Government)

- ***Motor Vehicles Excise Tax Elimination.*** The Governor's FY 2011 budget eliminated funding for the Motor Vehicles Excise Tax program. The Assembly passed legislation that mandates a \$500 exemption for which the state will reimburse municipalities an amount subject to appropriation. The legislation allows municipalities to provide an additional exemption; however, any such additional exemption will not be subject to reimbursement. The Assembly also removed the provision, which restricted municipalities from taxing the difference in the event that the value of a vehicle is higher than the prior fiscal year. The Assembly provided \$10.0 million in FY 2011 to fund the program.
- ***Fire Districts.*** The Assembly ended the car tax reimbursement to fire districts, but restored their authority to levy a motor vehicle excise tax, effective for FY 2011.
- ***Distressed Communities Relief Fund.*** The Assembly provides \$10.4 million for the Distressed Communities Relief Fund for FY 2011. Communities' aid distribution is based on updated qualifying tax levies. Current law mandates that 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. For FY 2011, East Providence is qualified for distressed aid and North Providence is disqualified.

- ***Library Resource Sharing Aid.*** The Budget provides \$8.8 million for FY 2011 library operating aid, \$1.1 million or 12.4 percent less than allowed under current law, which requires 25.0 percent reimbursement of second prior year expenditures. Community distributions reflect updated data and a ratable reduction to the appropriation.
- ***Library Construction Aid.*** The Budget provides \$2.5 million for library construction aid. The state reimburses libraries up to half the total costs for eligible projects on an installment basis for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of the project.
- ***Payment in Lieu of Taxes Program.*** The Budget includes \$27.6 million to level fund the Payment in Lieu of Taxes program at the FY 2010 level, which represents a reimbursement of 20.9 percent. Distributions to communities reflect updated data and a ratable reduction to the appropriation.
- ***Property Valuation Reimbursement.*** The Budget provides full funding of \$1.0 million to reimburse communities conducting property valuation updates.
- ***Airport Impact Aid.*** The Budget provides \$1.0 million to the Economic Development Corporation so that the Airport Corporation can provide impact aid payments to the seven communities that host the six state airports. The community payments are made proportionally based on the number of total landings and takeoffs.
- ***Municipal Tipping Fee.*** The Budget extends the municipal tipping fees set for FY 2010 for an additional year. This includes \$32.00 per ton for municipalities that recycle less than 24 percent of their solid waste. Municipalities that recycle between 24 and 29 percent would pay \$31.00 per ton, those recycling between 29 and 35 percent would pay \$30.00 per ton and municipalities recycling 35 percent of their solid waste would pay \$29.00 per ton.

Education Aid (See Section VI, Special Reports: Education Aid)

- ***Education Aid.*** The Budget includes a 3.8 percent reduction to enacted general education aid to local districts and charter schools in addition to adjustments to capture savings to local districts from pension changes and use of \$18.6 million from federal stabilization funds.
- ***Pension Changes.*** The Assembly adopted pension changes that limit the cost-of-living adjustment to the first \$35,000 of a pension, indexed to inflation but capped at 3.0 percent, beginning on the third anniversary of retirement or age 65, whichever is later. This is estimated to save \$10.3 million for the employer share of teacher retirement costs for FY 2011. This includes \$4.2 million for the state's 40.0 percent share and \$6.1 million for the local share.
- ***Metropolitan Career and Technical School.*** The Budget includes \$13.0 million from general revenues and federal fiscal stabilization funds for Met School operations for FY 2011. This is \$0.3 million more than the enacted budget. This reflects freezing enrollment at the East Bay Campus at 90 students for the second year.
- ***School Construction Aid.*** The Budget includes \$70.8 million to fund projected costs of school housing aid to local districts for FY 2011, which is \$12.5 million more than the FY 2010 entitlement. Aid is based on wealth with a 30.0 percent minimum reimbursement of approved costs.

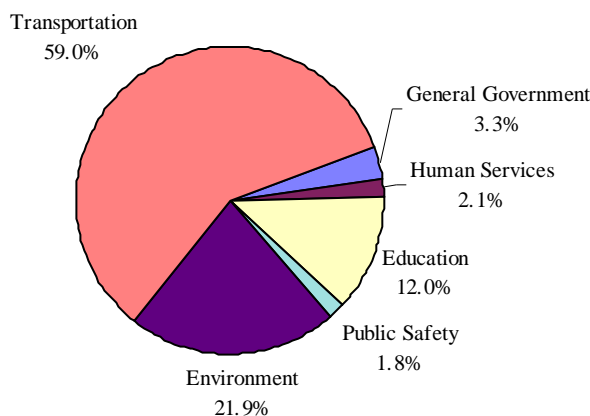
- ***School Construction Aid Legislation.*** The Budget includes legislation that allows the state to spread reimbursement of debt service costs accumulated prior to project completion over three years if necessitated by appropriation level rather than paying it all in the first year of reimbursement, which is the current practice. The Budget includes \$4.5 million less than the estimated cost for full funding based on this proposal.
- ***Charter School Expansion.*** The Budget includes \$1.0 million for the opening of two new charter schools during the 2010–2011 school year.
- ***Group Home Aid.*** The Budget reflects group home aid consistent with current law that requires that aid be paid for all beds opened as of December 31, 2009. The FY 2011 budget is \$0.6 million less than the FY 2010 enacted budget.
- ***Funding Formula.*** The Assembly enacted legislation establishing a new education aid funding formula beginning with the FY 2012 budget.

Economic Development

- ***Job Creation Loan Guaranty Program.*** The Assembly enacted legislation authorizing the Economic Development Corporation to guarantee debt in an amount not to exceed \$125.0 million for a Job Creation Guaranty Program. Debt service payments would be paid by revenues from financed projects. The legislation requires performance standards and annual reports detailing the list of guarantee issued, description of the borrowers, the number and type of jobs created. It requires that jobs created meet the 30 hours per week standard and pay at least 250.0 percent of minimum wage. The Assembly also established an enhanced Procurement Assistance Program within the Corporation.
- ***RI Industrial Recreational Building Authority.*** The Assembly restored \$60.0 million in authority granted to the Rhode Island Industrial Recreational Building Authority to insure mortgage payments required by a mortgage on any industrial and/or recreational project.
- ***Economic Development Corporation - Operations.*** The Budget includes \$4.8 million from general revenues to support general operations of the Economic Development Corporation, consistent with the enacted budget.
- ***Slater Technology Fund.*** The Budget includes \$2.0 million for the Slater Technology Fund, which is a state-backed venture capital fund that invests in new ventures.
- ***Experimental Program to Stimulate Competitive Research.*** The Assembly provided \$1.5 million for participation in the National Science Foundation’s Experimental Program to Stimulate Competitive Research.
- ***Richmond Welcome Center.*** The Budget provides \$0.4 million from gasoline tax proceeds to fund the Richmond Welcome Center. The Economic Development Corporation manages the welcome center.
- ***Quick Start Program.*** The Budget includes \$250,000 from general revenues for the Quick Start Small Business Initiative within the Office of the Secretary of State. Funding is for an online master application where applicants can enter their contact and business information just once and the information will be automatically entered on all forms the applicant needs to submit. In addition, those who wish to open a business in Rhode Island will find all the relevant forms, fee and other information needed to open a business in a single place.

Capital Budget (See Section IV: Capital Budget)

FY 2011 - FY 2015 Capital Projects by Function

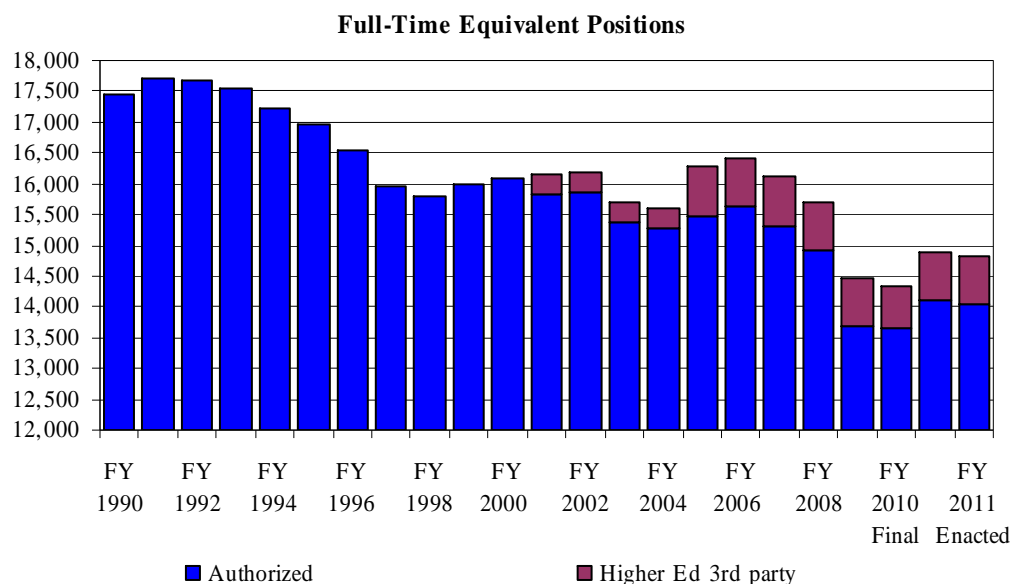


- **Higher Education Bond Referenda.** The Budget includes \$78.0 million in proposed general obligation bond projects to go before the voters on the November 2010 ballot. This includes \$61.0 million for a new chemistry building at the University and \$17.0 million for the art center at the College.
- **Transportation Bond Referenda.** The Budget includes \$84.7 million of new general obligation bonds to be submitted to the voters on the November 2010 ballot for the Department of Transportation and Rhode Island Public Transit Authority. Of this amount, \$80.0 million will provide state-matching funds for the federal highway improvement program as well as state only funded projects, and \$4.7 million will be used by the Authority to purchase new buses or rehabilitate its existing bus fleet. The voters approved \$83.6 million for this purpose on the November 2008 ballot.
- **Open Space and Recreation Bond Referenda.** The Budget includes \$14.7 million of new general obligation bonds to be submitted to the voters on the November 2010 ballot. Of this amount, \$10.0 million would be available for the purchase of all or a portion of the former Rocky Point Park, \$3.2 million would be used to transfer the title of 25 India Street in Providence from the Department of Transportation to the Department of Environmental Management for open space and recreation, and up to \$1.5 million for improvements and renovations to Fort Adams State Park in Newport.
- **Other Debt Approvals.** The Assembly authorized \$100.3 million under the Public Debt Management Act, including \$68.1 million from Rhode Island Bridge and Turnpike Authority revenue bonds supported by toll revenue and \$32.2 million for energy conservation projects at the University and Community College.

State Government (See Section VI, Special Reports: State Government Personnel and Staffing)

- **Staffing.** The Budget includes 14,827.6 full-time equivalent positions, including 785.0 higher education positions supported by research or other third-party funds. The recommendation is 35.4 positions less than enacted, primarily from a reduction equivalent to 10.0 percent reduction of vacancies on agencies with more than 10.0 full-time equivalent positions, which is offset by additional unemployment workers in the general government agencies. As of May 22, 2010 there was an average of

13,585.2 positions filled. In FY 2009, the state averaged 13,565.7 filled positions reflecting an average of 683.4 non-research vacancies.



- Pension Changes.** The Budget assumes \$8.2 million in savings, \$5.7 million from general revenues for the state’s share of retirement costs for state employees and judges from reductions to pension benefits. Combined with the saving applicable to teachers, the total savings in FY 2011 is \$18.5 million from all sources, \$16.0 million from general revenues. The Assembly limited the cost-of living adjustments to the first \$35,000 of retirement allowance indexed to inflation, but capped at 3.0 percent, beginning on the third anniversary of retirement or age 65, which ever is later. This applies to all retirees that were not eligible to retire before the date of passage, June 12, 2010. The FY 2010 budget includes similar savings. The Governor had proposed eliminating the cost-of-living adjustment.

- State Employee Pay Reductions.** The Budget assumes savings of approximately \$29.5 million from all sources, including \$17.5 million from general revenues from the agreement reached with state employees for four unpaid days in FY 2011 in exchange for future time off and the delay of a scheduled pay raise from July 1, 2010 to January 2, 2011. The agreement includes the promise of no layoffs.

- Medical Benefits.** The Budget assumes \$8.4 million in savings from original estimates for employee medical benefit costs. This is based on updated information from FY 2009 and FY 2010 that suggests a continued downward trend in claims.

- Statewide Assessed Fringe Savings.** The Assembly reduced the rate used to calculate the amount assessed to each agency for the payout of employee benefits, such as unused leave, unemployment, and worker’s compensation for savings of \$1.5 million from general revenues.

- Retiree Health Benefits.** The Budget assumes funding the retiree health benefit costs on an actuarial basis, consistent with legislation first adopted by the 2008 Assembly to begin in FY 2009 then delayed in the FY 2009 revised budget for two years. The Assembly included \$7.9 million from general revenues to transition from pay-as-you-go to an actuarial basis.

- Police and Fire Benefits.** The Budget does not include the Governor’s proposed changes to the Police and Fire Relief Fund. He proposed eliminating the police and fire benefits program administered by the Department of Labor and Training except to grandfather benefits to those eligible for both pensions and/or education benefits prior to July 1, 2010.

- ***Unemployment Insurance Benefits.*** The Budget includes \$567.4 million for the payment of unemployment insurance benefits in FY 2011, including \$128.3 million from federal stimulus funds and \$438.9 million from the Employment Security Fund. It also includes \$0.2 million from federal disaster unemployment compensation grants to provide unemployment insurance benefits to workers whose place of employment was affected by the March 2010 floods and who are not otherwise eligible for regular unemployment insurance benefits.
- ***Unemployment Insurance Modernization.*** The Budget includes legislation contained in Article 22 to expand benefits and eligibility to allow the state to capture \$15.6 million from federal Unemployment Insurance Modernization funds made available through the American Recovery and Reinvestment Act. The article increases the dependents' allowance from \$10 to \$15 per dependent, creates a maximum dependents' allowance of \$50 or 25 percent of the individual's weekly benefit and pro-rates dependents' allowances when an individual receives partial benefits. It also adds conditions under which someone may voluntarily leave their place of employment and still be eligible for benefits.
- ***Employer Surtax and Job Development Fund.*** The Budget includes an amendment requested by the Governor that converted the 0.3 percent surtax that employers will have to pay beginning January 1, 2011 to an increase in the Job Development Fund assessment from 0.21 percent to 0.51 percent. The current surtax can only be used to repay the principal, but the job development assessment can be used towards repaying the interest and the principal on federal unemployment insurance loans. The article stipulates that 0.3 percent of the assessment must be used to pay the principal and interest on the loans and includes language to exempt the 0.3 percent portion of the assessment from the standard 10.0 percent indirect cost recovery charge.
- ***Neighborhood Opportunities Program.*** The Assembly provided \$1.5 million from Rhode Island Capital Plan funds for the Neighborhood Opportunities Program to address the housing and revitalization needs of deteriorating neighborhoods. The Governor's budget did not fund this.
- ***Convention Center Authority.*** The Budget includes \$23.1 million for the Convention Center Authority to cover debt service requirements and operational shortfalls at the Dunkin Donuts Center, Convention Center and the Veterans' Memorial Auditorium.
- ***Veterans Memorial Auditorium.*** The Governor had proposed selling the Veterans Memorial Auditorium to the Convention Center Authority to rehabilitate it through issuance of debt totaling \$29.8 million of which \$10.8 million would be deposited as new revenues WITH annual debt service of \$2.8 million. The state currently owns the Veterans Auditorium, which the Authority took management of on July 1, 2008. Under the terms of the agreement between the state and the Authority, in the event that the Authority is running an operating deficit, the state would be responsible for covering this shortfall. The Assembly did not concur with the financing proposal and included \$14.8 million from Rhode Island Capital Plan funds over five years, including \$1.0 million in FY 2010 to begin renovations with pay-go sources.
- ***Historic Tax Credit Trust Fund Debt Service.*** The Budget includes \$23.8 million from general revenues to fund debt service for historic tax credits.
- ***Transition Costs for Elected Officials.*** The Budget includes \$0.1 million from general revenues for transition expenses for elected officials. Rhode Island General Law 36-1-2.1 requires that all newly elected general officers, prior to their engagement of office, shall be entitled to space for transition staff, adequate funds from the outgoing general officer from the budget of that department for use to hire transition staff, obtain office supplies and equipment.
- ***Sheriffs.*** The Budget maintains the Sheriffs Division in the Department of Administration.

- ***Rhode Island Financial Accounting Network System.*** The Budget includes operational expenditures of \$0.9 million from general revenues to fund contracts for license and maintenance costs for the Rhode Island Financial Accounting Network System.
- ***Registry of Motor Vehicles.*** The Capital Budget includes \$17.7 million from Rhode Island Capital Plan funds of which \$4.1 million will be used in FY 2011 to renovate the Forand Building to be the new home of the Registry of Motor Vehicles. Construction started early September 2009, and is slated to be completed next summer. The Division of Motor Vehicles anticipates moving in August 2010.
- ***Registry Branch Consolidation.*** The Budget includes savings of \$0.8 million from general revenues from the closure of the Pawtucket branch and the Rhode Island Mall branch. The Division of Motor Vehicles is scheduled to move to its new headquarters on the Pastore Center in August 2010. The Division indicated that the Rhode Island Mall branch will be too close to the Pastore Center and costly to retrofit.
- ***Tax Data Warehouse.*** The Budget includes \$0.5 million from Rhode Island Capital Plan funds for the expansion of the tax data warehouse project to include automated compliance, collection improvements, data-driven audit selection process and risk-based sales tax audit.
- ***Commission on Women.*** The Budget discontinues paid support staff for the volunteer commission and eliminates general revenue funds.
- ***Matching Public Funds for Elections.*** The Budget includes \$2.0 million from general revenues from Matching Public Funds for the November 2010 election. Funding is available to candidates for Governor, Lieutenant Governor, Secretary of State, General Treasurer and Attorney General.
- ***Office of the Health Insurance Commissioner.*** The Budget maintains general revenue funding for the Office of the Health Insurance Commissioner. The Governor proposed assessing health insurers and self insured plans to fund the operations of the Office.
- ***Public Utilities Commission Energy Initiatives.*** The Budget includes 2.0 new positions and \$0.2 million from American Recovery and Reinvestment Act funds to address various electricity initiatives consistent with the Governor's recommendation.
- ***Public Utilities Commissioners.*** The Budget reduces the Commissioner membership from five to three. The 2002 Assembly raised the number of commissioners in the Public Utilities Commission from three to five, effective January 31, 2004. The Governor never appointed the new Commissioners.
- ***Federal Funds – Indirect Rate Recovery.*** The Budget includes general revenue savings of \$2.3 million from seven state agencies, the Department of Mental Health, Retardation and Hospitals, Elderly Affairs, Children, Youth and Families, Public Safety, Corrections, the Military and Judiciary, complying with state law and applying for an indirect cost rate that most federal grants allow for recovery of overhead costs.

Elderly

- ***Case Management Services.*** The Budget includes a shift of \$0.3 million from general revenues to federal funds to leverage Medicaid available through the Rhode Island Consumer Choice Global Waiver for previously state only case management services.

- **Pharmaceutical Assistance.** The Budget includes \$1.6 million from all sources for the pharmaceutical assistance program to the elderly, including \$1.3 million from general revenues and \$0.3 million from drug rebates.
- **Home and Community Care Program.** The Budget includes \$8.3 million, including \$3.2 million from general revenues primarily for assisted living expenditures provided through the Department of Elderly Affairs' home and community care program. This is \$0.8 million more than enacted from an increase in the number of residents in assisted living facilities funded through this program.
- **Adult Day Care Services.** The Budget includes \$2.1 million from all sources, including \$1.0 million from general revenues for the adult day care program.
- **Home Care Services.** The Budget includes \$2.5 million from all sources, including \$1.2 million from general revenues for home care services.

Health and Human Services

- **Enhanced Medicaid Rate Extension.** The FY 2011 Budget assumes that the enhanced Medicaid rate that is scheduled to end on December 31, 2010 will be extended for six months to June 30, 2011. The Budget includes general revenue savings of \$107.6 million based on the extension, which is included in President Obama's budget submission but still requires congressional approval.

If that extension is not granted, Section 16 of Article 1 authorizes the Governor to institute across the board reductions for agencies with general revenue appropriations that are the same as the loss of federal funds, excluding any debt-related obligations that require the full faith and credit of the state. The Assembly also reserves the authority to alter the appropriations to achieve similar reductions.

- **Uncompensated Care Payments.** The Budget includes total funding of \$117.8 million to reimburse community hospitals for the uncompensated care payments in FY 2011, \$3.2 million more than included in the enacted budget. It also includes \$125.4 million in payments for FY 2012.
- **Community Hospital Payments.** The Budget restores \$49.2 million in funding to the state's community hospitals, including \$17.8 million from general revenues, compared to the Governor's recommended budget. This includes an outpatient upper payment limit reimbursement and acute care payments to certain hospitals. The budget does include savings of \$7.9 million from the community hospitals based on accepting a 9.9 percent reduction in current payment rates from managed care plans beginning January 1, 2011.
- **Community Hospital Payments – FY 2010 Acute Care.** The Budget includes making the FY 2010 \$3.65 million state only acute care payment to four community hospitals by September 1, 2010, which is within the community hospitals' fiscal year 2010. The Governor had proposed eliminating this in his revised budget.
- **Managed Long-term Care Program.** The Budget includes savings of \$4.3 million from general revenues by establishing a contracted entity to manage primary, acute, and long-term care services for Medicaid clients.
- **State Maximum Allowable Cost.** The Budget includes savings of \$358,150 from general revenues from the creation of a state maximum allowable cost program for generic drugs. This would allow the state to set a reimbursement rate closer to the state's cost instead of using the current federal upper limit, which represents a national average cost and is higher than the state's cost for certain drugs.

- ***Department of Veterans' Affairs.*** The Budget delays the creation of a new Department of Veterans' Affairs within the Office of Health and Human Services by one year, from July 1, 2010 to July 1, 2011. The 2009 Assembly passed 2009-H 5082, Substitute A, as amended and the Governor signed it into law on November 9, 2009 which created a separate Department of Veterans' Affairs, effective July 1, 2010. The Division of Veterans' Affairs is currently a program within the Department of Human Services.
- ***Estate Recoveries.*** The Budget includes savings of \$2.8 million, including \$1.3 million from general revenues from the Department of Human Services' ability to conduct estate recoveries allowed under current law, and includes 3.0 additional positions to assist the recovery unit. It also requires the Department of Human Services to report its long term care recovery activities monthly. The Budget does not include the expanded definition of estate recoveries that was included in the Governor's budget.
- ***Child Care Rate Reduction.*** The Budget does not include the Governor's initiative to impose a 5.0 percent rate reduction for child care services the state purchases from all licensed and certified child care providers.
- ***Children's Health Account.*** The Budget increases the annual assessment ceiling applied to all insurers for home health services, child and adolescent intensive treatment services and comprehensive evaluation, diagnosis, assessment, referral and re-evaluation services from \$5,000 to \$6,000 per child for each service. The Budget assumes \$0.9 million in general revenue savings.
- ***SSI Transaction Fee.*** The Budget contains language in Article 3 that requires the Department of Human Services to make the state's portion of the federal/state supplemental security income payment directly to a recipient instead of paying a monthly transaction fee to have the payment federally administered.
- ***TANF Emergency Funding.*** The state is eligible to receive up to \$47.5 million in new federal Temporary Assistance to Needy Families Contingency funds to implement a new subsidized employment program. The Budget includes \$36.0 million in the Departments of Human Services, Labor and Training, and Revenue in FY 2011 for employment and other eligible activities, including \$34.9 million in the Department of Human Services for the disbursement of subsidized wages to participating employers and other short term activities and a total of \$0.5 million in all three departments for 24.0 time-limited positions.
- ***Supplemental Nutrition Assistance Program Benefits.*** The Budget includes \$276.5 million from federal funds for these benefits, formerly known as food stamps, based on current caseloads.
- ***State Crime Lab.*** The Budget includes \$775,000 from general revenues, which is \$0.1 million more than enacted to support operations at the Rhode Island State Crime Lab. The budget also includes Section 11 of Article 7 2010-H 7397 Substitute A, as amended that requires the Department of Administration to conduct a feasibility study on integrating all state lab functions. The study will include specific recommendations regarding allocation of staffing, use of facilities and identifying any additional needs and will be completed and submitted on or before December 1, 2010.
- ***Women, Infants and Children Transfer.*** The Budget transfers the Women, Infants and Children program effective October 1, 2010 from the Department of Health to the Department of Human Services. This includes 12.0 positions and \$19.8 million from federal funds. The 2009 Assembly passed legislation to transfer food and nutrition services to the Office of Health and Human Services on March 1, 2010.
- ***HIV/AIDS.*** The budget restored \$1.5 million, including \$0.7 million from general revenues that will be matched by \$0.8 million of Medicaid funds for supportive services. The Governor included savings of

\$1.2 million from restructuring the HIV/AIDS program which assumes savings from case management services.

- **Cardiovascular Screening.** The Assembly added \$60,000 for the Department of Health to develop a Women's Cardiovascular Screening and Risk Reduction Pilot Program. The program will be implemented in the six lower income core cities and will provide cardiovascular screening and lifestyle intervention services for uninsured and underinsured women between the ages of 40 and 64.
- **Women's Cancer Screening.** The Budget includes \$2.6 million primarily from federal funds for cancer screening activities, outreach programs and administrative costs. The Department of Health suspended screening services as of March 2010 but received two donations totaling \$110,000 that allowed the program to begin again in May. The added funding is spread over FY 2010 and FY 2011 and may be matched by Medicaid and will allow the Department of Health to continue its screening program through FY 2011.
- **Maximizing Program Savings.** The Budget includes savings of \$0.4 million from general revenues in the Department of Human Services' budget from efforts to maximize program savings by having direct access and use of the Registry of Motor Vehicles' data system. This will allow the Department of Human Services to verify vital information about clients applying for assistance programs, which is intended to reduce instances of fraud or abuse and improve eligibility monitoring.
- **Developmental Disabilities Services.** The Budget includes savings of \$7.0 million, \$2.5 million from general revenues from establishing one or two lead community agencies to take control of the residential and community system of care provided to adults with developmental disabilities. The proposal allows the lead agencies to do a needs and utilization review of the individuals assigned to it. The savings represent a four percent reduction in costs associated with the \$175.0 million privately operated system.
- **Developmental Disabilities Group Home Closure.** The Budget includes the closure of two state-run group homes and consolidation of clients for savings of \$0.8 million, \$0.2 million from general revenues. The homes to be closed are located on Nichols Lane in Westerly and Kenyon School Road in Hope Valley.
- **Developmental Disabilities Day Programming Sites.** The Budget assumes savings of \$20,000 from closing the state run Highview day programming site in Hope Valley and Lafayette site in North Kingstown and consolidating them into a single new site.
- **Community Mental Health Treatment Services.** The Budget includes savings of \$4.0 million, \$1.4 million from general revenues, from implementing a new contract that would establish an average annual treatment rate for each client. If any of the ten community providers did not accept a new contract, it would be subject to an across-the-board rate reduction to meet the proposed savings.
- **Mental Health Supportive Employment and Day Programs.** The Budget does not limit the activities provided to individuals with mental health issues and continues to fund group activities like day trips to the library, the movies and to go bowling.
- **Mental Health Treatment Teams.** The Budget assumes savings of \$0.4 million from either no longer paying a clinician to write an individual's treatment plan for community based services received through the state's mental health centers or reducing the rate paid for this activity.
- **Methadone Maintenance Treatment Services.** The Budget includes general revenue savings of \$0.4 million from leveraging Medicaid for methadone maintenance treatment services through the Medicaid global waiver.

- ***Treatment and Accountability for Safer Communities Program.*** The Budget eliminates the Treatment and Accountability for Safer Communities program for savings of \$0.3 million from general revenues and 3.0 positions. The program provides initial assessment, referral and case management services to individuals with a second drunk driving conviction as required by law.
- ***Regional Office Expenses.*** The Budget includes general revenue savings of \$513,708 from reduced lease expenditures at the Pawtucket and North Kingstown Department of Children, Youth and Families regional offices. The Pawtucket office will be relocated to the main building in Providence and the North Kingstown office will be relocated to the Stedman Government Center in Wakefield. Both offices will be moved before July 1, 2010.
- ***Bradley and Day Care Expenditures.*** The Budget includes \$10.6 million from all funds, \$5.5 million from general revenues for expenditures the Department of Children, Youth and Families neglected to include in its FY 2011 budget request due to an oversight. This includes \$2.0 million for Bradley group homes and \$3.5 million for child care. Combined expenditures for these services were \$5.5 million in FY 2009.
- ***System of Care Transformation.*** The Budget includes savings of \$10.0 million from all sources, \$6.7 million from general revenues from the implementation of Phase Two of the system of care transformation. This involves building a network of community based providers that will strengthen supports provided to children and families with the goal of reducing the length of time that children are in out-of-home placements.
- ***Training School - Girls Facility.*** The Budget includes \$6.7 million from Rhode Island Capital Plan funds for the renovation of the Adolph Meyer building at the Pastore Center. This facility will house detained and adjudicated female residents of the Rhode Island Training School. The 2008 Assembly enacted legislation to cap this population at 12 females.
- ***Eighteen to Twenty-One Year Olds.*** The Budget includes \$13.3 million from all sources, including \$9.1 million from general revenues for services provided to youth between the ages of 18 and 21 qualifying for Child Welfare services.
- ***Residential Placements.*** The Budget includes \$107.8 million from all sources, including \$65.6 million from general revenues for residential placements in both the Child Welfare and Behavioral Health programs of the Department of Children, Youth and Families. These services include residential placements for children in both in-state and out-of-state placements, as well as specialized foster care.

Education

- ***Higher Education.*** The Budget includes \$937.8 million for Public Higher Education including debt service. This includes \$163.6 million from general revenues and assumes in-state undergraduate tuition increases of 9.9 percent at the University, 9.0 percent at the College and 8.2 percent at the Community College. These rates are consistent with those approved by the Board of Governors. The Budget also includes \$11.2 million from federal fiscal stabilization funds for fire safety projects.
- ***Need Based Scholarships and Grants.*** The Budget includes the enacted level of \$12.2 million from all sources for need based grants and scholarships administered by the Higher Education Assistance Authority consistent with the enacted level.

- **Asset Protection.** The Assembly added \$1.4 million from Rhode Island Capital Plan funds for each FY 2011 through FY 2015 for asset protection projects at the institutions of higher education. Total funding for the five-year period is \$51.0 million.
- **Arts Discretionary Grants.** The Budget includes \$0.6 million from general revenues for discretionary grants, which are awarded to individuals and organizations to help support the arts and encourage artists to continue to make the arts visible in the community. The Governor had proposed eliminating this support.
- **Percent for Public Art Program.** The Budget continues to provide funding for the Percent for Public Art Program, which requires all state agencies to expend 1.0 percent of all construction, remodeling, and renovation projects on works of art.

Public Safety

- **Prison Population.** The Budget assumes a population of 3,450 for FY 2011, which is 193 fewer inmates than assumed in the Governor's recommendation. His budget was based on projections prepared in the fall of 2009; however, more recent reports show downward trends. The Budget includes savings of \$1.9 million to reflect the reduction.
- **Correctional Officer Training Class.** The Budget includes \$0.7 million from general revenues for recruitment and training for one new officer class for FY 2011. This class was postponed from FY 2010 to FY 2011 because there were graduates from the previous class who were waiting to be hired.
- **Child Support Enforcement.** The Budget includes general revenue savings of \$1.2 million to reflect shifting expenses to anticipated federal reimbursement for services provided by the Family Court's Child Support Enforcement Unit. This is based on estimates developed by the Judiciary with the assistance of a contracted professional consulting firm.
- **Probation and Parole Database Upgrade.** The Budget includes \$0.2 million from federal funds for the Department of Corrections to hire private contractors to rewrite their probation and parole database software.
- **Sheriffs.** The Budget maintains the Sheriffs in the Department of Administration's budget.
- **Fugitive Task Force.** The FY 2011 budget includes general revenue savings of \$0.7 million from the elimination of the State Police's Violent Fugitive Task Force and creation of a new statewide Worker's Compensation Investigations Unit funded from available internal service funds.
- **Trooper Recruitment.** The Budget includes \$137,750 for the recruitment of the 54th Trooper Training Academy in FY 2011.
- **Dispatch Unit and Port Security.** The Budget includes legislation to transfer 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. The Budget does not include the transfer of positions or funding for these activities.
- **Inaugural Expenses.** The Budget includes \$72,775 from general revenues for non-recurring inaugural activities to occur in FY 2011. Inauguration ceremonies will be held on January 2, 2011. This event is held every four years. Costs assigned to the Military Staff vary from year to year, but have

included salary expenses for guard activations, convention center rental, chair and table rental, tent rental, catering services, transportation of state officers, state police detail and other various items.

Environment

- ***Open Space and Recreation.*** The Budget includes \$14.7 million of new general obligation bonds to be submitted to the voters on the November 2010 ballot. Of this amount, \$10.0 million would be available for the purchase of all or a portion of the former Rocky Point Park, \$3.2 million would be used to transfer the title of 25 India Street in Providence from the Department of Transportation to the Department of Environmental Management for open space and recreation, and up to \$1.5 million for improvements and renovations to Fort Adams State Park in Newport.
- ***Dispatch Unit and Port Security Transfer.*** The Budget includes legislation to transfer 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. The Budget does not include the transfer of positions or funding for these activities.
- ***Coastal and Estuary Habitat Restoration Program and Trust Fund.*** The Budget includes \$250,000 from restricted receipts for the Coastal Resources Management Council's Coastal and Estuary Habitat Restoration Program and Trust Fund for projects that restore degraded habitats along the state's coastal and estuarine environments.
- ***Bays, Rivers and Watersheds.*** The Budget includes \$250,000 from the Oil Spill Prevention, Administration and Response Fund for the Bays, Rivers and Watersheds Coordination Team. The Team is responsible for coordinating the efforts of all of the environmental agencies in the state to restore and develop both freshwater and marine waters and watersheds.
- ***Statewide Emergency Water Interconnect Study.*** The Capital Budget includes \$0.6 million for FY 2011 from previously approved general obligation bonds to establish statewide emergency water interconnections between the state's 30 largest water supply systems.
- ***Groundwater Protection/Acquisition Program.*** The Capital Budget includes \$2.9 million for FY 2011 from previously authorized general obligation bonds to purchase water development rights from private landowners for well sites identified as high capacity.
- ***Bristol County Water Treatment.*** The Capital Budget includes \$15.6 million from authorized general obligation bonds for facilities upgrades including the Shad Factory Pipeline to ensure adequate water for the Authority's water users and maintain Rhode Island rights to water from the connected Massachusetts reservoirs.
- ***Fort Adams Rehabilitation.*** The five-year capital plan includes \$3.0 million from Rhode Island Capital Plan funds for rehabilitation projects at Fort Adams state park in Newport. Projects include the rehabilitation of the historic soldier's quarters as well as the restoration of the prison area.
- ***Pier Upgrades.*** The Budget includes \$5.1 million from Rhode Island Capital Plan funds through FY 2015 for repairs to the state's piers in Galilee and Newport. Funding is used for replacement of bulkheads and the surrounding structures as well as repairs to the walkways and decks.
- ***Recreational Facilities Improvements.*** The Budget includes \$6.7 million from Rhode Island Capital Plan funds from FY 2011 through FY 2015 for repairs to the state's recreational facilities. Improvements

include the maintenance and upkeep of existing facilities as well as construction projects such as new bathroom facilities, roof replacements and roadway repairs.

- ***Blackstone Valley Bike Path/State Park.*** The Budget includes \$1.5 million from Rhode Island Capital Plan funds through FY 2013 for the construction of the Blackstone Valley Bike Path and State Park. The Blackstone Valley Bike Path is scheduled to be a 17.1 mile by 12-foot wide scenic bike-path that will connect to the East Bay Bike Path, eventually making a continuous 31.9 mile route for alternative transportation.

Transportation

- ***Highway, Road and Bridge Improvements.*** The Budget includes \$80.0 million of new general obligation bonds to be submitted to the voters on the November 2010 ballot for improvements to the state's highways, roads and bridges. The voters approved \$80.0 million for this purpose on the November 2008 ballot.
- ***RIPTA Bus Purchases.*** The Budget includes \$4.7 million of new general obligation bonds to be submitted to the voters on the November 2010 ballot to provide funds for the Rhode Island Public Transit Authority to purchase new buses or rehabilitate its existing bus fleet. The voters approved \$3.6 million for this purpose on the November 2008 ballot.
- ***Rhode Island Turnpike and Bridge Authority Revenue Bonds.*** The Budget includes an authorization for the Rhode Island Turnpike and Bridge Authority to issue up to \$68.1 million of revenue bonds for steel repair and corrosion protection paint projects on the Newport Pell and Mount Hope bridges. The Authority will secure the bonds with toll revenue.
- ***Salt Storage Facilities.*** The Budget includes \$9.0 million from Rhode Island Capital Plan funds from FY 2011 through FY 2015 for the construction of salt storage facilities at Department of Transportation maintenance facilities where salt is currently being stored uncovered.
- ***Maintenance Facilities.*** The Budget includes \$1.9 million from Rhode Island Capital Plan funds through FY 2015 for various improvement projects at Department of Transportation maintenance facilities throughout the state.
- ***Winter Maintenance.*** The Budget includes \$9.6 million for winter maintenance operations at the Department of Transportation.
- ***Gasoline Tax.*** The Budget includes an estimate of \$4.2 million per penny for the gasoline tax yield for FY 2011, which is \$0.2 million less than enacted based on an updated estimate. Gasoline tax funding is used to support personnel and operating costs at the Department of Transportation. The Budget assumes reductions for general maintenance and winter maintenance activities, as well as the delay of equipment and vehicle purchases during FY 2011 to account for the reduction in proceeds.
- ***Rhode Island Public Transit Authority.*** The Budget includes a gasoline tax transfer of \$41.0 million to the Authority for FY 2011. This is \$1.9 million less than included in the enacted budget and is based on the Administration's estimate of the per penny gasoline tax yield. Funding is used for personnel and operating expenses at the Authority, which would need to be reduced to account for the reduction in proceeds.
- ***Amtrak Indemnification.*** The 2009 Assembly authorized the Rhode Island Public Rail Corporation to fully indemnify the National Railroad Passenger Corporation, Amtrak, for any liabilities arising from the extension of commuter rail service south of Warwick to Wickford Junction, which is known as the South

County Commuter Rail Project. The 2010 Assembly extended this indemnification to 72 additional roads and bridges throughout the state, which will allow the state and municipalities to perform work on structures located on, above, under and within any property owned or controlled by Amtrak.

Section II

Statewide Overview

Summary

	FY 2010 Enacted	FY 2010 Final	FY 2011 Governor	FY 2011 Enacted
Expenditures by Function*				
General Government	\$ 1,876.6	\$ 2,080.7	\$ 1,466.7	\$ 1,681.4
Human Services	2,843.5	2,965.0	2,960.1	3,121.9
Education	2,074.4	2,066.2	2,110.1	2,101.2
Public Safety	433.1	444.2	453.6	431.8
Natural Resources	98.0	102.8	97.6	98.9
Transportation	489.1	409.4	424.8	428.9
Total	\$ 7,814.7	\$ 8,068.3	\$ 7,512.9	\$ 7,864.1
Expenditures by Category*				
Salaries and Benefits	\$ 1,432.4	1,363.3	\$ 1,434.1	\$ 1,439.6
Contracted Services	190.8	226.0	236.0	222.5
Subtotal	\$ 1,623.2	\$ 1,589.3	\$ 1,670.1	\$ 1,662.0
Other State Operations	633.7	640.8	633.3	633.2
Aid to Local Units of Government	1,201.5	1,146.7	1,042.2	1,053.9
Assistance, Grants, and Benefits	3,620.4	4,041.4	3,554.7	3,864.1
Capital	334.6	282.1	245.7	266.9
Capital Debt Service	249.7	235.7	238.4	233.8
Operating Transfers	151.6	132.2	128.5	150.1
Total	\$ 7,814.7	\$ 8,068.3	\$ 7,512.9	\$ 7,864.1
Sources of Funds*				
General Revenue	\$ 3,000.3	\$ 2,886.8	\$ 2,849.1	\$ 2,942.1
Federal Aid	2,828.2	3,096.3	2,717.5	2,903.5
Restricted Receipts	162.4	189.5	176.8	180.0
Other	1,823.8	1,895.7	1,769.6	1,838.5
Total	\$ 7,814.7	\$ 8,068.3	\$ 7,512.9	\$ 7,864.1
FTE Authorization	14,863.0	14,340.8	14,894.2	14,827.6

**Data in millions*

Note. Data in the "FY 2010 Enacted" column are not comparable to the other columns due to inclusion of reductions in both years in single categories or functions. Significant personnel and operating savings are included as negative expenditures in the Department of Administration in General Government rather than distributed to the agencies and departments. There are aggregated retirement savings in all columns shown.

Summary

The House Finance Committee recommended passage of 2010-H 7397 Substitute A on May 27. The House passed it on June 3 and the trailer bill with technical corrections and car tax changes, 2010-H 8270 on June 10. The Senate followed suit on June 4 and June 11. The Budget became law without the Governor's signature on June 12; the trailer bill became law on June 22.

The Governor's budget recommendations for FY 2011 are contained in 2010-H 7397, introduced on February 4, 2010. Under Rhode Island General Laws, it was due 13 days earlier on January 21.

His revised budget for FY 2010 was contained in 2010-H 7105. While not formally introduced until January 13, 2010, a draft was released along with supporting materials on December 15, 2009. For the third year, it was not submitted along with his FY 2011 recommendations due to the severe current year deficit. It was submitted and considered by the Assembly earlier.

FY 2010 Final	General					
	Revenue	Federal	Restricted	Other	All Funds	
FY 2009 Final	\$ 3,001.1	\$ 2,435.7	\$ 155.0	\$ 1,794.9	\$ 7,386.8	
FY 2009 Actual	2,998.9	2,258.1	123.9	1,808.5	7,189.5	
Difference	\$ (2.2)	\$ (177.6)	\$ (31.1)	\$ 13.6	\$ (197.3)	
FY 2010 Enacted	\$ 3,000.3	\$ 2,828.2	\$ 162.4	\$ 1,823.8	\$ 7,814.7	
Governor's Revised	2,845.1	2,989.1	174.8	1,827.7	7,836.6	
Governor's Revision to Enacted	\$ (155.2)	\$ 160.9	\$ 12.4	\$ 3.9	\$ 21.9	
Percent Revision	-5.2%	5.7%	7.6%	0.2%	0.3%	
Assembly	\$ 2,886.8	\$ 3,096.3	\$ 189.5	\$ 1,895.7	\$ 8,068.3	
Change to Enacted	(113.6)	268.0	27.1	71.9	253.6	
Percent Change	-3.8%	9.5%	16.7%	3.9%	3.2%	
Change to Governor	\$ 41.7	\$ 107.2	\$ 14.8	\$ 68.1	\$ 231.7	
Change to FY 2009	\$ (112.1)	\$ 838.1	\$ 65.6	\$ 87.2	\$ 878.8	
Percent Change to FY 2009	-3.7%	37.1%	53.0%	4.8%	12.2%	

FY 2011	General					
	Revenue	Federal	Restricted	Other	All Funds	
FY 2010 Enacted	\$ 3,000.3	\$ 2,828.2	\$ 162.4	\$ 1,823.8	\$ 7,814.7	
Governor	2,849.1	2,717.5	176.8	1,769.6	7,512.9	
Change to Enacted	\$ (151.3)	\$ (110.8)	\$ 14.4	\$ (54.1)	\$ (301.8)	
Percent Change	-5.0%	-3.9%	8.8%	-3.0%	-3.9%	
Assembly	2,942.1	2,903.5	180.0	1,838.5	7,864.1	
Change to Enacted	(58.2)	75.3	17.6	14.7	49.4	
Percent Change	-1.9%	2.7%	10.9%	0.8%	0.6%	
Change to Governor	\$ 93.1	\$ 186.0	\$ 3.3	\$ 68.9	\$ 351.2	
Assy. Change to FY 2010 10-H 7397	\$ 55.33	\$ (192.8)	\$ (9.5)	\$ (57.2)	\$ (204.1)	
Percent Change to FY 2010 10-H 7397	1.9%	-6.2%	-5.0%	-3.0%	-2.5%	
Assy. Change to FY 2009	\$ (56.8)	\$ 645.4	\$ 56.1	\$ 30.0	\$ 674.7	
Percent Change to FY 2009	-1.9%	28.6%	45.3%	1.7%	9.4%	

The Governor recommended a total FY 2011 budget of \$7,512.9 million. Total expenditures decrease \$301.8 million from the FY 2010 budget enacted by the 2009 Assembly, or 3.9 percent. His FY 2010 revised budget totaled \$7,836.6 million; FY 2009 expenditures were \$7,189.5 million.

The Assembly adopted total expenditures of \$7,864.1 million. It contains \$2,942.1 million of expenditures funded from general revenues, \$58.2 million, or 1.9 percent less than the enacted general revenue funded budget. They are also \$93.1 million more than the Governor's recommendations.

General Revenue Budget Statement

The Governor recommended an ending FY 2010 surplus of \$0.1 million and an operating surplus \$1.6 million. This assumed a number of amendments to his original FY 2010 revised budget. The operating surplus or deficit is the difference between budget year revenues minus the transfer to the budget stabilization and cash reserve fund, or useable revenues, and expenditures. The Assembly adopted an FY 2011 budget with an ending surplus of \$4,876. The balance in the budget stabilization and cash reserve fund is \$126.9 million, 4.2 percent of revenues.

	FY 2009	FY 2010	FY 2011
Opening Surplus			
Free Surplus	\$ (42,950,480)	\$ (62,286,104)	\$ 14,215
Reappropriated Surplus	1,738,518	998,144	-
Subtotal	\$ (41,211,962)	\$ (61,287,960)	\$ 14,215
Revenues			
Enacted/Actual/Estimated	3,025,201,983	3,076,858,477	3,085,404,003
Governor	-	(100,517,173)	(158,702,176)
10-H 7397	-	42,709,874	93,944,718
Revenues	3,025,201,983	3,019,051,178	3,020,646,545
Cash Stabilization Fund	(66,093,533)	(70,962,362)	(78,537,180)
From Cash Stabilization Fund	22,000,000	-	-
Total Available Resources	\$ 2,939,896,488	\$ 2,886,800,856	\$ 2,942,123,580
Expenditures			
Enacted/Actual/Estimated	3,001,184,448	3,000,341,114	3,286,062,984
Reappropriations	-	998,144	-
Governor	-	(156,227,394)	(436,998,615)
10-H 7397	-	41,674,777	93,054,335
Expenditures	\$ 3,001,184,448	\$ 2,886,786,641	\$ 2,942,118,704
Total Surplus	\$ (61,287,960)	\$ 14,215	\$ 4,876
Reappropriations	(998,144)	-	-
Free Surplus	\$ (62,286,104)	\$ 14,215	\$ 4,876
<i>Operating Surplus/(Deficit)</i>	<i>(40,337,480)</i>	<i>62,300,319</i>	<i>(9,339)</i>
Budget Stabilization and Cash Reserve	\$ 80,084,001	\$ 112,357,073	\$ 126,867,752

Structural Issues

House Fiscal Staff estimated that in preparing the FY 2011 budget, the Governor faced a projected revenue-expenditure gap of \$400 million, which would grow to \$750 million by FY 2015. This was \$222.7 million more than Staff's FY 2011 forecast in the enacted FY 2010 budget of \$177.3 million due mainly to significant downward revision in revenues at the November 2009 Revenue Estimating Conference and unachieved structural changes in FY 2010.

The Budget Office estimated the gap grew by \$27.0 million based on the recommendations in the FY 2010 revised budget to defer the payback of \$22.0 million borrowed from the rainy day fund until FY 2011 and advancing use of \$5.0 million of federal stimulus funds. The Governor's deficit resolution assumed that the enhanced Medicaid rate that is scheduled to end on December 31, 2010 would be extended for six months to June 30, 2011. The Assembly also assumed this and the related \$107.6 million, but it still requires congressional approval. As a contingency plan, the Assembly enacted Section 16 of Article 1, which authorizes the Governor to institute across the board reductions.

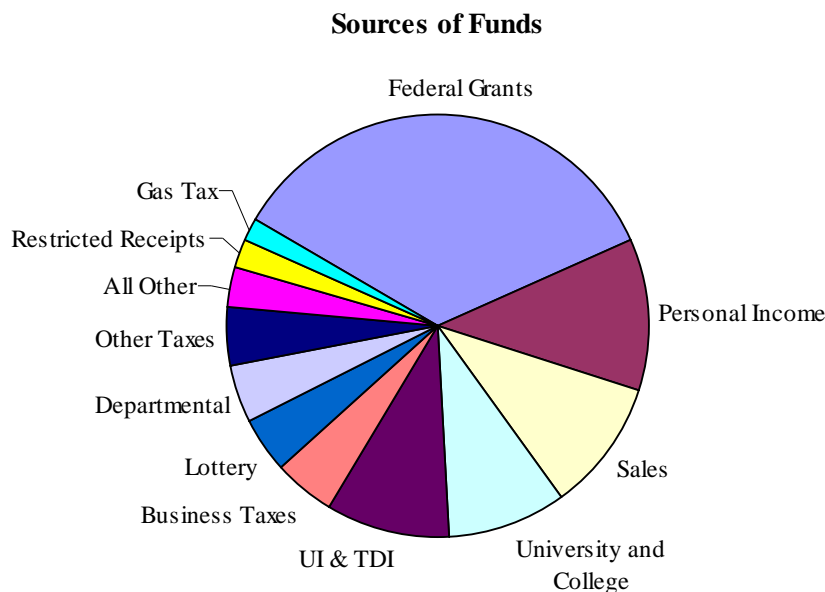
The FY 2011 budget is balanced; however, a structural gap remains with the loss of \$233.8 million of federal stimulus funds the largest single contributor to that gap. Most of the total, \$215.1 million, relates to the enhanced Medicaid match rate that will be gone in FY 2012. The lapse of one-time employee concessions and new education aid formula account for much of the remaining FY 2012 gap.

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Opening Surplus	\$ 0.0	\$ 0.0	\$ -	\$ -	\$ -
Revenues	3,020.6	3,085.4	3,206.5	3,325.4	3,430.6
Cash Stabilization Fund	(78.5)	(86.4)	(96.2)	(99.8)	(96.1)
Useable Revenues	\$ 2,942.1	\$ 2,999.0	\$ 3,110.3	\$ 3,225.7	\$ 3,334.5
Expenditures	2,942.1	3,342.2	3,477.2	3,599.2	3,738.7
Total Surplus	\$ (0.0)	\$ (343.2)	\$ (366.9)	\$ (373.5)	\$ (404.2)
Revenue Growth	0.1%	2.1%	3.9%	3.7%	3.2%
Useable Revenue Growth	-0.2%	1.9%	3.7%	3.7%	3.4%
Expenditure Growth	1.9%	13.6%	4.0%	3.5%	3.9%
Surplus Percent of Useable Revenues	0.0%	-11.4%	-11.8%	-11.6%	-12.1%

These deficits are lower than the Governor's recommended budget, which projected a \$362.2 million gap for FY 2012, 12.5 percent of useable revenues, that grew to \$535.7 million in FY 2015, 17.3 percent of useable revenues.

Sources of Funds

The revenue sources for the enacted budget are shown in the following graph. They include a number of changes to current law, all of which are described in *Section VI, Special Reports: Revenue Changes*.



- *Federal funds* continue to be the single largest source, accounting for approximately 34.9 percent of all revenues in FY 2011. Expenditures from federal sources of \$2,903.5 million are \$75.3 million more than enacted for FY 2010, a 2.7 percent increase, and are from 301 different federal programs. Excluding federal funds for unemployment benefits, the total is \$2,775.5 million.

Medicaid is the single largest source of federal funds. The Budget includes \$1,331.1 million from Medicaid, 45.8 percent of all federal funds, and 16.3 percent of all revenues. Federal highway and highway safety funding of \$277.8 million is the second largest category, 9.6 percent of federal funds. The table below shows the ten largest sources, along with the percent of total federal expenditures attributable to each. They account for 75.8 percent of all federal funds expenditures, with the remaining 291 programs accounting for the other 24.2 percent.

Top Ten Federal Sources	<i>Amount</i>	<i>Percent of Total</i>	<i>Cumulative Percent</i>
Medicaid	\$ 1,331,103,239	45.8%	45.8%
Highway Planning and Construction	277,828,368	9.6%	55.4%
Supplemental Nutrition (Food Stamps)	276,482,242	9.5%	64.9%
Stimulus Unemployment	128,045,000	4.4%	69.3%
Temporary Assistance to Needy Families (TANF)	107,366,025	3.7%	76.4%
Title I Grants to Local Education Agencies	54,916,835	1.9%	71.2%
Special Education Grants to States	42,507,466	1.5%	72.7%
Low Income Heating Assistance	32,595,114	1.1%	73.8%
Stimulus Education Stabilization Funds	29,882,640	1.0%	74.8%
SCHIP Children's Health Insurance	29,309,844	1.0%	75.8%

- *Sales and personal income taxes* combine for 21.7 percent of all revenues in FY 2011 and 57.1 percent of all general revenues. Combined with federal funds, they total over half, 56.7 percent.
- *Personal Income taxes* for FY 2011 are estimated at \$937.9 million, which are \$25.3 million less than the FY 2010 enacted budget estimates, or 2.6 percent.
- *Sales tax* revenues of \$787.0 million are the third largest of all revenue sources and second largest general revenues source. That amount is \$28.0 million less than enacted for FY 2010, or 3.4 percent.
- *University and College Funds* are \$735.1 million and 9.3 percent of all sources, including tuition, revenues from the operation of enterprise type activities such as residence and dining halls, sponsored research, the direct student loan program, and federal scholarship and grant funds like the Pell grants. These would increase \$53.6 million or 7.9 percent over FY 2010 enacted estimates.
- *Employment Security and Temporary Disability Insurance* payments, including those from federal stimulus sources, are estimated at \$750.2 million, which are \$8.7 million less than the levels estimated for the FY 2010 enacted budget.
- *Business taxes* of \$361.3 million account for 4.5 percent of total revenues and 12.0 percent of general revenues for FY 2011. They increase \$9.7 million or 2.8 percent from the enacted estimate. These include corporate income tax, public utilities gross earnings, the tax on banks, financial institutions, insurance companies, and health care institutions.
- The *Lottery* is expected to contribute \$346.9 million, which is 4.4 percent of all revenues and 11.5 percent of general revenues, the third largest source.
- *Departmental Revenues* of \$345.2 million include \$141.8 million from extending the hospital licensing fee another year. Departmental revenues would be 4.3 percent of all revenues and 11.4 percent of general revenues.
- *Other taxes* include motor vehicle, cigarettes, alcohol, inheritance, realty transfer, and racing and athletics. These total \$231.0 million in the FY 2011 budget and comprise 2.9 percent of all sources but 7.6 percent of general revenues.

- The *gas tax*, currently 33 cents per gallon, not including the one half cent for the Underground Storage Tank Financial Responsibility Fund, is estimated to produce \$4.21 million from each cent in FY 2011 for a total of \$138.9 million.
- The remaining sources, estimated at \$533.7 million, constitute 6.7 percent of all FY 2011 sources and include sources dedicated to specific purposes (restricted receipts), unclaimed property and miscellaneous other items. They constitute 0.4 percent of general revenues.

The table below shows FY 2011 sources with items contributing to general revenues in bold type. It shows the total percent it contributes to all funds and general revenues for each source.

All Sources	All Funds	Contribution	General Revenue	Contribution
Federal Grants	\$ 2,775.5	34.9%	\$ -	0.0%
Personal Income	937.9	11.8%	937.9	31.0%
Sales	787.0	9.9%	787.0	26.1%
University and College	735.1	9.3%	-	0.0%
UI & TDI	750.2	9.4%	-	0.0%
Business Taxes	361.3	4.5%	361.3	12.0%
Lottery	346.9	4.4%	346.9	11.5%
Departmental	345.2	4.3%	345.2	11.4%
Other Taxes	231.0	2.9%	231.0	7.6%
All Other	353.7	4.5%	11.3	0.4%
Restricted Receipts	180.0	2.3%	-	0.0%
Gas Tax	138.9	1.7%	-	0.0%
Total	\$ 7,942.7	100.0%	\$ 3,020.6	100.0%

General Revenue Sources

Less than half of the total funds collected or received from all sources are considered as general revenues; \$3,020.6 million, 38.0 percent of all sources. They can be used for any legitimate purpose in contrast to federal funds, restricted receipts, and certain other sources that may only be used for specific purposes.

Available general revenues also include a balance forward from FY 2010 of \$14,215 minus transfer of \$78.5 million to the Budget Stabilization and Cash Reserve Account, or “rainy day fund” to be used in case of emergency, and then only by legislative action. Two and six tenths percent of the opening surplus plus all revenues must be deposited in the account in FY 2011. The percents increase by 0.2 percent per year until reaching 3.0 percent in FY 2013. Any amounts used must be replaced in the following year.

The account is limited; once the limit is reached, the excess revenues are transferred to the Rhode Island Capital Plan account, where they may be used to fund capital projects. Maximum amounts in the budget reserve are also defined by statute and increase to a maximum of 5.0 percent in 0.4 percent increments to FY 2013. Amounts above the maximum amount transfer to the Rhode Island Capital Plan Fund for use for capital projects. The table below shows the percents.

Percents of Revenues	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Transfer to Budget Reserve	2.0%	2.2%	2.4%	2.6%	2.8%	3.0%
Budget Reserve Maximum	3.0%	3.4%	3.8%	4.2%	4.6%	5.0%

The voters approved a constitutional amendment in 2006 to allow the capital account to be used solely for capital projects beginning in FY 2008 and to increase the Budget Stabilization and Cash Reserve Account to five percent and mandating that three percent of the opening surplus and all revenues must be deposited in the account by FY 2013.

FY 2011 Expenditures

The Assembly enacted expenditures of \$7,864.1 million, which can be divided into a functional classification of expenditures that aggregates agencies with like programs and purposes into the six functions used: general government, human services, education, public safety, natural resources, and transportation. Viewing expenditures functionally offers a look at what they do or provide for.

The presentation of expenditure by function and category discussed below reflects the data in the budget. However, prior year comparisons using the functional breakdown are distorted by the enacted budget's inclusion of statewide personnel and operating savings as a negative entry within the general government function. The budget treats retirement savings for state employees the same way.

Expenditures by Function

- The *Human Services* function includes all programs for medical assistance, supplemental security income, cash assistance, day care, elderly services, adjudicated youth, mental health, general health, developmental disabilities, children under the care and jurisdiction of the state, and the state's general hospitals. Expenditures of \$3,121.9 million are 39.7 percent of all expenditures and 36.5 percent of those funded from general revenues. These expenditures are \$278.4 million more than enacted for FY 2011 by the 2010 Assembly. Those funded from general revenues are \$43.2 million more.
- *Education* includes programs of elementary and secondary education, public higher education, scholarships and grants for all higher education, arts, historical preservation and heritage, and public television. Approximately 47.2 percent, \$992.8 million of the \$2,101.2 million is aid to local units of government. Education aid is discussed in detail in *Section VI* of this volume, Special Reports: Education Aid. Education expenditures comprise 26.7 percent of total expenditures, but 35.1 percent of general revenue funded ones. They increase by \$26.8 million over the enacted FY 2010 budget, but those funded from general revenues decrease by \$12.2 million largely from direct local aid reductions.
- The Budget includes \$431.8 million for *Public Safety* expenditures, \$1.3 million less than the enacted budget. They comprise 5.5 percent of all expenditures and 12.4 percent of those funded from general revenues.
- *Natural Resources* programs would spend \$98.9 million, which is \$1.0 million more than enacted for FY 2010. They are 1.3 percent of total expenditures as well as general revenue funded ones.
- *Transportation* programs account for 5.5 percent of expenditures and include the state's highway and transit programs. Funding of \$428.9 million, none from general revenues, is \$60.2 million less than enacted for FY 2010, mostly from expiring federal stimulus funding.
- The remaining 21.4 percent of expenditures, \$1,681.4 million, are for the *General Government* programs. These include those programs that support all other functions as well as general type activities. Examples of the former include the Ethics Commission and the Department of Administration. Examples of the latter include the general officers except the Attorney General, the Board of Elections, and the Department of Labor and Training. The expenditures also include all the state's debt service except that for higher education and the transportation Grant Anticipation Revenue Vehicle bonds.

Expenditures for General Government are \$195.3 million or 11.6 percent less than the enacted budget. However, that is skewed due to inclusion of certain undistributed statewide savings in the Department of Administration's enacted budget, which is part of General Government. There are major changes in expenditures for local aid and unemployment benefits as well as federal stimulus funding also contributing to that variance.

Expenditures by Category

Expenditures are also aggregated and presented by accounting categories that designate what is purchased as opposed to the purpose of expenditures. The categories include: state operations; local aid; assistance, grants and benefits; capital, and operating transfers.

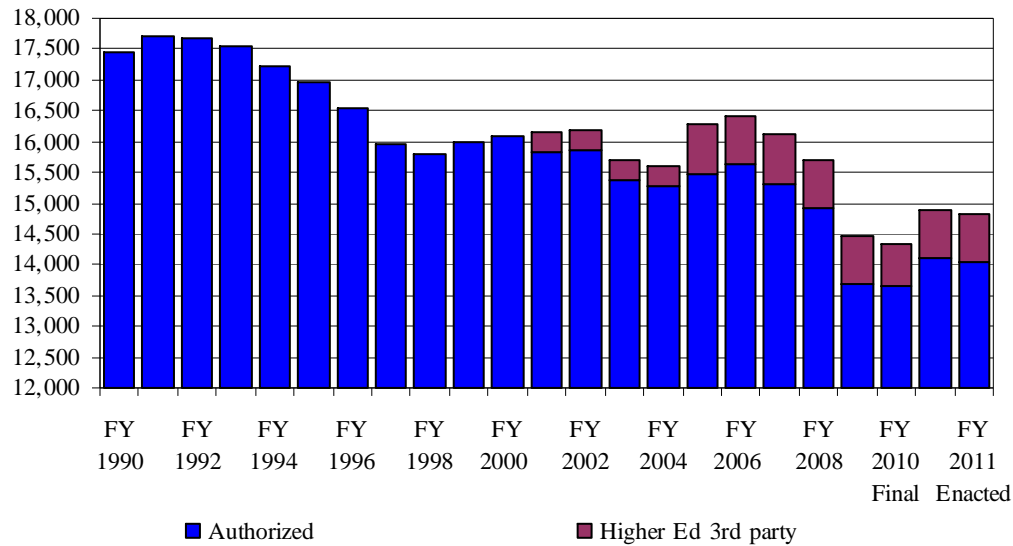
State Operations are the day-to-day expenses of state government. These expenditures include *personnel* and *other operating* expenditures. Personnel expenditures include *salaries and benefits* including fringe benefits, workers' compensation and unemployment compensation, and *contracted professional services*. *Other operating* expenditures are the non-personnel day-to-day expenses of state government, including maintenance and non-fixed capital assets.

The Budget includes \$633.2 million for *other state operations*, which constitute 8.1 percent of FY 2011 expenditures from all sources and 4.5 percent of those funded with general revenues.

The Budget includes \$1,439.6 million for total *salaries and benefits* for 14,827.6 full-time equivalent positions and *contracted services* expenditures of \$222.5 million. Salary and benefit expenditures would be \$7.1 million more than the enacted budget; contracted services expenditures would increase \$31.7 million, primarily from new education initiatives. Salaries and benefits account for 18.3 percent of total expenditures and 25.4 percent of general revenue funded ones. Expenditures for contracted services account for 2.8 percent of the total and 1.6 percent of those funded from general revenues.

The total personnel expenditures are the costs associated with all positions in state service, excluding those funded through internal service accounts. These accounts are funded from operating charges to state agencies for overhead type services provided by the individuals funded from the accounts. These costs are treated in the budget as operating expenses; the personnel and operating costs in the internal service accounts are essentially off line to avoid double counting. The largest ones were converted to direct appropriations by the 2006 Assembly in the FY 2007 enacted budget.

Full-Time Equivalent Positions



Local Aid, or Aid to Local Units of Government, is payments made to governmental units with taxing authority. It includes both aid to local governments designed to decrease property tax reliance and education aid. The Budget includes \$1,053.9 million for aid to local units of government that includes \$992.8 million in education aid and \$61.2 million in general state aid. Education aid decreases \$21.1 million while general aid is \$126.5 million less than enacted for FY 2010 by the 2009 Assembly. These expenditures comprise 13.4 percent of all expenditures. However, they comprise 29.8 percent of general revenue funded ones.

Local aid expenditures from general revenues of \$875.8 million consist of \$815.6 million in education aid and \$60.2 million in general state aid. General revenue funded education aid decreases \$0.7 million; general aid is \$126.5 million less. Local aid is discussed in detail in *Section VI* of this volume, *Special Reports: State Aid to Local Governments* and *Special Reports: Education Aid*.

The Budget significantly reduces the motor vehicle excise tax exemption reimbursement to communities and includes reductions to teacher retirement benefits capturing both the state and local savings from that for the state.

Assistance, Grants, and Benefits constitutes payments to individuals and nongovernmental agencies. These payments include Medicaid and other medical assistance programs including RItE Share and RItE Care, pharmaceutical assistance programs, cash assistance, and tuition assistance programs. They also include grants to environmental agencies, local law enforcement agencies, unemployment compensation, temporary disability and workers' compensation. This is the largest category of expenditure. The table on the next page shows the major grants in human services.

Assistance, grants, and benefits would be \$3,864.1 million and constitute the largest category, 49.1 percent of all expenditures and 32.2 percent of general revenue funded expenditures. While these include employment security and temporary disability fund expenditures, human services medical assistance, food stamps, and cash assistance make up most of these expenditures. These expenditures are \$243.7 million more than the enacted budget considering all sources, and \$52.4 million more from general revenues.

OHHS-Human Services Grants	All Funds				General Revenues			
	FY 2009 Reported	FY 2010 Final	FY 2011 Enacted	Change	FY 2009 Reported	FY 2010 Final	FY 2011 Enacted	Change
<i>Human Services</i>								
Supplemental Nutrition Assistance	\$ 146.3	\$ 276.5	\$ 276.5	\$ -	\$ -	\$ -	\$ -	\$ -
Women, Infants and Children	-	-	17.7	17.7	-	-	-	-
Rhode Island Works Program	52.5	44.0	41.8	(2.2)	3.6	-	-	-
Emergency TANF Contingency Funds	-	18.0	34.9	16.9	-	-	-	-
SSI State Program	25.1	22.0	19.3	(2.7)	25.1	22.0	19.3	(2.7)
Child Care	50.9	46.2	45.7	(0.4)	7.1	6.2	8.8	2.6
Subtotal: Cash Assistance	\$ 274.8	\$ 406.6	\$ 435.9	\$ 29.3	\$ 35.8	\$ 28.2	\$ 28.1	\$ (0.1)
Long Term Care	\$ 324.5	\$ 381.4	\$ 391.7	\$ 10.3	\$ 123.8	\$ 137.5	\$ 140.3	\$ 2.8
Hospitals	232.4	246.1	248.8	2.7	99.5	102.5	108.6	6.0
Managed Care	499.7	560.0	622.0	62.0	199.9	203.7	224.7	21.0
Rhody Health	100.9	154.5	180.6	26.1	39.1	55.7	64.7	8.9
Pharmacy	56.2	36.9	46.4	9.5	47.8	29.9	39.2	9.3
Other	149.1	123.1	122.8	(0.3)	47.2	38.9	37.1	(1.8)
Subtotal: Medical Assistance	\$1,362.8	\$1,501.9	\$1,612.1	\$ 110.2	\$ 557.5	\$ 568.2	\$ 614.4	\$ 46.2
<i>Mental Health, Retardation & Hospitals*</i>								
Developmental Disabilities	\$ 208.4	\$ 196.9	\$ 185.7	\$ (11.1)	\$ 82.9	\$ 73.0	\$ 68.8	\$ (4.2)
Behavioral Health	-	-	102.4	102.4	-	-	36.6	36.6
Mental Health	76.5	75.8	-	(75.8)	32.1	27.3	-	(27.3)
Substance Abuse	27.8	30.8	-	(30.8)	12.4	11.6	-	(11.6)
<i>Children, Youth and Families</i>								
Child Welfare	\$ 136.8	\$ 128.9	\$ 120.6	\$ (8.3)	\$ 82.8	\$ 78.9	\$ 75.1	\$ (3.9)
Children's Behavioral Health	22.4	24.0	21.0	(3.0)	11.0	10.3	10.0	(0.3)
Juvenile Corrections	8.4	9.0	9.2	0.2	6.3	6.5	6.6	0.04
Higher Ed Incentive Grants	0.2	0.2	0.2	-	0.2	0.2	0.2	-
<i>Elderly Affairs</i>								
RIPAE	\$ 1.5	\$ 1.5	\$ 1.5	\$ -	\$ 0.6	\$ 0.9	\$ 1.2	\$ 0.3
Medical Assistance	8.4	13.2	14.2	1.0	3.2	5.4	5.9	0.6
Grants to Providers	11.2	9.5	7.5	(2.0)	5.6	0.4	1.5	1.1
<i>Health</i>								
Women, Infants and Children	\$ 22.7	\$ 23.8	\$ 5.9	\$ (17.9)	\$ -	\$ -	\$ -	\$ -
HIV/ AIDS	7.9	4.7	4.2	(0.5)	1.9	1.4	1.3	(0.1)
Tobacco and Smoking Cessation	0.3	0.5	0.6	0.1	0.3	0.5	0.5	-
Other Grants to Providers	6.9	11.8	13.8	2.0	1.0	1.3	1.4	0.1

*The Assembly enacted legislation to rename to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.

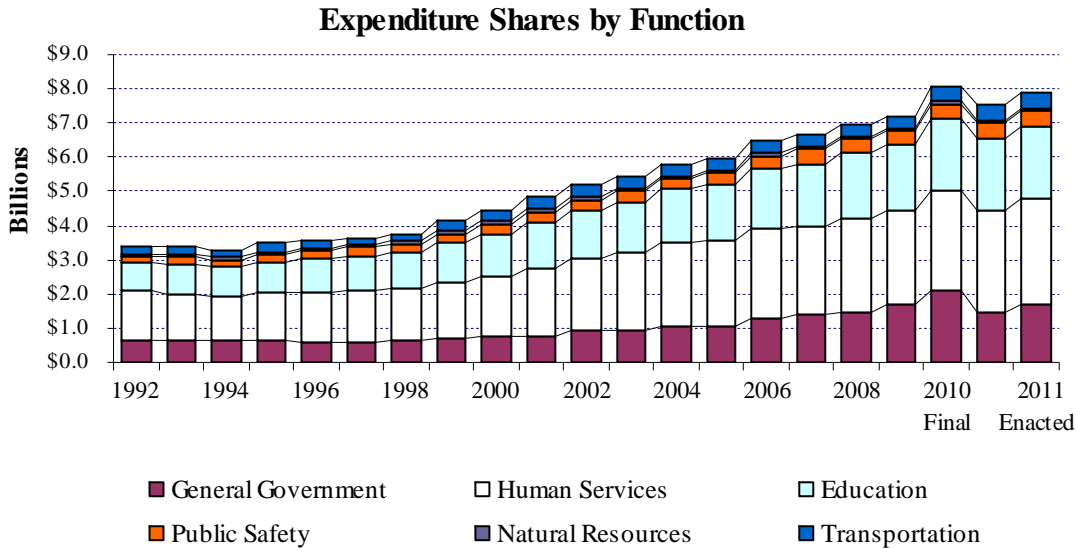
Capital expenditures have in the past included only direct pay capital improvements and debt service on financed capital improvements. Expenditures for direct pay are reflected in the years that the payments are made. Financed capital improvements are reflected as the annual debt service payments. Therefore, total capital expenditures for any year are not reflected in the budget. They are, however, presented annually in the capital budget presented as part of the Governor's budget.

Capital expenses total \$266.9 million, or 3.4 percent of all expenditures; debt service of \$233.8 million is 3.0 percent. Capital expenditures would be \$67.7 million less than enacted for FY 2010 and debt service \$15.8 million less. A comprehensive review of the capital budget is contained in *Section IV: Capital Budget*. However, they also include capital purchases that had formerly been included as capital outlays within state operations to include all fixed assets above certain threshold values of cost and time. The Budget does not present sufficient information to break the new items out from the old.

Operating Transfers are transfers between different funds and to component units of state government. They had been part of other categories in past budgets. These include transfers from general revenues to quasi-public agencies, such as the transfer to the Economic Development Corporation. They total \$150.1 million and constitute 1.9 percent of the total budget. The general revenues portion is \$29.3 million, 1.0 percent of general revenue funded expenditures.

Distribution of Total Expenditures

Expenditures can be aggregated a number of ways. In Rhode Island, we have tended to aggregate by *function* and by *category of expenditure*. The functional classification aggregates agencies with like programs and purposes into the six functions used: general government, human services, education, public safety, natural resources, and transportation. Viewing expenditures functionally offers a look at what they do or provide for.



General Government programs include the regulatory and administrative functions that support all other functions and all the general officers except the Attorney General, whose expenditures are classified under Public Safety.

Human Services includes all programs for medical assistance, supplemental security income, cash assistance, day care, elderly services, adjudicated youth, mental health, general health, developmental disabilities, children under the care and jurisdiction of the state, and the state’s general hospitals.

Education includes programs of elementary and secondary education, public higher education, scholarships and grants for all higher education, arts, historical preservation and heritage, and public television.

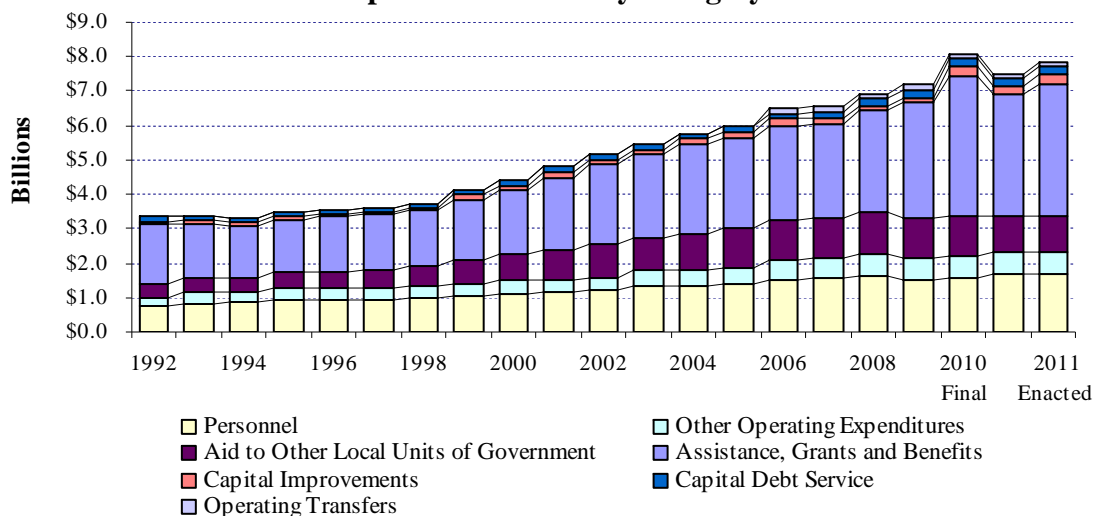
Public Safety includes the state’s law enforcement, adjudication, and penal programs.

The *Natural Resources* function includes the programs that protect the natural and physical resources of the state through regulation and planning and that provide safe recreational resources.

Transportation programs include all highway and transit programs, except airports, which are under the quasi-public Rhode Island Airport Corporation.

Expenditures are also aggregated and presented by accounting categories that designate what is purchased as opposed to the purpose of expenditures. The categories include: state operations; local aid; assistance, grants, and benefits; and capital.

Expenditure Shares by Category



State Operations are the day-to-day expenses of state government. These expenditures include *personnel* and *other operating* expenditures. *Personnel* expenditures include salaries and wages, fringe benefits, workers' compensation and unemployment compensation, and consultant services. *Other operating* expenditures are the non-personnel day-to-day expenses of state government, including maintenance and non-fixed capital assets.

Local Aid, or *Aid to Local Units of Government*, is payments made to governmental units with taxing authority. It includes both aid to local governments designed to decrease property tax reliance and education aid.

Assistance, Grants, and Benefits constitutes payments to individuals and nongovernmental agencies. These payments include Medicaid and other medical assistance programs including RItE Share and RItE Care, pharmaceutical assistance programs, property tax circuit breaker expenditures, cash assistance, and tuition assistance programs. They also include grants to environmental agencies, local law enforcement agencies, and unemployment compensation, temporary disability and workers' compensation. This is the largest category of expenditure.

Capital expenditures include both direct pay *capital improvements* and *debt service* on financed capital improvements. Expenditures for direct pay are reflected in the years that the payments are made. Financed capital improvements are reflected as the annual debt service payments. Therefore, total capital expenditures for any year are not reflected in the budget.

However, the Budget now includes capital purchases that had formerly been included as capital outlay within state operations as part of capital. The purpose may be to include all fixed assets above certain threshold values of cost and time. The Budget does not present sufficient information to break the new items out from the old.

Operating Transfers are transfers between different funds and to component units of state government. They had been part of other categories in past budgets. Transfers to component units include transfers to quasi-public agencies, such as the transfer to the Economic Development Corporation.

Staff presents the Governor's recommended changes to the enacted budget for each agency and department, and compared them to the changes requested by those agencies and departments and the

Assembly's concurrence or changes to those recommendations. These analyses are presented in the next section. The agencies and departments are arranged by function.

Distribution Tables

The distribution tables on the following pages array expenditures by function and category. Expenditures by function are read down the table while expenditures by category are read across. The percentages shown in the table represent the percent of the total shown in each cell.

Expenditures from All Funds

FY 2009 Reported	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	202.1 2.8%	309.2 4.3%	442.6 6.2%	300.6 4.2%	46.0 0.6%	51.7 0.7%	\$ 1,352.2 18.8%
Contracted Services	17.4 0.2%	55.2 0.8%	35.8 0.5%	16.6 0.2%	4.2 0.1%	39.6 0.6%	168.7 2.3%
Other State Operations	251.4 3.5%	74.2 1.0%	186.0 2.6%	39.9 0.6%	8.6 0.1%	46.4 0.6%	606.6 8.4%
Aid to Local Units of Government	211.5 2.9%	- 0.0%	974.6 13.6%	- 0.0%	- 0.0%	- 0.0%	1,186.1 16.5%
Assistance, Grants & Benefits	812.6 11.3%	2,251.2 31.3%	220.7 3.1%	43.0 0.6%	4.3 0.1%	56.1 0.8%	3,388.0 47.1%
Capital	9.1 0.1%	5.1 0.1%	12.3 0.2%	12.7 0.2%	8.0 0.1%	57.2 0.8%	104.5 1.5%
Debt Service	172.3 2.4%	- 0.0%	34.7 0.5%	- 0.0%	- 0.0%	- 0.0%	207.0 2.9%
Operating Transfers	32.7 0.5%	11.2 0.2%	20.5 0.3%	- 0.0%	0.1 0.0%	111.9 1.6%	176.4 2.5%
Total	\$ 1,709.1 23.8%	\$ 2,706.1 37.6%	\$ 1,927.3 26.8%	\$ 412.9 5.7%	\$ 71.3 1.0%	\$ 362.8 5.0%	\$ 7,189.5 100.0%

FY 2010 Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	182.4 2.3%	338.2 4.3%	492.3 6.3%	306.1 3.9%	47.4 0.6%	66.1 0.8%	\$ 1,432.4 18.3%
Contracted Services	12.4 0.2%	73.0 0.9%	44.7 0.6%	17.2 0.2%	10.0 0.1%	33.4 0.4%	190.8 2.4%
Other State Operations	248.5 3.2%	84.9 1.1%	187.7 2.4%	41.1 0.5%	10.6 0.1%	61.0 0.8%	633.7 8.1%
Aid to Local Units of Government	187.7 2.4%	- 0.0%	1,013.9 13.0%	- 0.0%	- 0.0%	- 0.0%	1,201.5 15.4%
Assistance, Grants & Benefits	955.9 12.2%	2,324.1 29.7%	255.2 3.3%	39.9 0.5%	11.3 0.1%	33.9 0.4%	3,620.4 46.3%
Capital	40.1 0.5%	18.4 0.2%	38.4 0.5%	28.8 0.4%	18.7 0.2%	190.3 2.4%	334.6 4.3%
Debt Service	207.5 2.7%	- 0.0%	42.1 0.5%	- 0.0%	- 0.0%	- 0.0%	249.7 3.2%
Operating Transfers	42.2 0.5%	4.9 0.1%	0.1 0.0%	- 0.0%	- 0.0%	104.4 1.3%	151.6 1.9%
Total	\$ 1,876.6 24.0%	\$ 2,843.5 36.4%	\$ 2,074.4 26.5%	\$ 433.1 5.5%	\$ 98.0 1.3%	\$ 489.1 6.3%	\$ 7,814.7 100.0%

Expenditures from All Funds

FY 2011 Recommended	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	188.9 2.5%	326.8 4.4%	473.3 6.3%	332.1 4.4%	47.3 0.6%	65.7 0.9%	\$ 1,434.1 19.1%
Contracted Services	17.9 0.2%	73.0 1.0%	70.5 0.9%	17.7 0.2%	13.9 0.2%	43.1 0.6%	236.0 3.1%
Other State Operations	258.8 3.4%	77.0 1.0%	203.4 2.7%	40.2 0.5%	10.8 0.1%	43.1 0.6%	633.3 8.4%
Aid to Local Units of Government	51.4 0.7%	- 0.0%	990.8 13.2%	- 0.0%	0.0 0.0%	- 0.0%	1,042.2 13.9%
Assistance, Grants & Benefits	706.0 9.4%	2,458.9 32.7%	280.4 3.7%	44.1 0.6%	8.1 0.1%	57.1 0.8%	3,554.7 47.3%
Capital	28.2 0.4%	19.0 0.3%	45.9 0.6%	19.4 0.3%	17.4 0.2%	115.8 1.5%	245.7 3.3%
Debt Service	195.6 2.6%	- 0.0%	42.8 0.6%	- 0.0%	- 0.0%	- 0.0%	238.4 3.2%
Operating Transfers	20.0 0.3%	5.4 0.1%	3.0 0.0%	- 0.0%	- 0.0%	100.1 1.3%	128.5 1.7%
Total	\$ 1,466.7 19.5%	\$ 2,960.1 39.4%	\$ 2,110.1 28.1%	\$ 453.6 6.0%	\$ 97.6 1.3%	\$ 424.8 5.7%	\$ 7,512.9 100.0%

FY 2011 Recommended Change to Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	6.5 -2.2%	(11.4) 3.8%	(19.0) 6.3%	26.0 -8.6%	(0.1) 0.0%	(0.4) 0.1%	\$ 1.7 -0.5%
Contracted Services	5.5 -1.8%	(0.1) 0.0%	25.8 -8.5%	0.5 -0.2%	3.9 -1.3%	9.6 -3.2%	45.3 -15.0%
Other State Operations	10.3 -3.4%	(7.9) 2.6%	15.6 -5.2%	(0.8) 0.3%	0.2 -0.1%	(17.9) 5.9%	(0.4) 0.1%
Aid to Local Units of Government	(136.3) 45.2%	- 0.0%	(23.1) 7.6%	- 0.0%	0.0 0.0%	- 0.0%	(159.4) 52.8%
Assistance, Grants & Benefits	(249.9) 82.8%	134.8 -44.7%	25.2 -8.3%	4.2 -1.4%	(3.2) 1.1%	23.2 -7.7%	(65.7) 21.8%
Capital	(11.9) 3.9%	0.6 -0.2%	7.5 -2.5%	(9.4) 3.1%	(1.2) 0.4%	(74.5) 24.7%	(88.9) 29.5%
Debt Service	(11.9) 4.0%	- 0.0%	0.7 -0.2%	- 0.0%	- 0.0%	- 0.0%	(11.3) 3.7%
Operating Transfers	(22.2) 7.4%	0.5 -0.2%	2.9 -1.0%	- 0.0%	- 0.0%	(4.3) 1.4%	(23.1) 7.6%
Total	\$ (409.9) 135.8%	\$ 116.6 -38.6%	\$ 35.6 -11.8%	\$ 20.5 -6.8%	\$ (0.4) 0.1%	\$ (64.2) 21.3%	\$ (301.8) 100.0%

Expenditures from All Funds

FY 2011 Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	221.0 2.8%	321.0 4.1%	471.3 6.0%	313.5 4.0%	47.0 0.6%	65.7 0.8%	\$ 1,439.6 18.3%
Contracted Services	19.9 0.3%	73.0 0.9%	54.9 0.7%	17.1 0.2%	14.4 0.2%	43.1 0.5%	222.5 2.8%
Other State Operations	257.9 3.3%	78.4 1.0%	203.8 2.6%	39.2 0.5%	10.8 0.1%	43.1 0.5%	633.2 8.1%
Aid to Local Units of Government	61.2 0.8%	- 0.0%	992.8 12.6%	- 0.0%	0.0 0.0%	- 0.0%	1,053.9 13.4%
Assistance, Grants & Benefits	854.6 10.9%	2,621.0 33.3%	281.1 3.6%	42.0 0.5%	8.1 0.1%	57.1 0.7%	3,864.1 49.1%
Capital	34.2 0.4%	23.0 0.3%	51.4 0.7%	20.0 0.3%	18.5 0.2%	119.8 1.5%	266.9 3.4%
Debt Service	191.0 2.4%	- 0.0%	42.8 0.5%	- 0.0%	- 0.0%	- 0.0%	233.8 3.0%
Operating Transfers	41.6 0.5%	5.4 0.1%	3.0 0.0%	- 0.0%	- 0.0%	100.1 1.3%	150.1 1.9%
Total	\$ 1,681.4 21.4%	\$ 3,121.9 39.7%	\$ 2,101.2 26.7%	\$ 431.8 5.5%	\$ 98.9 1.3%	\$ 428.9 5.5%	\$ 7,864.1 100.0%

FY 2011 Change to Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	38.6 78.2%	(17.2) -34.9%	(20.9) -42.3%	7.4 15.0%	(0.4) -0.8%	(0.4) -0.8%	\$ 7.1 14.4%
Contracted Services	7.5 15.2%	0.0 0.0%	10.2 20.7%	(0.1) -0.2%	4.4 8.9%	9.6 19.5%	31.7 64.2%
Other State Operations	9.4 19.0%	(6.4) -13.0%	16.1 32.5%	(1.9) -3.8%	0.3 0.5%	(17.9) -36.3%	(0.5) -1.1%
Aid to Local Units of Government	(126.5) -256.0%	- 0.0%	(21.1) -42.7%	- 0.0%	0.0 0.0%	- 0.0%	(147.6) -298.7%
Assistance, Grants & Benefits	(101.3) -205.0%	296.9 601.0%	25.9 52.5%	2.1 4.2%	(3.2) -6.5%	23.2 47.0%	243.7 493.2%
Capital	(5.9) -11.9%	4.6 9.4%	13.0 26.4%	(8.8) -17.9%	(0.2) -0.3%	(70.5) -142.6%	(67.7) -137.0%
Debt Service	(16.5) -33.4%	- 0.0%	0.7 1.3%	- 0.0%	- 0.0%	- 0.0%	(15.8) -32.0%
Operating Transfers	(0.6) -1.3%	0.5 1.1%	2.9 5.9%	- 0.0%	- 0.0%	(4.3) -8.6%	(1.5) -3.0%
Total	\$ (195.3) -395.2%	\$ 278.4 563.5%	\$ 26.8 54.2%	\$ (1.3) -2.6%	\$ 1.0 1.9%	\$ (60.2) -121.8%	\$ 49.4 100.0%

Expenditures from All Funds

FY 2011 Change to Governor	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	32.1 <i>9.1%</i>	(5.9) <i>-1.7%</i>	(1.9) <i>-0.5%</i>	(18.6) <i>-5.3%</i>	(0.3) <i>-0.1%</i>	- <i>0.0%</i>	\$ 5.5 <i>1.6%</i>
Contracted Services	2.0 <i>0.6%</i>	0.1 <i>0.0%</i>	(15.5) <i>-4.4%</i>	(0.6) <i>-0.2%</i>	0.5 <i>0.1%</i>	- <i>0.0%</i>	(13.6) <i>-3.9%</i>
Other State Operations	(1.0) <i>-0.3%</i>	1.4 <i>0.4%</i>	0.4 <i>0.1%</i>	(1.0) <i>-0.3%</i>	0.0 <i>0.0%</i>	- <i>0.0%</i>	(0.1) <i>0.0%</i>
Aid to Local Units of Government	9.8 <i>2.8%</i>	- <i>0.0%</i>	2.0 <i>0.6%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	11.8 <i>3.4%</i>
Assistance, Grants & Benefits	148.7 <i>42.3%</i>	162.1 <i>46.2%</i>	0.7 <i>0.2%</i>	(2.1) <i>-0.6%</i>	- <i>0.0%</i>	- <i>0.0%</i>	309.4 <i>88.1%</i>
Capital	6.0 <i>1.7%</i>	4.0 <i>1.2%</i>	5.5 <i>1.6%</i>	0.6 <i>0.2%</i>	1.1 <i>0.3%</i>	4.1 <i>1.2%</i>	21.2 <i>6.0%</i>
Debt Service	(4.6) <i>-1.3%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	(4.6) <i>-1.3%</i>
Operating Transfers	21.6 <i>6.1%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	21.6 <i>6.1%</i>
Total	\$ 214.7 <i>61.1%</i>	\$ 161.8 <i>46.1%</i>	\$ (8.8) <i>-2.5%</i>	\$ (21.8) <i>-6.2%</i>	\$ 1.3 <i>0.4%</i>	\$ 4.1 <i>1.2%</i>	\$ 351.2 <i>100.0%</i>

FY 2011 Change to FY 2009	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	18.8 <i>2.8%</i>	11.8 <i>1.8%</i>	28.8 <i>4.3%</i>	12.9 <i>1.9%</i>	1.0 <i>0.1%</i>	14.0 <i>2.1%</i>	\$ 87.4 <i>13.0%</i>
Contracted Services	2.5 <i>0.4%</i>	17.9 <i>2.6%</i>	19.1 <i>2.8%</i>	0.6 <i>0.1%</i>	10.2 <i>1.5%</i>	3.5 <i>0.5%</i>	53.8 <i>8.0%</i>
Other State Operations	6.5 <i>1.0%</i>	4.2 <i>0.6%</i>	17.8 <i>2.6%</i>	(0.7) <i>-0.1%</i>	2.2 <i>0.3%</i>	(3.3) <i>-0.5%</i>	26.6 <i>3.9%</i>
Aid to Local Units of Government	(150.3) <i>-22.3%</i>	- <i>0.0%</i>	18.1 <i>2.7%</i>	- <i>0.0%</i>	0.0 <i>0.0%</i>	- <i>0.0%</i>	(132.1) <i>-19.6%</i>
Assistance, Grants & Benefits	42.0 <i>6.2%</i>	369.8 <i>54.8%</i>	60.4 <i>9.0%</i>	(1.0) <i>-0.2%</i>	3.8 <i>0.6%</i>	1.0 <i>0.2%</i>	476.1 <i>70.6%</i>
Capital	25.1 <i>3.7%</i>	17.9 <i>2.7%</i>	39.1 <i>5.8%</i>	7.2 <i>1.1%</i>	10.5 <i>1.6%</i>	62.6 <i>9.3%</i>	162.4 <i>24.1%</i>
Debt Service	18.7 <i>2.8%</i>	- <i>0.0%</i>	8.1 <i>1.2%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	26.8 <i>4.0%</i>
Operating Transfers	8.8 <i>1.3%</i>	(5.8) <i>-0.9%</i>	(17.5) <i>-2.6%</i>	- <i>0.0%</i>	(0.1) <i>0.0%</i>	(11.7) <i>-1.7%</i>	(26.3) <i>-3.9%</i>
Total	\$ (27.8) <i>-4.1%</i>	\$ 415.8 <i>61.6%</i>	\$ 173.9 <i>25.8%</i>	\$ 18.9 <i>2.8%</i>	\$ 27.6 <i>4.1%</i>	\$ 66.1 <i>9.8%</i>	\$ 674.6 <i>100.0%</i>

Expenditures from General Revenues

FY 2009 Reported	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	138.3 <i>4.6%</i>	158.5 <i>5.3%</i>	132.7 <i>4.4%</i>	261.0 <i>8.7%</i>	27.8 <i>0.9%</i>	- <i>0.0%</i>	\$ 718.3 <i>24.0%</i>
Contracted Services	7.7 <i>0.3%</i>	16.1 <i>0.5%</i>	8.5 <i>0.3%</i>	13.4 <i>0.4%</i>	1.0 <i>0.0%</i>	- <i>0.0%</i>	46.7 <i>1.6%</i>
Other State Operations	40.9 <i>1.4%</i>	19.6 <i>0.7%</i>	31.7 <i>1.1%</i>	32.4 <i>1.1%</i>	6.4 <i>0.2%</i>	- <i>0.0%</i>	131.0 <i>4.4%</i>
Aid to Local Units of Government	210.7 <i>7.0%</i>	- <i>0.0%</i>	787.8 <i>26.3%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	998.5 <i>33.3%</i>
Assistance, Grants & Benefits	24.2 <i>0.8%</i>	849.2 <i>28.3%</i>	27.6 <i>0.9%</i>	25.0 <i>0.8%</i>	0.7 <i>0.0%</i>	- <i>0.0%</i>	926.7 <i>30.9%</i>
Capital	2.6 <i>0.1%</i>	0.2 <i>0.0%</i>	2.6 <i>0.1%</i>	0.5 <i>0.0%</i>	(0.0) <i>0.0%</i>	- <i>0.0%</i>	6.0 <i>0.2%</i>
Debt Service	130.2 <i>4.3%</i>	- <i>0.0%</i>	17.4 <i>0.6%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	147.5 <i>4.9%</i>
Operating Transfers	17.9 <i>0.6%</i>	5.8 <i>0.2%</i>	0.5 <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	24.3 <i>0.8%</i>
Total	\$ 572.5 <i>19.1%</i>	\$ 1,049.4 <i>35.0%</i>	\$ 1,008.8 <i>33.6%</i>	\$ 332.4 <i>11.1%</i>	\$ 35.9 <i>1.2%</i>	\$ - <i>0.0%</i>	\$ 2,998.9 <i>100.0%</i>

FY 2010 Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	100.5 <i>3.3%</i>	170.5 <i>5.7%</i>	142.2 <i>4.7%</i>	274.4 <i>9.1%</i>	29.9 <i>1.0%</i>	- <i>0.0%</i>	\$ 717.5 <i>23.9%</i>
Contracted Services	1.8 <i>0.1%</i>	19.3 <i>0.6%</i>	8.7 <i>0.3%</i>	14.1 <i>0.5%</i>	1.6 <i>0.1%</i>	- <i>0.0%</i>	45.5 <i>1.5%</i>
Other State Operations	36.0 <i>1.2%</i>	27.1 <i>0.9%</i>	28.4 <i>0.9%</i>	34.2 <i>1.1%</i>	6.6 <i>0.2%</i>	- <i>0.0%</i>	132.3 <i>4.4%</i>
Aid to Local Units of Government	186.7 <i>6.2%</i>	- <i>0.0%</i>	816.3 <i>27.2%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	1,003.1 <i>33.4%</i>
Assistance, Grants & Benefits	23.7 <i>0.8%</i>	813.4 <i>27.1%</i>	30.0 <i>1.0%</i>	26.1 <i>0.9%</i>	0.8 <i>0.0%</i>	- <i>0.0%</i>	894.0 <i>29.8%</i>
Capital	2.2 <i>0.1%</i>	1.4 <i>0.0%</i>	0.7 <i>0.0%</i>	1.2 <i>0.0%</i>	0.1 <i>0.0%</i>	- <i>0.0%</i>	5.5 <i>0.2%</i>
Debt Service	157.6 <i>5.3%</i>	- <i>0.0%</i>	17.1 <i>0.6%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	174.7 <i>5.8%</i>
Operating Transfers	27.7 <i>0.9%</i>	- <i>0.0%</i>	0.1 <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	27.8 <i>0.9%</i>
Total	\$ 536.2 <i>17.9%</i>	\$ 1,031.7 <i>34.4%</i>	\$ 1,043.5 <i>34.8%</i>	\$ 350.0 <i>11.7%</i>	\$ 38.9 <i>1.3%</i>	\$ - <i>0.0%</i>	\$ 3,000.3 <i>100.0%</i>

Expenditures from General Revenues

FY 2011 Recommended	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	119.5 4.2%	166.4 5.8%	124.6 4.4%	309.6 10.9%	29.8 1.0%	- 0.0%	\$ 749.9 26.3%
Contracted Services	6.0 0.2%	19.4 0.7%	7.6 0.3%	13.2 0.5%	1.2 0.0%	- 0.0%	47.4 1.7%
Other State Operations	41.6 1.5%	22.0 0.8%	29.9 1.0%	34.1 1.2%	6.2 0.2%	- 0.0%	133.8 4.7%
Aid to Local Units of Government	50.4 1.8%	- 0.0%	788.3 27.7%	- 0.0%	- 0.0%	- 0.0%	838.7 29.4%
Assistance, Grants & Benefits	15.7 0.5%	828.7 29.1%	31.1 1.1%	26.9 0.9%	0.8 0.0%	- 0.0%	903.2 31.7%
Capital	1.8 0.1%	1.1 0.0%	2.1 0.1%	1.0 0.0%	0.0 0.0%	- 0.0%	6.0 0.2%
Debt Service	142.8 5.0%	- 0.0%	19.6 0.7%	- 0.0%	- 0.0%	- 0.0%	162.4 5.7%
Operating Transfers	6.1 0.2%	0.9 0.0%	0.6 0.0%	- 0.0%	- 0.0%	- 0.0%	7.7 0.3%
Total	\$ 384.0 13.5%	\$ 1,038.6 36.5%	\$ 1,003.7 35.2%	\$ 384.8 13.5%	\$ 38.0 1.3%	\$ - 0.0%	\$ 2,849.1 100.0%

FY 2011 Recommended Change to Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	19.0 -12.6%	(4.1) 2.7%	(17.6) 11.7%	35.2 -23.3%	(0.1) 0.0%	- 0.0%	\$ 32.4 -21.5%
Contracted Services	4.3 -2.8%	0.1 0.0%	(1.2) 0.8%	(0.9) 0.6%	(0.4) 0.3%	- 0.0%	1.8 -1.2%
Other State Operations	5.5 -3.7%	(5.1) 3.4%	1.5 -1.0%	(0.1) 0.1%	(0.4) 0.3%	- 0.0%	1.4 -0.9%
Aid to Local Units of Government	(136.3) 90.1%	- 0.0%	(28.0) 18.5%	- 0.0%	- 0.0%	- 0.0%	(164.3) 108.6%
Assistance, Grants & Benefits	(8.0) 5.3%	15.3 -10.1%	1.1 -0.7%	0.8 -0.5%	0.0 0.0%	- 0.0%	9.2 -6.1%
Capital	(0.4) 0.3%	(0.2) 0.2%	1.4 -0.9%	(0.2) 0.1%	(0.1) 0.0%	- 0.0%	0.5 -0.4%
Debt Service	(14.7) 9.7%	- 0.0%	2.5 -1.6%	- 0.0%	- 0.0%	- 0.0%	(12.3) 8.1%
Operating Transfers	(21.6) 14.3%	0.9 -0.6%	0.5 -0.3%	- 0.0%	- 0.0%	- 0.0%	(20.1) 13.3%
Total	\$ (152.2) 100.6%	\$ 6.8 -4.5%	\$ (39.9) 26.4%	\$ 34.8 -23.0%	\$ (0.9) 0.6%	\$ - 0.0%	\$ (151.3) 100.0%

Expenditures from General Revenues

FY 2011 Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	141.7 4.8%	160.8 5.5%	124.1 4.2%	291.0 9.9%	29.5 1.0%	- 0.0%	\$ 747.0 25.4%
Contracted Services	7.8 0.3%	18.8 0.6%	7.6 0.3%	12.5 0.4%	1.2 0.0%	- 0.0%	47.8 1.6%
Other State Operations	40.7 1.4%	22.0 0.7%	30.5 1.0%	32.3 1.1%	6.2 0.2%	- 0.0%	131.6 4.5%
Aid to Local Units of Government	60.2 2.0%	- 0.0%	815.6 27.7%	- 0.0%	- 0.0%	- 0.0%	875.8 29.8%
Assistance, Grants & Benefits	16.1 0.5%	871.3 29.6%	31.3 1.1%	26.8 0.9%	0.8 0.0%	- 0.0%	946.4 32.2%
Capital	1.8 0.1%	1.1 0.0%	2.1 0.1%	1.0 0.0%	0.0 0.0%	- 0.0%	6.0 0.2%
Debt Service	138.6 4.7%	- 0.0%	19.6 0.7%	- 0.0%	- 0.0%	- 0.0%	158.2 5.4%
Operating Transfers	27.7 0.9%	0.9 0.0%	0.6 0.0%	- 0.0%	- 0.0%	- 0.0%	29.3 1.0%
Total	\$ 434.6 14.8%	\$ 1,074.9 36.5%	\$ 1,031.3 35.1%	\$ 363.5 12.4%	\$ 37.8 1.3%	\$ - 0.0%	\$ 2,942.1 100.0%

FY 2011 Change to Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	41.1 -70.7%	(9.7) 16.6%	(18.1) 31.1%	16.6 -28.5%	(0.3) 0.6%	- 0.0%	\$ 29.6 -50.8%
Contracted Services	6.0 -10.3%	(0.5) 0.9%	(1.2) 2.0%	(1.6) 2.8%	(0.4) 0.7%	- 0.0%	2.3 -4.0%
Other State Operations	4.7 -8.0%	(5.1) 8.8%	2.1 -3.6%	(2.0) 3.4%	(0.4) 0.7%	- 0.0%	(0.7) 1.2%
Aid to Local Units of Government	(126.5) 217.3%	- 0.0%	(0.7) 1.2%	- 0.0%	- 0.0%	- 0.0%	(127.2) 218.5%
Assistance, Grants & Benefits	(7.6) 13.0%	57.9 -99.4%	1.3 -2.3%	0.7 -1.2%	0.0 -0.1%	- 0.0%	52.4 -90.0%
Capital	(0.4) 0.6%	(0.3) 0.5%	1.4 -2.4%	(0.2) 0.3%	(0.1) 0.1%	- 0.0%	0.5 -0.8%
Debt Service	(19.0) 32.6%	- 0.0%	2.5 -4.2%	- 0.0%	- 0.0%	- 0.0%	(16.5) 28.4%
Operating Transfers	0.0 0.0%	0.9 -1.6%	0.5 -0.9%	- 0.0%	- 0.0%	- 0.0%	1.5 -2.5%
Total	\$ (101.6) 174.5%	\$ 43.2 -74.1%	\$ (12.2) 21.0%	\$ 13.5 -23.2%	\$ (1.1) 1.9%	\$ - 0.0%	\$ (58.2) 100.0%

Expenditures from General Revenues

FY 2011 Change to Governor	General Government	Human Services	Education	Public Safety	Natural Resources	Transportation	Total
Salaries & Benefits	22.1 23.8%	(5.6) -6.0%	(0.5) -0.5%	(18.7) -20.1%	(0.3) -0.3%	- 0.0%	\$ (2.9) -3.1%
Contracted Services	1.8 1.9%	(0.6) -0.6%	- 0.0%	(0.7) -0.8%	- 0.0%	- 0.0%	0.5 0.5%
Other State Operations	(0.9) -1.0%	(0.0) 0.0%	0.6 0.6%	(1.8) -2.0%	- 0.0%	- 0.0%	(2.1) -2.3%
Aid to Local Units of Government	9.8 10.5%	- 0.0%	27.3 29.4%	- 0.0%	- 0.0%	- 0.0%	37.1 39.9%
Assistance, Grants & Benefits	0.4 0.5%	42.6 45.8%	0.2 0.3%	(0.1) -0.1%	- 0.0%	- 0.0%	43.2 46.4%
Capital	0.0 0.0%	(0.1) -0.1%	- 0.0%	(0.0) 0.0%	- 0.0%	- 0.0%	(0.1) -0.1%
Debt Service	(4.2) -4.6%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	(4.2) -4.6%
Operating Transfers	21.6 23.2%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	21.6 23.2%
Total	\$ 50.6 54.4%	\$ 36.4 39.1%	\$ 27.7 29.7%	\$ (21.3) -22.9%	\$ (0.3) -0.3%	\$ - 0.0%	\$ 93.1 100.0%

FY 2011 Change to FY 2009	General Government	Human Services	Education	Public Safety	Natural Resources	Transportation	Total
Salaries & Benefits	3.4 -6.0%	2.3 -4.0%	(8.6) 15.1%	29.9 -52.7%	1.7 -3.1%	- 0.0%	\$ 28.7 -50.6%
Contracted Services	0.0 0.0%	2.7 -4.7%	(0.9) 1.6%	(0.9) 1.5%	0.2 -0.4%	- 0.0%	1.2 -2.1%
Other State Operations	(0.2) 0.3%	2.4 -4.2%	(1.3) 2.2%	(0.1) 0.3%	(0.2) 0.3%	- 0.0%	0.7 -1.2%
Aid to Local Units of Government	(150.5) 265.1%	- 0.0%	27.8 -49.0%	- 0.0%	- 0.0%	- 0.0%	(122.7) 216.1%
Assistance, Grants & Benefits	(8.1) 14.2%	22.1 -39.0%	3.7 -6.5%	1.8 -3.2%	0.1 -0.1%	- 0.0%	19.7 -34.7%
Capital	(0.7) 1.3%	0.8 -1.4%	(0.5) 1.0%	0.4 -0.8%	0.0 0.0%	- 0.0%	(0.0) 0.0%
Debt Service	8.4 -14.9%	- 0.0%	2.2 -3.9%	- 0.0%	- 0.0%	- 0.0%	10.6 -18.7%
Operating Transfers	9.8 -17.2%	(4.8) 8.5%	0.1 -0.2%	- 0.0%	- 0.0%	- 0.0%	5.1 -8.9%
Total	\$ (137.9) 242.8%	\$ 25.5 -44.9%	\$ 22.6 -39.7%	\$ 31.2 -54.9%	\$ 1.9 -3.4%	\$ - 0.0%	\$ (56.8) 100.0%

Section III

Agency Analyses

Department of Administration

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Program				
Central Management	\$ 1,694,369	\$ 1,314,857	\$ 1,479,109	\$ 1,475,743
Accounts & Control	3,954,166	3,549,855	3,815,189	3,806,968
Budgeting	2,003,345	1,727,209	2,011,478	2,007,066
Purchasing	2,620,754	2,285,011	2,559,804	2,554,715
Auditing	1,535,588	1,293,365	1,439,523	1,436,515
Human Resources	12,416,555	10,786,704	11,166,393	11,146,821
Personnel Appeal Board	84,090	81,063	80,934	80,803
General	253,499,524	205,458,047	79,475,803	118,014,074
Debt Service	207,273,411	198,414,107	195,829,081	191,268,497
Legal Services	1,113,869	1,612,563	1,697,064	1,693,282
Facilities Management	44,376,036	36,923,000	39,308,900	36,851,760
Capital Projects and Prop. Mgt.	3,807,010	3,766,034	3,781,902	3,776,092
Information Technology	28,169,388	26,069,330	27,672,095	27,590,025
Library Programs	1,915,723	2,115,636	2,024,848	2,273,201
Planning	23,357,481	18,264,032	17,924,252	17,921,395
Undistributed Savings	(58,436,637)	(5,499,668)	(20,507,622)	(8,178,357)
Energy Resources	55,239,199	88,474,833	69,240,003	69,240,003
Sheriffs	17,240,788	14,843,623	-	16,341,206
Total	\$ 601,864,659	\$ 611,479,601	\$ 438,998,756	\$ 499,299,809
Expenditures by Category				
Salaries and Benefits	\$ 38,023,467	\$ 67,131,989	\$ 43,399,157	\$ 70,895,702
Contracted Services	699,244	5,947,846	5,191,199	5,448,177
Subtotal	\$ 38,722,711	\$ 73,079,835	\$ 48,590,356	\$ 76,343,879
Other State Operations	31,185,945	34,703,430	35,858,742	34,423,085
Aid to Local Units of Government	187,690,697	169,239,613	51,375,465	61,188,736
Assistance, Grants, and Benefits	87,797,347	106,308,071	85,988,827	85,988,827
Capital	21,278,298	23,900,730	15,527,643	22,658,143
Capital Debt Service	207,516,174	196,692,075	195,584,236	191,023,652
Operating Transfers	27,673,487	7,555,847	6,073,487	27,673,487
Total	\$ 601,864,659	\$ 611,479,601	\$ 438,998,756	\$ 499,299,809
Sources of Funds				
General Revenue	\$ 429,600,820	\$ 418,864,518	\$ 275,494,281	\$ 324,063,375
Federal Aid	80,173,897	92,734,715	76,215,134	79,572,545
Restricted Receipts	18,938,514	27,282,120	16,802,039	17,140,339
Other	73,151,428	72,598,248	70,487,302	78,523,550
Total	\$ 601,864,659	\$ 611,479,601	\$ 438,998,756	\$ 499,299,809
FTE Authorization	895.6	835.4	699.6	871.6

Summary. The Department of Administration requested FY 2011 expenditures totaling \$647.3 million from all sources of funds. This is \$45.4 million more than enacted, of which \$58.4 million is due to the allocation of undistributed personnel and operating savings. Adjusted for that, the request is \$9.6 million less from all sources, which includes a general revenue reduction of \$14.0 million. The general revenue reduction is due to the removal of \$10.0 million for the Station Fire settlement and \$22.0 million for the transfer to the Budget Stabilization Fund. The Department requested staffing authorization of 892.6 full-time positions. This is 3.0 fewer positions than the authorized level and 1.0 position more than the revised request. The request is \$7.3 million less than the Budget Office's target due to savings from utilities and an adjustment from the Motor Vehicles Excise Tax program.

The request includes authorization to create new restricted receipts in the Bureau of Audits and Purchasing to cover oversight expenses for American Recovery and Reinvestment Act related functions. The receipts would be derived from assessing stimulus accounts a 0.5 percent surcharge. It should be noted that the Governor's FY 2010 recommended budget included a similar proposal; however, the Assembly did not concur and provided federal funds in lieu of the restricted receipt expenditures.

The Governor recommended expenditures totaling \$439.0 million, of which \$275.5 million is from general revenues. This is \$162.9 million less than enacted, including the allocation of \$58.4 million of enacted statewide savings and inclusion of new undistributed statewide pension savings of \$20.5 million from all funds.

Accounting for these adjustments, the recommendation is \$203.7 million less than enacted largely due to the removal of \$135.3 million for the Motor Vehicles Excise program and transferring \$17.2 million for the Sheriffs program to the Department of Public Safety. He recommended staffing of 699.6 positions, 193.0 positions less than requested, of which 180.0 relate to the Sheriffs transfer.

The Governor included legislation as part of his FY 2010 revised budget to create the restricted receipt accounts in the Bureau of Audits and Purchasing.

The Assembly provided total expenditures of \$499.3 million, including \$324.1 million from general revenues. This is \$60.3 million more than the recommendation, of which \$10.0 million is for the Motor Vehicles Excise Tax program, \$22.0 million is to repay the rainy day fund, \$16.3 million is from not transferring the Sheriffs to the Department of Public Safety and \$12.3 million is to restore a portion of assumed retirement savings. It authorized staffing of 871.6 positions.

Staffing Authorization. The Department requested staffing authorization of 892.6 full-time positions, 3.0 fewer positions than enacted and 1.0 more than the revised request. The request includes the elimination of 10.0 positions relating to the American Recovery and Reinvestment Act and the addition of two auditor positions; one each in the Bureau of Audits and the Office of Energy Resources for a net decrease of eight. The request includes one new administrative assistant position, one new janitor for the Forand Building and the restoration of the State Purchasing Agent position, which the 2009 Assembly eliminated. It includes 2.0 new positions in the Internal Service program for central mail services. The request also includes a number of transfers within department functions.

The enacted budget reflects the transfer of 6.0 positions for the labor relations unit from Legal Services to the Division of Human Resources. Consistent with the revised budget, the Department's FY 2011 request also includes the transfer of the unit back to Legal Services.

The Governor recommended staffing of 699.6 full-time positions. This is 196.0 positions less than enacted and 193.0 positions less than requested, 180.0 of which relates to the transfer of the Sheriffs program to the Department of Public Safety. He eliminated 10.0 vacant positions in the Division of

Information Technology and 1.0 position in the Division of Human Resources. He did not recommend the 2.0 new positions for central mail services.

The Assembly authorized staffing of 871.6 positions, 172.0 positions more than recommended. It did not concur with the transfer of 180.0 positions for the Sheriffs to the Department of Public Safety and it eliminated 8.0 positions, which is equivalent to a 10.0 percent reduction of vacancies.

Statewide Items

Distributed Pension Adjustments. The request assumes the distribution of the \$9.4 million from all sources, including \$5.5 million from general revenues included in the enacted budget for the pension changes. The amount allocated to the Department of Administration includes \$0.3 million from general revenues. *The Governor recommended funding as requested.* **The Assembly concurred.**

Distributed Statewide Personnel and Operating Costs Savings. The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs for savings of \$57.6 million from general revenues. This reduction was calculated as 5.0 percent of recommended salaries and benefits and operating costs for a full year and an additional 2.5 percent for the final six months of FY 2010. The request assumes the distribution of these savings. The extent to which each agency achieved these savings varies. *The Governor recommended funding as requested. The extent to which each agency achieved these savings varies.* **The Assembly concurred.**

Distributed Statewide Consulting. The budget assumes the distribution of the \$5.1 million from general revenue savings included in the enacted budget for a 10.0 percent reduction in expenditures the state classifies as contracted services, often referred to as consultants. The extent to which each agency achieved these savings varies. *The Governor recommended funding as requested. The extent to which each agency achieved these savings varies.* **The Assembly concurred.**

Distributed Health Insurance Savings. The request assumes the distribution of the \$3.0 million from general revenues included in the enacted budget for employee medical claims. *The Governor recommended funding as requested. The FY 2011 recommended budget assumes \$8.4 million in savings from original estimates for employee medical benefit costs. This is based on updated information from FY 2009 and FY 2010 that suggests a continued downward trend in claims.* **The Assembly concurred.**

Distributed Assessed Fringe Savings. The enacted budget includes a general revenue savings of \$2.1 million for the state's assessments to agency budgets for payout of employee benefits such as unused leave, unemployment and workers' compensation have generated more resources than necessary for projected expenses. The request assumes the distribution of that savings. *The Governor recommended funding as requested.*

The Assembly concurred. Additionally, the Assembly recognized \$1.6 million in general revenue savings from a lower rate based on revised projections. These savings are reflected in the individual agencies' budgets.

Undistributed Pension Reduction. The 2009 Assembly adopted pension changes that apply to teachers eligible to retire on or after October 1, 2009 and do not become eligible before the date of passage. The 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, shifting all future accrual to the lower accruals of Plan B. The cost-of-living adjustments would all be 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 was changed to the five consecutive highest years, from three.

The Governor proposed legislation in his FY 2010 revised budget to eliminate the cost-of-living adjustments for state employees, teachers, judges and state police that were not eligible to retire on September 30, 2009 and do not become eligible before the date of passage. The legislation gives the General Assembly the ability to annually review and give a cost-of-living adjustment of 3.0 percent or the Consumer Price Index, whichever is less. The FY 2010 revised budget assumes general revenue savings of \$42.9 million, of which \$12.1 million is budgeted in the Department of Administration for state employees.

The Governor's FY 2011 budget assumes \$52.7 million in total savings, including \$45.0 million from general revenues. For state employees, \$20.5 million is budgeted in the Department of Administration, including \$12.8 million from general revenues.

The Assembly included savings of \$8.2 million, of which \$5.7 million is general revenues in the Department of Administration for the state's share of retirement costs for state employees. Total savings including teachers is \$18.5 million from all sources. The Assembly adopted legislating in Article 16 to limit the cost-of-living adjustments to the first \$35,000 of retirement allowance indexed to inflation but capped at 3.0 percent beginning on the third anniversary of the date of retirement or age 65, whichever is later, for state employees, teachers, and judges that were not eligible to retire before the passage of this proposal.

Station Fire Civil Suit Settlement. The budget request removes the one-time expenditure of \$10.0 million for the state's share of the station fire civil suit settlement for which funding is included in the FY 2010 enacted budget. It should be noted that the expenditure for this occurred in FY 2009. *The Governor recommended funding as requested. The Assembly concurred.*

Budget Stabilization Fund Transfer. The budget request removes the one-time expenditure of \$22.0 million used to pay back the Budget Stabilization and Cash Reserve Account for funds borrowed in FY 2009. Rhode Island General Law requires that any amounts used must be replaced in the following year.

The Governor proposed legislation in his FY 2010 revised budget to delay the repayment to FY 2011. His FY 2011 budget includes legislation to further delay any amount due in FY 2011 to FY 2012. The Assembly did not concur with the delay. It provided \$22.0 million for the repayment in FY 2011.

Local Aid

Motor Vehicles Excise Tax Adjustment. Consistent with the revised request, the Department requested general revenue savings of \$3.2 million based on information obtained by the Division of Municipal Finance, which indicates that the assessed value has decreased. The savings are based on information that the Division received from 24 out of 39 municipalities, which indicates that each municipality is experiencing between a 2.0 percent and a 3.0 percent reduction in assessed values. It appears that data from larger communities have been received with the exceptions of Providence and Pawtucket. The enacted budget provides \$135.3 million to fund the car tax phase-out.

The Governor did not include this adjustment because of his proposal to eliminate future payments to communities for which \$135.3 million was included in the enacted budget. The recommendation assumes passage of legislation included in the revised budget, which eliminated the third and the fourth quarter reimbursements to municipalities. For FY 2011 and thereafter, the legislation subjects future exemptions to the annual appropriations act. The proposed legislation would allow municipalities to levy a

supplemental tax to capture the loss of the reimbursement for FY 2010 and permits a tax on the total value of a car in the future.

The Assembly provided total funding of \$117.2 million to fund the program at 88.0 percent of the amount that would have been due in FY 2010. This represents a reduction of approximately one-half of the fourth quarter's payment.

For fiscal year 2011 and thereafter, the Assembly enacted legislation that mandates a \$500 exemption for which the state will reimburse municipalities for an amount subject to appropriation. The legislation allows municipalities to provide an additional exemption not subject to reimbursement. The budget does not provide funding for fire districts beyond FY 2010; however, effective fiscal year 2011 and thereafter, the Assembly restored the authority for fire districts to levy a motor vehicle excise tax.

Distressed Communities Relief Fund. The Department requested the enacted amount of \$10.4 million to level fund the Distressed Communities Relief program in FY 2011. This program was established in 1990 to provide assistance to the communities with the highest property tax burdens relative to the wealth of the taxpayers. The 2005 Assembly increased eligibility for FY 2006 to any community falling into the lowest 20.0 percent for at least three of four indices would be eligible for assistance under the program. The 2009 Assembly enacted legislation to make the program permanently subject to appropriation.

Current law mandates that when a new community qualifies, that community receives 50.0 percent of current law requirements the first year it qualifies. The remaining 50.0 percent is distributed to the other distressed communities proportionately. When a community falls out of the program, it receives a one-time transition payment of 50.0 percent of the prior year requirement exclusive of any reduction for first year qualification.

The Governor recommended \$10.4 million for the Distressed Communities Relief Fund for FY 2011, consistent with the enacted budget. Communities' aid distribution is based on updated qualifying tax levies. For FY 2011, East Providence qualifies for distressed aid and North Providence is disqualified.
The Assembly concurred.

Library Aid. The Department requested the enacted amount of \$8.8 million to level fund state support of public libraries. Rhode Island General Laws require the state to provide financial support to public libraries equal to 25.0 percent of the second prior fiscal year's local expenditures for library services. The Assembly enacted legislation during the 2008 and 2009 sessions to reduce the maintenance of effort requirement for municipalities to provide library services to at least 80.0 percent of the previous year.

The Governor recommended \$8.8 million for FY 2011 library operating aid, \$1.1 million or 12.4 percent less than allowed under current law. Community distributions reflect updated data and a ratable reduction to the appropriation.
The Assembly concurred.

Library Construction Aid. The Department requested \$2.5 million for library construction aid, \$0.4 million less than enacted. The request reflects current funding requirements for FY 2011 based on updated cost information, interest rates, and construction schedules for approved projects. The state reimburses libraries up to half the total costs for eligible projects on an installment basis for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of the project. Reported expenditures in FY 2009 were \$2.6 million. *The Governor recommended funding as requested.*
The Assembly concurred.

Payment in Lieu of Taxes. The Department requested \$27.8 million, \$0.2 million more than enacted to fund the Payment in Lieu of Taxes program, \$7.8 million less than the current law allowance of 27.0

percent. This program reimburses cities and towns for property taxes that would have been due on real property owned by nonprofit educational institutions, nonprofit hospitals, or any state-owned hospital, veterans' residential facility or correctional facility, which is exempt from taxation by state law. Reimbursement is 27.0 percent of the forgone tax, subject to appropriation. The request for \$27.8 million represents reimbursement of 21.2 percent of the value.

*The Governor recommended funding as requested; however, his FY 2011 distribution is \$0.2 million less than the amount shown in the appropriations act. He subsequently requested an amendment to correct this. **The Assembly concurred.***

Property Revaluation Reimbursements. The Department requested \$1.0 million to reimburse communities conducting scheduled property revaluations or statistical updates. This is \$0.8 million less than enacted based on anticipated need for FY 2011. Expenditures fluctuate annually; they were \$1.0 million in FY 2009, \$1.1 million in FY 2008 and \$2.2 million in FY 2007. Expenditures for FY 2010 are projected at \$1.6 million. *The Governor recommended funding as requested. **The Assembly concurred.***

Economic Development Corporation

Economic Development Corporation - Operations. Consistent with the enacted budget, the request includes \$4.6 million from general revenues to support general operations of the Corporation. The state annually awards a general revenue grant to the Corporation. The Corporation had requested general state support of \$5.2 million. The Corporation's FY 2011 budget request totals \$11.0 million; all but \$1.3 million is state funds for the following programs: Slater Technology Fund, and Experimental Program to Stimulate Competitive Research. With the exception for Masonic Temple debt service, each program will be discussed separately. The Corporation's budget includes \$4.2 million to fund 46.0 positions. *The Governor recommended funding as requested. **The Assembly concurred.***

Richmond Welcome Center. The Department of Transportation's budget request eliminates funding for the Richmond Welcome Center for which the enacted budget included \$400,000 from gasoline tax proceeds. The Economic Development Corporation manages the welcome center and the Department transfers the funds to the Corporation on a monthly basis. The Corporation did not include these funds in its FY 2011 budget, and noted that without this fund source it will not be able to operate the welcome center, which would result in its closing.

*The Governor inadvertently double funded the center by including \$0.4 million from gasoline tax proceeds in the Department of Transportation and \$0.4 million from general revenues in the Department of Administration. **The Assembly funded the center with gasoline tax proceeds, consistent with the enacted budget and removed the \$0.4 million budgeted in the Department of Administration's budget.***

Airport Impact Aid. Consistent with the enacted budget, the Department requested \$1.0 million to the Economic Development Corporation so that the Airport Corporation can provide impact aid payments to the seven communities that host the six state airports. The community payments are made proportionally based on the number of total landings and takeoffs. *The Governor recommended funding as requested. **The Assembly concurred.***

Slater Technology Fund. The Department requested the enacted amount of \$2.0 million for the Slater Technology Fund, which is a state-backed venture capital fund that invests in new ventures. It should be noted that the Corporation's budget includes \$3.0 million for the Slater Technology Fund. The Slater Centers of Excellence was created in 1997; however, the Governor issued an executive order in 2005 to merge all the Centers into the Slater Technology Fund. The request brings funding to date totaling \$41.2

million. The 2009 Assembly reduced funding for this program from \$3.0 million to \$2.0 million. *The Governor recommended funding as requested. The Assembly concurred.*

Experimental Program to Stimulate Competitive Research (EPSCoR). The Department requested the enacted amount of \$1.5 million for participation in the National Science Foundation's Experimental Program to Stimulate Competitive Research. This is the fifth installment totaling \$7.5 million of state funds necessary to receive federal grant awards of \$3.0 million per year to establish a partnership between state government, higher education and industry to effect lasting improvements in research infrastructure and national research and development competitiveness. Initially, this was for a three-year agreement. Last year, the Corporation indicated that it would like to continue this program and applied for additional federal funds. *The Governor recommended funding as requested. The Assembly concurred.*

Other Programs

Convention Center Authority. The request includes the enacted amount of \$24.3 million from general revenues for debt service for the Convention Center Authority. Under the terms of the Lease and Agreement between the State of Rhode Island and the Rhode Island Convention Center Authority, the minimum rentals payable by the State in any fiscal year are equal to the gross debt service costs in that year. In the event that the Authority is running an operating deficit, the state would be responsible for covering this shortfall. In the event that the Authority has an operating profit, this "profit" is paid back to the State of Rhode Island as an "Excess Debt Service Rental Payment." The 2009 Assembly provided an additional \$1.2 million in FY 2010 to cover debt service requirements and operational shortfalls at the Dunkin Donuts Center, Convention Center and the Veterans' Memorial Auditorium.

The Governor proposed legislation in the revised budget authorizing the Convention Center Authority to issue up to \$29.8 million in debt for the purchase and renovation of the Veterans Memorial Auditorium. The revised budget assumes \$10.8 million in new revenues from the sale of the auditorium to the Authority. The Governor recommended \$24.5 million for debt service. This includes \$1.4 million in new debt service costs for the Veterans Memorial Auditorium purchase. The Assembly did not concur with the Governor's financing proposal and reduced revenues and debt service expenditures by \$1.4 million accordingly.

Veterans Memorial Auditorium Repairs. The Department's FY 2011 through FY 2015 capital budget includes \$0.7 million from Rhode Island Capital Plan funds, of which \$0.3 million and \$0.4 million will be used in FY 2011 and FY 2012 to replace the building's air conditioning system, remove hazardous materials from the boiler to improve energy efficiency and develop some office spaces. In 2007, the Veterans Memorial Auditorium Foundation and the administration discussed concerns about the transfer of the facility from the state to the Foundation. The administration requested that the Rhode Island Convention Center Authority consider operating and managing the facility in lieu of the Foundation. The Convention Center Authority took management of the facility on July 1, 2008; however, the facility is owned by the state and maintenance must be done to preserve the building.

The Governor proposed legislation in his FY 2010 revised budget authorizing the Convention Center Authority to issue up to \$29.8 million in debt for the purchase and renovation of the Veterans Memorial Auditorium. The Governor's revised budget includes \$10.8 million in new revenues from the sale of the auditorium to the Authority.

The Assembly did not concur with the Governor's proposal. It provided a total of \$14.8 million from Rhode Island Capital Plan funds in lieu of issuing debt, including \$1.0 million in FY 2010 for architectural and engineering services, \$2.5 million in FY 2011, \$1.4 million in FY 2012, \$4.0 million in FY 2013, \$3.9 million in FY 2014 and \$2.1 million in FY 2015.

Transition Costs for Elected Officials. The request includes \$0.1 million from general revenues for transition expenses for elected officials. Rhode Island General Law 36-1-2.1 requires that all newly elected general officers, prior to their engagement of office, shall be entitled to space for transition staff, adequate funds from the outgoing general officer from the budget of that department for use to hire transition staff, obtain office supplies and equipment. Historically the budgets of the general officers have included this expenditure. The 2006 Assembly adopted language in the FY 2007 budget to direct the use of the contingency fund to include transition expenses for newly elected general officers. *The Governor recommended funding as requested.* **The Assembly concurred.**

Historic Tax Credit Debt Service. The Department's request includes \$54.4 million from general revenues to fund debt service costs for historic tax credits. The 2008 Assembly enacted 2008-H 8016, Substitute A in April, which the Governor signed into law on April 12. That act eliminated the need for the proposed cap while maintaining approximately the same cash flow as the Governor's recommendations by requiring upfront processing fees, placing a moratorium on new projects, reducing the overall effective credit from 27.75 percent to 22.00 percent, and borrowing sufficient funds to cash out all credits with the debt service covered with the savings from the reduced effective credit. The request is \$31.8 million more than the enacted budget and is consistent with Budget Office's current service estimates.

The Governor recommended \$23.8 million from general revenues to fund debt service for historic tax credits. This is \$30.6 million less than the \$54.4 million current service estimate, but the higher level would likely be needed in FY 2012 and beyond. **The Assembly concurred.**

Neighborhood Opportunities Program. The Department's request reflects the elimination of the \$2.5 million from Rhode Island Capital Plan funds for the Neighborhood Opportunities Program. The Housing Resource Commission administers the program, which provides grants or low interest loans for the rehabilitation of dilapidated housing units or new construction as well as operating subsidies to reduce rents. *The Governor recommended funding as requested.* **The Assembly restored \$1.5 million from Rhode Island Capital Plan funds for FY 2011.**

Energy Resources

Stimulus – Weatherization Assistance Program. The Department requested \$9.5 million from federal stimulus funds for the Weatherization Assistance Program, which provides cost effective, energy efficient weatherization improvements. It also provides low-income individuals, particularly elderly, persons with disabilities, families with children, high residential energy users, and households with a high energy burden, with weatherization improvements to lower utility costs. The request is \$2.7 million more than enacted based on anticipated awards from the Department of Energy. The total request of \$9.4 million includes \$9.0 million for grants and \$0.4 million to administer the program. The total amount that the state will receive is estimated to be \$20.0 million; \$9.8 million is programmed in FY 2010.

The Governor concurred and reduced the request by \$12,125 to reflect statewide savings from the four pay reduction days, deferring the cost-of-living adjustment increase by six months and lower medical benefit rates. **The Assembly concurred.**

Stimulus - State Energy Plan. The request includes \$13.0 million from federal stimulus funds for the State Energy Program. The total amount that the state will receive through federal FY 2010 is estimated to be \$24.0 million; the Department programmed \$6.2 million in the FY 2010 revised budget. The Federal Stimulus Act requires that the funds be distributed on a formula basis and to take into account population and energy usage. The Program provides direct funding to state energy offices and the states use the funds to address their energy priorities and programs to adopt or support energy efficiency and renewable energy programs and strategies. The funds were previously included in the Governor's

recommended budget; however, the Assembly excluded them since a plan for the use of the funds had not been provided. The Department indicated that the funds would be used to make state buildings more energy efficient, provide energy assistance to businesses and provide loans or grants to homeowners.

*The Governor concurred and reduced the request by \$18,797 to reflect statewide savings from the four pay reduction days, deferring the cost-of-living adjustment increase by six months and lower medical benefit rates. **The Assembly concurred.***

Stimulus – Energy Efficiency and Conservation Block Grants. The request includes \$5.2 million from federal stimulus funds for Energy Conservation Block Grants, which can be used for the implementation of specific programs established under the Energy Independence and Security Act of 2007; to reduce energy use and fossil fuel emissions, and for improvements in energy efficiency. The funds will be distributed based on an existing formula, which takes into account population and other factors. The Department indicated that the funds will be allotted to all municipalities in three installments. The Department held public hearings in December 2009. The total amount that the state will receive is estimated to be \$9.6 million; the Department programmed \$2.0 million in FY 2010.

*The Governor concurred and reduced the request by \$4,638 to reflect statewide savings from the four pay reduction days, deferring the cost-of-living adjustment increase by six months and lower medical benefit rates. **The Assembly concurred.***

Stimulus – Energy Assurance Plan. The request includes \$143,557 from federal stimulus funds for the state to improve energy emergency preparedness plans. The American Recovery and Reinvestment Act provides total funding of \$296,000; the Department programmed \$150,000 in the FY 2010 revised budget. This program will also include staff training on smart grid technology integration, interdependencies and cyber security. *The Governor recommended funding essentially as requested. **The Assembly concurred.***

Regional Greenhouse Gas Initiative. The Department requested expenditures of \$5.1 million from the Regional Greenhouse Gas Initiative restricted receipt fund. This is \$0.2 million more than enacted to reflect anticipated receipts from the sale of emission allowances. To date, six regional auctions have been held for a total of \$494.4 million. Rhode Island's share of that is \$7.9 million. Another four auctions have been scheduled through December 2010. The state was allocated just over 2.6 million tons of emission allowances. These allowances can be sold to energy producers in Rhode Island to offset the emissions they produce. The proceeds are to be used to invest in projects that reduce long-term energy demands and costs.

*The Governor concurred and reduced the request by \$15,732 to reflect statewide savings from the four pay reduction days, deferring the cost-of-living adjustment increase by six months and lower medical benefit rates. **The Assembly concurred.***

Low Income Home Heating Assistance Program. The Department requested \$30.0 million from federal funds for the Low Income Home Energy Assistance grant program. The request is \$9.0 million less than the enacted budget based on anticipated federal awards from the Department of Health and Human Services. The program provides funds to assist Rhode Island's low-income households to meet the increasing cost of home energy and reduce the severity of an energy related crisis. The request is \$3.3 million less than FY 2009 reported expenditures.

*The Governor concurred and reduced the request by \$9,507 to reflect statewide savings from the four pay reduction days, deferring the cost-of-living adjustment increase by six months and lower medical benefit rates. **The Assembly concurred.***

Other Energy Programs. The request includes \$6.3 million from federal and restricted receipts for all other expenditures for the Office of Energy Resources. This is \$1.8 million more than enacted, including \$0.1 million less restricted receipts offset by \$1.9 million from federal funds. The request includes \$5.7 million budgeted for various weatherization grants, \$2.5 million more than enacted based on anticipated awards. The Weatherization Assistance Program provides cost effective, energy efficient weatherization improvements.

The request includes \$0.4 million or \$0.7 million less for salaries and benefits. It should be noted that salaries and benefits from stimulus funded programs and the Regional Greenhouse Gas Initiative increased by \$1.0 million. Adjusting for that, salary and benefit expenditures would be \$0.3 million more than enacted for cost-of-living adjustments to reflect planning values consistent with the Budget Office instruction. All other expenditures are \$26,755 less than enacted, primarily for temporary services. *The Governor recommended funding essentially as requested.* **The Assembly concurred.**

Statewide Planning

Stimulus – Community Development Block Grants. The request includes \$0.1 million or \$1.3 million less from federal stimulus funds for the community development block grants based on completion of the grant award. This program provides annual grants on a formula basis to entitled cities and counties to develop viable urban communities. *The Governor recommended funding essentially as requested.* **The Assembly concurred.**

Stimulus – Homelessness Prevention Fund. The Department requested expenditures of \$1.9 million from stimulus funds for the Homelessness Prevention Fund, \$0.4 million less than enacted to reflect anticipated receipt from the Department of Housing and Urban Development. Funds from this program can be used for rental assistance, housing relocation and stabilization services to include housing search, security or utility deposits, utility payments and moving costs.

The Governor concurred and reduced the request by \$1,804 to reflect statewide savings from the four pay reduction days, deferring the cost-of-living adjustment increase by six months and lower medical benefit rates. **The Assembly concurred.**

Community Development Block Grants Funding. The Department requested \$5.0 million, or \$6.7 million less federal funds for the community development block grants. Annually the grant award is received from the federal government and prior years remaining funds are carried forward for expenditures, the grants are also adjusted based on available balances of the block grant awards unspent by the Department. Due to the timing of payments, grant funds often overlap fiscal years. This program provides annual grants on a formula basis to entitled cities and counties to develop viable urban communities.

The Governor concurred and reduced the request by \$3,121 to reflect statewide savings from the four pay reduction days, deferring the cost-of-living adjustment increase by six months and lower medical benefit rates. **The Assembly concurred.**

All Other Statewide Planning. The Department requested \$11.2 million from all funds for all other expenditures relating to Statewide Planning. This is \$3.2 million more from all funds than enacted, including an increase of \$14,339 from general revenues, which includes a reduction of \$9,165 for operating expenses and an increase of \$23,504 for salaries and benefits. The request includes \$137,215 more federal funds based on anticipated awards and \$3.0 million more from other funds for transportation planning related issues. The request includes \$0.1 million more for salary and benefit costs to reflect the cost-of-living adjustment and updated benefit rates and filled positions. Projected salary and benefit costs for FY 2011 are \$0.3 million more than the revised request. The Department requested staffing

authorization of 34.0 positions, consistent with the enacted budget. Other state operations reflect a decrease of \$24,488 for general office supplies.

The Governor recommended \$0.2 million less than requested, of which \$147,168 is from general revenues. This includes \$0.1 million less general revenues for the Housing Resource Commission grant for which the enacted budget included \$2.2 million. The Commission is using available federal funds to offset this reduction. The recommendation also includes statewide savings from the four pay reduction days, deferring the cost-of-living adjustment increase by six months and lower medical benefit rates.

The Assembly concurred, with the exception of providing \$2,857 less general revenues to reflect a reduced rate for assessed fringe benefits.

Facilities Management

Utility Costs. The Department projected savings of \$3.3 million from all funds, including \$2.5 million from general revenues for utilities at state buildings under its jurisdiction, including the Pastore Campus. The projection is 12.9 percent lower than the \$25.7 million included in the FY 2010 enacted budget, \$19,667 below FY 2009 reported expenditures and \$0.4 million more than FY 2010 anticipated expenditures. The expenditure projection for natural gas is based upon the futures pricing on the New York Mercantile Exchange. *The Governor recommended funding as requested. Subsequently, he requested an amendment to reduce expenditures by \$2.4 million. A similar adjustment was made in the FY 2010 final budget.* **The Assembly concurred.**

Facilities Management Staffing. The Department requested \$9.9 million from all funds and staffing of 113.5 positions for the Division of Facilities Management, which supports building operations, maintenance and repairs for 365 state properties, including the Pastore Campus. The request is \$0.3 million and 2.0 positions more than the enacted budget. Staffing changes reflect the transfer of 1.0 position from the Central Management program and a new principal janitor to oversee the day-to-day maintenance of the Forand building, which is scheduled to be open in August 2010.

The request includes \$0.1 million for cost-of-living adjustments and benefit changes consistent with FY 2011 planning values. The request assumes \$0.2 million in turnover savings and an additional \$33,532 for overtime expenditures, consistent with FY 2009 spending.

The Governor recommended \$9.5 million from all sources, including \$8.2 million from general revenues for staffing of 113.5 positions. This is \$0.4 million less than requested, to reflect the four pay reduction days, deferring the cost-of-living adjustment increase by six months and lower medical benefit rates. The Governor included turnover savings and overtime expenditures consistent with the request. **The Assembly concurred, with the exception of providing \$50,000 in turnover savings and \$17,040 to reflect a reduced rate for assessed fringe benefit savings.**

Veterans Home Cleaning Costs to Department of Human Services. The Department's budget includes \$0.4 million from all funds, of which \$0.3 million is from general revenues for cleaning costs related to the Veterans' Home. The Department indicated that Veterans' Home hired a house keeping service prior to the centralization of Facilities Management. The Department further noted that the firm does not report to Facilities Management and indicated that this should be a direct charge to the Department of Human Services. *The Governor recommended the transfer of the funds to the Department of Human Services' budget.* **The Assembly concurred.**

Security Service Costs to Department of Labor and Training. The Governor's FY 2010 revised budget includes a shift of \$206,698 from all funds, including \$165,921 from general revenues for security service costs to the Department of Labor and Training. The Department indicated that the Department of

Labor hires Industrial Securities and Investigations, which provides security services at each of its branches and the Center General. The Department further noted that the firm does not report to Facilities Management and indicated that this should be a direct charge to the Department of Labor. *The Governor recommended the transfer, consistent with the revised budget.* **The Assembly concurred.**

Other Facilities Management Operations. The Department requested \$8.8 million or \$0.3 million less from all funds for all other expenditures for the Division of Facilities Management to support building operations, maintenance and repairs for 365 state properties, including the Pastore Campus. This reflects a reduction of 3.7 percent from the enacted budget, of which \$0.4 million is from general revenues, primarily for building maintenance and janitorial services. The request is \$0.2 million less than FY 2009 reported expenditures and \$0.1 million more than FY 2010 projected expenses.

The Governor recommended \$0.7 million less from all funds than requested, of which \$0.5 million is from restricted receipts for interest on lease payments. Consistent with the revised budget, the Governor reduced janitorial services by \$25,452 for a day porter, reduced maintenance costs at the Pastore Center and the Zambarano Campus by \$155,993. The recommendation also assumes a savings of \$30,000 from replacing Prison Industries for lawn care and floor cleaning services with a private vendor. The Department currently pays Prison Industries \$120,000 on an annual basis for lawn and cleaning services and indicated that informal bids are estimated at \$90,000. **The Assembly concurred.**

Information Technology

RI Financial Accounting Network System Operations. The Department's request includes operational expenditures of \$0.9 million from general revenues to fund contracts for license and maintenance costs for the Rhode Island Financial Accounting Network System. The enacted budget eliminated all funding for this project based on implementation delays, but ongoing costs remain for the contracts. *The Governor recommended funding as requested.* **The Assembly concurred.**

Information Technology Eliminated Positions. The Department submitted a corrective action plan in FY 2010 to eliminate 10.0 positions within the Division of Information Technology to reflect the Department's corrective action plan. The Department indicated that the salary range for Oracle programmers is insufficient to attract qualified candidates. The Department further indicated that if the proposal to eliminate the positions were accepted, it would lead to hiring more contractors for any Oracle work that is needed.

The Governor recommended that the positions be eliminated. He included a savings of \$1.0 million from all funds, of which \$0.7 million is from general revenues. **The Assembly concurred.**

Other Information Technology Staffing. The Department requested \$22.5 million from all funds and staffing of 204.5 full-time positions for the Division of Information Technology, which is responsible for oversight, coordination and development of all computer resources within the Executive Branch. This includes \$15.1 million from general revenues. The request is \$31,798 less and 2.0 fewer positions than the authorized level of 206.5 positions. The request appears to have shifted positions from federal funds to general revenues to reflect cost sharing and estimates.

The enacted budget assumes a general revenue rate of 58.0 percent, the Department budgeted 67.0 percent for FY 2011 consistent with FY 2009. The request includes \$0.7 million in turnover savings, \$0.2 million more than enacted. Accounting for turnover savings and the eliminated positions, the request is \$1.0 million, or 4.1 percent more than enacted for cost-of-living adjustments and benefit changes consistent with FY 2011 planning values.

*The Governor recommended \$20.7 million from all sources, including \$13.9 million from general revenues for staffing of 194.5 positions. This is \$0.8 million less than requested to reflect the four pay reduction days, deferring the cost-of-living adjustment increase by six months and lower medical benefit rates. Consistent with the request, the Governor included \$0.7 million in turnover savings. **The Assembly concurred, with the exception of providing \$32,070 less to reflect a reduced rate for assessed fringe benefits.***

Information Technology Other Operations. Excluding items previously mentioned, the Department requested \$5.9 million from all funds for all other expenditures for the Division of Information Technology. This is \$323,138 or 5.5 percent more than the enacted budget, including an increase of \$244,709 from general revenues, based on current needs. The increase includes expenditures for various computer related expenses, such as maintenance agreements and software upgrades. *The Governor recommended funding essentially as requested. **The Assembly concurred.***

Sheriffs

Sheriffs Staffing and Operations. The Department requested expenditures of \$17.1 million from general revenues to fund 180.0 positions and operating costs for the Sheriffs. The request is \$156,122 less than enacted, of which \$156,372 is from salaries and benefits. The request includes \$0.5 million in turnover savings and assumes 6.0 positions will remain vacant through FY 2011. The request also includes \$0.8 million or an additional \$0.3 million for overtime expenditures, consistent with FY 2009 reported expenditures. The request includes increases for cost-of-living adjustments and benefit changes consistent with FY 2011 planning values. Consistent with the enacted budget, the request includes \$1.0 million for operating expenses.

The Governor proposed legislation to transfer the Sheriffs program from the Department of Administration to the Department of Public Safety. He included \$16.5 million and staffing of 180.0 positions in the Department of Public Safety.

The Assembly retained the program in the Department of Administration. It provided \$16.3 million from general revenues and staffing of 180.0 positions. This is \$118,025 less than the Governor recommended, consisting of \$0.1 million in turnover savings and \$18,025 to reflect a reduced rate for assessed fringe savings.

Overhead Functions

Other Debt Service Costs. Excluding debt service costs for the Historic Tax Credit Trust Fund, the Convention Center Authority and those for higher education and a portion of transportation, the Department requested \$150.5 million from all funds for all other debt service expenditures. This reflects a decrease of \$9.7 million from general revenues for general obligation debt service payments. The request is consistent with current service level estimates. The request assumes the enacted amount of \$6.8 million for short-term borrowing. The request includes \$42.2 million from gasoline tax proceeds for the Rhode Island Public Transit Authority and the Department of Transportation debt service payments.

The Governor recommended \$138.4 million from all funds for all other debt service expenditures. This is \$12.9 million less than enacted, including \$16.2 million less general revenues, \$0.1 million less federal funds, \$0.3 million more restricted receipts and \$3.7 million more other funds.

Major changes include an additional \$11.3 million for new bond issuance, savings of \$2.4 million from short-term borrowing, the removal of \$6.6 million in debt service costs for the Intake Center and the Masonic Temple, for which the final payments were made in FY 2010. He included \$0.3 million less

restricted receipts for the Division of Motor Vehicles computer system. He recommended \$45.9 million or \$3.7 million more for the Rhode Island Public Transit Authority and the Department of Transportation debt service, which is funded from gasoline tax proceeds.

Subsequently, he requested two amendments to reduce general revenue expenditures by \$2.3 million for the State Police Headquarters, which is being funded with Rhode Island Capital Plan funds and to reduce expenditures by \$0.9 million from all funds, including \$0.6 million from general revenues from savings achieved from a general obligation bond refunding. **The Assembly concurred.**

Stimulus Positions. The enacted budget includes \$0.9 million from federal funds to fund 11.0 positions to perform overhead functions relating to the American Recovery and Reinvestment Act. The Department requested \$348,198 from restricted receipts to fund 4.0 positions. This is \$511,802 and 7.0 less positions than enacted, based on revised need. It should be noted that the Office of the Governor's budget includes \$0.4 million from restricted receipts to fund 3.0 additional American Recovery and Reinvestment Act related positions. The Department indicated that the Governor's budget would include authorization to create new restricted receipts in the Bureau of Audits and the Division of Purchasing to cover oversight expenses for American Recovery and Reinvestment Act related functions. The receipts would be derived from assessing stimulus accounts a 0.5 percent surcharge. It should be noted that the Governor's FY 2010 recommended budget included a similar proposal; however, the Assembly did not concur and provided federal funds in lieu of restricted receipt expenditures.

The Governor concurred and reduced the request by \$13,819 to reflect statewide savings from the four pay reduction days and deferring the cost-of-living adjustment increase by six months and lower medical benefit rates.

*The Administration subsequently indicated that the funds for the purchasing positions would not become available. The Governor requested an amendment to allow the 2.0 positions, consisting of an administrator and a buyer to be dedicated to procurement for Higher Education. A memorandum of understanding was reached, in which the Administration will provide the positions and the three institutions and the Office will provide \$45,000 each to fund the positions. **The Assembly concurred.***

Other Salary and Benefit Adjustments. Excluding items mentioned above, the Department requested \$29.0 million from all funds for salaries and benefits, \$0.8 million more than enacted for the following programs: Central Management, Accounts and Control, Budget Office, Purchasing, Auditing, Human Resources, Personnel Appeal Board, Legal Services, Capital Projects and Library and Information Services. The request assumes \$0.5 million in additional turnover savings, which partially offsets \$1.3 million for cost-of-living adjustments, step increases and benefit changes to reflect FY 2011 planning values consistent with Budget Office instructions.

The Governor recommended salary and benefit expenditures totaling \$27.7 million from all funds, including \$23.8 million from general revenues. The recommendation is \$0.5 million less than enacted and \$1.3 million less than requested, of which \$1.1 million is to reflect statewide savings from the four pay reduction days, deferring the cost-of-living adjustment increase by six months and lower medical benefit rates. The Governor also included \$0.2 million more in turnover savings than requested.

The Assembly concurred, with the exception of providing \$73,021 to reflect a reduced rate for assessed fringe benefits.

Library Services National Leadership Grant Award. Funding for this was not included in the Department's request. Funds for this are used to implement an emergency service function for protecting statewide cultural heritage collections as part of the "Protecting the Past-Rhode Island Initiative."

*Subsequently, the Governor requested an amendment to provide \$249,958 in newly available federal funds for the Office of Library and Information Services. **The Assembly concurred.***

All Other Operations. The Department requested \$2.0 million from all funds, including \$1.1 million from general revenues for all other state operations. This is \$0.1 million less from all funds, including a general revenue reduction of \$0.4 million, offset by an increase of \$0.2 million from federal funds for grants relating to library services. The general revenue reductions are primarily from staff training and general office expenses, including computer supplies and printing costs. *The Governor concurred and included \$29,551 more than requested, including a general revenue reduction of \$16,541 for outside legal services, staff training and computer equipment. **The Assembly concurred.***

Adolph Meyer Building Renovations. The Department of Children, Youth and Families' capital budget request includes \$10.0 million from Rhode Island Capital Plan funds to build a new 24-bed girls' facility on the Pastore Campus in Cranston. The exact location has not been determined. This includes use of \$2.4 million in FY 2011 for initial architectural, engineering, and construction costs and \$7.4 million in FY 2012 to complete construction. The funding is based on a similar facility that is being built in the state of Connecticut.

The Governor recommended a total project cost of \$9.2 million from Rhode Island Capital Plan funds. This includes \$2.5 million in FY 2011 in the Department of Administrations' budget to renovate the Adolph Meyer Building at the Pastore Center to be used as the new facility for the girls' training school. He subsequently requested an amendment to shift \$0.1 million in FY 2010 and \$2.5 million in FY 2011 to the Department of Children, Youth and Families for the girls' training school. The remaining \$6.6 million in the Department of Administration will be used for building renovations.

The Assembly concurred; however, delayed the project by two years. The plan provides \$0.2 million in FY 2014 and \$6.4 million in FY 2014.

Other Capital Projects. The Department requested \$14.5 million from Rhode Island Capital Plan funds for all capital project expenditures. This is \$3.2 million less than enacted, of which \$4.0 million is for the Information Technology Computer Center to assume the project's completion. The request also includes a reduction of \$1.0 million for the Central Power Plant and adds \$750,000 for building demolition at Ladd Center. *The Governor recommended \$6.2 million less than enacted and \$3.0 million less than requested. A detailed description of the projects is included in the Capital Budget Section of this analysis.*

The Assembly provided \$5.6 million more than recommended, of which \$0.8 million is for the Washington County Government Center project and \$3.9 million is for the Division of Information Technology operations center. A detailed analysis of the projects is included in the Capital Budget Section of this publication.

Department of Business Regulation

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Program				
Central Management	\$ 1,084,422	\$ 1,180,936	\$ 1,067,332	\$ 1,024,858
Banking Regulation	1,874,677	1,638,700	1,825,248	1,821,156
Securities Regulation	838,110	728,971	886,796	854,862
Commercial Licensing, Racing & Athletics	1,244,753	1,226,516	1,269,737	1,195,701
Insurance Regulation	5,810,982	5,123,390	5,592,125	5,582,931
Board of Accountancy	164,526	157,006	164,377	164,031
Boards for Design Professionals	314,575	300,754	256,329	255,891
Total	\$ 11,332,045	\$ 10,356,273	\$ 11,061,944	\$ 10,899,430
Expenditures by Category				
Salaries and Benefits	\$ 9,572,086	\$ 8,426,755	\$ 9,334,821	\$ 9,188,307
Contracted Services	889,815	867,648	882,382	866,382
Subtotal	\$ 10,461,901	\$ 9,294,403	\$ 10,217,203	\$ 10,054,689
Other State Operations	776,244	763,232	751,003	751,003
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	80,000	284,900	80,000	80,000
Capital	13,900	13,738	13,738	13,738
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 11,332,045	\$ 10,356,273	\$ 11,061,944	\$ 10,899,430
Sources of Funds				
General Revenue	\$ 9,577,234	\$ 8,622,375	\$ 8,756,919	\$ 9,156,047
Federal Aid	-	-	-	-
Restricted Receipts	1,754,811	1,733,898	2,305,025	1,743,383
Other	-	-	-	-
Total	\$ 11,332,045	\$ 10,356,273	\$ 11,061,944	\$ 10,899,430
FTE Authorization	91.0	85.5	91.0	90.0

Summary. The Department of Business Regulation requested \$11.7 million from all sources for its FY 2011 operations, \$389,060 more than the FY 2010 enacted budget. The request is \$3,390 less than the Budget Office's general revenue current service target of \$10.0 million. The Department requested 91.0 full-time equivalent positions for FY 2011, an amount equal to the FY 2010 authorized level.

The Governor recommended \$11.1 million, \$0.3 million less than enacted and \$0.7 million less than requested and the authorized level of 91.0 full-time equivalent positions.

The Assembly provided total expenditures of \$10.9 million, \$0.2 million less than recommended. It authorized staffing of 90.0 positions, which includes eliminating 1.0 vacant position.

Central Management

Salaries and Benefits. The Department requested \$1.1 million from general revenues, \$55,415 more than the FY 2010 enacted budget, and the authorized level of 9.0 full-time equivalent positions for its Central Management staffing expenses. The request includes cost-of-living adjustments and step increases to fully fund all positions and benefit adjustments per Budget Office instructions. Central Management provides budgeting, accounting, personnel, legal, and computer support services.

The Governor recommended 1.0 million from general revenues, \$14,840 less than enacted. The recommendation reduces the request by \$70,257, of which \$45,851 is for the four pay reduction days, deferring the cost-of-living increase by six months, and lower medical benefit rates. The Governor included \$23,776 in turnover savings from keeping a legal assistant position vacant for 13 pay periods.

The Assembly included \$40,000 of additional general revenue turnover savings from keeping a legal assistant position vacant for the entire fiscal year and provided \$2,474 less from general revenues to reflect a reduced rate for assessed fringe benefits.

Other Operations. The Department requested \$48,750 for all other Central Management expenditures. This is \$2,250 less than enacted and \$432 less than the revised request. The request includes adjustments for travel expenses, legal services, computer services, telephone charges and other miscellaneous expenses. *The Governor recommended funding as requested. The Assembly concurred.*

Banking Regulation

Salaries and Benefits. The Department requested \$1.8 million from general revenues, \$55,289 more than the enacted budget, and the authorized level of 15.0 full-time equivalent positions to staff the Banking Regulation division. The request includes step and longevity increases, a 3.0 percent cost-of-living adjustment and other benefit adjustments per Budget Office instructions. The request assumes no turnover savings.

Banking Regulation provides regulatory oversight of state chartered financial institutions, credit unions and licensees. The Department anticipates the Banking Regulation program will generate \$2.1 million in revenues in FY 2011 from fees and licenses.

The Governor recommended \$1.7 million from general revenues, \$47,724 less than enacted. The recommendation reduces the request by \$103,013, of which \$68,262 is for the four pay reduction days, deferring the cost-of-living increase by six months, and lower medical benefit rates. The Governor included \$34,751 from keeping a senior banking examiner position vacant for 13 pay periods.

The Assembly concurred, with the exception of providing \$4,092 less from general revenues to reflect a reduced rate for assessed fringe benefits.

Other Operations. The Department requested \$170,519 for all other expenditures, including \$45,519 from general revenues. The Department includes the enacted amount of \$125,000 from restricted receipts for expenses reimbursed through assessments to banks. The request is \$1,705 less than enacted and \$170 less than the revised request. The request includes adjustments for travel expenses, legal services, computer services, telephone charges and other miscellaneous expenses. *The Governor recommended funding as requested. The Assembly concurred.*

Securities Regulation

Salaries and Benefits. The Department requested \$934,361 from general revenues for salaries and benefits, \$143,897 more than enacted and the authorized level of 10.0 full-time equivalent positions. This includes \$122,376 for unachieved turnover savings. The remaining \$21,522 is for step and longevity increases, a 3.0 percent cost-of-living adjustment and other benefit adjustments per Budget Office instructions.

The Securities Regulation program enforces compliance with state laws and regulations regarding the securities industry, franchises, charities, fundraisers, and time-shares. The Department anticipates the Securities Regulation program will generate \$14.1 million in revenues in FY 2011 from fees and licenses.

The Governor recommended \$0.8 million from general revenues, \$49,665 more than enacted. The recommendation reduced the request by \$94,232, of which \$60,333 is for the four pay reduction days, deferring the cost-of-living increase by six months, and lower medical benefit rates. The Governor included \$33,899 in additional turnover savings from keeping 2.0 securities examiners and a licensing aide position vacant for 13 pay periods.

The Assembly included \$30,000 of additional general revenue turnover savings from keeping a licensing aide position vacant for the entire fiscal year and provided \$1,934 less from general revenues to reflect a reduced rate for assessed fringe benefits.

Other Operations. The Department requested \$46,667 for all other expenditures, including \$31,667 from general revenues. This is \$979 less than enacted and is consistent with the Department's revised request. The request includes adjustments for telephone charges and other miscellaneous expenses. The Department included the enacted amount of \$15,000 from restricted receipts for reimbursable travel expenses accrued during securities company examinations. *The Governor recommended funding as requested. The Assembly concurred.*

Board of Accountancy

Board of Accountancy. The Department requested \$170,701 and the authorized level of 2.0 full-time equivalent positions for the Board of Accountancy. This is \$6,174 more than enacted and includes \$7,428 for a 3.0 percent cost-of-living adjustment and other adjustments per Budget Office instructions. The Department included \$1,253 less for legal services and other miscellaneous expenses.

The Board of Accountancy program provides administrative support to an autonomous board that is responsible for the administration of the licensing of certified public accountants, partnerships, corporations, and sole proprietorships. The Department anticipates the Board of Accountancy program will generate \$270,000 in revenues in FY 2011 from fees and licenses.

The Governor recommended \$164,377 from general revenues for the Board of Accountancy. This is \$149 less than enacted and \$6,323 less than requested for the four pay reduction days, deferring the cost-of-living increase by six months, and lower medical benefit rates.

The Assembly concurred, with the exception of providing \$346 less from general revenues to reflect a reduced rate for assessed fringe benefits.

Insurance Regulation

Office of Health Insurance Commissioner. The Department requested \$571,359 from general revenues; \$87,366 less than enacted and the authorized level of 4.0 full-time equivalent positions. The request includes \$48,962 more for step and longevity increases, a 3.0 percent cost-of-living adjustment and other benefit adjustments per Budget Office instructions. This increase is offset by \$126,238 for

turnover savings, the amount equal to a vacant principal policy associate position. The request includes \$6,089 less than enacted for adjustments for insurance costs, postage and other miscellaneous expenses. The Department also requested \$16,000, which is \$4,000 less from general revenues for an intern to assist in the research and analysis of health insurance issues in the Office. The Office of the Health Insurance Commissioner is responsible for the regulation of health insurers and hospital and medical service corporations. The Department includes \$10,500, the enacted amount from restricted receipts for expenses reimbursed by insurance companies.

The Governor submitted Article 26 of 2010-H 7390, which provides the mechanism to change the funding for the Office of the Health Insurance Commissioner from general revenues to restricted receipts. The restricted receipt account would receive funding based upon a proportional assessment using the health insurance providers' market share.

The Governor recommended \$0.6 million from restricted receipts for the Office of the Health Insurance Commissioner, \$0.1 million less than enacted. The recommendation reduces the request by \$24,369 for the four pay reduction days, deferring the cost-of-living increase by six months, and lower medical benefit rates.

The Assembly did not concur with the proposal and provided \$0.5 million from general revenues to fund the Office of the Health Insurance Commissioner, including \$16,000 less for intern expenses, consistent with a reduction made for FY 2010.

Salaries and Benefits. The Department requested \$4.0 million from all sources for salaries and benefits, \$189,134 more than enacted, and the authorized level of 37.0 full-time equivalent positions for staffing of insurance regulation functions. The request includes step and longevity increases, a 3.0 percent cost-of-living adjustment, and other benefit adjustments per Budget Office instructions.

The Insurance Regulation program conducts financial and market examinations of domestic chartered companies and monitors foreign companies chartered by the state to determine the financial solvency and market compliance with the state insurance code. The Department anticipates the Insurance Regulation program will generate \$9.1 million in revenues in FY 2011 from fees and licenses.

The Governor provided \$4.4 million from all sources, \$0.1 million less than enacted. The recommendation reduces the request by \$0.3 million, of which \$0.2 million is for the four pay reduction days, deferring the cost-of-living increase by six months, and lower medical benefit rates. The Governor included \$0.1 million of additional turnover from keeping a senior market conduct examiner and a market conduct examiner position vacant for 13 pay periods.

The Governor subsequently requested an amendment to provide an additional \$30,905 of general revenues and to decrease restricted receipts by \$14,774 to fund a market conduct examiner position. This position was previously not funded and is a 100 percent general revenue funded position. His FY 2011 budget provided funds for a senior rate analyst position, at 70.0 percent from general revenues and 30.0 percent from restricted receipts. The Department requested that the market conduct examiner position be filled as opposed to the senior rate analyst position.

The Assembly concurred, with the exception of providing \$9,325 less from general revenues to reflect a reduced rate for assessed fringe benefits.

Other Operations. The Department requested \$1.2 million from all sources for all other expenditures. This includes \$136,979 from general revenues, \$20,770 less than enacted for adjustments to legal services, computer maintenance contracts and other miscellaneous expenses. The Department included \$971,168, the enacted amount from restricted receipts for expenses reimbursed by insurance companies.

*The Governor recommended funding essentially as requested; however, included \$2,640 more from restricted receipts to reflect funds available from statewide personnel savings for other uses. **The Assembly concurred.***

Commercial Licensing, Racing, and Athletics

Salaries and Benefits. The Department requested \$1.1 million from all sources, \$47,844 more than enacted and the authorized level of 11.0 full-time equivalent positions for the Division of Commercial Licensing, Racing, and Athletics. The request includes \$0.8 million from general revenues, \$28,545 more than enacted. This includes step and longevity increases, a 3.0 percent cost-of-living adjustment, and other benefit adjustments per Budget Office instructions. The Department included \$320,344, \$19,299 more than enacted for salaries and benefits for employees who are involved in licensing at Newport Grand and Twin River. The salaries and benefits of these employees are reimbursed at 150.0 percent.

The Department's Commercial Licensing, Racing, and Athletics Division ensures the proper conduct of licensees in relation to state law and regulations for a variety of activities including, but not limited to: real estate agents, brokers and appraisers, auto body shops, auto wrecking and salvage yards, travel agents, liquor wholesalers, wineries, breweries, upholsterers, dog racing, boxing, wrestling, and kickboxing. The Department anticipates the Board of Accountancy program will generate \$1.8 million in revenues in FY 2011 from fees and licenses.

The Governor recommended \$1.1 million from general revenues, \$23,475 more than enacted. The recommendation reduces the request by \$24,369 for the four pay reduction days, deferring the cost-of-living increase by six months, and lower medical benefit rates.

The Assembly reduced recommended expenditures by \$72,500 from the elimination of eight part time employees associated with licensing dog racing at Twin River and provided \$1,536 less from general revenues to reflect a reduced rate for assessed fringe benefits.

Other Operations. The Department requested \$209,875 for all other expenditures. This includes \$2,134 less from general revenues than enacted, and \$80 less than the revised request. The request includes adjustments for telephone, postage and other miscellaneous expenses. The Department requested \$148,151, the enacted amount from restricted receipts for reimbursable office supplies and travel expenses accrued ensuring the proper conduct of licensees in relation to state law and regulations. *The Governor recommended funding essentially as requested; however, included \$3,643 more from restricted receipts to reflect funds available from statewide personnel savings. **The Assembly concurred.***

Boards for Design Professionals

Boards for Design Professionals. The Department requested \$322,114 from general revenues; \$7,537 more than enacted and the authorized level of 3.0 full-time equivalent positions. The request includes \$9,802 more for step and longevity increases, a 3.0 percent cost-of-living adjustment and other benefit adjustments per Budget Office instructions. This includes \$2,263 less than enacted for adjustments for stenographers, insurance costs, postage and other miscellaneous expenses.

The Boards for Design Professionals program provides administrative support to the following independent boards: the Board of Registration for Professional Engineers, the Board of Registration for Professional Land Surveyors, the Board of Examiners of Landscape Architects, and the Board of Examination and Registration for Architects. The Department anticipates the Boards for Design Professionals program will generate \$1.1 million in revenues in FY 2011 from fees and licenses.

The Governor recommended \$256,329 from general revenues for the Boards for Design Professionals. This is \$58,246 less than enacted and \$65,783 less than requested. This includes \$10,783 for the four pay reduction days, deferring the cost-of-living increase by six months, and lower medical benefit rates.

The recommendation also includes turnover savings of \$55,000 from keeping an administrative assistant position vacant for nine months, which was not included in the request. This position will no longer be needed when planned automation for licensing occurs in September, 2010.

The Assembly concurred, with the exception of providing \$438 less from general revenues to reflect a reduced rate for assessed fringe benefits.

Department of Labor and Training

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Program				
Central Management	\$ 1,935,999	\$ 689,962	\$ 1,143,471	\$ 1,493,284
Workforce Development Services	42,915,142	52,342,650	40,876,273	41,582,765
Workforce Regulation and Safety	2,254,033	2,045,193	2,409,386	2,404,353
Income Support	871,115,091	1,055,528,982	625,402,015	778,595,118
Injured Workers Services	11,387,196	9,595,786	9,080,322	9,080,322
Labor Relations Board	426,605	375,283	403,430	402,597
Total	\$ 930,034,066	\$1,120,577,856	\$ 679,314,897	\$ 833,558,439
Expenditures by Category				
Salaries and Benefits	\$ 40,455,386	\$ 39,761,276	\$ 40,378,131	\$ 45,661,387
Contracted Services	3,840,843	7,099,284	4,060,667	4,065,573
Subtotal	\$ 44,296,229	\$ 46,860,560	\$ 44,438,798	\$ 49,726,960
Other State Operations	6,266,551	7,652,225	7,191,969	7,231,533
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	862,883,949	1,048,546,733	613,031,722	761,597,538
Capital	2,281,093	1,572,333	1,059,843	1,409,843
Capital Debt Service	-	-	-	-
Operating Transfers	14,306,244	15,946,005	13,592,565	13,592,565
Total	\$ 930,034,066	\$1,120,577,856	\$ 679,314,897	\$ 833,558,439
Sources of Funds				
General Revenue	\$ 6,667,994	\$ 6,608,141	\$ 6,689,542	\$ 7,117,031
Federal Aid	214,366,612	356,968,034	76,870,788	181,957,663
Restricted Receipts	25,314,950	22,018,670	17,529,145	17,529,145
Other	683,684,510	734,983,011	578,225,422	626,954,600
Total	\$ 930,034,066	\$1,120,577,856	\$ 679,314,897	\$ 833,558,439
FTE Authorization	436.3	514.4	454.0	519.4

Summary. The Department of Labor and Training requested \$651.4 million or \$278.6 million less than enacted, including \$0.3 million more from general revenues, \$161.2 million less from federal funds, \$7.8 million less from restricted receipts and \$110.0 million less from other funds for FY 2011. The Department also requested 455.7 full-time equivalent positions, which is an increase of 19.4 positions from the authorized level and 20.0 positions less than the Department's revised request. The request is \$183,490 more than the Budget Office's current services general revenue target of \$6.8 million.

The Governor recommended \$679.3 million from all fund sources, \$250.7 million less than enacted and \$27.9 million more than requested. This includes \$0.3 million less from general revenues, \$23.7 million more from federal funds, \$7,464 more from restricted receipts and \$4.5 million more from other funds than requested. His recommendation is \$93,153 below the general revenue current services target. He recommended 454.0 positions, 17.7 more than enacted and 1.7 less than requested.

He subsequently requested several amendments to increase funding by \$153.5 million from all sources, primarily for unemployment insurance benefits and to increase the staffing authorization by 65.4 full-time equivalent positions.

The Assembly provided \$154.2 million more than the recommendation, consistent with most of the Governor’s amendments, added additional funding for the Police and Fire Relief Fund, and shifted Rhode Island Capital Plan funds from FY 2010 to FY 2011. The Assembly provided 519.4 full-time equivalent positions, 65.4 more positions than recommended, consistent with the Governor’s requested amendments.

Staffing. The request includes 19.4 full-time equivalent positions above the enacted authorization. The request adds 35.0 American Recovery and Reinvestment Act positions, consistent with its revised request. The Department’s request also includes 10.6 fewer full-time equivalent positions for the unemployment insurance call center and eliminates 5.0 vacancies.

The Governor recommended 454.0 full-time equivalent positions, 1.7 less than requested. This reflects the 1.7 general revenue funded positions eliminated in his revised budget. He subsequently requested amendments to increase the authorization by 65.4 positions in the income support division and for the new subsidized employment program. The Assembly provided 519.4 positions, consistent with the Governor’s requested amendments.

Description of Positions	FY 2010 Enacted	FY 2011 Request	FY 2011 Governor	Assembly Change	FY 2011 Enacted
American Recovery and Reinvestment Act	10.0	45.0	45.0	-	45.0
Unemployment Insurance call center	62.6	52.0	52.0	46.4	98.4
Emergency TANF	-	-	-	19.0	19.0
All Other Positions	363.7	358.7	357.0	-	357.0
Total	436.3	455.7	454.0	65.4	519.4

American Recovery and Reinvestment Act Positions. The Department requested \$2.0 million from federal funds for 35.0 short-term positions within the Workforce Development Services division to implement programs included in the American Recovery and Reinvestment Act, consistent with the FY 2010 revised request. The Department requested 30.0 such positions in the original FY 2010 budget request and was granted 10.0 positions and \$0.6 million from federal stimulus funds. The Department requested 15.0 positions in addition to the 20.0 that were not granted in the original request. The Department has indicated that since the process to hire staff has been affected by the hiring freeze, additional staff is needed to fully implement the Stimulus Act programs within the allotted timeframe. These positions would remain through FY 2011, but then be eliminated as federal stimulus funding for these positions is exhausted. The Department has maintained an average of 381.7 filled positions through December 5, 2009, which is 54.6 below the authorization.

The Governor concurred and reduced the request by \$0.1 million to reflect statewide savings, which include the four pay reduction days, deferring the cost-of-living adjustment increase by six months, and lower employee medical benefit rates. The Assembly concurred.

Unemployment Call Center Positions. Federal income support contingency base formula funding is available to the state because of the consistently high unemployment rate and high number of claims being processed. *The Governor requested an amendment to increase funding from this federal contingency fund by \$0.4 million to fund 13.3 full-time equivalent positions to assist with new and continued claims processing. The Assembly concurred.*

The state qualifies for a total of \$23.5 million from Unemployment Insurance Modernization funding provided as a result of the American Recovery and Reinvestment Act of 2009. The award is broken into two segments, \$7.8 million representing one-third of the total and \$15.6 million for the other two-thirds. To be eligible for the one-third payment, the state must utilize an alternative base period for the calculation of benefits, which Rhode Island already does. The state needs to adopt several eligibility changes to be eligible for the two-thirds payment, which is discussed in the Employment Security section of this analysis. *The Governor requested an amendment to include \$4.3 million from the one-third segment of Unemployment Modernization funding to support 33.1 positions in the call center and central adjudication unit to help deliver more timely benefits.* **The Assembly concurred.**

Emergency TANF Funding. The state is eligible to receive up to \$47.5 million in new federal Emergency Temporary Assistance to Needy Families Contingency Funds to implement a new subsidized employment program. This program is a collaboration between the Departments of Human Services, Labor and Training, and Revenue. *The Governor requested an amendment to add \$0.7 million from federal funds for the Department of Labor and Training, including \$412,164 for 19.0 time-limited positions to assist in the implementation of the new program.* **The Assembly concurred.**

Other Salaries and Benefits. The Department requested \$40.0 million from all sources for all other salary and benefit requirements for the remaining 420.7 full-time equivalent positions, which is \$0.5 million less than enacted. This includes \$70,724 more from general revenues, \$141,024 more from federal funds, \$1.2 million less from restricted receipts, and \$0.5 million more from other funds. This includes the reduction of 10.6 full-time equivalent positions in the unemployment insurance call center as the Department feels that volume will decrease in FY 2011. The request also includes the reduction of one vacant Workers' Compensation patient care coordinator position within the Injured Workers Services program, valued at \$95,909 with salaries and benefits from restricted receipts.

The request includes \$0.3 million in turnover savings along with cost-of-living increases and adjustments to benefit rates per Budget Office instructions. The enacted budget assumes no turnover savings. The request includes \$1.0 million from all sources for overtime, \$0.7 million from federal funds for the Unemployment Insurance division because of increased claim load and \$0.3 million from other funds for the Temporary Disability Insurance division because of increases in staff retirement, promotions to other divisions and long term medical leaves.

The Governor concurred and reduced the request by \$1.6 million to reflect statewide savings, for the four pay reduction days, deferring the cost-of-living adjustment, and lower medical benefit rates. **The Assembly concurred, with the exception of providing \$6,327 less general revenues to reflect a reduced rate for assessed fringe benefits.**

Fire and Police Relief Fund. The Department requested \$3.8 million from general revenues for the payment of police and fire benefits paid to surviving spouses of deceased police and firefighters and education benefits for children of deceased or disabled officers and firefighters, as well as the disabled worker. This is \$0.3 million more than enacted and consists of \$3.3 million for pension benefits, \$0.2 million more than enacted, and \$0.5 million for education benefits, \$0.1 million more than enacted.

[Staff Note: It appears that the request may overstate expenditures since the request is \$0.3 million more than enacted and there are no one-time death benefits budgeted in FY 2011. Although the Department reported an increase in the number of beneficiaries of the Firemen's Relief Fund, this appears to be a very significant increase over one year.]

The Governor recommended \$0.2 million less from general revenues than requested and includes Article 10 to terminate new eligibility for benefits under this program on June 30, 2010. As drafted, the new language only states that the qualifying death or injury must take place by June 30, 2010, which would

limit new eligibility beyond that date, but makes no mention of limiting benefits to those already eligible, but not collecting them yet. However, the budget savings suggest that only those currently accessing tuition benefits would retain eligibility, meaning those who are eligible but not yet college-aged would lose the benefit. The Governor's savings also did not appear to factor in the anticipated tuition increases at all three state institutions of public higher education for the 2010-2011 academic year. The Governor's budget included funding for two one-time death benefits, though none are included in the Department's request.

He subsequently requested an amendment to restore \$80,380 to adjust for the increased number of beneficiaries that have applied and been approved and assumes that those eligible to receive benefits as of June 30, 2010 will still be eligible after July 1, 2010, even if not currently collecting the benefit.

The Assembly did not concur with the Governor's proposal to eliminate the program, restored the \$0.2 million the Governor assumes as savings and added \$0.2 million to accommodate the significant increase in applications and approvals since the Governor submitted his budget.

Unemployment Insurance Benefits. The Department requested \$391.3 million from all fund sources for the payment of unemployment insurance benefits, including \$1.0 million from federal stimulus funds and \$390.3 million from the Employment Security Fund. This is \$260.5 million less than the enacted budget, including \$161.7 million less from federal stimulus funds and \$98.9 million less from the Employment Security Fund. Most of the programs included in the Stimulus Act end by December 31, 2009 and phase out through the week ending July 3, 2010, thus very little stimulus funding will be used in FY 2011. The request reduces expenditures from the Employment Security Fund because the Department expected a decline in claims as more people exhaust their benefits, even if they remain unemployed. Unless they return to work, they will not be eligible for additional benefits. As of November 2009, Rhode Island had a 12.7 percent seasonally adjusted unemployment rate or 73,681 unemployed residents.

The Governor recommended \$28.0 million more from all fund sources than requested. This includes \$23.5 million more from federal stimulus funds, \$19.5 million for the continued federal extended benefits and \$4.0 million for the prolonged increase of \$25 per person each week, in addition to \$4.5 million from the Employment Security Fund for regular benefits and the state's share of extended benefits once the federal stimulus rules expire.

He subsequently requested amendments to increase funding by \$147.9 million from all fund sources for the payment of benefits. This includes \$103.5 million from federal stimulus funds, \$44.1 million from the Employment Security Fund and \$250,000 from new federal disaster unemployment compensation funds to provide benefits to workers whose place of employment was affected by the March 2010 floods and who are not otherwise eligible for regular unemployment insurance benefits.

*The Governor also requested a new article making numerous changes to the state's unemployment system. It changes the taxable wage base from an amount based on the balance of the trust fund to a percentage of the average annual wages paid, reduces benefit rates and decreases the percent of an individual's benefit that can be from the dependent's allowance. It also reduces the duration of benefits that would potentially decrease the number of weeks someone collects, raises the earnings requirement to overcome disqualification issues and delays the collection of benefits by an amount equal to one's severance pay, if applicable. **The Assembly concurred with the funding increases, but did not concur with the new article that makes changes to the system.***

Employment Security Fund. Unemployment insurance taxes are paid by employers into the Employment Security Fund to finance benefit payments. The tax has a federal and state component and the state tax collections can solely be used for the payment of benefits. The federal tax collections

finance administrative expenditures, make repayable advances to states when funding is needed to pay benefit costs and partially reimburse state funds for the cost of extended benefits.

The state has borrowed approximately \$122 million from the federal government for the payment of benefits as of January 2010 and the Department has indicated that borrowing could reach \$234 million by the end of the year. This borrowed money is interest-free through January 1, 2011 and the first interest payment is due in September 2011. The Employment Security Advisory Council had been meeting monthly from October 2009 to March 2010 to develop ways for the state to raise the money to pay back the loans.

Besides the increase to the taxable wage base in FY 2010 from \$18,000 to \$19,000, there are two other tax issues that are significant to employers. The first is the 0.3 percent surtax, which is in current law, but has been suspended for tax years 2009 and 2010. The Department does not anticipate it will be suspended again, thus employers will have to pay an additional 0.3 percent in Rhode Island unemployment insurance taxes beginning January 2011.

The second is a 0.3 percent reduction in the federal tax credit for employers. When employers pay their federal taxes on time, they receive a federal tax credit. This tax credit would be reduced by 0.3 percent in tax year 2011 if the state's loans are not repaid by November 30, 2011. This tax would apply to all wages paid in 2011 and the employer would have to pay the 0.3 percent by January 31, 2012. If the state still has an outstanding federal loan on November 30, 2012, then it becomes a 0.6 percent tax credit reduction that would have to be paid by employers by January 31, 2013.

The Governor included Article 27, which increases the weekly dependent's allowance and adds conditions under which someone may voluntarily leave their place of employment and still be eligible for unemployment insurance benefits. The Department estimated these increases and eligibility expansions will cost \$400,000 annually from the Employment Security Fund, but will allow the state access to \$15.6 million in additional Unemployment Insurance Modernization funding, the two-thirds segment. The state needs to be in compliance with any two of the four federally outlined options to expand benefit eligibility to receive the two-thirds payment; Rhode Island currently does none of them and the Employment Security Advisory Council recommended these two options to the Governor. The funds will be deposited into the Employment Security Trust Fund, reducing the amount the state will need to borrow in the future, and reducing interest payments.

He subsequently requested a new article that converted the 0.3 percent surtax that employers will have to pay beginning January 1, 2011 to an increase in the Job Development Fund assessment from 0.21 percent to 0.51 percent. The current surtax can only be used to repay the principal, but the job development assessment can be used towards repaying the interest and the principal on the federal unemployment insurance loans. The article stipulates that 0.3 percent of the assessment must be used to pay the principal and interest on the loans and includes language to exempt the 0.3 percent portion of the assessment from the standard 10.0 percent indirect cost recovery charge.

The Assembly concurred and included the dependent's allowance, conditions of voluntarily leaving one's place of employment, and the surtax and assessment in Article 22 of 2010-H 7397, Substitute A, as amended and included the indirect cost exemption for the 0.3 percent assessment in Article 8 of the same bill.

Trade Readjustment Assistance Programs. The Department's FY 2011 budget request includes \$5.0 million from federal Trade Readjustment Assistance Act funds to support initiatives that help workers from Rhode Island companies who lost their jobs due to the adverse impact of foreign trade, \$0.9 million more than enacted. The request includes \$1.5 million for the distribution of weekly trade readjustment allowances assistances and \$3.5 million for programs oriented to assist qualified workers to obtain a

competitive level of education, including contracted providers to instruct and train these workers and out of pocket reimbursement costs while training.

Someone eligible for these benefits must first exhaust all of their unemployment insurance benefits before becoming eligible for this program. Because these other programs take precedence, there have been fewer claims and the Department has adjusted the request to reflect projected expenditures. The federal extension of benefits announced on November 6, 2009 added 20 weeks of unemployment insurance benefits, which delays eligibility for Trade Adjustment Act programs further. *The Governor recommended funding as requested.* **The Assembly concurred.**

Workforce Investment Programs. The request includes \$12.8 million from federal stimulus and Workforce Investment Act funds to support initiatives oriented to youth, adults and dislocated workers. This is \$1.9 million less than enacted, including \$8.2 million less than enacted from federal stimulus funds and \$6.3 million more from Workforce Investment Act funds. The request is comprised of \$6.6 million, or \$2.3 million less than enacted for adults and youth programs and \$6.2 million, or \$0.5 million more than enacted for dislocated workers. The Department has indicated that there have been increases to the awards Rhode Island expects to receive. *The Governor recommended funding as requested.* **The Assembly concurred.**

Human Resource Investment Council. The Department requested \$4.0 million from restricted receipts or \$5.3 million less than enacted to support initiatives on the Governor's Workforce Board through the Human Resource Investment Council. The Department indicated that it anticipates less revenues, thus adjusted its grant expenditures accordingly. The Board places emphasis on those workforce, education, and economic development activities that produce result over the long-term period. The Human Resource Investment Council receives primary funding from the Job Development Fund, a 0.21 percent assessment of the employer's payroll tax. *The Governor recommended funding as requested.* **The Assembly concurred.**

Temporary Disability Insurance Benefits. The Department requested \$165.0 million or \$9.5 million less than enacted from other funds for the payment of temporary disability insurance benefits that protect eligible workers against wage loss resulting from a non-work related illness or injury. The request is based upon the unemployment rate decreasing slightly, thus more people returning to work, and more people potentially eligible for this program, combined with claims numbers and payouts expended thus far in FY 2010. The Department spent \$163.7 million in FY 2006 for benefits, \$166.2 million in FY 2007, \$171.7 million in FY 2008 and \$163.2 million in FY 2009. *The Governor recommended funding as requested.* **The Assembly concurred.**

Senior Community Service Employment. The Department requested \$0.6 million from federal funds to support the Senior Community Service Employment Program, which is \$7,818 less than enacted. This includes \$0.1 million more from regular federal funds and \$0.1 million less from federal stimulus funds, representing their exhaustion. This program is a United States Department of Labor community service and work based training program for older workers. It was authorized by Congress in Title V of the Older Americans Act of 1965 to provide subsidized, part-time community service work based training for low-income persons age 55 or older. The overall goal of the program is to provide participants with the skills and competencies to move from subsidized employment to unsubsidized employment. *The Governor recommended funding as requested.* **The Assembly concurred.**

Workers' Compensation Administration Fund. The Department requested \$2.6 million or \$0.6 million less than enacted from restricted receipts for claims on the Workers' Compensation Administration Fund, formerly known as the Second Injury Fund. According to the Department, this reflects the most recent expenditure data. Although over the past several years the number of claims has decreased, the payout for many claims has increased because of rising prescription costs, the higher

number of operations being performed and the rising cost of nursing home and long-term care. *The Governor recommended funding as requested. The Assembly concurred.*

Capital Expenditures. The Department requested \$0.4 million from Rhode Island Capital Plan funds, \$0.4 million less than enacted, shifting the expense into FY 2011 due to delays in preparing the request for proposals for the roof replacement on three buildings at the Center General complex. *The Governor recommended funding as requested. The Assembly shifted \$350,000 from Rhode Island Capital Plan funds from FY 2010 to FY 2011, based on a revised project schedule.*

Information Technology. The Department requested \$2.6 million from all funding sources for information technology expenses department-wide, including \$7,266 from general revenues and is \$1.1 million less than enacted. This includes \$1.4 million for software maintenance and repairs department wide, \$0.4 million more than enacted. The request contains \$1.1 million less from federal funds for technology upgrades and equipment in the Unemployment Insurance division, primarily for the clean claims and online certification updates recently implemented. This also includes \$0.1 million less from restricted receipts for the completion of upgrades being made to the system in Workers' Compensation and \$0.2 million less for the Temporary Disability Insurance program. *The Governor recommended funding as requested. The Assembly concurred.*

Transfers to RI Higher Education. The request includes transfers of \$1.8 million from federal funds, \$1.0 million more than enacted to the three Rhode Island institutions of higher education. This includes \$1.4 million from the Trade Readjustment Act Fund, \$0.8 million more than enacted, as well as \$0.4 million from the Workforce Investment Act Fund, which is \$0.3 million more than enacted due to higher federal awards than anticipated. This is an increase of \$0.2 million for the University, \$12,440 for the College and \$0.8 million for the Community College compared to the enacted budget. The institutions are reimbursed for classes attended by Workforce Investment Act and Trade Adjustment Act clients for training and certificate programs offered by these institutions. These expenses appear to double count expenditures. *The Governor recommended funding as requested. The Assembly concurred.*

Other Interfund Transfers. The request includes \$11.8 million from federal and other funds for expenditures classified as "inter-fund transfers," \$1.7 million less than enacted. The request includes \$1.8 million from temporary disability insurance funds transferred to the Department of Revenue to support the employer tax unit and the Department of Administration for debt service. The request also includes \$10.0 million from the Employment Insurance Trust Fund for the payment of unemployment benefits to other states, \$1.5 million more than enacted. This is just the amount that Rhode Island reimburses other states for paying benefits on the state's behalf. There is also a corresponding revenue item, in the Rhode Island Office of the General Treasurer for reimbursements to Rhode Island from other states, though they are often not equal. These transactions affect the balance of the state's Employment Security Fund and are processed quarterly at the national level. The payment of benefits to other states is included in the total benefits paid out, discussed earlier. Both of these transfers appear to double count expenditures. *The Governor recommended funding as requested. The Assembly concurred.*

Other Operations. The Department requested \$7.6 million from all fund sources for all other operations related to the Department, including \$0.3 million from general revenues, \$3.1 million from federal funds, \$2.9 million from restricted receipts and \$1.3 million from other funds. The request includes \$1.0 million less from federal Stimulus funds that had been classified as grants, from which the Department requested \$0.3 million to be spent for personnel, accounted for in the salaries and benefit section discussed earlier. Excluding this transfer for the administration costs associated with the Employment Services programs, the request is \$68,508 less from general revenues, \$0.1 million more from federal funds, \$0.5 million less from restricted receipts and \$0.2 million more from other funds.

The request includes \$3.4 million, \$0.3 million more than enacted, for the Income Support division and \$1.7 million, or \$0.1 million more than enacted for the Workforce Development program, the Department's two largest divisions. The request includes \$1.6 million for workers' compensation medical services including doctors and dentists, \$0.5 million for legal expenses, \$0.3 million for employee training, \$0.1 million for capital purchases and \$5.0 million for general office supplies and all other operating expenses.

*The Governor recommended \$1.7 million more than requested, including \$42,929 more from general revenues, \$0.3 million more from federal funds, \$0.2 million less from restricted receipts and \$0.4 million more from other funds. This includes \$0.2 million from all funds, \$42,930 from general revenues for contracted security services transferred from the Department of Administration that are not under the control of that entity. It also includes \$0.5 million to reflect additional funds available from statewide personnel savings, including \$0.4 million from federal funds, \$0.1 million from restricted receipts and \$0.1 million from other funds. He also recommended \$0.3 million more for unemployment insurance administration, \$0.1 million more for temporary disability insurance administration, \$0.4 million more in the Workforce Development Services division and \$0.1 million more in the Workers' Compensation unit for miscellaneous expenses along with other smaller adjustments. **The Assembly concurred.***

Department of Revenue

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Program				
Office of Director	\$ 562,988	\$ 378,844	\$ 611,412	\$ 500,231
Office of Revenue Analysis	598,055	413,380	536,753	555,607
Lottery Division	187,710,749	191,483,930	192,140,596	192,140,596
Division of Municipal Finance	1,173,544	1,052,096	1,162,046	1,159,585
Taxation	20,204,279	17,974,167	20,295,558	20,278,893
Registry of Motor Vehicles	29,555,572	34,825,581	23,260,140	21,695,505
Total	\$ 239,805,187	\$ 246,127,998	\$ 238,006,505	\$ 236,330,417
Expenditures by Category				
Salaries and Benefits	\$ 36,291,174	\$ 32,691,208	\$ 36,138,888	\$ 35,942,800
Contracted Services	1,468,691	1,368,515	1,515,859	1,515,859
Subtotal	\$ 37,759,865	\$ 34,059,723	\$ 37,654,747	\$ 37,458,659
Other State Operations	189,470,101	193,832,794	193,432,036	193,432,036
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	17,093	11,633	11,633	11,633
Capital	12,336,397	18,007,131	6,671,708	5,191,708
Capital Debt Service	-	-	-	-
Operating Transfers	221,731	216,717	236,381	236,381
Total	\$ 239,805,187	\$ 246,127,998	\$ 238,006,505	\$ 236,330,417
Sources of Funds				
General Revenue	\$ 36,191,064	\$ 33,345,389	\$ 35,671,581	\$ 35,479,085
Federal Aid	2,604,929	2,419,140	2,273,362	2,289,770
Restricted Receipts	845,292	5,089,952	824,191	824,191
Other	200,163,902	205,273,517	199,237,371	197,737,371
Total	\$ 239,805,187	\$ 246,127,998	\$ 238,006,505	\$ 236,330,417
FTE Authorization	424.0	413.5	428.0	426.0

Summary. The Department of Revenue requested FY 2011 expenditures totaling \$234.9 million from all sources of funds, \$4.9 million less than enacted. This includes \$0.8 million more from general revenues, \$0.3 million less from federal funds, a slight increase from restricted receipts and \$5.4 million less from other funds, consisting of Rhode Island Capital Plan funds and Lottery funds. Consistent with the FY 2010 revised budget, the Department requested staffing of 428.0 full-time positions, 4.0 positions more than the authorized level. The request is \$334,998 below the Budget Office's current service target.

The Governor recommended \$238.0 million from all sources, \$1.8 million less than enacted and \$3.1 million more than requested, of which \$4.4 million is from Lottery funds based on estimated changes in lottery collections. He recommended staffing of 428.0 full-time positions, consistent with the request.

The Assembly provided total expenditures of \$236.3 million, \$1.7 million less than recommended of which \$1.5 million is from Rhode Island Capital Plan funds. It authorized staffing of 426.0 positions, which includes eliminating 3.0 vacant positions.

Office of the Director

Staffing and Operations. The Department requested \$633,223 from general revenues to fund salaries and benefits for 4.0 full-time positions and operating expenses in the Office of the Director. The Office of the Director is comprised of two units; Director of Revenue and Legal Services. Salary and benefit costs reflect an increase of \$79,384, of which \$50,000 is to restore turnover savings the enacted budget included for the director's position. The Department plans to fill this position in March 2010. Adjusting for the restoration of turnover savings, the request includes \$29,384 or 5.4 percent more than enacted for cost-of-living adjustments, step increases and updated benefit changes consistent with FY 2011 planning values. Consistent with its revised budget, the request also includes \$11,835 for state operations. This reflects a \$9,149 reduction from the enacted budget based on anticipated need.

*The Governor concurred and reduced the request by \$21,811 to reflect statewide savings. This includes \$12,464 for the four pay reduction days and by deferring the cost-of-living adjustment increase by six months, and \$9,347 less for lower medical benefit rates. **The Assembly included an additional \$0.1 million in turnover savings and \$1,181 to reflect a reduced rate for assessed fringe benefits.***

Office of Revenue Analysis

Staffing and Operations. The Department requested \$556,037 from general revenues to fund salaries and benefits for 4.0 full-time positions and operating expenses for the Office of Revenue Analysis. The Office is responsible to analyze, evaluate, and appraise the tax system of the state. The request is \$42,018 less than the enacted budget, of which \$70,000 is for data tool needs including computer hardware and software costs to purchase a tax model, consistent with the revised request. Adjusting for that, the request includes \$27,982 or 5.7 percent more than enacted for cost-of-living adjustments and benefit changes to reflect planning values consistent with the Budget Office instruction.

*The Governor concurred and reduced the request by \$19,284 to reflect statewide savings. This includes \$9,901 for the four pay reduction days and by deferring the cost-of-living adjustment increase by six months, and \$9,383 less for lower medical benefit rates. Subsequently, he requested an amendment to provide \$20,000 from general revenues for maintenance of Regional Economic Models Policy Insight, which allows the Office to do economic impact analysis of various economic development and tax policy proposals. **The Assembly concurred, with the exception of providing \$1,146 less general revenues to reflect a reduced rate for assessed fringe benefits.***

Division of Municipal Finance

Staffing and Operations. The Department requested \$1.2 million from general revenues to fund salaries and benefits for 10.0 full-time positions and operating expenses for the Division of Municipal Finance, \$29,386 less than the enacted budget. Salaries and benefits reflect an increase of \$59,386 or 5.7 percent more than enacted for cost-of-living adjustments and benefit changes to reflect planning values consistent with the Budget Office instruction. The request includes a reduction of \$30,159 from state operations, of which \$30,000 is from contractual services for the automation of the Property Value Equalization report, consistent with the revised request.

The Governor concurred and reduced the request by \$40,884 to reflect statewide savings. This includes \$21,257 for the four pay reduction days and by deferring the cost-of-living adjustment increase by six

months, and \$19,627 less for lower medical benefit rates. **The Assembly concurred, with the exception of providing \$2,461 less general revenues to reflect a reduced rate for assessed fringe benefits.**

Lottery Division

Staffing. The Department's request includes \$5.1 million from Lottery funds to support 56.0 full-time positions within the Lottery Division. This is \$26,052 more than the enacted budget and assumes \$122,856 more in turnover savings. The turnover savings is equivalent to 1.4 positions vacant based on the Division's cost per position of \$89,346. As of pay period ending November 5, 2009, the Division had 10.0 positions vacant. The request is \$249,928 more than the FY 2010 revised request and includes cost-of-living, step increases and benefit changes to reflect FY 2011 planning values.

The Governor concurred and reduced the request by \$176,483 to reflect statewide savings. This includes \$96,690 for the four pay reduction days and by deferring the cost-of-living adjustment increase by six months, and \$76,962 less for lower medical benefit rates. The recommendation assumes an additional \$2,831 in turnover savings. **The Assembly concurred.**

Other State Operations. Excluding salaries and benefits, the Department requested \$183.0 million for all other expenditures for the Lottery Division, \$420,853 more than the enacted budget based on anticipated expenditures for FY 2011. Consistent with the FY 2010 revised request, the request includes new advertising expenditures of \$0.4 million for the Mega Millions game and \$20,853 more for all other expenditures including savings from utilities, travel expenses, liability and loss of income insurance, and fleet replacement based on historical spending patterns. The request includes the enacted amount of \$178.3 million for lottery commission payments, for which actual payments were \$167.7 million in FY 2009 and \$209.6 million in FY 2008.

The Governor concurred and provided an additional \$4.2 million primarily for commission payments based on estimated changes in lottery collections. This is consistent with the revised budget. **The Assembly concurred.**

Division of Taxation

Staffing. The Department requested \$18.2 million from all sources of funds to fund salary and benefit costs for 199.0 full-time positions. The request is \$555,922 more from all sources, including \$583,389 from general revenues, slight increases from federal and restricted receipts and \$35,324 less from other funds. The request assumes \$105,377 more in turnover savings; which the enacted budget included \$85,811. The request includes \$245,000 for overtime expenses, which reflects a reduction of \$55,000 based on historical spending patterns, and \$352,900 for seasonal employees, \$8,825 less than enacted. Other changes include cost-of-living adjustments, step increases and benefit changes to reflect FY 2011 planning values consistent with Budget Office instructions.

The Governor concurred and reduced the request by \$0.8 million from all funds, including \$0.7 million from general revenues to reflect statewide savings. This includes \$0.3 million for the four pay reduction days and by deferring the cost-of-living increase by six months, and \$0.4 million less for employee medical benefit rates. The recommendation assumes an additional \$0.1 million in turnover savings.

Subsequently, he requested an amendment to provide \$16,408 from federal Stimulus funds to support 1.0 full-time equivalent position on a limited term to implement a new subsidized employment program that utilizes Temporary Assistance to Needy Families emergency funds in coordination with the Department of Labor and Training and the Department of Human Services. **The Assembly concurred, with the exception of providing \$16,665 less general revenues to reflect a reduced rate for assessed fringe benefits.**

Printing Costs. The request includes savings of \$221,000 from general revenues from printing costs, consistent with the revised request. The Division entered into a cooperative agreement with the Department of Health's print shop to print documents on an as needed basis. The FY 2009 final budget assumed a savings of \$0.1 million; savings were \$0.4 million more than anticipated. Prior to the cooperative agreement, expenditures were as high as \$684,004. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Operations. The Department requested \$2.1 million from all funds for all other operating expenditures for the Division of Taxation. This is \$28,561 more than the enacted budget and includes a general revenue increase of \$56,321. The majority of the increase relates to contractual services with RI Interactive for its online financial services for submission of online sales tax. The 2009 Assembly enacted legislation to require sales tax filers who had an average monthly sale and use tax liability of \$200 or more per month for the previous year to file electronically, effective January 1, 2010.

The Governor concurred and provided an additional \$43,905 from other sources to backfill general revenue savings. **The Assembly concurred.**

Tax Data Warehouse. The 2006 Assembly approved \$2.5 million from Certificates of Participation to allow the Division of Taxation to purchase computer hardware and associated software to modernize its operations. The Division indicates that since the implementation of that project, more than 12,000 notices have been sent to delinquent taxpayers and \$7.4 million has been recovered.

The Governor recommended new expenditures of \$0.5 million from Rhode Island Capital Plan funds in FY 2011 to begin Phase II, which will allow users to create and run reports, and perform queries to enhance tax collection. **The Assembly concurred.**

New Scanning Positions. The Department requested \$215,913 from general revenues to fill 4.0 new positions to scan documents for the Division of Motor Vehicles. The Department indicated that it has more than 18 months of materials from daily transactions that have not been scanned. The Department used existing vacancies to fill the positions; as of November 19, three of the positions were filled and the other is due to start in early December. The Department indicated that it is too early to determine how long it will take to get through the backlog. *The Governor recommended funding and staffing as requested.* **The Assembly concurred.**

Other Staffing. The Department requested \$11.9 million from general revenues and federal funds to fund salary and benefit costs of 151.0 full-time positions in the Division of Motor Vehicles in FY 2011. The request is \$427,904 more than the enacted budget, of which \$426,302 is from general revenues. Salary and benefit costs are 3.7 percent more than the enacted budget for the cost-of-living adjustments and benefit changes consistent with FY 2011 planning values. The request includes \$142,116 in turnover savings, for which the enacted budget assumed \$63,968. The requested turnover savings is equivalent to 1.9 positions vacant based on the Division's cost of \$76,042 per position in FY 2011. The request includes \$320,000, or an additional \$18,000 for overtime expenses, which is \$72,352 less than FY 2009 reported expenditures.

The Governor concurred and reduced the request by \$0.5 million from all funds, to reflect statewide savings. This includes \$0.2 million for the four pay reduction days and by deferring the cost-of-living adjustment by six months, and \$0.3 million for lower medical benefit rates. The Governor recommended turnover savings consistent with the request.

The Assembly concurred, with the exceptions of providing \$24,635 less general revenues to reflect a reduced rate for assessed fringe benefits and \$40,000 in turnover savings.

Registry of Motor Vehicles/Forand Building. Consistent with its capital budget, the Department requested total project costs of \$17.9 million from Rhode Island Capital Plan funds of which \$5.6 million will be used in FY 2011 to renovate the Forand Building to be the new home of the Registry of Motor Vehicles. The request reflects a shift of \$0.3 million from FY 2010 to FY 2011 based on the Division's anticipated need. Construction started early September and is slated to be completed next summer. The Department anticipates a moving in date of August 2010. *The Governor recommended funding as requested. Subsequently, he requested an amendment to shift \$1.5 million from FY 2011 to FY 2010 to reflect anticipated expenditures.* **The Assembly concurred with the shift.**

Closure of Pawtucket and Rhode Island Mall Branches. The Department's request includes a savings of \$746,053 from general revenues, of which \$734,757 relates to the closure of the Pawtucket branch and \$11,296 is attributed to the closure of the Rhode Island Mall branch. There is no staffing reduction associated with the closures; current staff from these branches will be moved to the Division's new facility in the Pastore Center. The savings consists of 10 months of police detail and utilities, and nine months of lease payments. The Department indicates that another month is needed to clean the facility. Upon further review, the Department indicated that the lease savings are understated by \$64,753.

The Governor recommended \$64,753 less than requested to reflect the savings. **The Assembly concurred.**

New License Printing Contract. The Department requested expenditures of \$1.0 million from general revenues for a new five-year contract with L1 Identity Solutions to print licenses. The contract assumes the production of 293,000 drivers' licenses at a cost of \$2.25 per license with an annual service cost of \$279,000. The contract also includes \$0.1 million for mailing costs. The request is \$0.3 million more than the enacted budget. *The Governor recommended funding as requested.* **The Assembly concurred.**

New Computer System Software. The Department requested new expenditures of \$327,201 from general revenues for software maintenance, including the National Automobile Dealers Association, cash machines and Sysco Fire Wall of its new computer system. Staff training of the new system will start in January 2010 and the Department expects the system to be fully implemented mid March. The 2006 Assembly authorized the Department of Administration to borrow \$13.0 million from Certificates of Participation to replace the computer system at the Registry to allow for more web site functionality to reduce wait times for transactions performed at the Registry such as titles, registrations, and other areas. The Department's FY 2010 revised budget includes \$266,000 for this expense. *The Governor recommended funding as requested.* **The Assembly concurred.**

Federal Award Adjustments. The Department's request includes federal fund expenditures of \$1.0 million, \$0.3 million less than the enacted budget based on anticipated awards for various projects. This reduction primarily relates to the Division's Real ID program, which requires national standards for the issuance of state driver's licenses and identification cards. The request includes \$0.3 million to purchase software to enhance imaging. The request also includes the enacted amounts of \$0.2 million for a network system on commercial vehicles and \$0.3 million to link automated testing scores of commercial drivers to their record. *The Governor recommended funding essentially as requested.* **The Assembly concurred.**

All Other Operations. The Department requested \$2.8 million from general revenues for all other operating expenses for the Division of Motor Vehicles. The request is \$181,631 less than the enacted, of which \$137,655 is from license plate printing costs and \$92,751 is from postage to reflect historical spending patterns. It includes increases for general operating supplies and additional expenditures to reimburse the Community College for the school bus training program. *The Governor recommended funding as requested.* **The Assembly concurred.**

Legislature

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Program				
General Assembly	\$ 5,829,511	\$ 5,195,808	\$ 6,772,409	\$ 6,766,435
Fiscal Advisory Staff	1,620,001	1,446,301	1,528,437	1,525,113
Legislative Council	4,417,515	4,021,015	4,254,051	4,244,997
Joint Comm. on Legislative Affairs	20,532,595	19,830,685	19,823,063	21,284,871
Office of the Auditor General	5,015,802	4,937,855	5,221,569	5,213,828
Special Legislative Commissions	15,300	13,900	13,900	13,900
Total	\$ 37,430,724	\$ 35,445,564	\$ 37,613,429	\$ 39,049,144
Expenditures by Category				
Salaries and Benefits	\$ 30,983,474	\$ 28,987,267	\$ 32,050,231	\$ 31,985,946
Contracted Services	613,304	605,050	625,300	2,125,300
Subtotal	\$ 31,596,778	\$ 29,592,317	\$ 32,675,531	\$ 34,111,246
Other State Operations	2,446,246	2,530,097	2,387,898	2,387,898
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,300,000	2,900,000	2,300,000	2,300,000
Capital	1,087,700	423,150	250,000	250,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 37,430,724	\$ 35,445,564	\$ 37,613,429	\$ 39,049,144
Sources of Funds				
General Revenue	\$ 35,874,012	\$ 33,942,533	\$ 36,038,421	\$ 37,474,136
Federal Aid	-	-	-	-
Restricted Receipts	1,556,712	1,503,031	1,575,008	1,575,008
Other	-	-	-	-
Total	\$ 37,430,724	\$ 35,445,564	\$ 37,613,429	\$ 39,049,144
FTE Authorization	297.9	288.8	297.9	295.9

Summary. The Legislature estimated FY 2011 expenditures of \$38.8 million and 297.8 full-time equivalent positions. That includes \$37.2 million from general revenues and \$1.6 million from restricted receipts and includes funding for statewide salary and benefit adjustments. *The Governor recommended \$1.2 million less, including \$1.1 million from general revenues to reflect the impact of the four pay reduction days, six month cost-of-living deferral and lower medical benefit rates.*

The Assembly included \$1.5 million to fund redistricting expenses, further reduced expenditures by \$0.1 million based on additional assessed fringe savings, and lowered the staffing authorization to 295.9 positions to reflect elimination of vacant positions.

Office of the Lieutenant Governor

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 938,004	\$ 846,529	\$ 948,116	\$ 906,015
Contracted Services	-	-	-	-
Subtotal	\$ 938,004	\$ 846,529	\$ 948,116	\$ 906,015
Other State Operations	34,133	28,962	24,464	15,964
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	1,125	1,125	2,500	2,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 973,262	\$ 876,616	\$ 975,080	\$ 924,479
Sources of Funds				
General Revenue	\$ 973,262	\$ 876,616	\$ 975,080	\$ 924,479
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 973,262	\$ 876,616	\$ 975,080	\$ 924,479
FTE Authorization	8.0	8.0	8.0	8.0

Summary. The Office of the Lieutenant Governor requested expenditures of \$1.0 million from general revenues, \$38,430 more than the FY 2010 enacted budget and the enacted level of full-time equivalent positions. The request is \$597 less than the Budget Office's FY 2011 current services target of \$1,012,289. *The Governor provided \$975,080, \$36,612 less than requested, and the enacted level of 8.0 full-time equivalent positions.* **The Assembly provided total expenditures of \$924,479, \$50,601 less than recommended, and concurred with the staffing level.**

Salaries and Benefits. The Office requested \$42,024 more than the enacted for all salaries and benefits. This includes a 3.0 percent cost-of-living increase and other benefit adjustments, consistent with the Budget Office instructions. The request includes a \$382 increase for the Lieutenant Governor's salary, and does not reflect the Rhode Island General Law requirement that the salary shall be adjusted by law every four years by the total percentage increase in the Northeast Consumer Price Index for four previous fiscal years, not to exceed a 12.0 percent increase. *The Governor concurred and reduced the request by \$31,912 to reflect statewide savings. This includes \$18,440 for the four pay reduction days, a six month delay in the cost-of-living adjustment, and \$13,472 less for employee medical benefits.* **The Assembly included \$40,000 of additional general revenue turnover savings and \$2,101 less general revenues to reflect a reduced rate for assessed fringe benefits.**

Other Operating. The Office requested \$3,594 less than enacted from general revenues for all other operating expenditures. The Office requested \$8,091 less for vehicle expenses. The request includes \$1,446 less for unused telephone lines, \$2,625 more for staff training associated with the new federal

health care plan, \$500 more for an American Sign Language translator for a member of the Emergency Management Advisory Council and \$1,568 more for other expenses. *The Governor recommended \$26,964, \$4,700 less than requested. This includes \$1,000 less for office furniture, \$500 less for translator expenses, \$250 less for the purchase of computers, \$200 less for vehicle maintenance and \$2,750 less in other miscellaneous expenses.* **The Assembly further reduced general revenues by \$8,500 for the expiration of a vehicle lease.**

Office of Secretary of State

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Program				
Administration	\$ 1,904,137	\$ 1,835,510	\$ 1,947,576	\$ 1,943,053
Corporations	1,782,133	1,745,494	1,823,531	2,070,271
State Archives	554,422	577,009	574,651	574,651
Elections	1,378,262	1,116,277	1,915,238	2,013,831
State Library	575,937	552,488	572,768	571,887
Office of Public Information	300,688	299,968	330,263	329,581
Total	\$ 6,495,579	\$ 6,126,746	\$ 7,164,027	\$ 7,503,274
Expenditures by Category				
Salaries and Benefits	\$ 4,855,106	\$ 4,673,543	\$ 4,950,413	\$ 4,939,660
Contracted Services	268,835	227,864	307,864	557,864
Subtotal	\$ 5,123,941	\$ 4,901,407	\$ 5,258,277	\$ 5,497,524
Other State Operations	1,106,625	970,450	1,734,348	1,734,348
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	241,302	219,652	151,302	251,302
Capital	23,711	35,237	20,100	20,100
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 6,495,579	\$ 6,126,746	\$ 7,164,027	\$ 7,503,274
Sources of Funds				
General Revenue	\$ 5,521,241	\$ 5,221,421	\$ 6,669,460	\$ 6,908,707
Federal Aid	500,000	408,400	-	100,000
Restricted Receipts	474,338	496,925	494,567	494,567
Other	-	-	-	-
Total	\$ 6,495,579	\$ 6,126,746	\$ 7,164,027	\$ 7,503,274
FTE Authorization	57.0	56.5	57.0	57.0

Summary. The Secretary of State requested FY 2011 expenditures of \$7.5 million from all sources, which is \$1.0 million more than the FY 2010 enacted budget. The request includes \$1.4 million more from general revenues, \$0.5 million less from federal funds, and \$31,364 more from restricted receipts. The Office requested that the Information Technology division be broken out of the Administration program and become its own program. The request is \$13,031 more than the current services target of \$7.0 million, established by the Budget Office.

The Governor recommended \$7.2 million from all sources, which is \$0.7 million more than enacted and \$0.3 million less than requested. General revenues are \$1.1 million more than enacted, \$0.3 million less than requested, and \$284,212 less than the current services target. The recommendation includes the requested amount of 57.0 positions.

The Assembly provided \$7.5 million from all sources, \$0.2 million more from general revenues and \$0.1 million more from federal funds than the Governor's recommendation. This includes \$250,000 from general revenues for the Quick Start program and \$0.1 million from federal Help America Vote Act funds.

Election Expenses. The Secretary of State and the Board of Elections requested \$3.9 million from general revenues, which is \$0.7 million more than enacted for election expenses, including salaries and benefits. This includes \$1.4 million more from general revenues and \$0.8 million less from federal Help America Vote Act funds. Neither agency requests any federal Help America Vote Act funds because it is anticipated that the fund will be depleted in FY 2010. The fund was first depleted in FY 2009, but the federal government renewed funding, allowing Rhode Island continued access to these funds. The enacted budget includes \$500,000 for the Secretary of State and \$250,000 for the Board. *The Governor recommended \$3.7 million from general revenues, \$0.2 million less than requested. The Governor did not recommend any federal Help America Vote Act funds.*

The Assembly provided \$3.9 million, including \$3.8 million from general revenues and \$100,000 from federal Help America Vote Act funds.

The Secretary of State requested \$1.9 million from general revenues for costs associated with the preparation and execution of regular and special election activities, including printing referenda questions on the ballots. This is \$1.0 million more than the enacted budget, which was an off-year in the election cycle. The request includes \$155,695 from general revenues for referenda costs, which are a biennial expense. The request includes \$118,580 more for salaries and benefits, primarily due to a 3.0 percent cost-of-living increase for all employees in addition to longevity and step increases, as well as various benefit adjustments consistent with Budget Office instructions. The request also includes \$545,000 more than enacted for printing of primary and statewide ballots, \$199,452 more for information technology services, \$96,830 more for software maintenance agreements and \$45,000 more for legal services.

The request also includes \$90,000 less from general revenues for the RINET Muni contract that maintains the Central Voter Registration System. This is a real-time database where all 39 cities and towns maintain all voter registration and voting history information, including all relevant street files, voting districts and polling places. After the expense of the maintenance contract doubled, the Office looked for ways to maintain access to the system in-house.

The Governor recommended \$1.9 million from general revenues, \$28,629 less than requested. This includes \$23,629 to reflect statewide savings, which includes the four pay reduction days, deferring the cost-of-living adjustment increase by six months, medical benefit savings and \$5,000 less for miscellaneous office expenses. The Assembly concurred, with the exception of providing \$1,407 less general revenues to reflect a reduced rate for assessed fringe benefits and added \$0.1 million from federal Help America Vote Act funds for compliance with the Military and Overseas Voter Empowerment Act of 2009. The Office will use these funds to ensure that overseas uniformed services and civilian voters are aware of their voting rights and have an opportunity to register to vote and have their absentee ballots cast and counted for the November 2010 election.

The Board of Elections requested \$2.0 million from general revenues for costs associated with the preparation and execution of election activities, including salaries and benefits. This is \$129,851 more than enacted for FY 2010. Personnel expenses increase by \$180,915, but include overestimated medical insurance costs and \$75,000 for seasonal staff and technicians working on Election Day, which were covered under previous service and maintenance contracts. Savings of \$0.5 million from renegotiating and reducing service and maintenance contracts for the voting equipment are offset by increases of \$0.2 million for the preparation and delivery of election equipment that was covered under the previous

contract. In addition, the Board requests \$36,774 more for the upgrade and replacement of 39 towers, wireless cards, keyboards and mice to be supplied to the local Board of Canvassers.

*The Governor recommended \$1.8 million from general revenues, \$0.2 million less than requested. This includes \$77,627 less than requested to reflect statewide personnel savings, which include the four pay reduction days, deferring the cost-of-living adjustment increase by six months, and lower medical benefit rates. Other reductions include \$41,000 less for printing and \$35,000 less for clerical and legal services to keep in line with historical spending, along with \$5,000 less from a software maintenance agreement, providing funding consistent with the FY 2010 revised request. He also recommended \$11,774 less than requested to replace computers the Board uses for reporting the voting results. The Governor recommended the Board purchase laptops with the assistance of the Department of Information Technology, and after their use for the election, be turned over to the Department for distribution to state agencies, repeating the process every two years. **The Assembly restored the \$41,000 in printing expenses and reduced general revenue expenses by \$2,620 to reflect a reduced rate for assessed fringe benefits.***

State Archives. The Secretary of State requested \$583,786 for the operation of the state archives, which is funded primarily by the Historical Records Trust Fund. This includes the enacted level of \$80,084 from general revenues and \$503,702 from restricted receipts, which is \$29,364 more than enacted.

The Office requested \$327,036, or \$8,123 more than enacted for salaries and benefits for 3.4 full-time positions and includes a 3.0 percent cost-of-living increase for all employees as well as various benefit adjustments consistent with Budget Office instructions. The request includes \$37,114 more for the rental of outside property, reflecting rent and property tax escalators, partially offset by reductions of \$8,679 for title examiners and appraisers, \$7,000 for computer equipment, and \$194 for all other operating expenditures.

General revenues have always funded a portion of the division's expenses and during FY 2008 and 2009, additional general revenues were needed to supplement a decline in receipts into the Trust Fund. The \$80,084 in the FY 2010 enacted budget represents the smallest general revenue appropriation since before FY 2006. Collected receipts have increased over FY 2009 and the first quarter of FY 2010 and the Office feels that enough revenues will come in to cover the enacted expenses, plus \$29,364 in additional operating expenditures.

*The Governor recommended the requested level of general revenues and \$9,135 less from restricted receipts, including \$11,739 to reflect statewide savings, which include the four pay reduction days, deferring the cost-of-living adjustment increase by six months, and lower medical benefit rates. This also includes a reduction of \$60 from using the Department of Health's Central Printing Services for all printing services, except for the Elections and Civics Division, and includes an additional \$2,664 to reflect funds available from statewide personnel savings. **The Assembly concurred.***

Records Center. The Office requested \$837,214 for all operations for the Records Center and its 4.75 positions, which is \$22,518 more than enacted. This includes a 3.0 percent cost-of-living increase for all employees as well as various benefit adjustments consistent with Budget Office instructions and an increase to rental and lease expenses. The Records Center is an internal service program that does not appear in the Appropriations Act. User agencies pay a portion of their operating costs into this fund, for items such as records storage and retrieval, electricity, and heat. The main purpose of the Records Center is to oversee the records management functions within the state, primarily by providing storage for non-permanent inactive government records at the State Records Center.

The Governor recommended \$11,846 less than requested, including \$17,042 to reflect statewide savings, which include the four pay reduction days, deferring the cost-of-living adjustment increase by six months,

and lower medical benefit rates. This also added \$5,196 to reflect reallocation of funds available from statewide personnel savings to other uses. **The Assembly concurred.**

Other Salaries and Benefits. The Office requested \$4.2 million from general revenues, or \$0.3 million more than enacted for salary and benefit expenses for the 41.9 remaining full-time equivalent positions. This includes a 3.0 percent cost-of-living increase for all employees in addition to longevity and step increases, as well as various benefit adjustments consistent with Budget Office instructions.

The request includes a \$5,953 or 6.0 percent salary increase for the Secretary of State. Rhode Island General Law states that the salary shall be adjusted every four years by the total percentage increase in the Northeast Consumer Price Index for the four previous fiscal years, not to exceed 12.0 percent. These indices have not all been determined yet, but the request appears consistent with the indices determined thus far.

The request assumes filling a vacant administrative assistant position in the Corporations division. There are 10.85 full-time equivalent positions requested for the Administration division, 3.65 positions for Information Technology, 20.35 positions for Corporations, 3.0 positions for the Office of Public Information, and 4.0 positions for the State Library.

The Governor recommended \$220,404 less than requested, including \$64,045 from maintaining the 1.0 vacancy in the corporations division and \$156,359 to reflect statewide savings, which include the four pay reduction days, deferring the cost-of-living adjustment increase by six months, and lower medical benefit rates. The Assembly concurred, with the exception of providing \$9,346 less general revenues to reflect a reduced rate for assessed fringe benefits.

State House Tours. The request includes \$12,500 for a contract with Johnson and Wales University to coordinate tours of the State House to the public and all the school districts in Rhode Island. Students volunteer to lead tours, but the University coordinates the schedules of the students and handles their training. Past expenditures include \$12,004 in FY 2007, \$11,730 in FY 2008 and \$12,330 in FY 2009. In both the FY 2009 and FY 2010 budgets, the Office requested funding for this, but neither the Governor nor the Assembly concurred. *The Governor did not recommend any funding. The Assembly concurred.*

Rhode Island Government Owner's Manual. The Office requested \$23,500 to publish the Rhode Island Government Owner's Manual, which was not included in the FY 2010 enacted budget. The manual is printed in odd numbered years, per Rhode Island General Law 22-3-12. *The Governor recommended \$8,500 less than requested assuming a 30.0 percent reduction by using the Department of Health's Central Printing Services for all printing services, except for the Elections and Civics Division and from printing fewer copies and recommending the online version to interested parties. The Assembly concurred.*

Community Service Grants. The Office requested the enacted level of \$150,326 from general revenues for four community service grants, for which the General Assembly designates the agencies and amounts. *The Governor recommended funding as requested. The Assembly concurred.*

Quick Start Program. The Quick Start program is intended to provide for an online master application where applicants can enter their contact and business information just once and the information will be automatically entered on all forms the applicant needs to submit. In addition, those who wish to open a business in Rhode Island will find all the relevant forms, fees and additional information needed to open a business all in one place. The Office anticipates the need for \$250,000 to fund this, but it was not included in the Office's request; the Secretary made this proposal public in early March 2010. *The Governor's budget was submitted prior to this proposal. The Assembly provided \$250,000 from general revenues.*

Other Operating Expenses. The Office of the Secretary of State requested \$512,967 from general revenues for all other operating expenditures, which is \$33,624 more than enacted. This includes increases in rental and lease costs, postage, seminars and conferences, computer equipment and miscellaneous supplies, partially offset by reductions in communication and maintenance expenses, legal expenses, information technology system support, and general office supplies.

*The Governor recommended \$27,210 less from general revenues than requested and includes savings of \$7,185 from a 30.0 percent reduction to the request from using the Department of Health's Central Printing Services for all printing services, except for the Elections and Civics Division. It also includes savings of \$20,025 from subscriptions, postage, computer equipment, and general office supplies and expenses. **The Assembly concurred.***

Office of the General Treasurer

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Program				
General Treasurer	\$ 2,819,654	\$ 2,547,028	\$ 2,789,811	\$ 2,663,619
Unclaimed Property	15,051,045	16,877,727	15,293,903	15,789,173
Employees' Retirement System	10,206,869	10,448,952	12,166,341	12,121,419
Crime Victim Compensation	2,617,423	2,613,370	2,450,119	2,444,147
Refunding Bond Authority	41,641	32,482	-	-
Subtotal	\$ 30,736,632	\$ 32,519,559	\$ 32,700,174	\$ 33,018,358
Expenditures by Category				
Salaries and Benefits	\$ 7,724,120	\$ 7,252,628	\$ 7,770,261	\$ 7,670,916
Contracted Services	2,224,945	2,608,400	2,691,400	2,706,401
Subtotal	\$ 9,949,065	\$ 9,861,028	\$ 10,461,661	\$ 10,377,317
Other State Operations	15,385,125	17,260,174	15,514,806	15,917,334
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,344,000	2,334,430	2,163,000	2,163,000
Capital	3,058,442	3,063,927	4,560,707	4,560,707
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 30,736,632	\$ 32,519,559	\$ 32,700,174	\$ 33,018,358
Sources of Funds				
General Revenue	\$ 2,500,299	\$ 2,198,884	\$ 2,392,455	\$ 2,270,649
Federal Aid	1,293,540	1,276,605	1,111,550	1,108,180
Restricted Receipts	26,740,503	28,829,896	28,973,185	29,420,614
Other	202,290	214,174	222,984	218,915
Total	\$ 30,736,632	\$ 32,519,559	\$ 32,700,174	\$ 33,018,358
FTE Authorization	83.0	79.5	83.0	82.0

Summary. The Office requested expenditures of \$33.3 million, which is \$2.5 million more than enacted. This includes \$42,946 less from general revenues, \$0.2 million less federal funds, \$2.7 million more restricted receipts and \$25,819 more from other funds. The Budget Office instructed the Office to submit a current service budget of \$2.6 million. The Office's request is \$0.1 million less than that. The Office requested the enacted level of 83.0 full-time equivalent positions.

The Governor recommended \$32.7 million from all funds. This is \$2.0 million more than enacted and \$0.6 million less than requested. General revenues are \$0.1 million less than enacted and \$64,898 less than requested. He recommended the enacted level of 83.0 full-time equivalent positions. He recommended eliminating the Refunding Bond Authority program and transferring the allocated costs to the Investment Operations Division in the General Treasury program. The Office has indicated that the Refunding Bond Authority program should be eliminated in FY 2011 because the bonds associated with the Refunding Bond Authority were paid off in FY 2010.

The Assembly included additional general revenue turnover savings of \$95,000 and \$4,345 from statewide assessed fringe benefit savings. It also included two months of rental savings of \$89,064 for FY 2011 from relocating the operations on Fountain Street to state-owned land and added \$0.5 million from restricted receipts to reflect the unclaimed property estimate of the May Revenue Estimating Conference. The Assembly also authorized 82.0 full-time equivalent positions, which is 1.0 less than recommended and reflects the elimination of a vacant position.

Unclaimed Property Transfer to General Fund. The Office requested \$5.4 million for the transfer from unclaimed property to the state, \$0.4 million more than enacted. The November Revenue Estimating Conference adopted an estimate of \$5.3 million, which is \$0.1 million more than the FY 2010 revised estimate.

The Governor recommended \$5.5 million, which is \$0.2 million more than the adopted estimate to reflect \$950,000 in additional revenue in FY 2010 by transferring seized money held in escrow pending forfeiture proceedings from the State Police and cash that had been held in the courts' bail account to the Unclaimed Property fund. It should be noted that the Governor's budget does not include the corresponding revenue to reflect the additional \$0.2 million.

The Assembly added \$0.5 million to reflect the estimate adopted by the May 2010 Revenue Estimating Conference, which included the Governor's adjustments.

Unclaimed Property Claims. The Office requested \$8.6 million for payment of unpaid property claims, which is \$48,201 more than enacted. The November Revenue Estimating Conference estimated \$8.6 million, which is \$48,201 more than enacted and consistent with the request. *The Governor recommended funding as requested.* **The Assembly added \$73,002 to reflect the estimate adopted by the May 2010 Revenue Estimating Conference.**

Unclaimed Property Change in Claims Liability. The enacted FY 2010 budget reflects an estimated \$0.1 million increase in the amount of revenues set aside for future claims liability. This change had not typically appeared in the expenditure estimate included in the budget; however, as part of its FY 2010 budget request, the agency requested that the liability change be reflected in the budget to align its expenditure authority with these transactions. The FY 2011 request is for \$75,840 more. *The Governor's recommendation is \$0.5 million less than requested based on the additional revenue received in FY 2010.* **The Assembly lowered expenditures by \$52,659 to reflect the estimate adopted by the May 2010 Revenue Estimating Conference.**

Retirement System Computer System. A three-year implementation contract to replace the paper-based system used in the Employees' Retirement System was completed at the end of 2004. Final payment was to be made in FY 2005, but problems with some of the final elements have led the Office to withhold that payment until FY 2008 pending resolution of the last items. The revised request includes an additional \$0.2 million from retirement fund administration restricted receipts for current service requirements for the existing vendor. The FY 2010 enacted budget includes \$3.0 million. *The Governor recommended funding as requested.* **The Assembly concurred.**

Retirement System Computer Upgrades. The Office is seeking estimates on costs and options to upgrade its membership benefit database, also known as the Anchor System. The FY 2011 budget request includes an additional \$1.5 million from retirement fund administration restricted receipts for a new system and new service requirements for the new system.

The System hired a consultant in FY 2009 who performed an analysis of possible alternatives to upgrade the existing infrastructure. The consultant's report will be presented to the Board at the November 2009

meeting, at which time a clearer scope of work, system price and implementation schedule will be formalized. *The Governor recommended funding as requested.* **The Assembly concurred.**

Retirement System Legal Services. The Office requested an additional \$339,000 for outside legal services for the Retirement System to work on additional pension determination cases as requested and to address potential claims resulting from the recent changes to the pension system and other legal services. The 2009 Assembly adopted pension changes that apply to state employees and teachers not eligible to retire as of October 1, 2009 and newly hired judges. *The Governor recommended funding as requested.* **The Assembly concurred.**

Fees on Bonds and Notes. Consistent with its FY 2010 revised request, the Office's FY 2011 request reflects general revenue savings of \$40,000 for fees on bonds and notes based on recent expenditure experience. Generally, fees on bonds and notes fund on-going fees of issued bonds and notes over the life of the financings. Examples include debt manager maintenance fees, escrow agent fees, redemption processing and trustee fees. *The Governor's recommendation is \$8,000 more than requested based on anticipated expenditures.* **The Assembly concurred.**

Crime Victim Stimulus Grant. The FY 2010 enacted budget included \$186,000 of additional resources that became available through the Stimulus Act for crime victim compensation claims. The FY 2011 request removes this one-time funding. The entire grant will be disbursed by the end of FY 2010. The stimulus funding was to be used in the same manner as existing federal crime victims funds and court receipts for payments to victims of crime and their families for funeral expenses, medical bills, counseling and lost wages. The grant permits a 5.0 percent administrative use. *The Governor recommended funding as requested.* **The Assembly concurred.**

Salaries and Benefits. The Office requested \$8.1 million for all salaries and benefits for its 83.0 positions, \$343,428 more than enacted. The changes include \$1,041 more from general revenues. General revenue savings result from increasing the cost allocation to non-general revenue sources of funds. The majority of the increase, \$0.2 million, is in the Retirement System. This reflects step and longevity increases and a full year of the 3.0 percent cost-of-living adjustment and other benefit adjustments per Budget Office instructions. The Office requested the FY 2010 salary for the General Treasurer, whose current term ends in FY 2011.

The Governor recommended \$0.3 million less than requested including \$69,898 less from general revenues to reflect a six-month delay in the cost-of-living adjustment, four pay reduction days and a lower medical benefit rate. The Governor also recommended \$100,000 in the Department of Administration's budget for transition costs for all general officers in FY 2011.

The Assembly included additional general revenue turnover savings of \$95,000 for FY 2011. This is equivalent to 1.0 vacant position. The Assembly also included \$4,345 in statewide assessed fringe benefit savings.

Other Operating Adjustments. The Office requested \$2.4 million for all other operating expenses, which is \$106,314 less than enacted including \$3,987 less from general revenues. Minor adjustments were made in various office expenditures. *The Governor recommended \$61,550 more than requested for various operating expenses including \$3,000 less from general revenues.*

The Governor submitted an amendment to include two months of rental savings during FY 2011 for savings of \$89,064. The current lease on Fountain Street expires on April 30, 2011 and the operations on Fountain Street including the Retirement System will be moving to state-owned land off Jefferson Boulevard in Warwick. **The Assembly concurred.**

Rhode Island Board of Elections

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 1,113,252	\$ 976,004	\$ 1,216,540	\$ 1,213,920
Contracted Services	604,086	267,495	461,002	461,002
Subtotal	\$ 1,717,338	\$ 1,243,499	\$ 1,677,542	\$ 1,674,922
Other State Operations	132,803	131,913	217,049	258,049
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	3,500	2,000,000	2,000,000
Capital	-	-	25,000	25,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,850,141	\$ 1,378,912	\$ 3,919,591	\$ 3,957,971
Sources of Funds				
General Revenue	\$ 1,600,141	\$ 1,158,331	\$ 3,919,591	\$ 3,957,971
Federal Aid	250,000	220,581	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 1,850,141	\$ 1,378,912	\$ 3,919,591	\$ 3,957,971
FTE Authorization	12.0	11.5	12.0	12.0

Summary. The Rhode Island Board of Elections requested \$6.5 million from general revenues, \$4.6 million more than enacted, including \$4.9 million more general revenues and \$0.3 million less from federal funds. The Board requested 12.0 full-time equivalent positions, which is consistent with the enacted authorization. The request is \$2,545,887 more than the Budget Office's current services general revenue target of \$3,944,105.

The Governor recommended \$3.9 million from general revenues, \$2.6 million less than requested and \$24,514 below the current services target. He recommended the enacted level of 12.0 full-time positions, consistent with the request. The Assembly restored \$41,000 for printing expenses and concurred with the rest of the Governor's recommendations, with the exception of providing \$2,620 less general revenues to reflect a reduced rate for assessed fringe benefits.

Salaries and Benefits. The Board of Elections requested \$1.3 million from general revenues for salaries and benefits to fully fund 12.0 full-time equivalent positions for FY 2011, \$0.2 million more than enacted. This includes \$75,000 for seasonal staff and technicians working on Election Day who had previously been covered under the service and maintenance contract for the equipment, but were not included in the most recent contract negotiation.

This also includes adjustments to benefit rates consistent with Budget Office instructions; however, the Board's request does appear to be overstated.

*The Governor recommended \$77,627 less from general revenues than requested, including \$39,356 less from correcting overstated medical insurance costs and \$38,271 less to reflect the four pay reduction days, deferring the cost-of-living adjustment increase by six months, and lower medical benefit rates. **The Assembly concurred, with the exception of providing \$2,620 less general revenues to reflect a reduced rate for assessed fringe benefits.***

Public Financing of Elections. The Board requested \$4.5 million from general revenues for the Matching Public Funds campaign finance program, required by Rhode Island General Law 17-25-19. This includes \$110,000 for auditing expenses of the program, required by law. General elections occur every four years, and the Board of Elections is responsible for administering and carrying out the mandates of the Campaign Contributions and Expenditures Act and the state's Matching Public Funds program. As part of its duties, the Board is responsible for overseeing and monitoring the activities of candidates, political action committees, political parties, and state vendors and enforcing the provisions of the act.

The Matching Public Funds program was enacted in 1992 and was first implemented in the 1994 election cycle when \$2.2 million was distributed among nine candidates. In 1998, \$2.9 million was distributed to 12 candidates, in 2002, expenditures were \$0.7 million for seven candidates, and \$2.0 million was distributed to seven candidates in 2006.

The Board is requesting \$4.4 million, which is \$2.4 million more than what was spent during the last cycle. This reflects an adjustment for inflation, which is tied to the consumer price index and averages to be a ten percent increase in funding limits available to candidates between each four-year period. It also reflects the fact that the state now has three recognized political parties, thus the number of eligible candidates able to utilize the funds has increased from eight to 12.

On January 20, 2010, the Board of Elections approved new limits for matching public funds, which represent a 7.9 percent increase since 2006. Gubernatorial candidates are now eligible for up to \$1.0 million and candidates for Lieutenant Governor, Secretary of State, General Treasurer and Attorney General are eligible for up to \$264,300 each.

*The Governor recommended a total of \$2.1 million, including the requested \$110,000 for auditing services and \$2.0 million for the matching public funds, \$2.4 million less than requested and consistent with the amount spent in the 2006 election. **The Assembly concurred.***

Federal Election Reform. The Board of Elections and the Secretary of State requested no federal funds for costs associated with the Help America Vote Act because it is anticipated that the fund will be depleted in FY 2010. The enacted budget includes \$500,000 for the Secretary of State and \$250,000 for the Board of Elections.

[Staff Note: The fund was first depleted in FY 2009, but the federal government renewed funding, allowing Rhode Island continued access to these funds. If Rhode Island receives additional Help America Vote Act funds, then a corresponding savings from general revenues would result.]

*The Governor did not recommend any federal Help America Vote Act funds for use by either the Board of Elections or the Secretary of State. The fund's depletion is expected in FY 2010 and Congress has not yet approved any additional funding for FFY 2011. The Governor subsequently requested an amendment to add \$100,000 from federal Help America Vote Act funds in the Secretary of State's budget to reflect an additional grant award from the Military Overseas Voter Empowerment Act for updating overseas voting for military personnel in order to be compliant with federal guidelines by the November 2010 election. **The Assembly concurred.***

Election Expenses. The Board of Elections and the Secretary of State requested FY 2011 expenditures of \$1.9 million from general revenues for costs associated with the preparation and execution of the general election activities, excluding salaries and benefits. Combined, this is \$1.1 million more than the FY 2010 enacted budget, which was an off-year in the two year election cycle. There will be general elections in FY 2011 for Governor, Lieutenant Governor, Attorney General, Secretary of State and General Treasurer in addition to the General Assembly and local elections.

*The Governor recommended \$1.8 million from general revenues, \$86,000 less than requested, excluding salaries and benefits. **The Assembly provided \$1.9 million, including \$1.8 million from general revenues and \$100,000 from federal Help America Vote Act funds in the Secretary of State's budget.***

The Board of Elections requested \$561,358 from general revenues for costs associated with the preparation and execution of election activities, excluding salaries and benefits. This is \$153,890 more than enacted. This includes an additional \$91,000 for printing, \$69,500 for temporary clerical services during the elections, \$40,000 for legal expenses, \$36,774 more for the upgrade and replacement of 39 towers, wireless cards, keyboards and mice to be supplied to the local Board of Canvassers, \$11,500 for postage, and \$7,020 in other miscellaneous expenses. This is partially offset by savings of \$80,904 from renegotiated service and maintenance contracts and savings of \$21,000 in rental and lease payments by moving the election machinery stored in rental units to state-owned property in December of 2009.

*The Governor recommended \$503,358 from general revenues, \$92,774 less than requested. This includes \$41,000 less for printing and \$35,000 less for clerical and legal services consistent with historical spending and \$5,000 less for software maintenance agreements, consistent with the FY 2010 revised request. He also recommended \$11,774 less than requested to replace computers the Board uses for reporting the voting results. The Governor recommended the Board purchase laptops with the assistance of the Division of Information Technology, and after their use for the election, be turned over to the Division for distribution to state agencies, repeating the process every two years. **The Assembly restored the \$41,000 for printing expenses and concurred with the rest of the recommendation.***

The Secretary of State requested \$1.3 million from general revenues for costs associated with the preparation and execution of regular election activities, including the expenses incurred through printing referenda questions on ballots, but excluding salaries and benefits. This is \$0.9 million more than the FY 2010 enacted budget, which was an off-year in the two-year election cycle. This includes an additional \$0.6 million for printing, \$229,888 for information technology and software maintenance agreements, \$90,000 for postage, \$75,000 for legal services and \$26,442 for all other expenditures.

The request also includes \$90,000 less from general revenues for the RINET Muni contract that maintains the Central Voter Registration System. This is a real-time database where all 39 cities and towns maintain all voter registration and voting history information, including all relevant street files, voting districts and polling places. After the expense of the maintenance contract doubled, the Office looked for ways to maintain access to the system in-house.

*The Governor recommended \$1.3 million, which is \$5,000 less than requested for miscellaneous office expenses. **The Assembly concurred and provided \$100,000 from federal Help America Vote Act Funds for compliance with the Military and Overseas Voter Empowerment Act of 2009. The Office will use these funds to ensure that overseas uniformed services and civilian voters are aware of their voting rights and have an opportunity to register to vote and have their absentee ballots cast and counted for the November 2010 election.***

Other Operations. The Board of Elections requested \$87,693 from general revenues for all other operations, which is \$45,046 more than enacted. It includes \$34,670 more for office supplies, \$7,700 for maintenance expenses and \$2,676 for all other expenses.

All of these expenses are incurred whether it is an election year or not, but several of these expenses increase in years when elections are held. Of the above expenses, there is an increase of \$37,599 that is directly related to the election cycle. The \$7,447 remainder of the increase is due to other non-election factors. *The Governor recommended funding as requested.* **The Assembly concurred.**

Rhode Island Ethics Commission

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 1,225,062	\$ 1,199,229	\$ 1,266,265	\$ 1,263,231
Contracted Services	31,500	31,500	34,500	34,500
Subtotal	\$ 1,256,562	\$ 1,230,729	\$ 1,300,765	\$ 1,297,731
Other State Operations	173,875	174,635	177,635	177,635
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	7,293	7,293	7,293	7,293
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,437,730	\$ 1,412,657	\$ 1,485,693	\$ 1,482,659
Sources of Funds				
General Revenue	\$ 1,437,730	\$ 1,412,657	\$ 1,485,693	\$ 1,482,659
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 1,437,730	\$ 1,412,657	\$ 1,485,693	\$ 1,482,659
FTE Authorization	12.0	12.0	12.0	12.0

Summary. The Rhode Island Ethics Commission requested general revenue expenditures of \$1.5 million, \$93,925 more than the enacted budget and the authorized staffing of 12.0 full-time equivalent positions. The request is \$42,140 more than the Budget Office's FY 2011 current services target of \$1,489,515. *The Governor recommended \$1.5 million from general revenues, \$45,962 less than requested and the authorized level of positions.* **The Assembly concurred, with the exception of an adjustment for statewide savings.**

Salaries and Benefits. The Commission requested \$1.3 million from general revenues for FY 2011 salary and benefit expenditures, \$83,165 more than the enacted budget. This includes the restoration of \$23,493 of turnover savings, \$24,411 for benefit adjustments, and \$35,261 for cost-of-living and other salary adjustments to fully fund all positions. *The Governor reduced the request by \$41,962 to reflect the four pay reduction days, deferring the cost-of-living adjustment increase by six months, and lower medical benefits.* **The Assembly further reduced general revenues by \$3,034 to reflect a reduced rate for assessed fringe benefits.**

Outside Legal Services. The Commission requested an additional \$3,000 from general revenues for outside legal services, for which the enacted budget already includes \$27,000. The Commission indicates that more complex litigation and complaint matters require additional research from its outside legal counsel, increasing the cost of that service. Rhode Island General Law 36-14-9 (a)(2) empowers the Commission to retain the services of independent legal counsel. Legal counsel is utilized to provide legal guidance and interpretation on complaints before the Commission and proposed regulatory changes. The

Commission's outside legal service expenditures were \$15,637 in FY 2006, \$20,284 in FY 2007, \$21,524 in FY 2008, and \$25,824 in FY 2009. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Adjustments. The Commission requested \$181,635 for all other expenditures. This is \$7,760 more than the enacted and \$7,000 more than the revised request. The request includes new expenditures of \$260 to provide access to Westlaw online applications for two additional staff attorneys. The request also includes \$3,000 for an increase in rent, \$4,000 for staff travel to attend the Council on Governmental Ethics Laws conference to present information regarding a recent high profile case, and \$500 for additional record center charges. *The Governor recommended funding as requested, with the exception of the \$4,000 for staff travel.* **The Assembly concurred.**

Office of the Governor

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 5,157,934	\$ 4,984,263	\$ 5,310,827	\$ 5,190,439
Contracted Services	-	178,610	382,000	382,000
Subtotal	\$ 5,157,934	\$ 5,162,873	\$ 5,692,827	\$ 5,572,439
Other State Operations	317,950	302,764	347,135	347,135
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	250,000	94,000	250,000	250,000
Capital	11,500	78,629	11,000	11,000
Capital Debt Service	-	-	70,578	70,578
Operating Transfers	-	70,578	-	-
Total	\$ 5,737,384	\$ 5,708,844	\$ 6,371,540	\$ 6,251,152
Sources of Funds				
General Revenue	\$ 5,106,754	\$ 4,416,430	\$ 4,872,994	\$ 4,752,606
Federal Aid	630,630	35,000	-	-
Restricted Receipts	-	1,257,414	1,498,546	1,498,546
Other	-	-	-	-
Total	\$ 5,737,384	\$ 5,708,844	\$ 6,371,540	\$ 6,251,152
FTE Authorization	43.0	44.0	46.0	45.0

Summary. The Office of the Governor requested total expenditures of \$6.8 million and 46.0 full-time equivalent positions for FY 2011, which is \$1.1 million more and 3.0 more positions than the enacted budget. The request includes \$0.2 million more general revenues and includes a shift from federal funds to restricted receipts for a net increase of \$0.9 million. The enacted budget includes \$0.6 million from federal funds to cover oversight expenses for the Office of Economic Recovery and Reinvestment. The Office changed the funding source to restricted receipts per guidance it received from the state controller and the auditor general.

The Governor recommended total expenditures of \$6.4 million from all funds, of which \$4.9 million is from general revenues. The recommendation is \$0.6 million more than enacted and \$0.5 million less than requested. The Governor proposed legislation in the FY 2010 revised budget to create the restricted receipt account to support operations for the Office of Economic Recovery and Reinvestment. He recommended staffing consistent with the request.

The Assembly concurred, with the exception of providing \$0.1 million less from general revenues. It enacted legislation in Article 8 of 2010-H 7397, Substitute A authorizing the restricted receipt account. It provided staffing of 45.0 positions to reflect elimination of a vacant position.

Office of Economic Recovery and Reinvestment Staffing. The Office requested restricted receipt expenditures of \$1.0 million to fund 7.0 positions to support the Office of Economic Recovery and Reinvestment. The request includes a shift of \$0.6 million from federal funds to restricted receipts for a

net increase of \$0.4 million, of which \$0.3 million will be used to fund 3.0 new positions. The positions consist of an executive assistant of communications position, a fiscal management supervisor position and a legal counsel position. The FY 2010 revised budget includes \$0.3 million for these positions. Adjusting for the new positions, the request is \$0.1 million more than enacted and includes cost-of-living adjustments, step increases and updated benefit rates.

*The Governor concurred and reduced the request by \$33,032 to reflect statewide savings. This includes \$19,934 for the four pay reduction days and by deferring the cost-of-living adjustment increase by six months, and \$13,098 less from employee medical benefits. He recommended staffing consistent with the request. **The Assembly concurred.***

Office of Economic Recovery Operations. The Office's request includes expenditures of \$0.5 million from restricted receipts to support the Office of Economic Recovery and Reinvestment within the Office of the Governor. The request includes \$70,758 to be transferred to the Economic Development Corporation to fund a position that is providing services to the Office, \$382,000 for contractual services including \$160,000 for KPMG to develop processes and procedures for monitoring and managing the federal stimulus funds and \$220,000 is for three temporary positions that the Office plans to hire through ADIL. The request also includes \$48,764 for state operations primarily for travel expenses, computers and office supplies. The request is \$0.1 million more than the revised request, which included \$0.3 million for the items mentioned above. *The Governor recommended funding as requested and provided an additional \$4,966 from other sources available from statewide personnel savings. **The Assembly concurred.***

Governor's Office Salaries and Benefits. The Office requested \$4.5 million from general revenues to support 39.0 full-time positions in the Office of Governor. Though a position was transferred to the Emergency Management Agency, the Office maintained the position count. The request is \$216,512 or 4.8 percent more than the enacted budget and includes a 3.0 percent cost-of-living adjustment and step increases; benefit adjustments reflect increases from health insurance, consistent with Budget Office planning values for FY 2011. The request is based on the Governor's current staff; no assumptions were made on what the new administration would look like.

The Governor recommended \$0.2 million less than enacted. The recommendation reduces the request by \$0.4 million, of which \$0.1 million is for the four pay reduction days and deferring the cost-of-living increase by six months, \$0.1 million in additional turnover savings, \$0.1 million in cost allocation to the Department of Administration, and \$0.1 million from lower medical claims and other benefit rates.

The Assembly included \$120,388 in savings, \$110,000 from turnover and \$10,388 from a reduced rate on assessed fringe benefits. It authorized staffing of 45.0 full-time equivalent positions, which includes eliminating 10.0 percent of all current vacancies, or 1.0 position.

Contingency Fund. The request includes the enacted amount of \$250,000 from the contingency fund. *The Governor recommended funding as requested. **The Assembly concurred.***

Other Operations. Consistent with its revised request, the Office requested expenditures of \$554,405 or \$25,045 less than the enacted amount for all other operations. It includes reductions for general office supplies such as travel, telephone and printing costs. *The Governor recommended funding as requested. **The Assembly concurred.***

Rhode Island Commission for Human Rights

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 1,165,324	\$ 1,019,852	\$ 1,118,161	\$ 1,116,262
Contracted Services	9,950	8,200	8,400	8,400
Subtotal	\$ 1,175,274	\$ 1,028,052	\$ 1,126,561	\$ 1,124,662
Other State Operations	249,473	244,421	247,005	247,005
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,424,747	\$ 1,272,473	\$ 1,373,566	\$ 1,371,667
Sources of Funds				
General Revenue	\$ 1,016,242	\$ 959,254	\$ 1,016,877	\$ 1,014,978
Federal Aid	408,505	313,219	356,689	356,689
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 1,424,747	\$ 1,272,473	\$ 1,373,566	\$ 1,371,667
FTE Authorization	14.5	14.2	14.5	14.5

Summary. The Commission for Human Rights requested \$1.5 million from all sources and 14.5 full-time equivalent positions. This is \$28,242 more than enacted, including \$36,479 more from general revenues. The request meets the Budget Office current services target but uses federal funds that are not available to do so. *The Governor recommended \$1.4 million from all sources, \$79,423 less than requested and \$51,181 less than enacted. He included 14.5 positions.* **The Assembly concurred, with the exception of including statewide assessed fringe benefit savings.**

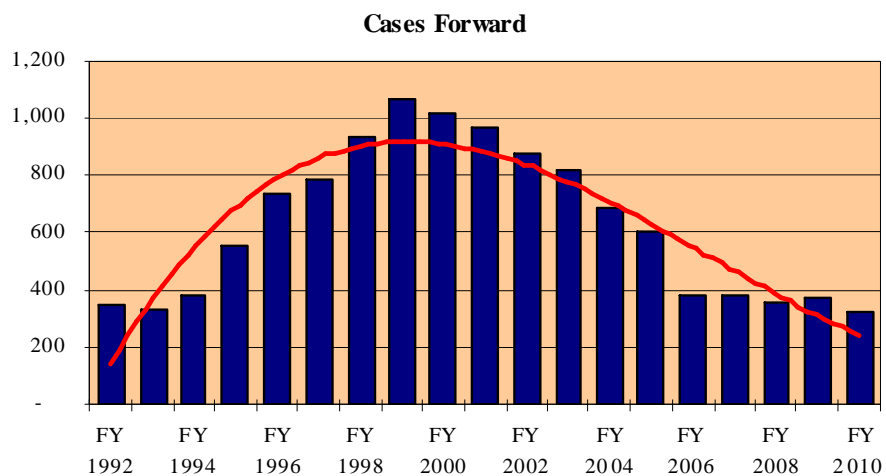
Federal Receipts. The Commission's request indicates that federal receipts available to be spent in FY 2011 total \$285,443 including receipts not spent in prior fiscal years. The request includes expenses from these sources totaling \$400,268 leaving a shortfall of \$114,825 for FY 2011. *The Governor's budget includes \$356,689 from federal sources, leaving a shortfall of \$71,246.* **The Assembly included funding as recommended.**

Salaries and Benefits. The Commission requested \$1.2 million from all sources of funds or \$35,626 more than enacted, including \$216 from general revenues and \$35,410 from federal funds to support salaries and benefits based on Budget Office planning values. The request corrects for the overfunding of medical benefits in the enacted budget since it appears the costs were not sufficiently reduced for the employee cost sharing requirement. *The Governor reduced requested funding by \$82,789 for the six-month delay in the cost-of-living adjustment, four pay reduction days and a lower rate for medical benefits.* **The Assembly concurred, with the exception of the \$1,899 reduction for the statewide assessed fringe benefit savings.**

State Operations. The Commission requested \$252,039 from all sources for all other state operations, \$7,384 less than enacted. This includes \$36,263 more from general revenues and shifts expenses to federal sources reflecting reduced operating costs with additional expenses for contracted interpreters, legal and stenographic services. *The Governor recommended \$3,366 more than requested to reflect federal sources that may become available from the reduction to statewide personnel costs.* **The Assembly concurred.**

Caseloads. The impact of past staff reductions and increased intake was that the Commission was unable to clear its cases, resulting in growing backlogs. The backlog entering FY 1999 reached a new high of 1,118 cases. However, as the result of two additional federally funded positions, the Commission was able to process an average of 511 cases per year from FY 2000 through FY 2004. During FY 2003, the Commission was able to process 582 cases of which, 506 were closed, more than any other year in the Commission’s 55-year history. In FY 2004, federal funding was exhausted and the 2.0 full-time equivalent positions were eliminated.

The Commission entered FY 2007 with a backlog of 387 unprocessed cases and intake of 364 new cases, and was able to close 432 cases reducing its backlog to 354 cases for FY 2007. In FY 2008, the Commission’s intake of 409 new cases was offset by 435 closed cases with 467 cases forwarded to FY 2009. In FY 2009, the Commission’s intake of 356 cases was offset by 400 closed cases with 323 cases forwarded to FY 2010. The Commission sustains that with the ability to maintain the full staffing level of 14.5 full-time equivalent positions the backlog reduction trend is expected to continue, thereby ensuring timely due process for both complainants and defendants.



Public Utilities Commission

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 4,753,864	\$ 4,637,565	\$ 5,011,124	\$ 5,011,124
Contracted Services	1,718,143	1,718,143	1,718,143	1,718,143
Subtotal	\$ 6,472,007	\$ 6,355,708	\$ 6,729,267	\$ 6,729,267
Other State Operations	940,187	918,986	947,052	947,052
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	337	337	337	337
Capital	-	47,000	50,000	50,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 7,412,531	\$ 7,322,031	\$ 7,726,656	\$ 7,726,656
Sources of Funds				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	103,600	203,864	296,330	296,330
Restricted Receipts	7,308,931	7,118,167	7,430,326	7,430,326
Other Funds	-	-	-	-
Total	\$ 7,412,531	\$ 7,322,031	\$ 7,726,656	\$ 7,726,656
FTE Authorization	44.0	45.5	46.0	46.0

Summary. The Public Utilities Commission requested FY 2011 expenditures of \$7.9 million, which is \$0.5 million more than enacted, including \$526,166 more from restricted receipts, and \$1,375 less from federal funds. Restricted receipts are generated from billing the regulated utilities for the expenses of both the Public Utilities Commission and the Division of Public Utilities and Carriers. The Commission requested 46.0 full-time equivalent positions, which is 2.0 positions more than enacted for the two additional commissioners.

The Governor recommended \$7.7 million, which is \$314,125 more than enacted and \$210,666 less than requested. He recommended 46.0 full-time equivalent positions, 2.0 more than enacted for stimulus positions. The Assembly concurred and included Section 12 of Article 7 of 2010-H 7397, Substitute A, as amended to eliminate the two commissioner positions.

Stimulus Electricity Initiative. On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act. The Commission will receive \$776,783 for electricity related initiatives, to be expended prior October 31, 2013. The Commission did not include this in its budget request.

The Governor recommended \$0.2 million from American Recovery and Reinvestment Act funds and 2.0 full-time equivalent positions, a legal counsel and special projects coordinator. Funds will be used to support extensive training on various energy initiatives that include technology projects related to improving consumer energy efficiency, electricity-based renewable energy, energy storage, electrical grid modernization and vehicle projects. The Governor's FY 2010 recommended budget did not include these

*funds. Subsequently, he requested an amendment to add \$0.1 million from stimulus funds and 2.0 full-time positions for FY 2010. **The Assembly concurred.***

New Commissioners. The 2002 Assembly raised the number of commissioners from 3.0 to 5.0 as of January 31, 2004. The Commission requested new funds of \$271,686 from restricted receipts and 2.0 additional full-time equivalent positions to add the commissioners. The Commission's revised request also adds the positions and funding for half of a year. *The Governor did not recommend the new positions or the funding.* **The Assembly concurred and enacted Section 12, Article 7 of 2010-H 7397, Substitute A, as amended to eliminate the two positions.**

Other Salaries and Benefits. The Commission requested \$5.0 million from all sources for salary and benefit expenses for the remaining 44.0 positions. This is \$252,971 more than enacted and includes a 3.0 percent cost-of-living increase and other benefit adjustments, consistent with the Budget Office's planning values. The request assumes no turnover savings, which is consistent with the enacted budget. *The Governor recommended \$183,260 less than requested to reflect a six month delay in the cost-of-living adjustment, four pay reduction days and a lower rate for medical benefits.* **The Assembly concurred.**

Operating and Contract Services. The Commission requested \$2.7 million from all sources for all operating and contract services. These expenditures support regular operation of both the Division of Public Utilities and Carriers and the three members Commission. This includes the enacted level of \$1.7 million for expert testimony for rate case hearings and \$1.0 million for utility, maintenance, other temporary services and all other general office expenses. The request is \$134 more than enacted, which includes \$3,000 more from restricted receipts and \$2,866 less from federal funds. *The Governor recommended \$50,175 more than requested from restricted receipts. This includes \$2,346 more for miscellaneous expenses and \$47,829 available from statewide personnel savings.* **The Assembly concurred.**

Rhode Island Commission on Women

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 99,416	\$ 64,297	-	-
Contracted Services	-	-	-	-
Subtotal	\$ 99,416	\$ 64,297	-	-
Other State Operations	8,046	4,973	-	-
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,000	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 109,462	\$ 69,270	-	-
Sources of Funds				
General Revenue	\$ 109,462	\$ 69,270	-	-
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 109,462	\$ 69,270	-	-
FTE Authorization	1.0	1.0	-	-

Summary. The Rhode Island Commission on Women requested expenditures of \$111,775 from general revenues, which is \$2,313 more than the FY 2010 enacted budget. This includes \$4,311 more for salaries and benefits for a cost-of-living increase and benefit adjustments, consistent with Budget Office instructions. The increase is offset by a \$2,000 reduction for the Women of the Year event in conjunction with the launching of the Rhode Island Commission on Women Project. The project recently received a 501(c)3 tax exempt status to fundraise and support the goals and mission of the Commission on Women. The request is \$2,000 less than the Budget Office's FY 2011 current service target of \$113,775.

*As recommended in his FY 2010 revised budget, the Governor proposed to eliminate funding for the paid support staff for the volunteer commission effective February 27, 2010. **The Assembly concurred.***

Office of Health and Human Services

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 7,591,403	\$ 6,276,939	\$ 6,710,440	\$ 6,602,402
Contracted Services	1,608,780	1,625,864	494,200	494,200
Subtotal	\$ 9,200,183	\$ 7,902,803	\$ 7,204,640	\$ 7,096,602
Other State Operations	190,506	74,382	71,107	71,107
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 9,390,689	\$ 7,977,185	\$ 7,275,747	\$ 7,167,709
Sources of Funds				
General Revenue	\$ 3,621,896	\$ 3,263,120	\$ 3,528,201	\$ 3,420,163
Federal Aid	4,484,003	3,853,419	2,873,533	2,873,533
Restricted Receipts	1,284,790	860,646	874,013	874,013
Other	-	-	-	-
Total	\$ 9,390,689	\$ 7,977,185	\$ 7,275,747	\$ 7,167,709
FTE Authorization	74.1	52.9	75.6	75.6

Summary. The Office requested \$7.5 million from all sources or \$1.9 million less than enacted, including \$41,550 more from general revenues and 75.6 full-time equivalent positions, 1.5 more than enacted. The request is \$105,028 less than the Budget Office's current service target of \$3,768,474.

The FY 2010 enacted budget assumes that certain federal funds and restricted receipts awarded to other health and human services agencies could be transferred to the Office of Health and Human Services' budget to support some of its expenses. The Office indicated difficulty in obtaining the funds and shifted the cost of 22.0 full-time equivalent positions to the Department of Human Services' budget to address the shortfall.

*The Governor recommended \$7.3 million from all funds, \$2.1 million less than enacted and \$0.2 million less than requested. He included 75.6 positions. **The Assembly reduced general revenues expenses by \$108,038 to reflect additional turnover savings and the statewide assessed fringe benefit adjustment.***

Federal Poverty Guidelines. The federal poverty guidelines are used for purposes of determining financial eligibility for certain state and federal programs, including several programs in state agencies under the Office of Health and Human Services. The 2010 guidelines are shown in the following table.

Percent of Federal Poverty Level based on Annual Income									
Family Size	125%	150%	175%	180%	185%	200%	225%	235%	250%
1	\$ 13,538	\$ 16,245	\$ 18,953	\$ 19,494	\$ 20,036	\$ 21,660	\$ 24,368	\$ 25,451	\$ 27,075
2	18,213	21,855	25,498	26,226	26,955	29,140	32,783	34,240	36,425
3	22,888	27,465	32,043	32,958	33,874	36,620	41,198	43,029	45,775
4	27,563	33,075	38,588	39,690	40,793	44,100	49,613	51,818	55,125
5	32,238	38,685	45,133	46,422	47,712	51,580	58,028	60,607	64,475
6	36,913	44,295	51,678	53,154	54,631	59,060	66,443	69,396	73,825
7	41,588	49,905	58,223	59,886	61,550	66,540	74,858	78,185	83,175
8	46,263	55,515	64,768	66,618	68,469	74,020	83,273	86,974	92,525

For families with more than 8 members, add \$3,740 for each additional member for the 100 percent calculation.

Stimulus – Enhanced Medicaid. The enacted budget included general revenue savings of \$192.2 million for medical services for the enhanced Medicaid rate included in the American Recovery and Reinvestment Act of 2009. The enhanced Medicaid rate will sunset on December 31, 2010, after which, states will be reimbursed for medical services at their regular Medicaid rates.

The current service adjustments provided by the Budget Office include \$95.9 million in additional general revenues to adjust for the lower Medicaid match.

The Governor assumed general revenue savings of \$95.3 million from the continuation of the enhanced Medicaid rate until June 30, 2011, which is included in President Obama’s budget submission but still requires congressional approval. The Governor’s budget did not include proposals to address a shortfall if this is not approved or the structural deficits when the \$190.7 million enhancement ends and the regular Medicaid rate applies.

The FY 2011 enacted budget assumes general revenue savings of \$107.6 million from a six-month extension to the enhanced Medicaid rate. At the time the FY 2011 budget became law, Congress had not taken action to extend the enhancement. The Assembly included Section 16 of Article 1 to authorize the Governor to institute across the board reductions to all state agencies with general revenue appropriations if the enhanced Medicaid rate is not extended, or Congress does not adopt an alternate program achieving similar state savings by December 31, 2010. The reductions would be proportional to the agency’s statewide general revenue appropriation. The Assembly reserved the authority to alter the appropriations to achieve similar reductions

Staffing. The Office requested 75.6 positions, 1.5 more than enacted and added back the secretary position, which was eliminated in the Office’s enacted budget. It also added 0.5 positions to adjust for 2.0 legal positions incorrectly included in the enacted budget as 1.5 positions.

The state reports that the enacted budget includes staffing of 74.1 positions. As of pay period ending December 5, 2009, the Office had 32.1 positions reported as vacant. It should be noted that while the enacted budget assumed the transfers of 4.0 positions to the Governor’s Office, and those positions are being charged to the Governor’s Office, they appear as filled positions in the Office of Health and Human Services. Adjusting for the four positions, the Office of Health and Human Services actually has 38.0 filled positions, leaving 36.1 positions unaccounted. These positions are funded through the Executive Office; however, they are counted as employees in the agencies that they were to be transferred from, primarily the Department of Human Services. It is unclear why this situation persists. *The Governor provided the requested level of 75.6 positions. This assumes the continued inclusion of the positions in question. The Assembly concurred. It did correct the staffing for FY 2010.*

Payroll Shifts to the Department of Human Services’ Budget. The Office shifted \$1.2 million in salary and benefit expenses to the Department of Human Services’ budget for 22.0 positions that the Office is unable to support because of difficulty obtaining certain federal and restricted receipt sources

from other agencies. However, the request does not transfer the 22.0 positions to the Department of Human Services' budget. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Salaries and Benefits. The Office requested \$0.5 million more than enacted, \$0.3 million more from general revenues for all other salary and benefit expenses totaling \$8.0 million from all sources. The request funds 52.6 positions leaving a 0.5 position vacant. The request assumes \$44,309 in savings from the vacant position and includes salary and benefit adjustments consistent with Budget Office planning values and other step and longevity increases. *The Governor reduced requested funding by \$0.3 million for the six-month delay in the cost-of-living adjustment, four pay reduction days and a lower medical benefit rate.* **The Assembly included \$100,000 in additional savings from staff vacancies.**

Medicaid Health Information Exchange Grant. The Office requested \$0.5 million, or \$1.2 million less from federal funds for the Medicaid Health Information Exchange grant to support a statewide health information exchange network. The project is in coordination with the Department of Human Services and provides funding to HP Enterprise (formerly Electronic Data Systems) to install web based technology in the state's nursing facilities. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Operating Expenses. The Office requested \$37,890 for all other operating expenses, \$61,055 less from all sources including \$18,726 less from general revenues. The enacted budget includes federal funds and restricted receipts that were not available to be spent by the Office and the Office reduced its expenses supported from these sources. *The Governor added \$35,417 to the request to reflect federal sources that may become available from the reduction to statewide personnel costs.* **The Assembly concurred.**

Department of Children, Youth and Families

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Program				
Central Management	\$ 7,352,149	\$ 6,345,676	\$ 6,788,678	\$ 6,713,049
Child Welfare	182,465,228	173,983,050	169,404,961	168,813,418
Juvenile Corrections	36,157,617	33,786,686	35,749,955	37,325,472
Children's Behavioral Health	21,574,661	26,136,248	24,751,050	24,546,234
Higher Education Opportunity Grants	200,000	200,000	200,000	200,000
Total	\$ 247,749,655	\$ 240,451,660	\$ 236,894,644	\$ 237,598,173
Expenditures by Category				
Salaries and Benefits	\$ 72,349,178	\$ 63,824,369	\$ 71,338,482	\$ 69,253,826
Contracted Services	4,667,416	4,244,719	3,952,669	4,183,242
Subtotal	\$ 77,016,594	\$ 68,069,088	\$ 75,291,151	\$ 73,437,068
Other State Operations	9,003,418	9,423,171	8,332,511	8,633,633
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	160,291,569	162,003,565	151,146,002	150,902,492
Capital	1,438,074	955,836	2,124,980	4,624,980
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 247,749,655	\$ 240,451,660	\$ 236,894,644	\$ 237,598,173
Sources of Funds				
General Revenue	\$ 158,822,427	\$ 152,284,086	\$ 155,086,402	\$ 153,046,095
Federal Aid	85,504,945	84,988,948	77,912,449	77,855,163
Restricted Receipts	2,203,059	2,512,807	2,005,793	2,306,915
Other	1,219,224	665,819	1,890,000	4,390,000
Total	\$ 247,749,655	\$ 240,451,660	\$ 236,894,644	\$ 237,598,173
FTE Authorization	700.0	658.5	700.0	691.0

Summary. The Department of Children, Youth and Families requested \$247.3 million from all funds, including \$168.5 million from general revenues, \$76.5 million from federal funds, \$2.0 million from restricted receipts, \$0.3 million from Rhode Island Capital Plan funds, and 700.0 full-time equivalent positions. This is \$251,702 less than the Budget Office's current service target of \$168,750,664.

This includes \$10.5 million from all funds, \$5.5 million from general revenues for services that the Department has indicated that it failed to budget for when preparing its request last year, as well as additional funds for foster care and adoption. The Department also requested additional funds for salaries and benefits to reflect a 3.0 percent cost-of-living adjustment and changes to medical benefits and retirement rates consistent with Budget Office planning values. The Department was able to achieve its Budget Office current service target through reductions to placements, operating expenses, and turnover savings. *The Governor recommended \$236.9 million from all sources, including \$155.1 million from general revenues, \$77.9 million from federal funds, \$2.0 million from restricted receipts, \$1.9 million*

from Rhode Island Capital Plan funds, and the enacted level of 700.0 full-time equivalent positions. The recommendation is \$13.4 million less than requested from general revenues.

The Assembly included \$237.6 million from all sources, which is \$0.7 million more than the Governor's recommendation. This includes \$2.0 million less from general revenues and \$0.1 million less from federal funds, offset by \$0.3 million more from restricted receipts and \$2.5 million more from Rhode Island Capital Plan funds. Changes include additional turnover savings, the inclusion of an indirect cost rate of 5.0 percent, and the transfer of funding for a new Training School for girls from the Department of Administration's budget. It also reduced authorized positions to 691.0 to reflect a 10.0 percent reduction to all vacant positions.

Stimulus – Enhanced Medicaid. The enacted budget included general revenue savings of \$192.9 million for medical services, including \$8.5 million for the Department of Children, Youth and Families from the enhanced Medicaid rate included in the American Recovery and Reinvestment Act of 2009. The enhanced Medicaid rate will sunset on December 31, 2010, after which states will be reimbursed for medical services at their regular Medicaid rates.

The current service adjustments provided by the Budget Office included \$95.9 million in additional general revenues to adjust for the lower Medicaid match, of which \$4.6 million is for the Department of Children, Youth and Families.

The Governor assumed general revenue savings of \$95.3 million, including \$7.3 million in the Department of Children, Youth and Families from a continuation of the enhanced Medicaid rate until June 30, 2011 which is included in President Obama's budget submission but still requires congressional approval. The Governor's budget did not include proposals to address a shortfall if this is not approved or the structural deficits when the \$190.7 million enhancement ends and the regular Medicaid rate applies.

The FY 2011 enacted budget assumes general revenues savings of \$107.6 million, including \$3.7 million in the Department of Children, Youth and Families, from a six-month extension to the enhanced Medicaid rate. At the time the FY 2011 budget became law, Congress had not taken action to extend the enhancement. The Assembly included Section 16 of Article 1 to authorize the Governor to institute across the board reductions to all state agencies with general revenue appropriations if the enhanced Medicaid rate is not extended, or Congress does not adopt an alternate program achieving similar state savings by December 31, 2010. The reductions would be proportional to the agency's statewide general revenue appropriation. The Assembly reserved the authority to alter the appropriations to achieve similar reductions.

Indirect Cost Recovery Rate for Federal Grants. Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, through the application of a negotiated indirect cost rate. The Departments of Health, Elementary and Secondary Education and Environmental Management take advantage of this allowance to lower state general revenue costs. Current law mandates that all state agencies shall apply for the rate when it is allowed under the particular federal grant. The Department did not have an approved indirect cost rate for its federal grants. *The Governor's recommendation also did not include an approved indirect rate.*

The Assembly included general revenue savings of \$0.3 million assuming an indirect rate of not less than 5.0 percent on federal grants from the Department complying with current law and applying for and receiving a negotiated indirect rate. The Assembly shifted general revenue expenditures to indirect recovery rate restricted receipts and reduced federal funds accordingly.

Staffing

Salaries and Benefits – Juvenile Corrections. The Department requested \$25.6 million from all sources for salary and benefit expenditures in the Juvenile Corrections program, including \$25.4 million from general revenues and \$0.2 million from federal funds. This is \$0.8 million more than enacted primarily from general revenues. The request assumes Budget Office planning values for medical benefits and retirement rates, \$0.3 million more than enacted from turnover savings, and a 3.0 percent cost-of-living increase for FY 2011. The request includes the enacted level of 243.0 full-time equivalent positions.

The Governor recommended \$24.4 million from all sources, including \$24.2 million from general revenues. This is \$1.3 million less than requested to reflect four pay reduction days, the six-month deferral of the cost-of-living increase, and a lower rate for medical benefits.

He subsequently requested an amendment to include savings of \$171,683 from eight pay reduction days and the six-month deferral of the cost-of-living increase for teachers in the Howard Teachers Union.

The Assembly further reduced expenses by \$0.7 million to include additional turnover savings and a reduced assessed fringe benefit rate.

Salaries and Benefits – Child Welfare. The Department requested \$42.8 million from all sources for salary and benefit expenditures in the Child Welfare program, including \$26.8 million from general revenues and \$16.0 million from federal funds. This is \$1.6 million more than enacted, including \$0.2 million from general revenues and \$1.4 million from federal funds. The request assumes Budget Office planning values for medical benefits and retirement rates, \$0.5 million more than enacted from turnover savings, and a 3.0 percent cost-of-living increase for FY 2011. It also includes a shift of \$1.6 million, \$0.8 million from general revenues, from grants to salaries and benefits in the Temporary Assistance to Needy Families program, consistent with historical spending to correct an error in the enacted budget. The request includes the enacted level of 400.0 full-time equivalent positions.

*The Governor recommended \$41.0 million from all sources, including \$25.5 million from general revenues. This is \$1.8 million less than requested to reflect four pay reduction days, the six-month deferral of the cost-of-living increase, and a lower rate for medical benefits. **The Assembly further reduced expenses by \$0.8 million to include additional turnover savings and a reduced assessed fringe benefit rate.***

Salaries and Benefits – Behavioral Health. The Department requested \$2.2 million from all sources for salary and benefit expenditures in the Behavioral Health program, including \$1.6 million from general revenues and \$0.6 million from federal funds. This is \$20,775 less than enacted, including \$15,378 from general revenues and \$5,397 from federal funds. The request assumes Budget Office planning values for medical benefits and retirement rates, \$0.1 million more than enacted from turnover savings, and a 3.0 percent cost-of-living increase for FY 2011. The request includes the enacted level of 19.0 full-time equivalent positions.

*The Governor recommended \$2.1 million from all sources, including \$1.6 million from general revenues. This is \$0.1 million less than requested to reflect four pay reduction days, the six-month deferral of the cost-of-living increase, and a lower rate for medical benefits. **The Assembly further reduced expenses by \$47,139 to include additional turnover savings and a reduced assessed fringe benefit rate.***

Salaries and Benefits – Central Management. The Department requested \$4.0 million from all sources for salary and benefit expenditures in the Central Management program, including \$2.6 million from general revenues and \$1.4 million from federal funds. This is \$0.2 million less than enacted, including \$117,588 from general revenues and \$40,451 from federal funds. The request assumes Budget Office planning values for medical benefits and retirement rates, \$0.1 million more than enacted from turnover

savings, and a 3.0 percent cost-of-living increase for FY 2011. The request includes the enacted level of 38.0 full-time equivalent positions.

The Governor recommended \$3.9 million from all sources, including \$2.5 million from general revenues. This is \$0.1 million less than requested to reflect four pay reduction days, the six-month deferral of the cost-of-living increase, and a lower rate for medical benefits.

The Assembly further reduced general revenues and increased restricted receipts by \$0.3 million to reflect inclusion of a 5.0 percent indirect cost rate, as well as \$0.1 million less from general revenues for additional turnover savings, and a reduced assessed fringe benefit rate.

Placements

Within the Child Welfare and Behavioral Health programs, the Department provides community based services and residential services to dependent, neglected or abused children, or children at risk of abuse and neglect, as well as therapeutic services to seriously emotionally disturbed children. These services include day care, foster care, adoption, emergency shelters, group homes, residential treatment centers, supervised apartment programs, counseling, independent living programs, and services to help youth transition from the Department's care.

Day Care Program Exclusion. The Department requested \$5.1 million from all sources, \$3.5 million from general revenues for day care services, which it neglected to include in its enacted budget request due to an oversight. This is for an average of 97 children per day. In FY 2009, the Department spent \$5.0 million on these services, an average of \$97,031 per week. Day care services include providing care for a child outside of their home for any part of a day, by a person other than the child's parents or legal guardians. Day care centers are licensed and certified by the Department to ensure the health, safety and well-being of children while in care outside of their home. *The Governor recommended funding as requested. The Assembly concurred.*

18 to 21 Year Olds. The Department requested \$14.2 million for services provided to youth between the ages of 18 and 21 years old. This is \$0.7 million more than enacted, including \$0.3 million from general revenues and \$0.4 million from federal funds. This increase is consistent with the FY 2010 revised request; however, there is a shift from federal funds to general revenues because the enhanced Medicaid match rate will not be available after December 31, 2010. The revised request includes a reduction in state-only services, resulting in a general revenue savings of \$0.1 million. The same reduction is projected in the FY 2011 request; however, it is offset by the Medicaid rate change. At the end of the first quarter of FY 2010, there were 230 youth in this population being served. At the close of FY 2009, the Department was providing service to approximately 276 youth in this age group; 267 youth were being served at the start of FY 2008.

The Governor recommended funding essentially as requested; however, he shifted general revenues to federal funds based on the extension of the enhanced Medicaid match rate through June 30, 2011. The Assembly concurred.

Purchased Placements. The Department requested \$2.9 million less from all sources, \$0.9 million more from general revenues and \$3.8 million less from federal funds. The request is consistent with the FY 2010 revised request; however, there is a shift from federal funds to general revenues because the enhanced Medicaid match rate will not be available after December 31, 2010. As the following table demonstrates, the number of purchased placements has decreased from an average of 501 in FY 2008 to an average of 440 in FY 2009.

Average Annual Purchased Placements				
	FY 2007	FY 2008	FY 2009	FY 2010*
Specialized Foster Care	167	184	179	131
RI Residential	136	167	158	137
MA Residential	116	113	83	58
Other Out-of-State Residential	38	36	20	17
Total	457	501	440	343

*Average as of January 4, 2010

Purchased placements include in-state and out-of-state residential placements, as well as specialized foster care. The Department indicated that as it moves youth to less restrictive placements, it has seen an increase in placements that are state-only funded programs and a reduction in Medicaid eligible services. The enacted budget included savings from reducing these placements by approximately 50 percent and reinvesting half of the savings into community-based services, which are less expensive. *The Governor recommended funding essentially as requested; however, he shifted general revenues to federal funds based on the extension of the enhanced Medicaid match rate through June 30, 2011. The Assembly concurred.*

Foster Care and Adoption. The Department requested \$33.9 million from all sources, including \$22.2 million from general revenues and \$11.7 million from federal funds for foster care and adoption services. This is \$1.0 million less than enacted; however, it includes \$3.9 million more from general revenues and \$4.8 million less from federal funds. This is consistent with the FY 2010 revised request; however, there is a shift from federal funds to general revenues because the enhanced Title IV-E match rate will no longer be available as of December 31, 2010. The Department indicated that the estimate is based on actual expenditures from FY 2009. It also indicated that the use of the state-only foster care program expenses has increased and Title IV-E reimbursable services have been reduced by approximately 5.0 percent. The average amount of foster care placements at the end of the first two quarters of FY 2010 is 1,108. The average placements for FY 2009 and FY 2008 were 1,160 and 1,276, respectively. The following chart identifies each type of foster care and the average number of placements per year.

Average Annual Children Foster Care				
	FY 2007	FY 2008	FY 2009	FY 2010*
Court Ordered Non-Relative	9	6	4	1
Court Ordered Relative	72	54	47	34
Non-Relative	561	511	498	451
Private Agency	171	159	163	177
Relative	682	546	449	446
Total	1,495	1,276	1,160	1,108

* Average of first two quarters of FY 2010

The Department submitted a corrective action plan to resolve its FY 2010 revised budget shortfalls which included shifting program expenses paid from state resources to unspent federal funds that were carried forward. The Department indicated that these were one-time savings and will not be available for FY 2011.

The Governor recommended \$1.4 million less than requested from all sources, including savings of \$337,000 from phase two of the system of care transformation, which involves building a network of community based providers that will strengthen supports provided to children and families with the goal of reducing the length of time that children are in out-of-home placements. He also included \$32,856 less in state only foster care expenses and a shift of \$1.0 million from state only funds to Title IV-E funds based on an increase in Title IV-E reimbursable services. Additionally, he shifted general revenues to federal funds based on the extension of the enhanced Medicaid match rate through June 30, 2011. The Assembly concurred.

Family Service Units/Child Protective Services. The Department requested \$1.8 million from general revenues for the four family service units and for child protective services. This is \$0.6 million more than enacted reflecting the Department's policy to work with families to prevent removing a child from its home. The family services units are located in Providence, Bristol, North Kingstown, and Pawtucket. The offices are located around the state because it allows social workers better access to families in crisis and to the major agency providers whose services supplement and support the Department's efforts to improve family functioning. As more children are moved from residential placements back to their homes or to community based settings, additional funds for these units become necessary. These costs are offset by the savings from reductions to more expensive residential services. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Child Welfare Community Based Services. The Department requested \$9.0 million from all sources, including \$2.8 million from general revenues, \$4.2 million from federal funds, and \$2.0 million from restricted receipts for other community based placements in the Child Welfare program. This includes a shift of \$1.6 million from grants to salaries and benefits in the Temporary Assistance to Needy Families program, which are historically used to fund personnel. Excluding this reclassification, the request is \$0.5 million less than enacted, including \$0.4 million less general revenues.

General revenue savings are the result of the elimination of the services that are duplicated in the Family Care and Community Partnership program, which is included in the Child Welfare residential program item. Services are designed to prevent family dysfunction, abuse, neglect, and to preserve children's placements in their own homes and in foster homes. Additionally, community based services are designed to divert adolescents from the Juvenile Justice System and intensive supervision services. *The Governor recommended funding essentially as requested.*

The Assembly concurred, with the exception of reducing federal funds by \$0.1 million from the use of an indirect cost recovery rate of not less than 5.0 percent.

Residential Placements. Residential placements include emergency shelters, group homes, high end residential placements, independent living programs, and diagnostic assessment services. It also includes residential treatment centers that provide services to seriously behaviorally disturbed youth, including 24-hour treatment and care, with programs tailored to individual, group and family therapy, behavior modification, special education and recreational therapy. These services are included in both the Child Welfare and Behavioral Health programs. The Department has indicated that these programs often provide services to the same population of children.

In its FY 2010 revised request, the Department expected to further reduce residential placements in both the Child Welfare and the Behavioral Health programs by \$2.0 million at an average placement cost of \$230 per day. This equates to approximately 24 placements. At the end of the second quarter, it had an average of 758 placements filled. During FY 2008 and FY 2009, there was an average of 896 and 826 placements filled, respectively.

Average Annual Residential Placements				
Placements	FY 2007	FY 2008	FY 2009	FY 2010 *
Diagnostic Assessment Services	3	3	1	1
Emergency Shelter	110	111	93	74
Group Homes	351	330	321	328
High End Residential Treatment	294	274	229	174
Independent Living Contracted	116	33	36	27
Semi-Independent Living	63	56	55	57
Residential Treatment Center	75	89	92	97
Total	1,012	896	826	758
<i>*Average of first two quarters of FY 2010</i>				

The Department submitted a corrective action plan to resolve its FY 2010 revised budget shortfalls which included shifting program expenses paid from state resources to unspent federal funds that were carried forward. The Department indicated that these were one-time savings and will not be available for FY 2011.

Child Welfare Residential Placements. The Department requested \$40.7 million from all sources for Child Welfare residential placements, including \$27.3 million from general revenues and \$13.4 million from federal funds. This is \$3.7 million less than enacted and consistent with the FY 2010 revised request; however, there is a shift from federal funds to general revenues because the enhanced Medicaid match rate will not be available after December 31, 2010. Services are offered from emergency shelters, group homes, residential treatment centers, supervised apartment programs, therapeutic foster care programs, and independent living programs at over 70 locations.

The Governor recommended \$11.5 million less than enacted and \$7.8 million less than requested from all sources. This includes \$9.7 million in savings from phase two of the system of care transformation, which involves building a network of community based providers that will strengthen supports provided to children and families with the goal of reducing the length of time that children are in out-of-home placements. He also included savings of \$63,185 from a 5.0 percent across-the-board rate reduction for one quarter of FY 2011 for child care providers and shifted general revenues to federal funds based on the extension of the enhanced Medicaid match rate through June 30, 2011.

The Assembly did not adopt the 5.0 percent rate reduction and restored \$63,185 from all sources, including \$44,349 from general revenues. It concurred with the remainder of the recommendation.

Behavioral Health Residential Placements. The Department requested \$8.4 million from all sources, including \$5.4 million from general revenues and \$2.9 million from federal funds for Behavioral Health residential placements. This is \$1.1 million less than enacted and is consistent with the revised request; however, there is a shift from federal funds to general revenues because the enhanced Medicaid match rate will not be available after December 31, 2010. Savings were included in the enacted budget by converting residential placements into community-based services. Residential treatment services for seriously behaviorally disturbed youth provide around the clock treatment and care with programs tailored to individual, group and family therapy, behavior modification, special education and recreational therapy.

The Governor recommended funding essentially as requested; however, he shifted general revenues to federal funds based on the extension of the enhanced Medicaid match rate through June 30, 2011.

He also submitted legislation in Article 22 of 2010-H 7397 which amends current law to authorize psychiatric hospitals, under certain conditions, to share with the Department confidential healthcare

documents of children in its care. He did not include any savings from this proposal. The Assembly concurred and included the legislation as Article 14 of 2010-H 7397, Substitute A, as amended.

Independent Living Program. The Department requested \$0.7 million from federal funds for the Independent Living program, consistent with the enacted amount. This program provides services for youth between the ages of age 16 and 18 that are transitioning from the Department's care. These services includes vocational training, work experience, and day-to-day experiences, such as managing financial, medical, housing, transportation, and recreation needs. As of the second quarter of FY 2010, there was an average of 27 youth in this program; in FY 2009 there was an average of 36 youth. In FY 2008 and FY 2007, there was an average of 33 youth and 116 youth, respectively. *The Governor recommended funding as requested. The Assembly concurred, with the exception of reducing federal funds by \$36,505 from the use of an indirect cost recovery rate of not less than 5.0 percent.*

Bradley Exclusion. The Department requested \$5.4 million from all sources, \$2.0 million from general revenues for Bradley Group Homes, which it neglected to include in its enacted budget request due to an oversight. There are five group homes for up to 27 youth, ages 8 to 21, who present with chronic behavior disorders of varying degrees, in addition to a developmental disability. In FY 2009, the Department spent \$5.4 million on Bradley expenses. *The Governor recommended funding as requested. The Assembly concurred.*

Project Hope and Project Reach. The Department requested \$4.1 million from all sources, including \$2.5 million from general revenues and \$1.6 million from federal funds for Project Hope and Project Reach. This is \$0.6 million less than enacted from general revenues and \$10,662 more from federal funds. Project Hope is an aftercare program that targets youth with emotional disturbances who are returning to their homes and communities from the Rhode Island Training School. Project Reach provides wraparound services through community mental health centers. These programs are eligible for a Medicaid match through the global waiver. Funding for Project Hope has been reduced because many of the services that the program provides are provided in the Family Care and Community Partnership program, which is included in the Child Welfare residential programs. *The Governor recommended funding as requested. The Assembly concurred.*

Other Behavioral Health Community Based Services. The Department requested \$2.3 million from all sources, including \$0.6 million from general revenues and \$1.7 million from federal funds for other behavioral health community based services. This includes \$12,000 more from general revenues and \$220,349 less from federal funds. These services include grants to improve education, reduce child abuse, and prevent violence in schools. The adjustments to grant awards are based on revised spending projections. *The Governor recommended funding as requested. The Assembly concurred, with the exception of reducing federal funds by \$0.1 million from the use of an indirect cost recovery rate of not less than 5.0 percent.*

Positive Education Partnerships. The Department requested \$0.9 million from federal funds for the Positive Education Partnership grant. This is \$0.6 million less than enacted, consistent with prior grant awards. This grant funds a network of providers that facilitate community-based services and supports that help with the challenges of children and youth with serious mental health needs and their families. *The Governor recommended funding as requested. The Assembly concurred, with the exception of reducing federal funds by \$50,000 from the use of an indirect cost recovery rate of not less than 5.0 percent.*

Training School

Training School Placements. The Department requested \$6.0 million from all sources, including \$3.8 million from general revenues and \$2.2 million from federal funds for expenditures for juveniles at the

training school, including medical, counseling, and educational services. This is \$1.0 million more than enacted, including \$0.6 million from general revenues and \$0.4 million from federal funds, consistent with the revised request; however, it includes a shift from federal funds to general revenues because the enhanced Medicaid match will not be available as of December 31, 2010.

The Department indicated that this is based on actual FY 2009 expenditures, and it believed that the enacted budget was underestimated. In FY 2009, the Department spent \$5.6 million from all funds, \$3.5 million from general revenues on these placements. The following chart shows the population for the first day of the first, second, and third quarter in FY 2010. This is not an annual comparison because the population cap was not in effect until all of the children were moved into the training school.

Training School Population				
	Males	Females	Total	Over/ Under Cap
Assembly Population Cap*	148	12	160	-
January 1, 2008	146	16	162	2
April 1, 2008	159	13	172	12
July 1, 2008	164	19	183	23
October 1, 2008	142	15	157	(3)
January 1, 2009	146	13	159	(1)
April 1, 2009	156	12	168	8
July 1, 2009	135	24	159	(1)
October 1, 2009	132	14	146	(14)
January 1, 2010	98	10	108	(52)
<i>*Effective March 2009</i>				

The Governor recommended funding essentially as requested; however, he shifted general revenues to federal funds based on the extension of the enhanced Medicaid match rate through June 30, 2011. He also added \$0.2 million from federal funds for the New Hope Diner Project. This is an introductory vocational program to explore potential employment opportunities for high risk youth offenders within the Training School.

*He subsequently requested an amendment to shift \$20,000 from federal funds to FY 2010 to begin the New Hope Diner Project. **The Assembly concurred, with the exception of reducing federal funds by \$10,744 from the use of an indirect cost recovery rate of not less than 5.0 percent.***

Probation and Parole. The Department requested \$2.9 million from general revenues, \$0.9 million less than enacted for youth that are released from the training school and require some period of supervision in a community based program. The Department indicated that the cost of treating juveniles in the community is significantly less than keeping them in a residential placement. These services include day programs, youth diversionary programs, and community-based residential placements. As of December 11, 2009, there were 1,101 youth on probation and parole; as of December 29, 2008, there were 1,259 youth on probation and parole. *The Governor recommended funding as requested. **The Assembly concurred.***

Training School – Operating Expenses. The Department requested \$2.1 million from all sources, including \$2.1 million from general revenues and \$44,972 from federal funds for operating expenses at the training school. This is \$0.4 million less than enacted, primarily from general revenues. The Department has indicated that the request is based on revised spending projections for various expenses, including maintenance and repairs of the training school and staff training. *The Governor recommended funding essentially as requested; however, he added \$0.1 million more than requested from federal funds to reflect additional funds available through federal special education sources for training services. **The***

Assembly concurred, with the exception of reducing federal funds by \$2,177 from the use of an indirect cost recovery rate of not less than 5.0 percent.

Other Operating

Rental and Lease Expenses. The Department requested \$2.7 million from all sources, including \$2.6 million from general revenues for rental and lease costs of Department buildings. This is \$0.5 million less than enacted from general revenues to reflect reductions to leased office space. This is consistent with the revised request. *The Governor recommended funding essentially as requested.* **The Assembly concurred.**

Social Worker Training. The Department requested \$1.0 million from all sources, including \$0.3 million from general revenues and \$0.7 million from federal funds for social worker training classes at the Child Welfare Institute at Rhode Island College. This is \$252,673 less than enacted to reflect revised spending projections. *The Governor recommended funding as requested.* **The Assembly concurred.**

Transportation Expenses. The Department requested \$1.6 million from all sources, including \$1.5 million from general revenues for transportation expenses for social workers on site visits. This is \$50,166 more than enacted and includes \$0.5 million for the maintenance of the vehicles and \$1.1 million for mileage expenses. Staff at the Department can use a state vehicle for visits; however, if one is not available then they use their personal vehicles and are reimbursed for mileage. *The Governor recommended funding essentially as requested; however, he reduced general revenues for mileage reimbursements by \$61,174.* **The Assembly concurred.**

Communication Expenses. The Department requested \$1.2 million from all sources, including \$1.1 million from general revenues for communication and computer expenses. This is consistent with the enacted budget and is 51.5 percent less than FY 2009 actual expenditures. *The Governor recommended funding essentially as requested; however, he reduced general revenues for cellular phone expenses by \$83,356.* **The Assembly concurred.**

Data Collection Program. The Department requested \$1.1 million primarily from federal funds for data collection programs. This is \$0.2 million less than enacted to reflect revised spending projections based on actual expenditures for the past two years. This includes funding for the Statewide Automated Child Welfare Information System, which automates the collection of federally mandated child welfare data and provides support for the delivery and management of child welfare services. *The Governor recommended funding as requested.* **The Assembly concurred.**

Clothing Expenses. The Department requested \$0.6 million primarily from general revenues for clothing expenses for foster children. This is \$88,676 less than enacted and is consistent with FY 2009 actual expenditures. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Operating. The Department requested \$2.1 million from all sources, including \$1.5 million from general revenues and \$0.6 million from federal funds for operating expenses not previously noted. This is \$0.2 million less than enacted primarily from federal funds. These expenses include security, legal, and clerical services, as well as various other operating expenses. *The Governor recommended funding essentially as requested; however, he included an additional \$0.2 million from federal funds to reflect additional funds available from statewide personnel savings. He subsequently requested an amendment to add \$245,000 from federal funds for the Nurse-Family Partnership program, which will support the Family Care and Community Partnership initiative.* **The Assembly concurred.**

Capital Projects. The Department requested \$0.3 million from Rhode Island Capital Plan funds for fire code upgrades at youth group homes. This is \$1.0 million less than enacted. Additional information is

included in the Capital Budget section of this report. *The Governor recommended \$1.9 million from Rhode Island Capital Plan funds for four projects. This is \$1.6 million more than requested to include additional funds for facility upgrades at Camp E-Hun-Tee, the Groden Center, the North American Family Institute, and group homes. He subsequently requested an amendment to shift \$2.5 million from Rhode Island Capital Plan funds for a new Girls Training School from the Department of Administration's budget to the Department of Children, Youth and Families' budget. Projects are described in detail in the Capital Budget Section of this report.* **The Assembly concurred.**

Department of Elderly Affairs

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 2,872,192	\$ 2,131,830	\$ 2,931,245	\$ 2,530,924
Contracted Services	72,149	195,956	184,121	184,121
Subtotal	\$ 2,944,341	\$ 2,327,786	\$ 3,115,366	\$ 2,715,045
Other State Operations	619,623	870,500	485,488	738,809
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	21,847,563	24,127,849	23,571,330	23,160,239
Capital	111,639	102,624	98,503	98,503
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 25,523,166	\$ 27,428,759	\$ 27,270,687	\$ 26,712,596
Sources of Funds				
General Revenue	9,920,687	\$ 7,822,399	\$ 10,806,690	\$ 10,100,599
Federal Aid	15,210,364	18,512,017	16,333,157	15,936,066
Restricted Receipts	392,115	1,094,343	130,840	675,931
Other	-	-	-	-
Total	\$ 25,523,166	\$ 27,428,759	\$ 27,270,687	\$ 26,712,596
FTE Authorization	31.0	29.5	31.0	31.0

Summary. The Department of Elderly Affairs requested \$27.3 million from all sources, including \$10.9 million from general revenues, \$16.0 million from federal funds, \$0.4 million from restricted receipts, and 31.0 full-time equivalent positions. This is \$1.8 million more than enacted, including \$0.9 million more from general revenues and \$0.8 million more from federal funds. This is consistent with the Budget Office current service target of \$10.9 million.

The Governor recommended \$27.3 million from all sources, \$1.7 million more than enacted, including \$0.9 million more from general revenues, \$1.1 million more from federal funds, and \$0.3 million less from restricted receipts. He also recommended the enacted level of 31.0 full-time equivalent positions.

The Assembly included \$26.7 million from all sources, including \$10.1 million from general revenues, \$15.9 million from federal funds, and \$0.7 million from restricted receipts. This is \$0.6 million less than the Governor's recommendation.

Stimulus – Enhanced Medicaid. The enacted budget includes general revenue savings of \$192.9 million for medical services, including \$0.9 million for the Department of Elderly Affairs from the enhanced Medicaid rate included in the American Recovery and Reinvestment Act of 2009. The enhanced Medicaid rate will sunset on December 31, 2010 after which states will be reimbursed for medical services at their regular Medicaid rates.

The current service adjustments provided by the Budget Office include \$95.9 million in additional general revenues to adjust for the lower Medicaid match of which \$0.4 million is for the Department of Elderly Affairs.

The Governor assumed general revenue savings of \$95.3 million, including \$0.9 million in the Department of Elderly Affairs from a continuation of the enhanced Medicaid rate until June 30, 2011 which is included in President Obama's budget submission but still requires congressional approval. The Governor's budget did not include proposals to address a shortfall if this is not approved or the structural deficit that occurs when the \$190.7 million enhancement ends and the regular Medicaid rate applies.

The FY 2011 enacted budget assumes general revenues savings of \$107.6 million, including \$0.4 million in the Department of Elderly Affairs, from a six-month extension to the enhanced Medicaid rate. At the time the FY 2011 budget became law, Congress had not taken action to extend the enhancement. The Assembly included Section 16 of Article 1 to authorize the Governor to institute across the board reductions to all state agencies with general revenue appropriations if the enhanced Medicaid rate is not extended, or Congress does not adopt an alternate program achieving similar state savings by December 31, 2010. The reductions would be proportional to the agency's statewide general revenue appropriation. The Assembly reserved the authority to alter the appropriations to achieve similar reductions.

Salaries and Benefits. The Department requested \$3.2 million from all sources, including \$1.6 million from general revenues and \$1.6 million from federal funds for all salaries and benefits for 31.0 full-time equivalent positions. This is \$0.4 million more than enacted from all sources of funds including \$31,712 more from general revenues and \$333,263 less from federal funds. This includes savings of \$6,809 from adjustments to medical benefit and retirement rates consistent with Budget Office planning values, offset by a 3.0 percent cost-of-living increase for FY 2011. Neither the enacted budget nor the request includes any turnover savings.

*The Governor recommended \$141,168 more than enacted and \$223,807 less than requested to reflect four pay reduction days, the six month deferral of the cost-of-living increase, and a lower rate for medical benefits. He did not include any turnover savings. **The Assembly concurred; however, it reduced general revenues and increased restricted receipts by \$0.4 million to reflect the inclusion of a 5.0 percent indirect cost recovery rate. It also reduced expenses by \$2,000 to reflect savings from a reduced assessed fringe benefit rate.***

Pharmaceutical Assistance to the Elderly. The Department requested \$1.2 million from general revenues and \$0.4 million from restricted receipts for the pharmaceutical assistance program for FY 2011. This includes an additional \$84,275 to more accurately reflect anticipated claims activities. This was inadvertently understated in the enacted budget.

The Rhode Island Pharmaceutical Assistance to the Elderly program pays 60 percent of the drug costs for individuals in the lowest income category. The state also pays 30 percent and 15 percent for the second lowest and highest income categories, respectively. The eligibility categories include individuals age 65 or older who meet the income categories limits and individuals between the ages of 55 and 64 receiving Social Security Disability Insurance.

Rhode Island Pharmaceutical Assistance to the Elderly							
	Income Limits		Benefits				
	Single	Couple	Formulary		Non Formulary Drugs		Other
			State	Client	State	Client	
Age 65 or older	\$ 19,765	\$ 24,735	60%	40%	-	100%	Catastrophic*
	\$ 24,838	\$ 31,050	30%	70%	-	100%	No
	\$ 43,470	\$ 49,679	15%	85%	-	100%	No
Age 55 to 65	Receiving SSDI		15%	85%	-	100%	No

*After the client's co-payments for that year exceed \$1,500, the state pays 100 percent of the formulary drug cost above that amount.

As of January 1, 2009, all clients were mandated to enroll in Medicare Part D and utilize it as the primary payer, with the Pharmaceutical Assistance program as the secondary payer. The Pharmaceutical Assistance program provides coverage for Part D clients that reach the “donut hole” until they reach the “catastrophic coverage” period. The “donut hole” refers to the gap in many Medicare Part D plans during which the client must pay 100 percent out-of-pocket for drug purchase costs. This gap occurs once covered medication costs have reached a certain level. This level is specific to each Part D plan. Clients remain in the “donut hole” until their out-of-pocket costs hit another level, which is defined as the “catastrophic coverage” period. At that point the Part D coverage resumes.

The program began as a pilot program in 1985 and provided a 60 percent subsidy on a limited number of drugs for eligible clients. Currently, Section 42-66.2-3 of the Rhode Island General Laws limits eligible drugs to the following classification categories: cardiac drugs, hypotensive drugs, diuretics, anti-diabetic agents, insulin, disposable insulin syringes, vasodilators (cardiac indications only), anticoagulants, hemorreologic agents, glaucoma drugs, drugs for the treatment of Parkinson's disease, antilipemic drugs and oral antineoplastic drugs and drugs for the treatment of asthma and other chronic respiratory diseases and prescription vitamin and mineral supplements for renal patients, and drugs approved for the treatment of alzheimer's disease, drugs used for the treatment of depression, those drugs approved for the treatment of urinary incontinence, anti infectives, drugs used for the treatment of arthritis, drugs approved for the treatment of osteoporosis, and neuraminidase inhibiting drugs indicated for the treatment of influenza A and B, and injectible drugs for multiple sclerosis.

The Governor recommended \$1.6 million from general revenues and \$0.1 million from drug rebate restricted receipts. This is \$0.2 million more than enacted and \$0.2 million more than requested, including a shift of \$0.2 million from restricted receipts to general revenues based on increased use of generic drugs, funding to more accurately reflect anticipated claims activities, and an increase in the cost of eligible drugs. The Assembly reduced recommended general revenues by \$307,000 and increased drug rebates by \$148,000 to more accurately reflect program expenditures based on updated data through the third quarter of FY 2010.

Home Care Services. The Department requested \$2.5 million from all sources, including \$1.2 million from general revenues for the home care program. This is \$0.2 million more than enacted, relating to growth in the program. The Department projected that it will pay for 148,832 hours of service in FY 2011, which is 8,814 hours or 6.3 percent more than paid for in FY 2009 and 5,015 or 3.5 percent more than its estimate for FY 2010.

As of July 1, 2009 the co-payment rate schedule is based on the program recipient's income level. Level 1 covers individuals and couples earning less than 125.0 percent of the federal poverty level or less than \$13,537 and \$18,212 per year. Level 2 covers individuals and couples earning less than 200.0 percent of the federal poverty level or less than \$21,660 and \$29,140 per year. The home care rate is \$4.50 per hour for income level 1 and \$7.50 per hour for income level 2. This program serves low-income elders who pay a portion of the hourly cost of home care services, including bathing, dressing, household chores and ambulatory needs. *The Governor recommended funding as requested. The Assembly concurred.*

Adult Day Care Services. The Department requested \$2.0 million from all sources, including \$0.9 million from general revenues for the Adult Day Care Services program. This is \$0.3 million more than enacted relating to growth in the program. The Department projected that it will pay for 38,816 days of service in FY 2011, which is 2,229 days or 6.9 percent more than paid for in FY 2009 and 1,131 or 3.0 percent more than its estimate for FY 2010.

As of July 1, 2009 the co-payment rate schedule is based on the program recipient's income level. Level 1 covers individuals and couples earning less than 125.0 percent of the federal poverty level or less than \$13,537 and \$18,212 per year. Level 2 covers individuals and couples earning less than 200.0 percent of the federal poverty level or less than \$21,660 and \$29,140 per year. The adult day care rate schedule is \$7.00 per day for income level 1 and \$11.50 per day for income level 2. This program serves low-income elders who pay a portion of their day care services.

*The Governor recommended funding essentially as requested; however, he restored \$77,366 from general revenues to fully fund the program. These funds had been excluded from the Department's request and excluded from the current service calculation. **The Assembly concurred.***

Case Management Services. The Department requested \$1.1 million from all funds, including \$0.5 million from general revenues for elder case management. This is \$0.1 million more than enacted, including a shift of \$0.2 million to federal funds to leverage Medicaid available for previously state only services through the Rhode Island Consumer Choice Global Waiver. This is offset by a \$29,983 replacement of federal stimulus funds with general revenues due to the expiration of the enhanced match rate. Case Management programs assist older Rhode Islanders who wish to remain at home as long as possible. *The Governor recommended funding essentially as requested; however, he reduced general revenues by \$0.1 million to properly reflect the Medicaid match rate. **The Assembly concurred.***

Home and Community Care Medicaid Waiver Services. The Department requested \$8.2 million from all funds, \$3.6 million from general revenues and \$4.6 million from federal funds for the provision of subsidized home and community care to low income elders through the home and community based waiver program. This is \$0.8 million more than enacted from general revenues. This program funds eligible individuals who have been accepted into the assisted living waiver home and community care program but do not have a bed in a facility and continue to require nursing home level of care. The Department indicated that this program has been directly impacted by the Global Waiver, specifically from the initiative to move individuals from long term care facilities to assisted living facilities. This also includes a \$0.4 million replacement of federal stimulus funds with general revenues due to the expiration of the enhanced match rate.

*The Governor recommended funding essentially as requested; however, he did not replace federal stimulus funds with general revenues based on the assumption that the enhanced match rate will not expire until June 30, 2011. **The Assembly concurred.***

Indirect Cost Recovery Rate for Federal Grants. Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, through the application of a negotiated indirect cost rate. The Departments of Health, Elementary and Secondary Education and Environmental Management take advantage of this allowance to lower state general revenue costs. Current law mandates that all state agencies shall apply for the rate when it is allowed under the particular federal grant. The Department did not have an approved indirect cost rate for its federal grants. *The Governor's recommendation also did not include an approved indirect rate.*

The Assembly included general revenue savings of \$0.4 million assuming an indirect rate of not less than 5.0 percent on federal grants from the Department complying with current law and applying

for and receiving a negotiated indirect rate. The Assembly shifted general revenue expenditures to indirect recovery rate restricted receipts and reduced federal funds accordingly.

Title III B Older Americans Act Grants. The Department's request includes \$1.6 million or \$139,909 more than enacted for the Older Americans Act Title III Part B grants due to anticipated carry forward funds from FY 2010. These federal grants are used to support a variety of services and programs for seniors. Other services include case management, legal assistance, outreach, and community senior activities. *The Governor recommended funding essentially as requested; however, he included an additional \$15,163 from federal funds to reflect additional funds available from statewide personnel savings.* **The Assembly concurred, with the exception of reducing federal funds by \$133,644 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Home Delivered Meals - Meals on Wheels. The Department requested \$1.1 million from all sources, including \$0.9 million from federal funds. This is \$0.1 less than included in the FY 2010 enacted budget for home delivered meals through the Rhode Island Meals on Wheels program because of the elimination of stimulus funds and revised spending projections. Meals on Wheels receives funding for home delivered meals as well as for the congregate meal sites and senior nutrition programs. The request includes the enacted level of \$201,400 from general revenues from a community service grant. *The Governor recommended funding as requested.* **The Assembly concurred, with the exception of reducing federal funds by \$46,669 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Nutrition Services. The Department requested \$2.2 million from federal funds for congregate meal sites. The request is \$0.3 million less than included in the FY 2010 enacted budget because of the elimination of stimulus funds. This funding (formerly through the United States Department of Agriculture) provides for meal reimbursements to senior nutrition programs, funds for home delivered meals for seniors 60 or older and funds for over 75 congregate meals sites for seniors 60 or older. *The Governor recommended funding as requested.* **The Assembly concurred, with the exception of reducing federal funds by \$108,000 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Senior Health Insurance Program. The Department requested \$172,033 from federal funds, which is \$0.1 million less than included in the FY 2010 enacted budget for the senior health insurance program. The decrease is based on revised program expenses. Utilization of this program, which provides information and assistance with health insurance problems to Medicare beneficiaries and older adults, has increased since FY 2008 with the requirement of mandatory enrollment in Part D. *The Governor recommended funding essentially as requested; however, he included an additional \$214 from federal funds to reflect additional funds available from statewide personnel savings.* **The Assembly concurred, with the exception of reducing federal funds by \$12,088 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Aging and Disability Resource Center. The Department requested \$227,209 from federal funds to extend and expand its Aging and Disability Resource Center. This Center is locally known as the Point. The Point's goal is to provide information and referrals to a statewide network of programs for seniors, adults with disabilities, and caregivers. These are new federal grants that will improve knowledge of the problems and needs of the elderly, help ensure adequately trained personnel in the field of aging, and demonstrate better ways of improving the quality of life for the elderly. *The Governor recommended funding essentially as requested; however, he included an additional \$500 from federal funds to reflect additional funds available from statewide personnel savings.* **The Assembly concurred with the exception of reducing federal funds by \$13,589 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Medicare Outreach and Enrollment Assistance Grants. The Department requested \$159,832 from federal funds for Medicare Outreach and Enrollment Assistance grants. These grants are available through the Medicare Improvements for Patients and Providers Act. The purpose of these grants is to provide targeted outreach to clients who may be eligible for the Medicare Savings program and the “Extra Help” program and who are not yet enrolled. The Medicare Outreach grant is for \$66,660 and the Medicare Enrollment Assistance grant is for \$89,936. These programs are for people with limited income and resources that pay some or all of Medicare’s premiums. The programs help pay monthly premiums, annual deductibles, and prescription co-payments related to a Medicare prescription drug plan. *The Governor recommended funding as requested.* **The Assembly concurred, with the exception of reducing federal funds by \$7,991 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Other Program Grants. The Department requested \$1.5 million from federal funds for other grant adjustments. This amount includes \$43,796 less than enacted from federal funds. The FY 2011 request includes slight adjustments to the disease prevention grant, the family caregiver support grant, the Rhode Island one stop grant, the senior Medicare patrol project, as well as various other federal grants. These adjustments are based on revisions to projected expenses and funding carried forward from FY 2010. *The Governor recommended funding as requested.* **The Assembly concurred, with the exception of reducing federal funds by \$75,110 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Other State Operations. The Department requested \$0.3 million for operating expenses, which is \$29,237 less than enacted. This includes \$29,197 less from general revenues and \$40 less from federal funds. The request includes adjustments to miscellaneous expenses including postage, staff training, computer software, printing and advertising, and general offices expenses based on revised spending projections. *The Governor recommended funding essentially as requested; however, he included an additional \$2,556 from federal funds to reflect additional funds available from statewide personnel savings.* **The Assembly concurred.**

Community Service Grants. The Department requested \$1.1 million from general revenues for community service grants. This is a \$16,000 reduction that the Department indicated was made in error. *The Governor did not include the reduction to community service grants.* **The Assembly concurred.**

Department of Health

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Program				
Central Management	\$ 13,576,490	\$ 23,813,795	\$ 13,632,390	\$ 13,434,583
Comm. & Family Health & Equity	83,352,478	84,194,767	62,600,660	67,797,136
Environmental & Health Service Reg.	16,058,712	15,642,154	16,981,648	16,507,916
Health Laboratories	7,979,912	8,098,007	8,400,435	8,237,036
Infectious Disease and Epidemiology	4,474,187	4,551,120	4,505,983	4,420,840
Public Health Information	4,294,023	3,406,314	3,578,868	3,480,415
State Medical Examiner	2,574,989	2,858,850	2,865,845	2,268,882
Total	\$ 132,310,791	\$ 142,565,007	\$ 112,565,829	\$ 116,146,808
Expenditures by Category				
Salaries and Benefits	\$ 41,623,299	\$ 38,466,411	\$ 41,196,501	\$ 40,831,392
Contracted Services	14,517,823	22,564,772	14,848,919	14,711,083
Subtotal	\$ 56,141,122	\$ 61,031,183	\$ 56,045,420	\$ 55,542,475
Other State Operations	34,401,542	38,212,994	33,549,053	34,103,102
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	41,159,432	41,519,383	21,728,101	25,257,976
Capital	608,695	1,801,447	1,243,255	1,243,255
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 132,310,791	\$ 142,565,007	\$ 112,565,829	\$ 116,146,808
Sources of Funds				
General Revenue	\$ 29,554,572	\$ 26,959,269	\$ 28,572,462	\$ 27,624,903
Federal Aid	77,831,370	89,689,148	58,814,531	63,259,111
Restricted Receipts	24,693,437	25,753,580	25,082,953	25,082,953
Other	231,412	163,010	95,883	179,841
Total	\$ 132,310,791	\$ 142,565,007	\$ 112,565,829	\$ 116,146,808
FTE Authorization	414.6	397.4	416.7	410.7

Summary. The Department of Health requested FY 2011 expenditures of \$135.2 million or \$2.9 million more than the enacted budget. The request includes \$1.0 million more from general revenues, \$1.6 million more from federal funds, \$0.5 million more from restricted receipts and \$0.3 million less from other funds. The Department requested 427.7 full-time equivalent positions, 13.1 more than enacted. The request is \$212,614 above the Budget Office's FY 2011 target of \$30,321,306.

The Governor recommended \$112.6 million, which is \$19.7 million less than enacted and \$22.6 million less than requested. He included 11.0 positions less than requested primarily from a program shift to the Department of Human Services. This is \$2.0 million less from general revenues, \$20.6 million less federal funds, \$0.1 million less restricted receipts and \$1,456 less Rhode Island Capital Plan funds.

The Assembly included \$116.1 million from all sources, \$3.6 million more than recommended. This includes \$0.1 million less from general revenues, \$4.4 million more from federal funds and \$83,958 more from restricted receipts. Changes reflect turnover and contract service savings, restoration of HIV funds, additional funds for the Crime Lab and Women’s Cancer Screening and new federal initiatives. It also reduced authorized positions to 410.7 primarily to reflect eliminating 10.0 percent of vacant positions.

Staffing. The Department’s request includes authorization for 427.7 full-time equivalent positions, 13.1 more than the enacted budget. Staffing and the associated funding are allocated among the Department’s programs based on the work they are doing which may include multiple program areas. For this reason portions of positions could appear in two or more programs. The FY 2010 enacted distribution of positions was largely based on the Department’s budget submission in the fall of 2008 with adjustments included in the Governor’s budget recommendations and the Assembly’s final enactment. The Department’s request for FY 2011 includes numerous shifts among programs primarily from changes in cost allocations, elimination of vacancies, renaming of positions and addition of new positions.

The request did not identify the new positions identified separately from the series of changes noted above. Additionally, in the months since the Department’s request was submitted, staffing allocations have changed. It appears that the Department’s budget request is more reflective of the staffing distribution at the time of the submission than a plan for the anticipated activities for the budget year. Because of this lack of clarity the analysis attempts to describe the total change in a program area from the enacted assumptions, even though that may differ from what the Department’s current plans are.

The following chart shows the progression of full-time equivalent position totals by program from the enacted budget to the request. A more detailed analysis of Department staffing costs and changes is included in the individual program sections that follow.

Programs	FY 2010	FY 2011		Change to Governor
	Enacted	Governor Rec.	FY 2011 Assembly	
Central Management	40.5	48.2	(1.0)	47.2
Community Family Health & Equity	132.6	123.0		123.0
Environmental & Health Service Reg.	119.9	120.9		120.9
Health Laboratories	56.9	61.5		61.5
Infectious Disease and Epidemiology	26.2	24.1		24.1
Public Health Information	22.6	22.6		22.6
State Medical Examiner	15.9	16.4		16.4
Vacancy Reductions			(5.0)	(5.0)
Changes to Enacted	414.6	416.7	(6.0)	410.7

*The Governor recommended 416.7 full-time equivalent positions, 0.1 more than enacted and 11.0 less than requested. This reflects the shift of 12.0 positions from the Department of Health to the Department of Human Services to administer the Women, Infant and Children nutrition program offset by the addition of a legal counsel position, consistent with the revised recommendation. **The Assembly did not concur with the new legal position and further reduced positions by 5.0 which is equivalent to 10.0 percent of vacancies.***

Stimulus – Enhanced Medicaid. The enacted budget included general revenue savings of \$192.2 million for medical services, including \$0.1 million for the Department of Health for the enhanced Medicaid rate included in the American Recovery and Reinvestment Act of 2009. The enhanced Medicaid rate will sunset on December 31, 2010, after which, states will be reimbursed for medical services at their regular Medicaid rates.

The current service adjustments provided by the Budget Office include \$95.9 million in additional general revenues to adjust for the lower Medicaid match, of which \$55,931 is for the Department of Health. It appears that the Department did not include the general revenues increase in its request.

The Governor assumed general revenue savings of \$95.3 million, \$0.1 million for the Department of Health's budget from the continuation of the enhanced Medicaid rate until June 30, 2011, which is included in President Obama's budget submission but still requires congressional approval. The Governor's budget did not include proposals to address a shortfall if this is not approved or the structural deficits when the \$190.7 million enhancement ends and the regular Medicaid rate applies.

The FY 2011 enacted budget assumes general revenue savings of \$107.6 million, including \$0.1 million in the Department of Health, from a six-month extension to the enhanced Medicaid rate. At the time the FY 2011 budget became law, Congress had not taken action to extend the enhancement. The Assembly included Section 16 of Article 1 to authorize the Governor to institute across the board reductions to all state agencies with general revenue appropriations if the enhanced Medicaid rate is not extended, or Congress does not adopt an alternate program achieving similar state savings by December 31, 2010. The reductions would be proportional to the agency's statewide general revenue appropriation. The Assembly reserved the authority to alter the appropriations to achieve similar reductions

Central Management

Staffing. The Department requested \$2.7 million from all sources for salaries and benefits for 47.3 positions. This is 6.8 more positions than the enacted budget, including 3.1 positions resulting from reallocations among programs and 3.7 new positions to support the administrative functions of the division. The request is \$0.7 million more than enacted from all sources, including \$42,705 more from general revenues and reflects use of \$0.7 million more from indirect cost recovery restricted receipts to avoid requesting increased general revenues for the added positions. It should be noted that the increase of restricted receipts could be used to reduce general revenue expenses. The change also reflects a cost-of-living adjustment, step increases and updated benefit rates consistent with FY 2011 planning values.

The Governor recommended \$28,810 more than requested from all sources. This includes \$91,541 more from general revenues which includes \$131,997 for a new legal counsel position consistent with his FY 2010 revised recommendation offset by savings of \$23,010 from general revenues and \$62,731 less from restricted receipts to reflect savings from a six month delay in the cost-of-living adjustment, four pay reduction days and a lower rate for medical benefits. The Assembly did not include the new legal counsel position or funding and reduced general revenues by a total of \$0.2 million, including \$63,073 from additional turnover and \$2,734 from statewide assessed fringe benefit savings.

Pandemic Flu. The Department requested \$2.3 million from all sources, \$0.1 million less than enacted and 6.0 full-time equivalent positions for pandemic flu responses, including H1N1 activities. This includes \$0.9 million more from federal funds to reflect updated grant awards offset by the reduction of \$1.0 million from restricted receipts that was used at the start of the H1N1 outbreak to purchase vaccines and N-95 masks to supply to area hospitals. *The Governor recommended \$820 less than requested from all sources. This reflects \$1,003 less from savings from a six month delay in the cost-of-living adjustment, four pay reduction days and a lower rate for medical benefits offset by reallocating \$183 from federal funds available from those statewide personnel savings to other uses. The Assembly concurred.*

Bioterrorism. The Department requested \$7.0 million from federal funds and 6.0 full-time equivalent positions for bioterrorism preparedness. This is \$0.8 million less to reflect renewed and increased grant

awards to support hospitals and healthcare entities to plan for, respond to, and recover from mass casualty events, offset by the reduction in available federal funds from the Health Resources and Services Administration that were used to support H1N1 activities. *The Governor recommended \$73,288 less than requested from federal funds. This reflects \$90,487 less from savings from a six month delay in the cost-of-living adjustment, four pay reduction days and a lower rate for medical benefits offset by reallocating \$17,199 from federal funds available from those statewide personnel savings to other uses.* **The Assembly concurred.**

Community Service Grants. The Department requested the enacted level of \$583,718 from general revenues for community service grants. These grants are for community agencies and amounts are designated by the General Assembly. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Operations. The Department requested \$1.2 million from all sources for all other operations within Central Management. This is \$0.4 million more than enacted and includes the enacted level of \$0.3 million from general revenues, \$0.1 million less from federal funds and \$0.5 million more from restricted receipts. The Department's request reflects use of \$0.5 million from indirect cost recovery restricted receipts to avoid requesting additional general revenues for new expenses not included in other program areas nor included in the enacted budget. Program expenses include maintenance, outside legal, information technology, general office expenses and other temporary staff. *The Governor eliminated \$144,000 from a one-time expense for swine flu antiviral medication appropriated in FY 2010 offset by reallocating \$16,907 from additional restricted receipts available from those statewide personnel savings to other uses.* **The Assembly concurred.**

Community and Family Health and Equity

HIV/AIDS Drugs and Supportive Services. The Department requested \$8.9 million from all sources for HIV/AIDS drugs and related supportive services. This is \$1.0 million more than enacted and includes \$0.2 million more from the Ryan White grant and \$0.8 million more from anticipated drug rebate collections. The changes reflect the 7.7 percent inflationary increase in the drug formulary and a 3.0 percent cost-of-living adjustment and updated benefit rates for its 4.9 full-time equivalent positions. Supportive services include community based case management social services and emergency assistance for housing and basic needs for those affected by AIDS or HIV. Other expenses include medications to all active patients, clinical services, dental services, drug and treatment adherence, screening and testing, mental health services, nutrition assistance, outpatient and ambulatory health services, health insurance premium and cost-sharing assistance, home health care, hospice care and substance abuse outpatient care.

The Governor recommended \$1.5 million less from all sources, and included \$1.2 million less from general revenues for supportive services to reflect elimination of general revenue support for that component. The change also includes \$314,738 less federal funds, \$303,140 to adjust for an incorrect Medicaid reimbursement calculation, \$11,598 to reflect savings from a six month delay in the cost-of-living adjustment, four pay reduction days and a lower rate for medical benefits. **The Assembly restored \$1.5 million, including \$0.7 million from general revenues that will be matched by \$0.8 million of Medicaid funds for supportive services.**

HIV/AIDS Prevention. The Department requested \$1.8 million from federal funds for HIV/AIDS prevention. This is \$124,809 less than enacted. This reflects a 3.0 percent cost-of-living adjustment, step increases and updated benefit rates consistent with FY 2011 planning values for its 6.7 full-time equivalent positions. It also includes a reduction to HIV community contracts in order to achieve general revenue savings. Services include early detection, such as screening, testing and partner notification of persons who are HIV positive, referral to treatment and care services, prevention for persons living with

HIV and viral hepatitis and prevention for high-risk individuals. It also includes community capacity building activities and harm reduction activities such as the needle exchange program.

*The Governor recommended \$16,608 less than requested from federal funds. This reflects \$22,699 less from a six month delay in the cost-of-living adjustment, four pay reduction days, a lower rate for medical benefits offset by reallocating \$6,091 from federal funds available from those statewide personnel savings to other uses. **The Assembly concurred.***

HIV/AIDS Monitoring. The Department requested \$0.3 million from federal funds, \$40,049 more than enacted. This reflects a 3.0 percent cost-of-living adjustment, step increases and updated benefit rates consistent with FY 2011 planning values for its 1.6 full-time equivalent positions and increased general office expenses. Expenses include the monitoring of incidence, prevalence of HIV/AIDS, HIV/AIDS mortality among people of all ages, behaviors related to HIV testing, risks and exposures to HIV infection, access to care, and monitoring and investigating perinatal HIV exposure in infants. *The Governor recommended \$4,480 less from federal funds than requested. This reflects savings of \$5,361 from a six month delay in the cost-of-living adjustment, four pay reduction days, a lower rate for medical benefits offset by reallocating \$881 from federal funds available from those statewide personnel savings to other uses. **The Assembly concurred.***

Health Promotion and Chronic Disease Management. The Department requested \$10.1 million from all funds for health promotion and chronic disease prevention programs. This is \$0.3 million more than enacted and includes \$0.1 million less from general revenues. The request includes \$285,706 from federal funds to add 3.0 new full-time equivalent positions. This includes 1.0 to provide tobacco prevention training and technical assistance and 2.0 for violence and injury prevention activities to promote education in public schools and at community based organizations to identify youth at risk for suicide and to implement programs related to motor vehicle and transportation injuries. The remaining changes reflect a 3.0 percent cost-of-living adjustment, step increases and updated benefit rates consistent with FY 2011 planning values to support the 36.0 full-time equivalent positions. This is offset by turnover savings and general revenue reductions to general office expenses and temporary staff.

Expenses for the prevention of chronic and other diseases and injuries include promoting changes to social, political and physical environments to support healthy lifestyles as well as supporting state and local health authorities and other health related organizations in treating chronic diseases, disorders, other preventable health conditions and to promote healthy living.

The Governor recommended \$85,489 less than requested from all sources. This includes \$3,250 less from general revenues to reflect savings from a six month delay in the cost-of-living adjustment, four pay reduction days and a lower rate for medical benefit offset by reallocating \$31,981 from federal funds available from those statewide personnel savings to other uses.

*The Governor subsequently requested an amendment to add \$1,060 for Safe and Active Commuting activities which include bicycle pedestrian usage and safety. It also provides bike helmets for children. **The Assembly added \$100,000 from general revenues, \$40,000 from the remaining funds donated in FY 2010 to the Women's Cancer Screening program and \$60,000 for the Department to develop a Women's Cardiovascular Screening and Risk Reduction Pilot Program.***

Women, Infants and Children Administration and Benefits. The Department requested \$26.4 million from federal funds for the Women, Infants and Children administration and benefits program. The request is \$0.7 million more than enacted. The request includes \$89,085 from federal funds to add 1.0 new full-time health policy analyst to work with agencies that administer the Women, Infants and Children benefits. The request also includes renewed grant awards and a plan to reorganize the method of distributing benefits from paper checks to an automated card system. The remaining changes reflect a 3.0 percent cost-of-living adjustment, step and longevity adjustments and updated benefit rates, consistent

with FY 2011 planning values and turnover savings for its 12.1 positions, of which 10.0 are currently filled.

The 2009 Assembly adopted legislation to transfer this program by March 1, 2010 from the Department of Health to the Office of Health and Human Services; however, the request does not include the transfer of the program.

The Governor recommended \$19.8 million less from federal funds than requested to reflect the shift of three-quarters of the program funding effective October 1, 2010. He included the transfer of 12.0 full-time equivalent positions and \$19.8 million from federal funds from the Department of Health to the Department of Human Services. However, the 2009 Assembly enacted legislation to shift the responsibility of administering the program from the Department of Health to the Office of Health and Human services by March 1, 2010. The Governor's FY 2010 revised budget includes legislation to delay the transfer to the Office of Health and Human Services until October 2010. He did not submit the necessary legislation to shift the program to the Department of Human Services in his FY 2011 budget. The change also reflects the program's three months of savings for its share of a six month delay in the cost-of-living adjustment, four pay reduction days, a lower rate for medical benefits and reallocates \$3,024 from federal funds available from statewide personnel savings to other uses.

*The Governor subsequently requested an amendment that provides the necessary language to shift the program to the Department Of Human Services effective October 1, 2010. **The Assembly concurred and included the change in Sections 1 through 3 of Article 7 2010-H 7397, Substitute A, as amended.***

Other Prenatal and Early Childhood. The Department requested \$5.9 million from all sources and 9.0 full-time equivalent positions, for all other prenatal and early childhood program expenses. These funds support metabolic and hearing screening for newborns, mental health and substance screening for families with school aged children, and focuses on establishing a medical home for children. This is \$0.7 million more than enacted and includes the enacted level of \$50,000 from general revenues, \$709,614 more from federal funds and \$9,851 less from restricted receipts. The request includes \$84,517 from federal funds to add 1.0 new full-time equivalent senior health promotion specialist to manage the newborn screening program. The remaining changes reflect renewed grant awards for all other prenatal and early childhood activities, a 3.0 percent cost-of-living adjustment and updated benefit rates consistent with FY 2011 planning values. These increases are offset by the elimination of \$263,000 from federal funds for training and education services for child support network activities and other temporary staff.

*The Governor recommended \$19,167 less from all sources than requested. This includes \$26,420 less than requested to reflect savings from a six month delay in the cost-of-living adjustment, four pay reduction days, a lower rate for medical benefits offset by reallocating \$7,253 from federal funds available from those statewide personnel savings to other uses. **The Assembly concurred.***

Healthy Homes and Environment. The Department requested \$3.6 million from all sources and 24.0 full-time equivalent positions for its healthy homes and environment program. This is \$154,788 less than enacted and includes \$87,011 less from general revenues. The request includes \$300,165 from federal funds to add 4.0 new full-time equivalent positions, a program service officer designated for the asthma program that will work with landlords to promote healthy housing approaches for children, a community program liaison that will provide coordinated activities for children with elevated blood lead levels, an industrial hygienist and senior industrial hygienist that will work with lead paint activities. The remaining change reflects a reduction in salary expenses as staff has been shifted from working within healthy homes and environment activities to support H1N1 activities. The program primarily focuses on childhood lead poisoning prevention, healthy housing, the licensure certification and compliance, indoor air quality and Occupation Safety and Health Administration consultations.

The Governor recommended \$66,896 less than requested from all sources, \$22,747 less general revenues and full-time equivalent positions as requested. This includes \$83,981 of savings from a six month delay in the cost-of-living adjustment, four pay reduction days and a lower rate for medical benefits offset by reallocating \$17,085 from the federal funds available from statewide personnel savings to other uses.

The Governor subsequently requested an amendment to add \$82,898 for Safe and Active Commuting activities which include bicycle pedestrian usage and safety. It also provides bike helmets for children.

The Assembly concurred.

Immunizations. The Department requested \$19.2 million from federal funds and restricted receipts and 8.0 full-time equivalent positions for immunization activities. This is \$2.0 million less than enacted to reflect a reduction of one-time immunization stimulus funds provided to purchase vaccines. This program provides vaccines to prevent and control vaccine-preventable diseases in Rhode Island by maximizing the number of residents who are fully immunized. *The Governor recommended \$46,726 less than requested from all funds. This includes \$63,659 less to reflect savings from a six month delay in the cost-of-living adjustment, four pay reduction days and a lower rate for medical benefits offset by reallocating \$16,933 from federal funds available from the statewide personnel savings to other uses.*

The Assembly concurred.

All Other Operations. The Department requested \$7.5 million from all sources for all other operations for the Community Family Health and Equity program. This includes 32.7 full-time equivalent positions or 3.3 positions less than enacted to reflect positions reallocated to other divisions. The request is \$478,051 more than enacted and includes \$39,529 more from general revenues. The change reflects \$307,402 more for salaries and benefits for a 3.0 percent cost-of-living adjustment, step increases and updated benefit rates consistent with FY 2011 planning values and \$170,649 for other program operations including an increase for staff training and information technology services.

The Governor recommended \$96,498 less than requested from all funds, \$37,839 less from general revenues. This includes \$117,636 less to reflect savings from a six month delay in the cost-of-living adjustment, four pay reduction days and a lower rate for medical benefits offset by reallocating \$21,138 from federal funds available from statewide personnel savings to other uses.

The Governor subsequently requested an amendment to add \$3.6 million from new federal stimulus funds for four new initiatives which include a tobacco quit line, statewide physical activity, nutrition and tobacco activities, obesity policy and environment activities and communities putting prevention to work.

The Assembly reduced general revenues to reflect \$129,148 from additional turnover savings and \$4,100 from statewide assessed fringe benefit savings.

Environmental and Health Service Regulations

Licensing and Regulations. The Department requested \$1.7 million from all sources and 3.0 full-time-equivalent positions for licensing and regulation activities. This is \$0.1 million more than enacted and includes \$159,710 more general revenues and \$47,777 less restricted receipts. The request adds \$140,000 for legal expenses from increased activity in the hospital conversion program related to the recent affiliation between two area hospitals and two other pending affiliations. It also includes a 3.0 percent cost-of-living adjustment, step increases and updated benefit rates consistent with FY 2011 planning values. Funds are used to support policy determination on all licensing and regulation entities or personnel in Rhode Island, manage certificate of needs operations and Hospital Conversion Act activities.

The Governor recommended \$38,747 less than requested from all funds and full-time positions as requested. This includes \$29,744 less from general revenues to reflect savings from a six month delay in

*the cost-of-living adjustment, four pay reduction days and a lower rate for medical benefits offset by \$3,968 more from federal funds available from statewide personnel savings. **The Assembly further reduced general revenues to reflect elimination of \$120,000 for contracted legal services and \$1,475 from other contract services consistent with the Department's FY 2010 revised corrective action plan.***

Facilities Regulations. The Department requested \$5.2 million from all sources and 42.0 full-time equivalent positions for facilities regulations. This is \$0.6 million more than enacted and includes \$0.1 million more from general revenues and \$0.5 million more from federal funds. This reflects a 3.0 percent cost-of-living adjustment, step increases and updated benefit rates consistent with Budget Office's FY 2011 planning values as well as increases in all other office expenses. Funds are used to support program staff that certifies health care facilities, health service agencies, assisted living residences and adult day care programs and ensure that facilities meet the applicable health and safety, and quality standards and regulations of state and federal law.

*The Governor recommended \$135,890 less than requested from all funds and full-time positions as requested. This includes \$79,302 less from general revenues to reflect savings from a six month delay in the cost-of-living adjustment, four pay reduction days and a lower rate for medical benefits offset by \$20,087 more from federal funds available from statewide personnel savings. **The Assembly reduced contract services by \$4,063 consistent with the Department's FY 2010 revised corrective action plan, and concurred with the remainder of the recommendation.***

Food Protection. The Department requested \$3.0 million or \$189,001 more than enacted from all sources and 24.0 full-time equivalent positions for food protection activities. This is \$189,048 more from federal funds and \$47 less general revenues and includes \$91,249 more from federal funds for a senior public health promotion specialist that will focus on prevention of food born illness at restaurants. The change reflects a 3.0 percent cost-of-living adjustment, step increases and updated benefit rates consistent with Budget Office's FY 2011 planning values, an increase in temporary and other contracted services due to vacancies and other general office expenses. Funds are used to support staff that are responsible for licensing and regulation of 8,000 food establishments from "farm to table" including restaurants, caterers, food markets, bakeries, food processors, dairy producers, bottlers, bottle beverage plants, and health care facilities. The office also conducts inspections and investigates food related disease outbreaks and complaints.

*The Governor recommended \$83,207 less than requested from all funds. This includes \$80,687 less from general revenues to reflect savings from a six month delay in the cost-of-living adjustment, four pay reduction days and a lower rate for medical benefits offset by \$1,418 more from federal funds available from statewide personnel savings. **The Assembly further reduced general revenues by \$0.3 million to reflect additional turnover savings.***

Health Professionals Regulations. The Department requested \$3.2 million from all funds and 28.0 full-time equivalent positions for health professional regulations. This is \$15,571 more from general revenues than enacted. The change reflects turnover savings from vacancies offset by a 3.0 percent cost-of-living adjustment and updated medical and retirement benefits consistent with Budget Office's FY 2011 planning values. Funds are used to support the office which is charged with overseeing the licensure, certification, registration and discipline of more than 80,000 individuals in eight health occupations and 2,600 facilities. The office also oversees the administrative and regulatory functions of 32 licensing boards comprised of 325 members representing the various professions and consumers.

*The Governor recommended \$89,609 less than requested from general revenues to reflect a six month delay in the cost-of-living adjustment, four pay reduction days and a lower rate for medical benefits. **The Assembly further reduced general revenues to reflect \$17,768 from statewide assessed fringe***

benefits and \$19,462 from contracted service savings consistent with the Department's FY 2010 revised corrective action plan.

All Other Regulatory Operations. The Department requested \$4.3 million for all other environmental and health regulation expenses and the remaining 23.9 full-time equivalent positions. This is \$0.4 million more than enacted and includes \$2,856 less from general revenues, \$26,065 less from federal funds, and \$0.4 million more from restricted receipts. The change reflects a 3.0 percent cost-of-living adjustment, step increases and updated benefit rates consistent with Budget Office's FY 2011 planning values, increases for staff training, temporary staff and other general office expenses offset by reductions to technology and legal services.

The Governor recommended \$60,610 less than requested from all funds. This includes \$19,073 less from general revenues to reflect savings from a six month delay in the cost-of-living adjustment, four pay reduction days and a lower rate for medical benefits offset by \$11,772 more from federal funds and restricted receipts available from statewide personnel savings reallocated to other uses. The Assembly concurred.

Health Laboratories

Staffing. The Department requested \$5.8 million for salaries and benefits for health laboratories for 61.5 full-time equivalent positions. This is 4.6 more positions than enacted reflecting 1.4 positions reallocated from other divisions and adds 3.2 full-time equivalent positions to support administrative and clinical lab functions. The expenditure change is \$0.4 million more than enacted from all funds, including \$0.2 million more from general revenues. This reflects a 3.0 percent cost-of-living adjustment, step increases and updated benefit rates consistent with the Budget Office's FY 2011 planning values. *The Governor recommended \$206,457 less than requested from all funds including \$176,257 from general revenues. This reflects savings from a six month delay in the cost-of-living adjustment, four pay reduction days and a lower rate for medical benefits. The Assembly further reduced general revenues by \$0.3 million to reflect statewide assessed fringe benefit and additional turnover savings.*

Forensic Casework DNA Backlog. The Department requested \$0.1 million from federal funds and 17.0 full-time equivalent positions to reduce the DNA backlog. The Department indicated that it anticipates the backlog to continue as a result of decreased staffing. The change reflects the new grant award. The Department indicated that the recent backlog is compounded by the delay in implementing a contract with an outside laboratory to process the overflow of casework. *The Governor recommended funding as requested and added \$1,134 from federal funds available from statewide personnel savings. The Assembly concurred.*

Crime Lab. The Department requested the enacted level of \$675,000 from general revenues for the Crime Lab at the University of Rhode Island. The 2009 Assembly consolidated laboratory functions and shifted funding from the Office of the Attorney General to the Department of Health. *The Governor recommended funding as requested. The Assembly added \$0.1 million from general revenues to support lab functions and included Section 11 of Article 7 2010-H 7397, Substitute A, as amended to require the Department of Administration to conduct a feasibility study on integrating all state lab functions to be completed and submitted by December 1, 2010.*

All Other Operations. The Department requested \$2.0 million from all sources for all other health laboratory expenses. This is \$29,242 more than enacted and includes \$96,982 more from general revenues and \$67,740 less from federal funds. The change reflects an increase for the purchase of medical supplies offset by reductions to staff training and other environmental contracted services. *The Governor recommended funding as requested and added \$7,041 from federal funds available from statewide personnel savings. The Assembly concurred.*

Infectious Disease and Epidemiology

Staffing. The Department requested \$2.6 million from all sources and 24.1 full-time equivalent positions for infectious disease and epidemiology programs. This is 2.1 fewer positions than enacted including the reallocation of 1.0 position to central management and the elimination of 1.1 vacant positions. The expenditure change includes \$42,790 more from general revenues and \$54,542 less from federal funds. The increase reflects a 3.0 percent cost-of-living adjustment, step increases and updated benefit rates consistent with the Budget Office's FY 2011 planning values and savings due to positions filled at lower than anticipated costs. *The Governor recommended \$92,659 less than requested from all funds including \$43,679 from general revenues. This reflects savings from a six month delay in the cost-of-living adjustment, four pay reduction days and a lower rate for medical benefits.* **The Assembly further reduced general revenues by \$85,143 to reflect statewide assessed fringe benefit and additional turnover savings.**

All Other Operations. The Department requested \$2.0 million from all sources for all other infectious disease and epidemiology program expenses. This is \$123,627 more than enacted and includes \$82,075 more from general revenues and \$41,552 more from federal funds. The request reflects an increase in grant awards and \$29,000 for the purchase of other general office expenses. Funds are used to support community programs to identify, test for, track and report all reportable diseases including acute outbreaks, tuberculosis, sexually transmitted diseases, animal bite, rabies, bioterrorism, and public health emergencies. *The Governor recommended funding as requested and added \$12,580 from federal funds available from statewide personnel savings.* **The Assembly concurred.**

Public Health Information

Staffing. The Department requested \$2.0 million from all sources and 22.6 full-time equivalent positions for public health information staffing expenses. The positions are at the enacted level, but because of transfers among programs, are different than the positions included in the enacted budget. The request is \$165,538 more than enacted and includes \$127,678 more from general revenues and \$37,860 more from federal funds to reflect costs associated with the roster changes, a 3.0 percent cost-of-living adjustment, and updated benefit rates consistent with the Budget Office's FY 2011 planning values. *The Governor recommended \$73,874 less than requested from all funds, including \$60,613 from general revenue. This reflects savings from a six month delay in the cost-of-living adjustment, four pay reduction days and a lower rate for medical benefits.* **The Assembly further reduced general revenues by \$73,453 to reflect statewide assessed fringe benefit and additional turnover savings.**

Health Information Technology. The Department requested \$0.9 million from federal funds, \$0.7 million less than enacted, for health information technology. This reflects updated expenditure projections. The health information technology program is responsible for developing systems and/or strategies for Rhode Islanders to have their critical health information accessible when and where it is needed to improve the quality, safety, and value of health care provided in the state. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Operations. The Department requested \$0.7 million from all sources, including \$5,250 less from general revenues and \$130,450 less from federal funds for all other public health information expenses. The change reflects reductions to staff training, computer services, and other general expenses. *The Governor recommended funding as requested and added \$3,129 from federal funds available from statewide personnel savings.* **The Assembly reduced general revenues by \$25,000 for contract services for health data analysis consistent with the Department's FY 2010 revised corrective action plan and concurred with the remainder of the recommendation.**

Medical Examiner's Office

Staffing. The Department requested \$2.0 million from all sources and 16.4 full-time equivalent positions for the Medical Examiner's Office. This includes 0.5 positions more than enacted to reflect the reallocation of 1.0 full-time equivalent position to another division offset by the addition of 1.5 positions. The additional 0.5 position will provide clinical services. The request is \$31,329 less than enacted including \$96,437 less from general revenues and \$65,108 more from federal funds. The change reflects a 3.0 percent cost-of-living adjustment and updated benefit rates consistent with the Budget Office's FY 2011 planning values offset by turnover savings from 2.0 vacant medical examiner positions and 1.0 clerical position. *The Governor recommended \$68,547 less than requested from all funds, including \$66,199 from general revenues. This reflects savings from a six-month delay in the cost-of-living adjustment, four pay reduction days and a lower rate for medical benefits.* **The Assembly further reduced general revenues by \$96,963 to reflect statewide assessed fringe benefit and additional turnover savings.**

Contract Medical Examiners. The Department requested \$0.7 million from all funds, including \$0.5 million more from general revenues for medical examiner office expenses. The increase primarily reflects \$0.5 million more for contracted medical examiner services offset by \$18,739 less from federal funds reflecting a reduction in other temporary staff. The Department has been unsuccessful in filling two vacant medical examiner positions resulting in the need to utilize contract staff to address the workload. It indicated that it plans to use the general revenues available for the full-time equivalent positions to support contract examiners until the positions are filled. The enacted budget includes funds for the 2.0 full-time positions, which is not sufficient to support temporary medical examiner expenses. It should be noted that the Department did not appear to assume offsetting savings from general revenues from the unfilled positions. *The Governor recommended funding as requested.* **The Department expected to have the vacant positions filled by July 1, 2010; therefore the Assembly reduced general revenues by \$0.5 million for contract medical examiners.**

All Other Operations. The Department requested \$90,083 less from all funds for all other program operations. This includes \$123,000 less from general revenues and \$32,917 more from federal funds. The general revenue change reflects exclusion of the \$100,000 for an X-Ray machine provided in the enacted budget as well as a reduction of \$23,000 for a vehicle purchase that was purchased in FY 2010 offset by the purchase of medical supplies. *The Governor recommended funding as requested and added \$554 from federal funds available from statewide personnel savings.* **The Assembly concurred.**

Department of Human Services

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Program				
Central Management	\$ 15,014,441	\$ 15,142,061	\$ 14,830,236	\$ 14,884,479
Child Support Enforcement	10,598,598	10,300,168	9,248,362	9,244,629
Individual and Family Support	87,038,042	105,530,810	107,947,530	143,162,863
Veterans' Affairs	26,059,621	26,081,092	27,640,305	27,611,621
Health Care Quality, Financing and Purchasing	66,702,753	66,361,754	66,955,281	66,133,758
Medical Benefits	1,472,884,630	1,527,089,170	1,506,579,058	1,637,408,400
Supplemental Security Income	20,706,354	22,007,520	22,597,404	19,310,887
Family Independence Program	96,372,800	90,159,918	90,309,451	87,516,116
State Funded Programs	168,132,900	228,624,894	280,072,437	280,032,797
Total	\$1,963,510,139	\$2,091,297,387	\$2,126,180,064	\$2,285,305,550
Expenditures by Category				
Salaries and Benefits	\$ 85,503,845	\$ 78,930,433	\$ 85,888,306	\$ 85,881,969
Contracted Services	50,884,084	50,815,051	52,039,292	52,039,292
Subtotal	\$ 136,387,929	\$ 129,745,484	\$ 137,927,598	\$ 137,921,261
Other State Operations	21,676,306	20,433,748	19,465,790	19,786,267
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,797,737,417	1,933,767,480	1,961,324,989	2,120,136,335
Capital	2,113,750	1,970,938	2,056,950	2,056,950
Capital Debt Service	-	-	-	-
Operating Transfers	5,594,737	5,379,737	5,404,737	5,404,737
Total	\$1,963,510,139	\$2,091,297,387	\$2,126,180,064	\$2,285,305,550
Sources of Funds				
General Revenue	\$ 662,081,602	\$ 663,968,660	\$ 673,746,309	\$ 715,328,654
Federal Aid	1,288,587,124	1,414,399,126	1,439,002,554	1,556,245,695
Restricted Receipts	8,316,413	8,519,601	9,146,201	9,446,201
Other	4,525,000	4,410,000	4,285,000	4,285,000
Total	\$1,963,510,139	\$2,091,297,387	\$2,126,180,064	\$2,285,305,550
FTE Authorization	954.6	919.7	967.6	963.6

Summary. The Department of Human Services requested \$2,172.8 million or \$209.3 million more than enacted, including \$114.0 million more from general revenues, \$95.3 million more from federal funds, \$0.1 million less from restricted receipts, and \$25,000 more from Rhode Island Capital Plan funds. The Department also requested 953.6 full-time equivalent positions, 1.0 position less than enacted. The request is \$14.8 million more than the Budget Office's current service target of \$761.3 million.

The Governor recommended \$2,126.2 million, \$46.6 million less than requested and he anticipated general revenue savings from a continuation of enhanced Medicaid match included in the American Recovery and Reinvestment Act of 2009. He also provided 967.6 positions, 1.0 position more than requested.

The Assembly provided \$2,285.3 million from all sources, \$159.1 million more than the Governor's recommendation, which includes \$18.1 million more for hospitals and \$21.2 million more for managed care, \$71.3 million more for cash and medical assistance expenditures estimated at the May caseload conference, and \$35.2 million from federal Emergency Temporary Assistance to Needy Families funds for a subsidized employment program. The Assembly provided 963.6 full-time equivalent positions, 4.0 fewer than recommended.

Staffing Reduction. The Department's request eliminates 1.0 vacant laborer position for savings of \$56,175 from general revenues. The Governor included the position and the funding in his recommended budget.

The Assembly concurred and added 4.0 time-limited positions to implement the new subsidized employment program, 3.0 full-time equivalent positions to assist with estate recoveries and eliminated 11.0 positions, equivalent to 10.0 percent of the Department's vacancies.

Payroll Shifts from Office of Health and Human Services' Budget. The Department's request shifts \$1.2 million in salary and benefit expenses from the Office of Health and Human Services' budget for 22.0 positions that the Office is unable to support because of difficulty obtaining certain federal and restricted receipt sources from other agencies. However, the request does not transfer the 22.0 positions to the Department of Human Services' budget. The Governor recommended the personnel expenses shift but not the positions, consistent with the request. **The Assembly concurred.**

Federal Poverty Guidelines. The federal poverty guidelines are used to determine financial eligibility for certain state and federal programs including several programs in state agencies under the Office of Health and Human Services. The 2010 guidelines are as shown in the table below.

Percent of Federal Poverty Level based on Annual Income									
Family Size	125%	150%	175%	180%	185%	200%	225%	235%	250%
1	\$ 13,538	\$ 16,245	\$ 18,953	\$ 19,494	\$ 20,036	\$ 21,660	\$ 24,368	\$ 25,451	\$ 27,075
2	18,213	21,855	25,498	26,226	26,955	29,140	32,783	34,240	36,425
3	22,888	27,465	32,043	32,958	33,874	36,620	41,198	43,029	45,775
4	27,563	33,075	38,588	39,690	40,793	44,100	49,613	51,818	55,125
5	32,238	38,685	45,133	46,422	47,712	51,580	58,028	60,607	64,475
6	36,913	44,295	51,678	53,154	54,631	59,060	66,443	69,396	73,825
7	41,588	49,905	58,223	59,886	61,550	66,540	74,858	78,185	83,175
8	46,263	55,515	64,768	66,618	68,469	74,020	83,273	86,974	92,525

For families with more than 8 members, add \$3,740 for each additional member for the 100 percent calculation.

Medical Assistance

The Caseload Estimating Conference met on November 5, 2009 and based on current law, set the FY 2011 medical assistance expenditures at \$1,545.3 million including \$669.8 million from general revenues, which is \$97.6 million more than enacted from all funds and \$107.4 million more from general revenues. This adjusts for the enhanced Medicaid rate that will sunset on December 31, 2010, after which states will be reimbursed for medical services at their regular Medicaid rates.

The Governor recommended \$1,481.3 million, including \$570.1 million from general revenues and \$64.0 million less than the Department's request and the conference estimate. He shifted expenses to federal

funds for the anticipated continuation of the enhanced Medicaid match and made comprehensive changes to the state's Medicaid program consistent with the Rhode Island Global Consumer Choice Compact Demonstration Waiver, or global waiver. The changes are discussed separately.

The Assembly provided \$1,612.1 million from all sources, including \$614.4 million from general revenues. This is \$130.8 million more than the recommendation and \$4.6 million more than the May caseload conference estimate. This includes adjustments for the May caseload conference and any action taken by the Assembly to accept, reject or amend the Governor's proposal.

The following chart itemizes medical assistance expenditures as enacted by the 2010 Assembly, adopted by the caseload estimators and recommended by the Governor along with comparable data for FY 2008 and FY 2009. Each category is discussed separately.

Medical Assistance	FY 2008 Spent	FY 2009 Spent	FY 2010 Final	FY 2011 Gov. Rec.	FY 2011 May CEC	FY 2011 Enacted
Hospitals						
Regular Payments	\$ 141.0	\$ 126.8	\$ 124.4	\$ 78.2	\$ 87.5	\$ 124.0
DSH Payments	125.4	105.6	121.7	124.8	124.8	124.8
Total	\$ 266.4	\$ 232.4	\$ 246.1	\$ 203.0	\$ 212.3	\$ 248.8
Long Term Care						
Nursing and Hospice Care	\$ 314.5	\$ 286.6	\$ 328.0	\$ 286.3	\$ 337.0	\$ 321.7
Home and Community Care	18.3	37.9	53.4	71.0	67.8	70.0
Total	\$ 332.8	\$ 324.5	\$ 381.4	\$ 357.3	\$ 404.8	\$ 391.7
Managed Care						
RIte Care	\$ 428.7	\$ 414.3	\$ 456.8	\$ 480.8	\$ 516.0	\$ 512.0
RIte Share	11.0	12.9	15.7	17.4	17.4	17.4
Fee For Service	101.3	72.5	87.5	92.5	92.5	92.5
Total	\$ 541.0	\$ 499.7	\$ 560.0	\$ 590.8	\$ 626.0	\$ 622.0
Rhody Health	\$ -	\$ 100.9	\$ 154.5	\$ 161.6	\$ 185.0	\$ 180.6
Pharmacy	\$ 42.8	\$ 14.6	\$ 10.9	\$ 11.1	\$ 12.2	\$ 11.2
Pharmacy Part D Clawback	\$ 40.2	\$ 41.6	\$ 26.0	\$ 46.2	\$ 40.8	\$ 35.2
Other Medical Services	\$ 179.3	\$ 149.1	\$ 123.1	\$ 111.4	\$ 126.4	\$ 122.8
Federal Funds	\$ 718.5	\$ 800.9	\$ 927.9	\$ 904.6	\$ 911.2	\$ 990.8
General Revenues	679.7	557.5	568.2	570.1	690.3	614.4
Restricted Receipts	4.3	4.4	5.8	6.6	6.0	6.9
Total	\$ 1,402.5	\$ 1,362.8	\$ 1,501.9	\$ 1,481.3	\$ 1,607.5	\$ 1,612.1

Stimulus – Enhanced Medicaid. The enacted budget included general revenue savings of \$192.9 million for medical services, including \$134.2 million for the Department of Human Services from the enhanced Medicaid rate included in the American Recovery and Reinvestment Act of 2009. The enhanced Medicaid rate will sunset on December 31, 2010, after which states will be reimbursed for medical services at their regular Medicaid rates.

The current service adjustments provided by the Budget Office include \$95.9 million in additional general revenues to adjust for the lower Medicaid match, of which \$68.9 million is for the Department of Human Services.

The Governor assumed general revenue savings of \$95.3 million, including \$70.6 million in the Department of Human Services from a continuation of the enhanced Medicaid rate until June 30, 2011, which is included in President Obama's budget submission but still requires congressional approval. The Governor's budget does not include proposals to address a shortfall if this is not approved or the structural deficits when the \$190.7 million enhancement ends and the regular Medicaid rate applies.

The FY 2011 enacted budget assumes general revenues savings of \$107.6 million, including \$83.0 million in the Department of Human Services, from a six-month extension to the enhanced Medicaid rate. At the time the FY 2011 budget became law, Congress had not taken action to extend the enhancement. The Assembly included Section 16 of Article 1 to authorize the Governor to institute across the board reductions to all state agencies with general revenue appropriations if the enhanced Medicaid rate is not extended, or Congress does not adopt an alternate program achieving similar state savings by December 31, 2010. The reductions would be proportional to the agency's statewide general revenue appropriation. The Assembly reserved the authority to alter the appropriations to achieve similar reductions.

Hospitals

The November Caseload Estimating Conference estimated hospital expenses at \$205.5 million, \$92.3 million from general revenues. The Department's request is consistent with the caseload estimate. This includes \$80.7 million for direct medical services and \$124.8 million for uncompensated care payments to community hospitals and is \$16.8 million less than enacted.

The Governor recommended \$203.0 million, including \$86.8 million from general revenues. This is \$2.5 million less than the caseload estimate and shifts expenses to federal funds from the enhanced Medicaid rate. The Assembly provided \$248.8 million, \$36.5 million more than the May conference estimate and \$45.8 million more than the recommended budget.

Hospitals. The November Caseload Estimating Conference estimated FY 2011 expenditures at \$80.7 million, of which \$33.5 million is from general revenues for the state's 14 community hospitals. The expenditures, as estimated are \$19.9 million less than enacted including \$6.0 million less from general revenues.

The Conference also added back \$3.8 million from all sources to restore unachieved savings for two initiatives assumed in the enacted budget that will not be realized, limiting emergency room visits and reviewing the cases that appear more frequently in a hospital setting. This also includes a \$5.2 million reduction assuming a decrease in hospital expenses for the adjustment for Rhody Health expenses and another \$5.5 million reduction from reduced caseloads for continued enrollment in the care management plans. The estimate also did not include the upper payment limit reimbursement and the state only payment to acute care hospitals since there is no current law for FY 2011 for the state to make those payments. The Department's request reflects the conference estimate.

The Governor recommended \$78.2 million, \$2.5 million less than the caseload estimate, which includes savings from several other proposals which reduce hospital costs, each discussed separately. The Assembly provided \$124.0 million, \$36.5 million more than the May caseload conference estimate and \$45.8 million more than recommended. The Assembly passed Article 15 of 2010-H 7397, Substitute A, as amended and added \$18.1 million for the outpatient upper payment limit reimbursement. The Assembly also included Article 20, Section 2 of the same bill for the state payment of additional uncompensated care costs and added \$8.4 million for two separate payments.
Hospital Reimbursement Rates. The enacted budget assumes applying a rate reduction to the new reimbursement system utilizing the diagnostic related group model that is to be implemented no later than March 30, 2010, and assumes savings of \$2.5 million from reducing the rates paid under the new system. The caseload estimate assumed additional savings of \$5.7 million to annualize the savings. Payments are to be made to hospitals based on diagnoses, procedures and patient age. The Department's request includes the annualized savings.

The Governor's FY 2010 revised budget includes savings of \$2.7 million, including \$1.0 million from general revenues, or 2.3 percent of annual expenses from a temporary rate reduction in the last quarter of FY 2010. *The Governor's FY 2011 recommendation included the \$10.0 million in annualized savings, \$3.6 million from general revenues for the rate reduction. He did not recommend the additional rate reduction as he did in his revised budget.* **The Assembly did not concur with the rate reduction and restored the funding. The Assembly also passed Section 1 of Article 20 of 2010-H 7397, Substitute A, as amended to delay the implementation of the new reimbursement system to July 1, 2010.**

Hospital High Cost Case Review. The enacted budget assumes savings of \$2.0 million from all sources from monitoring higher cost populations and providing appropriate care. The savings were restored at the November Caseload Estimating Conference based on testimony from the Department that the savings related to this proposal could not be achieved. The Department's revised request reflects the conference estimate.

The Governor assumed that the proposal could be implemented and included savings of \$2.0 million, \$0.8 million from general revenues in the recommendation. He also included the same savings in his FY 2010 revised budget. **The Assembly concurred.**

Emergency Room Visits. The Department reimburses community hospitals on a fee-for-service basis for emergency room visits for its elderly and disabled clients. The reimbursements are based on the diagnosis for individuals whose medical conditions do not require hospitalization. The rates are determined based on the severity of patient need ranging from minor medical conditions to life-threatening conditions.

The Governor included savings of \$0.5 million, \$0.2 million from general revenues from monitoring and verifying that the emergency room reimbursements reflect the patient's treatment and condition and higher payments are not being made for less serious diagnoses. He included the same proposal in his revised budget. **The Assembly concurred.**

Neonatal Intensive Care Rates. The Department reimburses Women and Infants Hospital for all neonatal intensive care days for Medicaid eligible infants based upon agreed rates modified by birth weight. The FY 2010 enacted budget assumes savings of \$1.6 million from a five percent rate reduction that was effective April 1, 2009. The Governor assumed savings of \$750,000, including \$270,600 from general revenues from a one-time reduction of five percent for the final two quarters of FY 2010, effective January 1, 2010. *The Governor continued to recommend this change in FY 2010 only and did not reduce the rates in his FY 2011 budget.* **The Assembly concurred.**

Disproportionate Share Payments to Hospitals. The Caseload Estimating Conference added \$3.2 million for a total of \$124.8 million from all sources of funds for the disproportionate share payments for uncompensated care costs to the hospitals. This includes \$58.8 million from general revenues and \$66.0 million from federal funds and correctly funds the amount available for the uncompensated care payments, which was slightly underfunded in the enacted budget. The Department's request reflects the conference estimate.

Funding is provided to Eleanor Slater Hospital and the state's community hospitals through the Department of Human Services. Additional funding for Butler Hospital appears in the budget of the Department of Mental Health, Retardation and Hospitals.

Uncompensated care costs are defined as the sum of the costs incurred by a hospital during the base year for inpatient or outpatient services attributable to charitable care and bad debt for which the patient has no health insurance or third-party liability coverage less payment received directly from patients and costs attributable to Medicaid clients, less Medicaid reimbursements.

The Governor recommended \$124.8 million for the payment, \$3.2 million more than enacted, representing a 2.63 percent increase. **The Assembly adopted Article 15 of 2010-H 7397, Substitute A, as amended and included an FY 2011 payment of \$117.8 million and a FY 2012 payment not to exceed \$125.4 million. The Assembly included \$7.0 million for payment to Eleanor Slater Hospital for total funding of 124.8 million.**

FY 2011 Uncompensated Care	FY 2010 Enacted	FY 2011 Gov. Rec.	FY 2011 Enacted	Change to Gov. Rec.	Change to Enacted
Community Hospitals					
State	\$ 54,307,569	\$ 55,387,985	\$ 55,387,985	\$ -	\$ 1,080,416
Federal	60,312,520	62,383,618	62,383,618	-	2,071,098
Subtotal	\$ 114,620,089	\$ 117,771,603	\$ 117,771,603	\$ -	\$ 3,151,514
Eleanor Slater Hospital					
State	\$ 3,358,043	\$ 3,358,043	\$ 3,358,043	\$ -	\$ -
Federal	3,667,517	3,667,517	3,667,517	-	-
Subtotal	\$ 7,025,560	\$ 7,025,560	\$ 7,025,560	\$ -	\$ -
Upper Payment Limit					
State	\$ 9,207,253	\$ -	\$ 6,467,559	\$ 6,467,559	\$ (2,739,694)
Federal	16,290,539	-	11,593,202	11,593,202	(4,697,337)
Subtotal	\$ 25,497,792	\$ -	\$ 18,060,761	\$ 18,060,761	\$ (7,437,031)
Unqualified Expenses					
State	\$ 3,650,000	\$ -	\$ 8,400,000	\$ 8,400,000	\$ 4,750,000
Federal	-	-	-	-	-
Subtotal	\$ 3,650,000	\$ -	\$ 8,400,000	\$ 8,400,000	\$ 4,750,000
Total	\$ 150,793,441	\$ 124,797,163	\$ 151,257,924	\$ 26,460,761	\$ 464,483

Upper Payment Limit Reimbursements. The Assembly passed Article 33 of 2009-H 5983, Substitute A, as amended to make the upper payment limit reimbursements to the state's community hospitals totaling \$25.5 million from all sources in FY 2010. Since there is no current law to make that payment in FY 2011, the caseload conference did not include an estimate for the payment.

The reimbursement provides adjustments to increase reimbursements to community hospitals by paying a rate that is equal to what Medicaid would pay for the same services. Under current federal regulations, states have great flexibility in setting the Medicaid rates that they pay to nursing homes, hospitals and other providers. The regulations establish that states may pay facilities a total amount up to the level that Medicare would pay for the same services, group facilities together in calculating this upper payment limit, and pay some facilities more than others. This has allowed states to recognize that some public facilities have higher operating costs due to patient populations that are sicker and more likely to have no health care coverage at all. *The Governor's budget was consistent with the conference estimate, which does not include this payment.* **The Assembly included Article 15 of 2010-H 7397, Substitute A, as amended and included \$18.1 million from all funds, \$6.5 million from general revenues, for the outpatient upper payment limit reimbursement to the state's community hospitals.**

State Only Acute Care Payments. The Caseload Conference estimate included \$3.65 million for state only payments to be made to four hospitals for additional acute care costs in FY 2010. This includes \$1.6 million for Miriam Hospital, \$0.8 million for Kent Hospital, \$0.75 million for Westerly Hospital and \$0.5 million for South County Hospital. Since there is no current law to make that payment in FY 2011, the caseload conference did not include an estimate for the payment. *The Governor's budget is consistent with the conference estimate, which does not include this payment.*

The Assembly adopted Article 20, Section 2 of 2010-H 7397, Substitute A, as amended and included \$8.4 million from general revenues. Of this amount, \$3.65 million will be paid by September 1, 2010, state fiscal year 2011. The remaining \$4.75 million is for the state only payment in FY 2011, which will be distributed as follows: \$1,778,843 to Kent Hospital, \$1,131,929 to Miriam Hospital,

\$642,340 to St. Joseph’s Hospital, \$438,482 to South County Hospital, \$297,806 to Westerly Hospital, \$133,672 to Newport Hospital, \$170,964 to Butler Hospital, and \$155,963 to Bradley Hospital of Rhode Island.

Hospital Licensing Fee. The 2009 Assembly enacted Section 2 of Article 16 of 2009-H 5983 Substitute A, as amended to set the hospital licensing fee at 5.237 percent of hospitals’ net patient services revenue for the year ending January 1, 2008. The Department’s request includes this as enacted. *The Governor’s budget assumed the fee as enacted.* **The 2010 Assembly included Section 9 of Article 9 of 2010-H 7397, Substitute A, as amended to increase the FY 2011 hospital licensing fee to 5.465 percent with an updated base year of 2009 for total revenues of \$141.8 million. The licensing fee appears annually in the Appropriations Act.**

FY 2011 Hospital License Fee	FY 2010 Enacted	FY 2011 Gov. Rec.	FY 2011 Enacted	Change to Gov. Rec.
Revenues				
<i>Base Year</i>	2008	2008	2009	
<i>Tax Rate</i>	5.237%	5.237%	5.465%	
Community Hospital License Fee	\$ 123,094,556	\$ 123,094,556	\$ 135,813,462	\$ 12,718,906
Slater License Fee	5,752,632	5,752,632	6,003,081	250,449
Total	\$ 128,847,188	\$ 128,847,188	\$ 141,816,544	\$ 12,969,356

Long Term Care

Long Term Care. The Caseload Estimating Conference estimated long term care expenses at \$372.8 million, \$154.9 million from general revenues and includes \$304.0 million for nursing facilities and hospice care and \$68.8 million for home and community care. This is \$13.5 million more than included in the enacted budget. *The Governor provided \$286.3 million for nursing facilities and \$71.0 million for home and community care and included several proposals related to the global waiver as well as other program changes. Each is discussed separately.* **The Assembly provided \$391.7 million, \$13.1 million less than the May caseload conference estimate, including \$321.7 million for nursing and hospice care and \$70.0 million for home and community care.**

Nursing Facilities and Hospice Care. The Caseload Estimating Conference estimated FY 2011 expenditures at \$304.0 million, of which \$126.3 million is general revenues for the state’s 85 nursing facilities. This is \$12.6 million more than enacted, including \$21.2 million more from general revenues. The estimate shifts \$26.1 million in hospice expenses that were incorrectly included in the enacted budget as home and community care expenses to the appropriate nursing facility expenses. Adjusting for the transfer, the estimate is \$4.5 million less than enacted for projected nursing home costs based on up-to-date expenses. The Department’s request reflects the conference estimates.

The Governor included \$286.3 million, \$17.7 million less than the conference estimate and he shifted expenses consistent with the anticipated continuation for the enhanced Medicaid rate. He included savings of \$0.4 million from developing a prior authorization process for hospice services, decreasing the amount paid for hospice services provided in a nursing home setting and reviewing national standards for a patient’s placement in hospice care. The Governor also included additional proposals that are described in the items that follow. **The Assembly included \$321.7 million from all funds, \$15.3 million less than the May caseload estimate for the savings associated with the managed care for long term care residents, discussed below.**

Nursing Facilities Adjustment. Under current law, the nursing home facilities are to receive their annual cost-of-living adjustment based on the national nursing home index in October 2010. This is

estimated to be \$6.2 million for FY 2011. *The Governor included this adjustment. The Assembly concurred.*

Nursing Facilities Principles of Reimbursement Acuity Rates. The enacted budget assumes savings of \$2.6 million from a change to the reimbursement rate paid to the state's 85 nursing facilities. As of January 15, 2010, the reimbursement rates applied through four separate cost centers, the direct labor cost center, other operating expenses, pass through items, and the fair rental value system will be adjusted by an acuity rate. The caseload conference assumed additional savings of \$2.6 million for the annualized savings. *The Governor assumed \$5.2 million in annualized savings.*

The Assembly included Section 6 of Article 20 of 2010-H 7397, Substitute A, as amended to clarify the method for applying the nursing home acuity rate adjuster so that no home loses or gains more than 2.2 percent of its existing per diem between July 1, 2010 and October 1, 2011. The article also prevents the Department of Human Services from implementing any incentives, financial or otherwise that would cause a nursing home that would have its funding reduced to apply that loss to its direct labor costs only, as opposed to reducing expenses in other non-nursing or other cost areas.

Managed Care for Long Term Care Residents. Residents in long term care settings, such as nursing facilities, intermediate care facilities and hospitals receive medical benefits through Medicaid and are also eligible for Medicare. Medicare is the primary payer for hospital, physician and pharmacy benefits. The state pays for additional medical benefits not covered by Medicare through the fee-for-service reimbursement system.

The Governor included Article 20 of 2010-H 7397, Substitute A, as amended to allow the state to enter into a managed care contract to provide medical benefits for long term care residents through a capitated payment and assumed savings of \$12.0 million from this proposal. This includes savings of \$15.3 million in nursing home costs and additional costs of \$3.3 million in home and community care services. The Governor included another proposal to monitor the higher cost population, included in the section below, and it is unclear if the two proposals address the same issue and if savings are overstated in the Governor's budget. The Assembly concurred and included Section 3 of Article 20 of 2010-H 7397, Substitute A, as amended to achieve this.

Nursing Facilities High Cost Case Review. The enacted budget assumes savings of \$2.0 million from all sources, \$0.7 million from general revenues from monitoring higher cost populations and providing appropriate care for nursing home residents. The savings were restored at the November Caseload Conference based on testimony from the Department that the savings related to this proposal could not be achieved. *The Governor assumed that the proposal would be implemented and included savings of \$2.0 million, \$0.8 million from general revenues in the recommendation. He also included the same savings in his FY 2010 revised budget. The Assembly concurred.*

Home and Community Care. The Caseload Estimating Conference included \$68.8 million for home and community care expenses, including \$28.6 million from general revenues. This is \$0.9 million more from all funds and shifts \$26.3 million in hospice expenses incorrectly included in the home and community care program in the enacted budget to the nursing facilities program. Adjusting for hospice care, the estimate adds \$8.9 million for up-to-date costs for the home and community care program. The Department's request reflects the conference estimate.

The Governor included \$71.0 million more for home and community care programs, \$2.2 million more than the estimate and the request. He added \$3.3 million to reflect an increase in funding from his managed long term care initiative which reduced care in nursing facilities. However, since there is an annual adjustment to home and community care through the long term care financing legislation based

*on the reduction in nursing home bed days, it appears that these additional funds may not be necessary. He also made three other changes affecting program costs, discussed separately. **The Assembly provided \$70.0 million, \$2.2 million more than the May caseload conference estimate.***

Personal Choices Option. The Department provides home and community care services through the personal choices option under the global waiver and gives a monthly stipend to eligible individuals so they can hire who they chose to help with daily activities allowing them to remain in their own home. The Department contract with Tri-Town Community Action, PARI and Ocean State Community Resource to assist the program recipients with fiscal oversight and assessment and monitoring activities. Each agency is reimbursed per client for the oversight activities that it provides.

*The Governor's budget assumed savings of \$0.2 million, \$0.1 million from general revenues from amending the contract and possibly reducing the monthly stipend received for each client. The Department has not indicated what that reduction will be. The Governor also assumed a portion of the savings could be realized from no longer reimbursing the \$50 it provides for transportation services to clients who attend a monthly meeting to discuss the program. The Governor also included this proposal in his revised budget. Subsequently, he requested an amendment for a new article seeking approval from the General Assembly to make this category II change under the global waiver. **The Assembly included Article 21 of 2010-H 7397, Substitute A, as amended to provide for these changes.***

Habilitation Services Option. The Department provides home and community care services through the habilitation services option under the global waiver to disabled individuals, primarily those with traumatic brain injuries, through Lakeview Rehabilitation Center. There are approximately 40 individuals receiving services at an annual cost of \$50,000.

*The Governor included savings of \$200,000 from all funds from ensuring that the placements are appropriate and for those that are not, the individual is provided services in a more appropriate setting that is less expensive. He proposed providing additional assessment and oversight and to review current recipients on either a monthly or a bi-monthly schedule to move people from the habilitation option to a less restrictive option. **The Assembly included Article 21 of 2010-H 7397, Substitute A, as amended to provide for these changes.***

Selective Contracting – Assisted Living Services. The enacted budget assumes savings of \$0.7 million from using selective contracting agreements for supportive services for those in an assisted living care setting as a component of the rebalancing objectives in the global waiver.

At the November Caseload Conference, the estimators restored the savings based on testimony from the Department that the savings could not be achieved in FY 2010. It should be noted that this proposal was also part of the FY 2009 enacted budget and funding was restored at the following November 2008 Caseload Conference. *The Governor assumed savings of \$0.7 million from implementing this proposal in FY 2011. **The Assembly concurred.***

Managed Care

The November Caseload Estimating Conference estimated managed care expenses at \$627.0 million, \$56.4 million more than enacted. This includes \$259.8 million from general revenues and \$367.2 million from federal funds. This includes RIte Care expenses at \$517.0 million, RIte Share at \$17.4 million and fee-for-service expenses at \$92.5 million; a discussion of each follows. The Department's request reflects the conference estimate.

The Governor recommended managed care expenses at \$590.8 million, \$36.2 million less than the conference estimate. He included RIte Care expenses at \$480.8 million, RIte Share at \$17.4 million, and

*fee for service expenses at \$92.5 million. **The Assembly provided \$622.0 million, \$31.2 million more than the recommendation, and \$4.0 million less than the May caseload conference estimate.***

RIte Care. The November Caseload Estimating Conference estimated RIte Care expenditures at \$517.0 million including \$214.2 million from general revenues. This is \$45.5 million more than enacted, including \$44.9 million more from general revenues based on increased caseload and updated cost projections.

Children up to age 19 are eligible for RIte Care if their household income is at or below 250 percent of the federal poverty level. For a family of three, the income would be at or below \$45,775 a year. Parents are included in the coverage if the household income is at or below 175 percent or \$32,043 annually for a family of three. Coverage is also provided to children with special health care needs. The annual estimated number of program enrollees is 136,670 at a cost of \$4,322 per member per year.

*The Governor recommended \$480.8 million, \$36.2 million less than the conference estimate. He assumed savings from changes to the managed care contract and other program initiatives, each change is discussed separately. **The Assembly provided \$512.0 million, \$31.2 million more than the recommendation and \$4.0 million less than the May caseload estimate. The Assembly included a portion of the savings associated with proposed changes to the managed care contracts.***

Managed Care Contracts. The state contracts with Neighborhood Health Plan of Rhode Island, Blue Cross and Blue Shield and United Healthcare to provide medical benefits to RIte Care families and children with special health care needs. The contracts expire on December 31, 2010, with an opt-out clause that can be exercised six-months before the end of the contract.

The Governor's budget assumes entering into a new contract for medical benefits for these populations as of July 1, 2010, using the opt-out clause. He assumed savings of \$36.2 million from restructuring the contracts and included Article 20 to seek approval from the General Assembly to make this change under the global waiver. Contract changes may include reduced payments to community hospitals, benefit redesign and continued selective contracting, but the exact changes are not known at this time. The Governor proposed similar changes for individuals enrolled in Rhody Health, discussed in the Rhody Health section of the analysis. It should be noted that a significant portion of the savings, \$11.0 million was related to additional drug rebates available through the recently passed federal health care reform, and was not contingent upon any action taken by the state.

The Assembly passed Section 1 of Article 20 of 2010-H 7397, Substitute A, as amended, further amended by Section 2 of 2010-H 8270 to cap the inpatient rates paid to the community hospitals through the managed care plans at 90.1 percent of the rate paid as of June 30, 2010 for the period January 1, 2010 through December 31, 2010. The Assembly also capped the outpatient rate paid to the hospitals through the managed care plans at 100 percent for the rate paid as of June 20, 2010 for the same 12-month period. This applies to both the Rhody Health program and RIte Care program. The Assembly assumed savings of \$7.9 million, \$6.7 million for the RIte Care program and restored \$21.2 million, \$18.0 million from RIte Care, in recommended savings for this action. The Assembly concurred with the savings from the additional drug rebates consistent with the caseload estimate.

RIte Care Co-Pay. RIte Care recipients are required to pay a monthly cost sharing requirement based upon their income. Currently, co-shares are implemented at the following levels: \$45 for families from 133 percent to 150 percent; \$85 for families from 150 to 185 percent; \$106 for families between 185 percent and 200 percent; \$114 for families from 200 percent to 250 percent; and \$130 for families from 250 percent to 300 percent of the federal poverty level. The Assembly implemented a new requirement for families above 100 percent to 133 percent and increased the existing payments in the FY 2009 enacted

budget. The changes had to be rescinded to comply with the eligibility maintenance of effort provisions of the federal Stimulus Act, which were to expire December 31, 2010. *The Governor included Article 31 to reinstate the changes effective July 1, 2011 assuming that there is six-month extension of the enhanced Medicaid rate. The extension requires congressional approval. **The Assembly did not concur.***

Transitional Medical Assistance. The state currently provides 12 months of assistance or until employer paid family health coverage begins, for families who are no longer eligible for cash assistance resulting from an increase in their family income using Medicaid funds as contained in Rhode Island General Law 40-5.2-21. The state will provide this coverage if it is a Medicaid eligible expense. After June 30, 2009, this will not be an eligible Medicaid expense.

*The American Recovery and Reinvestment Act of 2009 extends that Medicaid eligibility until December of 2010, at which time the expense will be solely funded from state funds unless the Assembly takes action to change current law and provide the benefits as state only as of January 1, 2011. The Governor's recommended budget continued to assume a full year of this proposal matched by Medicaid. Total costs are \$13.5 million, of which \$4.8 million is from general revenues. **The Assembly concurred.***

State Only Costs. The caseload estimate includes \$2.7 million in state only expenses for medical benefits provided to certain managed care populations. The estimate includes funding for legal permanent residents who have not met the five-year residency requirement necessary to be eligible for Medicaid.

*The Governor included savings of \$0.6 million from general revenues and assumed the ability to leverage Medicaid for some of the expenses for this population. He assumed that the Department will review its current caseload and update the eligibility status of these individuals to determine which recipients have reached the five-year time limit and whose medical expenses can be matched by Medicaid. This is consistent with his revised recommendation. **The Assembly concurred.***

RIte Share. The November Caseload Estimating Conference estimated RIte Share expenditures at \$17.4 million, including \$7.2 million from general revenues. This is \$3.0 million more than enacted, including \$2.0 million more from general revenues.

The RIte Share program allows families who are eligible for medical assistance to remain in their employer based health insurance plan. The state pays the health care premiums and co-payments of RIte Share eligible recipients if the coverage is similar to the cost and services offered through RIte Care.

The Department mandates enrollment in RIte Share as a condition of medical assistance eligibility if a parent has access to an approved comparable employer based health insurance plan. Mandated enrollment is not an eligibility requirement if medical assistance coverage applies only to an individual younger than 19 years of age.

*The Governor recommended funding consistent with the conference estimate and adjusted general revenue expenses for the additional six-months of savings anticipated from the enhanced Medicaid rate. **The Assembly included \$17.4 million, consistent with the May caseload estimate.***

Fee-Based Managed Care. The Caseload Estimating Conference estimated FY 2011 fee-based managed care expenditures at \$92.5 million from all sources, of which \$38.3 million is general revenues. The estimate is \$7.9 million more than enacted from all sources of funds, including \$7.8 million more from general revenues for projected expenditures. Fee-based managed care provides additional services to those in the contracted managed care system. *The Governor recommended funding consistent with the conference estimate and adjusted general revenue expenses for the additional six-months of savings anticipated from the enhanced Medicaid rate. **The Assembly concurred.***

Rhody Health

Rhody Health. The November Caseload Estimating Conference estimated expenditures of \$168.0 million from all sources, including \$69.8 million from general revenues for the program for FY 2011. This is \$20.0 million more than enacted, including \$16.4 million more from general revenues. The estimators included \$10.1 million to reflect additional costs from caseload growth and \$8.2 million for a Medicaid cost inflator. The Department's request reflects the conference estimate.

The Department indicated that 12,055 individuals are enrolled as of October 1, 2009. In April 2008, the Department began enrolling a portion of the elderly and disabled population into Rhody Health, a managed care plan that replaces the fee-for-service system. Clients who cannot be enrolled in Rhody Health include those individuals who are also eligible for Medicare, which includes a significant portion of the adults with developmental disabilities population who are dependent children of Medicare recipients. Their medical costs will continue to be paid through a fee-for-service reimbursement system, which is shown in the other medical services section of the analysis.

*The Governor recommended \$6.4 million less than the November conference estimate from a new Rhody Health managed care contract, discussed separately. **The Assembly provided \$180.6 million, \$4.4 million less than the May caseload conference estimate.***

Managed Care Contracts. The state contracts with Neighborhood Health Plan of Rhode Island and United Healthcare to provide medical benefits to disabled adults whose only medical coverage is Medicaid. The contracts expire on December 31, 2010, with an opt-out clause that can be exercised six-months before the end of the contract.

The Governor's budget assumes entering into a new contract for medical benefits for this population as of July 1, 2010, using the opt-out clause. He assumed savings of \$6.4 million from restructuring the contracts and included Article 20 to seek approval from the General Assembly to make this change under the global waiver. Contract changes may include reduced payments to community hospitals, benefit redesign and continued selective contracting, but the exact changes are not known at this time. The Governor proposed similar changes for families and children enrolled in RItE Care, discussed in the managed care section of the analysis. It should be noted that \$2.0 million of the savings were related to additional drug rebates available through the recently passed federal health care reform, and was not contingent upon any action taken by the state.

The Assembly included \$180.6 million, \$64.7 million from general revenues for program expenses. The Assembly also capped the outpatient rate paid to the hospitals through the managed care plans at 100 percent for the rate paid as of June 20, 2010 for the same 12-month period. This applies to both the Rhody Health program and RItE Care program. The Assembly assumed savings of \$7.9 million, \$1.2 million for the Rhody Health program and restored \$21.2 million, \$3.2 million from Rhody Health, in recommended savings for this action. The Assembly concurred with the savings from the additional drug rebates consistent with the caseload estimate.

Pharmacy

The November Caseload Estimating Conference estimated pharmacy expenses at \$58.3 million, this is \$2.5 million more than enacted. This includes direct pharmacy costs and the state's estimated Medicare Part D clawback payment. The Department's request reflects the caseload estimate. Pharmacy costs also include psychotropic medicines for the Department of Mental Health, Retardation and Hospitals' Medicaid eligible behavioral health clients. *The Governor included \$57.3 million for pharmacy costs, \$1.0 million less than the November caseload estimate and the Department's request. **The Assembly***

provided \$46.4 million from all sources, \$6.6 million less than the May caseload estimate.

Pharmacy. The November Caseload Estimating Conference estimated FY 2010 pharmacy expenditures at \$12.1 million, of which \$5.0 million is general revenues. This is \$1.0 million more than enacted, including \$1.0 million more from general revenues. The Department's request reflects the conference estimate. Elderly and disabled individuals who are not enrolled in Rhothy Health receive this fee-for-service pharmacy benefit. The caseload estimate separates the actual pharmacy costs for fee-for-service clients and the state's payment for the Medicare Part D clawback, discussed below.

The Governor included \$11.1 million for pharmacy costs, \$1.0 million less than the estimate and the Department's request. He assumed savings of \$1.0 million from establishing a state maximum allowable cost program for generic drugs dispensed to Medicaid beneficiaries receiving prescription drugs through the fee-for-service system. The Governor subsequently requested a new article to be a resolution to notify the Assembly and seek approval to allow the Department of Human Services to establish a state maximum allowable cost program for multi-source generic prescription drugs provided to individuals in the fee-for-service Medicaid program. The Assembly provided \$11.2 million, included the savings from the state maximum allowable cost program and included Article 21 of 2010-H 7397, Substitute A, as amended to allow the change.

Medicare Drug Benefit-Part D Clawback. The November Caseload Estimating Conference estimated the state payment for Medicare Part D clawback provision at \$46.2 million, \$1.5 million more than enacted. The Department's request reflects the conference estimate. On January 1, 2006, full implementation of the federal Medicare Part D drug plan took effect paying for coverage previously not offered through Medicare. The plan provides coverage with a series of deductibles and co-payments based on the recipient's income level. For individuals enrolled in Medicaid as well as Medicare, commonly referred to as dual eligibles, the state paid a portion of their drug costs matched by the federal participation rate. The state no longer directly pays for the drug costs; however, the state does pay a portion of the savings to the federal government, or a clawback, which has been calculated based on a nationwide formula. The dual eligibles do not pay any annual deductible, but pay a \$1 co-payment for generic drugs or \$3 co-payment for brand names. *The Governor recommended funding consistent with the request and the November conference estimate.*

The Assembly provided \$35.2 million for the payment. This is \$11.0 million less than the recommendation to account for the state's ability to now realize general revenues savings from applying the enhanced Medicaid rate to the drug expenses. The federal government issued a ruling that decided that the pharmacy clawback was not subject to the enhanced rate, but rescinded that decision. This assumes a full year savings from the enhanced Medicaid rate.

Other Medical Services

The November Caseload Estimating Conference estimated costs for other medical services, which include Part B Medicare premium payments for the dually eligible population and additional payments to dentists, physicians and other practitioners. Similar to the pharmacy payments, a portion of the Department of Mental Health, Retardation and Hospitals' adults with developmental disabilities and behavioral health clients are eligible for other medical services.

Other Medical Services. The November Caseload Estimating Conference estimated expenditures for other medical services at \$113.7 million, which includes \$41.7 million from general revenues. The estimate is \$22.1 million more than the enacted budget, including \$13.4 million more from general revenues. The Department's request reflects the conference estimate.

The conference also added \$3.8 million from all funds to backfill unachieved savings for the initiative in the enacted budget that allowed the Department director to make program changes at his discretion. The Department did not make any changes to achieve these savings. *The Governor recommended expenditures of \$111.4 million, which includes \$33.5 million from general revenues. This is \$2.3 million less than the conference estimate and the Department's request. The proposed changes are described further below.* **The Assembly provided \$122.8 million, \$11.4 million more than the recommendation and \$3.6 million less than the May caseload estimate.**

Selective Contracting - Durable Medical Equipment. The enacted budget assumes savings of \$0.4 million from implementing a competitive bidding process for durable medical equipment consistent with the selective contracting portion of the global waiver. At the November Caseload Conference, the estimators restored the savings based on testimony from the Department that the savings would not be achieved in FY 2010.

The Governor assumed that the savings could be achieved in FY 2011 and he reduced expenses by \$0.4 million from all sources, including \$0.2 million from general revenues. The Department has issued the request for proposals and is in the process of awarding the contract. **The Assembly concurred.**

Medicaid Recovery Estate Liens. The Department's Medicaid estate recovery unit recoups medical costs from the estates of Medicaid beneficiaries, including nursing home residents, under certain circumstances, once they have passed away. A claim may not be filed where the recipient is under the age of 55 or where there is a surviving spouse, minor child or blind/disabled child.

The Governor included savings of \$1.3 million from all funds from strengthening the state's ability to recoup the expenses including placing a lifetime lien on the assets of certain individuals only under very specific circumstances and expanding the state's ability to recover upon the death of an individual. He included Article 21 to seek General Assembly approval to make this category II change under the global waiver and Article 18 to make the necessary statutory changes. He also included \$0.2 million from all funds for a contractual agreement to provide administrative and legal services for the Governor's proposal to expand Medicaid estate lien recoveries as included in Article 18 of his revised budget; this is discussed in the medical services operations section of the analysis.

The Assembly did not concur with the expanded definition; however, it did assume savings of \$2.8 million, including \$1.3 million from general revenues from the Department's ability to conduct estate recoveries under current law. The Assembly also provided \$0.2 million for 3.0 full-time equivalent positions to achieve these recoveries. The Assembly included language in Section 4 of Article 20 of 2010-H 7397, Substitute A, as amended that requires the Department to include certain information in the monthly caseload reports, including the number of Medicaid recipients whose estate may be subject to a recovery, the anticipated recoveries from the estate and the total recoveries collected each month.

Program Monitoring-Medicaid. The Department monitors program eligibility through its front end detection unit for medical benefits and cash assistance programs. One eligibility requirement for all assistance programs is Rhode Island residency. *The Governor assumed savings of \$1.8 million from all sources, including \$0.4 million in the medical benefits program from verifying an individual's residential information with the data available through the Division of Motor Vehicles. He also included savings in the cash assistance program.* **The Assembly concurred.**

Medicare Part B Payments. The caseload estimate includes \$36.0 million, \$15.0 million from general revenues for payments for individuals eligible for Medicare Part B coverage. Part B pays for doctors' services, outpatient hospital care, durable medical equipment, and some medical services. The state pays the Medicare Part B premiums for individuals who have Medicare coverage, with an income between 120

percent and 135 percent of the federal poverty level and with assets that are no greater than \$4,000. The eligible individuals are entitled to have their Part B premiums paid through the medical assistance program. The individuals are eligible for both Medicare and Medicaid and this payment provides that with this continued enrollment, Medicare will be the primary payer for these medical services. *The Governor assumed savings of \$0.3 million from ensuring the payments are appropriate for this population.* **The Assembly concurred.**

Children's Health Account. The caseload estimate includes \$5.7 million in restricted receipts from the annual assessment ceiling applied to all insurers for home health services, children and adolescent intensive treatment services and Comprehensive Evaluation, Diagnosis, Assessment, Referral and Re-evaluation services. *The Governor assumed general revenue savings of \$0.9 million from increasing the ceiling from \$5,000 to \$6,000 and included Article 19 to make this change.* **The Assembly concurred and included Article 19 of 2010-H 7397, Substitute A, as amended to make this change.**

Tavares Pediatric Center. The November Caseload Conference estimate includes \$7.7 million from all sources for payments made to Tavares Pediatric Center in FY 2011. The center is a 30-bed facility licensed as an intermediate care facility providing services to disabled children. The Governor's FY 2010 revised recommendation reduced expenses by 4.0 percent. *The Governor recommended this change in FY 2010 only and included the estimated funding of \$7.7 million in FY 2011.* **The Assembly concurred.**

Other Medical Adjustments. The enacted budget assumes savings of \$3.8 million from discretionary changes that the director would be allowed to make to the medical benefits program that did not require a statutory change. The November caseload estimate restored the savings based on the Department's testimony that the savings could not be achieved. *The Governor's budget continued to include the restored funding.* **The Assembly concurred.**

Medical Assistance Administration

RIte Care Administration - Staffing. The Department requested \$1.2 million from all funds for salaries and benefits for 12.0 full-time equivalent positions. This includes \$0.6 million from general revenues and is \$61,996 more than enacted from all funds for cost-of-living adjustments, step increases and updated benefit rates consistent with FY 2011 planning values. *The Governor concurred and reduced the request by \$45,080, including \$22,540 from both general revenues and federal funds to reflect statewide savings for the four pay reduction days, deferring the cost-of-living adjustment, and lower medical benefit rates.* **The Assembly concurred, with the exception of \$1,270 less from general revenues for statewide assessed fringe benefit savings.**

RIte Care Administration – All Other Operations. The Department requested \$4.8 million from all sources of funds for RIte Care administration expenditures, which is \$7,533 more than enacted. The Department's FY 2011 request is not consistent with the revised budget, which decreased the payment the state makes to Allied Computer Services for administrative overhead by 10.0 percent.

The Department assigns both full-time equivalent positions and administrative consultants to the RIte Care program. The consultants are located at the Hazard Building and perform such functions as research, negotiations for existing contracts, data processing and program implementation. The request includes \$4.7 million for these consultants, \$9,739 more than enacted.

The operating expenses include \$23,639 for printing, which is \$686 less than enacted. It also includes \$4,456 for rental and lease costs, \$3,391 for maintenance and repairs of office equipment, \$2,700 for computer equipment and supplies, \$1,938 for postal services, \$1,744 for staff training and \$9,026 for all other miscellaneous operating expenses, which all total \$1,445 less than enacted. *The Governor*

*recommended funding as requested plus an additional \$7,423 from federal funds to reflect additional funds available from statewide personnel savings. **The Assembly concurred.***

RIte Share Administration. The Department requested \$1.6 million, which is \$41,687 more than enacted from all sources for RIte Share administration expenditures. The request includes \$1.5 million, a 3.0 percent increase for contracted RIte Share administrative costs, specifically with Allied Computer Services, though the FY 2010 revised request included a 10.0 percent reduction. Other operating expenses include \$67,815 for postal services that is \$2,185 less than enacted, \$2,907 for printing, \$2,519 for maintenance contracts and \$5,626 for all other operating expenses, totaling \$548 less than enacted. *The Governor recommended funding as requested. **The Assembly concurred.***

InRhodes Contract. The Department requested \$5.8 million from all fund sources, including \$2.0 million from general revenues and \$3.8 million from federal funds to operate and maintain the InRhodes eligibility system, which processes applications for medical benefits and cash assistance programs. This includes \$1.4 million for medical administration and \$4.4 million for cash assistance administration. The request is \$2.5 million less than enacted, including \$0.7 million less for medical services and \$1.8 million less for cash assistance administration.

The Department reduced its contract with Northrup Grumman by \$2.5 million from all funds for FY 2011 including savings of \$1.0 million from general revenues for total funding of \$5.8 million. Of the \$2.5 million in savings, \$0.7 million is for the portion applied to the medical services program, comprised of \$353,691 from both general revenues and federal funds. The Department indicates that staff from the Department of Administration's Division of Information Technology will provide technical support.

The Department was able to reduce its contract with Northrup Grumman in the revised budget by \$2.7 million from all funds, \$1.1 million from general revenues for total funding of \$5.7 million to operate and maintain the InRhodes eligibility system. Of the \$2.7 million in savings, \$0.8 million is for medical services operations. *The Governor recommended funding as requested. **The Assembly concurred.***

Medical Services Operations - Staffing. The Department requested \$20.3 million from all fund sources for salary and benefit expenses for medical services operations. This includes \$9.5 million from general revenues and \$10.8 million from federal funds and is \$44,649 less than enacted for 216.9 full-time equivalent positions. The request includes cost-of-living adjustments, step increases and updated benefit rates consistent with FY 2011 planning values in addition to vacant positions and less overtime expenditures. *The Governor reduced the request by \$0.7 million to reflect statewide savings, \$0.3 million from general revenues for the four pay reduction days, deferring the cost-of-living adjustment, and lower medical benefit rates. **The Assembly concurred, with the exception of \$20,253 less from general revenues for statewide assessed fringe benefit savings.***

Medical Services Operations – Other Operations. The Department requested \$37.4 million from all sources or \$0.6 million more than enacted for expenditures related to the operations of the medical benefits program, excluding the InRhodes contract. This includes \$7.4 million from general revenues or \$4,753 less than enacted and \$29.9 million from federal funds, \$0.6 million more than enacted and \$60,000 from restricted receipts, consistent with the enacted budget.

The request includes \$15.6 million for services provided by HP Enterprise (formerly Electronic Data Systems) to pay the Medicaid claims, \$10.7 million for administrative services provided by HP Enterprise to maintain and operate the state's Medicaid billing system and \$1.2 million from federal funds for the emergency room diversion grant. The request also includes savings of \$0.8 million incorrectly included in the enacted budget for contracted administrative activities with Qualidigm for nursing services; this adjustment is consistent with the FY 2010 revised request.

The Governor recommended \$1.1 million more than requested, including \$82,438 more from general revenues. This includes \$0.8 million more from federal stimulus funds for early intervention grants inadvertently omitted from the Department's request plus an additional \$0.1 million from federal funds to reflect funds available from statewide personnel savings. It also includes \$0.2 million more for a contract agreement to provide administrative and legal services for the Governor's proposal to expand Medicaid estate lien recoveries as included in Article 18 of his revised budget and savings of \$35,124 from reducing rental and least costs.

He subsequently requested an amendment to shift the \$0.8 million in stimulus early intervention grants from FY 2011 to FY 2010.

The Assembly concurred, with the exception of the administrative and legal services for estate recoveries. The Assembly added \$0.2 million from all funds and three full-time equivalent positions for departmental staff to perform the recoveries under current law, instead of a contracted service.

Office of Rehabilitative Services - Staffing. The Department requested \$11.3 million, \$0.6 million less than enacted for personnel costs for 131.0 full-time equivalent positions. This includes \$1.4 million from general revenues and \$9.8 million from federal funds for cost-of-living adjustments, step increases and updated benefit rates consistent with FY 2011 planning values. *The Governor reduced the request by \$0.4 million to reflect statewide savings, \$0.1 million from general revenues for the four pay reduction days, deferring the cost-of-living adjustment, and lower medical benefit rates.* **The Assembly concurred, with the exception of \$2,597 less from general revenues from statewide assessed fringe benefit savings.**

Office of Rehabilitative Services - Other Operations. The Department requested \$17.7 million, \$1.5 million more than enacted to support operations in the Office of Rehabilitative Services. This includes \$1.6 million from general revenues, \$36,470 more than enacted and \$16.2 million from federal funds, \$1.4 million more than enacted. This includes \$2.4 million more from federal funds to provide medical services to individuals applying for disability. The request also includes \$0.4 million less for medical supplies for the vocational rehabilitation unit, \$1.3 million less from vocational rehabilitation federal stimulus funds, and \$0.7 million more for contracted temporary clerical services in the disabilities determination unit to assist with processing applications. *The Governor recommended funding as requested plus an additional \$94,529 from federal funds to reflect additional funds available from statewide personnel savings.* **The Assembly concurred.**

Cash Assistance Programs

The Caseload Estimating Conference estimated \$117.9 million from all sources, including \$34.5 million from general revenues for cash assistance programs, including Rhode Island Works, child care, state only supplemental security income program payments and general public assistance bridge program benefits. The Department's request is consistent with the caseload estimate.

The Governor recommended \$115.9 million from all sources, including \$33.0 million from general revenues for cash assistance programs. This is \$2.0 million less than the conference estimate, including \$1.5 million less from general revenues. The Governor's changes are discussed separately.

The Assembly reduced expenditures by \$6.1 million from the recommendation to bring the total funding to \$109.8 million. Funding is \$4.7 million less than the May estimate based upon the Assembly accepting, rejecting and amending the Governor's statutory changes.

Program Monitoring - Cash Assistance Programs. The Department monitors program eligibility through its front end detection unit for medical benefits and cash assistance programs. One eligibility requirement for all assistance programs is Rhode Island residency. *The Governor assumed savings of*

\$1.8 million from all sources, including \$1.5 million for cash assistance program expenses from verifying an individual's residential information with the data available through the Division of Motor Vehicles. Each adjustment is noted separately. He also included savings in the medical benefits program. The Assembly included savings of \$1.3 million for cash assistance program expenses from this initiative.

Rhode Island Works. The Caseload Estimating Conference set program expenditures at \$43.6 million entirely from federal funds. The estimated monthly caseload decreases by 916 cases to a level of 17,400. The cost per case is estimated to increase by \$11.50 to a \$194.00 monthly cost per person. The estimated program expenditures are \$2.7 million less than the enacted budget, including \$3.1 million less for transportation expenses, partially offset by increases to the costs per case. The Department's request reflects the conference estimates.

The Governor recommended \$0.4 million less than the conference estimate for verifying information through the Division of Motor Vehicles. He lowered the estimated number of recipients and maintains the cost per case. The Assembly concurred and provided \$41.8 million from federal funds for cash assistance expenses, which assumed \$3.6 million for monthly bus passes. This includes a monthly benefit of \$188.00 for 17,075 individuals, consistent with the May estimate.

The following chart itemizes cash assistance expenditures as enacted by the 2010 Assembly, adopted by the caseload estimators and recommended by the Governor along with comparable data for FY 2008 and FY 2009. Each category is discussed separately.

Cash Assistance	FY 2008 Spent	FY 2009 Spent	FY 2010 Final	FY 2011 Nov CEC	FY 2011 Gov. Rec.	FY 2011 May CEC	FY 2011 Enacted
Rhode Island Works							
Persons	26,324	24,389	18,250	17,400	17,222	17,075	17,075
Monthly Cost per Person	\$ 174.85	\$ 177.93	\$ 185.00	\$ 194.00	\$ 194.00	\$ 188.00	\$ 188.00
General Revenue	\$ 17.6	\$ 3.4	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	38.0	54.9	44.0	43.6	43.2	42.2	41.8
Total Costs*	\$ 55.6	\$ 58.3	\$ 44.0	\$ 43.6	\$ 43.2	\$ 42.2	\$ 41.8
Child Care							
Subsidies	8,149	6,833	6,440	6,561	6,371	6,480	6,480
Annual Cost per Subsidy	\$ 7,044	\$ 7,160	\$ 7,170	\$ 7,400	\$ 7,400	\$ 7,200	\$ 7,200
General Revenue	\$ 12.7	\$ 6.5	\$ 6.2	\$ 9.6	\$ 8.3	\$ 9.6	\$ 8.8
Federal Funds	44.4	42.4	40.0	38.9	38.9	37.1	37.0
Total Costs*	\$ 57.1	\$ 48.9	\$ 46.2	\$ 48.6	\$ 47.1	\$ 46.7	\$ 45.7
Child Care Development Block Grant							
Federal Stimulus	\$ -	\$ 0.5	\$ -	\$ -	\$ -	\$ -	\$ -
Total Costs	\$ -	\$ 0.5	\$ -	\$ -	\$ -	\$ -	\$ -
SSI							
Persons	31,625	31,850	32,000	32,600	32,600	32,650	32,600
Monthly Cost per Person	\$ 64.00	\$ 55.22	\$ 47.30	\$ 47.52	\$ 47.09	\$ 47.15	\$ 47.09
Total Costs/General Revenue*	\$ 28.0	\$ 25.1	\$ 22.0	\$ 22.8	\$ 22.6	\$ 22.7	\$ 19.3
SSI Transition/Bridge							
Persons	412	440	538	520	520	550	550
Monthly Cost per Person	\$ 87.54	\$ 118.70	\$ 118.83	\$ 118.50	\$ 118.50	\$ 119.00	\$ 119.00
General Revenues	\$ 2.6	\$ 2.4	\$ 2.1	\$ 2.1	\$ 2.1	\$ 2.2	\$ 2.2
Federal Funds	-	0.5	0.7	0.9	0.9	0.8	0.8
Total Costs*	\$ 2.6	\$ 2.9	\$ 2.8	\$ 3.0	\$ 3.0	\$ 3.0	\$ 3.0
General Revenue	59.5	37.3	30.3	34.5	33.0	34.4	30.3
Federal Funds	84.6	97.8	84.7	83.5	83.0	80.1	79.6
Total Cash Assistance*	\$ 144.1	\$ 135.1	\$ 115.0	\$ 117.9	\$ 115.9	\$ 114.5	\$ 109.8

**Expenditures in millions*

Maintenance of Effort Requirement. The state is required to spend \$60.4 million from general

revenues as part of its maintenance of effort requirement for the \$95.0 million from the Temporary Assistance to Needy Families' block grant.

The state can report any spending for its maintenance of effort requirement as long as it meets one of the four temporary assistance to needy families purposes: assisting needy families so that children can be cared for in their own homes; reducing the dependency of needy parents by promoting job preparation, work and marriage; preventing out-of-wedlock pregnancies; and encouraging the formation and maintenance of two-parent families. The state uses the circuit breaker program, earned income tax credit, administrative expenses through the Department of Human Services, and services provided through the Department of Children, Youth and Families and the Department of Labor and Training to meet the state's maintenance of effort. *The Governor's recommendation assumed the maintenance of effort requirement is met.* **The Assembly concurred.**

Child Care. The Caseload Estimating Conference set caseload child care expenditures at \$48.6 million, of which \$9.6 million is from general revenues. This is \$1.5 million less than enacted including \$3.1 million more from general revenues, reflecting 249 fewer child care subsidies for a monthly level of 6,561 and reflects an increase in the annual cost by \$50 to \$7,350 for FY 2011. This also accounts for \$4.7 million from stimulus funds for subsidized child care that is available in FY 2010 that is not available in FY 2011, requiring general revenues instead.

The Governor recommended \$1.5 million less than the estimate and included two proposals to lower costs. He included savings of \$0.9 million less than requested, \$0.2 million from general revenues through reduced enrollment from verifying information through the Division of Motor Vehicles. He also reduced child care provider rates for one quarter in FY 2011, discussed below.

The Assembly included \$45.7 million, \$1.4 million less than the recommendation. This includes \$0.5 million less from the May caseload conference estimate and \$0.9 million from the Governor's initiative through the Division of Motor Vehicles. The Assembly did not concur with the child care provider rate reduction and restored the funding.

Child Care Provider Rates. The state pays child care providers serving state subsidized clients the average of the 2002 and 2004 market rate surveys; the rates are established in statute. *The Governor included savings of \$0.5 million from general revenues from reducing child care rates by five percent and included Article 5 in his FY 2010 revised recommendation for this proposal. The Governor subsequently requested an amendment on January 5, 2010 to sunset the rate reduction on September 30, 2010. His FY 2011 recommended budget includes general revenue savings of \$498,586 assuming three months at the reduced rate.* **The Assembly did not concur with the rate reduction and restored \$0.5 million.**

Child Care – Emergency Contingency Fund. As part of the American Recovery and Reinvestment Act, an emergency contingency fund was established as part of the Temporary Assistance to Needy Families block grant program to assist states experiencing recessionary caseload or expenditure increases within certain program eligible categories. Rhode Island is eligible to receive \$44.7 million under this provision with funds supporting basic assistance, non-recurrent short term benefits and subsidized employment. There is a 20 percent state maintenance of effort requirement that can be met by entities other than the state, such as those in the private sector. There is legislation pending in Congress to allow the funds to support 100 percent of the costs. The funds must be spent by September 30, 2010.

The Governor included \$0.6 million in his budget; however, he reduced child care expenses supported through general revenues, which appears to not meet the criteria for the emergency funding. If the state did use the funds for eligible activities, such as subsidized employment, action would need to be taken to backfill the \$0.6 million in general revenue savings. **The Assembly concurred with the use of the stimulus funds for child care expenses, which is considered an appropriate activity.**

Supplemental Security Income. The Caseload Estimating Conference estimated FY 2011 direct supplemental security income expenditures at \$22.8 million from general revenues, or \$1.0 million more than enacted. The caseload decreased by 400 persons to a monthly level of 32,600. Estimators also increased the monthly cost per person by \$1.25 to \$47.52. The Department’s request reflects the conference estimates. The state chooses to supplement the federal program and transfers its funds to the federal government so the recipient receives one check.

The state pays transaction fees for the service, which totals \$4.2 million for FY 2011. The 2009 Assembly included legislation to have the Department of Mental Health, Retardation and Hospitals make the state’s portion of the monthly payment directly to its clients. The enacted budget assumes savings of \$0.3 million from the state no longer paying a monthly transaction fee to the federal government for this population. The November Caseload Conference added back \$0.3 million for the transaction fees since no action to make this change has occurred. The Caseload Conference recognized total expenditures of \$22.8 million, of which \$21.7 million appears in the Department of Human Services’ budget and \$1.1 million in the Department of Mental Health, Retardation and Hospitals’ budget. *The Governor recommended \$22.6 million for the program, \$0.2 million less than the November caseload conference. He included savings from one proposal that is discussed separately.*

The Assembly provided \$19.3 million, \$3.3 million less than the recommendation. The Assembly included Article 3 of 2010-H 7397, Substitute A, as amended to have the state make its portion of the payment directly to the clients instead of paying a transaction fee to the federal government for the payment for savings of \$3.2 million from general revenues.

The following chart includes the separate categories and monthly payments.

Category	State	Federal	Total
Individual Living Alone	\$ 39.92	\$ 674.00	\$ 713.92
Couple Living Alone	79.38	1,011.00	1,090.38
Individual Living with Others	51.92	449.34	501.26
Couple Living with Others	97.30	674.00	771.30
Resident in State Licensed Supportive Residential Care	300.00	674.00	974.00
Resident in Assisted Living	538.00	674.00	1,212.00
Supplement	20.00	30.00	50.00

Supplemental Security Income Residential Payment. The enacted budget assumes general revenue savings of \$0.2 million from a new category for individuals living in state licensed residential care settings. The individuals will receive a state payment of \$300, \$238 less than the current state payment if they remain in a licensed assisted living facility. The payment is made to the individuals receiving their monthly expenses in the residential care facilities; the federal payment will remain the same. This proposal is consistent with the Medicaid global waiver and anticipates that the licensed residential care settings will become Medicaid eligible sites. The sites will be able to leverage Medicaid for any medical services provided, which is anticipated to offset any loss in the monthly income payment.

At the November Caseload Estimating Conference, the Department reported that the changes needed to implement this proposal would be in place by January 1, 2010; however, the Department maintained that it would not realize the savings included in the enacted budget. The November estimate assumed that the savings could be achieved and did not restore the funding. *The Governor assumed savings of \$0.2 million for this proposal, which appears to double count the savings. He recommended the same savings in his FY 2010 revised budget recommendation. The Assembly continued to assume savings of \$0.2 million from these changes and restored \$0.2 million from general revenues at the May conference.*

Supplemental Security Income Transfer. The Department's request transfers \$1.1 million in direct supplemental security income payments for adults with developmental disabilities who receive residential services from the Department of Mental Health, Retardation and Hospitals to the Department of Human Services' budget. This reverses the action taken by the 2009 Assembly to have the Department of Mental Health, Retardation and Hospitals make the state's portion of the monthly payment directly to its clients. *The Governor recommended funding as requested and included the change in the Department of Mental Health, Retardation and Hospitals' budget.* **The Assembly concurred and included Article 3 of 2010-H 7397, Substitute A, as amended to achieve this.**

Supplemental Security Income Transition/Bridge Program. The Caseload Estimating Conference estimated expenditures for the supplemental security income transition/bridge program at \$3.0 million from general revenues, or \$0.3 million more than enacted. This increases the projected number of persons by 70 for a level of 520. The estimators maintained the monthly cost per person at \$118.50. The Department's request reflects the November conference estimate. The program is for individuals eligible for Medicaid who maintain active applications for supplemental security income. *The Governor recommended funding as requested, consistent with the November conference estimate.* **The Assembly concurred.**

Cash Assistance Administration

InRhodes Contract. The Department requested \$5.8 million from all fund sources, including \$2.0 million from general revenues and \$3.8 million from federal funds to operate and maintain the InRhodes eligibility system, which processes applications for medical benefits and cash assistance programs. This includes \$4.4 million for cash assistance administration and \$1.4 million for medical services administration. The request is \$2.5 million less than enacted, including \$1.8 million less for cash assistance administration and \$0.7 million less for medical services.

The Department reduced its contract with Northrup Grumman by \$2.5 million from all funds for FY 2011 including savings of \$1.0 million from general revenues for total funding of \$5.8 million. Of the \$2.5 million in savings, \$1.8 million is for the portion applied to the cash assistance programs and includes \$0.6 million from general revenues and \$1.2 million from federal funds. The \$1.8 million in savings includes \$0.7 million for Supplemental Nutrition Assistance Program administration, \$0.6 million for Rhode Island Works administration, \$0.3 million for child support services, and \$0.2 million for child care administration. The Department indicated that staff from the Department of Administration's Division of Information Technology will provide technical support.

The Department was able to reduce its contract with Northrup Grumman in the revised budget by \$2.7 million from all funds, \$1.1 million from general revenues for total funding of \$5.7 million to operate and maintain the InRhodes eligibility system. Of the \$2.7 million in savings, \$1.9 million is for the portion applied to the cash assistance programs, including \$0.7 million for the Rhode Island Works program, \$0.7 million for the Supplemental Nutrition Assistance Program, \$0.3 million for the child support enforcement program and \$0.3 million for child care administration. *The Governor recommended funding as requested.* **The Assembly concurred.**

Rhode Island Works Administration - Staffing. The Department requested \$12.1 million for salary and benefit expenses for Rhode Island Works Administration, including \$4.9 million from general revenues and \$7.2 million from federal funds. This is \$0.2 million more than enacted for 115.2 full-time equivalent positions and includes cost-of-living adjustments, step increases and updated benefit rates consistent with FY 2011 planning values. *The Governor recommended \$376,755 less than requested including \$288,012 less from general revenues for the four pay reduction days, deferring the cost-of-living adjustment, and lower medical benefit rates and a redirection of \$86,113 from general revenues to*

federal block grants. The Assembly concurred, with the exception of \$9,861 less from general revenues for statewide assessed fringe benefit savings.

Rhode Island Works Administration – Other Operations. The Department requested \$3.9 million for Rhode Island Works program administration expenses, which is \$17,151 more than enacted excluding the InRhodes contract. This includes \$1.3 million from general revenues, \$0.2 million more than enacted and \$2.5 million from federal funds, \$0.2 million less than enacted.

Other operating expenses include \$1.4 million for the rental costs for the satellite offices, \$0.3 million for communication expenses, \$0.2 million for postal services and \$0.9 million for other office expenses. This also includes \$0.1 million for the monthly fee to charge the electronic benefit cards for the Rhode Island Works recipients. The request includes \$1.0 million for contracted services including \$0.6 million for contracts with Rhode Island institutions of higher education for food nutrition education and outreach, Rhode Island Works employment training and departmental staff training, \$0.3 million for interpreters and translators and \$0.2 million for security services.

The Governor recommended \$40,527 more than requested, comprised of \$46,645 less from general revenues and \$87,172 more from federal funds. This included reducing rental and lease costs by \$35,124 and mileage allowances from verification utilization from the Division of Motor Vehicles' system by \$13,092 while providing an additional \$88,743 from federal funds to reflect additional funds available from statewide personnel savings. The Assembly concurred.

Rhode Island Works Grants. The Department requested grant expenditures of \$5.9 million from all fund sources for training and work activities for program recipients. This is \$53,534 more than enacted. The request also shifts \$0.6 million from the New Opportunity Homes grant from general revenues to available federal funds. This grant is for \$619,950, of which \$579,950 is budgeted in the Department's budget and \$40,000 is budgeted from general revenues in the Department of Children, Youth and Families' budget. This grant provides housing for pregnant and parenting women up to 18 and a half years of age who are living in unsafe or inappropriate settings for raising a child. There are two houses in the state providing residential services for 10 to 12 women, plus their children. *The Governor recommended funding as requested. The Assembly concurred.*

Child Care Administration - Staffing. The Department requested \$1.4 million from all funds for salary and benefit expenses for child care administration. The request is \$0.1 million less than enacted for 15.5 full-time equivalent positions. This includes \$0.9 million, \$0.1 million less than enacted from general revenues and \$0.5 million, \$23,899 more than enacted from federal funds. The request provides for cost-of-living adjustments, step increases and updated benefit rates consistent with FY 2011 planning values plus an additional vacant position and reductions to overtime expenditures. The enacted budget already assumed leaving one position vacant. *The Governor concurred and reduced the request by \$51,659 to reflect statewide savings for the four pay reduction days, deferring the cost-of-living adjustment increase by six months, and lower medical benefit rates. The Assembly concurred, with the exception of \$1,750 less from general revenues for statewide assessed fringe benefit savings.*

Child Care Administration – Other Operations. The Department requested \$1.9 million for child care administration expenditures, which is \$34,610 more than enacted, excluding the InRhodes contract. The request includes \$0.1 million for other contracted management consultants and \$0.1 million for other administrative expenses. Grant expenditures of \$1.7 million are consistent with the enacted budget. Grant expenditures include: supporting the licensing function of the Department of Children, Youth and Families; resource and referral services to families; developing early learning standards; professional development and training programs; on-site technical assistance to family and center based child care centers, and a statewide quality rating and improvement system for providers. *The Governor*

*recommended funding as requested plus an additional \$7,937 from federal funds to reflect additional funds available from statewide personnel savings. **The Assembly concurred.***

Veterans' Affairs

Department of Veterans' Affairs. The 2009 Assembly passed 2009-H 5082, Substitute A, as amended and the Governor signed it into law on November 9, 2009. This bill created a separate Department of Veterans' Affairs, effective July 1, 2010. Currently the Division of Veterans' Affairs is within the Department of Human Services. This new department will be under the umbrella of the Office of Health and Human Services, which also includes the Departments of Human Services, Health, Children, Youth and Families, Elderly Affairs and Mental Health, Retardation and Hospitals.

According to language in the bill, the Department of Human Services was to provide recommendations for implementation to the chairs of the House and Senate Finance Committees by October 31, 2009, regarding how to transition the Division into its own Department. However, the date for recommendations had already passed and the Department of Human Services had already created its FY 2011 budget request by the time the bill became law, so the Division of Veterans' Affairs remained in the budget for FY 2011. The Department has indicated that it has not been required to submit formal recommendations, but has been working closely with the Budget Office regarding the transition.

*The Governor included Article 30 to delay the creation of the Department of Veterans' Affairs until July 1, 2011, and delay the required transition recommendations from the Department of Human Services until October 1, 2010. **The Assembly concurred and included the delay in Section 8 of Article 7 of 2010-H 7397, Substitute A, as amended.***

Veterans' Affairs – Staffing. The Department requested \$21.5 million from all funds for salaries and benefits for 229.6 positions, which is \$1.8 million more than enacted. The request provides for cost-of-living adjustments, step increases and updated benefit rates consistent with FY 2011 planning values and assumes filling vacant positions at the Veterans' Home. The request includes \$15.8 million from general revenues and \$5.7 million from federal funds. *The Governor recommended \$731,935 less than requested including \$653,158 less for the four pay reduction days, deferring the cost-of-living adjustment, and lower medical benefit rates and a redirection of \$78,777 of expenditures from general revenues to federal block grants. **The Assembly concurred, with the exception of \$28,684 less from general revenues for statewide assessed fringe benefit savings.***

Veterans' Home - Cleaning Costs from Department of Administration. The Department of Administration's budget includes \$0.4 million from all funds, of which \$0.3 million is from general revenues for cleaning costs related to the Veterans' Home. The Veterans' Home hired a house keeping service prior to the centralization of Facilities Management in the Department of Administration and the firm does not report to Facilities Management. The Department of Administration's Facilities Management indicated that this should be a direct charge to the Department of Human Services.

*The Governor recommended the transfer of the funds to the Department of Human Services' budget; however, the Department of Human Services indicated that federal funds would no longer be available to support these costs in FY 2011, so the entire \$409,764 transferred is from general revenues. **The Assembly concurred.***

Veterans' Affairs - Operations. The Department requested \$4.7 million from all fund sources, \$29,722 less than enacted for operating costs at the Veterans' Home. This includes \$0.2 million less from general revenues, \$247 more from federal funds and \$0.1 million more from restricted receipts. The request includes \$0.1 million less from general revenues for pharmaceutical and other medical expenses with adjustments for other operating costs. *The Governor recommended funding as requested plus an*

additional \$72,336 from federal funds to reflect additional funds available from statewide personnel savings. **The Assembly concurred.**

Veterans' Cemetery. The Department requested the enacted level of \$85,000 from restricted receipts for operating services at the Veterans' Cemetery through the Memorial Fund. *The Governor recommended funding as requested.* **The Assembly concurred.**

Veterans' Home Capital Projects. The Department requested \$1.6 million from all fund sources, including \$975,000 from federal funds and \$669,000 from restricted receipts for capital projects at the Veterans' Home. This is \$72,500 more than enacted and includes \$1.0 million more from federal funds as reimbursement for work that is already completed and \$0.9 million less from restricted receipts since the federal funds will cover the expected expenses. The enacted budget includes \$1.6 million from restricted receipts and no federal funds. The Department requested \$0.5 million from federal funds and \$0.8 million from restricted receipts, \$0.8 million less than enacted in its FY 2010 revised request. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Programs

Child Support Enforcement Program-Staffing. The request includes \$5.0 million, \$0.2 million more than enacted for salaries and benefits for 61.0 positions. This includes \$1.7 million from general revenues and \$3.3 million from federal funds and includes cost-of-living adjustments, step increases and updated benefit rates consistent with FY 2011 planning values. *The Governor concurred and reduced the request by \$0.2 million to reflect statewide savings for the four pay reduction days, deferring the cost-of-living adjustment increase by six months, and lower medical benefit rates.* **The Assembly concurred, with the exception of \$3,733 less from general revenues for statewide assessed fringe benefit savings.**

Child Support Enforcement Program-Other Operations. The Department requested \$2.7 million, \$1.9 million less than enacted for operating expenses of the child support enforcement program. This includes \$8,962 less from general revenues. The Department's request also includes \$2.3 million less from stimulus funds and increases all other operating expenses by \$0.4 million. The operating expenses include \$0.6 million for legal services and \$0.3 million for all other contracted services. This also includes \$0.2 million in public assistance grants, \$0.5 million in rental and lease costs, \$0.4 million in postal services, \$0.2 million for computer software and supplies and \$0.6 million in other operating expenses, which is \$0.1 million more than enacted. *The Governor recommended \$846,980 more primarily from federal stimulus funds to be used for child support enforcement activities.* **The Assembly concurred.**

Food and Nutrition Program Transfer. The 2009 Assembly passed Article 5, Section 1 of 2009-H 5983, Substitute A, as amended, which transferred food and nutrition services to the Office of Health and Human Services. This is to be effective March 1, 2010. For the Department of Human Services, this includes the Supplemental Nutrition Assistance Program. The program was included in the Department of Human Services' budget request for FY 2010 and in the FY 2011 request. The Governor's FY 2010 revised budget includes legislation to delay the transfer to the Office of Health and Human Services until October 2010, but he did not submit the necessary legislation to shift the program to the Department of Human Services. Subsequently, he requested an amendment that provided the necessary language to shift the program from the Department of Health to the Department of Human Services, effective October 1, 2010.

The Governor recommended \$19.8 million from federal funds to reflect three-quarters of the program funding and shifted 12.0 full-time equivalent positions from the Department of Health to the Department of Human Services. This includes \$17.7 million for direct benefits, \$0.9 million for personnel and \$1.2 million for all operating expenses. This also reflects the programs' three-quarters of savings for its share

of a six-month delay in the cost-of-living adjustment, four pay reduction days, a lower rate for medical benefits and adds \$9,071 from federal funds available from statewide personnel savings. **The Assembly concurred and included Sections 1 through 3 of Article 7 of 2010-H 7397, Substitute A, as amended for the transfer.**

Supplemental Nutrition Assistance Program - Benefits. The Department requested \$276.5 million from federal funds for direct benefit payments for the Supplemental Nutrition Assistance Program. This is \$111.7 million more than enacted, including \$8.0 million more from stimulus funding for a total of \$43.0 million from federal stimulus funds. The Department's request reflects actual and anticipated increases in utilization. *The Governor recommended funding as requested.* **The Assembly concurred.**

Supplemental Nutrition Assistance Program - Staffing. The Department requested \$10.7 million, \$0.8 million more than enacted for salaries and benefits for 119.8 full-time equivalent positions. The request includes \$5.3 million from general revenues and \$5.4 million from federal funds. The request includes cost-of-living adjustments, step increases and updated benefit rates consistent with FY 2011 planning values in addition to filling vacant positions. *The Governor reduced the request by \$0.4 million to reflect statewide savings, \$0.2 million from general revenues for the four pay reduction days, deferring the cost-of-living adjustment, and lower medical benefit rates.* **The Assembly concurred, with the exception of \$11,416 less from general revenues for statewide assessed fringe benefit savings.**

Supplemental Nutrition Assistance Program - Other Operations. The Department requested \$6.9 million from all sources of funds for expenditures related to the Supplemental Nutrition Assistance Program, formerly called the food stamp program, excluding the InRhodes contract. The request is \$0.4 million more than enacted, including \$0.2 million from both general revenues and federal funds. The request also includes \$1.0 million, \$0.3 million more than enacted for the electronic benefit cards along with postage and printing expense increases and other adjustments to various program operating costs. The Department's request reflects actual and anticipated increases in utilization. *The Governor recommended funding as requested plus an additional \$61,520 from federal funds to reflect additional funds available from statewide personnel savings.* **The Assembly concurred.**

Special Education. The Department's request includes the enacted level of \$25.2 million from federal sources for the federal portion of special education expenditures. The state match is provided by the local school districts. *The Governor recommended \$104,415 more from federal funds to adjust for the anticipated six-month extension of the enhanced Medicaid rate. The general revenue savings will be realized by the school districts.* **The Assembly concurred.**

Paratransit Services for the Elderly. The Department requested the enacted level of \$7.7 million from all sources for elderly transportation services. This includes \$4.4 million from the Department's one-cent share of the motor fuel tax, which was based on a per penny yield of \$4.4 million. *The Governor recommended \$190,000 less than requested for the Department's one-cent share of the gas tax based on an estimate from the state Budget Officer and Office of Revenue Analysis of a per penny yield of \$4.21 million for FY 2011.* **The Assembly concurred.**

Community Services Block Grant. The Department requested \$8.1 million from federal funds, \$0.4 million more than enacted for the community services block grant. This includes \$0.6 million more from stimulus funding that was carried forward from FY 2009 that the Department has until September 30, 2010 to spend. The request also includes less for administrative expenses. Funding is awarded to the state's nine community action agencies. *The Governor recommended funding as requested. He subsequently requested an amendment to add \$63,137 more from newly available federal funds in FY 2010 for administration expenses.* **The Assembly did not concur since the funds will not be spent in FY 2010 and added the funding in FY 2011 instead.**

Head Start. The Department requested \$0.8 million from general revenues to support the local Head Start agencies. Head Start is a federally funded program that provides services to 2,369 children, ages three to five years old, at eight locations throughout the state. The federal funds are appropriated directly to the agencies and the state provides additional funding. *The Governor recommended funding as requested.* **The Assembly concurred.**

Community Service Grants. The Department requested \$2.7 million from general revenues to support 98 social service agencies. Funding supports social service agencies and community organizations throughout the state. The request is consistent with the enacted budget. *The Governor recommended funding as requested.* **The Assembly concurred, but eliminated the \$7,500 Project Smile grant, which was not claimed, consistent with FY 2010.**

Community Health Centers. The Department requested \$1.2 million, \$0.6 million from both general revenues and federal funds to support uncompensated care expenses at the 12 community health centers. The funding is distributed among the health centers that provide medical services at 24 clinics throughout Rhode Island. The funding will likely be used to provide medical services to Rhode Island residents that were eliminated from state funded RIte Care benefits for children who are not eligible for Medicaid. The state is able to leverage Medicaid for this activity through the global waiver. *The Governor recommended funding as requested.* **The Assembly concurred.**

Crossroads Rhode Island. The Department requested \$360,000 from general revenues to support activities provided by Crossroads Rhode Island that address homelessness and other related issues. The request is consistent with the enacted budget. *The Governor recommended funding as requested.* **The Assembly concurred.**

Central Management - Staffing. The Department requested \$1.3 million for salary and benefit expenses, \$0.7 million less than enacted for 52.0 full-time equivalent positions. This includes expenditures of \$0.5 million from general revenues, \$0.9 million less than enacted and \$0.8 million from restricted receipts, \$0.2 million more than enacted. The request includes cost-of-living adjustments, step increases and updated benefit rates consistent with FY 2011 planning values in addition to \$0.5 million in additional turnover savings from maintaining vacant positions.

The Governor recommended funding essentially as requested, except to add \$0.1 million and 1.0 programming services officer position, consistent with his revised budget recommendation and \$28,905 less to reflect statewide savings for the four pay reduction days, deferring the cost-of-living adjustment, and lower medical benefit rates. **The Assembly concurred, with the exception of \$1,394 less from general revenues for statewide assessed fringe benefit savings.**

Central Management - Other Operations. The Department requested \$322,302 from all funds, including \$115,167 from general revenues for all other state operations in central management. The request is \$2,849 less than enacted, including \$4,984 less from general revenues, and \$2,135 more from federal funds. The request includes \$0.2 million from federal funds for the Emergency Food Assistance Program, \$2,124 more than enacted, \$50,000 from general revenues for legal expenses, consistent with the enacted budget and \$0.1 million from general revenues for office supplies and other various operating expenses. *The Governor recommended funding as requested plus an additional \$5,780 from restricted receipts to reflect additional funds available from statewide personnel savings.* **The Assembly concurred.**

Individual and Family Support - Staffing. The Department requested \$2.2 million for salary and benefit expenses for 37.1 full-time equivalent positions, \$0.2 million less than enacted. This includes expenditures of \$0.8 million from general revenues and \$1.4 million from federal funds. The request includes cost-of-living adjustments, step increases and updated benefit rates consistent with FY 2011

planning values in addition to overtime expenditure savings offset by filling several vacancies. *The Governor concurred and reduced the request by \$0.2 million to reflect statewide savings, \$0.1 million from general revenues for the four pay reduction days, deferring the cost-of-living adjustment and lower medical benefit rates. The Assembly concurred, with the exception of \$2,580 less from general revenues for statewide assessed fringe benefit savings.*

Individual and Family Support - Other Operations. The Department requested \$5.4 million, including \$1.6 million from general revenues for all other expenditures in the individual and family support program. The request is \$0.8 million more than enacted, including \$7,470 more from general revenues, \$0.7 million more from federal funds and \$45,000 more from restricted receipts.

The request includes \$0.5 million, \$0.3 million more than enacted for services to the blind and visually impaired, \$0.5 million or \$0.1 million less than enacted for the independent living program, \$0.9 million from federal funds, \$0.1 million more than enacted for family violence prevention and \$0.3 million, \$32,221 less than enacted for refugee assistance programs. It includes \$0.5 million for emergency shelter services and \$0.8 million, \$0.2 million more than enacted for Social Security Administrative reimbursements. It includes \$1.7 million, \$0.2 million more from federal funds for all other program operations. *The Governor recommended funding as requested plus an additional \$17,313 from federal funds to reflect additional funds available from statewide personnel savings. The Assembly concurred.*

Capital – Blind Vending Facilities. The Department requested \$150,000 from Rhode Island Capital Plan funds, \$25,000 more than enacted for the ongoing construction and renovation of statewide vending facilities. *The Governor recommended \$50,000 less than enacted, \$75,000 less than requested reflecting a reappropriation of Rhode Island Capital Plan funds statewide due to a shortfall. The Assembly concurred.*

Legislation

2010-H 7397, Substitute A, as amended contains legislation that affects eligibility, implementation and operation for many of the Department's programs. These are included as Articles in the FY 2011 Appropriations Act and are summarized below.

Article 3, Supplemental Security Income Supplement. The Governor proposed legislation to delete the reference to the Department of Mental Health, Retardation and Hospitals making the state payment to its clients who receive residential services. The Assembly concurred and included language that requires the Department of Human Services to make the state's portion of the federal/state supplemental security income payment directly to a recipient instead of paying a monthly transaction fee to have the payment federally administered. It also makes a technical adjustment reducing the state's portion of the payment to reflect the accurate amount that went into effect January 1, 2009. The 2008 Assembly adopted this change and the Department of Human Services' rules and regulations were updated; however, a change to current law was not made.

Article 7, Sections 1, 2, and 3, Women, Infants and Children Transfer. The Governor recommended delaying the transfer of food and nutrition services from the Department of Health to the Department Human Services until October 1, 2010. The Assembly concurred.

Article 7, Section 8, Department of Veterans' Affairs. The Governor requested a delay in the creation of the Department of Veterans' Affairs from July 1, 2010 until July 1, 2011 and a delay in the required recommendations from the Department of Human Services on the transition until October 1, 2010. The Assembly concurred.

Article 9, Section 9, Hospital License Fee. The Assembly included legislation to increase the hospital licensing fee in FY 2011 from a rate of 5.273 to 5.314 for FY 2010 at a 2008 base year and for FY 2011,

increases the hospital licensing fee to 5.465 percent of hospitals' net patient services revenue with 2009 as a base year.

Article 15, Disproportionate Share. The Assembly provided language that extends the uncompensated care payments to the community hospitals with the state making a payment for FY 2012 that does not exceed \$125.4 million. It also includes a \$15.2 million upper payment limit reimbursement to the community hospitals.

Article 17, General Public Assistance Hardship. The Governor provided \$478,000 from general revenues that the Director of the Department of Human Services may provide for hardship contingency payments for FY 2011. The Assembly concurred.

Article 19, Children's Health Account. The Governor proposed to increase the annual assessment ceiling applied to all insurers for home health services, children and adolescent intensive treatment services and comprehensive evaluation, diagnosis, assessment, referral and re-evaluation services from \$5,000 to \$6,000 per child for each service and clarify the services that are covered under the Children's Health Account. The Assembly concurred.

Article 20, Medical Assistance, Section 1, Hospital Payments and Selective Contracting. The section was later amended by 2010-H 8270 which provides that reimbursements to the community hospitals for inpatient services through the managed care plans be 90.1 percent of the rates paid as of June 30, 2010 for the period beginning January 1, 2011 through December 31, 2011. Any increase for the inpatient services in the next 12-month period is not to exceed the national Centers for Medicare and Medicaid Services payment system hospital input price index for that period. The article caps the outpatient rate at 100 percent of the rates that are in effect as of June 30, 2010, for the same 12 month period, January 1, 2011 through December 31, 2011. It also delays the implementation of the diagnosis related group reimbursement method from March 30, 2010 to July 1, 2010.

The section authorizes the director of the Department of Human Services to establish an independent study commission to review priorities and issues within the hospital system and to amend its rules and regulations, when necessary, to continue to recognize the importance, impact, and cost of the graduate medical education and training programs supported by the state's community hospitals. It also includes that reimbursements made to the hospitals based on the rates in this section are to be considered payment in full and acceptance of this provision is a condition for participating in the Medicaid program. The article also directs the Department of Human Service, through its rules and regulations, to recognize the cost and impact of graduate medical education and training programs.

The legislation adds non-emergency transportation to the list of items or services the Department of Human Services can use the selective contracting process to obtain.

Article 20, Medical Assistance, Section 2, Community Hospitals Acute Care Payments. The Assembly passed legislation to provide for a \$3.65 million state only payment to be made no later than September 1, 2010 to four community hospitals for acute care expenses to include \$1.6 million for Miriam Hospital, \$0.8 million for Kent Hospital, \$0.75 million for Westerly Hospital and \$0.5 million for South County Hospital, or the community hospitals' fiscal year 2010.

It also provides \$4.75 million in state fiscal year 2011 to include the following payments to certain hospitals: \$1,778,843 to Kent Hospital, \$1,131,929 to Miriam Hospital, \$642,340 to St. Joseph's Hospital, \$438,482 to South County Hospital, \$297,806 to Westerly Hospital, \$133,672 to Newport Hospital, \$170,964 to Butler Hospital, and \$155,963 to Bradley Hospital of Rhode Island.

Article 20, Medical Assistance, Section 3, Managed Care. The Assembly provided the authority to contractually manage the acute care and primary care medical benefits of Medicaid-eligible clients residing in a long term care facility. This is considered a category II change under the Medicaid global waiver and the resolution approving those changes is contained in Article 21 of 2010-H 7397, Substitute A.

Article 20, Medical Assistance, Section 4, Estate Recovery. The Assembly added language that requires the Department to include certain information in the monthly caseload reports. The additional information includes the number of Medicaid recipients whose estate may be subject to a recovery, the anticipated recoveries from the estate and the total recoveries collected each month.

Article 20, Medical Assistance, Section 5, Long Term Care Rebalancing. The Assembly included language in this section which makes a technical adjustment and adds adults with mental disabilities over the age of 65 to those recipients whose services are to be included in the long-term care rebalancing effort that allocates 50 percent of the funding for a population in a home or community based care setting.

Article 20, Medical Assistance, Section 6, Nursing Home Acuity Reimbursement Rates. The Assembly included language that clarifies the method for applying the nursing home acuity rate adjuster so that no home loses or gains more than 2.2 percent of its existing per diem between July 1, 2010 and October 1, 2011. The section also prevents any incentives that would lose funding to apply the reduction to its direct labor costs.

Article 21, Medicaid Reform Resolution. The Governor proposed legislation included in a resolution to notify the Assembly and seek approval to make eight changes to the Medicaid global waiver, including five for programs through the Department of Mental Health, Retardation and Hospitals and three for programs through the Department of Human Services. The changes affect services provided through the long-term care and community systems for elderly and adults with developmental disabilities, medical benefits through the managed care plans, pharmacy costs through the fee-for-service system and programs provided to adults with behavioral health issues. These changes are considered category II and assume requiring statutory changes or changes to the state's rules and regulations. The Assembly concurred, but did not include the requested language regarding estate recoveries.

Department of Mental Health, Retardation and Hospitals*

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Program				
Central Management	\$ 1,166,740	\$ 1,828,900	\$ 1,162,534	\$ 1,159,450
Services for the Dev. Disabled	230,019,017	4,127,895	232,886,839	232,150,971
Hosp. & Comm. System Support	6,703,300	241,453,403	4,858,422	4,851,766
Hospital & Comm. Rehab. Services	109,871,191	77,831,908	101,999,891	101,480,369
Integrated Mental Health Services	82,378,778	95,422,997	-	-
Substance Abuse	32,734,705	32,600,578	-	-
Behavioral Health	-	-	106,774,131	106,707,771
Total	\$ 462,873,731	\$ 453,265,681	\$ 447,681,817	\$ 446,350,327
Expenditures by Category				
Salaries and Benefits	\$ 126,581,534	\$ 112,301,474	\$ 117,082,428	\$ 114,220,222
Contracted Services	1,205,922	1,147,375	1,384,855	1,374,855
Subtotal	\$ 127,787,456	\$ 113,448,849	\$ 118,467,283	\$ 115,595,077
Other State Operations	17,398,623	15,467,495	15,032,266	15,022,266
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	303,277,282	315,340,564	301,003,978	301,432,545
Capital	13,924,760	9,008,773	13,178,290	14,720,439
Capital Debt Service	-	-	-	-
Operating Transfers	485,610	-	-	-
Total	\$ 462,873,731	\$ 453,265,681	\$ 447,681,817	\$ 446,770,327
Sources of Funds				
General Revenue	\$ 166,015,780	\$ 162,144,955	\$ 165,097,248	\$ 163,684,244
Federal Aid	280,058,238	275,389,826	262,420,126	259,918,758
Restricted Receipts	5,203,044	8,690,705	10,055,752	10,688,634
Other	11,596,669	7,040,195	10,108,691	12,458,691
Total	\$ 462,873,731	\$ 453,265,681	\$ 447,681,817	\$ 446,750,327
FTE Authorization	1,398.4	1,294.0	1,395.2	1,372.2

**The Assembly passed legislation to change the name to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.*

Summary. The Department requested \$477.9 million or \$15.1 million more than the FY 2010 enacted budget, including \$27.4 million more from general revenues, \$29.7 million less from federal funds, \$12.3 million more from Rhode Island Capital Plan funds and \$5.0 million more from restricted receipts. The request is \$4,253,849 less than the Budget Office's target of \$197,708,670.

The request adds \$22.2 million from general revenues to adjust for the enhanced Medicaid rate included in the American Recovery and Reinvestment Act of 2009 that expires as of January 1, 2011. The Department requested 1,396.2 positions, 2.2 fewer positions compared to the current authorized level and consistent with the revised request. The Department also combined the Division of Integrated Mental Health and the Division of Substance Abuse to create a new Division of Behavioral Health.

The Governor recommended \$447.7 million from all sources, \$30.7 million less than requested and \$15.2 million less than enacted and he realized general revenue savings from the continuation of the enhanced Medicaid rate in FY 2012. He included 1,395.2 positions, 1.0 less than requested.

The Assembly reduced funding by \$0.9 million, including \$1.4 million less from general revenues, \$2.5 million less from federal funds and added \$2.4 million from Rhode Island Capital Plan funds and \$0.6 million more from restricted receipts. The Assembly included 1,372.2 positions, 23.0 less than recommended to reflect the 10.0 percent reduction to all current vacancies.

The Assembly passed 2010-H 7378 that changed the Department's name to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.

Department Wide

Stimulus – Enhanced Medicaid. The enacted budget includes general revenue savings of \$192.9 million for medical services, including \$45.7 million for the Department of Mental Health, Retardation and Hospitals from the enhanced Medicaid rate included in the American Recovery and Reinvestment Act of 2009. The enhanced Medicaid rate will sunset on December 31, 2010, after which states will be reimbursed for medical services at their regular Medicaid rates.

The current service adjustments provided by the Budget Office include \$95.9 million in additional general revenues to adjust for the lower Medicaid match of which \$22.2 million is for the Department of Mental Health, Retardation and Hospitals.

The Governor assumed general revenue savings of \$95.3 million, including \$20.6 million in the Department of Mental Health, Retardation and Hospitals from a continuation of the enhanced Medicaid rate until June 30, 2010, which is included in President Obama's budget submission but still requires congressional approval. The Governor's budget did not include proposals to address a shortfall if this is not approved or the structural deficits when the \$190.7 million enhancement ends and the regular Medicaid rate applies.

The FY 2011 enacted budget assumes general revenues savings of \$107.6 million, including \$20.5 million in the Department of Mental Health, Retardation and Hospitals, from a six-month extension to the enhanced Medicaid rate. At the time the FY 2011 budget became law, Congress had not taken action to extend the enhancement. The Assembly included Section 16 of Article 1 to authorize the Governor to institute across the board reductions to all state agencies with general revenue appropriations if the enhanced Medicaid rate is not extended, or Congress does not adopt an alternate program achieving similar state savings by December 31, 2010. The reductions would be proportional to the agency's statewide general revenue appropriation. The Assembly reserved the authority to alter the appropriations to achieve similar reductions.

Capital Projects. The Department requested \$17.6 million from Rhode Island Capital Plan funds for capital projects which is \$12.3 million more than enacted. The Capital Budget Section of this analysis includes project descriptions. *The Governor recommended \$0.7 million less than enacted and \$13.0 million less than requested and eliminated funding for the hospital information system project. The Assembly added \$2.4 million for capital projects in FY 2011 to reflect funding changes and spending projections.*

Division of Developmental Disabilities

The state provides residential, day programming, family supports or medical services to support adults with developmental disabilities. The Department's request includes \$241.4 million from all sources, \$97.4 million from general revenues for the program to support adults with developmental disabilities.

The state funds residential care for those individuals who require staff supervision overnight, staff supervision but not overnight, and shared living arrangements where they reside with another non-related adult, adults with developmental disabilities through the state-run Rhode Island Community Living and Supports Program and the community based, privately operated system as well as day programming and family support services supported by the Rhode Island Consumer Global Choice Waiver.

The state system is comprised of 36 homes, has a capacity to hold 262 patients and represents 13.0 percent of the caseload. Three of the 38 homes are considered nursing facilities or special care facilities, since the homes allow and accommodate 24-hour care for special care patients. The private provider system is comprised of 339 homes, has a capacity to offer residential supports to 1,741 clients, and represents 87.0 percent of the residential caseload.

The state also provides additional day services to individuals who are not eligible for services provided under the global waiver. The programs provided directly by the state and the community agencies are discussed separately.

*The Governor reduced requested funding by \$8.5 million from all sources and provided \$232.9 million, including \$81.5 million from general revenues. He included several proposals to reduce expenses, each is discussed separately. **The Assembly further reduced expenses, primarily for capital projects and provided \$232.2 million, including \$81.5 million from general revenues.***

Community Based Programs - Medicaid. The Department requested \$185.0 million, \$76.7 million from general revenues for privately provided residential, day and family support programs provided through the state's Medicaid global waiver. This is \$14.7 million more from general revenues to adjust for the enhanced Medicaid match. The FY 2010 enacted budget restored \$15.8 million of assumed savings from implementation of the global waiver, leaving \$17.1 million to be achieved. The Department's current request restores \$13.2 million of that \$17.1 million and assumes that savings of \$4.2 million can be realized in FY 2011. Each of the services provided by the state and community based agencies are discussed separately.

*The Governor recommended \$186.1 million, \$66.7 million from general revenues for the privately operated system. He provided \$6.7 million more than enacted and \$7.0 million less than requested. He assumed savings of \$7.0 million from all funds from establishing one or more networks of providers each headed by a lead agency that would be responsible for a population of clients and refer them to the appropriate services delivered through their network. The Governor also recommended \$300,000 from all funds to hire a consultant to prepare the management contract. He included Article 21 to seek approval from the General Assembly to make this category II change under the global waiver. **The Assembly concurred with the recommendation and passed Article 21 of 2010-H 7397, Substitute A, as amended for the global waiver change.***

The following chart shows the number of individuals receiving residential, day programming and family supports through either the state-run system or the privately operated community based system funded through the Medicaid global waiver. It also shows the average annual cost per person for each activity. The unduplicated population of 3,937 is as of July 1, 2009. It should be noted that many clients receive both residential and day services. The statewide average is arrived at by dividing the unduplicated population by the total costs for the Division of Developmental Disabilities. Medical benefits for this population appear in the Department of Human Services' budget.

Developmental Disabilities Services		
<i>Daily Rates</i>	<i>Individuals</i>	<i>Avg Annual</i>
Overnight/RICLAS	245	\$ 149,495
Overnight/Community Providers	771	93,835
<i>Annual Payments</i>		
Overnight	531	83,607
Non-Overnight	467	22,316
Shared Living	132	46,038
Day Programs	3,317	16,591
Family Supports	783	18,795
Respite Only	110	2,385
<i>Other Medicaid and State Funded Supports</i>		
Medicaid Rehabilitation Option	175	6,802
Day Programs - CNOM	100	12,513
Other State Only Services	100	10,565
Total Unduplicated Population	3,937	\$ 59,153

Residential Services

Daily Rates - Overnight Care. There are 17 community providers, operating 160 group homes for 771 clients whom the state pays a daily rate for individuals who require supervision overnight. The providers receive payment if the individual spends the night at the home. If the person is with their family or in the hospital, the agency does not receive payment for that night.

The daily reimbursement rates range from \$201.52 paid for 37 clients to \$485.62 for 25 clients equating to annual costs of \$73,555 to \$177,251, respectively, or \$71.9 million from all funds if all the clients spend each night at their group home. The annual cost per person is approximately \$93,385 for the 771 clients. *The Governor's budget also did not separate the payments.* **The Assembly also did not separate the payments in the FY 2011 enacted budget.**

These clients also receive day programming services in either a separate community setting or at their place of residence. These additional services are not part of the daily rate and are paid separately to the respective providers. Those are discussed in the day programming section of this analysis.

Annual Payments - Overnight Care. For all other clients receiving 24-hour residential services through community providers, the cost is based on the level of care assigned to the clients based on the extent of their disability. The annual costs range from \$46,621 for level 1 for those individuals who are relatively independent and can complete most typical day routines with minimal support to \$94,185 for level 4 for those who require intensive support and services.

Although the Department's request does not separately identify the total payments related to the 24-hour care, it has reported that as of July 1, 2010, there are 531 individuals participating in overnight care for an average per person cost of \$83,607.

It should be noted that the payment is for an individual's care overnight and in the early morning and late afternoon because an individual will also receive day programming services, either at a separate day facility or at their residence, which is a separate payment. Day programming activities are discussed separately. *The Governor's budget also did not separate the payments.* **The Assembly also did not separate the payments in the FY 2011 enacted budget.**

Annual Payments - Non-Overnight Care. For clients who receive residential services through the community providers but do not require overnight supervision, each individual is assigned a level of care with annual reimbursements ranging from \$9,740 for level 1 to \$38,959 for level 4. Although the Department's request does not separately identify the total payments related to the residential care, it has reported that as of July 1, 2010, there are 467 individuals participating in non-overnight care for an average per person cost of \$22,316. *The Governor's budget also did not separate the payments.* **The Assembly also did not separate the payments in the FY 2011 enacted budget.**

Annual Payments - Shared Living Arrangements. For clients residing in a shared living arrangement, each individual is assigned a level of care with annual costs ranging from \$30,320 for level 1 to \$54,584 for level 4. Although the Department's request does not separately identify the total payments related to the shared living arrangements, it has reported that as of July 1, 2010, there are 132 individuals participating in a shared living arrangement for an average per person cost of \$46,038. *The Governor's budget also did not separate the payments.* **The Assembly also did not separate the payments in the FY 2011 enacted budget.**

Rhode Island Community Living and Supports Program. There are 36 state run group homes which provide overnight care, of which three are special needs facilities that have the capacity to provide residential services to 262 clients. As of November 2009, there were 241 clients in the state run facility with 21 vacancies.

The Department's request includes \$36.0 million for these clients from all funds, which equates to a daily rate of \$464.24, or \$149,495 annually. The request is \$1.0 million less from all funds, adding \$3.4 million from general revenues to adjust for the reduced Medicaid rate and decreases federal Medicaid funds by \$4.4 million.

The request includes \$35.0 million from all funds for 441.0 positions, holding 18.0 more positions vacant than the five included in the enacted budget. The \$1.0 million adjustment included savings of \$1.2 million in salaries and benefits, primarily for state employees who staff the group homes. This includes \$1.5 million less for the staff vacancies and \$0.4 million more for other benefit adjustments. The personnel savings are offset by \$0.4 million in additional overtime costs to continue providing the necessary staffing for the community residences in the state run program. The request also includes \$0.2 million less for various maintenance and operating costs.

The Governor recommended \$34.2 million from all sources, \$10.1 million from general revenues for the state-run services. This is \$2.0 million less from all funds, \$1.0 million less than requested to include the six-month delay in the cost-of-living adjustment, four pay reduction days and a lower rate for medical benefits. He also assumed \$0.1 million in additional savings from vacant positions and reduced overtime expenses by \$0.7 million compared to the request. He also added \$0.4 million to reflect federal sources that may become available from the reduction to statewide personnel costs. This appears to be incorrect since the federal funds are Medicaid, and any Medicaid expenses need to be matched by general revenues. He included two proposals, discussed separately below.

*The Governor's FY 2010 revised budget assumes general revenue savings of \$51,775 from increasing the census in the Rhode Island Community Living and Supports program and leveraging Medicaid for two new patients without increasing staffing in the group homes. This proposal is not included in his FY 2011 recommendation. **The Assembly included funding essentially as requested, with the exception of \$19,017 less for the statewide assessed fringe benefit adjustment.***

Group Home Closure. The Department currently operates 36 group homes supporting 262 residents. As of January 2010, there were 21 vacancies and the Department no longer places residents in the state run system. *The Governor assumed savings of \$0.8 million, \$0.3 million from general revenues from closing*

two group homes. The homes to be closed have not yet been identified. **The Assembly concurred. The homes to be closed have since been identified as Nichols Lane in Westerly and Kenyon School Road in Hope Valley.**

State Run Day Programming Closure. The Department currently operates two state-run day programming sites for adults with developmental disabilities in Hope Valley and North Kingstown. *The Governor recommended closing the programs and relocating to a new site, potentially in North Kingstown and assumed \$20,000 in operating savings from this proposal.* **The Assembly concurred.**

Rhode Island Community Living and Supports Program - Medicaid Rate. The state is able to leverage Medicaid for all residential and day services in the state-run system. The Department requested \$23.1 million from federal Medicaid funds but only \$12.0 million from state funds for a federal Medicaid match of 64.1 percent for total funding of \$36.1 million. The state's Medicaid rate for its FY 2011 budget is 58.45 percent, so at the correct rate funding in the state-run program totals \$39.5 million from all sources. The Department has not identified where the remainder of the \$3.4 million for the state-run program appears in its budget. *The Governor's recommendation also did not identify where the remainder of the funding for the state run programs appear in his budget.* **The Assembly concurred.**

State Operated System Dental Clinic. The Department requested \$0.4 million from all funds to operate the dental clinic for individuals in the state operated system. The clinic is located in the basement of the Virks building at the Pastore Center and staffed by contracted employees. The individuals receiving dental care through the clinic have their medical benefits paid for through the Department of Human Services' budget and have access to dental care through the fee-for-service system. *The Governor recommended funding as requested.* **The Assembly concurred.**

Supplemental Security Income Payments. The Department requested a transfer of \$1.1 million in direct supplemental security income payments for its clients who receive residential services to the Department of Human Services' budget. This reverses the action taken by the 2009 Assembly to have the Department of Mental Health, Retardation and Hospitals make the state's portion of monthly payments directly to its clients. This action was taken to avoid paying the monthly transaction fee but the Department of Human Services did not make the necessary changes. The Department of Human Services' request also includes the transfer. *The Governor recommended funding as requested and included the change in the Department of Human Services' budget.* **The Assembly concurred.**

State Operated System Client Revenue. The enacted budget includes \$2.0 million from restricted receipts to reflect the \$713.92 monthly supplemental security income payments made to clients in the state run developmental disabilities system supporting their living costs, such as rent, food, utilities and other daily living expenses. The Department's request decreases this by \$0.8 million to accurately reflect the payments. The request corrects the enacted budget which appears to have included a higher expenditure authority than was necessary for this population. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Medicaid and State Funded Supports

Family Supports. The state provides family support services through the Medicaid global waiver, including respite care at an annual rate of \$2,385 and payments for supportive services ranging from \$6,132 for level 1 to \$35,770 for level 4. A family cannot receive this benefit if the disabled individual receives residential services. Although the Department has not submitted the information that separates these payments in its request, it has reported that as of July 1, 2010, there are 783 individuals receiving family supportive services for an average per person cost of \$18,795. There are 110 individuals whose families receive respite care at a total cost of \$0.3 million, or \$2,385 per person. *The Governor's budget*

also did not separate the payments. The Assembly also did not separate the payments in the FY 2011 enacted budget.

Day Programs - Medicaid Global Waiver. Clients residing in either a privately operated or state-run home also receive day programming services through a private community provider. Payments range from level 1 care at \$6,161 to level 4 care at an annual rate of \$24,117. An individual can receive day programming services at either a community based day center or at their residence with the state paying to provide assistance during the day. Although the Department's budget does not separate the total value of these costs, it has reported that as of July 1, 2010, there are 3,317 individuals receiving day programming services for an average per person cost of \$16,590. *The Governor's budget also did not separate the payments. The Assembly also did not separate the payments in the FY 2011 enacted budget.*

Day Programs - Rehabilitation Option. The Department chose to provide additional day programming services to individuals through the Medicaid rehabilitation option. The individuals are disabled but do not meet the eligibility criteria for day programming services through the Medicaid global waiver. The Department requested \$1.2 million from all sources, \$1.0 million less than enacted and adjusted for the enhanced Medicaid rate. This assumes 175 individuals will receive services at an annual cost of \$6,802. The reduction is consistent with the revised request and assumes that an individual's disability has been reevaluated and it has been determined that the services they require fall under the Medicaid global waiver. *The Governor recommended funding as requested. The Assembly concurred.*

Other Day Services. The enacted budget includes \$2.5 million from all funds and assumes the ability to leverage \$1.4 million from Medicaid for day programs through the Medicaid global waiver for services provided to individuals who are not otherwise eligible for Medicaid. The Department's request includes \$1.4 million from all sources, \$1.2 million less than enacted including \$0.7 million less from federal funds and \$0.5 million less from general revenues. The Department indicated it did not know if the clients receiving the services have incomes above the threshold allowed under the global waiver and if their day programming expenses can be supported by Medicaid. For individuals who are not eligible for Medicaid, the state provides day programming services to approximately 100 individuals funded by Medicaid through the global waiver at an annual cost of \$12,513 or 100 individuals through the state only program, included in the next section. *The Governor recommended funding essentially as requested. The Assembly concurred.*

Other Day Services State Only. The Department requested \$3.8 million from general revenues for other state funded day services. This is \$0.8 million more primarily to backfill unachieved general revenue savings from the Medicaid global waiver, previously discussed. The request also includes \$2.5 million from general revenues for salaries and benefits and \$0.2 million for operating expenses to support the program's administrative costs. The program will provide services to 100 individuals at an annual cost of \$10,565. *The Governor reduced requested expenses by \$83,942 for the six-month delay in the cost-of-living adjustment, four pay reduction days and a lower rate for medical benefits. The Assembly concurred.*

Eleanor Slater Hospital

The state hospital provides services to patients with acute and long term medical illnesses and psychiatric disorders. Patients are admitted to the state hospital voluntarily or through a court order.

Hospital Census. The state hospital is a 495 bed licensed facility comprised of two-campus: 306 licensed beds at the main Pastore Campus in Cranston, of which 156 are occupied and 189 licensed beds, of which 123 are occupied at the Zambarano campus in Burrillville. The FY 2011 budget is based on a census of 285 patients.

The Governor's budget is also based on a 285 patient census. The Governor's FY 2010 revised budget included general revenue savings of \$0.9 million from increasing the census by 14 patients without increasing staffing to allow the Department to receive Medicaid reimbursements for 14 hospital beds that were empty, which Medicaid does not pay for. This proposal is included in his FY 2011 recommendation. **The Assembly concurred with the Governor's patient census estimate.**

Hospital Licensing Fee. The enacted budget includes \$5.6 million from all sources to pay the 5.237 percent fee assessed on state and community hospitals' gross patient services revenue, including \$2.6 million from general revenues. The Department added \$0.7 million in state funds and reduced the federal portion by the same amount to reflect a Medicaid rate of 54.09 percent. The correct rate for FY 2011 is 58.54 percent.

The Governor's budget includes the \$5.6 million payment; however, he added \$0.4 million from general revenues, \$0.3 million less than the request and included a rate of 59.12 percent. The correct rate with the continued enhanced match is 64.19 percent. **The Assembly included a licensing fee of 5.465 percent with an updated 2009 base year and added \$0.3 million, \$0.1 million from general revenues.**

Centralized Utility Costs. The Department of Mental Health, Retardation and Hospitals is charged a portion of the utility costs for the buildings that it occupies at the Pastore Center. The expenses appear in the Department of Administration's budget and are funded through Medicaid. Since the Medicaid expenses appear in the Department of Administration's budget, the Medicaid rate that is applied for hospital expenses within the Department of Mental Health, Retardation and Hospitals' budget is currently underfunded. For FY 2011, the Department of Administration's budget includes \$6.0 million for utility expenses. *The Governor recommended \$6.0 million in the Department of Administration's budget for utility costs.* **The Assembly concurred.**

Vigneron Grant. The Department receives a \$5,000 grant from the Vigneron Foundation to purchase equipment and supplies for patients who reside on the Zambarano campus; however, the funding was not included in its revised request. *The Governor included the funding in his recommendation and submitted Article 10 of 2010-H 7105 to create a restricted receipt account and exempt it from the ten percent indirect cost recovery rate.* **The Assembly concurred and passed Article 8 of 2010-H 7397, Substitute A, as amended for the change.**

Contracted Medical Services. The Department requested \$7.1 million from all funds for contracted medical services, \$0.7 million more than enacted, including \$0.8 million from general revenues. The request included funding for medical personnel including physicians, nurses, speech and physical therapy and other rehabilitative services. The Department's request increased contracted medical services based on reduced staffing levels resulting from retirements and other attrition. *The Governor recommended total funding as requested and assumed additional general revenue savings of \$0.3 million from the continuation of the enhanced Medicaid rate.* **The Assembly concurred.**

Salaries and Benefits. The Department requested \$76.1 million from all funds for salaries and benefits, \$3.4 million less from all funds, including \$2.7 million more from general revenues. The request adds \$5.7 million from restricted receipts to reflect other revenue received by the hospital to offset expenses from general revenues and Medicaid funds and corrects for the enhanced Medicaid rate.

The Department's request shifted five employees from the hospital and community system support program to the state hospital program. The Department's request reduced overtime expenses by \$4.7 million and included adjustments based on Budget Office planning values to fund 855.4 positions.

The Governor recommended \$2.8 million less than the request for the six-month delay in the cost-of-living adjustment, four pay reduction days and a lower rate for medical benefits. He included Article 23 to create the restricted receipts accounts and also exempt them from the indirect cost recovery charge. The Assembly further reduced expenses by \$2.8 million, \$1.0 million from general revenues for additional turnover and the statewide assessed fringe benefit adjustment. The Assembly included Article 8 of 2010-H 7397, Substitute A, as amended to create one new restricted receipt account to reflect Medicare receipts received for patient care.

All Other Operating Expenses. The Department requested \$12.2 million for all other operating expenses, including \$6.0 million from general revenues. This is \$0.7 million less than enacted from all funds. The request included \$3.7 million for pharmaceuticals, \$2.4 million for medical supplies, \$1.3 million for food, \$0.9 million for maintenance including grounds keeping and insurance expenses, \$0.8 million for general supplies, \$0.5 million for security services, and \$0.4 million for laundry expenses at the state hospital. Changes to the enacted budget include \$0.7 million less for pharmaceuticals, \$0.4 million less for laundry service and \$0.1 million more for food and security services.

The Governor recommended \$0.1 million more than the request for all other operating expenses; however, he added \$0.5 million to reflect federal sources that may become available from the reduction to statewide personnel costs. This appears to be incorrect since the federal funds are Medicaid, and any Medicaid expenses need to be matched by general revenues. The Assembly concurred.

Division of Behavioral Health

The Department's request combines the Divisions of Integrated Mental Health and Substance Abuse into the Division of Behavioral Health. Services are provided to individuals with mental health and substance abuse issues.

Community Mental Health Services-Rehab Option. The Department requested \$68.3 million from all sources for mental health services provided through the Medicaid rehabilitation option, which allows a state the option to provide treatment services to Medicaid eligible individuals with mental health issues or problems, which states are not mandated to provide. The request is \$1.6 million more than enacted, including \$5.6 million more from general revenues and \$3.9 million less from federal funds to adjust for the enhanced Medicaid rate for projected expenses. The Department's request is \$3.7 million more than final spending for FY 2009, which totaled \$64.6 million and \$3.1 million more than FY 2008 spending of \$65.2 million.

The Governor recommended \$2.4 million less than enacted from all sources, \$4.0 million less than the request. He included three proposals to reduce expenses including establishing a behavioral safety net contract to set a standard annual per client treatment rate for all participating providers, with the providers agreeing to increase their caseload by five percent from the previous year. Providers who opted out of this contract offer would be subject to an across-the-board rate reduction. The Governor included \$4.0 million in savings from this proposal. He included Article 21 seeking approval from the General Assembly to make the category II changes under the global waiver. He also included two additional changes, discussed separately. The Assembly concurred and included Article 21 to make the necessary changes under the Medicaid global waiver.

Supportive Employment and Day Programs. The state provides supportive employment and therapeutic day programs for individuals with mental health issues. This can include group day activities such as day trips to the movies, the library or to go bowling. *The Governor included savings of \$1.0 million, \$0.4 million from general revenues, from engaging individuals in more individualized supportive employment programs, instead of group activities. He included Article 21 seeking approval from the General Assembly to make the category II changes under the global waiver. The Assembly did not concur and restored the funding.*

Treatment Team Payments. The Department reimbursed community mental health centers for a clinician to write a treatment plan for an individual receiving mental health services. *The Governor included savings of \$0.4 million, \$0.2 million from general revenues from limiting the ability of a mental health center to bill for this activity. He included Article 21 seeking approval from the General Assembly to make the category II changes under the global waiver.* **The Assembly concurred.**

Substance Abuse Treatment Services-Rehab Option. The Department requested \$5.5 million from all funds, \$0.1 million more than enacted for substance abuse treatment services provided through the Medicaid rehabilitation option, which allows the state to provide substance abuse treatment services that are otherwise eligible under Medicaid. This is \$0.8 million more from general revenues and \$0.7 million less from federal funds for projected program costs and to correct for the enhanced Medicaid rate. *The Governor recommended \$0.4 million more than enacted and \$0.2 million more than the Department's request and included the adjustment for the enhanced Medicaid rate.* **The Assembly concurred.**

Inpatient Hospitalization-Pool I Uncompensated Care Funds. The Department's request eliminated the enacted level of \$2.6 million from all sources for inpatient psychiatric services through the uncompensated care Pool I funding that the state receives to support psychiatric hospitalization. The Department indicated that since there is an increase in the use of less expensive community placements, it cannot use the uncompensated care funding. The Department contracted for mental health treatment services and under its previous agreement, the federal funds were used to reimburse the state for inpatient treatment services at Butler Hospital. The Department increased its community based, non-hospital treatment options, and the current contract does not allow the Department to access the federal uncompensated care funds. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Community Treatment Programs. The Department requested \$17.9 million from all sources for other community treatment programs, including both substance abuse and mental health services, \$1.9 million more than enacted from general revenues. The treatment services can include outpatient and inpatient treatment services and are provided to individuals who are not eligible for Medicaid; however, through the Medicaid global waiver the state is allowed to leverage Medicaid for some of the treatment services.

The Department shifted general revenues that are no longer needed to match the federal uncompensated care funding since the Department cannot leverage these funds under its current contract with the Stanley Street Treatment and Resources (SSTAR). The new contract emphasizes community based, less intensive treatment services, not in-patient hospitalization, which is eligible for the federal uncompensated reimbursement payment.

The Governor recommended \$0.2 million less than requested from all funds, \$0.4 million less from general revenues. He assumed general revenue savings of \$0.4 million from leveraging Medicaid through the global waiver for methadone maintenance treatment programs and included Article 21 to effect this change. **The Assembly concurred.**

Community Medical Assistance Drug Expenses. The Department requested \$2.6 million from all sources, \$0.9 million less than enacted for the community medical assistance drug program. This program pays the drug expenses for individuals who are not eligible for Medicaid because they are either single and not disabled, not disabled or not eligible for medical benefits through the RItE Care program. The Department reduced expenses based on projected costs. The Department spent \$2.9 million in FY 2007, \$2.6 million in FY 2008, and \$2.3 million in FY 2009. *The Governor's recommendation added \$16,154 to the request.* **The Assembly reduced expenses by \$0.2 million, \$0.1 million less from general revenues, consistent with the adjustment made for FY 2010.**

Community Service Grants. The Department requested the enacted level of \$241,175 from general revenues for the Department's six community services grants. *The Governor recommended funding as requested.* **The Assembly concurred.**

Substance Abuse Capacity Beds. The Department included the enacted level of \$1.0 million from general revenues for the transition from the prison to community programs. The program expands the number of substance abuse beds for prisoners recently paroled but remain incarcerated from a lack of treatment beds. As of January 15, 2010, there have been 439 assessments, 339 admissions with 204 completing treatment, 40 currently enrolled, 95 leaving the program and 100 who are either waiting for placement, have sought alternative programming or have refused to enroll. *The Governor recommended funding as requested.* **The Assembly concurred.**

Indirect Cost Recovery Rate for Federal Grants. Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, through the application of a negotiated indirect cost rate. The Departments of Health, Elementary and Secondary Education and Environmental Management take advantage of this allowance to lower state general revenue costs. Current law mandates that all state agencies shall apply for the rate when it is allowed under the particular federal grant. The Department did not have an approved indirect cost rate for its federal grants. *The Governor's recommendation also did not include an approved indirect rate.*

The Assembly included general revenue savings of \$0.6 million assuming an indirect rate of not less than 5.0 percent on federal grants from the Department complying with current law and applying for and receiving a negotiated indirect rate. The Assembly shifted general revenue expenditures to indirect recovery rate restricted receipts and reduced federal funds accordingly.

Substance Abuse Prevention and Treatment Block Grant. The Department requested \$6.7 million from federal funds for the substance abuse treatment block grant. This is \$0.9 million less than enacted to reflect the actual grant award. Funding is awarded to community agencies to support local programs. *The Governor recommended funding as requested.* **The Assembly reduced recommended federal funds by \$0.3 million from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Mental Health Services Block Grant. The Department requested the enacted level of \$1.4 million from federal funds from the mental health services block grant. Funding is used to support community based mental health treatment services. *The Governor recommended funding as requested.* **The Assembly reduced recommended federal funds by \$75,911 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

State Incentive Grant. The Department requested \$0.5 million, \$2.7 million less from federal funds to reflect the strategic prevention framework state incentive grant award for FY 2011. Funding supports a state-coordinated, community-based approach that brings the issue of teenage substance abuse to the level of the individual teen and those most important in his or her life. Funding is awarded to municipalities to address substance abuse issues among adolescents. *The Governor recommended funding as requested.* **The Assembly reduced recommended federal funds by \$25,000 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Access to Recovery Grant. The Department requested \$2.3 million less than enacted for total federal funding of \$0.5 million from the access to recovery grant to reflect funds carried forward from FY 2009. The program is a voucher based system to expand treatment opportunities for recently released prisoners, juveniles released from the training school and parents and guardians involved with the Department of Children, Youth and Families who meet the substance abuse treatment income limits of at or below 200 percent of the federal poverty level. *The Governor recommended funding as requested.* **The Assembly**

reduced recommended federal funds by \$25,000 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.

Mental Health New Federal Grants. The Department requested \$0.7 million from newly awarded federal funds, including treatment services for veterans and prisoners as well as disaster preparedness activities. *The Governor recommended funding as requested.* **The Assembly reduced recommended federal funds by \$32,841 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Treatment and Accountability for Safer Communities Program. The enacted budget includes \$0.2 million from general revenues and three positions for the treatment and accountability for safer communities program. The program is required for a person who is initially convicted with a controlled substance classified as highly addictive under schedule I or II of the Controlled Substance Act or a second conviction with a less addictive schedule III or IV substance. However, the Department provided services to individuals convicted of a second drunk driving offense and often refers the program recipients to community based treatment services and eliminated two positions. The Department's request eliminates the program and two positions.

The Governor eliminated the program and the additional position and assumed additional general revenue savings of \$0.1 million. He included Article 24 to effect the change. This proposal was also included in his FY 2009 and FY 2010 recommended budgets, but was not accepted by the Assembly. **The Assembly concurred and passed Article 18 to eliminate the program.**

Other Salaries and Benefits. The Department requested \$2.7 million from all funds, \$0.1 million less than enacted for all other salaries and benefits for 28.0 positions in the Division of Behavioral Health and leaves one position vacant. This also includes cost-of-living and other benefit adjustments based on Budget Office planning values.

The Governor reduced the requested funding by \$0.1 million for the six-month delay in the cost-of-living adjustment, four pay reduction days and a lower rate for medical benefits. **The Assembly reduced expenses by \$227,417 to reflect general revenue savings available through the indirect cost recovery rate applied to the federal grants and the statewide assessed fringe benefit adjustment.**

All Other Operations. Excluding drug expenses in the community mental health program, the Department requested \$0.4 million from all sources for all other operations, \$59,543 more than enacted, \$24,585 more from general revenues. *The Governor recommended \$7,360 more from federal funds to reflect federal sources that may become available from the reduction to statewide personnel costs.* **The Assembly concurred.**

Hospital and Community System Support

Salaries and Benefits. The Department requested \$2.1 million from general revenues, \$0.2 million less than enacted for salaries and benefits and shifted \$0.3 million from general revenues for five employees transferred to the state hospital. Funding supports 20.0 positions leaving one position vacant for savings of \$69,008. The request includes adjustments based on Budget Office planning values.

The Governor reduced the requested funding by \$0.1 million for the six-month delay in the cost-of-living adjustment, four pay reduction days and a lower rate for medical benefits. **The Assembly reduced expenses by \$271,208 to reflect general revenue savings available through the indirect cost recovery rate applied to the federal grants and the statewide assessed fringe benefit adjustment.**

All Other Operations. The Department requested \$0.1 million from general revenues, \$0.3 million less than enacted for all other operations in the home and community system support program. The request is

\$244,729 less for operating expenses including \$77,539 less for office equipment and various office expenses, \$49,800 less for vehicle maintenance, and \$11,100 for staff training. The request also includes \$17,627 less for ground keeping services and temporary clerical services and \$12,200 less for furniture and computer purchases and miscellaneous repairs. *The Governor recommended funding as requested.* **The Assembly concurred.**

Central Management

Salaries and Benefits. The Department requested \$0.6 million from general revenues, \$46,892 more than enacted for salaries and benefits. The request supports 6.0 positions and includes adjustments based on Budget Office planning values and other step and longevity increases. *The Governor reduced the requested funding by \$22,798 for the six-month delay in the cost-of-living adjustment, four pay reduction days and a lower rate for medical benefits.* **The Assembly reduced expenses by \$134,257 to reflect general revenue savings available through the indirect cost rate applied to the federal grants and the statewide assessed fringe benefit adjustment.**

All Other Operations. The Department requested \$551,487 from all sources for operating expenses, including \$420,200 from general revenues and \$131,287 from federal funds. This is \$28,300 less than enacted from general revenues and includes \$51,087 less for operating expenses and \$22,787 more for contracted services. The request added \$40,000 to partially support a discharge planner in the Department of Corrections and reduced other contracted services including technology support and financial services. The reduction to operating expenses totaling \$51,087 includes \$26,671 from all out-of-state activities as well as adjustments to other various operating costs. *The Governor recommended funding as requested.* **The Assembly reduced operating expenses by \$0.1 million from general revenues.**

Legislation

2010-H 7397 Substitute A, as amended contains legislation needed to implement the budget recommendations that affect the implementation and operation for many of the Department's programs. These are included as articles in the FY 2011 appropriations act and are summarized below.

2010-H 7397, Substitute A, as Amended

Article 8 Restricted Receipts. The Governor recommended the article to establish two new restricted receipt accounts in the Department of Mental Health, Retardation and Hospitals' budget and exempts the accounts from the 10.0 percent indirect cost recovery charge. The Assembly concurred.

Article 18 Treatment Alternatives to Street Crimes Program. The Governor recommended the article to eliminate the treatment alternatives to street crime program and made several reference changes as to who should direct an individual to attend and complete a drug counseling and education program. It also requires that the alcohol and drug safety unit within the Division of Motor Vehicles will be administered in conjunction with alcohol and drug programs licensed by the state for placement, clinical assessment and monitoring. The article mandates that a clinical assessment will be performed by the Community College of Rhode Island's Center for Workforce and Education and the individuals will then be referred to an approved program. The Assembly concurred.

Article 21 Medicaid Global Waiver/Resolution. The Governor recommended the article as a resolution to notify the Assembly and seek approval to make nine changes to the Medicaid global waiver, including five for programs through the Department of Mental Health, Retardation and Hospitals and four for programs through the Department of Human Services. The Assembly passed the article as a resolution to make eight changes to the Medicaid global waiver, including four for programs through the Department of Mental Health, Retardation and Hospitals and four for programs through the Department of Human

Services. The Assembly did not concur with the change to limit the option of activities for behavioral health clients.

Office of the Child Advocate

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 570,061	\$ 541,280	\$ 576,202	\$ 574,966
Contracted Services	1,000	200	-	-
Subtotal	\$ 571,061	\$ 541,480	\$ 576,202	\$ 574,966
Other State Operations	17,087	14,998	14,661	14,661
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 588,148	\$ 556,478	\$ 590,863	\$ 589,627
Sources of Funds				
General Revenue	\$ 547,048	\$ 510,584	\$ 545,058	\$ 543,822
Federal Aid	41,100	45,894	45,805	45,805
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 588,148	\$ 556,478	\$ 590,863	\$ 589,627
FTE Authorization	5.7	5.8	5.8	5.8

Summary. The Office of the Child Advocate requested \$615,740 from all sources, which is \$27,592 more than enacted. The request also includes 5.8 full-time equivalent positions, 0.1 more than enacted. The request is consistent with the Budget Office current service target of \$568,707. *The Governor recommended \$590,863 from all sources, including \$545,058 from general revenues, \$45,805 from federal funds, and 5.8 full-time equivalent positions. This is \$2,715 more than enacted, including \$1,990 less from general revenues and \$4,705 more from federal funds.* **The Assembly concurred, with the exception of savings from an updated assessed fringe benefit rate.**

Salaries and Benefits. The Office requested \$598,040 from all sources for salaries and benefits, including \$551,047 from general revenues, \$46,993 from federal funds, and 5.8 full-time equivalent positions. This is \$22,045 more than enacted from general revenues. This includes an increase of \$41,660 from a 3.0 percent cost-of-living increase, various salary adjustments, an additional 0.1 full-time equivalent position, and medical benefit and retirement rate adjustments consistent with Budget Office planning values. These increases are offset by turnover savings and overtime reductions totaling \$13,681.

The Governor recommended \$576,202 from all sources, including \$531,058 from general revenues and \$45,144 from federal funds. This is \$6,141 more than enacted and \$21,838 less than requested to account for four pay reduction days, the six-month deferral of the cost-of-living increase, and adjustments to medical benefit rates. **The Assembly concurred; however, it reduced general revenues by \$1,236 to reflect an updated assessed fringe benefit rate.**

Operating Expenses. The Office requested \$17,700 from all sources for operating expenses, including \$17,659 from general revenues and \$41 from federal funds. This is \$387 less than enacted to reflect various adjustments to operating expenses, including staff training, mileage reimbursements, and office supplies. *The Governor recommended \$3,039 less than requested, including \$3,659 less from general revenues to reflect additional reductions to mileage reimbursements, offset by \$620 of additional federal funds available from statewide personnel savings.* **The Assembly concurred.**

Commission on Deaf and Hard of Hearing

	FY 2010		FY 2010		FY 2011		FY 2011
	Enacted		Final		Recommended		Enacted
Expenditures by Category							
Salaries and Benefits	\$ 303,940	\$	290,650	\$	305,422	\$	304,744
Contracted Services	55,500		48,950		48,950		48,950
Subtotal	\$ 359,440	\$	339,600	\$	354,372	\$	353,694
Other State Operations	10,706		9,130		9,130		9,130
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	-		-		-		-
Capital	-		-		-		-
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
Total	\$ 370,146	\$	348,730	\$	363,502	\$	362,824
Sources of Funds							
General Revenue	\$ 370,146	\$	348,730	\$	363,502	\$	362,824
Federal Aid	-		-		-		-
Restricted Receipts	-		-		-		-
Other Funds	-		-		-		-
Total	\$ 370,146	\$	348,730	\$	363,502	\$	362,824
FTE Authorization	3.0		3.0		3.0		3.0

Summary. The Commission requested total expenditures of \$382,248 from general revenues, which is \$12,102 more than enacted. It includes the enacted level of 3.0 full-time equivalent positions. The request equals the Budget Office's general revenue target. *The Governor recommended \$363,502 from general revenues, which is \$6,644 less than enacted and \$18,746 less than requested. The Governor recommended 3.0 full-time equivalent positions.* **The Assembly concurred, with the exception of the statewide assessed fringe benefit savings.**

Salaries and Benefits. The Commission requested \$317,396 from general revenues for 3.0 full-time equivalent positions. This is \$13,456 more than enacted from general revenues to fully fund the enacted staffing level and assumes no turnover savings. This increase includes a 3.0 percent cost-of-living increase and adjusted benefit rates consistent with Budget Office planning values for FY 2011. *The Governor recommended \$11,974 less than requested to reflect savings from a six month delay in the cost-of-living adjustment, four pay reduction days, and a lower rate for medical benefits.* **The Assembly concurred, with the exception of the \$678 reduction for statewide assessed fringe benefit savings.**

Interpreter and CART Services. The request included \$54,146 from general revenues for contracted services. This is a 0.2 percent reduction or \$1,354 less than enacted to be consistent with historical expenditures. The Commission utilizes contracted services primarily for all facets of interpreter services, the 24-hour emergency on call service as well as temporary staff. *The Governor recommended \$5,196 less than requested.* **The Assembly concurred.**

All Other Operations. The Commission requested the enacted level of \$10,706 for all other operating expenses. *The Governor recommended \$1,576 less based on historical spending.* **The Assembly concurred.**

Governor's Commission on Disabilities

	FY 2010		FY 2010		FY 2011		FY 2011
	Enacted		Final		Recommended		Enacted
Expenditures by Category							
Salaries and Benefits	\$ 382,802	\$	364,591	\$	379,969	\$	379,166
Contracted Services	26,416		7,458		7,109		7,109
Subtotal	\$ 409,218	\$	372,049	\$	387,078	\$	386,275
Other State Operations	33,051		27,690		31,376		31,376
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	107,250		153,410		154,921		154,921
Capital	176,881		192,032		251,881		251,881
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
Total	\$ 726,400	\$	745,181	\$	825,256	\$	824,453
Sources of Funds							
General Revenue	\$ 366,450	\$	343,142	\$	368,032	\$	367,229
Federal Aid	174,949		198,329		193,598		193,598
Restricted Receipts	10,001		13,559		13,626		13,626
Other Funds	175,000		190,151		250,000		250,000
Total	\$ 726,400	\$	745,181	\$	825,256	\$	824,453
FTE Authorization	4.0		4.0		4.0		4.0

Summary. The Governor's Commission on Disabilities requested \$1.1 million and 4.0 full-time equivalent positions for FY 2011. This is \$336,957 more than enacted from all sources, including \$13,343 more from general revenues. The request is \$2 less than the Budget Office's general revenue target of \$379,795. *The Governor recommended \$825,256, which is \$98,856 more than enacted and \$238,101 less than requested, including \$225,000 less from Rhode Island Capital Plan funds. The Governor recommended the 4.0 full-time equivalent positions. The Assembly concurred, with the exception of the statewide assessed fringe benefit savings.*

Salaries and Benefits. The Commission's FY 2011 request includes \$393,485 for salaries and benefits for 4.0 full-time equivalent positions. The request is \$10,683 more than enacted from all sources, which includes \$26,782 more from general revenues offset by a \$16,099 reduction from federal funds. Changes include a 3.0 percent cost-of-living increase, other statewide benefit adjustments and a shift of expenses from the elimination of contracted services that were used to conduct accessibility surveys of polling places and businesses. The Commission did not assume any turnover savings, which is consistent with the enacted budget.

The Governor recommended \$2,833 less than enacted from all funds and \$13,516 less than requested, which includes \$11,761 less from general revenues to reflect a six month delay in the cost-of-living adjustment, four pay reduction days and lower medical benefit rates. The Assembly concurred, with the exception of the \$803 reduction for statewide assessed fringe benefit savings.

Disability Business Enterprises. The Commission's FY 2011 request includes total expenditures of \$9,930 from general revenues for the disability business enterprises program, which is \$11,130 less than enacted. The disability business enterprise program certifies businesses that meet the state's criteria for businesses owned by or employing people with disabilities. The request includes the elimination of the ADIL contract for the Disability Business Enterprise/Public Information Coordinator position and shifted those responsibilities to one of the Assistant American Disability Act Coordinators. *The Governor recommended funding as requested.* **The Assembly concurred.**

Help America Vote Act. The Commission requested \$138,167 from federal funds for FY 2011, which is \$38,100 more than enacted. The agency received additional funds to eliminate barriers at polling places for persons with disabilities and will focus its efforts on assessing and renovating polling places leading up to the primary and general election in the fall of 2010. *The Governor recommended funding as requested and added \$255 available from statewide personnel savings.* **The Assembly concurred.**

All Other Operating Expenses. The Commission requested \$44,894 from all funds, which includes \$2,309 less from general revenues for FY 2011 for all other operating expenses. This is \$696 less than enacted. The change reflects reductions to general office expenses and interpreter services. *The Governor recommended funding as requested and added \$160 available from statewide personnel savings.* **The Assembly concurred.**

Capital. The Commission requested a total of \$475,000 or \$300,000 more than enacted from Rhode Island Capital Plan funds for the continuation of eliminating architectural barriers at state owned facilities. This will support the elevator project at the Groden Center and includes two years worth of funding. *The Governor recommended \$75,000 from Rhode Island Capital Plan funds, \$225,000 less than requested.* **The Assembly concurred.**

Office of the Mental Health Advocate

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 434,605	\$ 356,716	\$ 424,975	\$ 423,969
Contracted Services	2,500	7,000	4,500	4,500
Subtotal	\$ 437,105	\$ 363,716	\$ 429,475	\$ 428,469
Other State Operations	11,318	12,481	12,481	12,481
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 448,423	\$ 376,197	\$ 441,956	\$ 440,950
Sources of Funds				
General Revenue	\$ 448,423	\$ 376,197	\$ 441,956	\$ 440,950
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 448,423	\$ 376,197	\$ 441,956	\$ 440,950
FTE Authorization	3.7	3.7	3.7	3.7

Summary. The Office requested \$457,533 from general revenues, \$9,110 more than enacted. The Office also requested the current staffing level of 3.7 positions. The request is \$8,457 less than the Budget Office's current service target. *The Governor recommended \$441,956 from general revenues, \$6,467 less than enacted and \$15,577 less than requested. He included 3.7 positions.* **The Assembly concurred, with the exception of the statewide assessed fringe benefit savings.**

Salaries and Benefits. The Office requested \$440,552 for salary and benefit expenses to fully fund its current level of 3.7 positions, \$5,947 more than enacted. The request includes adjustments consistent with the Budget Office planning values in addition to medical benefits savings for one employee who waives coverage. *The Governor recommended \$15,577 less than requested for the six-month delay in the cost-of-living adjustment, four pay reduction days and a lower rate for medical benefits.* **The Assembly concurred, with the exception of the \$1,006 reduction for statewide assessed fringe benefit savings.**

Other State Operations. The Office requested \$12,481 for other state operations, \$3,163 more than enacted, adjusting for various expenses incurred by the Office. This is consistent with the revised request and includes \$2,000 more than enacted for psychiatric evaluations to be more in line with historical spending. *The Governor recommended funding as requested.* **The Assembly concurred.**

Department of Elementary and Secondary Education

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Program				
State Aid	\$ 658,218,551	\$ 646,369,993	\$ 636,979,529	\$ 648,829,028
School Housing Aid	61,538,663	58,299,115	71,774,727	70,774,727
Teachers' Retirement	77,752,559	72,346,889	66,830,378	75,598,212
RI School for the Deaf	7,219,156	7,167,919	7,341,892	7,328,747
Central Falls School District	44,780,100	44,392,345	42,731,889	43,047,138
Davies Career & Technical School	18,203,732	17,845,066	18,368,592	18,337,958
Metropolitan Career & Technical School	16,758,767	13,308,767	17,085,544	17,083,219
Administration	265,536,034	279,195,199	282,438,579	247,733,840
Total	\$1,150,007,562	\$1,138,925,293	\$1,143,551,130	\$ 1,128,732,869
Expenditures by Category				
Salaries and Benefits	\$ 36,577,159	\$ 34,458,223	\$ 38,636,097	\$ 36,856,092
Contracted Services	17,727,628	27,171,835	48,565,246	32,852,959
Subtotal	\$ 54,304,787	\$ 61,630,058	\$ 87,201,343	\$ 69,709,051
Other State Operations	11,852,782	12,727,248	12,623,609	13,026,731
Aid to Local Units of Government	1,013,854,653	977,423,012	990,784,117	992,756,124
Assistance, Grants, and Benefits	63,297,211	83,308,941	44,598,591	44,555,797
Capital	6,573,129	3,836,034	8,343,470	8,685,166
Capital Debt Service	-	-	-	-
Operating Transfers	125,000	-	-	-
Total	\$1,150,007,562	\$1,138,925,293	\$1,143,551,130	\$ 1,128,732,869
Sources of Funds				
General Revenue	\$ 857,726,770	\$ 807,041,835	\$ 828,248,498	\$ 856,068,541
Federal Aid	278,346,091	311,039,586	282,960,896	239,980,896
Restricted Receipts	7,501,077	17,030,683	23,930,750	23,930,750
Other	6,433,624	3,813,189	8,410,986	8,752,682
Total	\$1,150,007,562	\$1,138,925,293	\$1,143,551,130	\$ 1,128,732,869
FTE Authorization				
Administration	134.4	129.7	149.4	133.4
Davies	133.0	128.5	133.0	132.0
School for the Deaf	60.0	57.6	60.0	60.0
Total Authorized Positions	327.4	315.8	342.4	325.4

Summary. The Board of Regents requested \$1,203.4 million from all sources of funds and 321.4 full-time equivalent positions. The staffing request is 6.0 positions less than enacted. General revenues total \$884.3 million, which is \$26.6 million over the FY 2010 enacted level and \$10.4 million less than the current service target provided by the Budget Office.

Direct aid to local districts represents 95.4 percent of the Regents' FY 2011 general revenue request. The remainder of the budget supports the operation of two wholly state-operated schools and the Department's implementation of state education objectives.

The Regents requested \$289.4 million in federal spending, which is \$11.0 million more than the enacted budget and \$79.4 million more than FY 2009 expenditures. The budget request also includes \$23.1 million from restricted receipts, \$6.4 million from Rhode Island Capital Plan funds and \$0.2 million from duties paid by auctioneers.

The Governor recommended \$1,143.6 million, \$6.5 million less than enacted and \$59.8 million less than requested. He recommended \$29.5 million less from general revenues than enacted and \$56.1 million less than requested. He reduced support for local education operating aid for each school district and charter school by \$19.3 million to reflect local savings from his proposed pension changes. He also reduced education aid by \$26.5 million from general revenues including charter schools and Stabilization funds are \$4.5 million less than enacted based on the remaining available funds. Federal funds are \$4.6 million more than enacted largely reflecting the reduction in stabilization funds offset by the inclusion of \$33.3 million from federal Race to the Top funds.

Rhode Island Capital Plan funds are \$1.8 million more than enacted for repairs to the Chariho Career and Technical Center and restricted receipts are \$16.4 million more than enacted. This includes \$15.6 million for a new restricted receipt to fund the statewide transportation program.

The Assembly provided \$1,128.7 million for FY 2011. This is \$27.8 million more from general revenues than recommended. The Assembly added \$21.9 million to the Governor's recommendation to reflect adopted pension changes and added \$8.0 million from general revenues to backfill a like amount from stabilization funds that were advanced from FY 2011 for use in FY 2010. It also provided \$350,000 from general revenues for the education telecommunications access fund and \$250,000 to fund the physics first program. The Assembly included \$1.0 million in construction aid savings and \$1.5 million in charter school aid savings both based on projected expenditures for FY 2011. It eliminated \$42,794 for three community service grants for which the grantees did not request funding and \$63,606 for statewide assessed fringe benefit savings.

It eliminated \$35.0 million from federal Race to the Top funds because Rhode Island was not awarded funds in the first round and provided \$20,000 from federal funds for a new automatic data transfer project. It also added \$0.3 million from Rhode Island Capital Plan funds to reflect revisions to six projects.

Staffing. The Regents requested 321.4 full-time equivalent positions. This is 6.0 less positions than enacted at the Davies Career and Tech School. The school is also proposing to transfer its 6.0 school-based coordinators to the local districts. There are no savings as the school would still pay for the positions, but there would be a 6.0 position reduction in the state workforce for the staff who would become local employees of districts. The Regents had proposed this as part of the FY 2009 budget but neither the Governor nor the Assembly approved it.

The Governor recommended 342.4 full-time equivalent positions, which is 15.0 more than enacted to work on the Race to the Top grant if the state is awarded funding. If the state fails to receive funding, the positions would not be filled. He did not recommend the requested staff reduction for Davies.

The Assembly authorized 325.4 full-time equivalent positions. It did not provide the 15.0 new Race to the Top positions pending the outcome of the application and eliminated 2.0 vacant positions.

State Aid. The Regents requested \$692.2 million from general revenues for state aid to local school districts, including the state operated Central Falls School District and the Met School. This is \$14.1 million more than the FY 2010 enacted level. Excluding Central Falls and the Met School, the Regents request is \$12.1 million more than enacted. The increase requested for Central Falls is \$1.7 million or 4.0 percent and the increase for the Met School is \$0.4 million or 2.9 percent. These requests are discussed in detail separately in this analysis. Funding for these two entities and support for retirement and construction are also discussed separately.

The Governor recommended \$632.6 million from all funds for state aid, including Central Falls and the Met School. Excluding Central Falls and the Met School, the recommendation is \$32.9 million less than enacted including \$23.7 million less from general revenue distributed aid and \$9.2 million less from federal stabilization funds. This includes a 3.8 percent reduction of \$23.4 million. He also recommended a reduction of \$18.6 million to capture the estimated savings to local school districts from proposed changes to the pension system.

The Assembly provided \$645.6 million from all funds including Central Falls and the Met School. The Assembly concurred with the 3.8 percent reduction. Estimated savings to local districts from adopted pension changes are \$6.1 million and the Assembly captured those for the state as well. The Assembly added \$13.2 million to the Governor's recommendation to account for this.

The Assembly also adopted separate legislation establishing a new funding formula to be effective with the FY 2012 budget.

New Charter Schools. The Regents requested \$1.0 million for new charter schools for the 2010-2011 school year. Two schools have received preliminary approval, subject to the availability of funding, from the Board of Regents to open in the fall of 2010. The \$1.0 million would allow both schools to open with one grade each for FY 2011. *The Governor recommended funding as requested. The Assembly concurred.*

Existing Charter Schools. The Department requested \$6.3 million in additional general revenue funding to support and expand the state's charter school program. The request provides an increase of 19.0 percent over the enacted level to reflect grade additions in four charter schools and growing enrollments, changes in per pupil amounts and share ratios. The statutory funding mechanism provides state funding for each student in a charter school based on the sending districts' per pupil cost, reduced by that community's share ratio. The 2005 Assembly changed the calculation of charter school aid that sets the minimum share ratio for each district at 30.0 percent. The aid also includes an indirect cost payment to the sending district equal to 5.0 percent of the per pupil cost. The enacted budget includes \$33.3 million for 13 charter public schools.

The Governor's recommendation is \$1.5 million less than requested to include a \$1.3 million or 3.8 percent reduction from general revenues similar to treatment of other districts and \$0.2 million to reflect savings to charter schools from proposed changes to the pension system.

Based on the most recent enrollment projections, the FY 2011 need is \$1.5 million less than recommended. The Assembly included the projected savings.

Statewide Transportation. The Regents requested \$15.6 million from restricted receipts to fund the statewide transportation system. The 2009 Assembly adopted legislation mandating the use of a statewide transportation system for special needs students and the eventual implementation of the transportation system for all students. Districts will reimburse the state for its share of the cost, offsetting this expenditure. The November Revenue Estimating Conference included \$8.6 million in offsetting revenue for this initiative for FY 2010. The Conference included \$15.6 million for FY 2011.

As part of his FY 2010 revised budget, the Governor submitted legislation to create a restricted receipt account and exempt it from the 10.0 percent indirect cost recovery. *The Governor recommended funding as requested. The Assembly concurred.*

State Fiscal Stabilization Funds. The Regents requested \$32.0 million from federal fiscal stabilization funds for FY 2011 to be distributed to local school districts, Central Falls and the Metropolitan Career and Technical School. On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009. The FY 2009 and FY 2010 budgets included \$75.5 million over FY 2009 and FY 2010 from state fiscal stabilization funds of the total \$134.9 million estimated available over FY 2009 through FY 2011 for elementary and secondary education. This would have left \$27.3 million available for FY 2011.

Based on the revised recommended budget, the allocation for elementary and secondary education is actually \$107.3 million out of the \$134.9 million available for Rhode Island. Based on the amounts spent in FY 2009 and the Governor’s FY 2010 revised recommendation, there will be \$26.8 million available for FY 2011. This is \$6.4 million less than the Regents’ request of \$33.2 million.

The Governor’s budget includes \$26.6 million for elementary and secondary education for FY 2011. The final total allocation for elementary and secondary education is \$107.6 million. This includes an assessment of 0.5 percent of \$0.5 million over FY 2010 and FY 2011 to fund the Governor’s office of economic recovery and reinvestment.

The Governor requested an amendment to use \$132,564 that had been allocated for the 0.5 percent administrative charge as education aid to districts in lieu of a like amount from general revenues. This is based on the federal government’s decision that the allowable 0.5 percent administrative charge shall not be assessed against the education share of funds and shall be allocated entirely to the share for general government uses.

The Assembly advanced an additional \$8.0 million from federal fiscal stabilization funds from FY 2011 to FY 2010 in lieu of a like reduction from general revenues. The Assembly backfilled the general revenues in FY 2011. The Assembly also concurred with the use of \$132,564 that had been allocated for the 0.5 percent administrative charge as education aid to districts in lieu of a like amount from general revenues.

	Higher Education	Elementary and Secondary Education	Total
FY 2009 Spent	\$ -	\$ 33,207,223	\$ 33,207,223
FY 2009 Carry Forward	-	5,117,599	5,117,599
FY 2010 Final	16,106,895	50,597,785	66,704,680
FY 2011 Balance	11,237,118	18,645,522	29,882,640
Total	\$ 27,344,013	\$ 107,568,130	\$ 134,912,143

Teachers’ Retirement. The Regents requested \$79.3 million to fund the state’s share of the employer contribution for teacher retirement costs, an increase of \$1.5 million to the FY 2010 enacted level. Teachers contribute 9.5 percent of their salaries. That rate is set in the General Laws. Employers pay the difference between the teachers’ share and the amount needed to support the system, as determined annually by the State Employees’ Retirement System. The state pays 40.0 percent of the employer’s share. For FY 2011 that rate is 8.18 percent. That is the same rate for FY 2010. The increase is based on an updated teacher payroll base.

The state funds a percentage of the employer's share of the necessary contribution to the Teacher Retirement System, and municipalities contribute the balance. The employer's share is determined annually, based on actuarial reports by the State Employees Retirement System and is applied to the covered payroll.

The Governor reduced the state's share of teacher retirement costs by \$12.4 million. This includes an additional \$0.5 million for an adjustment to the teachers' payroll base offset by savings of \$12.9 million to reflect the estimated savings to the state that will be realized from proposed changes to the pension system contained in his revised budget. This assumes a rate of 6.86 percent for the state.

Estimated savings to the state for its share of teacher retirement costs from adopted pension changes are \$4.1 million. The Assembly added \$8.8 million to the Governor's recommendation to account for this.

Central Falls School District. The Department requested \$44.3 million to support the Central Falls School district for FY 2011. This includes \$44.1 million from general revenues and \$0.2 million from the Permanent School Fund. This is \$1.7 million more, or 4.0 percent more general revenues than the FY 2010 budget. The Regents' request also includes \$0.2 million from the Permanent School Fund for FY 2011. This is money received into the Permanent School Fund from duties paid to the state by auctioneers.

The Governor recommended \$2.0 million less than enacted from all sources of funds. This includes a 3.8 percent reduction of \$1.7 million consistent with other districts. His recommendation also includes \$0.5 million less for the state's capture of proposed savings to Central Falls from his pension changes.

The Assembly concurred with the 3.8 percent reduction. Estimated savings from adopted pension changes for Central Falls are \$151,046. It also included an adjustment of \$8,107 to reflect Central Falls' share of the allowable stimulus administrative cost charge.

School Housing Aid. The Regents requested \$71.8 million from general revenues for school housing aid. This is \$10.2 million more than the FY 2010 enacted level and assumes 25.0 percent of the projects in the pipeline complete each year; for FY 2011 this includes four very large projects that are currently complete and are therefore eligible for payment to begin in FY 2011. The Department calculates the actual costs for FY 2011 at the close of FY 2010 because reimbursement begins after projects have been completed. The FY 2010 first quarter report recognizes general revenue savings of \$3.2 million from the enacted estimate for school housing aid payments because several districts did not complete their new projects by June 30, 2009 in order to be eligible for reimbursement in FY 2010.

The state reimburses cities and towns for capital school projects under Section 16-7-35 of the Rhode Island General Laws. Reimbursement is on the cost of the project including interest on bonded projects and does not begin until the projects have been completed. This makes it difficult to project what the final cost will be. *The Governor recommended funding as requested.*

The Assembly reduced school construction aid by \$1.0 million from general revenues based on anticipated savings. The Assembly also adopted changes as part of the new funding formula legislation that phases in a two-year increase in the state's minimum aid participation to provide that no local receive less than a 40.0 percent state reimbursement by FY 2013 for projects completed after June 30, 2010.

Metropolitan Career and Technical School. The budget includes \$12.5 million from general revenues for the operation of the Metropolitan Career and Technical School for FY 2011. This is \$0.4 million or 2.9 percent over the enacted level of \$11.6 million. This funds full enrollment at the school's Providence campuses and freezing enrollment for the second year in a row at the new East Bay campus to 90

students. The 2006 Assembly added \$1.0 million to support the opening of an East Bay campus for the 2006-2007 school year with 30 students. For FY 2011, the school will replace the graduating twelfth graders from the 2009-2010 school year with a new cohort of ninth graders, maintaining 90 students.

The request also includes \$4.0 million from Rhode Island Capital Plan funds for the third year of a project approved by the 2008 Assembly to renovate and add space to the Florence Gray Community Center in Newport to accommodate future growth in student enrollment at the Met School's East Bay Campus. The Assembly provided \$1.1 million from Rhode Island Capital Plan funds for FY 2009, \$5.0 million for FY 2010, and \$4.0 million for FY 2011.

*The Governor recommended \$13.0 million from all funds for FY 2011. This includes \$12.6 million from general revenues and \$0.4 million from stabilization funds and freezes enrollment for the second year at the East Bay campus. Compared to the enacted budget, the recommendation includes an additional \$0.4 million from general revenues of which \$0.2 million is to backfill unavailable stabilization funds. **The Assembly concurred and included an adjustment of \$2,325 to reflect the Met School's share of the allowable stimulus administrative cost charge.***

Education Telecommunications Fund. The Department requested a decrease of \$0.3 million from restricted receipts for FY 2011 from the education telecommunications access fund based on estimated available funds. The telecommunications education access fund is designed to provide financial assistance to qualified libraries and schools to acquire, install, and use telecommunications technologies to access the Internet. This fund is supported by a \$0.26 monthly surcharge levied upon each residence and business telephone access line.

Prior to FY 2009, general revenue support was used to supplement the program; however, the Department proposed raising the monthly surcharge and eliminating general revenue support as part of the FY 2009 budget process. The 2008 Assembly eliminated general revenue support for the program and maintained the surcharge fee at the same level. The 2010 Assembly provided \$350,000 from general revenues to support this program for FY 2010.

Consistent with his FY 2010 revised budget recommendation, the Governor eliminated the \$350,000 from general revenues provided to support the telecommunications education access fund. In his revised budget, he proposed lowering the monthly surcharge levied upon each residence and business telephone access line to \$0.15 and expanding it to include wireless lines. For FY 2011 he assumed an additional \$0.8 million will be raised to offset the elimination of general revenues. It should be noted that, although wireless customers are not currently charged for this, they do pay a \$0.26 charge that goes to the General Fund. It had initially been imposed to support geo-coding for the state's E-911 calls.

The Assembly did not enact the proposed legislation. It provided \$350,000 from general revenues to support the program for FY 2011.

Group Homes. The request includes the enacted level of \$9.5 million to fund beds for communities hosting group homes. The 2007 Assembly made statutory changes to align the payment of communities' group home aid to reflect more closely the actual number of group home beds open at the time of the budget. The legislation also uses the count of beds that are open as of December 31 for the budget year's aid.

The Governor's budget is \$0.6 million less than enacted to reflect the actual number of beds open as of December 31, 2009. This includes two additional beds in Burrillville for \$30,000, one additional bed in Pawtucket for \$15,000 and four additional beds in Portsmouth for \$60,000 offset by seven less beds in East Greenwich for savings of \$105,000, eight less beds in East Providence for savings of \$120,000, 11 less beds in Providence for savings of \$165,000, five less beds in Smithfield for savings of \$75,000, eight

*less beds in Woonsocket for savings of \$120,000 and eight less beds in Exeter-West Greenwich for savings of \$120,000. **The Assembly concurred.***

New England Common Assessment Program. Consistent with the revised budget request, the FY 2011 request includes savings of \$354,664 from general revenues for the annual contract for New England Common Assessment Program (NECAP) testing. The Department has a contract with Measured Progress to provide various testing and scoring of Rhode Island students for the tri-state testing, and the Rhode Island alternate assessment program. The enacted budget included \$1.4 million for the cost of the contract for FY 2010. Because the State of Maine has decided to join the program, the cost to Rhode Island will decrease \$0.4 million. *The Governor recommended funding as requested. **The Assembly concurred.***

Convention Center Parking. Consistent with the revised request, the Regents requested \$245,000 from all sources of funds for parking passes for Department staff for FY 2011. This is \$25,000 less than the FY 2010 enacted budget. The savings are the result of the renegotiation of the contract with the Convention Center Authority to achieve budget savings. *The Governor recommended funding as requested. **The Assembly concurred.***

Uniform Chart of Accounts. The request reflects savings of \$50,000 from the uniform chart of accounts initiative, leaving \$200,000 available for FY 2011. The 2007 Assembly appropriated \$1.1 million for FY 2008 for the first of a two-year implementation of a statewide uniform chart of accounts to standardize budgeting and accounting across all school districts and charter schools. Under Rhode Island General Law, the Office of the Auditor General and the Department of Elementary and Secondary Education are charged with promulgating a uniform system of accounting, including a uniform chart of accounts for all school districts and charter schools.

Districts began using the new chart on July 1, 2009 but the Department reports that there is still a significant amount of work necessary to support districts with issues related to transition, reporting, file transfers, and Help Desk support. Funds will also be used to continue to provide quality assurance on data submitted to assure accountability, to begin analysis on the data within the data warehouse, and to support the school districts with technical assistance. *The Governor recommended funding as requested. **The Assembly concurred.***

Vision Services. Consistent with the revised budget request, the FY 2011 request includes savings of \$103,000 in vision services. Of this amount, \$40,000 is for tuition for those students who attend Perkins School for the Blind. Most blind students are educated in their own districts with support from the state's vision services program. Parents who believe the state cannot meet their children's needs may apply to the Commissioner to exercise his authority to appoint the child to attend any suitable institution or school. Local districts pay only their per-pupil special education cost towards tuition and the state pays the difference. The enacted budget provided for three students to attend Perkins School for the Blind in Watertown, Massachusetts, based on information received in FY 2009. Actual enrollment for FY 2010 is two students.

The remaining \$63,000 is a 10.0 percent reduction to Rhode Island Vision Services Education Program at the Paul Sherlock Center. The Rhode Island Vision Services Education Program at the Paul Sherlock Center provides teaching and consultation services to children who are blind or visually impaired, their families, and educational staff within the school environment. *The Governor recommended funding as requested. **The Assembly concurred.***

Redesign Teacher Certification Process. Consistent with the FY 2010 revised budget request, the FY 2011 request includes \$0.3 million in savings from redesigning the teacher certification process. The work of the Office of Educator Quality includes assessing candidate performance to standards, the

licensure and recertification of educators, and setting standards for high quality professional development for all Rhode Island educators. The Department eliminated one licensing officer and one information aide. In addition, two Regents' fellows assigned to this work will be eliminated in FY 2010 and one in FY 2011.

The Department indicated that the changes will have no impact on revenue collections. Its FY 2011 estimate of revenues is \$682,000, which is consistent with FY 2009 receipts and the FY 2010 revised estimate. *The Governor recommended funding as requested.* **The Assembly concurred.**

Physics First. The physics first program teaches physics in the first year of high school. Funding is used to provide physics textbooks and lab equipment for the five high schools participating in the physics first program. *The Governor did not recommend funding for this program.* **The Assembly added \$250,000 from general revenues.**

Community Service Grants. The Department's request includes the enacted level of \$0.8 million for approximately 50 community service grants to community organizations. *The Governor recommended funding as requested.* **The Assembly eliminated three grants totaling \$42,794 for which the grant recipients did not request the funds for FY 2010.**

Other Salaries and Benefits. Excluding all previously mentioned personnel items, the Department's budget includes an increase of \$1.0 million from all funds for all other salaries and benefits, including an additional \$0.8 million from general revenues. The increased funding reflects 4.0 new positions to work on the Department's effort to transform failing schools. Two of the positions will lead the new centers for High Performing Learning Environments and Educator Excellence and Effectiveness. A Transformation Officer will be responsible for the transformation work that will focus on turning around the state's lowest performing schools and a new position is a conversion of a secondary reform fellow that will work with the lowest performing high schools.

It also reflects eliminating a clerk secretary position in the middle and high school reform office for savings of \$70,779. As part of its strategic planning process, the Commissioner has reorganized the Department and realigned resources to support the new strategic priorities. The request also assumes Budget Office planning values for benefits including a 3.0 percent cost-of-living increase for FY 2011 as well as shifting approximately \$175,000 in expenditures from general revenues to federal funds.

The Governor's recommendation is \$0.6 million less than requested including \$0.4 million less from general revenues reflecting a six-month delay of cost of living adjustments, four pay reduction days and a lower medical benefit rate. **The Assembly concurred and included statewide assessed fringe benefit savings of \$23,641.**

Fellows Elimination. The budget includes general revenue savings of \$245,000 by eliminating one Regents fellow that had been supporting high school reform efforts. The Regents requested that of the savings, \$125,000 be redirected to salaries and benefits to support 1.0 full-time equivalent position that will work on transforming the state's lowest performing high schools. *The Governor recommended funding as requested.* **The Assembly concurred.**

Race to the Top. The FY 2011 budget request includes \$35.0 million in federal Race to the Top competitive stimulus funds in the event that Rhode Island is awarded this grant. The Department submitted an application for a share of the \$4.35 billion available from the federal stimulus "Race to the Top" funds. The Department expects to submit a successful application later this year. Awards for these funds will be made in spring 2010. *The Governor recommended funding as requested of which \$1.7 million is to fund the 15.0 new positions.* **The Assembly did not include funding or the positions because the Department learned in March that it would not be awarded funds in the first round.**

Federal Stimulus. The FY 2011 request includes \$28.2 million from federal stimulus funds for distribution to local school districts including Title I and special education funds. This is \$18.4 million less than enacted. On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009. In addition to the state fiscal stabilization funds, there was additional relief to local schools through Title I and special education through the Individuals with Disabilities Education Act program and other education related federal stimulus funds for competitive grants to local schools and use by the Department for technology and other school improvements.

FY 2011 is the last year that funding is available through these sources. The FY 2010 enacted budget included \$46.6 million for distribution by the Department. This includes \$19.8 million in special education funding and \$17.0 million in Title I funding for formula distribution to districts, charter schools, the Metropolitan Career and Technical School and the state schools. This also includes \$9.9 million in competitive grant funds administered by the Department. *The Governor recommended \$11,229 more than requested.* **The Assembly concurred.**

Nutrition Grants. The Regents requested authorization to spend \$45.0 million from federal nutrition program funds. This is \$17,320 less than the enacted level to reflect an anticipated reduction in funding. FY 2009 expenditures were \$37.6 million. *The Governor recommended \$21,868 more than requested.* **The Assembly concurred.**

Special Education Grants. The Regents requested authorization to spend \$42.3 million, \$0.2 million less than enacted, from federal special education funds to reflect a lower than expected federal award. The funds are distributed to school districts and provide administrative support and statewide programming to the Department and the districts. Most of the funds must be distributed to local education agencies serving children directly. Federal funds are combined with state and local funds to provide children with disabilities free and appropriate public education, including special education and related services. FY 2009 expenditures were \$39.9 million. *The Governor recommended \$47,692 more than requested.* **The Assembly concurred.**

Title I Grants. The Regents requested \$55.4 million in federal fund expenditures from Title I funds. This is equal to the FY 2010 enacted level. Most Title I funds go directly to local schools, where they are used to provide extra help to low-achieving students. FY 2009 expenditures were \$51.8 million. *The Governor recommended \$14,814 more than requested.* **The Assembly concurred.**

Teacher Quality/Professional Development Grants. The Regents requested \$17.2 million from federal funds that support teacher quality and professional development. This is \$0.7 million less than enacted for FY 2010 based on the federal program budget reduction. FY 2009 expenditures were \$17.2 million. *The Governor recommended \$16,956 more than requested.* **The Assembly concurred.**

Vocational Education Grants. The Regents requested \$5.8 million from federal vocational education grants. This is \$0.2 million less than the FY 2010 level due to a reduction in available carry forward funds. These funds are used to improve vocational educational programs throughout the state. FY 2009 expenditures were \$4.9 million. *The Governor recommended \$18,179 more than requested.* **The Assembly concurred.**

Capital. The Regents requested the enacted amount of \$0.2 million from Rhode Island Capital Plan funds to make health and safety renovations and repairs to the Chariho Career and Technical Center for this district to consider taking ownership of the facility. Renovations include replacing the electrical panel system, paving the parking areas and replacing the failing plumbing system. Approximately \$3.0 million of the \$15.0 million bond issue for the career and technical schools was spent on Chariho. Nearly half of that amount was spent on a new HVAC system. The remaining funds were used for fire code

upgrades and to correct the drinking water issue. *The Governor recommended an additional \$1.9 million from Rhode Island Capital Plan funds for FY 2011.*

The Assembly added \$0.3 million from Rhode Island Capital Plan funds to reflect revisions to several projects. The Governor's budget mistakenly included funding for all career and technical school projects in one appropriation line for Chariho renovations. The Assembly corrected this mistake by splitting out the other career and technical school projects and reducing Chariho's funding by \$1.4 million, leaving \$0.7 million for FY 2011. It also provided \$0.6 million for Cranston, \$0.3 million for Newport, \$0.1 million for East Providence, \$0.3 million for Warwick and \$0.5 million for Woonsocket.

Grant and Programming Revisions. The Regents' request includes adjustments in state, federal and restricted receipt expenditures for grant programs and other state operations producing a total decrease of \$0.5 million, including a decrease of \$0.2 million from general revenues. The general revenue decrease reflects minor adjustments in other operating expenditures including contracted services. Federal funds for all other grants, not noted previously, decrease \$0.3 million below funding from the same grants included in the enacted budget. Most of the changes reflect adjustments for carry-forward funds and actual grant awards. *The Governor recommended \$89,890 more than requested to reflect updated grant awards. General revenues are at the requested level.*

*The Governor requested an amendment to add \$20,000 from newly available federal funds to continue the development and installation of an automated absentee data transfer system that collects data on enrollment, attendance, teachers and courses from districts and reports it to the federal government. **The Assembly concurred.***

Davies Career and Technical School

School Based Coordinators. The school proposed transferring its 6.0 school-based coordinators to the local districts and treating the \$0.4 million expense from federal funds as aid to the districts. These state employees are funded from federal Perkins grant funding. There are no savings as the school would still pay for the positions, but there would be a 6.0 position reduction in the state workforce for the staff who would become local employees of districts. The Regents had proposed this as part of the FY 2009 budget but neither the Governor nor the Assembly approved it. *The Governor did not recommend transferring the 6.0 school-based coordinators to the local districts or treating the \$0.4 million expense as aid to the districts. **The Assembly concurred.***

Other Salaries and Benefits. The Regents requested \$13.5 million from all sources of funds for 127.0 positions. This is \$0.4 million more than enacted including \$135,224 more from general revenues. Most of the federal funds increase includes \$0.2 million from stabilization funds not available for other uses assumed in the enacted budget. The budget includes benefit adjustments, Council 94 contractual increases, and a Davies teacher contract increase of 0.5 percent.

*The Governor recommended \$0.3 million less than requested including \$0.2 million less from general revenues to reflect a six-month delay of cost of living adjustments, four pay reduction days and a lower medical benefit rate. **The Assembly concurred and included statewide assessed fringe benefit savings of \$27,954.***

Other Operations. The budget includes \$2.8 million from all funds for all other operating adjustments. This is \$24,174 more than enacted including \$0.3 million more from general revenues. The largest general revenue increase reflects shifting the management services and operation of the student cafeteria from federal funds to general revenues. The enacted budget assumed that stabilization funds could be used for this purpose. Because it cannot, general revenues must be used to support this function. Federal

funds can be used to support salary, benefit and other operating expenses. *The Governor recommended \$67,870 more than requested for program supplies and equipment. The Assembly concurred.*

Capital. The Regents' request reflects an additional \$149,000 from Rhode Island Capital Plan funds. This includes \$200,000 less from Rhode Island Capital Plan funds than the enacted level for the roof project, \$74,000 more for the HVAC project, and \$275,000 more for asset protection projects. The asset protection project request is not consistent with the Department's capital budget request, which is described in detail in the capital budget section of this analysis. *The Governor's recommendation is \$250,000 less than requested. He only recommended \$25,000 more for asset protection projects than enacted for FY 2011. The Assembly concurred.*

Rhode Island School for the Deaf

Salaries and Benefits. The Regent's budget contains \$6.7 million in salary and benefit expenditures for 60.0 full-time equivalent positions. This is \$0.3 million more than enacted, including \$0.2 million more from general revenues. The request reflects \$0.1 million less turnover savings than assumed in the enacted budget, as well as a 1.5 percent cost-of-living increase and benefit adjustments consistent with Budget Office instructions. The school is currently negotiating a new contract with the teachers and the 1.5 percent cost-of-living increase is a placeholder. It should be noted that the School included a 1.5 percent cost-of-living increase for non-teachers as well instead of the 3.0 percent increase that other state employees are receiving; this appears to have been in error. The increase in restricted receipts is for additional special education teachers' costs being transferred from general revenues to the fee for service restricted receipt account based on anticipated usage.

The Governor recommended \$0.2 million less than requested including \$0.1 million less from general revenues to reflect a six-month delay in cost of living adjustments, four pay reduction days and a lower medical benefit rate. The Assembly concurred and included statewide assessed fringe benefit savings of \$12,011.

Other Operating Adjustments. The Regents requested \$0.8 million for all other operating expenditures, which is \$2,866 more than enacted from general revenues. This includes an additional \$12,636 for telephone charges, \$6,497 for water and gas, \$5,870 for property insurance and \$1,430 for snowplowing, sanding and landscaping supplies and equipment offset by \$16,300 in savings for building maintenance, vehicles and equipment; \$5,000 in rental of equipment and \$2,203 in other various operating expenses. *The recommendation is \$8,700 less than requested including \$33,024 more from general revenues. The Assembly concurred.*

Board of Governors for Higher Education

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Program				
Board of Governors/Higher Ed.	\$ 11,121,545	\$ 10,377,177	\$ 10,637,547	\$ 10,707,178
University of Rhode Island	587,064,490	605,449,830	637,149,130	639,058,662
Rhode Island College	156,150,286	146,779,346	154,697,677	155,399,790
Community College of RI	132,433,411	129,470,533	130,399,824	132,636,759
Total	\$ 886,769,732	\$ 892,076,886	\$ 932,884,178	\$ 937,802,389
Expenditures by Category				
Salaries and Benefits	\$ 447,087,476	\$ 411,002,844	\$ 426,162,846	\$ 426,081,057
Contracted Services	19,392,337	15,965,438	16,326,186	16,476,186
Subtotal	\$ 466,479,813	\$ 426,968,282	\$ 442,489,032	\$ 442,557,243
Other State Operations	171,441,473	180,781,053	186,374,197	186,374,197
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	175,889,948	204,281,662	221,186,195	221,286,195
Capital	30,810,592	38,076,349	37,010,888	41,760,888
Capital Debt Service	42,147,906	39,055,447	42,806,975	42,806,975
Operating Transfers	-	2,914,093	3,016,891	3,016,891
Total	\$ 886,769,732	\$ 892,076,886	\$ 932,884,178	\$ 937,802,389
Sources of Funds				
General Revenue	\$ 173,306,844	\$ 161,208,876	\$ 163,878,632	\$ 163,606,843
Federal Aid	20,338,416	19,841,010	14,754,667	15,004,667
Restricted Receipts	667,543	754,577	690,000	930,000
Other Funds	692,456,929	710,272,423	753,560,879	758,260,879
Total	\$ 886,769,732	\$ 892,076,886	\$ 932,884,178	\$ 937,802,389
Uses of Funds				
Unrestricted Use Funds	\$ 551,891,308	\$ 522,705,101	\$ 545,888,130	\$ 545,616,341
Restricted Use Funds	334,878,424	369,371,785	386,996,048	392,186,048
Total	\$ 886,769,732	\$ 892,076,886	\$ 932,884,178	\$ 937,802,389
FTE Authorization	3,397.1	3,342.2	3,397.1	3,367.1
<i>Limited to Third Party Funds</i>	<i>785.0</i>	<i>687.7</i>	<i>785.0</i>	<i>785.0</i>
Total Authorized Positions	4,182.1	4,029.9	4,182.1	4,152.1

Summary. The Board requested \$87.6 million of new spending above the FY 2010 enacted budget including \$3.4 million more in general revenue support, \$3.4 million more from other unrestricted sources, and \$60.9 million more from restricted sources. The Board requested total funding from all sources of \$974.4 million for FY 2011, which is 9.9 percent growth over the FY 2010 enacted budget.

The Board requested \$558.7 million from unrestricted use funds and \$415.6 million from restricted use funds. The unrestricted request represents 7.3 percent growth over FY 2010 revised expenditure projections, which are \$31.3 million below the FY 2010 enacted level to adjust for \$9.4 million from general revenues for state savings and updated enrollment numbers and a change in the mix of in-state and out-of-state students. The restricted use request is 18.2 percent growth over enacted and 12.4 percent over the revised request.

The Governor recommended \$932.9 million from all sources, which is 5.2 percent growth over the FY 2010 enacted budget. He included \$545.9 million in unrestricted use fund expenditures and \$387.0 million in restricted use fund expenditures. The unrestricted recommendation represents 4.1 percent growth over FY 2010 and the restricted recommendation is 3.4 percent more than FY 2010.

The Assembly enacted expenditures of \$937.8 million from all sources. This includes an additional \$100,000 from general revenues for two new community service grants offset by general revenue turnover savings of \$200,000 and statewide assessed fringe benefit savings of \$171,789. The Assembly also added \$250,000 from federal funds for a statewide data systems initiative and \$240,000 from Human Resource Investment Council restricted receipts for a workforce development initiative at the Community College. The Assembly also added \$4.7 million from Rhode Island Capital Plan fund to reflect revisions to seven projects.

Full-Time Equivalent Positions. The FY 2011 request includes authority to fill 4,200.1 full-time equivalent positions, provided that 785.0 of those positions would be limited to third-party sources. This is 18.0 more than the enacted level. The entire increase is for Rhode Island College. The 2004 Assembly changed its treatment of research-funded positions to provide the institutions' estimates of staffing needs associated with additional research grants and other third-party funds that they will generate over the next two years. Article 1 separately lists the authorization for each institution and the Office of Higher Education and indicates how many positions are reserved for third-party funded activities. Those limits have been the same since 2004. *The Governor recommended the enacted level of 4,182.1 full-time equivalent positions.* **The Assembly authorized 4,152.1 full-time equivalent positions, which reflects the elimination of 30.0 vacant positions.**

Current Services and Target Budgets. Historically the Board submits a current service budget in addition to the target budget required by the Budget Office. This year, the Budget Office instructed departments and agencies to submit a current service budget of \$176,734,789. The Board of Governors submitted a budget request within that target. *The Governor's recommendation is \$12.9 million less than the Budget Office target.* **The Assembly provided \$0.3 million less from general revenues than recommended.**

Current Year Revisions. Historically, these analyses have begun with an adjustment for the current year. Until FY 2005, the Board had statutory authority, which did not require legislative approval, to reallocate the enacted budget based on information available to it, including changes to revenues and needs. The 2004 Assembly rescinded that authority and established separate appropriation lines for the four operations. The Assembly did not change the budget request and submission process; the law continues to require the Board to review, develop and submit the higher education budget. In addition, the institutions retained their authority to use additional resources they received above appropriated amounts, such as research grants and additional tuition and fees.

The Board continues to review and approve each institution's allocation of all current year resources and describes its requested budget year items in terms of changes to those current year allocations. So that the analysis can be in terms of the items the Board specifies as requested, staff analysis starts from the allocations.

The Governor increased current year expenditures by \$3.4 million compared to the request. General revenues decrease \$0.9 million. The changes include an additional \$4.9 million for debt service expenditures inadvertently omitted from the request including \$0.3 million from general revenues to pay debt service on general obligation bonds. These additional expenditures are partially offset by savings from the three medical benefit holidays. The general revenue value of the statewide savings for public higher education is \$1.2 million. The institutions will realize savings for the portion of these expenses they fund from tuition and fee revenues. The system has agreed to participate in pay reduction days on a limited basis, which will also contribute to the achievement of the statewide savings.

The Assembly included an additional \$1.5 million from general revenue turnover savings and statewide assessed fringe benefit savings of \$257,609.

Higher Education Funding. Expenditures in Public Higher Education increased 190.2 percent during the period FY 1990 through FY 2010, which is an annual rate of 9.5 percent. They would grow 217.3 percent if the Board's FY 2011 request were funded, which is an annual rate of 11.4 percent. It should be noted that beginning in FY 2007 debt service expenditures, which had been shown in the budget of the Department of Administration, are shown in Higher Education's budget. *The Governor's FY 2011 recommendation represents 210.2 percent growth during the period FY 1990 through FY 2011, which is an annual rate of 10.0 percent. The enacted budget represents 211.8 percent growth, which is a 10.1 percent annual rate.*

In Rhode Island, as in many other states, expenditures and sources for public higher education are generally broken into two categories: (1) *unrestricted* budget and (2) *restricted* budget. The distinction is extremely important to the understanding of public higher education funding.

Unrestricted Budget. The unrestricted budget consists of those funds that can be used for any legitimate purpose. Those purposes fall within the education and general operations of the institutions. They include state general revenue appropriations, tuition and general fees, and sponsored research overhead. The latter are the indirect costs added to research grants to reimburse the college or university for the items that must exist for research to occur, such as an accounting system, facilities, and so forth. The unrestricted budget is similar to the general revenue budget of other agencies and departments.

The Board's unrestricted budget includes \$558.7 million, of which \$176.7 million is from general revenues. The general revenue portion is \$3.4 million more than the enacted FY 2010 budget; other unrestricted sources increase \$3.4 million.

The Governor's \$545.9 million includes a decrease of \$9.4 million or 5.4 percent to the enacted budget. The recommendation includes \$12.9 million less general revenues than requested and the requested level of tuition and fees and other unrestricted sources than requested. The general revenue recommendation includes an additional \$2.5 million for debt service payments offset by a \$14.1 million reduction to fund higher education at the revised FY 2010 recommended level. It also includes \$1.3 million in savings from a six-month delay in cost-of-living adjustments, four pay reduction days for members of Council 94, and savings from a reduction in medical benefit rates.

The enacted budget includes \$271,789 less from general revenues than recommended. This includes an additional \$100,000 for two new community service grants offset by additional turnover savings for the Office of \$200,000 and statewide assessed fringe benefit savings of \$171,789.

Restricted Budget. The restricted budget is composed of what are generally thought of as restricted receipt funds or enterprise funds. They include the residence hall funds, dining funds, parking funds where they occur, and any other funds whose sources are limited to use for certain purposes. Federal funds are considered restricted use; the traditional display in the Governor's budget presentation breaks

them out separately. The Board requested restricted budgets of \$415.6 million for FY 2011. This is an increase of \$80.7 million, or 24.1 percent over the enacted FY 2010 level. Compared to the revised allocation, the request is \$43.5 million, or 12.4 percent greater. *The Governor recommended \$387.0 million, which is \$52.1 million more than enacted and \$28.6 million less than requested. Rhode Island Capital Plan funds are \$21.9 million less than requested.*

The Assembly added \$5.2 million to the Governor's recommendation. This includes \$250,000 from federal funds for a statewide data systems initiative and \$240,000 from Human Resource Investment Council restricted receipts for a workforce development initiative at the Community College. It also added \$4.7 million from Rhode Island Capital Plan funds to reflect revisions to seven projects.

Salaries and Benefits. The Board requested \$446.2 million for salary and benefit expenditures, of which \$351.6 million is from unrestricted sources and \$94.6 million is from restricted sources. The request represents a \$4.4 million or 0.1 percent decrease from the FY 2010 enacted level in unrestricted funding, and a \$3.5 million increase in restricted funding, or 3.9 percent. Compared to the institutions' FY 2010 revised projections, the unrestricted increase is \$23.9 million or 7.3 percent.

The Governor recommended \$20.9 million less than enacted and \$20.0 million less than requested. The unrestricted recommendation is \$22.9 million less than enacted and \$18.5 million less than requested. General revenues are \$17.9 million less than enacted and \$15.3 million less than requested. The recommendation assumes a six-month delay in cost-of-living adjustments and four pay reduction days for members of Council 94 for savings of \$0.7 million of which \$0.3 million is from general revenues. There are also general revenue savings from a reduction in medical benefit rates of \$0.9 million. The remaining \$14.1 million decrease to the request reflects the Governor's decision to fund higher education at the FY 2010 revised recommended level. The entire reduction is taken in salaries and benefits.

The Assembly included additional general revenue turnover savings in the Office of \$200,000 and statewide assessed fringe benefit savings of \$171,789. The Assembly also added \$240,000 from Human Resource Investment Council funds for three new positions to work on workforce development initiatives at the Community College and \$50,000 from federal funds for a statewide data systems initiative.

Alternate Retiree Health Benefits. In 1998, the Board of Governors established health insurance coverage for employees participating in the Board's Alternate Retirement Plan upon retirement. The Plan used the same formula based on years of service and age at retirement as the plan that was then afforded to members of the State Employees' Retirement System. All current and future covered employees became subject to a mandatory payroll deduction of 0.25 percent of salaries. There was no defined employer contribution; the program is funded on a pay-as-you-go basis with the institutions making up the annual shortfall since FY 2004.

The Board commissioned an actuarial study of the program. The study found that to fund the program on an actuarial basis without changing benefits, the Plan would need a contribution of 1.8 percent of salaries as of June 30, 2004. By June 30, 2006, the estimated unfunded liability was \$54.6 million requiring a contribution of 2.81 percent of salaries.

The Board of Governors revised the retiree health benefit effective July 1, 2008, increasing rates and decreasing coverage eligibility to those age 65 and older. As of July 1, 2009, employees are paying 50.0 percent of the cost. Based on a post-65 plan, the estimated actuarial liability is 1.8 percent of salaries. The FY 2011 request assumes funding these benefits on a pay-go basis. It should be noted that beginning in FY 2011, the state will fund its other post-employment benefits on an actuarial basis.

*The Governor's budget assumes funding consistent with the Board's revisions despite current law, which requires funding on an actuarial basis. His budget does fund other state employees' post-employment benefits on an actuarial basis beginning in FY 2011. **The Assembly concurred.***

Contracted Services. The Board requested \$16.3 million for contracted services in FY 2011, of which \$10.2 million is from unrestricted sources and \$6.1 million is from restricted sources. This is \$3.1 million less than the FY 2010 enacted budget and \$0.5 million over the FY 2010 revised allocation. Compared to the revised allocation, unrestricted sources increase \$0.9 million or 9.5 percent and restricted sources decrease \$0.4 million or 6.2 percent. *The Governor recommended funding as requested. **The Assembly added \$150,000 from federal funds for a statewide data systems initiative.***

Other Operating Expenses. The Board requested \$181.6 million for other operating expenditures in FY 2011, of which \$87.5 million is from unrestricted sources and \$94.1 million is from restricted sources. This is \$10.1 million over FY 2010 enacted operating expenses, of which \$1.7 million is from unrestricted sources. Compared to the institutions' FY 2010 revised projections, the unrestricted increase is \$5.1 million, or 6.2 percent. *The Governor's recommendation is \$14.9 million more than enacted and \$2.8 million more than requested. **The Assembly concurred.***

Grants and Scholarships. The Board requested \$221.7 million for total grants and benefit expenditures for FY 2011, an increase of \$45.8 million, or 26.1 percent over the enacted FY 2010 budget. The unrestricted budget accounts for \$82.5 million, an increase of \$10.1 million, or 13.9 percent. The restricted budget includes \$139.2 million, a 34.6 percent increase of \$35.8 million.

The largest area of expenditure for assistance, grants, and benefits is that for student aid and waivers. In the unrestricted budget, these are generally in the form of waived tuition. The three institutions request total expenditures for scholarships and grants of \$121.7 million for FY 2011. The unrestricted portion is \$78.5 million. The restricted portion is \$43.3 million. All federal sources, including Pell grants, account for approximately 31.7 percent of the total.

Total scholarships, grants, waivers and other aid from the three institutions would provide aid equal to 35.0 percent of the tuition and mandatory fees based on the Board's target budget. Revised FY 2010 estimates are for 34.9 percent. For FY 2009, that share was 34.8 percent. Grants also include the Ford Direct Student Loan and Parent Loan programs at the University of Rhode Island. The University requests restricted expenditures of \$89.0 million for FY 2011. It began the program in FY 1996 with loans of \$33.8 million. *The Governor recommended funding as requested. **The Assembly concurred and added \$100,000 for two new community service grants.***

Capital. The Board requested \$63.9 million in total expenditures for capital outlays and improvements for FY 2011. The request includes \$36.9 million from Rhode Island Capital Plan funds of which \$11.1 million is for asset protection. Requested Rhode Island Capital Plan fund expenditures at the Community College include \$1.3 million for the Knight Campus Megastructure renovations. The remaining \$24.5 million is for various projects at the University including \$17.6 million for eight new projects. These and all other capital projects are described separately in the Capital Budget Section of this analysis. *The Governor recommended \$21.9 million less from Rhode Island Capital Plan funds than requested, which is \$5.5 million more than enacted.*

The Assembly added \$4.7 million from Rhode Island Capital Plan funds for FY 2011. This includes adding \$1.4 million for asset protection projects at the three institutions for FY 2011. It also shifted \$1.8 million from FY 2010 to FY 2011 for HVAC replacement at the Community College's Flanagan Campus, shifted \$0.4 million from FY 2010 to FY 2011 for planning work on a new art center at the College and shifted \$1.0 million from FY 2010 to FY 2011 for chemistry building planning at the University. The Assembly provided \$150,000 for a feasibility study regarding

nursing sciences facilities for the University and College. It also included \$50,000 from federal funds for the statewide data systems initiative.

Enrollment. FY 2011 enrollment, based on revised estimates, would be 31,358 full-time equivalent students, which is 1.9 percent higher than the reported FY 2009 level. Among the changes reflected in the Board's FY 2010 revised budget estimates is an increase of 0.4 percent at the University, 3.1 percent at the College and 0.7 percent at the Community College. The FY 2010 revisions include 57 more at the University, 100 more at the College and 72 more at the Community College. A 0.1 percent increase from the revised FY 2010 level is estimated for FY 2011 including eight less at the University, 30 more at the College and 22 more at the Community College. *The Governor's recommendation appears to reflect the Board's enrollment projections.* **The Assembly concurred.**

Tuition and Fees. The Board's FY 2011 request includes \$347.6 million from tuition and fees. This represents a \$2.2 million, or 0.6 percent increase in revenues over the FY 2010 enacted level and is \$25.4 million or 7.9 percent more than the revised allocation. The Board of Governors approved combined tuition and fee increases of 9.9 percent for resident undergraduates at the University; nonresident increases are 4.4 percent and average room and board will increase 5.1 percent. At the College, resident undergraduate tuition and fee increases are 9.0 percent; nonresident increases are 8.5 percent and average room and board increases 5.1 percent. Tuition and fees increase 8.2 percent at the Community College. *The Governor recommended funding as requested.* **The Assembly concurred.**

Program Consolidations and Efficiencies. At the December 8, 2008 Board of Governors' meeting, the Board voted to direct the Commissioner to review the programmatic operations of all academic units of the institutions. The Board reported that since 2003, it has reviewed over 108 academic programs and has eliminated or consolidated 53 percent of those. It also voted at that meeting to change the policy that triggers automatic program review from programs that graduate fewer than six students per year for three consecutive years to 11 students over the same timeframe.

The Governor proposed legislation that requires the Board of Governors for Higher Education to develop and submit a plan 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 enact the proposed legislation.**

Office of Higher Education and Public Higher Education System

Office of Higher Education	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 2,471,225	\$ 1,974,105	\$ 2,210,079	\$ 2,054,710
Contracted Services	365,036	398,614	300,481	450,481
Subtotal	\$ 2,836,261	\$ 2,372,719	\$ 2,510,560	\$ 2,505,191
Other State Operating	3,579,702	3,401,474	3,524,143	3,524,143
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	4,697,932	3,981,396	4,055,641	4,080,641
Capital	7,650	93,385	19,000	69,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 11,121,545	\$ 10,377,177	\$ 10,637,547	\$ 10,707,178
Sources of Funds				
General Revenue	\$ 7,364,037	\$ 6,655,561	\$ 7,153,767	\$ 6,973,398
Tuition and Fees	-	-	-	-
Other Unrestricted	-	-	-	-
Total Unrestricted	\$ 7,364,037	\$ 6,655,561	\$ 7,153,767	\$ 6,973,398
Restricted	3,757,508	3,721,616	3,483,780	3,733,780
All Sources	\$ 11,121,545	\$ 10,377,177	\$ 10,637,547	\$ 10,707,178
FTE Authorizations	19.4	16.2	19.4	18.4
Third-Party Funded Positions	1.0	1.0	1.0	1.0
Total Positions	20.4	17.2	20.4	19.4

Summary. The Board requested \$10.9 million in FY 2011 expenditures from all sources and 20.4 full-time equivalent positions for operations of the Office of Higher Education and funding for system-wide applications. This is \$0.5 million more than FY 2010 and includes \$0.5 million more from general revenues and \$37,836 less from restricted sources. Staffing is consistent with the enacted level but assumes that 0.5 of the positions will be funded from third-party sources. The enacted budget assumes that 1.0 position would be funded from third-party sources.

The Governor recommended \$10.6 million, including \$7.2 million from general revenues. This is \$0.5 million less than enacted including \$0.2 million less from general revenues. The Governor recommended the enacted level of 20.4 full-time equivalent positions.

The Assembly included additional general revenue turnover savings of \$200,000 and statewide assessed fringe benefit savings of \$5,369. It also added \$25,000 for a new community service grant to the Opportunities Industrialization Center of Rhode Island and \$250,000 from federal funds for a statewide data system initiative. It authorized 19.4 full-time equivalent positions, which reflects the elimination of 1.0 vacant position.

Unrestricted Budget. The unrestricted budget accounts for \$7.4 million and 19.9 full-time equivalent positions, which is an increase of \$0.5 million or 7.2 percent to the revised budget request. The funding

source is general revenues. Compared to the FY 2010 enacted budget, the request is \$83,859 or 1.1 percent more. *The Governor recommended \$7.2 million, which is \$0.2 million less than enacted and \$0.3 million less than requested.*

The Assembly included additional general revenue turnover savings of \$200,000 and statewide assessed fringe benefit savings of \$5,369. It also added \$25,000 for a new community service grant to Opportunities Industrialization Center of Rhode Island.

Full-Time Equivalent Positions. The Office requested 20.4 full-time equivalent positions, which is consistent with the FY 2010 enacted budget; however, the Office requested 19.9 positions funded from unrestricted sources and 0.5 positions funded from third-party funds. The enacted authorization assumed that 1.0 position would be funded from third-party funds. The Office reported that the third party funded position was actually funded 50.0 percent from federal funds and 50.0 percent from general revenues and was recently vacated. As of the pay period ending December 5, 2009, the Office has 13.0 of its 19.4 unrestricted positions filled. *The Governor recommended 20.4 full-time equivalent positions of which 1.0 is from third-party sources consistent with the enacted budget.* **The Assembly authorized 19.4 full-time equivalent positions, which reflects the elimination of 1.0 vacant position.**

Office of Higher Education Changes to Enacted			
	Request	Governor	Assembly
Current Year Revisions	\$ (414,355)	\$ (441,582)	\$ (708,476)
Salaries and Benefits	304,547	48,484	110,009
Shepard Building Contract	121,602	121,602	121,602
Moving Expenses	(80,150)	(80,150)	(80,150)
Dual Enrollment Program	50,000	50,000	50,000
Contracted Services	91,080	91,080	91,080
Other Operating Adjustments	11,135	296	296
Community Service Grants	-	-	25,000
College Crusade	-	-	-
Total	\$ 83,859	\$ (210,270)	\$ (390,639)

Current Year Revisions. The Office's FY 2010 revised budget is \$414,355 less than the enacted level. The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical and assessed fringe benefits. The amount allocated for the Office is \$414,355. These savings were included in the Department of Administration's budget for allocation and not reflected in the agency totals. The Office reduced its budget by this amount by increasing turnover savings and reducing expenditures for the Shepard Building. These costs would essentially be shifted to the University of Rhode Island. *The Governor's recommendation is \$27,227 less than requested to reflect medical benefit savings.*

The Assembly included turnover and contracted service savings of \$261,000 as well as statewide assessed fringe benefit savings of \$5,894.

Salaries and Benefits. The unrestricted budget request includes \$2.5 million for salaries and benefits, which is \$0.3 million more than the revised allocation. The FY 2011 request includes \$0.2 million less turnover savings than assumed in the revised allocation. The request also includes 3.0 percent cost-of-living increases, step and longevity and benefit adjustments consistent with Budget Office instructions. As of the pay period ending December 5, the Office has 13.0 of its 19.4 unrestricted positions filled.

The Governor's recommendation is \$0.3 million less than requested to reflect his decision to fund higher education at the FY 2010 revised recommended level. For FY 2011, the Assembly included turnover savings of \$200,000 and statewide assessed fringe benefit savings of \$5,369.

Shepard Building Contract. The Shepard Building's primary use is as the Providence Campus of the University of Rhode Island. It also houses the Department of Elementary and Secondary Education. The revised allocation includes \$2.2 million for Shepard Building expenses, of which \$1.1 million is for parking. The Board's request includes an additional \$0.1 million for costs associated with the Shepard Building. This includes \$84,834 to reflect a rate increase in the parking contract with the Rhode Island Convention Center Authority and \$36,768 for maintenance costs. The FY 2011 request restores the reduction made in FY 2010 to comply with the statewide savings. *The Governor recommended funding as requested. The Assembly concurred.*

One-Time Moving Expenses. The Board's request eliminates \$80,150 provided for one-time moving expenses for FY 2010. During FY 2009, the Office relocated from rental space to state owned property on the Pastore Campus for nine months of FY 2009. At the end of FY 2009 and beginning of FY 2010, the Office moved again from Pastore to the Shepard Building. *The Governor recommended funding as requested. The Assembly concurred.*

Dual Enrollment Program. The Board's request includes \$0.4 million from general revenues for the dual enrollment initiative for FY 2011. This is \$50,000 more than the revised allocation. The program subsidizes low-income students to take college courses in the second half of their senior year. To participate, the students must be either Rhode Island Scholars participants or have taken an equivalent college preparatory curriculum and earned a minimum grade point average. *The Governor recommended funding as requested. The Assembly concurred.*

Contracted Services. The unrestricted budget includes \$0.2 million from general revenues for academic and financial consultants. This is \$0.1 million or 96.1 percent more than the revised allocation. The majority of the funding will be used for a contact with Northeastern University to run the data warehouse. In 2003, the Office began to build a data warehouse to collect and store data on student enrollment and academic performance. *The Governor recommended funding as requested. The Assembly concurred.*

Other Operating Adjustments. Excluding the items noted previously, the request includes adjustments to all other operating expenditures that result in an \$11,135 increase to the revised allocation. Reductions were made to grants to the institutions to offset increases in office operating expenses. The Office makes grants to the schools to support various initiatives including outcome assessment, degree audits, and teacher standards. *The Governor recommended \$10,839 less than requested. The Assembly concurred.*

Community Service Grants. The request includes the enacted level of \$0.3 million for community service grants excluding the College Crusade grant. *The Governor recommended funding as requested. The Assembly added \$25,000 for a new grant to the Opportunities Industrialization Center of Rhode Island. The mission of the organization is to provide job training for Rhode Island's minority residents.*

College Crusade. The Board's request includes the \$0.5 million from general revenues for the College Crusade, previously called Children's Crusade, consistent with the enacted budget. The program is for direct intervention to decrease elementary and secondary education dropout rates through programs designed to assist vulnerable children in achieving higher education opportunities.

The Crusade began in 1989 with the expectation of offering open enrollment for ten consecutive classes of third grades. FY 2009 is the twentieth year of funding. The state has provided \$1.5 million per year through FY 2007, \$1.1 million for FY 2008 and \$0.5 million for FY 2009 and FY 2010. *The Governor recommended funding as requested. The Assembly concurred.*

Restricted Budget. The restricted budget request is for \$3.5 million, which is \$273,729 less than the FY 2010 budget. One full-time equivalent position that is exempt from the staffing cap is funded from restricted sources. The restricted budget reflects federal expenditure authority for grants, primarily passed through to the institutions and the College Crusade for Higher Education. Included in this total is \$3.0 million from the GEAR-UP grant. The Crusade uses these funds, which are \$88,356 more than FY 2010, for operating and scholarship support. The request reflects the elimination of \$112,577 in one-time funding from the Nellie Mae Education Foundation. *The Governor recommended \$1 more than requested.*

*The Governor requested an amendment to add \$250,000 from federal funds through the Department of Elementary and Secondary Education for a statewide data systems initiative. The Office will use the money to fund its existing data warehouse project. **The Assembly concurred with the additional federal funding.***

University of Rhode Island

University of Rhode Island	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 261,119,491	\$ 246,109,327	\$ 255,673,769	\$ 255,608,301
Contracted Services	12,052,308	11,567,598	12,122,330	12,122,330
Subtotal	\$ 273,171,799	\$ 257,676,925	\$ 267,796,099	\$ 267,730,631
Other State Operating	124,805,145	134,333,517	136,620,234	136,620,234
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	138,691,067	161,625,417	174,598,792	174,673,792
Capital	15,422,117	18,757,983	21,679,397	23,579,397
Capital Debt Service	32,770,155	33,055,988	36,454,608	36,454,608
Operating Transfers	-	-	-	-
Total	\$ 584,860,283	\$ 605,449,830	\$ 637,149,130	\$ 639,058,662
Sources of Funds				
General Revenue	\$ 75,784,427	\$ 71,003,044	\$ 72,576,691	\$ 72,586,223
Tuition and Fees	230,429,481	222,232,120	236,224,854	236,224,854
Other Unrestricted	23,740,318	24,302,981	23,677,524	23,677,524
Total Unrestricted	\$ 329,954,226	\$ 317,538,145	\$ 332,479,069	\$ 332,488,601
Restricted	254,906,057	287,911,685	304,670,061	306,570,061
All Sources	\$ 584,860,283	\$ 605,449,830	\$ 637,149,130	\$ 639,058,662
FTE Authorizations				
	1,851.5	1,814.4	1,851.5	1,834.5
<i>Limited to Third-Party Funds</i>	<i>602.0</i>	<i>550.1</i>	<i>602.0</i>	<i>602.0</i>
Total	2,453.5	2,364.5	2,453.5	2,436.5

Summary. The University requested \$667.2 million and 2,453.5 full-time equivalent positions for FY 2011, an increase of \$80.1 million or 13.6 percent to the FY 2010 enacted budget and an increase of \$72.3 million or 12.1 percent to the revised allocation. General revenues, requested at \$77.0 million, are \$1.2 million more than enacted and \$4.6 million more than the revised allocation. The staffing request is consistent with the enacted budget and assumes that 602.0 of the total positions would be limited to funding from third party sources.

The Governor recommended \$637.1 million, which is \$50.1 million more than enacted and \$30.0 million less than requested. The Governor recommended the enacted level of 2,453.5 full-time equivalent positions.

The Assembly added \$75,000 from general revenues for a new community service grant for the Special Olympics and included statewide assessed fringe benefit savings of \$65,468. It also added \$750,000 from Rhode Island Capital Plan funds for asset protection projects. It shifted \$1.0 million from Rhode Island Capital Plan funds to FY 2011 for a new chemistry building and provided \$150,000 from Rhode Island Capital Plan funds for a feasibility study for a new nursing building for the University and College. The Assembly authorized 2,436.5 full-time equivalent positions, which reflects the elimination of 17.0 vacant positions.

Tuition and Enrollment. The FY 2011 budget assumes that tuition and fees would increase 9.9 percent or \$948 for resident undergraduates and 4.4 percent or \$1,156 for nonresident undergraduates and that room and board would increase 5.1 percent or \$533. In-state enrollment is projected to decrease 1.5 percent or 124 full-time equivalent students and out-of-state enrollment is projected to increase 2.0 percent or 116 full-time equivalent students for a total decrease of 0.1 percent or 8.0 full-time equivalent students. For FY 2011, the University is projecting that of 13,948 full-time equivalent students, 8,114 will be in-state and 5,834 or 41.8 percent will be out-of-state. *The Governor recommended expenditures from university and college resources as requested.* **The Assembly concurred.**

University Undergraduate Tuition and Fees	FY 2010	FY 2011	Change to FY 2010	
Resident				
Tuition	\$ 8,238	\$ 9,014	\$ 776	9.4%
Fees	1,290	1,462	172	13.3%
Total	\$ 9,528	\$ 10,476	\$ 948	9.9%
Nonresident				
Tuition	\$ 24,736	\$ 25,720	\$ 984	4.0%
Fees	1,290	1,462	172	13.3%
Total	\$ 26,026	\$ 27,182	\$ 1,156	4.4%
Room and Board				
Average Room	\$ 6,840	\$ 7,223	\$ 383	5.6%
Average Board	3,710	3,860	150	4.0%
Average Room and Board	\$ 10,550	\$ 11,083	\$ 533	5.1%
Undergraduate and Graduate Enrollment				
In-State	8,238	8,114	(124)	-1.5%
Out-of-State	5,718	5,834	116	2.0%
Total	13,956	13,948	(8)	-0.1%

Program Consolidations and Efficiencies. The University reported that in the past year it has reviewed 60 programs based on low completion and/or low enrollment. Of those, it has recommended the consolidation or suspension of new enrollment for 31 programs. It reviewed 41 approved centers and institutes and recommended that six be decertified or eliminated. It also created two new programs, a B.S. of pharmaceutical sciences and a doctorate of nursing practice. The University has reduced the number of credits needed to graduate to 120 and has also merged or reorganized some of the departments in the Colleges of Engineering and Human Sciences and Services.

Staffing. The FY 2010 enacted budget includes authority to fill 2,453.5 full-time equivalent positions, provided that 602.0 of those positions would be limited to third-party sources. The FY 2011 request is consistent with the authorized level. As of the pay period ending December 5, 2009, the University had 2,255.3 of its 2,453.5 authorized positions filled including 480.9 of the 602.0 third-party funded positions. *The Governor recommended the enacted level of 2,453.5 full-time equivalent positions.* **The Assembly authorized 2,436.5 full-time equivalent positions, which reflects the elimination of 17.0 vacant positions.**

Unrestricted Budget Summary. The unrestricted budget accounts for \$336.9 million, which is an increase of \$12.1 million or 3.7 percent to the FY 2010 enacted budget and \$20.3 million or 6.4 percent to the revised allocation. Sources of funds for the increase from the revised budget include \$4.6 million more general revenues and \$16.3 million more from tuition and fees offset by \$0.6 million less institutional resources. Historically the Board submits a current service budget in addition to the target budget required by the Budget Office. This year, the Budget Office instructed departments and agencies to submit a current service budget. The Board submitted a request that met that target.

The Governor recommended \$332.5 million in unrestricted expenditures. This is \$2.5 million more than enacted and \$4.4 million less than requested. General revenues are \$3.2 million less than enacted and \$4.4 million less than requested.

The Assembly concurred and added \$75,000 from general revenues for a new community service grant to the Special Olympics and included statewide assessed fringe benefit savings of \$65,468.

University of Rhode Island Changes to Enacted			
	Request	Governor	Assembly
Current Year Revisions	\$ (13,333,466)	\$ (11,521,291)	\$ (12,416,081)
Salaries and Benefits	11,930,844	6,799,656	7,628,978
Utilities	1,194,747	1,194,747	1,194,747
Student Aid	4,703,902	4,703,902	4,703,902
Debt Service	1,417,120	3,165,683	3,165,683
Community Service Grants	-	-	75,000
Other Operating Adjustments	1,023,544	(1,817,854)	(1,817,854)
Total	\$ 6,936,691	\$ 2,524,843	\$ 2,534,375

Current Year Revisions. The University's FY 2010 revised budget is \$13.3 million less than enacted from all sources including \$3.4 million less from general revenues. The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. The amount allocated for the University is \$3.4 million.

These savings were included in the Department of Administration's budget for allocation and not reflected in the agency totals. Almost the entire reduction was taken in salaries and benefits by leaving vacant positions open. Minor reductions were made in general operating expenditures. Expenditures from tuition and fees and other unrestricted sources are \$12.1 million less than enacted. The FY 2010 enacted budget overstated available resources; additionally, the revised allocation reflects 203 fewer out-of-state students than assumed in the enacted budget.

The Governor's revised budget is \$1.8 million more than requested including \$0.5 million less from general revenues and \$2.3 million more from tuition and fees and other unrestricted sources. The reduction in general revenues essentially reflects medical benefit savings. **The Assembly included additional general revenue turnover savings of \$795,600 and statewide assessed fringe benefit savings of \$99,190.**

Salaries and Benefits. The unrestricted budget includes \$189.9 million for all salary and benefit expenditures. This is \$11.9 million or 6.7 percent more than the revised allocation. The request assumes that most of the positions left vacant in FY 2010 will be filled. The University had 75.0 vacant positions as of the November 5, 2009 pay period. The request also includes a 3.0 percent cost-of-living increase for all employees, step and longevity increases, faculty promotions and benefit adjustments consistent with Budget Office instructions. The University currently has 77.1 vacant positions. For FY 2009, the University averaged 95.1 vacant positions and averaged 44.2 vacant positions for FY 2008, excluding third-party funded positions.

The Governor recommended \$182.0 million for salary and benefit expenditures, which is \$6.8 million more than the revised allocation. The increase includes \$2.7 million less from general revenues and \$9.5 million more from university and college funds. General revenues are \$5.1 million less than enacted to reflect the Governor's decision to fund higher education at the FY 2010 revised recommended level.

University and college funds are at the requested level. The Assembly concurred and included \$65,468 in statewide assessed fringe benefit savings.

Utilities. The unrestricted budget includes \$11.0 million for utility expenditures. This is \$1.2 million or 12.1 percent more than the FY 2010 revised allocation. The University indicates that the budget reflects rate changes and projected usage for FY 2011. The enacted budget includes \$13.4 million for this expenditure. This is \$4.6 million or 50.1 percent more than the FY 2009 revised allocation. It appears that the rate increase assumed for electricity was overstated. *The Governor recommended funding as requested. The Assembly concurred.*

Student Aid. The unrestricted budget includes \$65.9 million for student aid, which is \$4.7 million or 7.7 percent greater than the FY 2010 allocation and 25.2 percent greater than FY 2009 expenditures. The University indicates that it is providing the additional student aid in order to increase graduate fellowships and correspond with tuition increases. Unrestricted student aid and waivers represents 28.8 percent of tuition and fee revenues. Student aid and waivers represented 26.7 percent of tuition and fee revenues for FY 2010, 26.5 percent for FY 2009 and 27.2 percent for FY 2008. *The Governor recommended funding as requested. The Assembly concurred.*

Debt Service. The unrestricted budget includes \$18.7 million or an additional \$1.4 million for debt service costs. This includes \$14.3 million for general revenue funded general obligation bond debt service consistent with the Budget Office target.

The increase is due to the inclusion of debt service for one project approved by the 2008 Assembly to be funded from revenue bonds backed by general revenues and tuition and fees. The 2008 Assembly authorized the University to issue \$4.0 million from revenue bonds contingent on the University securing \$3.8 million from private fundraising before the debt can be issued for the construction of a student athlete development center adjacent to the Tootell Center and Keany Gymnasium.

The request also includes \$0.6 million in debt service for a new facilities service sector project that has not been recommended by the Governor or authorized by the Assembly. As part of its FY 2011 capital budget request, the Board requests \$7.7 million from new revenue bonds to make improvements to the service sector area that houses the operations and maintenance functions, and stores equipment, furniture and supplies. The plan calls for the demolition of the automotive garage and the grounds building. New facilities will accommodate equipment and furniture storage, automotive garages and any workshops necessary in the facilities compound while largely hiding the operations from public view. Assuming 20 years and 5.0 percent interest, annual debt service payments would be \$0.6 million for a total cost of \$12.3 million.

The Governor recommended \$1.7 million more than requested for debt service paid on general obligation bonds. The Assembly concurred.

Community Service Grants. The request includes the enacted level of \$0.2 million for community service grants. *The Governor recommended funding as requested. The Assembly added \$75,000 for a new community service grant for the Rhode Island Special Olympics.*

Other Operating Adjustments. Excluding the items noted previously, all other operating and purchased service expenditures increase \$1.0 million from the revised allocation. Minor increases were made in buildings and grounds keeping services, student loan management services, financial audit services, fundraising, including the capital campaign, and general office expenses. *The Governor recommended \$2.8 million less than requested, which aligns university and college funds with the overall requested level. The Assembly concurred.*

Rhode Island Developmental Disabilities Council. The 2008 Assembly transferred the Rhode Island Developmental Disabilities Council to the University with \$0.5 million from federal funds and 2.0 full-time equivalent positions while the Council obtained federal nonprofit status. The request includes the \$0.5 million from federal funds and 2.0 positions in its request. The organization has applied for and received federal nonprofit status. *The Governor recommended funding as requested. The Assembly concurred.*

Restricted Budget. The restricted budget request is for \$330.3 million, which is a 29.6 percent increase of \$75.4 million over the FY 2010 enacted budget. Compared to the revised allocation, the request is \$52.0 million or 18.7 percent more. The changes to the enacted budget include an \$11.8 million increase in personnel and operations, \$29.3 million more in student assistance and grants, \$3.0 million more in debt service payments and \$31.4 million more for capital improvements. Personnel expenditures reflect cost-of-living increases, step and longevity increases and other benefit adjustments including employee co-sharing of medical insurance.

The majority of the increase is in three areas: restricted student aid, sponsored research programs, and Rhode Island Capital Plan funded projects. Restricted student aid is projected to increase \$29.3 million or 38.1 percent over the enacted budget and \$8.1 million or 8.3 percent over the revised allocation. The increase is attributable to additional students applying for aid during FY 2010. Nearly all the increase to the revised allocation is in the direct loan program with a smaller increase in Pell grants and other grant programs.

Sponsored research programs including department overhead is projected at \$75.0 million for FY 2011. This is \$13.7 million or 22.3 percent more than enacted and \$2.2 million or 3.0 percent more than the revised allocation. The budget reflects estimated expenses, which is equal to the revenue that will be received for the year, not the total awards for FY 2011.

Rhode Island Capital Plan funds are estimated at \$33.6 million for FY 2011. This is \$29.2 million over the enacted level, entirely for new projects and approved projects with a FY 2011 start. These projects are described in detail in the Capital Budget Section of this analysis and include renovations to Washburn Hall, Roosevelt Hall, Morrill Hall, a new chemistry building, a new nursing and associated health building, a center for biotechnology and life sciences, and phase II of the Ranger Hall renovations.

The Governor reduced the request by \$25.6 million. This includes \$23.2 million less from Rhode Island Capital Plan funds and \$2.2 million less from available federal stabilization funds for fire safety projects. The 2009 Assembly allocated 50.0 percent of the estimated total allocation for higher education in each FY 2010 and FY 2011 for fire safety repair work at the institutions of higher education. Distribution to the institutions is based on the square feet of academic buildings that need fire safety improvements. For FY 2010 the total \$16.1 million allocation is distributed as \$7.2 million for the University, \$5.7 million for the College and \$3.2 million for the Community College.

Based on the final allocation, higher education's share of the total \$134.9 million will be \$27.3 million, with \$11.2 million available for FY 2011. Based on the same method of distribution, the remaining allocation would be distributed as \$5.0 million for the University, \$4.0 million for the College and \$2.3 million for the Community College.

The Assembly added \$750,000 from Rhode Island Capital Plan funds in each year of the FY 2011 through FY 2015 period for asset protection projects. It also shifted \$1.0 million from Rhode Island Capital Plan funds from FY 2010 to FY 2011 to begin construction on a new chemistry building and provided \$150,000 for a feasibility study regarding nursing sciences facilities for the University and College. The feasibility study must include enrollment projections, operating costs, space sharing, governance plans, and a comparison to alternate plans for separate facilities.

Higher Education Stabilization Funds			
	FY 2010	FY 2011	Total
University of Rhode Island	\$ 7,171,090	\$ 5,002,975	\$12,174,065
Rhode Island College	5,695,093	3,973,232	9,668,325
Community College of Rhode Island	3,240,711	2,260,911	5,501,622
Total	\$16,106,894	\$11,237,118	\$27,344,012

Rhode Island College

Rhode Island College	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 96,647,563	\$ 85,414,732	\$ 89,384,202	\$ 89,336,315
Contracted Services	4,800,483	2,737,092	2,633,917	2,633,917
Subtotal	\$ 101,448,046	\$ 88,151,824	\$ 92,018,119	\$ 91,970,232
Other State Operating	23,264,958	22,110,231	23,786,245	23,786,245
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	17,432,508	18,903,566	22,314,811	22,314,811
Capital	8,295,003	10,966,798	9,583,287	10,333,287
Capital Debt Service	5,697,769	4,451,533	4,703,523	4,703,523
Operating Transfers	-	2,195,394	2,291,692	2,291,692
Total	\$ 156,138,284	\$ 146,779,346	\$ 154,697,677	\$ 155,399,790
Sources of Funds				
General Revenue	\$ 42,186,799	\$ 39,385,334	\$ 39,587,617	\$ 39,539,730
Tuition and Fees	62,972,881	59,579,136	62,426,564	62,426,564
Other Unrestricted	5,192,167	5,192,167	6,061,679	6,061,679
Total Unrestricted	\$ 110,351,847	\$ 104,156,637	\$ 108,075,860	\$ 108,027,973
Restricted	45,786,437	42,622,709	46,621,817	47,371,817
All Sources	\$ 156,138,284	\$ 146,779,346	\$ 154,697,677	\$ 155,399,790
FTE Authorizations	813.1	805.2	813.1	810.1
<i>Limited to Third-Party Funds</i>	<i>82.0</i>	<i>75.1</i>	<i>82.0</i>	<i>82.0</i>
Total	895.1	880.3	895.1	892.1

Summary. Rhode Island College requested \$160.3 million from all sources and 913.1 full-time equivalent positions, of which 82.0 would be limited to third party sources. This is an increase of \$4.2 million or 2.7 percent to the FY 2010 enacted budget and an increase of \$19.6 million or 13.9 percent to the revised budget allocation. The staffing request is 18.0 positions more than enacted and reflects the addition of faculty and staff positions.

The Governor recommended \$154.7 million, \$1.5 million less than enacted and \$5.6 million less than requested. The Governor recommended the enacted level of 895.1 full-time equivalent positions.

The Assembly included \$47,887 in statewide assessed fringe benefit savings. It also added \$750,000 from Rhode Island Capital Plan funds to reflect revision to two projects. It authorized 892.1 full-time equivalent positions, which reflects the elimination of 3.0 vacant positions.

Tuition and Enrollment. The FY 2011 budget assumes that tuition and fees would increase 9.0 percent or \$578 for resident undergraduates and 9.0 percent or \$1,390 for nonresident undergraduates and that room and board would increase 5.1 percent or \$465. In-state enrollment is projected to increase 0.5 percent or 30 full-time equivalent students and out-of-state enrollment is projected to remain constant at 860 full-time equivalent students for a total increase of 0.4 percent or 30 full-time equivalent students. The College projects that out of 7,080 full-time equivalent students for FY 2011, 6,220 will be in-state

and 860 or 12.1 percent will be out-of-state. *The Governor recommended total expenditures from university and college resources as requested.* **The Assembly concurred.**

College Undergraduate Tuition and Fees	FY 2010	FY 2011	Change to FY 2010	
Resident				
Tuition	\$ 5,420	\$ 5,988	\$ 568	10.5%
Fees	988	998	10	1.0%
Total	\$ 6,408	\$ 6,986	\$ 578	9.0%
Nonresident				
Tuition	\$ 14,500	\$ 15,880	\$ 1,380	9.5%
Fees	988	998	10	1.0%
Total	\$ 15,488	\$ 16,878	\$ 1,390	9.0%
Room and Board				
Average Room	\$ 5,242	\$ 5,554	\$ 312	6.0%
Average Board	3,812	3,965	153	4.0%
Average Room and Board	\$ 9,054	\$ 9,519	\$ 465	5.1%
Undergraduate and Graduate Enrollment				
In-State	6,190	6,220	30	0.5%
Out-of-State	860	860	-	0.0%
Total	7,050	7,080	30	0.4%

Program Consolidations and Efficiencies. Between FY 2005 and FY 2008, the College has eliminated 13 programs and consolidated one. No programs were eliminated in FY 2009; however, there are currently four programs under review for elimination or consolidation in FY 2010. These are the B.A. in art history, B.G.S. in general studies, B.M. in music and M.Ed. in technology education. In the past year the College has added several new programs. These include Bachelor of Science in Radiologic Technology, Certificate of Continuing Studies in Green Business Practices, Certificate of Undergraduate Studies in Public History, Certificate of Graduate Studies in the Advanced Study of Literature, Certificate of Graduate Studies in Creative Writing, Certificate of Graduate Studies in Modern Biological Sciences, and Certificate of Graduate Studies in Public History.

Staffing. The FY 2010 enacted budget includes authority to fill 895.1 full-time equivalent positions, provided that 82.0 of those positions would be limited to third-party sources. The FY 2011 request is for 913.1 positions, which is 18.0 more than the enacted authorization and includes 13.0 new faculty, a dean of graduate studies, an assistant teacher at the Henry Barnard School and 3.0 dining positions in the restricted budget. As of the pay period ending December 5, 2009, the College had 23.7 vacant non-third-party funded positions. *The Governor does not recommend the additional positions.* **The Assembly authorized 892.1 full-time equivalent positions, which reflects the elimination of 3.0 vacant positions. It did not authorize the additional positions as recommended.**

Unrestricted Budget Summary. The unrestricted budget accounts for \$111.6 million, which is an increase of \$1.3 million, or 1.2 percent to the enacted budget and \$9.7 million, or 9.5 percent to the revised allocation. Sources of funds for the increase to the revised allocation include \$3.5 million more general revenues, \$5.7 million more from tuition and fees and \$0.6 million more from other unrestricted sources. Historically the Board submits a current service budget in addition to the target budget required by the Budget Office. This year, the Budget Office instructed departments and agencies to submit a current service budget. The Board submitted a request that met that current service target budget. *The Governor recommended \$108.1 million in unrestricted expenditures. This is \$2.3 million less than enacted and \$3.6 million less than requested from general revenues.* **The Assembly concurred and included \$47,887 in statewide assessed fringe benefit savings.**

College Changes to Enacted			
	Request	Governor	Assembly
Current Year Revisions	\$ (8,429,766)	\$ (5,916,763)	\$ (6,195,210)
Salaries and Benefits	6,539,721	2,931,279	3,161,839
Computers	755,886	755,886	755,886
Furniture and Equipment	181,476	181,476	181,476
Building Maintenance and Repairs	350,568	350,568	350,568
Student Aid	881,245	881,245	881,245
Debt Service	-	241,377	241,377
Other Operating Adjustments	1,018,781	(1,701,055)	(1,701,055)
Total	\$ 1,297,911	\$ (2,275,987)	\$ (2,323,874)

Current Year Revisions. The College's FY 2010 revised budget is \$8.4 million less than enacted from all sources including \$2.5 million less from general revenues and 18.0 new full-time equivalent positions. The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. The amount allocated for Rhode Island College is \$2.5 million. These savings were included in the Department of Administration's budget for allocation and not reflected in the agency totals. The College increased turnover savings, and reduced general operating expenditures and contracted services. The reductions were offset by increases for student aid, computers and furniture. Expenditures from tuition and fees and other unrestricted sources are \$5.9 million less than enacted. The FY 2010 enacted budget overstated available revenues.

*The Governor's budget is \$5.9 million less than enacted, including \$2.5 million less from general revenues. Compared to the request, the recommendation is \$2.5 million more including \$465 more from general revenues. The general revenue increase reflects savings of \$361,725 for medical benefit savings offset by an additional \$362,190 to pay debt service on general obligation bonds. The recommendation did not identify the source of the increase in institutional resources that would be required to fund the revised expenditures. Options include increasing tuition and fees, which is the primary source of non-general revenue resources or reducing other expenditures to offset the added expenses. **The Assembly included additional general revenue turnover savings of \$212,000 and statewide assessed fringe benefit savings of \$66,447.***

Salaries and Benefits. Unrestricted expenditures for salaries and benefits total \$79.6 million and are \$6.5 million or 9.0 percent greater than the FY 2010 allocation. This funds 15.0 new positions including 13.0 new faculty across all disciplines, a dean of graduate studies and restoration of an assistant teacher at the Henry Barnard School inadvertently removed from the budget. The College indicates that it experienced growth across all programs and disciplines this year. The new faculty positions will meet the current program demand. The College also reported that it plans to increase its graduate programs in FY 2010. The request also includes a 3.0 percent cost-of-living increase for all employees, step and longevity increases and benefit adjustments consistent with Budget Office instructions.

*The Governor recommended \$108.1 million for salary and benefit expenditures, which is \$2.9 million more than the revised allocation. The increase includes \$1.3 million less from general revenues and \$4.3 million more from university and college funds. General revenues are \$4.8 million less than enacted to reflect the Governor's decision to fund higher education at the FY 2010 revised recommended level. University and college funds are \$0.8 million less than requested. **The Assembly included statewide assessed fringe benefit savings of \$47,887.***

Computers. The unrestricted budget includes \$2.8 million for computers and software. This is \$0.8 million or 36.6 percent more than the revised allocation. The College indicates \$260,000 of this request is

to establish a regular replacement schedule of desktop units. As part of its FY 2010 budget request the Board requested an additional \$0.6 million, of which \$260,000 was to establish a regular replacement schedule of desktop units. The Assembly provided funding as requested; however, the College eliminated the expense in order to achieve its allocation of statewide savings. *The Governor recommended funding as requested.* **The Assembly concurred.**

Furniture and Equipment. The unrestricted budget includes \$1.1 million for furniture and equipment purchases. This is \$0.2 million or 19.0 percent more than the revised allocation. The College reports that this request is more reflective of actual expenditure experience. FY 2007 expenditures were \$1.0 million. FY 2008 expenditures were \$1.3 million. FY 2009 expenditures were \$0.7 million. *The Governor recommended funding as requested.* **The Assembly concurred.**

Building Maintenance and Repairs. The unrestricted budget includes \$2.9 million for building maintenance and repairs. This is \$0.4 million or 13.6 percent more than the revised allocation to reflect anticipated expenditures. Approximately half of the additional funding is for the two renovated buildings on the east campus, the former Department of Children, Youth and Families, facilities that opened at the beginning of FY 2010. *The Governor recommended funding as requested.* **The Assembly concurred.**

Student Aid. The budget includes \$12.6 million for student aid, which is \$0.9 million or 7.5 percent greater than the FY 2010 allocation and \$3.2 million or 34.0 percent greater than FY 2009 expenditures to reflect both an increase in enrollment and the increased tuition and fees. Unrestricted student aid and waivers represents 20.4 percent of tuition and fee revenues.

Approximately \$1.4 million of the increase is for Metropolitan Tuition Policy waivers. The Metropolitan Tuition Policy is for Rhode Island College students whose permanent place of residence is a Massachusetts community within a 50-mile radius of Providence. Prior to FY 2009, the distance had been within a 20-mile radius but was increased to 50 during FY 2009. These students are eligible for in-state tuition rates plus 50 percent. The waiver includes both full-time and part-time students, undergraduate and graduate students, and degree and nondegree students. *The Governor recommended funding as requested.* **The Assembly concurred.**

Debt Service. The unrestricted budget includes the enacted level of \$1.6 million for debt service expenditures. This includes \$1.4 million, consistent with the Budget Office target, for general revenue funded debt service on general obligation bonds. Prior to FY 2007, all debt service costs appeared in the budget of the Department of Administration. Based on an audit recommendation suggesting reporting only debt service payments related to the primary government with the state's governmental funds, the 2006 Assembly shifted all debt service payments from the Department of Administration's budget to the budgets of the institutions. The audit report noted that although the General Laws require all debt service payments to be budgeted within the Department of Administration, there are debt service payments that are not included with that budget, such as debt service on the GARVEE and motor fuel bonds. The unrestricted budget funds debt service payments on general obligation bonds and revenue bonds. *The Governor recommended \$0.2 million more than enacted and requested based on updated costs.* **The Assembly concurred.**

Other Operating Adjustments. Excluding the items noted previously, all other operating and purchased service expenditures increase \$1.0 million over the revised allocation. The majority of the increase is in general operating expenditures. These expenditure adjustments account for 10.5 percent of the increase in the unrestricted budget. *The Governor recommended \$1.7 million less than enacted, which aligns university and college funds with the overall requested level.* **The Assembly concurred.**

Restricted Budget. The restricted budget request is for \$48.7 million, which is \$2.9 million or 6.2 percent more than the enacted FY 2010 budget. It is \$2.6 million more or 6.7 percent more than the FY

2010 revised allocation. Compared to the enacted budget, the request includes \$0.3 million more in personnel and operating expenses, \$2.5 million more in grants, \$17,872 more in debt service payments and \$67,406 more for capital expenditures.

The request includes 3.0 new full-time equivalent positions and funding for new staff for the Donovan Dining Center. A new café recently opened in the newly renovated Department of Children, Youth and Families building. The request also includes a \$2.5 million increase in Pell grant awards. The College reported that it has more eligible students resulting from current economic conditions and high unemployment rate. A change in federal regulations now allows students to receive Pell awards during the summer without a reduction in their awards for the academic year.

The Governor recommended \$2.0 million less than requested including \$1.3 million more from Rhode Island Capital Plan funds for planning work on a new art center. He recommended placing the art center on the November 2010 ballot for voter approval of general obligation bond debt. The Governor recommended the 3.0 new positions for Donovan Dining Center offset by an unspecified reduction of 3.0 positions elsewhere in the College.

His recommendation also includes \$1.7 million less from federal stabilization funds to reflect the availability of funds for FY 2011. The 2009 Assembly allocated 50.0 percent of the estimated total allocation for higher education in each FY 2010 and FY 2011 for fire safety repair work at the institutions of higher education. Distribution to the institutions is based on the square feet of academic buildings that need fire safety improvements. For FY 2010 the total \$16.1 million allocation is distributed as \$7.2 million for the University, \$5.7 million for the College and \$3.2 million for the Community College. Based on the final allocation, higher education's share of the total \$134.9 million will be \$27.3 million, with \$11.2 million available for FY 2011. Based on the same method of distribution, the remaining allocation would be distributed as \$5.0 million for the University, \$4.0 million for the College and \$2.3 million for the Community College.

The Assembly added \$350,000 from Rhode Island Capital Plan funds in each year of the FY 2011 through FY 2015 period for asset protection projects. The Assembly also shifted \$0.4 million from FY 2010 to FY 2011 for a new art center at the College.

Higher Education Stabilization Funds			
	FY 2010	FY 2011	Total
University of Rhode Island	\$ 7,171,090	\$ 5,002,975	\$12,174,065
Rhode Island College	5,695,093	3,973,232	9,668,325
Community College of Rhode Island	3,240,711	2,260,911	5,501,622
Total	\$16,106,894	\$11,237,118	\$27,344,012

Community College of Rhode Island

Community College of Rhode Island	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 86,849,197	\$ 77,504,680	\$ 78,894,796	\$ 79,081,731
Contracted Services	2,174,510	1,262,134	1,269,458	1,269,458
Subtotal	\$ 89,023,707	\$ 78,766,814	\$ 80,164,254	\$ 80,351,189
Other State Operating	19,708,586	20,935,831	22,443,575	22,443,575
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	15,068,441	19,771,283	20,216,951	20,216,951
Capital	7,085,822	8,258,183	5,729,204	7,779,204
Capital Debt Service	1,546,855	1,547,926	1,648,844	1,648,844
Operating Transfers	-	190,496	196,996	196,996
Total	\$ 132,433,411	\$ 129,470,533	\$ 130,399,824	\$ 132,636,759
Sources of Funds				
General Revenue	\$ 47,971,581	\$ 44,164,937	\$ 44,560,557	\$ 44,507,492
Tuition and Fees	49,748,137	45,526,329	48,955,385	48,955,385
Other Unrestricted	4,285,271	4,663,492	4,663,492	4,663,492
Total Unrestricted	\$ 102,004,989	\$ 94,354,758	\$ 98,179,434	\$ 98,126,369
Restricted	30,428,422	35,115,775	32,220,390	34,510,390
All Sources	\$ 132,433,411	\$ 129,470,533	\$ 130,399,824	\$ 132,636,759
FTE Authorizations				
	713.1	706.4	713.1	704.1
<i>Limited to Third-Party Funds</i>	<i>100.0</i>	<i>61.5</i>	<i>100.0</i>	<i>100.0</i>
Total	813.1	767.9	813.1	804.1

Summary. The Community College requested \$136.0 million from all sources and 813.1 full-time equivalent positions for FY 2011. This is an increase of \$3.5 million or 2.7 percent over the FY 2010 enacted budget and \$9.2 million or 7.3 percent more than the FY 2010 revised allocation. The request also assumes 813.1 full-time equivalent positions and that of those, 100.0 positions would be limited to funding from third party sources, which is consistent with the enacted authorization.

The Governor recommended \$130.4 million, which is \$2.0 million less than enacted and \$5.6 million less than requested. The Governor recommended the enacted level of 813.1 full-time equivalent positions.

The Assembly included statewide assessed fringe benefit savings of \$53,065. It also added \$240,000 from Human Resource Investment Council restricted receipts for three new positions to work on workforce development initiatives. It added \$250,000 from Rhode Island Capital Plan funds for asset protection projects for FY 2011 and shifted \$1.8 million from Rhode Island Capital Plan funds from FY 2010 to FY 2011 for the HVAC project at Flanagan Campus. The Assembly authorized 804.1 full-time equivalent positions, which includes the elimination of 9.0 vacant positions.

Tuition and Enrollment. The FY 2011 budget assumes that tuition and fees would increase 8.2 percent or \$276 for resident students and 8.7 percent or \$784 for nonresident students. Enrollment is projected to

remain constant at 10,330 full-time equivalent students. *The Governor recommended total expenditures from university and college resources as requested.* **The Assembly concurred.**

Community College Tuition and Fees	FY 2010	FY 2011	Change to FY 2010	
Resident				
Tuition	\$ 3,080	\$ 3,356	\$ 276	9.0%
Fees	296	296	-	0.0%
Total	\$ 3,376	\$ 3,652	\$ 276	8.2%
Nonresident				
Tuition	\$ 8,712	\$ 9,496	\$ 784	9.0%
Fees	296	296	-	0.0%
Total	\$ 9,008	\$ 9,792	\$ 784	8.7%
Enrollment	10,330	10,330	-	0.0%

Program Consolidations and Eliminations. In the past year, the Community College has consolidated three programs and begun seven new certificate programs aimed at workers in transition. It created a new degree program in opticianry that includes some online courses. It also developed a new course to help first time students be more successful in college. It also introduced a new technology system to manage class size and room utilization.

Staffing. The FY 2010 enacted budget includes authority to fill 813.1 full-time equivalent positions, provided that 100.0 of those positions would be limited to third-party sources. The FY 2011 request is consistent with the enacted authorization. As of the pay period ending December 5, 2009, the Community College had 14.6 vacant positions and 76.0 vacant third-party funded positions. *The Governor recommended the enacted level of 813.1 full-time equivalent positions.* **The Assembly authorized 804.1 full-time equivalent positions, which includes the elimination of 9.0 vacant positions.**

Unrestricted Budget Summary. The unrestricted budget accounts for \$102.8 million, which is \$0.8 million or 0.7 percent more than the enacted budget and \$7.7 million or 8.1 percent more than the revised allocation. Sources of funds for the increase to the revised allocation include \$4.3 million more from general revenues and \$3.4 million more from tuition and fees. Historically the Board submits a current service budget in addition to the target budget required by the Budget Office. This year, the Budget Office instructed departments and agencies to submit a current service budget. The Board submitted a request within the current service target.

The Governor recommended \$98.2 million in unrestricted expenditures. This is \$3.8 million less than enacted and \$4.6 million less than requested. **The Assembly included statewide assessed fringe benefit savings of \$53,065.**

Community College Changes to Enacted

	Request	Governor	Assembly
Current Year Revisions	\$ (6,931,571)	\$ (7,332,753)	\$ (7,650,231)
Salaries and Benefits	5,097,498	964,238	1,228,651
Technology Investment	653,305	653,305	653,305
Maintenance and Repairs	672,383	672,383	672,383
Utilities	286,363	286,363	286,363
Student Aid	238,488	238,488	238,488
Equipment and Supplies	257,155	257,155	257,155
Debt Service	-	178,206	178,206
Other Operating Adjustments	477,106	257,060	257,060
Total	\$ 750,727	\$ (3,825,555)	\$ (3,878,620)

Current Year Revisions. The Community College requested \$6.9 million less than enacted from all sources including \$3.1 million less from general revenues. The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. The amount allocated for the Community College is \$3.1 million. These savings were included in the Department of Administration's budget for allocation and not reflected in the agency totals. The Community College increased turnover savings and reduced building maintenance and grounds keeping contracted services. These reductions were offset by increases in student aid and furniture purchases. Expenditures from tuition and fees and other unrestricted sources are \$3.8 million less than enacted. The FY 2010 enacted budget overstated available resources. The revised allocation also reflects 72 fewer full-time equivalent students than assumed in the enacted budget.

The Governor's budget is \$7.3 million less than enacted, including \$3.5 million less from general revenues. Compared to the request, the recommendation is \$0.4 million less from general revenues. The general revenue change reflects savings of \$402,253 for medical benefit savings. University and college funds are at the requested level.

The Assembly included \$231,400 from additional general revenue turnover savings and statewide assessed fringe benefit savings of \$86,078.

Salaries and Benefits. Unrestricted expenditures for salaries and benefits total \$79.6 million, which is \$5.1 million or 6.8 percent more than the FY 2010 allocation. This request would allow the Community College to fill some of its critical positions that are currently vacant. It has identified developmental English and math classes as an area of need. The Community College reported that these classes fill quickly and there are not enough to fill current need; 70.0 percent of students require at least one remedial course and 58.0 percent require two or more remedial courses. Another reported area of need is student advising and academic support. The request also assumes a 3.0 percent cost-of-living adjustment for all employees.

*The Governor recommended \$74.3 million for salary and benefit expenditures, which is \$0.9 million more than the revised allocation. The increase includes \$1.3 million less from general revenues and \$2.2 million more from university and college funds. General revenues are \$4.8 million less than requested to reflect the Governor's decision to fund higher education at the FY 2010 revised recommended level. University and college funds are \$0.6 million less than requested. **The Assembly included statewide assessed fringe benefit savings of \$53,065.***

Technology. The unrestricted budget includes \$2.6 million or \$0.7 million more than the revised allocation for technology expenditures including licensing agreements, equipment support and support

personnel. The Community College reported that technology is being used to manage classroom scheduling and it would like to align equipment and technology needs with the faculty. A major component of the request is a redundant system implementation with emphasis on data security in the event that the primary system fails. *The Governor recommended funding as requested. The Assembly concurred.*

Maintenance and Repairs. The unrestricted budget includes \$2.2 million for the maintenance and repairs of the school's buildings. This is \$0.7 million or 44.8 percent more than the revised allocation. The Community College has indicated that the four campuses have a deferred maintenance list of approximately \$40.0 million. As the facilities continue to age, the Community College would like to be more proactive rather than reactive in its maintenance and repairs as maintenance is frequently less expensive than repairs. *The Governor recommended funding as requested. The Assembly concurred.*

Educational Supplies and Equipment Replacement. The unrestricted budget includes \$2.7 million for education supplies and equipment replacement. This is \$0.3 million or 10.6 percent more than the revised allocation. This includes all classrooms and laboratories and the library. *The Governor recommended funding as requested. The Assembly concurred.*

Utilities. The unrestricted budget includes \$4.0 million for utility expenses, which is \$0.3 million or 7.8 percent more than the revised allocation. The request reflects estimated usage for FY 2011 based on anticipated rate increases. *The Governor recommended funding as requested. The Assembly concurred.*

Student Aid. The unrestricted budget includes \$2.9 million for student aid, which is \$0.2 million or 9.1 percent more than the FY 2010 allocation and \$0.5 million or 21.3 percent greater than FY 2009 expenditures. *The Governor recommended funding as requested. The Assembly concurred.*

Debt Service. The unrestricted budget includes the enacted level of \$1.4 million for debt service expenditures. This is consistent with the Budget Office target of \$1.4 million for general revenue funded debt service on general obligation bonds. Prior to FY 2007, all debt service costs appeared in the budget of the Department of Administration. Based on an audit recommendation suggesting reporting only debt service payments related to the primary government with the state's governmental funds, the 2006 Assembly shifted all debt service payments from the Department of Administration's budget to the budgets of the institutions. The audit report noted that although the General Laws require all debt service payments to be budgeted within the Department of Administration, there are debt service payments that are not included with that budget, such as debt service on the GARVEE and motor fuel bonds. The unrestricted budget funds debt service on general obligation bonds and revenue bonds. *The Governor recommended \$0.2 million more than requested based on updated costs. The Assembly concurred.*

Other Operating Adjustments. Excluding the items noted previously, all other operating and contracted service expenditures increase \$0.5 million or 6.9 percent. The majority of the increases are in general operating expenditures. This increase represents 6.2 percent of the entire unrestricted budget increase. *The Governor recommended \$0.2 million less than requested. The Assembly concurred.*

Restricted Budget. The restricted budget request is for \$33.2 million, which is \$2.8 million or 9.1 percent more than the FY 2010 enacted budget and \$1.7 million or 5.4 percent less than the FY 2010 revised allocation. Capital project expenditures are \$1.8 million less than enacted. Personnel and operating expenses are \$0.4 million more than enacted. Student aid is \$4.2 million more than enacted and \$0.2 million more than the revised allocation. Debt service is \$77,288 less than enacted.

The Governor recommended \$32.2 million, which is \$1.8 million more than enacted and \$1.0 million less than requested to reflect less available federal stabilization funds for FY 2011. The 2009 Assembly allocated 50.0 percent of the estimated total allocation for higher education in each FY 2010 and FY

2011 for fire safety repair work at the institutions of higher education. Distribution to the institutions is based on the square feet of academic buildings that need fire safety improvements. For FY 2010 the total \$16.1 million allocation is distributed as \$7.2 million for the University, \$5.7 million for the College and \$3.2 million for the Community College.

Based on the final allocation, higher education's share of the total \$134.9 million will be \$27.3 million, with \$11.2 million available for FY 2011. Based on the same method of distribution, the remaining allocation would be distributed as \$5.0 million for the University, \$4.0 million for the College and \$2.3 million for the Community College.

Higher Education Stabilization Funds			
	FY 2010	FY 2011	Total
University of Rhode Island	\$ 7,171,090	\$ 5,002,975	\$12,174,065
Rhode Island College	5,695,093	3,973,232	9,668,325
Community College of Rhode Island	3,240,711	2,260,911	5,501,622
Total	\$16,106,894	\$11,237,118	\$27,344,012

The Assembly added \$240,000 from Human Resource Investment Council restricted receipts for three new positions to work on workforce development initiatives at the Community College. These positions will oversee the implementation and delivery of employer based training programs based on the needs of employers and industry.

The Assembly also added \$250,000 from Rhode Island Capital Plan funds in each year of the FY 2011 through FY 2015 period for asset protection projects. It shifted \$1.8 million from FY 2010 to FY 2011 for the HVAC project at the Flanagan Campus based on projected expenditures.

Rhode Island Council on the Arts

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 669,912	\$ 682,734	\$ 761,849	\$ 760,429
Contracted Services	30,000	37,500	22,500	37,500
Subtotal	\$ 699,912	\$ 720,234	\$ 784,349	\$ 797,929
Other State Operations	104,189	105,410	83,932	103,932
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,070,725	2,421,174	1,073,850	1,752,475
Capital	400,000	400,000	-	400,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 3,274,826	\$ 3,646,818	\$ 1,942,131	\$ 3,054,336
Sources of Funds				
General Revenue	\$ 1,983,986	\$ 1,916,542	\$ 991,141	\$ 1,668,346
Federal Aid	855,840	1,195,276	950,990	950,990
Restricted Receipts	-	100,000	-	-
Other	435,000	435,000	-	435,000
Total	\$ 3,274,826	\$ 3,646,818	\$ 1,942,131	\$ 3,054,336
FTE Authorization	8.6	8.6	8.6	8.6

Summary. The Council on the Arts requested FY 2011 expenditures of \$3.4 million or \$131,615 more than enacted, including \$32,602 more from general revenues and \$99,013 more from federal funds; it requested the enacted level of 8.6 full-time equivalent positions. This is consistent with the Budget Office's general revenue current service target of \$2.0 million.

The Governor recommended \$1.9 million from all sources, including \$1.0 million from general revenues and \$1.0 million from federal funds. He recommended the enacted level of 8.6 full-time equivalent positions. He also submitted legislation in 2010-H 7397 to eliminate both the requirement for the Percent for Arts program and the motion picture tax credit.

The Assembly included \$3.1 million from all sources, \$1.1 million more than the Governor's recommendation. This is \$0.7 million more from general revenues and \$0.4 million more from other funds from the restoration of the Percent for Arts program, as well as a partial restoration of discretionary grants.

New Position. The Council requested \$72,733 from federal funds for a new traditional and community arts director. This position was filled on November 9, 2009. This position was authorized by the 2009 Assembly; however, funding for the position was not included in the enacted budget. *The Governor recommended \$70,587 from federal funds for the new position. This is \$2,146 less than requested to reflect four pay reduction days, the six-month deferral of the 3.0 percent cost-of-living adjustment, and adjustments to health benefit rates. The Assembly concurred.*

Film and TV Office Expenses. The Council requested \$293,131 from general revenues for all expenses in the Film and TV Office. This includes \$259,631 to fund salaries and benefits for 2.0 full-time equivalent positions and \$33,500 for all operating expenses. This is \$12,857 more than enacted to reflect a 3.0 percent cost-of-living increase and adjustments to medical benefit and retirement rates. *The Governor recommended \$278,157 from general revenues or \$14,974 less than requested for film and television office expenses. This includes reductions of \$12,883 to salaries and benefits from four pay reduction days, the six-month delay of the cost-of-living adjustment, and lower health benefit rates. It also includes \$2,091 less for reductions to various operating expenses.*

*The Governor's budget included legislation in Article 33 of 2010-H 7397 to eliminate the motion picture tax credit. All companies are required to register their motion picture, television, commercial or still photography projects with this Office. If the project is over \$0.3 million, then it qualifies for the motion picture tax credit. **The Assembly concurred with film and television office expenses; however, it did not include legislation to eliminate the motion picture tax credit.***

All Other Salaries and Benefits. The Council requested \$475,152 from all sources for all other salaries and benefits, including \$386,571 from general revenues and \$88,581 from federal funds. This is \$52,014 more than enacted, including \$25,734 more from general revenues, and \$26,280 more from federal funds for the remaining 5.6 positions. The request includes a 3.0 percent cost-of-living increase and adjustments to medical benefit and retirement rates, consistent with Budget Office planning values. The request does not include any turnover savings; however, the enacted budget included approximately \$40,000 restored in this request. *The Governor recommended \$30,638 less than requested, including \$25,706 less from general revenues to reflect four pay reduction days, the six-month delay in the cost-of-living adjustment, and adjustments to health benefit rates. **The Assembly concurred; however, it reduced general revenues by \$1,420 to reflect savings from an updated assessed fringe benefit rate.***

Community Service Grants. The Council requested the enacted level of \$620,725 from general revenues for community service grants. These grants are appropriated by the General Assembly with a designated agency and amount. It should be noted that one of the recipients of a \$21,375 grant is in bankruptcy and receivership. *The Governor recommended \$323,850 from general revenues, \$296,875 less than enacted and requested to reflect the elimination of a community service grant to the Veterans Memorial Auditorium. **The Assembly added \$100,000 from general revenues to increase the community service grant for the Providence Waterfire, offset by a reduction of \$21,375 from the elimination of a grant to an agency in bankruptcy and receivership.***

Council Grants. The Council requested \$1,436,000 from all sources for discretionary grants. This includes \$686,511 from general revenues, \$13,489 or 1.9 percent less general revenues than enacted in order to achieve savings. These grants are awarded to individuals and organizations to help support the arts and encourage artists to continue to make the arts visible in the community. *The Governor recommended \$750,000 from federal funds and eliminated the full \$700,000 from general revenues that had been included in the enacted budget for discretionary grants. **The Assembly did not concur and restored \$600,000 from general revenues.***

All Other Expenses. The Council requested \$73,189 from all sources for all other expenses. This is \$7,500 more than enacted from general revenues. The request includes a 9.0 percent increase for office supplies for day-to-day operations based on revised spending projections. *The Governor recommended \$1,834 more than requested, including \$1,381 less from general revenues from reductions to office expenses, offset by \$3,215 of additional federal funds available from statewide savings. **The Assembly concurred.***

Percent for Arts Program. The Council requested the enacted level of \$435,000 for various expenses relating to the percent for arts program. This includes \$15,000 for panelists that review applications for projects and \$420,000 for the cost to administer the program. *The Governor eliminated funding for this program and submitted legislation in Article 11 of 2010-H 7397 that eliminates the requirement to expend 1.0 percent of all capital funds on works of art.* **The Assembly did not concur and restored the enacted level of funding for the program.**

Rhode Island Atomic Energy Commission

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 937,197	\$ 899,101	\$ 999,615	\$ 997,709
Contracted Services	18,000	32,050	15,158	15,158
Subtotal	\$ 955,197	\$ 931,151	\$ 1,014,773	\$ 1,012,867
Other State Operations	159,918	411,021	409,483	409,483
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	102,000	70,000	70,000	70,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,217,115	\$ 1,412,172	\$ 1,494,256	\$ 1,492,350
Sources of Funds				
General Revenue	\$ 775,346	\$ 786,438	\$ 877,687	\$ 875,781
Federal Aid	107,000	322,051	300,159	300,159
Restricted Receipts	-	-	-	-
Other	334,769	303,683	316,410	316,410
Total	\$ 1,217,115	\$ 1,412,172	\$ 1,494,256	\$ 1,492,350
FTE Authorization	8.6	8.6	8.6	8.6

Summary. The Rhode Island Atomic Energy Commission requested \$1.4 million and 8.6 full-time equivalent positions for FY 2011. This is \$0.2 million more than enacted including \$29,214 more from general revenues and \$0.2 million more from federal funds offset by \$12,460 less from University of Rhode Island sponsored research funds. The Budget Office instructed the Commission to submit a current service budget of \$0.8 million. The Commission's request is consistent with this.

The Governor recommended \$1.5 million from all sources. This is \$0.3 million more than enacted and \$67,228 more than requested. General revenues are \$0.1 million more than enacted and \$73,127 more than requested. He recommended the enacted level of 8.6 full-time equivalent positions.

The Assembly included statewide assessed fringe benefit savings of \$1,906 and concurred with the remainder of the recommendation.

Personnel. The Commission requested \$928,483 from all funds for the Commission's 8.6 full-time equivalent positions. This is \$8,714 less than enacted and includes \$44,935 more from general revenues and \$53,649 less University of Rhode Island sponsored research funds. The savings result from leaving a senior facility engineer position vacant for part of the year. The request also includes a full year of the 3.0 percent cost-of-living increase and other benefit adjustments per Budget Office instructions.

The Governor recommended \$78,839 more from general revenues than requested. This reflects an additional \$0.1 million for a full year of funding for the senior facility engineer position offset by a six-

*month delay in the cost of living adjustment, four pay reduction days and a lower rate for medical benefits. **The Assembly included statewide assessed fringe benefit savings of \$1,906.***

New Federal Grant Award. Consistent with the revised FY 2010 request, the Commission's budget reflects \$0.2 million for a new federal grant awarded in FY 2010. The Commission has received this grant to purchase new equipment for the reactor and the new counting laboratory. The Commission had previously used federal funding from federal reactor support grants for equipment purchases, program supplies and staff training. Congress eliminated the reactor support grants in the Department of Energy's budget for FY 2009 and FY 2010. This new grant will be able to fund some of the purchases that the Authority previously funded from the reactor support grants. *The Governor recommended funding as requested. **The Assembly concurred.***

Other Operating Adjustments. The Commission requested \$28,373 less from all funds, \$15,721 from general revenues, for all other operating adjustments. The majority of the decrease reflects the elimination of federally funded equipment purchases. Minor increases are made in maintenance, repairs and office expenditures. These expenditures were reduced in order to submit a budget request at the target level. The Commission overspent its FY 2009 general revenue funded operating expenditures by \$9,185 suggesting that it might not be able to achieve the proposed reductions. *The Governor's recommendation is \$3,904 less than requested for supplies and maintenance. **The Assembly concurred.***

Rhode Island Higher Education Assistance Authority

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Program				
Scholarship and Grant Program	\$ 7,668,523	\$ 7,318,784	\$ 7,439,360	\$ 6,888,349
Loans Program	14,212,538	11,478,769	11,879,335	11,879,335
Tuition Savings Program	6,750,277	7,062,719	6,521,425	7,021,425
Total	\$ 28,631,338	\$ 25,860,272	\$ 25,840,120	\$ 25,789,109
Expenditures by Category				
Salaries and Benefits	\$ 3,597,420	\$ 3,035,781	\$ 3,496,659	\$ 3,445,648
Contracted Services	7,509,000	5,508,100	5,508,100	5,508,100
Subtotal	\$ 11,106,420	\$ 8,543,881	\$ 9,004,759	\$ 8,953,748
Other State Operations	4,013,136	3,736,171	3,739,659	3,739,659
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	13,009,782	13,079,220	12,594,702	12,594,702
Capital	502,000	501,000	501,000	501,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 28,631,338	\$ 25,860,272	\$ 25,840,120	\$ 25,789,109
Sources of Funds				
General Revenue	\$ 7,305,741	\$ 6,611,633	\$ 7,274,358	\$ 6,723,347
Federal Aid	14,575,320	12,185,920	12,044,337	12,044,337
Restricted Receipts	-	-	-	-
Other	6,750,277	7,062,719	6,521,425	7,021,425
Total	\$ 28,631,338	\$ 25,860,272	\$ 25,840,120	\$ 25,789,109
FTE Authorization	42.6	37.3	42.6	41.6

Summary. The Rhode Island Higher Education Assistance Authority requested \$26.0 million from all sources of funds and the authorized level of full-time equivalent positions. This includes \$18,953 more from general revenues, \$0.2 million less from tuition savings funds and \$2.5 million less from federal funds. The Budget Office instructed the Authority to submit a current service budget of \$7.3 million. The Authority's request is consistent with this.

The Governor recommended \$25.8 million from all sources of funds, which is \$2.8 million less than enacted and \$0.1 million less than requested. General revenues are \$31,383 less than enacted and \$50,336 less than requested. He also recommended the enacted level of 42.6 full-time equivalent positions.

The Assembly included general revenue turnover savings of \$50,000 and statewide assessed fringe benefit savings of \$1,011. It also used \$0.5 million from tuition savings fees in lieu of a like amount from general revenues for need based scholarships and grants for FY 2011. The Assembly

authorized 41.6 full-time equivalent positions, which is 1.0 less than recommended to reflect the elimination of a vacant position.

Salaries and Benefits. The FY 2011 request includes an additional \$38,482 from all funds for salaries and benefits. This includes \$1,950 more from general revenues, \$41,861 more from federal funds and \$5,329 less from tuition savings funds. The request assumes the planning values provided by the Budget Office, no turnover savings and minor adjustments in allocation among sources of funds. The request also assumes that all vacant positions will be hired but that they will be hired at lower salaries than assumed in the FY 2010 enacted budget. Restoration of turnover savings from the FY 2010 revised assumptions is approximately \$145,000.

The Governor recommended \$0.1 million less than requested including \$18,435 less from general revenues to reflect four pay reduction days, a six-month delay of the cost of living adjustment and a lower rate for medical benefits.

The Assembly included general revenue turnover savings of \$50,000 for FY 2011. This equates to maintaining 0.6 vacant positions. The Assembly also included statewide assessed fringe benefit savings of \$1,011.

Scholarships and Grants			
	FY 2010 Enacted	FY 2011 Governor	FY 2011 Enacted
Uses			
Need Based Scholarships and Grants			
General Revenues	\$ 6,382,700	\$ 6,382,700	\$ 5,882,700
Tuition Savings Fees	5,717,300	5,800,000	6,300,000
<i>Subtotal</i>	<i>\$ 12,100,000</i>	<i>\$ 12,182,700</i>	<i>\$ 12,182,700</i>
Other Grant Programs			
Academic Promise	\$ -	\$ -	\$ -
Matching Grant	-	-	-
Adult Education	300,000	-	-
LEAP/SLEAP	362,782	165,002	165,002
<i>Subtotal</i>	<i>\$ 662,782</i>	<i>\$ 165,002</i>	<i>\$ 165,002</i>
Total	\$ 12,762,782	\$ 12,347,702	\$ 12,347,702
Sources			
General Revenues	\$ 6,382,700	\$ 6,382,700	\$ 5,882,700
Federal Funds	362,782	165,002	165,002
Tuition Savings Fees	6,017,300	5,800,000	6,300,000
Total	\$ 12,762,782	\$ 12,347,702	\$ 12,347,702

Need Based Scholarships and Grants. The Authority requested \$10.4 million for scholarships and need-based grants in FY 2011. This includes \$6.4 million from general revenues, \$28,401 more than enacted, and \$4.0 million from tuition savings funds, \$1.7 million less than the enacted level. Other funds come from maintenance fees paid by out of state participants of the Tuition Savings Program that the Authority administers through AllianceBernstein. The appropriations bill currently lists expenditures by fund source. These fees generate approximately \$6.0 million per year. The request also reflects the proposed elimination of the Special Leveraging Educational Assistance Partnerships federal funds. The enacted budget includes \$0.2 million.

The Governor recommended \$12.2 million for need based scholarships and grants for FY 2011. He recommended general revenues at the enacted level of \$6.4 million. Tuition savings funds are \$1.8

million more than requested. The Governor recommended redirecting \$1.8 million requested for the Authority's other grant programs to need based scholarships and grants for FY 2011.

The Assembly concurred with total funding but used \$0.5 million from tuition savings fees in lieu of a like amount from general revenues for FY 2011. This represents the FY 2011 estimated year end balance in tuition savings fees.

Other Grant Programs. The Authority requested \$1.8 million for its other grant programs. This is \$1.5 million more from tuition savings fees than the enacted budget and includes \$1.0 million for a new cohort of the academic promise program, \$0.5 million for the matching grant program and \$0.3 million for the adult education program. *The Governor did not recommend funding for the Authority's other grant programs. The Assembly concurred.*

Loan Division Services. The Authority requested \$8.5 million for loan division activities, which is \$2.3 million less from federal funds than enacted. The request reflects a reduction of \$0.5 million for expenses associated with data processing of guaranteed loans and \$2.0 million less for collections commissions as a result of a revised projection of total collection activity offset by \$0.2 million more for web portal services and maintenance.

Federal healthcare reform legislation included a provision to end subsidies to lenders and originate all loans directly through the federal government effective July 1, 2010. The Authority would continue to be required to provide services for loans currently in their portfolio including claims payments, reinsurance transactions, default prevention and aversion activities and collections of defaulted student loans. The Authority believes that there might be new opportunities and the Authority's management is currently evaluating the effect that these changes will have on its operations. *The Governor recommended funding as requested. The Assembly concurred.*

Other Operating Adjustments. The Authority requested \$1.3 million for all other operating adjustments, which is \$11,398 less from general revenues than enacted. *The Governor recommended \$36,021 more from all funds and \$3,500 less from general revenues than requested. The Assembly concurred.*

Historical Preservation and Heritage Commission

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 1,555,636	\$ 1,487,515	\$ 1,579,161	\$ 1,576,781
Contracted Service	14,558	14,951	14,935	14,935
Subtotal	\$ 1,570,194	\$ 1,502,466	\$ 1,594,096	\$ 1,591,716
Other State Operations	96,166	102,379	110,554	110,554
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	936,644	1,031,011	945,626	945,626
Capital	10,500	16,000	16,075	16,075
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 2,613,504	\$ 2,651,856	\$ 2,666,351	\$ 2,663,971
Sources of Funds				
General Revenue	\$ 1,285,100	\$ 1,256,873	\$ 1,351,097	\$ 1,348,717
Federal Aid	819,367	913,734	835,804	835,804
Restricted Receipts	509,037	481,249	479,450	479,450
Other	-	-	-	-
Total	\$ 2,613,504	\$ 2,651,856	\$ 2,666,351	\$ 2,663,971
FTE Authorization	16.6	16.6	16.6	16.6

Summary. The Historical Preservation and Heritage Commission requested \$17,615 less than enacted including \$37,585 more from general revenues, \$25,613 less from federal funds and \$29,587 less from restricted receipts. The Commission requested the enacted level of 16.6 full-time equivalent positions. The request is \$2,256 less than the Budget Office's general revenue current service target of \$1,324,941. *The Governor recommended \$52,847 more than enacted, including \$65,997 more from general revenues, \$16,437 more from federal sources and \$29,587 less from restricted receipts.* **The Assembly concurred, with the exception of a \$2,380 reduction for statewide savings.**

Twenty-Four Furlough Days. The Commission's request proposed savings of \$132,034 including \$81,009 from general revenues by imposing 24 furlough days on its employees in FY 2011. These are 24 days where the employees of the Commission will be required to come to work but will not be compensated, which amounts to a 9.2 percent pay cut in FY 2011. The Commission opted for this proposal rather than eliminating filled positions to meet the current services target. *The Governor did not recommend this proposal.* **The Assembly concurred.**

Other Salaries and Benefits. The request includes \$87,155 more than enacted for salaries and benefits including \$107,207 more from general revenues, \$12,391 more from federal funds and \$32,191 less from restricted receipts. The request includes \$43,410 more for cost-of-living adjustments and step increases and \$43,475 more for benefit adjustments consistent with Budget Office planning values. The Commission anticipates the amount of restricted receipt revenue will continue to decrease in FY 2011 as it has in FY 2010. The Commission requested that the shortfall be replaced with general revenue funding.

The Governor concurred and reduced the request by \$63,630 to reflect four pay reduction days and deferring the cost-of-living adjustment increase by six months, and lower employee medical rates. The Assembly concurred, with the exception of providing \$2,380 less general revenues to reflect a reduced rate for assessed fringe benefits.

Eisenhower House. The Commission requested \$16,234 more than enacted for the continued operation and repairs at the Eisenhower House in FY 2011. This includes \$14,051 for safety related repairs including loose hand railings, rotted stair treads, a damaged roof, mold forming in the outdoor restrooms, and painting the exterior of the house. The remaining \$2,183 is for other miscellaneous expenses associated with the operations of the facility. *The Governor provided \$11,325 less than requested, including \$7,000 less for renovations and \$4,325 less for other miscellaneous expenses. The Assembly concurred.*

Grants. The Commission requested \$782,875, \$15,877 more from all sources of funds, for grant adjustments. The Commission includes the enacted amount of \$400,000 from restricted receipts for the Historic Preservation Revolving Loan Fund and \$300,000 for the federal Preserve America program. The Commission requests \$50,775, \$8,982 more federal Survey and Planning funds and \$32,100, \$6,895 more from restricted receipts for survey and planning. The federal survey and planning funds will be used for additional grant awards to support historic preservation planning activities in communities throughout the state. The Commission requests \$5,575 from restricted receipt funding for one time computer purchases and \$1,320 of additional operating expenses to support the historic homeownership tax credit program. *The Governor recommended \$15,683 more than requested to reflect funds available from statewide personnel savings for other uses. The Assembly concurred.*

Other Operations. The Commission requested \$236,831, which is \$4,847 less than enacted from general revenues, for all other operating expenses. This includes \$2,450 less for postage expenses, \$100 for printing, \$680 for telephone expenses, \$460 for travel expenses, and \$1,157 for other miscellaneous expenses. *The Governor recommended \$2,300 less than requested from general revenues for all other operating expenses. The Assembly concurred.*

Rhode Island Public Telecommunications Authority

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Final
Expenditures by Category				
Salaries and Benefits	\$ 1,831,858	\$ 1,571,667	\$ 1,630,894	\$ 1,628,627
Contracted Services	13,000	6,000	11,700	11,700
Subtotal	\$ 1,844,858	\$ 1,577,667	\$ 1,642,594	\$ 1,640,327
Other State Operations	63,500	37,057	32,390	32,390
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,908,358	\$ 1,614,724	\$ 1,674,984	\$ 1,672,717
Sources of Funds				
General Revenue	\$ 1,142,702	\$ 1,000,695	\$ 1,038,234	\$ 1,035,967
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	765,656	614,029	636,750	636,750
Total	\$ 1,908,358	\$ 1,614,724	\$ 1,674,984	\$ 1,672,717
FTE Authorization	18.0	16.0	16.0	16.0

Summary. The Public Telecommunications Authority requested \$1.8 million from all sources, including \$1.2 million from general revenues, \$0.6 million from Corporation for Public Broadcasting funds, and 17.0 full-time equivalent positions. This is \$105,974 less than enacted, including \$22,959 more from general revenues, \$128,906 less from Corporation for Public Broadcasting funds, and 1.0 less position. The request is \$20,882 less than the Budget Office current service target of \$1,186,543.

The Governor recommended \$1.7 million from all sources, including \$1.1 million from general revenues and \$0.6 million from Corporation for Public Broadcasting funds. He also recommended 16.0 full-time equivalent positions, 1.0 position less than requested.

Additionally, he proposed that the Board of Governors for Higher Education develop and submit a plan that reviews the Rhode Island Public Telecommunications Authority and the Higher Education Assistance Authority to see if the stated missions and current programs reflect the needs of the populations intended to be served.

The Assembly reduced general revenues by \$2,267 to reflect savings from a lower assessed fringe benefit rate. It did not include legislation to review the Authority's missions and programs.

Salaries and Benefits. The Authority requested \$1.8 million from all sources for salaries and benefits, including \$1.1 million from general revenues and \$0.6 million from Corporation for Public Broadcasting funds. This is \$54,447 less than enacted, including \$74,459 more general revenues and \$128,906 less

from Corporation for Public Broadcasting funds. This includes a 3.0 percent cost-of-living adjustment totaling \$33,298 and \$2,832 more for overtime. Consistent with the revised request, these increases are offset by salary adjustments of \$85,468 from the elimination of a vacant production manager position and other turnover savings, as well as adjustments to medical and retirement rates consistent with Budget Office planning values.

*The Governor recommended \$1.6 million from all sources, including \$1.0 million from general revenues. This is \$0.2 million less than enacted and \$0.1 million less than requested to reflect savings from four pay reduction days, the six-month deferral of the cost-of-living adjustment, adjustments to medical benefit rates, and the elimination of 1.0 additional full-time equivalent position. This is a producer position that has been vacant since the start of FY 2010 and is in addition to the requested elimination of a production manager. **The Assembly concurred; however, it reduced general revenues by \$2,267 to reflect savings from an updated assessed fringe benefit rate.***

Other Operations. The Authority requested \$25,000 from all funds for all other operating expenses, including \$24,000 from general revenues and \$1,000 from Corporation for Public Broadcasting funds. This includes \$10,000 for insurance expenses, \$13,000 for closed captioning services, and \$2,000 for various operating expenses. The request is \$51,500 less than enacted.

*The Governor recommended \$44,090 from all sources, including \$29,200 from general revenues and \$14,890 from Corporation funds. This is \$19,090 more than requested to reflect a reduction of 10.0 percent to contracted services for savings of \$1,300 from closed captioning services leaving \$11,700; the Authority spent \$5,339 for these services in FY 2009. This is offset by \$6,500 more from general revenues for office expenses and \$13,890 from Corporation funds to reflect additional funds available from statewide personnel savings. **The Assembly concurred.***

Office of the Attorney General

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Program				
Criminal	\$ 14,572,581	\$ 14,474,547	\$ 14,700,468	\$ 14,654,602
Civil	4,973,822	4,708,166	4,963,337	5,086,772
Bureau of Criminal Identification	1,056,744	1,112,836	1,131,596	1,131,596
General	2,904,066	3,272,922	2,988,249	2,988,249
Total	\$ 23,507,213	\$ 23,568,471	\$ 23,783,650	\$ 23,861,219
Expenditures by Category				
Salaries and Benefits	\$ 21,457,440	\$ 20,118,662	\$ 21,528,673	\$ 21,482,807
Contracted Services	118,252	660,030	312,645	412,368
Subtotal	\$ 21,575,692	\$ 20,778,692	\$ 21,841,318	\$ 21,895,175
Other State Operations	1,657,635	1,996,096	1,600,337	1,624,049
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	273,886	793,683	341,995	341,995
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 23,507,213	\$ 23,568,471	\$ 23,783,650	\$ 23,861,219
Sources of Funds				
General Revenue	\$ 21,099,743	\$ 19,635,128	\$ 21,132,161	\$ 21,209,730
Federal Aid	1,274,540	1,986,361	1,248,830	1,248,830
Restricted Receipts	932,930	1,340,135	1,202,659	1,202,659
Other	200,000	606,847	200,000	200,000
Total	\$ 23,507,213	\$ 23,568,471	\$ 23,783,650	\$ 23,861,219
FTE Authorization	231.1	230.0	231.1	231.1

Summary. The Office of the Attorney General requested \$24.9 million from all sources, including \$22.2 million from general revenues for FY 2011. This is \$1.4 million or 5.8 percent more than the FY 2010 enacted budget, including \$1.1 million more from general revenues, \$13,371 more from federal funds and \$294,070 more from restricted receipts. The Office requested 231.1 full-time equivalent positions, consistent with the enacted level. The general revenue request is \$255,754 above the Budget Office's current service target.

The Governor recommended \$23.8 million from all sources, including \$21.1 million from general revenues and 231.1 full-time equivalent positions. This is \$0.3 million more than enacted, but \$1.1 million less than requested. The Assembly included \$45,866 less general revenues than recommended to reflect a reduced rate for assessed fringe benefits and included \$123,435 for expenses shifted from FY 2010.

Community Prosecutor. The Office's request shifts \$43,205 from general revenues to federal funds to partially support a prosecutor position, which would have been requested from general revenues because of expired funds. The request correctly reflects a new federal grant award for the Office to support partial salary and benefit expenses for a community prosecutor to handle gang related cases. *The Governor recommended the shift, but adjusted it by \$1,152 to reflect anticipated savings from deferring the cost-of-living increase for six months, four pay reduction days and benefit rate adjustments.* **The Assembly concurred.**

Federal Award for Traffic Safety. The Office requested \$25,677 from federal funds to partially support a traffic safety position because of expired funds. This is \$43,118 less than enacted to reflect an anticipated carry forward balance from FY 2010. The request correctly reflects the federal grant award for the Office. *The Governor recommended funding essentially as requested, but adjusted it by \$694 to reflect anticipated savings from deferring the cost-of-living increase for six months, four pay reduction days and benefit rate adjustments.* **The Assembly concurred.**

Insurance Unit. The Office requested \$442,846 from general revenues to cover increased salary and benefit expenses for 4.0 full-time equivalent positions within the insurance unit. This is \$14,509 more than enacted to reflect a 3.0 percent cost-of-living adjustment and step and longevity increases for the unit. This is partially offset by reduced operating expenses consistent with the FY 2010 revised budget request.

The Governor recommended \$1,521 less than enacted, which is \$16,030 less than requested to reflect an operating reduction consistent with the FY 2010 revised recommendations in addition to anticipated savings from deferring the cost-of-living increase for six months, four pay reduction days and benefit rate adjustments. **The Assembly concurred.**

Elderly Abuse. The Office requested \$280,409 from general revenues for salary and benefit expenses for 3.0 full-time equivalent positions within the elderly justice unit. This is \$19,438 more than enacted to reflect a 3.0 percent cost-of-living adjustment and step and longevity increases for the unit. This is partially offset by reduced operating expenses consistent with the FY 2010 revised budget request. This unit investigates and prosecutes crimes involving elderly victims of abuse, neglect and financial exploitation.

The Governor recommended \$9,708 more than enacted, which is \$9,730 less than requested to reflect operating reductions consistent with the FY 2010 revised recommendations in addition to anticipated savings from deferring the cost-of-living increase for six months, four pay reduction days, and benefit rate adjustments. **The Assembly concurred.**

Public Utilities. The Office requested \$560,283 from restricted receipts for expenses associated with 5.0 full-time equivalent positions for public utility representation for ratepayers and citizens of the state. This is \$28,349 less than enacted to reflect anticipated turnover savings and reduced operating expenses consistent with the FY 2010 revised budget request. The restricted receipts are generated from the Public Utilities Commission's assessment to the regulated utilities. *The Governor recommended \$45,945 less than enacted, which is \$17,596 less than requested to reflect anticipated savings from deferring the cost-of-living increase for six months, four pay reduction days, and benefit rate adjustments.* **The Assembly concurred.**

Other Criminal Division Staffing. The Office requested \$13.9 million from all sources, including \$12.6 million from general revenues for salary and benefit expenditures for the 145.7 full-time equivalent positions within the Criminal Division. This is \$774,407 more than enacted to reflect a 3.0 percent cost-of-living adjustment, less turnover savings and benefit adjustments to reflect planning values consistent with Budget Office instructions for FY 2011.

The Governor recommended \$124,453 more than enacted, which is \$649,954 less than requested to reflect anticipated savings from deferring the cost-of-living increase for six months, four pay reduction days, and benefit rate adjustments. The recommendation also assumes an additional \$146,749 in turnover savings. The Assembly concurred, with the exception of reducing general revenues by \$45,866 to reflect statewide assessed fringe benefit savings.

Other Civil Division Staffing. The Office requested \$3.7 million from general revenues for salary and benefit expenditures for the 34.6 full-time equivalent positions within the Civil Division. This is \$76,697 more than enacted to reflect a 3.0 percent cost-of-living adjustment and benefit adjustments to reflect planning values consistent with Budget Office instructions for FY 2011. *The Governor recommended \$123,399 less than enacted, which is \$200,096 less than requested to reflect anticipated savings from deferring the cost-of-living increase for six months, four pay reduction days, and benefit rate adjustments. The Assembly concurred.*

General Division Staffing. The Office requested \$2.7 million from general revenues for salary and benefit expenditures for the 23.0 full-time equivalent positions within the General Division. This is \$212,868 more than enacted to reflect a 3.0 percent cost-of-living adjustment and benefit adjustments to reflect planning values consistent with Budget Office instructions for FY 2011. *The Governor recommended \$87,424 more than enacted, which is \$125,444 less than requested to reflect anticipated savings from deferring the cost-of-living increase for six months, four pay reduction days, and benefit rate adjustments. The Assembly concurred.*

Bureau of Criminal Identification Staffing. The Office requested \$1.0 million from general revenues for salary and benefit expenditures for the 15.0 full-time equivalent positions within the Bureau of Criminal Identification. This is \$99,875 more than enacted to reflect a 3.0 percent cost-of-living adjustment, less turnover savings and benefit adjustments to reflect planning values consistent with Budget Office instructions for FY 2011. *The Governor recommended \$51,688 more than enacted, which is \$48,187 less than requested to reflect anticipated savings from deferring the cost-of-living increase for six months, four pay reduction days, and benefit rate adjustments. The Assembly concurred.*

Witness Protection. The Office requested \$97,894 from general revenues for protection of state witnesses. This is \$23,873 more than enacted to provide housing, food, accessories and 24 hour security services for several state witnesses. This request will place this expense more in line with the FY 2010 revised budget request. FY 2009 expenses were \$107,175. *The Governor recommended \$17,258 more than enacted, which is \$6,615 less than requested to reflect reductions for supplies and travel expenses consistent with the FY 2010 revised recommendations. The Assembly concurred.*

Consumer Education. The Office requested \$246,500 from restricted receipts recovered by the consumer protection unit from deceptive trade practice cases over the course of ten years and deposited into a restricted receipts account. The total funds available are \$300,000. The funds will be used to support consumer training on fraud and consumer protection pamphlets, brochures, and flyers. In FY 2009, the Office requested \$197,649 for this item, but only spent \$32,812 to reflect its intent to use the funds over the course of several years for consumer education related expenses. *The Governor recommended funding as requested. The Assembly concurred.*

Tobacco Enforcement Litigation from FY 2010. The Office requested \$151,400 from general revenues for tobacco litigation expenses for FY 2010. This enforcement litigation case was brought by the leading United States tobacco product manufacturers against the state under the settlement agreement entitled “Master Settlement Agreement” for its lack of due diligence in appropriating collected funds. The requested funding will cover a pro-rated share of salaries of mediators, copies of transcripts, clerical services, out-of-state transportation and lodging and other miscellaneous expenses. Subsequently, the

Office reported that litigation will be delayed into FY 2011. *The Governor included funding as requested for FY 2010. The Assembly shifted \$123,435 from general revenues from FY 2010 to FY 2011 to reflect delays in the progression of this case.*

Forfeitures. The Office requested \$174,225 from restricted receipts from federal forfeitures, gambling forfeitures and forfeiture of property. This is \$66,512 more than enacted to reflect anticipated expenses for three new vehicles and computer supplies and equipment. These funds are already on deposit with the Office. *The Governor recommended funding essentially as requested, but added \$1,388 to reflect additional funds available from statewide personnel savings. The Assembly concurred.*

Asset Protection. The Office requested \$200,000 from Rhode Island Capital Plan funds for its asset protection projects for FY 2011. This is consistent with the approved capital plan and the enacted budget; however, this is \$50,000 less than the Office's capital budget request to reflect anticipated funding for FY 2011 consistent with the FY 2010 recommendation. Funds will be used for general interior renovations and building repairs. *The Governor recommended funding as requested. The Assembly concurred.*

All Other Operations. The Office requested \$1.4 million from all sources, including \$1.2 million from general revenues for all other operations for FY 2011. This is \$93,792 less than enacted to reflect several operating reductions including facilities and maintenance repairs, computer software, office supplies, monthly parking and subscription fees, purchased printing services and utilities. This will place this expense more in line with the FY 2010 revised budget.

The Governor recommended \$113,817 less than enacted, which is \$20,025 less than requested to reflect anticipated savings from utility costs, insurance and travel expenses and printing services, which are partially offset by anticipated increases for parking rental and miscellaneous expenses. His recommendation assumed the Office can contract with the Department of Health for its printing service needs. The Assembly concurred.

Department of Corrections

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Program				
Central Management	\$ 8,021,430	\$ 6,922,188	\$ 8,089,350	\$ 8,071,545
Parole Board	1,293,696	1,331,845	1,376,212	1,374,212
Institutional Corrections	161,009,611	159,384,552	166,404,846	162,992,366
Community Corrections	15,030,769	14,091,787	14,399,215	14,743,396
Total	\$ 185,355,506	\$ 181,730,372	\$ 190,269,623	\$ 187,181,519
Expenditures by Category				
Salaries and Benefits	\$ 149,296,397	\$ 144,833,484	\$ 154,286,802	\$ 151,853,586
Contracted Services	11,916,890	11,676,719	11,784,247	11,131,345
Subtotal	\$ 161,213,287	\$ 156,510,203	\$ 166,071,049	\$ 162,984,931
Other State Operations	16,447,305	16,441,187	16,507,626	16,505,640
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,451,364	1,396,364	1,366,414	1,366,414
Capital	6,243,550	7,382,618	6,324,534	6,324,534
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 185,355,506	\$ 181,730,372	\$ 190,269,623	\$ 187,181,519
Sources of Funds				
General Revenue	\$ 177,390,562	\$ 171,119,682	\$ 181,711,505	\$ 178,329,401
Federal Aid	2,196,668	3,354,329	2,587,994	2,794,860
Restricted Receipts	-	122,837	-	87,134
Other	5,768,276	7,133,524	5,970,124	5,970,124
Total	\$ 185,355,506	\$ 181,730,372	\$ 190,269,623	\$ 187,181,519
FTE Authorization	1,423.0	1,402.5	1,423.0	1,419.0
Prison Population	3,767	3,551	3,643	3,450

Summary. The Department of Corrections requested \$199.1 million from all sources, including \$190.9 million from general revenues and 1,423.0 full-time equivalent positions. This is \$13.7 million or 7.4 percent more than enacted, including \$13.5 million more from general revenues, \$391,326 more from federal funds and \$142,876 less from other funds. The general revenue request is \$7.6 million above the Budget Office's current service target.

The Governor recommended \$190.3 million from all sources, including \$181.7 million from general revenues and 1,423.0 full-time equivalent positions. This is \$4.9 million more than enacted, including \$4.3 million more from general revenues, \$0.4 million more from federal funds and \$0.2 million more from other funds. The Governor also recommended the transfer of female inmates from Dix and McDonald facilities to the Reintegration Center.

The Assembly included \$3.3 million less general revenues to reflect savings primarily from projected reductions in prison population and base wage adjustments for members of the Rhode Island Brotherhood of Correctional Officers. The Assembly also included 1,419.0 full-time equivalent positions, 4.0 fewer than recommended to reflect elimination of vacant positions.

Population. The enacted budget assumes \$5.0 million in savings based on initiatives approved by the 2008 Assembly to reduce the prison population by allowing for expanded opportunities for earning time off sentences. The Department has implemented the initiatives and has been current on automated calculations for the days earned for rehabilitation program credit since FY 2009. The enacted budget assumes a population of 3,767, which is 58 more inmates than the Department’s population projection of 3,709 for FY 2011.

The Department’s current population is tracking below staff estimates for the FY 2010 enacted budget, which assumed those reductions; however, the Department is not able to quantify population changes related to the reduction options. The House Fiscal Staff uses a simple model using trend data and population through the second quarter that suggests an average population of 3,655. The Department contracts with a firm to prepare population estimates, which has projected the population for the FY 2011 budget.

Population reductions result in the greatest savings when there are enough to allow for the closure of housing modules. Current population has resulted in the closure of two double modules in the Intake Center. The maximum capacity of the prison is governed by the terms of an overcrowding lawsuit. In FY 2008, the Department reached an agreement with the federal courts to increase the allowed capacity at facilities from 4,085 to 4,265.

The following table depicts the recent history of budgeted and actual prison population from FY 2001 through the FY 2011 budget as enacted. The average population for the first six months of FY 2010 is 3,612. Total cost per inmate including staff, can be expressed by dividing the Institutional Corrections’ budget by the number of inmates. This is \$46,902 in the FY 2011 request and \$45,797 in the FY 2010 revised request. The enacted budget includes \$42,742. FY 2009 actual expenditures suggest a cost of \$41,434.

History	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
<i>Request</i>	3,355	3,492	3,297	3,333	3,305	3,299	3,200	2,583	3,803	4,008	3,709
Governor	3,292	3,464	3,393	3,724	3,640	3,244	3,375	3,289	3,848	4,008	3,643
Enacted	3,292	3,464	3,393	3,500	3,575	3,244	3,375	3,289	3,848	3,767	3,450
Revised Request	3,464	3,251	3,658	3,640	3,575	3,375	3,723	4,018	3,869	3,669	
Governor Revised	3,464	3,370	3,658	3,600	3,377	3,375	3,723	3,925	3,869	3,659	
Final	3,464	3,370	3,550	3,600	3,377	3,475	3,755	3,925	3,788	3,551	
<i>Actual</i>	3,348	3,387	3,537	3,554	3,361	3,510	3,771	3,860	3,773		

The Governor’s recommendation assumed 3,643 inmates, 124 fewer than assumed in the enacted, or 66 below the Department’s request.

The Assembly assumed 3,450 inmates, 193 fewer than recommended based on recent population reports from the Department which indicate that inmate population is tracking below the recommended level. It appears that the downward trends in prison population are related to legislation adopted by the 2008 Assembly to expand opportunities for inmates to earn time off for good behavior; initial projections associated with the change appear to have been underestimated. The Assembly included \$1.9 million less general revenues to reflect savings from this reduction.

Unachieved Population Savings. The FY 2010 enacted budget anticipated \$5.0 million in savings associated with the prison population reduction. The Department’s request restores \$2.8 million noting

that it has been unable to close enough housing units to achieve the budgeted savings. This is despite the Department's FY 2011 projections being based on 58 fewer inmates than assumed in the enacted budget. The enacted savings were calculated by multiplying the total cost per inmate, which is \$41,332, by 241 inmates and then divided by two in recognition of certain fixed costs that cannot be reduced.

Subsequently, the Department submitted a corrective action plan with its FY 2010 revised budget that assumes FY 2011 overtime savings of \$249,282 in addition to \$123,538 for the elimination of 18 one-shift posts on a weekly basis at the Intake Service Center. *The Governor's recommendation restored the unachieved savings and included the corrective action plan savings.* **The Assembly concurred.**

Population: Per Diem Expenditures. The Department requested \$15.2 million from general revenues for population related expenditures that are calculated on a per diem basis, excluding staffing. This is \$403,611 less than enacted to reflect a projected increase in food costs, which is offset by anticipated savings from medical services and supplies based on FY 2009 actual expenses. The Department requested \$4,092 per inmate for items such as food, linen, household supplies and medical services; the enacted budget assumes \$4,127. In FY 2009, the Department's actual per inmate cost was \$3,874 or \$218 less than the FY 2011 request.

The Governor's recommendation assumed \$3,978 per inmate for population related per diem expenditures. He recommended \$1.1 million less than enacted, which is \$650,831 less than requested to reflect further reductions for food expenses and household supplies and a lower inmate population. **The Assembly included \$0.8 million less general revenues than recommended to reflect per diem savings associated with the FY 2011 enacted prison population assumption of 3,450 inmates.**

State Criminal Alien Assistance Funds. The Department requested \$352,824 more than enacted from general revenues to replace overestimated federal State Criminal Alien Assistance funds. This is a formula grant awarded to the Department for incurring costs of incarcerating undocumented immigrants who are being held as a result of state and/or local charges or convictions. The enacted budget anticipated \$1.2 million based on previous awards of \$1.5 million and \$1.2 million for FY 2008 and FY 2009, respectively. The Department anticipated a federal award of \$845,306, consistent with the FY 2010 award and requested general revenues to offset this potential shortfall. *The Governor recommended funding as requested.* **The Assembly concurred.**

RIBCO Base Adjustment. The Rhode Island Brotherhood of Correctional Officers is currently in arbitration to settle the labor contract that includes base wage adjustments for correctional officers for FY 2010. The FY 2010 enacted budget included \$7.4 million from general revenues for cost-of-living adjustments for correctional officers for the period including FY 2007 through FY 2010. This estimate is based on an agreement reached with other state government unions. It included an 8.7 percent cost-of-living adjustment for FY 2007 through FY 2010 assuming adjustments of 3.0 percent for FY 2007 and FY 2008, 0.0 percent for FY 2009 and 2.5 percent for FY 2010. The Department requested an additional \$1.9 million from general revenues to reflect its updated estimate of \$9.3 million based on current staffing. *The Governor did not recommend the requested increase.* **The Assembly included \$1.1 million less from general revenues based on the arbitrators' decision and calculations from the Department of Administration for base wage adjustments for eligible members of the Rhode Island Brotherhood of Correctional Officers.**

Administrative Positions. The Department requested \$835,117 from general revenues to fill 10.0 full-time equivalent administrative positions for FY 2011. The positions include two directors, two supervisors, two coordinators, an assistant, an inspector, a security specialist and an administrative aide. These vacated positions were eliminated based on instructions not to request funding for vacant positions. Currently, the Department is using the three-day rule to fill these positions. *The Governor recommended \$554,667 which is \$280,450 less than requested to reflect filling 8.0 administrative positions for one-half*

year and a medical director position for the full year. His recommendation included one less supervisor position than requested. **The Assembly concurred.**

Correctional Officer Positions. The Department requested \$1.0 million from general revenues to fill 14.0 full-time equivalent correctional officer positions for FY 2011. The positions include six lieutenants, four officers, three captains, and one investigator. These vacated positions were eliminated based on instructions not to request funding for vacant positions. Currently, the Department is using the three-day rule to fill these positions. *The Governor recommended \$488,433 which is \$517,121 less than requested to reflect filling 12.0 correctional officer positions for one-half year. His recommendation included 2.0 positions less than requested, including an officer and a captain.* **The Assembly concurred.**

Teaching Positions. The Department requested \$333,388 from general revenues to fill 5.0 full-time equivalent teaching positions for FY 2011. The positions include three counselors and two teachers. These vacated positions were eliminated based on instructions not to request funding for vacant positions. Currently, the Department is using the three-day rule to fill these positions. *The Governor recommended \$200,033 which is \$133,355 less than requested to reflect filling 6.0 positions for one-half year. His recommendation assumed filling one more teacher position than requested.* **The Assembly concurred.**

Maintenance Positions. The Department requested \$210,253 from general revenues to fill 4.0 full-time equivalent maintenance positions for FY 2011. The positions include three supervisors and one technician. These vacated positions were eliminated based on instructions not to request funding for vacant positions. Currently, the Department is using the three-day rule to fill these positions. *The Governor recommended \$108,047 which is \$102,206 less than requested to reflect filling the requested positions for one-half year.* **The Assembly concurred.**

Biennial Weapons Requalification. The Department requested \$824,383 from general revenues for operating expenses associated with the biennial weapons requalification for correctional officers. This included expenses for ammunition, transportation and firing range rental costs. This expense was reflected in the FY 2009 enacted budget, but the FY 2010 enacted budget did not include funding for weapons requalification because it occurs every two years. Funds anticipated for this expense will be reflected in the FY 2011 enacted budget.

The Governor recommended \$475,969 which is \$348,414 less than requested to reflect anticipated savings from overtime expenses and mileage reimbursement. His recommendation also assumed delayed expenses for FY 2011 can be carried into FY 2012 as did in the last cycle when FY 2009 expenses were delayed into FY 2010 due to the unavailability of a firing range at the chosen time for the weapons requalification training. **The Assembly concurred.**

Other Salaries and Benefits. The Department requested \$153.0 million from all sources including \$152.5 million from general revenues for all other salaries and benefits for FY 2011. This is \$4.9 million more than enacted to reflect \$3.2 million for the 3.0 percent cost-of-living adjustment, consistent with the memorandum of agreement approved by most unions. This also included \$0.7 million for Election Day holiday expenses and \$1.1 million for benefit adjustments to reflect planning values consistent with Budget Office instruction for FY 2011. Currently, the Department is averaging 1,384.2 full-time equivalent positions or 38.8 positions below the authorized level.

The Governor recommended \$716,432 more than enacted, which is \$4.2 million less than requested to reflect anticipated savings from deferring the cost-of-living increase for six months, four pay reduction days and reduced medical benefit rates. Subsequently, he requested an amendment to reduce general revenues by \$25,407 to reflect contract savings for teachers in the Howard Teacher's Union at the Department. **The Assembly included \$1.4 million less general revenues than recommended to reflect**

savings associated with the anticipated prison population reduction and a reduced rate for assessed fringe benefits.

Electronic Medical Records. The Department requested \$80,233 from general revenues for maintenance fee agreements for its electronic medical records system for FY 2011. This is \$56,789 less than enacted to reflect unnecessary funding included in the FY 2010 enacted budget to pay for an unpaid balance carried forward from FY 2009 to be paid out of FY 2010 appropriations. The Department anticipated complete implementation of the system in FY 2010. *The Governor recommended funding as requested.* **The Assembly concurred.**

Indirect Cost Recovery Rate for Federal Grants. Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, through the application of a negotiated indirect cost rate. The Departments of Health, Elementary and Secondary Education and Environmental Management take advantage of this allowance to lower state general revenue costs. Current law mandates that all state agencies shall apply for the rate when it is allowed under the particular federal grant. The Department of Corrections did not have an approved indirect cost rate for its federal grants. *The Governor's recommendation also did not include an approved indirect rate.* **The Assembly included general revenue savings of \$87,134 assuming an indirect rate of not less than 5.0 percent on federal grants from the Department complying with current law and applying for and receiving a negotiated indirect rate. The Assembly shifted general revenue expenditures to indirect recovery rate restricted receipts and reduced federal funds accordingly.**

Staff Development Grants. The Department requested \$328,704 from federal funds to add support for existing staff development programs for FY 2011. This is \$224,159 more than enacted to reflect several new grant funds anticipated for FY 2011. The new federal grant awards will support numerous staff activities intended to prevent and control crime and improve the criminal justice system. These activities included information sharing, research and evaluation of existing programs, and technical improvement and training. *The Governor recommended funding as requested.* **The Assembly reduced recommended federal funds by \$16,436 from the use of an indirect cost recovery rate of not less than 5.0 percent.**

Educational Grants. The Department requested \$620,778 from federal funds to increase support for existing educational programs for FY 2011. This is \$314,834 more than enacted to reflect a new federal grant award to support special education services for eligible inmates. This also includes grant increases that support basic adult education, literacy services and career and technical education programs for both men and women. *The Governor recommended funding essentially as requested, but added \$4,288 to reflect additional funds available from statewide personnel savings.* **The Assembly reduced recommended federal funds by \$48,983 from the use of an indirect cost recovery rate of not less than 5.0 percent.**

Community Corrections Grants. The Department requested \$434,293 from federal funds to add support for existing community corrections programs for FY 2011. This is \$253,085 more than enacted to reflect new federal grant awards that will support crime prevention and information sharing initiatives to reduce recidivism rates through family reunification programs and enhanced management services. The grant increase will support victim of crime outreach services. *The Governor recommended funding as requested.* **The Assembly reduced recommended federal funds by \$21,715 from the use of an indirect cost recovery rate of not less than 5.0 percent.**

Probation and Parole Database Upgrade Grant. The FY 2010 enacted budget and the Department's request did not include funding to upgrade the Community Corrections' Probation and Parole database system. *Subsequent to his FY 2011 budget recommendation, the Governor submitted an amendment to add \$0.2 million from federal funds to correctly reflect a new grant award for a system upgrade to improve the capacity of state and local criminal justice systems.* **The Assembly concurred.**

Drug Intervention Initiative. The Department did not request funding for the Drug Market Intervention initiative, which is commonly referred to as the High Point Model. This is an original grant awarded through the City of Providence to fund a probation and parole officer position to work in collaboration with local law enforcement officials. The objective of this initiative is to address the challenges of effectively responding to illegal drug markets and their associated crime, violence, and disorder. The strategy targets low-level offenders and stages an intervention with families and community leaders.

The Governor included \$94,000 from restricted receipts for FY 2010 for this initiative. He included Article 10 of his revised budget to create the account and exempt it from the indirect cost recovery rate. The Assembly included the recommended appropriation from federal funds and shifted the resources from FY 2010 to FY 2011 to reflect the Department's anticipated start date for this initiative.

Women's Reentry Grant. The enacted budget included \$48,915 from federal funds for the Department's pilot women's reentry program. This reflects a carried forward balance from a two-year grant award for FY 2009 and FY 2010. This adjustment to the enacted budget is reflected in the Department's FY 2011 budget request because no award has been received for FY 2011. The funds support risk assessment, vocational programming, computer equipment and training, and pre-employment services in order to improve reentry for female offenders into the community. *The Governor did not recommend the reflected funding. The Assembly concurred.*

Litter Crews. The Department has a memorandum of understanding with the Department of Transportation to provide work crews for litter control. In FY 2009, the Department of Transportation requested only five work crews per day at \$350 each from July through early March 2009. As of March 12, 2009, the memorandum was amended to include an additional five work crews for a total of eleven crews with a charge of \$350 per workday for each crew. The Department requested \$101,927 from general revenues to pay for increased overtime expenses and decreased payments from the Department of Transportation based on FY 2009 expenses and collected payments. *The Governor did not recommend this request. The Assembly concurred.*

All Other Institutional Corrections Operations. The Department requested \$11.3 million, nearly all from general revenues for all other Institutional Corrections operations for FY 2011. This is \$472,865 more than enacted to reflect additional expenses for road maintenance, vehicle repairs, computer equipment and supplies, furniture and equipment, utilities, legal fees, purchased printing services, kitchen supplies, and other miscellaneous expenses. This includes \$1.8 million for contracted services, \$1.6 million for maintenance and repairs, \$1.3 million for medical supplies, \$1.2 million for inmate stipends, and \$0.6 million for vehicle maintenance. *The Governor recommended \$31,924 less than enacted, which is \$504,789 less than requested to reflect anticipated savings from insurance expenses, facility maintenance and repairs, office and military supplies, furniture and equipment and other miscellaneous expenses. The Assembly reduced expenses by \$87,134 to reflect general revenue savings available through the indirect cost rate applied to the federal grants.*

All Other Operations. The Department requested \$3.1 million from general revenues for all other operations for FY 2011. This is \$128,429 more than enacted to reflect additional expenses for medical supplies and services for the probation and parole unit, Parole Board's legal fees, computer software and equipment, office supplies, travel expenses and other temporary services. This includes \$0.5 million for office supplies, \$0.4 million for maintenance expenses, \$0.4 million for rental expenses for home confinement and probation and parole units, and \$0.3 million for medical services.

The Governor recommended \$117,568 more than enacted, which is \$10,861 less than requested to reflect anticipated savings from software purchases for inmate assessment, and reduced insurance expenses and

victim services. *These savings are partially offset by increased parking expenses for the Parole Unit personnel in the Garrahy Judicial Complex.* **The Assembly concurred.**

Capital Projects. The Department requested \$5.6 million from Rhode Island Capital Plan funds for its capital projects in FY 2011. This is \$142,876 less than enacted and \$1.4 million more than the approved capital plan. This is also \$150,000 less than the Department's FY 2011 capital request to reflect postponing renovations for the Pinel Building. A more detailed description of the capital projects is available in the Capital Budget Section of this analysis. *The Governor recommended \$201,848 more than enacted, which is \$344,724 more than requested to reflect additional funding included for renovating the Reintegration Center for the transfer of female inmates.* **The Assembly concurred.**

Women's Prison. Though not specified in its formal request, the Department proposed to renovate the Reintegration Center to transfer female inmates from Dix and McDonald. Since the Reintegration Center is a 175-bed facility and the current female inmate population is approximately 190, the Department's proposal includes renovating the Bernadette Guay facility to house minimum security and work release female inmates. In addition, the Department also proposed to renovate the Dix facility to relocate several units including probation and parole, home confinement, training academy and planning. There is no operating budget savings from this proposal. *The Governor recommended the transfer and included \$2.8 million from Rhode Island Capital Plan funds for the necessary renovations to all three facilities to accommodate the female population and other departmental units.* **The Assembly concurred.**

Judicial Department

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Program				
Supreme Court	\$ 26,907,561	\$ 27,184,202	\$ 27,577,014	\$ 27,596,166
Defense of Indigent Persons	3,365,689	3,365,689	3,365,689	3,365,689
Commission on Judicial Tenure & Discipline	128,922	106,403	109,620	109,620
Superior Court	20,238,308	19,703,490	20,861,678	20,719,009
Family Court	19,404,572	18,211,472	19,741,828	19,712,242
District Court	10,815,151	10,184,331	10,672,936	10,672,936
Traffic Tribunal	7,545,676	7,368,035	7,620,894	7,620,894
Workers' Compensation Court	7,578,922	7,328,378	7,583,440	7,583,440
Total	\$ 95,984,801	\$ 93,452,000	\$ 97,533,099	\$ 97,379,996
Expenditures by Category				
Salaries and Benefits	\$ 72,449,515	\$ 68,614,007	\$ 72,881,891	\$ 72,739,222
Contracted Services	3,064,855	3,687,678	3,160,195	3,124,790
Subtotal	\$ 75,514,370	\$ 72,301,685	\$ 76,042,086	\$ 75,864,012
Other State Operations	9,193,517	9,049,117	9,733,059	9,733,030
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	9,935,552	10,212,549	10,345,898	10,370,898
Capital	1,341,362	1,888,649	1,412,056	1,412,056
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 95,984,801	\$ 93,452,000	\$ 97,533,099	\$ 97,379,996
Sources of Funds				
General Revenue	\$ 83,907,229	\$ 78,865,419	\$ 84,728,358	\$ 84,575,255
Federal Aid	1,445,452	3,585,831	2,361,961	2,326,527
Restricted Receipts	9,807,120	9,614,284	9,592,780	9,628,214
Other	825,000	1,386,466	850,000	850,000
Total	\$ 95,984,801	\$ 93,452,000	\$ 97,533,099	\$ 97,379,996
FTE Authorization	729.3	699.7	729.3	723.3

Summary. The Judiciary requested \$105.4 million from all sources, including \$90.4 million from general revenues and 729.3 full-time equivalent positions. This is \$9.4 million or 9.8 percent more than enacted, including \$6.5 million more from general revenues, \$0.3 million less from federal funds, \$7,369 less from restricted receipts and \$3.2 million more from other funds. The general revenue request is \$3.4 million above the Budget Office's current service target.

The Governor recommended \$97.5 million from all sources, including \$84.7 million from general revenues and 729.3 full-time equivalent positions. This is \$1.5 million above the enacted level, but \$7.8

million less than requested. **The Assembly included \$153,103 less general revenues than recommended to reflect assessed fringe benefit savings and indirect cost recovery, offset by \$25,000 included for the Justice Assistance organization. The Assembly provided 723.3 positions, 6.0 fewer than recommended to reflect elimination of vacant positions.**

Pay-Go Judges Pensions. The Department requested \$6.4 million from all sources, including \$5.5 million from general revenues for retirement costs for judges and magistrates who are not part of the state employee retirement system. This is \$605,324 more than enacted from all funds including \$552,780 from general revenues to reflect a revision of actual costs for current retirees including annual cost-of-living increases. *The Governor recommended funding as requested.* **The Assembly concurred.**

Salaries and Benefits. The Judiciary requested \$77.7 million from all sources including \$69.5 million from general revenues for salary and benefit expenditures for 729.3 full-time equivalent positions. This is \$5.3 million more than enacted from all funds including \$5.2 million more from general revenues to reflect a 3.0 percent cost-of-living adjustment, less turnover savings and statewide benefit adjustments to reflect planning values consistent with budget instruction for FY 2011. The Judiciary increased its turnover assumption to cover the added costs of the benefit adjustments. Based on the Judiciary's redistribution process, the majority of the turnover savings are reflected in the Family Court program. In FY 2009, the Judiciary spent \$70.2 million for salaries and benefits including \$62.7 million from general revenues.

The Governor recommended \$432,376 more than enacted, which is \$4.8 million less than requested to reflect savings from deferring the cost-of-living increase for six months, four pay reduction days, and lower medical benefit rates. The recommendation also assumed an additional \$1.9 million in turnover savings. **The Assembly included \$142,669 less general revenues than recommended to reflect a reduced rate for assessed fringe benefits.**

Indigent Defense Services. The Department requested the enacted amount of \$3.4 million for indigent defense services. The request is based on historical spending, consistent with the FY 2010 revised budget. FY 2009 actual expenses were \$3.3 million. This program assigns private attorneys to transferred clients when the Office of the Public Defender is unable to provide representation services because of conflicts of interest. *The Governor recommended funding as requested.* **The Assembly concurred.**

Justice Assistance. The FY 2010 enacted budget did not include federal funding for the Rhode Island Justice Assistance organization. This is an independent, private nonprofit organization that provides advocacy services and manages the Rhode Island Victim Assistance Portal's website, which includes information for crime victims as it relates to their own case, including the ability to determine an offender's incarceration and release status. *The Governor's recommendation is consistent with the FY 2010 budget as enacted.* **The Assembly included \$25,000 from general revenues for FY 2011 for the management of the crime victims' website.**

Facilities and Maintenance. The Department requested \$5.5 million from all sources, including \$5.1 million from general revenues for the maintenance and renovation expenses of the judicial complex facilities. This is \$226,870 more than enacted from general revenues to reflect additional costs for facilities maintenance and repairs and custodial services based on a renegotiated contract agreement to replace the former vendor because of legal issues. *The Governor recommended funding as requested.* **The Assembly concurred.**

Court Technology. The Department requested \$2.5 million from general revenues for its court computer technology expenses. This is \$609,268 more than enacted to reflect anticipated costs for computer replacements, server upgrades to support the web-based payment systems and the new database systems

for jury and juvenile case management. This also included anticipated expenses for network equipment and security, purchased services to maintain support while transitioning to the new case management system and software system design and licenses and maintenance fee agreements. *The Governor recommended funding as requested.* **The Assembly concurred.**

Child Support Collections. The Department requested \$105,864 from general revenues for the Family Court Child Support Enforcement Unit. This is \$54,904 more than enacted to reflect unanticipated consulting service expenses for the unit. The contracted firm will provide assistance in developing an acceptable cost allocation plan and certified indirect cost rate for federal reimbursement for services provided by the unit during FY 2005 through FY 2009. The Judiciary is projecting federal reimbursement totaling \$7.2 million, which will be deposited as general revenues for the state. The revenues were not included in the FY 2010 enacted budget. *The Governor recommended the requested funding, but shifts this expense and \$1.2 million of enacted general revenue expenses to federal funds based on newly anticipated federal reimbursement for services provided by this unit.* **The Assembly concurred.**

Indirect Cost Recovery Rate for Federal Grants. Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, through the application of a negotiated indirect cost rate. The Departments of Health, Elementary and Secondary Education and Environmental Management take advantage of this allowance to lower state general revenue costs. Current law mandates that all state agencies shall apply for the rate when it is allowed under the particular federal grant. The Judiciary did not have an approved indirect cost rate for its federal grants. *The Governor's recommendation also did not include an approved indirect rate.* **The Assembly included general revenue savings of \$35,434 assuming an indirect rate of not less than 5.0 percent on federal grants from the Department complying with current law and applying for and receiving a negotiated indirect rate. The Assembly shifted general revenue expenditures to indirect recovery rate restricted receipts and reduced federal funds accordingly.**

New Federal Grants. The Department requested \$97,448 from federal funds to reflect new federal grant awards for existing federally funded programs for FY 2011. This includes \$71,968 for the e-citation program for software development and \$25,480 for the truancy outreach program to prevent and control juvenile delinquency. *The Governor recommended funding as requested.* **The Assembly reduced recommended federal funds by \$4,872 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Adult Drug Court. The enacted budget included \$90,000 from federal funds for the Superior Court Adult Drug Court program. This reflects a grant award for FY 2010 to support drug treatment services for adult drug court clients. This expense is not reflected in the Department's FY 2011 budget request because the Judiciary has not received an award for FY 2011. This is a formula-based Justice Assistance grant and the funds are awarded by the Rhode Island Public Safety Grant Administration Office. *The Governor recommended funding as requested.* **The Assembly concurred.**

Superior Court Arbitration Fees. Previously, parties involved in arbitration had to pay the arbitrator fee of \$300. However, if the arbitrator's decision is rejected, the rejecting party had to pay \$350; of which \$300 is to pay the arbitrator and \$50 is to be deposited into the arbitration fees escrow account. Expenditures from this fund do not appear in the budget. The Governor recommended and the 2009 Assembly adopted legislation that converted the escrow account into the Superior Court arbitration fund restricted receipt account and also granted the presiding justice and the state court director of finance authority and control over the funds. The Department requested \$312,000 from restricted receipts, which is \$25,000 more than enacted to reflect increased expenses for contracted arbitration services based on projected demand. *The Governor recommended funding as requested.* **The Assembly concurred.**

Supreme Court Disciplinary Counsel. The Department requested \$31,996 from restricted receipts to support the Rhode Island Supreme Court Disciplinary Counsel Office for FY 2011. This is \$45,890 less than enacted to reflect reduced expenses for court reporters based on projected demand. FY 2009 and FY 2008 actual expenses were \$22,902 and \$33,768, respectively. According to Supreme Court Article IV, Rule 1, this restricted receipt account collects annual fees of \$200 from each active attorney in the Rhode Island Bar to fund the Disciplinary Counsel functions. *The Governor recommended \$29,350 less than enacted, which is \$16,540 more than requested to reflect additional funds available from statewide personnel savings.* **The Assembly concurred.**

Court Mediation Fees. The 2009 Assembly adopted legislation that increased the entry fee for claimants involved in small claims mediation from \$30 to \$50. Of the increase, \$10 is deposited into the small claims mediation fund, which was converted into a restricted receipt account and the remaining \$10 is deposited as general revenues. The enacted budget included \$236,784 from restricted receipts and \$50,000 from general revenues to cover costs for contracted mediation services. The Department requested \$145,896 less than enacted to reflect decreased expenses for contracted mediation services based on projected demand. This includes shifting \$50,000 from general revenues budgeted for the Community Mediation Center of Rhode Island to the restricted receipt account. *The Governor recommended funding essentially as requested, but added \$5,934 to reflect additional funds available from statewide personnel savings.* **The Assembly concurred.**

Other Grant Awards. The Department requested \$660,595 from all sources, including \$610,595 from federal funds and \$50,000 from restricted receipts to support several programs for FY 2011. This is \$297,623 less than enacted, including \$225,851 less from federal funds and \$71,772 less from restricted receipts to reflect updated grant information and grant funds included in the enacted budget that are not reflected in the Department's FY 2011 budget request because the Judiciary had not yet received all the grant awards for FY 2011. *The Governor recommended funding essentially as requested, but added \$630 to reflect additional funds available from statewide personnel savings.* **The Assembly reduced recommended federal funds by \$30,562 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Pre-Trial Services. The Judiciary requested \$125,403 from general revenues primarily for temporary staff to support the pre-trial service unit. This is \$20,966 more than enacted to place this expense more in line with historical spending and the FY 2010 revised budget request. The temporary staff will perform some of the functions of several vacant positions that are unfilled in order to achieve turnover savings. *The Governor recommended funding as requested.* **The Assembly concurred.**

Witness Expenses. The Department requested \$58,879 from general revenues for witness expenses. This is \$32,094 less than enacted based on anticipated costs the Judiciary will incur to bring witnesses in for trials and for expert testimony. This is based on projected demand for FY 2011. These expert witnesses are appointed by the court to testify on behalf of the prosecution in criminal proceedings. *The Governor recommended funding as requested.* **The Assembly concurred.**

Jurors' Fees and Transportation. The Department requested \$585,360 from general revenues for jurors' fees, food, and transportation for FY 2011. This is \$3,282 less than enacted to reflect a reduction in jurors' fees based on projected demand, which is partially offset by additional costs for food and transportation. The request is \$25,000 more than the FY 2010 revised budget request and \$10,707 more than FY 2009 actual expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

Law Library Acquisitions. The Department requested \$630,452 from general revenues for the Rhode Island State Law Library for FY 2011. This includes expenses for books, computer software, subscriptions, mileage reimbursement, insurance, training and publications. This is \$120 less than

enacted to reflect a minor reduction in mileage reimbursement and training expenses. This will place this expense more in line with the FY 2010 revised budget request. FY 2009 expenses were \$546,805. *The Governor recommended funding as requested.* **The Assembly concurred.**

Parking Rental Expenses. The Department requested \$360,717 from general revenues for rental expenses for parking spaces for the Supreme Court and Family Court located at the Licht and Garrahy Judicial Complexes for FY 2011. This is \$16,023 less than enacted to reflect reduced expenses based on projected demand. This will place this expense more in line with the FY 2010 revised budget request. FY 2009 actual expenses were \$361,638. *The Governor recommended \$69,177 more than enacted, which is \$85,200 more than requested to reflect additional parking expenses based on a new contract with a private vendor.* **The Assembly concurred.**

Judicial Tenure and Discipline. The Department requested \$14,348 from general revenues for legal and operating expenses for the Commission on Judicial Tenure and Discipline for FY 2011. This is \$20,128 less than enacted to reflect reductions for contracted legal services, fees and dues, office supplies and other operating expenses. This will place this expense more in line with the FY 2010 revised budget request. FY 2009 expenses were \$2,536. *The Governor recommended funding as requested.* **The Assembly concurred.**

Capital Projects. The Department requested \$4.0 million from Rhode Island Capital Plan funds for its capital projects for FY 2011. This is \$3.2 million more than enacted to reflect a wider scope of several capital projects including asset protection. *The Governor recommended \$25,000 more than enacted, which is \$3.2 million less than requested, but consistent with the approved plan.* **The Assembly concurred.**

All Other Operations. The Department requested \$3.0 million from all sources of funds, including \$2.7 million from general revenues, \$8 from federal funds and \$279,573 from restricted receipts for all other operating expenses for FY 2011. This is \$82,450 less than enacted from all funds, including \$151,763 less from general revenues, \$2 less from federal funds and \$69,315 more from restricted receipts. This includes reduced purchased services such as Family Court medical services, court reporters, and other temporary services. These reductions are based on the needs of the courts. Other operating reductions included credit card processing fees, insurance, transportation, parking spaces rental fees, furniture and equipment and monthly fees and membership dues. The request will place these expenses more in line with the FY 2010 revised budget request, which includes \$2.9 million. *The Governor recommended \$6,106 less than enacted, which is \$76,344 more than requested to reflect additional funds available from statewide personnel savings.* **The Assembly reduced expenses by \$35,434 to reflect general revenue savings available through the indirect cost rate applied to the federal grants.**

Military Staff

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Program				
National Guard	\$ 14,198,287	\$ 14,957,543	\$ 13,025,220	\$ 13,483,397
Emergency Management	12,842,846	16,947,143	13,705,918	13,154,767
Total	\$ 27,041,133	\$ 31,904,686	\$ 26,731,138	\$ 26,638,164
Expenditures by Category				
Salaries and Benefits	\$ 8,405,333	\$ 7,638,000	\$ 8,526,602	\$ 8,470,370
Contracted Services	1,070,162	1,393,769	1,311,019	1,311,019
Subtotal	\$ 9,475,495	\$ 9,031,769	\$ 9,837,621	\$ 9,781,389
Other State Operations	5,994,351	6,356,188	5,148,374	5,101,374
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	8,873,697	13,111,127	10,172,643	9,682,901
Capital	2,697,590	3,405,602	1,572,500	2,072,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 27,041,133	\$ 31,904,686	\$ 26,731,138	\$ 26,638,164
Sources of Funds				
General Revenue	\$ 3,279,979	\$ 2,867,263	\$ 3,375,409	\$ 2,782,435
Federal Aid	21,941,615	26,309,289	22,640,496	22,150,754
Restricted Receipts	337,449	538,032	352,733	842,475
Other	1,482,090	2,190,102	362,500	862,500
Total	\$ 27,041,133	\$ 31,904,686	\$ 26,731,138	\$ 26,638,164
FTE Authorization	111.0	109.0	112.0	111.0

Summary. The Military Staff requested FY 2011 expenditures of \$27.0 million from all sources, \$16,406 less than enacted. This includes \$194,737 more from general revenues, \$0.8 million more from federal funds, \$17,507 more from restricted receipts and \$1.1 million less from Rhode Island Capital Plan funds.

The request includes 112.0 full-time equivalent positions, 1.0 more than enacted, to reflect a position transferred from the Governor's office. The general revenue request is \$64,090 more than the Budget Office target of \$3.4 million.

The Governor recommended \$26.7 million, \$0.3 million less than enacted and \$0.3 million less than requested. The reduction includes \$99,307 less from general revenues, \$124,559 less from federal funds, \$2,223 less from restricted receipts and \$67,500 less from Rhode Island Capital Plan funds. He recommended the requested 112.0 full-time equivalent positions, 1.0 more than enacted.

The Assembly reduced expenditures by \$92,974 from all sources which includes \$0.6 million less from general revenues. This reflects reductions from the use of a 5.0 percent indirect cost recovery

rate, turnover and statewide assessed fringe benefit savings. The Assembly included 111.0 positions and reduced positions by 1.0, which is equivalent to 10.0 percent of vacancies.

National Guard

National Guard Salaries and Benefits. The National Guard requested \$6.2 million for salaries and benefits for 74.0 full-time equivalent positions. This is \$0.3 million more than enacted and includes \$0.2 million more from general revenues to reflect a 3.0 percent cost-of-living adjustment, step increases and updated benefit changes consistent with FY 2011 planning values. Consistent with its FY 2010 revised budget, the request also includes 1.0 full-time equivalent position and \$69,264 for an administrative assistant position, funded 50.0 percent from general revenues transferred from the Emergency Management Agency.

The Governor recommended \$37,384 more than enacted from all funds, which includes \$88,941 more from general revenues for 74.0 positions. This is \$287,463 less than requested and includes savings from a six month delay in the cost-of-living adjustment, four pay reduction days and lower medical benefit rates. The Assembly reduced general revenues by \$23,023 to reflect \$21,730 from turnover and \$1,293 from statewide assessed fringe benefit savings.

Military Funerals. The National Guard requested \$85,000 from general revenues for funeral expenses, which is \$2,250 more than enacted to reflect revised estimates. In April 2008, the National Guard reduced the participants by three, to a four member detail. The honor guard detail had been fully funded by federal funds, but as of April 2008 the Federal National Guard Bureau informed the Rhode Island National Guard that federal funds are available to support a maximum of a three member detail. The fourth member had been funded in the FY 2009 budget by general revenues. The FY 2010 enacted budget includes the use of volunteer retirees at a rate of \$50 per day. *The Governor recommended \$27,200 less than requested to more accurately reflect anticipated spending based on the new funding model. The Assembly concurred.*

Life Insurance Reimbursement. The National Guard requested \$25,000 from general revenues for life insurance reimbursement, \$39,400 less than enacted. This is consistent with revised estimates of expenditures and the deployment rotation schedule. Upon return from active duty, guardsmen are entitled to file a claim for full reimbursement of all premiums paid while deployed. The Department of Defense reimburses premiums for those individuals in a combat zone, and the state reimburses the others. The program reduction reflects updated estimates based on anticipated deployments and prior year expenditures, which were \$43,896 in FY 2007, \$77,146 for FY 2008, and \$6,036 in FY 2009. *The Governor recommended funding as requested. The Assembly concurred.*

Security and Other Contracted Services. The National Guard requested \$1.0 million for security and other contracted services. This includes \$890 more from general revenues and \$57,519 from federal funds. The change is consistent with the FY 2010 revised request which reflects additional security costs, repairs at all armories and increased maintenance costs. *The Governor recommended funding as requested. The Assembly concurred.*

Education Benefits. The National Guard requested the enacted level of \$0.1 million from general revenues to support the state mandate for the provision of free tuition to National Guard members at the state's public higher education institutions. The 2005 Assembly adopted legislation in 2005-H 5135 to increase the course limit from three to five per semester. Expenses above \$100,000 are borne by the institutions. *The Governor recommended funding as requested. The Assembly concurred.*

Inaugural Expenses. The National Guard requested \$75,000 from general revenues for non-recurring inaugural activities to occur in FY 2011. Inauguration ceremonies will be held on January 2, 2011. This

event is held every four years. Costs assigned to the Military Staff vary from year to year, but have included salary/FICA for guard activations, convention center rental, chair and table rental, tent rental, catering services, transportation of state officers, state police detail and other various items. *The Governor recommended funding essentially as requested.* **The Assembly concurred.**

Capital Projects. The National Guard requested \$0.4 million from Rhode Island Capital Plan funds for capital projects. This is \$1.1 million less than enacted, consistent with the approved plan. *The Governor recommended \$362,500, which is \$67,500 less than requested. The reduction reflects a \$20,000 decrease to asset protection projects and \$47,500 less for fire code compliance.* **The Assembly added \$500,000 from Rhode Island Capital Plan funds for the Armory of Mounted Commands project.**

All Other Operating Adjustments. The National Guard requested \$5.4 million from all sources for all other operating expenses. This is \$0.3 million less than enacted and includes \$0.2 million less general revenues and \$0.1 million less federal funds. The change to general revenues reflects reductions to maintenance, utilities and all other general office expenses. The federal fund reduction is primarily from maintenance and utility expenses offset by an increase in general office expenses. *The Governor recommended \$107,283 more than requested, which includes \$29,953 more from general revenues for insurance expenses and \$77,330 available from statewide personnel savings.* **The Assembly reduced general revenue expenses by \$18,800 to reflect projected operating savings.**

Emergency Management Agency

Rhode Island Statewide Communications Network. The Agency requested \$1.2 million, \$0.5 million less from all funds for the Rhode Island Statewide Communications Network. This includes \$29,684 less from general revenues and \$455,694 less from federal funds. The change reflects a reduction in grant funding and general revenue savings of \$65,943 from the anticipation of radio consolidation between multiple state agencies. The Agency noted that if this consolidation does not occur, it would need a supplemental appropriation. This is offset by the 3.0 percent cost-of-living adjustment and benefit adjustments consistent with the Budget Office planning values.

Funds are used to support 2.0 full-time staff positions as well as the radio system that is used to expedite emergency phone calls, maintain communication with all political subdivisions in the state and the emergency radio communication system that allows all hospitals, the Department of Health, and Emergency Management to be on a private radio system in order to respond to all types of disasters.

The Governor's budget did not include recommendations regarding a statewide radio consolidation, nor did it add back the savings assumed in the request, potentially leaving a \$65,943 shortfall. He did recommend \$8,261 less from general revenues to reflect savings from a six month cost-of-living delay, four pay reduction days and lower medical benefit rates.

The Assembly reduced expenditures by \$0.6 million from all sources. This includes \$489,742 less from general revenue expenditures shifted to available restricted receipts and \$6,102 less from federal funds from the use of a 5.0 percent indirect cost recovery rate and \$59,470 less from general revenues for turnover savings.

Emergency Management Agency Other Salaries and Benefits. The Agency requested \$2.4 million from all funds for salary and benefits for 26.0 full-time equivalent positions. This is \$162,727 more from general revenues than enacted. The increase reflects a 3.0 percent cost-of-living adjustment, step increases and benefit changes consistent with FY 2011 planning values. Consistent with its FY 2010 revised budget, the request also includes 1.0 full-time equivalent position and \$37,498 from general revenues for a position that had been shared with the Governor's Office and 1.0 less full-time equivalent position shifted to the National Guard. *The Governor recommended \$84,165 less than requested, which includes \$26,909 less from general revenues to reflect savings from a six month cost-of-living delay, four*

pay reduction days and lower medical benefit rates. The Assembly reduced general revenues by \$1,939 to reflect statewide assessed fringe benefit savings.

Indirect Cost Recovery Rate for Federal Grants. Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, through the application of a negotiated indirect cost rate. The Departments of Health, Elementary and Secondary Education and Environmental Management take advantage of this allowance to lower state general revenue costs. Current law mandates that all state agencies shall apply for the rate when it is allowed under the particular federal grant. The Military Staff did not have an approved indirect cost rate for its federal grants. *The Governor's recommendation also did not include an approved indirect rate.*

The Assembly included general revenue savings of \$0.5 million assuming an indirect rate of not less than 5.0 percent on federal grants from the Military Staff complying with current law and applying for and receiving a negotiated indirect rate. The Assembly shifted general revenue expenditures to indirect recovery rate restricted receipts and reduced federal funds accordingly.

Homeland Security Grant Program. The Agency requested \$6.0 million from all funds, \$1.3 million less than enacted from all homeland security grants. The reduction reflects the end of grant cycles and the shifting of funds to earlier years as funds were spent at an accelerated rate. The funds are intended to enhance the capacity of emergency responders when faced with incidents of terrorism involving weapons of mass destruction. *The Governor recommended \$59,671 more from federal funds, which includes \$54,227 from a new hazardous material grant and \$5,534 available from statewide personnel savings.* **The Assembly reduced federal funds by \$0.3 million to reflect the use of a 5.0 percent indirect cost recovery rate.**

Emergency Management Performance Grants. The Agency requested \$3.6 million from all funds, which is \$2.5 million more than enacted and includes \$20,122 from general revenues for the emergency management performance grants. The change reflects new grant awards and the matching requirement. Funds are used to support state and local governments to sustain and enhance all-hazards emergency management capabilities. *The Governor recommended \$14,679 more from all funds, which includes \$7,763 from general revenues. The general revenue increase is for increased insurance expenses and the balance of \$6,916 is available from statewide personnel savings.* **The Assembly reduced federal funds by \$0.2 million to reflect the use of a 5.0 percent indirect cost recovery rate.**

Flood Plain Management. The Agency requested \$0.5 million from all funds which eliminates the general revenue funds. This is \$39,327 less than enacted and reflects \$9,397 more in grant awards offset by reductions in all general office expenses including travel. Funds are used to support community programs of corrective and preventative measures for reducing flood damage. *The Governor recommended funding essentially as requested, but added \$1,502 available from statewide personnel savings.* **The Assembly reduced federal funds by \$23,036 to reflect the use of a 5.0 percent indirect cost recovery rate.**

Department of Public Safety

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Program				
Central Management	\$ 5,435,033	\$ 8,461,309	\$ 7,576,310	\$ 6,156,042
E-911	4,886,572	5,033,093	4,663,554	4,655,752
Fire Marshal	3,007,162	3,473,639	2,781,009	2,772,310
Capitol Police	3,310,591	3,196,691	3,312,067	3,308,669
Sheriffs	-	-	16,459,231	-
Municipal Police Training Academy	536,201	655,705	641,923	625,909
State Police	74,251,925	83,229,740	69,847,914	69,230,888
Total	\$ 91,427,484	\$ 104,050,177	\$ 105,282,008	\$ 86,749,570
Expenditures by Category				
Salaries and Benefits	\$ 45,717,691	\$ 46,762,994	\$ 65,900,997	\$ 50,020,182
Contracted Services	879,745	1,427,426	973,685	960,178
Subtotal	\$ 46,597,436	\$ 48,190,420	\$ 66,874,682	\$ 50,980,360
Other State Operations	6,953,809	6,879,198	6,438,031	5,416,049
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	19,677,597	22,816,724	22,260,894	20,586,077
Capital	18,198,642	26,163,835	9,708,401	9,767,084
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 91,427,484	\$ 104,050,177	\$ 105,282,008	\$ 86,749,570
Sources of Funds				
General Revenue	\$ 54,745,909	\$ 54,156,915	\$ 84,281,696	\$ 67,024,490
Federal Aid	17,227,246	23,578,895	8,932,131	7,131,554
Restricted Receipts	609,000	1,558,906	377,761	803,106
Other	18,845,329	24,755,461	11,690,420	11,790,420
Total	\$ 91,427,484	\$ 104,050,177	\$ 105,282,008	\$ 86,749,570
FTE Authorization	432.1	418.6	607.1	423.1

Summary. The Department of Public Safety requested expenditures of \$92.3 million from all sources, including \$72.3 million from general revenues, \$17.6 million more than the FY 2010 enacted budget. This includes \$8.5 million from federal sources, \$8.8 million less than enacted; \$0.4 million from restricted receipts, \$2.8 million less than enacted, and \$11.1 million from Rhode Island Capital Plan funds, \$7.7 million less than enacted. The Department requested staffing authorization of 418.1 full-time equivalent positions, 14.0 fewer than enacted.

The Governor recommended expenditures of \$105.3 million from all sources, \$13.0 million more than requested. He included \$12.0 million more than requested from general revenues. The Governor transferred the Division of Sheriffs from the Department of Administration to the Department of Public Safety. He included \$16.5 million from general revenues and 180.0 full-time equivalent positions for this

transfer. The Governor recommended 607.1 full-time equivalent positions, 189.0 more than requested. Excluding the transfer, the budget is \$2.6 million less than enacted.

The Assembly provided total expenditures of \$86.7 million, \$18.5 million less than recommended, primarily from the exclusion of the Sheriffs. It authorized staffing of 423.1 positions, which includes a 10.0 percent reduction to all current vacancies, which equates to 3.0 positions, and did not include the transfer of 180.0 full-time equivalent positions with the Sheriffs from the Department of Administration.

Staffing Authorization. The Department requested staffing authorization of 418.1 full-time positions, 14.0 positions fewer than enacted, which the Department indicated are vacant. This consists of 2.0 from Central Management, 1.0 from E-911, 2.0 from the Fire Marshal, 4.0 from the Capitol Police, and 5.0 from the State Police.

The Governor recommended 607.1 positions for the Department of Public Safety. This is 175.0 positions more than enacted. This reflects the elimination of 2.0 positions also eliminated as part of his FY 2010 revised budget. The FY 2011 budget also includes transferring 180.0 positions from the Department of Administration for the Division of Sheriffs and adding 1.0 executive director position to assist with the transfer of the Sheriffs, and the elimination of 4.0 positions from the former Violent Fugitive Task Force.

The Assembly included 423.1 positions, 184.0 fewer full-time equivalent positions than recommended. The Assembly did not include the transfer of 180.0 full-time equivalent positions for the Sheriffs from the Department of Administration, 1.0 executive director position to assist with the transfer of the Sheriffs, and 3.0 positions to reflect elimination of the current vacancies.

Indirect Cost Recovery. The Department included in its request federal grant expenditures of \$8.5 million and currently does not have a negotiated federal indirect rate. *The Governor recommended federal grant expenditures of \$8.9 million.*

The Assembly directed all eligible agencies to reduce general revenue expenditures through use of a negotiated federal indirect rate. For the Department of Public Safety, the Assembly reduced general revenues by \$0.4 million assuming an indirect cost recovery rate of not less than 5.0 percent and shifted the expenditures from federal to restricted sources consistent with current practice for accounting for indirect cost recovery resources.

E-911 Telephone System

Salaries and Benefits. The Department requested \$4.3 million from general revenues for salaries and benefits for 50.5 full-time equivalent positions. This is \$527,851 more than the enacted budget and 1.0 fewer position than authorized. The request does not include any turnover savings, but eliminates a vacant assistant shift supervisor position and includes \$17,037 more for overtime expenditures. The request includes step and longevity increases and a full year of the 3.0 percent cost-of-living adjustment and other benefit adjustments based on Budget Office instructions.

The Governor recommended \$3.9 million from general revenues, \$0.1 million more than enacted. The recommendation reduces the request by \$0.4 million, of which \$0.2 million is for the four pay reduction days and deferring the cost-of-living increase by six months, and lower medical benefit rates. The Governor also included \$0.2 million in additional turnover savings.

The Assembly concurred, with the exception of providing \$7,802 less general revenues to reflect a reduced rate for assessed fringe benefits.

Computer Maintenance. The Department requested \$390,523 from general revenues for two computer maintenance contracts, which is \$49,580 less than enacted. This is consistent with a change requested in the Department's FY 2010 revised budget. A review of the contracts showed too much funding in the enacted budget. *The Governor recommended funding as requested.* **The Assembly concurred.**

Telephone Charges. The Department requested \$267,200 for expenditures related to providing 911 access, consistent with the Department's FY 2010 revised request. This is \$56,800 less than enacted to reflect the current average cost of \$22,266 per month. The enacted budget includes funding of \$324,000 or \$27,000 per month for telephone charges. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Operations. The Department requested \$302,800 for all other E-911 operating and capital expenses, which is \$202,833 less from all sources including \$147,833 less from general revenues. General revenue changes include \$25,000 to purchase replacement computer terminals at the alternate public safety answering point, \$125,000 less than enacted. The request also includes \$13,800 less for fuel and utility expenses, \$4,200 less for the lease of the parking lot next to the North Providence location and \$4,833 less for all other expenses.

The Department did not include \$55,000 from Rhode Island Capital Plan funds for upgrades to the E-911 primary public safety answering point in its request. The Department anticipated the state would sell the North Providence location in FY 2012 when the primary public safety answering point is moved to the new State Police headquarters and the E-911 primary public safety answering point building in North Scituate.

The Governor recommended \$277,800, which is essentially as requested, with the exception of \$25,000 for the purchase of replacement computer terminals. **The Assembly concurred.**

Fire Marshal

Salaries and Benefits. The Department requested \$2.4 million from general revenues for salaries and benefits for 30.0 full-time equivalent positions. This is \$46,633 more than enacted and includes 2.0 fewer positions. The request does not include any turnover savings, but eliminates two vacant positions and includes \$34,342 less for overtime expenditures. The request also includes step and longevity increases, a 3.0 percent cost-of-living adjustment and other benefit adjustments based on Budget Office planning values.

The Governor recommended \$2.3 million from general revenues, \$35,307 less than enacted. The recommendation reduces the request by \$82,140, of which \$70,132 is for the four pay reduction days, deferring the cost-of-living increase by six months, and lower medical benefit rates. The remaining \$12,013 is additional turnover savings.

The Assembly concurred, with the exception of providing \$2,949 less general revenues to reflect a reduced rate for assessed fringe benefits.

Grant Adjustments. The Department requested \$275,000 from federal funds to purchase equipment and fire safety supplies, \$101,000 less than enacted. The request includes \$250,000 from Homeland Security funds to purchase an electronic counter measures vehicle, bomb deterrent equipment, and other training supplies. The remaining \$25,000 will be used for the training of local fire departments for first responder and emergency response to hazardous materials procedure training, \$125,000 less than enacted. These federal funds offset expiring federal grants totaling \$246,000, including \$170,000 to purchase an all terrain vehicle, bomb suits, body armor, helmets, and other equipment, and \$76,000 for local fire departments for terrorism preparedness. *The Governor recommended funding as requested.* **The**

Assembly reduced federal funds by \$13,750 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.

Other Operating. The Department requested \$272,620 for all other operating expenses, \$53,646 less than enacted. The request includes reductions for vehicle, legal, travel, and general office expenditures and appears to be consistent with prior years' needs and with the Department's FY 2010 revised request.

The Governor recommended \$236,620, \$36,000 less than requested for debt service for vehicles that have already been purchased.

*Subsequent to his budget submission, the Governor requested an amendment for his FY 2010 revised budget to create a restricted receipt account to fund costs associated with the Fire Training Academy. The Governor subsequently requested an amendment for FY 2011 to include \$50,000 of new restricted receipts collected from a fee structure for the use of the new State Fire Training Academy and removed \$42,000 from general revenues. **The Assembly concurred with the funding and created the restricted receipt account.***

Capitol Police

Salaries and Benefits. The Department requested \$3.5 million from general revenues for salaries and benefits for 46.0 full-time equivalent positions. This is \$294,628 more than the enacted budget and 4.0 fewer positions than authorized. This is consistent with the revised request to eliminate 4.0 vacant positions. This includes \$47,586 for unachieved turnover savings and \$298,368 more for overtime expenditures. The remaining \$43,846 is for step and longevity increases, the 3.0 percent cost-of-living adjustment and other benefit adjustments based on Budget Office instructions.

*The Governor recommended \$2.3 million from general revenues, \$6,221 more than enacted. The recommendation reduces the request by \$0.3 million, of which \$0.1 million is for the four pay reduction days, deferring the cost-of-living increase by six months, and lower medical benefit rates. The Governor also included \$0.1 million in additional turnover savings and \$0.1 million less than requested for overtime expenditures. **The Assembly concurred, with the exception of providing \$3,398 less general revenues to reflect a reduced rate for assessed fringe benefits.***

Records Management System. The Department requested \$60,000 from general revenues to purchase a new records management system for the Capitol Police. The Capitol Police annually receive and screen approximately 1.8 million people, respond to roughly 400 incidents and make arrests associated with the confiscation of illegal or banned items found on people entering state facilities. The Capitol Police do not have a computer system or a uniform records system. Their current paper system has led to inconsistent reporting and accountability for seized property. This project will involve the purchase and installation of 14.0 computer workstations and any additional software necessary. *The Governor did not recommend funding for this request. **The Assembly concurred.***

Other Operating. The Department requested \$78,950 for all other operating expenses, \$4,745 less than enacted. This includes reductions in telephone and other operating expenses. The Department requested \$92,350 for other operating expenses in its FY 2010 revised request, \$9,555 more than enacted, \$14,300 more than requested for FY 2011. *The Governor recommended funding as requested. **The Assembly concurred.***

Sheriffs

Salaries and Benefits. The enacted budget includes \$15.4 million from general revenues for salaries and benefits for the Sheriffs, currently part of the Department of Administration's budget. The enacted

staffing total is 180.0 positions. The FY 2011 request is \$16.1 million for salaries and benefits and 180.0 positions, \$0.7 million more than enacted. The request includes \$0.5 million in turnover savings and assumes 6.0 positions will remain vacant through FY 2011. The request also includes \$0.8 million or an additional \$0.3 million for overtime expenditures, consistent with FY 2009 reported expenditures. The request includes increases for cost-of-living adjustments and benefit changes consistent with FY 2011 planning values.

The Governor included Article 8 of 2010–H 7397 to transfer the funding, positions, and responsibilities of the Division of Sheriffs from the Department of Administration to the Department of Public Safety. The article also eliminates the 10-year appointment of the Executive High Sheriff. This consolidation had been initially proposed as part of the Governor’s recommendation for the creation of the Department of Public Safety in FY 2009; however, the 2008 Assembly did not concur.

*The Governor recommended \$15.5 million from general revenues, \$0.1 million more than enacted in the Department of Administration’s budget. The recommendation reduces the request by \$0.6 million for the four pay reduction days, deferring the cost-of-living increase by six months and lower medical benefit rates. **The Assembly did not concur with the transfer.***

Other Operating. The request includes \$1.0 million for all other operating expenses, the majority of which relates to vehicles and other costs associated with the transportation of prisoners, which is \$250 more than enacted.

*The Governor provided \$1.0 million, which is \$48,194 less than requested. The recommendation reduced the request by \$80,000 for repairs to vehicles, \$7,488 less for food, \$10,000 less for uniforms, \$4,126 less for a revised schedule for debt service for vehicles, offset by an increase of \$56,400 for the lease of parking spaces at the Convention Center garage. **The Assembly did not concur with the transfer.***

Municipal Police Training Academy

Salaries and Benefits. The Department requested \$305,648 from general revenues for salaries and benefits, which is \$12,212 more than enacted for the authorized level of 3.0 full-time equivalent positions. The request includes step and longevity increases, a 3.0 percent cost-of-living adjustment, and other benefit adjustments based on Budget Office instructions.

*The Governor recommended \$0.3 million from general revenues, \$991 more than enacted. The recommendation reduces the request by \$11,221 for the four pay reduction days, deferring the cost-of-living increase by six months and lower medical benefit rates. **The Assembly concurred, with the exception of providing \$680 less general revenues to reflect a reduced rate for assessed fringe benefits.***

Curriculum and Assessment Coordinator. The Department requested \$53,522 from a new federal grant for a new curriculum and assessment coordinator contract position. The Department will contract with an individual to oversee the development and implementation of a new curriculum and assessment program based upon specialized police duties protocol. The basic training component will increase from 15 to 18 weeks to accommodate the new learning objectives that will be devised and implemented by the basic training coordinator. The Department anticipated hiring the individual on January 1, 2010, with project completion projected in FY 2011. *The Governor recommended funding as requested. **The Assembly reduced federal funds by \$2,676 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.***

Basic Training Coordinator. The Department of Public Safety requested \$53,465 from new federal grant awards for a basic training coordinator position. The Department will contract with an individual to oversee the entry-level training and certification of recruit officers at the Municipal Police Training

Academy. The basic training component will increase from 15 to 18 weeks to accommodate the new learning objectives that will be devised and implemented by the basic training coordinator. The Department anticipated hiring the individual on January 1, 2010, with project completion projected in FY 2011. *The Governor recommended funding as requested.* **The Assembly reduced federal funds by \$2,673 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Grant Adjustments. The Department requested \$199,689 for all other grants, \$13,184 more than enacted. This includes \$15,034 of new Drug Recognition and Standard Field Sobriety Test Training grant funding, which will allow for in-service training in the fields of drug recognition and standard field sobriety tests. The Department requested \$32,550 of Byrne Grant funding to conduct in-service training programs, \$7,550 more than enacted. The Department also requested \$57,000 for Community Policing and Cultural Diversity grant funding, \$9,400 less than enacted. This training program focuses on community policing and problem solving in addition to the reintegration of war veterans to police forces. *The Governor recommended funding as requested.* **The Assembly reduced federal funds by \$9,985 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Other Operating. The Department requested \$11,940 less from general revenues for all other operating expenditures. This includes reductions for vehicle maintenance, training, and other operating expenses to bring spending estimates more in line with FY 2009 expenditures.

The Governor recommended \$40,820, \$3,500 less than requested for all other operating expenses. These reductions include \$2,500 less for office supplies and \$1,000 less for food expenditures. **The Assembly concurred.**

State Police

Operations and Maintenance Coordinator. The Department requested \$85,270 and 1.0 full-time equivalent position for a new operations and maintenance coordinator that was hired in October 2009 for the new State Police Headquarters. The responsibilities of this position include monitoring the HVAC system, chemical systems, bio-hazard materials, and the regular operations of the new facility. The Department requested and the Governor recommended adding this position in FY 2010; however, the 2009 Assembly did not concur. *The Governor recommended funding as requested.* **The Assembly concurred.**

Retirement Contribution Correction. The 2009 Assembly did not adopt the Governor's proposed changes to State Police retirement benefits. It provided \$3.5 million from all sources including \$2.0 million from general revenues and \$1.5 million from federal funds to fully fund the contribution. However, the allocation to each fund source was not calculated correctly because additional federal sources were not available. The actual requirement is \$3.7 million from general revenues. The agency's request includes the correct amount. *The Governor recommended \$0.1 million less than requested to reflect benefit adjustments.* **The Assembly concurred.**

Violent Fugitive Task Force. The Violent Fugitive Task Force is responsible for tracking and locating subjects that are wanted on felony charges. The enacted budget includes \$0.7 million for 7.0 task force members to track and investigate long-term fugitive matters and track a number of parole violators. The Department requested \$0.9 million, \$0.2 million more than enacted for the salary and benefit expenditures of the 7.0 members of the task force. The request includes step and longevity increases, a 3.0 percent cost-of-living adjustment and other benefit adjustments based on Budget Office instructions.

The Governor included Article 8 of 2010-H 7105 to eliminate the Violent Fugitive Task Force and create a new Worker's Compensation Investigations Unit. He provided \$0.7 million less from general revenues from the elimination of the Violent Fugitive Task Force on January 1, 2010. The Budget provides \$0.2

million from available internal service funds from agency payroll assessments in the Department of Administration to fund the new fraud investigation unit. This unit will be comprised of 4.0 members of the former Violent Fugitive Task Force and will report to the Superintendent of the Department of Public Safety. **The Assembly concurred.**

Other Salaries and Benefits. The Department requested \$3.1 million more than enacted from all sources for all other salaries and benefits, including \$12.7 million more from general revenues. This increase includes a shift of \$10.0 million from one-time federal stabilization funds to general revenues. The Department eliminated 5.0 vacant positions, including 3.0 civilian vacancies and the retirement of 2.0 Troopers. Neither the enacted budget nor the FY 2011 request include any cost-of-living increases to the sworn members of the Rhode Island Troopers Association, but does include benefit adjustments consistent with Budget Office instructions, as well as longevity and step increases.

The Governor recommended \$36.2 million from all sources including, \$33.2 million from general revenues, \$1.4 million more than enacted. The recommendation reduces the request by \$1.7 million, of which \$1.1 million is for the four pay reduction days, deferring the cost-of-living increase by six months, and lower medical benefit rates. The Governor included \$0.6 million in additional turnover savings.

The Assembly provided \$0.3 million less from general revenues. This includes additional general revenue turnover savings of \$0.2 million, and \$55,143 less from general revenues to reflect a reduced rate for assessed fringe benefits.

54th Trooper Training Class Recruitment. The Department requested \$63,750, \$20,750 more than enacted for the recruitment of the 54th Trooper Training Academy for additional medical and psychiatric costs. The Department will begin recruiting in the spring of 2010 with the written examination administered in June 2010, which is FY 2010. The remainder of the recruiting process will take place in FY 2011, with the 54th Trooper Training Academy beginning on March 14, 2011. *The Governor provided \$135,750, \$72,000 more than requested for recruitment of the 54th Trooper Training Academy. However, the Department will begin recruiting in August 2010 and the class will start in July 2011, FY 2012. The Assembly concurred.*

54th Trooper Training Academy. The Department requested \$381,799, \$190,851 less than enacted for the 53rd Trooper Training Academy for the costs associated with 14 weeks of the 54th Trooper Training Academy. This includes \$230,799 for personnel costs associated with the 25 recruits for the first 14 weeks of costs of the academy. The class will begin on March 14, 2011 and train for a period of 21 weeks and graduate on August 12, 2011. Included in the cost are training uniforms, trash removal, catering, equipment, and instructors. *The Governor did not include funding for the Trooper Training Academy in FY 2011, which is \$0.6 million less than enacted. The Governor recommended the 54th Training Academy begin in FY 2012. The Assembly concurred.*

Computer Maintenance Contracts. The Department requested \$433,165, \$30,741 less from general revenues for computer maintenance contracts. The Department indicated that this reduction is caused from revised cost estimates for four maintenance contracts. This is consistent with a change requested in the Department's FY 2010 revised budget, with the exception of maintenance to be performed on the two way radio system as the Department plans to purchase a new radio system utilizing new federal Homeland Security grant funding in FY 2010. *The Governor recommended funding as requested. The Assembly concurred.*

Pay-Go Pensions. The Department requested \$16.3 million from all sources for pensions for troopers hired before July 1, 1987. These pensions are funded through a general revenue appropriation and are projected to exceed the enacted budget by \$506,134. Changes to the enacted budget assumptions include a cost-of-living adjustment of \$356,465 effective January 1, 2011, one more widow's pension and three

fewer regular pensions, the result of three new retirees and the deaths of six pensioners and one widower. *The Governor recommended \$226,645 less than requested based upon updated data. The Assembly concurred.*

Staff Training. The Department requested \$72,252 from general revenues, \$24,594 less than enacted for training expenses. The Department included \$25,000 less for tuition payments for sworn members attending area colleges to bring spending estimates more in line with FY 2009 expenditures. The Department requested \$406 more for monthly training for explosive detection canines and their handlers. The amount requested is consistent with the Department's FY 2010 revised budget request. *The Governor recommended funding as requested. The Assembly concurred.*

Vehicle Maintenance. The Department requested \$1.6 million for vehicle maintenance costs. This is \$173,889 less than enacted from general revenues and the enacted level from Department of Transportation funding. The FY 2011 request keeps the projected hours at 25,000, consistent with the enacted budget and the number of hours worked in FY 2009. The amount requested is consistent with the Department's FY 2010 revised budget request. *The Governor recommended funding as requested. The Assembly concurred.*

Fleet Replacement. The Department requested \$1.1 million for fleet replacement costs, \$0.2 million more than enacted. This increase reflects debt service for vehicles that have already been purchased and the purchase of eight patrol vehicles and four detective vehicles. The repayment schedule is provided by the Budget Office. The amount requested is consistent with the Department's FY 2010 revised budget request. *The Governor recommended \$253,869 less than enacted, \$494,334 less than requested, due to a revised schedule provided by the Budget Office. The Assembly concurred.*

New State Police Headquarters. The Department requested \$806,105, which is \$274,146 more than enacted from general revenues for operating expenses associated with the new State Police Headquarters to be opened in the fall of 2010. This includes \$78,453 for utilities and \$195,693 for telephone expenses. The Department's request includes \$84,000 of one-time expenses to upgrade the infrastructure for the redundant telephone lines and the connection of the new system and removal of the previous system. The increases are associated with the State Police moving from a facility that is currently 15,000 square feet to a new facility that is 56,000 square feet. *The Governor recommended funding as requested. The Assembly concurred.*

Fusion Center. The Department included \$215,695 from federal sources for the purchase of a comprehensive intelligence system for the Rhode Island Fusion Center. This is \$431,165 less than enacted to reflect two grant awards for which funding will be exhausted in FY 2010. The Rhode Island Fusion Center electronically collects information from a number of government and public databases. This information allows the Department to use the Fusion Center to cross reference and look for disparities of information relating to individuals that may be engaging in illegal activities. *The Governor recommended funding as requested. The Assembly reduced federal funds by \$10,785 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.*

Cyber Terrorism Task Force. The Department included \$0.2 million, \$0.1 million more from federal United States Army Intelligence Cyber Terrorism Task Force funds. This includes \$86,500 more from new federal grant awards and \$125,200 from anticipated federal sources carried forward from FY 2010. These funds are to be used to protect the nation's cyber infrastructure, including the Internet and other infrastructures that use computer systems. *The Governor recommended funding as requested. The Assembly reduced federal funds by \$10,585 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.*

Drug Enforcement Program. The Department did not include funding in its FY 2011 request as funding for this program will be exhausted in FY 2010. The enacted budget includes \$125,000 from federal funds. *The Governor recommended funding as requested.* **The Assembly concurred.**

Internet Crimes Against Children. The Department requested \$0.2 million from federal funds, \$7,693 more than enacted to establish a statewide multi-agency law enforcement task force to target online predators and initiate child exploitation investigations. This request includes \$17,904 more from funds carried forward from FY 2010 and \$153,385 as part of the American Recovery and Reinvestment Act. This new grant award will allow the Department to create two new contracted positions, a grants project specialist and a computer forensic analyst. The carried forward funds will be used for the rental of an undisclosed rental property, forensic computer equipment to be used in investigations, and information technology support. *The Governor recommended funding as requested.* **The Assembly reduced federal funds by \$8,564 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Grant Adjustments. The Department requested \$98,090 from all other grants, \$255,385 less than enacted. This includes \$15,000 of new funding to create a new task force with the Providence Police Department and \$35,025 more for the Motor Carrier Safety program. These increases are offset by \$300,000 less than enacted for the federal Motor Carrier Safety Commercial Vehicle Information Systems and Networks award, which was used to improve commercial motor vehicle safety and security through the use of technology and weigh in-motion and portable scales. *The Governor recommended \$11,491 more than requested to reflect funds available from statewide personnel savings.*

The Assembly reduced federal funds by \$56,604 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.

Training and Surveillance Equipment. The Department requested \$233,361 from restricted receipts available from the forfeiture of seized money and federal funds to purchase new equipment. This is \$231,239 less than enacted. The Department plans to purchase an undercover surveillance vehicle, printers to be placed in the newly sworn troopers' vehicles, the replacement of desktop computers, and software upgrades. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Operations. The Department requested \$250,680 less than enacted from general revenues for all other operations. The FY 2010 enacted budget includes \$200,000 for the one-time purchase of bullet proof vests and the request includes \$50,680 less for other operating expenses. *The Governor recommended \$258,080 less than enacted, \$7,400 less than requested with changes for laundry services and snow removal, offset by an increase for postage.* **The Assembly concurred; however, reduced general revenues by \$0.4 million assuming an indirect cost recovery rate for federal grants equivalent to 5.0 percent.**

Capital. The State Police requested \$8.4 million from Rhode Island Capital Plan funds for its capital projects, \$7.9 million less than enacted. This includes \$0.3 million more for improvements to the State Police Barracks, \$50,000 more for improvements to the State Police Headquarters and \$0.2 million more for the Information Technology and Microwave Ring upgrade. These increases are offset by \$8.3 million less for the completion of the new headquarters project and \$0.2 million less for the completion of the parking area improvements at the Hope Valley, Lincoln, and Wickford Barracks. Detailed descriptions of all projects appear in the Capital Budget Section of this publication.

The Governor included \$9.0 million, which increases the request by \$0.6 million from Rhode Island Capital Plan funds. This includes \$475,000 more for the State Police Headquarters project and \$150,000 more for the Headquarter Complex expansion due to project delays.

The Assembly provided \$9.1 million from Rhode Island Capital Plan funds, \$0.1 million more than recommended. This includes shifting \$200,000 from FY 2010 to FY 2011 to complete parking area improvements and shifting \$100,000 from FY 2011 to FY 2013 for the repairs and renovations to the roof of the former National Guard facilities at the State Police Headquarters due to project delays.

Central Management

Executive Director. The Department indicated to the Budget Office its request for \$0.1 million from general revenues for a new Executive Director position to assist in human resources activities, legal matters and the transition of the Sheriffs into the Department of Public Safety. *The Governor recommended the position and included the funding.* **The Assembly did not concur with the funding or the position.**

Salaries and Benefits. The Department requested \$1.3 million from general revenues for salaries and benefits for 10.6 full-time equivalent positions. This is \$68,563 more than the enacted, including \$33,271 from general revenues and includes 2.0 fewer positions consistent with the revised request. The request does not include any turnover savings but eliminates two vacant positions and includes \$34,342 less for overtime expenditures. The request also includes step and longevity increases and a 3.0 percent cost-of-living adjustment and other benefit adjustments based on Budget Office planning values.

The Governor recommended \$1.2 million from all sources including \$0.7 million from general revenues, \$25,868 more than enacted. The recommendation reduces the request by \$42,695 for the four pay reduction days, deferring the cost-of-living increase by six months, and lower medical benefit rates.

The Assembly concurred, with the exception of providing \$680 less general revenues to reflect a reduced rate for assessed fringe benefits.

Byrne Memorial Grant. The Department requested \$1.4 million from new federal grant awards to provide the Edward Byrne Memorial Justice Assistance grants. Funding may be used to support state and local initiatives, purchase supplies, contractual support, and information systems that will assist in Criminal Justice. Funding will be provided to law enforcement agencies, prosecution and court programs, prevention and educational programs, corrections programs, drug treatment and enforcement programs. *The Governor recommended \$407 more than requested to reflect funds available from statewide personnel savings.*

Subsequent to his budget submission, the Governor requested an amendment to shift \$1.2 million from American Recovery and Reinvestment Act Byrne Justice Assistance grant awards in FY 2011 to FY 2010. These additional funds will be used to support local public safety initiatives.

The Assembly reduced federal funds by \$11,820 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.

Crime Victim Assistance. The Department requested \$1.7 million from federal grant awards for Crime Victim Assistance grant programs. The request is \$571,671 more than enacted. The increase includes \$370,644 from carried forward funds from FY 2009 and \$201,027 from American Recovery and Reinvestment Act funds. These grant awards will allow the Department to provide funding to groups who assist victims of crime. *The Governor recommended \$1,428 more than requested to reflect funds available from statewide personnel savings.* **The Assembly reduced federal funds by \$90,790 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Grant Adjustments. The Department requested \$2.6 million from federal sources for grants, \$465,762 less than enacted. This includes \$463,783 less for Juvenile Accountability grants, \$63,584 more for the Narcotics Control Assistance program, \$25,000 from new grant awards for the Rhode Island Forensic Improvement program, \$81,267 less for United States Department of Justice grants to Encourage Arrest Policies and \$117,872 from new American Recovery and Reinvestment Act funds for Violence Against Women grant awards. *The Governor recommended \$500,310 more than requested, including \$496,179 additional American Recovery and Reinvestment Act funds for Violence Against Women grant awards, and \$4,131 more than requested to reflect funds available from statewide personnel savings.*

Subsequent to his budget submission, the Governor requested an amendment to shift \$222,157 from American Recovery and Reinvestment Act Violence Against Women grant awards from FY 2011 to FY 2010. These additional funds will be used to develop programs, policies, and practices aimed at ending domestic violence, dating violence, sexual assault, and stalking.

The Assembly reduced federal funds by \$157,113 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.

Office of the Public Defender

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 8,785,964	\$ 8,489,359	\$ 8,981,103	\$ 8,961,010
Contracted Services	178,766	215,525	205,741	205,741
Subtotal	\$ 8,964,730	\$ 8,704,884	\$ 9,186,844	\$ 9,166,751
Other State Operations	818,957	789,816	821,250	821,250
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	25,400	23,400	32,400	32,400
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 9,809,087	\$ 9,518,100	\$ 10,040,494	\$ 10,020,401
Sources of Funds				
General Revenue	\$ 9,583,189	\$ 9,136,777	\$ 9,610,354	\$ 9,590,261
Federal Aid	225,898	381,323	430,140	430,140
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 9,809,087	\$ 9,518,100	\$ 10,040,494	\$ 10,020,401
FTE Authorization	91.0	92.0	93.0	93.0

Summary. The Office of the Public Defender requested \$10.4 million from all sources, including \$10.0 million from general revenues, which is \$0.6 million or 5.9 percent more than enacted, including \$0.4 million from general revenues and \$0.2 million from federal funds. The Office also requested 93.0 full-time equivalent positions, 2.0 positions above the enacted level. The general revenue request is \$14,806 above the Budget Office's current service target.

The Governor recommended \$10.0 million from all sources including \$9.6 million from general revenues and 93.0 full-time equivalent positions. This is \$231,407 and 2.0 positions above the enacted level, but \$351,837 less than requested. The Assembly included \$20,093 less general revenues than recommended to reflect a reduced rate for assessed fringe benefits.

Adult Drug Court Attorney. The Office requested \$98,998 from federal funds and 1.0 new full-time equivalent position to reflect a new federal grant award for an additional attorney position to support the Adult Drug Court program. The grant funds have not been awarded yet for this purpose. *The Governor recommended the position, but included \$2,432 less than requested to reflect anticipated savings from deferring the cost-of-living increase for six months, four pay reduction days, and benefit rate adjustments. The Assembly concurred.*

Tri-County Screening Attorney. The Office requested \$71,229 from federal funds and 1.0 new full-time equivalent position to reflect a new federal grant award for an additional attorney position to support the Tri-County Screening project in Washington, Newport and Kent counties. This represents a carry-

forward balance from a two-year federal grant award for the Office. *The Governor recommended the position, but included \$1,384 less than requested to reflect savings from deferring the cost-of-living increase for six months, four pay reduction days, and benefit rate adjustments.* **The Assembly concurred.**

All Other Salaries and Benefits. The Office requested \$9.2 million from all sources, including \$9.0 million from general revenues for all other salary and benefit expenses for 91.0 full-time equivalent positions. This is \$409,350 more than enacted from all sources, including \$395,134 from general revenues and \$14,733 from federal funds. This includes a 3.0 percent cost-of-living increase, turnover savings assume keeping 1.7 positions vacant, consistent with the enacted budget and statewide benefit adjustments to reflect planning values consistent with Budget Office instruction for FY 2011.

The Governor recommended \$8.8 million from all sources, including \$8.7 million from general revenues and \$0.2 million from federal funds. This is \$32,817 more than enacted, but \$0.4 million less than requested to reflect savings from deferring the cost-of-living increase for six months, four pay reduction days, and benefit rate adjustments. **The Assembly included \$20,093 less general revenues than recommended to reflect a reduced rate for assessed fringe benefits.**

Community Partnership Project. The Office requested \$43,932 from federal funds to reflect a federal grant increase for contractual services for a social worker position to support this project. This is \$27,160 more than enacted to reflect offsetting operating savings for printing services, staff training and other miscellaneous expenses. *The Governor recommended funding essentially as requested, but added \$1,429 to reflect additional funds available from statewide personnel savings.* **The Assembly concurred.**

All Other Operations. The Office requested \$982,858 from all sources, including \$922,532 from general revenues and \$60,326 from federal funds for all other operations. This is \$23,493 less than enacted. This includes increases for rent and office equipment, which is offset by reduced trial-related expenses including expert witnesses, interpreters/translators, and court reporters. Other reduced operating expenses included subscription dues and fees, utilities, and miscellaneous expenses. This will place these expenses more in line with the FY 2010 revised budget request for operating expenses.

The Governor recommended \$1.0 million from all sources, including \$0.9 million from general revenues and \$0.1 million from federal funds. This is \$3,590 more than enacted and \$27,803 more than requested to reflect increased rental costs, insurance expenses, and excess federal funds available from statewide personnel savings. These increases were partially offset by anticipated savings from utilities, staff training and office equipment. **The Assembly concurred.**

Department of Environmental Management

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditure by Program				
Office of the Director	\$ 8,645,285	\$ 7,608,926	\$ 7,643,697	\$ 7,639,383
Bureau of Natural Resources	45,574,332	46,299,612	47,776,008	48,624,641
Bureau of Environmental Protection	36,753,628	37,182,298	36,882,933	36,856,687
Subtotal	\$ 90,973,245	\$ 91,090,836	\$ 92,302,638	\$ 93,120,711
Expenditures by Category				
Salaries and Benefits	\$ 43,589,499	\$ 41,557,813	\$ 43,398,554	\$ 43,136,627
Contracted Services	9,173,609	14,194,227	13,259,831	13,259,831
Subtotal	\$ 52,763,108	\$ 55,752,040	\$ 56,658,385	\$ 56,396,458
Other State Operations	10,304,086	10,027,270	10,569,638	10,569,638
Aid to Local Units of Government	-	-	2,000	2,000
Assistance, Grants, and Benefits	11,255,349	7,715,614	8,016,724	8,016,724
Capital	16,650,702	17,595,912	17,055,891	18,135,891
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 90,973,245	\$ 91,090,836	\$ 92,302,638	\$ 93,120,711
Sources of Funds				
General Revenue	\$ 35,484,369	\$ 32,429,116	\$ 34,665,256	\$ 34,403,329
Federal Aid	33,680,872	35,283,320	35,386,175	35,386,175
Restricted Receipts	15,246,049	13,950,042	14,136,916	14,136,916
Other	6,561,955	9,428,358	8,114,291	9,194,291
Total	\$ 90,973,245	\$ 91,090,836	\$ 92,302,638	\$ 93,120,711
FTE Authorization	417.0	402.5	414.0	410.0

Summary. The Department requested \$97.6 million, which is \$6.6 million more than enacted. This includes \$1.2 million more from general revenues, \$3.2 million more from federal funds, \$0.5 million more from restricted receipts and \$1.8 million more from other funds. The Department requested 414.0 full-time equivalent positions, which is 3.0 less than authorized, and includes the elimination of 2.0 vacant positions in the Department's Office of Compliance and Inspection and 1.0 position in the Office of Water Resources. The request is \$62,243 more than the Budget Office's general revenue target of \$36,583,115.

The Governor recommended \$92.3 million from all fund sources, which is \$1.3 million more than enacted and \$5.3 million less than requested. General revenues are \$0.8 million less than enacted and \$2.0 million less than requested. The recommendation includes the requested amount of 414.0 positions. The Assembly provided \$93.1 million, \$0.8 million more than enacted, including \$1.1 million more from Rhode Island Capital Plan funds offset by \$0.3 million less from general revenues to reflect statewide personnel and additional turnover savings. The Assembly authorized 410.0 positions, 4.0

less than recommended to reflect exclusion of the 2.0 new environmental police officer positions and a statewide 10.0 percent reduction to vacant positions.

Administration

Salaries and Benefits. The Department requested \$4.2 million for salaries and benefits in its administration office. The request is \$72,472 less than enacted, including \$4,650 more from general revenues and \$77,122 less from restricted receipts. The request includes funding for 36.0 positions, including two vacant positions; an implementation aide and an executive legal counsel. The request reflects a 3.0 percent cost-of-living adjustment, step increases and updated benefit rates consistent with FY 2011 planning values. The Department noted that \$0.2 million of personnel expenditures are being offset to accounts in the Bureau of Natural Resources, which is why the administration's personnel request is lower than enacted.

*The Governor recommended \$3.9 million, \$0.3 million less than requested including \$0.4 million less from general revenues and \$0.1 million more from restricted receipts. The recommendation reflects the elimination of 3.0 positions, including the assistant to the Director, hearing officer and legal assistant. The recommendation also includes \$78,837 from savings derived from four pay reduction days, a six-month delay of the cost-of-living adjustment and a lower rate for medical benefits. **The Assembly concurred, but reduced general revenues by \$4,314 to reflect statewide assessed fringe benefit savings.***

Bays, Rivers and Watersheds. The Department requested \$200,000 from the Bays, Rivers and Watersheds restricted receipt account. The funding is derived from a \$1 per hundred gallons charge on septage disposal in the state, and is used to fund the Bays, Rivers and Watersheds Coordination Team, which is responsible for the coordination of the environmental agencies in the state to restore and develop both freshwater and marine waters and watersheds. The request is \$250,000 less than enacted, to reflect anticipated expenses from this fund source. *The Governor recommended funding as requested, but includes an additional \$1,865 to reflect funds available from statewide personnel savings. **The Assembly concurred.***

Telephone System Replacement. The Department requested \$0.3 million from general revenues to replace its telephone system. The enacted budget did not include funding for the new system. The Department noted that its current telephone system is over 15 years old, and is not able to install new lines or re-assign phone numbers in a timely manner. The FY 2009 Assembly removed a \$150,000 appropriation for this expense in FY 2010 because the recommended amount would not be sufficient to fund the replacement, and recommended it be delayed until FY 2011. *The Governor did not recommend funding for the telephone replacement. **The Assembly concurred.***

Permit Streamlining. The Department requested \$0.1 million, or \$52,248 less than enacted from general revenues for its permit streamlining process, which creates a centralized system for tracking permits allowing departmental personnel and consumers the ability to track the status and progress of applications through the Department's website. The request reflects the Department's initiative to switch from an outside consulting firm to a combination of Department employees and staff from the Division of Information Technology to carry out portions of the work.

*The Governor recommended \$40,000 less than requested to reflect decreased spending on contracted services for the streamlining process. The recommendation is consistent with actual FY 2009 expenditures as well as the Department's FY 2010 corrective action plan. **The Assembly concurred.***

Foundry Lease Payment. The Department requested \$2.4 million from general revenues for its headquarter lease payment and utilities expenses. The request is \$42,278 more than enacted, including \$35,397 more for electricity, \$16,881 more for tax payments offset by \$10,000 less for heating expenses.

In March 2005, the Department entered into a new ten year lease agreement with the Foundry Associates, which is in effect from July 8, 2006 through July 7, 2016. It should be noted that the State Water Resources Board moved into the Foundry Building during FY 2009, and will now pay a pro-rated share of the rent. This is not reflected in the Department's request. *The Governor recommended \$16,290 less than requested to reflect the Water Resources Board's payment for its share of rental expenditures.* **The Assembly concurred.**

One Stop Reporting. The Department requested \$116,300, or \$175,015 less from federal funds to reflect the Department's anticipated award in FY 2011 for the One Stop Reporting Program. This program provides consulting and technology to the Department to upgrade its communication technology as well as insuring it is capable of uploading air quality information obtained by the Department to the national system, which is operated by the Environmental Protection Agency. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Operating. The Department requested \$0.9 million from all sources for the administration's operating expenditures not mentioned above. The request is \$0.1 million less than enacted, including \$22,238 less from general revenues, \$50,000 less from federal funds and \$450 more from restricted receipts. The request reduces expenditures for operating supplies, which includes reductions for printing costs, temporary services and office supplies. *The Governor recommended \$65,952 less than requested, including \$74,843 less from general revenues to reflect reductions to computer and office equipment purchases in the Office of the Director.* **The Assembly concurred.**

Natural Resources

Parks and Recreation. The Department requested \$10.0 million, \$0.2 million more than enacted from general revenues to fund 47.0 full-time equivalent positions and operations in its Division of Parks and Recreation. The increase in the request reflects a 3.0 percent cost-of-living adjustment, step increases and updated benefit changes consistent with FY 2011 planning values, offset by operating reductions throughout the Division.

The Governor recommended \$9.6 million, \$0.1 million less than enacted and \$0.4 million less than requested to reflect four pay reduction days, a six-month delay of the cost-of-living adjustment and a lower rate for medical benefits. The recommendation also includes \$0.1 million less for turnover savings, which was not included in the request. **The Assembly reduced general revenues by \$231,367, \$200,000 of which reflects additional turnover savings with the remainder derived from statewide assessed fringe benefit savings.**

Division of Agriculture. The Department requested \$2.6 million, including \$1.6 million from general revenues and \$1.0 million from federal funds to fund 17.0 full-time equivalent positions and operations for the Division of Agriculture. The Division is responsible for monitoring and regulating the state's agricultural products, as well as protecting these resources from disease and pests. The request is \$0.2 million more than enacted to reflect a 3.0 percent cost-of-living adjustment, step increases and updated benefit rates consistent with FY 2011 planning values. *The Governor recommended \$74,359 less than requested to reflect four pay reduction days, a six-month delay of the cost-of-living adjustment and a lower rate for medical benefits.* **The Assembly concurred.**

Enforcement Salaries and Benefits. The Department requested \$4.7 million from all sources, including \$2.9 million from general revenues and \$0.9 million each from federal funds and restricted receipts to fund 43.0 full-time equivalent positions in the Division of Enforcement. The Division provides 24-hour patrols on the state's waters, protecting commercial fish and shellfish industries, and enforcing state laws and regulations governing the recreational take of fish and wildlife. The request is \$0.3 million more than enacted to reflect a 3.0 percent cost-of-living adjustment, step increases and updated benefit rates

consistent with FY 2011 planning values. The request also includes funding for a vacant dispatcher position.

*The Governor did not fund the vacant position and recommended \$0.2 million less than requested, including \$145,506 less from general revenues to reflect four pay reduction days, a six-month delay of the cost-of-living adjustment and a lower rate for medical benefits. **The Assembly concurred.***

Enforcement Operations. The Department requested \$1.8 million, or \$0.3 million less than enacted from all funds for operating expenses in the Division of Enforcement. The request includes \$4,472 less from general revenues, \$192,050 less from federal funds and \$80,512 less from restricted receipts. The request reflects a reduction in available federal funds and restricted receipts for capital expenditures in the Division. *The Governor recommended funding as requested and included an additional \$1,893 to reflect funds available from statewide personnel savings. **The Assembly concurred.***

Fish and Wildlife Federal Grants. The Department requested \$8.8 million, \$2.8 million more than enacted from federal funds to better reflect its anticipated award for several grants in the Fish and Wildlife Division. A portion of these funds are used to offset general revenue personnel expenditures. The request includes \$2.3 million, \$1.4 million more than enacted for the state's wildlife management and development, \$1.1 million or \$0.4 million more than enacted for the construction of boating infrastructure and \$0.6 million or \$0.2 million more than enacted for the restoration of freshwater fisheries. It should be noted the request includes \$0.1 million or \$0.3 million less than enacted for removal of marine debris. *The Governor recommended \$49,440 less than requested to reflect four pay reduction days, a six-month delay of the cost-of-living adjustment and a lower rate for medical benefits. **The Assembly concurred.***

Saltwater Fishing License. The Department requested \$0.5 million from restricted receipts and 3.0 full-time equivalent positions to administer the state's saltwater fishing license program. The request includes expenditures for personnel, operating and capital costs. In lieu of a state program, the federal government would mandate the state become a part of its program by January 1, 2011. In October 2009, the Assembly passed 2009-H 6226, which established the license. In November 2009, the Governor vetoed this bill. The Department submitted its request subsequent to the veto, but included the funds and the positions in the event the veto was overridden. On January 5, 2010, the Assembly overrode the veto.

*The Governor recommended funding essentially as requested, but removed \$3,843 to reflect four pay reduction days, a six-month delay of the cost-of-living adjustment and a lower rate for medical benefits. The recommendation includes the 3.0 additional positions as requested. **The Assembly concurred, but only authorized 1.0 new position, with the remaining 2.0 positions being funded when it can be determined that sufficient restricted receipt sources are available to fund them.***

Division of Forestry. The Department requested \$4.4 million from all sources for its Forestry Division. The Division is responsible for the management and protection of the state's 40,000 acres of forested land. The request is \$0.2 million less than enacted, including \$0.3 million less from general revenues offset by increases of \$33,837 from federal funds and \$26,960 from restricted receipts. The request reflects reduced funding for 3.0 vacant positions as well as a reduction in overtime costs to more closely match actual FY 2009 expenditures.

*The Governor recommended \$4.3 million, which is \$0.3 million less than enacted and \$0.1 million less than requested. The recommendation includes the savings derived from the vacant positions, and further reduced expenditures to reflect four pay reduction days, a six-month delay of the cost-of-living adjustment and a lower rate for medical benefits. **The Assembly concurred.***

Natural Resources Administration. The Department requested \$6.5 million from all sources to fund 15.0 full-time equivalent positions and operations in the Natural Resources Administration Division,

which is responsible for the administration of the Bureau of Natural Resources. The request is \$0.5 million more than enacted, including \$0.2 million more from general revenues, \$0.3 million more from federal funds and \$31,809 more from an operating transfer from the Department of Transportation to reflect work performed on the Blackstone Valley Bikepath. The request adds \$0.2 million for increased personnel costs attributed to a 3.0 percent cost-of-living adjustment, step increases and updated benefit changes consistent with FY 2011 planning values. The request also includes an additional \$0.3 million to reflect increases for capital purchases from federal sources. *The Governor recommended \$6.4 million, \$62,880 less than requested including \$54,521 from general revenues to reflect four pay reduction days, a six-month delay of the cost-of-living adjustment and a lower rate for medical benefits.* **The Assembly concurred.**

Capital Projects. The Department requested \$3.5 million from Rhode Island Capital Plan funds for five ongoing capital projects. The request is \$1.0 million less than enacted, including \$1.2 million less for state owned dam repairs, \$0.3 million less for upgrades to the state piers at Newport offset by a \$0.3 million increase for repairs to the state piers in Galilee and \$0.1 million more for improvements to the state's recreational facilities. The changes are being requested to recognize the Department's revised construction schedule.

The Governor recommended \$3.3 million, \$0.3 million less than requested to reflect actual planned expenditures for repairs to the state piers in Galilee. **The Assembly provided an additional \$1.1 million, including a shift of \$0.3 million from FY 2010 to FY 2011 for the state piers in Galilee, \$0.5 million more for the construction of the East Bay Bike Path and \$0.3 million more for repairs and rehabilitation to Fort Adams State Park in Newport.**

Natural Resources Other. The Department requested \$6.2 million, or \$0.4 million more than enacted from all sources for other personnel and operating expenditures in the Bureau of Natural Resources. The request includes \$25,479 less from general revenues, \$49,994 less from restricted receipts, \$82,824 more from an operating transfer from the Department of Transportation and \$386,780 more from federal funds, which reflects an increase in available funds for fish and wildlife programs.

The Governor recommended \$6.1 million, \$0.1 million less than requested and \$0.3 million more than enacted. The recommendation includes the additional funding for fish and wildlife programs, offset by a \$0.1 million reduction to reflect four pay reduction days, a six-month delay of the cost-of-living adjustment and a lower rate for medical benefits. **The Assembly concurred.**

Environmental Protection

Office of Compliance and Inspection. The Department requested \$2.5 million from general revenues, \$0.1 million less than enacted from general revenues for the Office of Compliance and Inspection, which is responsible for the regulatory enforcement activities related to air, waste, and water resources. The decrease is generated by eliminating 2.0 vacant full-time equivalent positions, and results in a reduction in the staffing level from 25.0 to 23.0 positions. The request includes increases to reflect a 3.0 percent cost-of-living adjustment, step increases and updated benefits consistent with FY 2011 planning values.

The Governor recommended \$2.4 million, \$0.3 million less than enacted and \$0.1 million less than requested, but does not eliminate the positions. The recommendation includes the savings derived from the vacant positions, and further reduces expenditures to reflect four pay reduction days, a six-month delay of the cost-of-living adjustment and a lower rate for medical benefits. **The Assembly concurred.**

Office of Waste Management. The Department requested \$0.4 million from general revenues, \$0.2 million more than enacted for the Office of Waste Management. The Office is responsible for providing fair, comprehensive and consistent regulation of the investigation and remediation of hazardous waste and

hazardous material releases. The overall request is consistent with prior year actual expenditures; however, the FY 2011 request includes an additional \$0.2 million from general revenues to replace restricted receipt funding that is no longer available from the Emergency Response Fund. The Department has historically offset these expenditures to the restricted account; however, the amount of eligible work has decreased which has led to the Department's request for general revenues.

The Governor recommended \$0.5 million, \$0.1 million more than requested and \$0.3 million more than enacted. The increase over the request reflects additional general revenues to account for the reduction in available receipts from the Emergency Response Fund. Consistent with his FY 2010 revised recommendation, the Governor included an additional \$159,949 to fund 1.5 positions that are responsible for the Underground Storage Tank program. The additional funds are being recommended to allow more receipts to be retained in the Underground Storage Tank Fund, which is the source previously utilized for these personnel costs.

*The Governor included Article 10 in the FY 2010 revised budget, which would exempt the fund from the 10.0 percent indirect cost recovery mandated by Rhode Island General Laws, which would increase available restricted receipt funding by \$0.2 million. Both Article 10 of the revised budget and the additional general revenues mentioned above are being recommended to ensure that all claims approved in both years can be paid to the eligible parties. **The Assembly concurred with the expenditure recommendation, but not with the exemption from the 10.0 indirect cost recovery rate for the fund.***

Office of Technical Support and Customer Assistance. The Department requested \$1.5 million from general revenues to fund 15.0 positions and operations for its Office of Technical Support and Customer Assistance. The Office is responsible for providing assistance to the general public, state and local governments, and the business community concerning compliance with rules, regulations, environmental standards and the permitting process. The request is \$0.1 million more than enacted primarily to reflect a 3.0 percent cost-of-living adjustment and updated benefit rates consistent with FY 2011 planning values. *The Governor recommended \$1.4 million, \$58,944 less than requested to reflect four pay reduction days, a six-month delay of the cost-of-living adjustment and a lower rate for medical benefits. **The Assembly concurred.***

Rose Hill Landfill. The Department requested \$0.4 million, \$0.2 million more than enacted from all sources for maintenance activities at the state's Superfund site located at the former Rose Hill Landfill in South Kingstown. The Comprehensive Resource Conservation and Liability Act, known as the Superfund law, mandates that for fund financed remedial actions, the state is required to share 50.0 percent of the cost for municipal or state-operated facilities. As part of the regulations, states must agree to assume responsibility for operation and maintenance of the implemented remedial action for the expected life of such action and states must ensure that any institutional controls implemented as part of the remedial action at a site are sustained. A portion of these funds are used for personnel costs. The increase in the request reflects the state's portion for upgrades to the site's methane gas collection system. *The Governor recommended \$2,006 less than requested to reflect four pay reduction days, a six-month delay of the cost-of-living adjustment and a lower rate for medical benefits. **The Assembly concurred.***

Diesel Emissions Reduction Program. The Department requested \$1.9 million from federal funds for its diesel emissions reduction program. The program is funded annually through a grant from the Environmental Protection Agency and was recently expanded with additional funding made available by the American Recovery and Reinvestment Act. The program lowers diesel emissions by retrofitting state-owned vehicles with diesel emission reduction technology or by partially funding the replacement of diesel powered vehicles in the state or municipal fleet. The request is \$5,950 more than enacted to reflect the Department's FY 2011 award.

*The Governor recommended \$1.0 million, \$0.9 million less than enacted. The Governor's FY 2010 revised budget increased expenditures for this program, which reduced available funding for FY 2011. The recommendation reflects actual available funds and projected expenditures for FY 2011. **The Assembly concurred.***

Brownfields. The Department requested \$1.0 million from federal funds for brownfields rehabilitation projects throughout the state. Properties classified as brownfields include any property that can not be developed, expanded or reused due to the presence of an environmental hazard. The state currently receives funding from federal sources as part of its ongoing program, as well as additional funds made available from the American Recovery and Reinvestment Act of 2009. The request is \$0.3 million more than enacted, and reflects a decrease of \$0.1 million from the ongoing program and an increase of \$0.4 million from federal funds to reflect additional stimulus funds.

*The Governor recommended \$0.6 million, \$0.4 million less than requested. The Governor's FY 2010 revised budget increased expenditures for this program, which reduced available funding for FY 2011. The recommendation reflects actual available funds and projected expenditures for FY 2011. **The Assembly concurred.***

Underground Storage Tank Reimbursement. The Department requested \$3.8 million, \$58,856 less than enacted from restricted receipts for the Underground Storage Tank Financial Responsibility Fund Review Board. The Board is funded through a one-half cent per gallon tax on motor fuel, which is used primarily to reimburse eligible remediation claims for privately owned leaking underground storage tanks. Receipts are also used to fund 2.0 full-time equivalent positions, and a small amount of operating expenses. The request is \$58,856 less than enacted to reflect available restricted receipt funding.

*The Governor recommended \$2.2 million, \$1.6 million less than requested to reflect available restricted receipt funding. Due to the projected revenues derived from the one-half cent tax, the Governor recommended a reduction in the amount of planned reimbursements in FY 2011 to ensure that claims approved by the Underground Storage Tank Financial Responsibility Fund Review Board can be paid. **The Assembly concurred.***

Retrofit Heavy Duty Diesel Vehicles. The Department requested \$3.6 million, \$2.6 million more than enacted from other funds to recognize additional funds from a grant for the Department to develop and implement a program to retrofit municipal and contracted diesel school buses statewide in order to reduce air pollution from diesel engines through cost effective retrofit technologies. Funding is transferred from the Department of Transportation's Congestion Mitigation Air Quality funds to fund this program. The enacted budget includes \$1.0 million for these purposes, and the Department was notified it would receive an additional \$2.6 million, for a total of \$3.6 million for this program in FY 2011. *The Governor recommended funding as requested. **The Assembly concurred.***

Transportation Memorandum of Understanding. The Department requested \$0.1 million more than enacted from other funds to reflect a Memorandum Of Understanding with the Department of Transportation. The agreement transfers funding to the Department for work performed for Department of Transportation projects that involve wetland or brownfields issues. *The Governor recommended funding essentially as requested, but reduced expenditures by \$2,985 to reflect four pay reduction days, a six-month delay of the cost-of-living adjustment and a lower rate for medical benefits. **The Assembly concurred.***

Environmental Protection Grants. The Department requested \$7.1 million, \$0.2 million less than enacted from federal funds to more accurately reflect the Department's anticipated award for eight grants that support specific activities and personnel in the Bureau of Environmental Protection. Changes include \$0.1 million more each for air pollution control and stormwater runoff prevention, pollution discharge

control and water quality planning projects. These increases are offset by a \$0.8 million decrease for remediation of abandoned leaking underground storage tanks. The changes are being requested to more accurately reflect the Department's anticipated expenditures from these sources. *The Governor recommended funding essentially as requested, but also includes an additional \$32,307 to reflect revisions to anticipated expenditures from these funds.* **The Assembly concurred.**

Office of Water Resources. The Department requested \$5.0 million or \$29,956 more from general revenues to fund 58.0 full-time positions and operations in the Division of Water Resources. The Office is responsible for the state's water resources that are used for recreation, habitat and commerce. The request reflects the elimination of 1.0 vacant position, and includes an additional \$0.1 million to reflect a 3.0 percent cost-of-living adjustment, step increases and updated benefit rates consistent with FY 2011 planning values, offset by \$30,538 less for operating supplies and equipment purchases.

The Governor recommended \$4.7 million, \$0.3 million less than enacted and requested to reflect four pay reduction days, a six-month delay of the cost-of-living adjustment and a lower rate for medical benefits. The recommendation also includes \$0.1 million less for turnover savings, which was not included in the request. **The Assembly concurred, but reduced general revenue by \$26,246 to reflect statewide assessed fringe benefit savings.**

Oil Spill Prevention, Administration and Response Fund. The Department requested \$2.4 million, \$0.5 million more than enacted from the Oil Spill Prevention, Administration and Response Fund. The increase in the request reflects funding for additional work at the Dawley Park facility for Emergency Response, with the remaining funding used for maintenance of the Physical Oceanographic Real-Time system and contractual services with the University of Rhode Island to update the state's emergency response plan, and to support the Narragansett Bay National Estuarine Research Reserve. *The Governor recommended funding essentially as requested, but excluded \$17,401 to reflect four pay reduction days, a six-month delay of the cost-of-living adjustment and a lower rate for medical benefits.* **The Assembly concurred.**

Other Environmental Protection. The Department requested \$10.7 million, \$0.1 million less than enacted from all sources for other expenditures in the Bureau of Environmental Protection. The request includes \$0.1 million more from general revenues, \$0.1 million less from federal funds and \$52,709 less from restricted receipts.

The Governor recommended \$0.3 million less than enacted, \$0.2 million less than requested including \$0.1 million less from general revenues, \$70,192 less from federal funds and \$14,895 less from restricted receipts. The adjustment includes \$0.2 million less to reflect four pay reduction days, a six-month delay of the cost-of-living adjustment and a lower rate for medical benefits. **The Assembly concurred.**

Coastal Resources Management Council

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Category				
Salaries & Benefits	\$ 3,170,909	\$ 3,033,228	\$ 3,211,672	\$ 3,207,108
Contracted Services	324,820	4,914,227	293,186	782,266
Subtotal	\$ 3,495,729	\$ 7,947,455	3,504,858	3,989,374
Other State Operations	117,783	247,952	89,867	121,837
Assistance, Grants, and Benefits	-	-	-	-
Capital	1,928,009	1,974,509	272,500	272,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 5,541,521	\$ 10,169,916	\$ 3,867,225	\$ 4,383,711
Sources of Funds				
General Revenue	\$ 2,027,574	\$ 1,938,735	\$ 2,043,079	\$ 2,038,515
Federal Aid	1,608,438	6,325,672	1,574,146	2,095,196
Restricted Receipts	250,000	250,000	250,000	250,000
Other	1,655,509	1,655,509	-	-
Total	\$ 5,541,521	\$ 10,169,916	\$ 3,867,225	\$ 4,383,711
FTE Authorization	30.0	30.0	30.0	30.0

Summary. The Coastal Resources Management Council requested \$8.3 million from all funds, \$2.7 million more than enacted from all sources, including \$0.2 million more from general revenues, \$48,561 less from federal funds, \$4.3 million more from restricted receipts and \$1.7 million less from Rhode Island Capital Plan funds. The Council requested the authorized level of 30.0 full-time positions. The request is \$70,312 more than the Budget Office's general revenue target of \$2,108,316.

The Governor recommended \$3.9 million from all sources, \$1.7 million less than enacted and \$4.4 million less than requested, including \$0.1 million less from general revenues, \$14,269 more from federal funds and \$4.3 million less from restricted receipts. He included the authorized amount of 30.0 positions. The Assembly provided an additional \$0.5 million, including \$521,050 more from available federal funds for management plans and \$4,564 less from general revenues to reflect statewide personnel savings.

Salaries and Benefits. The Department requested \$3.4 million, or \$0.2 million more than enacted from all sources for salary and benefit increases at the Department. The request includes \$134,154 more from general revenues and \$54,673 more from federal funds. The increase is primarily due to a 3.0 percent cost of living adjustment, as well as adjustments to other benefits consistent with Budget Office instructions. *The Governor recommended \$0.1 million less than requested to reflect four pay reduction days, a six-month delay of the cost-of-living adjustment and a lower rate for medical benefits. The Assembly reduced general revenues by \$4,564 to reflect a reduced rate for assessed fringe benefits.*

Capital Projects. The Council requested \$4.3 million from restricted receipts from the Oil Spill Prevention, Administration and Response Fund for FY 2011 to fund five projects at the Council. The FY

2010 enacted budget did not include funding for these projects. The request is not consistent with the Council's FY 2011 through FY 2015 capital plan, as the capital plan requested funding from Rhode Island Capital Plan funds while the operating request includes funding from the Oil Spill Prevention, Administration and Response Fund. *The Governor did not recommend funding for the projects based on projected available receipts in the Oil Spill Prevention, Administration and Response Fund.* **The Assembly concurred.**

Providence River Dredging Project. The Council requested \$1.7 million less from Rhode Island Capital Plan funds for the Council's final payment to the Army Corps of Engineers for the state's cost share for the dredging of the Providence River. This payment will be made in FY 2010, and the reduction in the FY 2011 request reflects that payment. *The Governor recommended funding as requested.* **The Assembly concurred.**

Legal Services. The Council requested \$126,000 for legal services at the Council, including \$90,000 from general revenues and \$36,000 from federal funds. Although the request is consistent with the enacted amount, it includes shifting \$20,000 of federal fund expenditures to general revenues to purchase legal services for the Council. The FY 2010 enacted budget included these expenditures from federal funds to reflect an initiative by the Council to shift a portion of the general revenue funded legal costs to federal sources. The Council's federal partner, the National Oceanographic and Atmospheric Administration, did not allow this transfer. *The Governor recommended total funding of \$126,000, but included \$56,275 from general revenues and \$69,725 from federal funds due to the availability of additional federal funds for legal expenses.* **The Assembly concurred.**

Management Plans. The Council requested \$60,000 from federal funds for FY 2011 for continued contracts with the University of Rhode Island to develop management plans for coastal waters throughout the state. The request is \$38,300 less than enacted to reflect the Council's anticipated federal award. *The Governor recommended funding as requested.* **The Assembly added \$521,050 from federal funds to reflect a new award for management plans to be used for a Special Area Management Plan to be completed by the University of Rhode Island.**

Invasive Species Management. The Council requested \$34,677 or \$8,457 less than enacted from federal funds to reflect the Council's anticipated award for the aquatic invasive species management program. Funding is used to coordinate and communicate early detection and rapid response strategies to prevent the spread of aquatic invasive species. *The Governor recommended \$45,946, \$11,269 more than requested to reflect revised expenditures from this source.* **The Assembly concurred.**

All Other Operating. The Council requested \$156,092 for all other operating expenditures not previously mentioned. The request is \$39,577 less than enacted, including \$3,100 less from general revenues and \$36,477 from federal funds. The request reduces expenditures for office supplies and equipment, and reflects the removal of a portion of the Council's federal funding which was being used for information technology support for a completed project.

The Governor recommended \$15,515 more than requested, including \$3,960 less from general revenues and \$19,475 more from federal funds to reflect additional funding available from statewide savings initiatives. The recommendation is \$24,062 less than enacted, including \$7,060 less from general revenues and \$17,002 less from federal funds. The reduction reflects a decrease for contracted services, consistent with the Council's FY 2010 corrective action plan and the Governor's revised budget. **The Assembly concurred.**

State Water Resources Board

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 644,862	\$ 644,064	\$ 689,159	\$ 687,549
Contracted Services	493,234	233,000	366,434	366,434
Subtotal	\$ 1,138,096	\$ 877,064	\$ 1,055,593	\$ 1,053,983
Other State Operations	144,445	132,445	137,013	137,013
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	88,244	88,244	125,544	125,544
Capital	103,000	453,978	120,000	120,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,473,785	\$ 1,551,731	\$ 1,438,150	\$ 1,436,540
Sources of Funds				
General Revenue	\$ 1,370,785	\$ 1,097,753	\$ 1,318,150	\$ 1,316,540
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	103,000	453,978	120,000	120,000
Total	\$ 1,473,785	\$ 1,551,731	\$ 1,438,150	\$ 1,436,540
FTE Authorization	6.0	6.0	6.0	6.0

Summary. The State Water Resources Board requested \$1.6 million from all funds, which is \$111,048 more than enacted from general revenues and the enacted amount from Rhode Island Capital Plan funds. The request includes the Board's current authorization of 6.0 full-time equivalent positions. The request is \$84,383 more than the Budget Office's FY 2011 general revenue current service target of \$1,397,450. *The Governor recommended \$1.4 million, \$35,635 less than enacted, including \$52,635 less from general revenues offset by a \$17,000 increase from Rhode Island Capital Plan funds. The recommendation includes the authorized level of 6.0 positions.* **The Assembly concurred, with the exception of reducing general revenues by \$1,610 to reflect statewide personnel savings.**

Salaries and Benefits. The Board requested \$0.7 million from general revenues for salaries and benefits. The request is \$70,458 more than enacted to reflect the filling of 3.0 positions that were not adequately funded in the enacted budget, and also reflects a 3.0 percent cost-of-living adjustment as well as statewide increases to other expenditures such as medical insurance and retiree health benefits. As of the first pay period in January, all 6.0 positions are filled. *The Governor recommended \$26,251 less than requested to reflect four pay reduction days, a six-month delay of the cost-of-living adjustment and a lower rate for medical benefits.* **The Assembly reduced general revenues by \$1,610 to reflect a lower rate for assessed fringe benefits.**

Big River Management Area Well Development. The Board requested \$130,000 from general revenues to purchase design and engineering services for well development at the Big River Management Area. The request is consistent with the enacted budget; however, it was based on not receiving a

supplemental appropriation for these expenses in FY 2010. *The Governor recommended Rhode Island Capital Plan funds for these expenditures in his FY 2010 revised budget, which would complete the current contract for these services. If the funding is appropriated in the revised request, the Board would not need additional general revenue funding in FY 2011. The Governor did not recommend funding for this project in FY 2011.* **The Assembly concurred.**

Tuition Reimbursement. The Board requested \$99,000, or \$37,300 more than enacted from general revenues for its payment in lieu of taxes to the Exeter West Greenwich School district for students living in the Big River Management Area. The enacted budget included funding for six students at a per pupil cost of \$10,278. The current request projects nine students at a per pupil cost of \$11,000 for FY 2011. *The Governor recommended funding as requested.* **The Assembly concurred.**

Big River Management Area Maintenance. The Board requested the enacted level of \$103,000 from Rhode Island Capital Plan funds for maintenance activities at the Big River Management Area. Maintenance activities include litter and dumping enforcement and removal. *The Governor recommended \$120,000, \$17,000 more than requested to reflect a revised expenditure projection.* **The Assembly concurred.**

Information Technology System Support. The Board requested \$3,200 more from general revenues for maintenance of the Board's website. The request reflects a change in the Board's budgeting practice to recognize expenditures for information technology support. In the past, expenditures for this activity were unbudgeted. The FY 2011 request increases contracted services by \$3,200 to appropriately account for this expense. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Operating. The Board requested \$0.1 million from general revenues for all other operating expenditures not mentioned above. This includes funding for outside financial audits, printing, insurance and general office supplies. *The Governor recommended \$7,432 less than enacted and requested to reflect the elimination of food and beverages at Board meetings and lower than enacted insurance premiums.* **The Assembly concurred.**

Department of Transportation

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Expenditures by Program				
Central Management	\$ 19,109,271	\$ 11,707,175	\$ 15,422,933	\$ 15,422,933
Management and Budget	1,186,330	1,356,992	1,652,721	1,652,721
Infrastructure Program	468,770,890	396,314,475	407,743,112	411,818,112
Total	\$ 489,066,491	\$ 409,378,642	\$ 424,818,766	\$ 428,893,766
Expenditures by Category				
Salaries and Benefits	\$ 66,092,302	\$ 62,342,268	\$ 65,695,833	\$ 65,695,833
Contracted Services	33,425,380	37,314,100	43,061,000	43,061,000
Subtotal	\$ 99,517,682	\$ 99,656,368	\$ 108,756,833	\$ 108,756,833
Other State Operations	60,977,437	46,871,573	43,052,505	43,052,505
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	33,884,283	44,319,853	57,109,704	57,109,704
Capital	190,284,209	118,381,895	115,755,142	119,830,142
Capital Debt Service	-	-	-	-
Operating Transfers	104,402,880	100,148,953	100,144,582	100,144,582
Total	\$ 489,066,491	\$ 409,378,642	\$ 424,818,766	\$ 428,893,766
Sources of Funds				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	381,348,383	308,302,952	315,733,127	318,808,127
Restricted Receipts	1,500,000	1,000,000	1,000,000	1,000,000
Other	106,218,108	100,075,690	108,085,639	109,085,639
Total	\$ 489,066,491	\$ 409,378,642	\$ 424,818,766	\$ 428,893,766
FTE Authorization	780.2	739.4	780.2	772.2

Summary. The Department of Transportation requested \$436.7 million from all sources, including \$316.5 million from federal funds, \$119.2 million from other funds and \$1.0 million from restricted receipts. The request is \$52.4 million less than enacted, including \$64.8 million less from federal funds, \$13.0 million more from other funds, \$0.5 million less from restricted receipts and the enacted number of positions. The majority of the decrease in federal funds reflects the reduction of funding from the American Recovery and Reinvestment Act of 2009.

The Governor recommended \$424.8 million from all sources, \$11.9 million less than requested including \$0.8 million less from federal funds and \$11.1 million less from other funds, primarily to reflect the reduction in the per penny gasoline tax yield estimate. The recommendation includes the authorized level of 780.2 positions. The Assembly provided an additional \$4.1 million, including \$1.0 million from Rhode Island Capital Plan funds for salt storage facilities and \$3.1 million from federal funds to reflect additional funding for the South County Commuter Rail Project. The Assembly authorized 772.2 positions, 8.0 less than enacted to reflect a statewide position reduction equivalent to 10.0 percent of all vacancies.

Fund Sources

The Department of Transportation receives funding through five major sources; federal funds, general obligation bond proceeds, gasoline tax proceeds, restricted receipts and Rhode Island Capital Plan funds. The Department also receives some funding from other departmental revenue, such as funding derived from the sale of Department owned land. This analysis will explain the individual fund sources as well as expenditures from these sources. The following table illustrates the Department's historical expenditures and enacted fund sources for FY 2011:

Source	FY 2010 Enacted	FY 2010 Final	FY 2011 Request	FY 2011 Recommended	FY 2011 Enacted
Federal Highway Admin. Funds	169,749,735	132,476,589	147,288,997	147,154,572	147,154,572
Federal Stimulus Funds	92,288,099	60,910,784	38,659,592	38,722,541	38,722,541
Other Federal Funds	110,553,763	100,730,369	128,554,412	122,672,217	122,672,217
Gasoline Tax*	103,976,517	105,591,798	95,700,000	91,567,500	91,567,500
General Obligation Bonds**	[40,000,000]	[40,000,000]	[40,000,000]	[40,000,000]	[40,000,000]
Land Sale Revenue	3,199,768	2,000,000	18,205,826	18,205,826	18,205,826
Rhode Island Capital Plan Funds	5,047,609	6,844,102	4,219,810	2,427,810	2,427,810
Restricted Receipts	1,500,000	500,000	1,000,000	1,000,000	1,000,000
Other Funds	2,751,000	325,000	3,068,300	3,068,300	3,068,300
Total	\$ 489,066,491	\$ 409,378,642	\$ 436,696,937	\$ 424,818,766	\$ 424,818,766

*Excludes gasoline tax debt service for the Department and the Rhode Island Public Transit Authority.

**Bond proceeds are not reflected as a fund source in the Department's budget, but are included for illustrative purposes only.

It should be noted that the Federal Highway Administration source includes the full appropriation that is used for projects as well as the annual debt service for GARVEE bonds. Approximately \$48 million of the total appropriation is annually used as debt service for GARVEE bond funded projects. The above table reflects the amount of funding transferred from the Federal Highway Administration to the Department, net of the debt service. This funding is also included in the Department's capital budget under the Highway Improvement Program, under the fund source FHWA funds. It should also be noted that the FY 2011 requested amount of \$147.3 million is consistent with the FY 2011 through FY 2015 capital request.

The Department's fund sources are described in greater detail below.

Federal Funds-Highway Administration. The Department receives an average of \$148.9 million annually from the Federal Highway Administration. The Department's annual allotment of funds is based on existing and prior year contracts for projects, anticipated new construction, design and engineering costs, and other planning activities such as traffic studies. These funds appear in both the Department's capital budget and operating requests. In the Department's capital plan, funds appear in the project labeled Highway Improvement Program. This plan is prepared seven to nine months in advance of actual receipt of federal funds, which the Department noted can lead to increases or decreases in funding during the state fiscal year.

The Highway Improvement Program represents those highway and intermodal projects that utilize federal funds administered by the Federal Highway Administration. The program utilizes state funds for matching purposes in the form of proceeds from general obligation bonds. Federal funds earmarked for the Department's transit projects administered by the Federal Transit Administration are not included under this project, but are included in the Fixed Guideway Project. Rhode Island Public Transit Authority projects funded with transit funds are included in the Authority's capital budget submission. The Highway Improvement Program is directed towards implementing the Department's capital program as identified in the Transportation Improvement Program. This is adopted by the State Planning Council

and approved by the Governor and establishes priorities for planning, design, and project implementation. A final draft of the FY 2009 through FY 2012 plan has been approved by the State Planning Council. *The Governor recommended \$147.2 million from Federal Highway Administration funds for infrastructure projects in FY 2011. The recommendation is \$0.1 million less than requested to reflect an updated estimate of the Department's annual federal award from the Federal Highway Administration.* **The Assembly concurred.**

American Recovery and Reinvestment Act. On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009. This provided additional funding to states for infrastructure projects. Unlike traditional Federal Highway Administration funds, these funds would not require a state match, but must be obligated within 120 days of the federal apportionment. The Secretary of Transportation may withdraw up to 50.0 percent of the total funding apportioned to the state, and redistribute those funds to other eligible states. One year after the original apportionment, the Secretary of Transportation may withdraw all remaining unobligated funds, and redistribute those funds to other eligible states. The Department's request includes \$38.7 million from these sources for FY 2011. *The Governor recommended \$53.6 million, \$0.1 million less than requested to reflect an updated expenditure estimate from these funds.* **The Assembly concurred.**

Other Federal Funds. This source is comprised of the federal funds the Department receives that are not for capital improvement projects. A majority of this funding comes from the National Highway Transportation Safety Administration, and is used to fund safety activities such as enforcement, traffic studies, signage and research. Other federal funding comes from the Federal Transit Authority, which is being used for the development of commuter rail in the southern part of the state. This source has increased recently due to more available funds from the National Highway Transportation Safety Administration for grants to states, as well as the increase from Federal Transit Authority funds to reflect the Commuter Rail Project. The Department requested \$128.8 million from this source in FY 2011. *The Governor recommended \$122.7 million to more accurately reflect the Department's anticipated expenditures from these funds.* **The Assembly recognized an additional \$3.1 million from federal sources for the South County Commuter Rail Project.**

General Obligation Bond Proceeds. The state has utilized general obligation bonds to provide a match totaling \$40.0 million for federal funds in addition to the match used for GARVEE projects, which is provided by the Motor Fuel Tax Revenue bonds. General obligation bond debt service is paid with gasoline tax revenue and the Motor Fuel Tax Revenue Bonds' debt service is paid by \$0.02 cents of the gasoline tax. Gasoline tax proceeds are used by the Department for operations; however, the amount of funding is not sufficient as a state match for capital expenditures, as it continues to be absorbed for increasing costs related to operations and debt service. The Department requested the use of \$40.0 million of general obligation bond proceeds in FY 2011. *The Governor recommended funding as requested, including placing \$80.0 million of additional general obligation bonds on the November 2010 ballot.* **The Assembly concurred.**

Restricted Receipts. This source is comprised of funds the Department receives when it performs work for municipalities. This source is used to fund personnel costs for employees who perform work on the projects. This source contributes \$1.0 million to the Department, and is based on projected municipal work. The Department requested \$1.0 million from this source for FY 2011. *The Governor recommended funding as requested.* **The Assembly concurred.**

Rhode Island Capital Plan Funds. These funds are appropriated according to the Department's capital budget request, and appear as operating transfers in the Department's operating budget. Funds are used for projects such as the building of storage and maintenance facilities, as well as upgrades to Department owned property such as roof repairs or fire alarm installation. The Department requested \$4.2 million from this source for FY 2011. *The Governor recommended \$2.4 million, \$1.8 million less than requested to reflect a revised financing plan for the Department's salt storage facilities.* **The Assembly did not**

concur and provided an additional \$1.0 million for FY 2011 to maintain the current financing plan, but also provided an adequate funding level for the out years of the plan.

Land Sale Revenue. This fund source is comprised of land sales from Department owned land, as well as revenue derived from land that becomes available through the Interstate 195 relocation project. Traditional land sale proceeds can be used by the Department to purchase equipment or to offset operating costs throughout the Department. This is not the case with the Interstate I-195 land sales. These funds may only be used to fund other portions of the project, and cannot be used at the Department’s discretion. The Department requested \$18.2 million from this source in FY 2011. Over the last few years, requested amounts were closer to \$2.0 million; however, the increase reflects the completion of the majority of the I-195 relocation project. Now that the project is mostly complete, it has freed up additional land, and the revenues are being requested to reflect projected sales. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Funds. These funds are derived from the sale of department owned surplus property and equipment, proceeds from the state infrastructure bank and proceeds derived from the sale of outdoor advertising at the Department’s maintenance facilities. The Department’s FY 2011 request includes \$3.1 million from this source. *The Governor recommended funding as requested.* **The Assembly concurred.**

Gasoline Tax Proceeds. The 2009 Assembly removed one cent of the 33 cent gasoline tax from general revenues and transferred it to the Department. The revised request does not change the current disposition of funding. **The Assembly did not enact changes to the current disposition of proceeds.**

The following table illustrates the enacted disposition of proceeds.

Entity	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Department of Transportation	21.75	21.75	21.75	21.75
Rhode Island Public Transit Authority	9.75	9.75	9.75	9.75
General Fund	-	-	-	-
Elderly Transportation	1.0	1.0	1.0	1.0
Underground Storage Tank Fund	0.5	0.5	0.5	0.5
Total	33.0	33.0	33.0	33.0

Department of Transportation Gasoline Tax. Section 31-36-7 of the Rhode Island General Laws sets the gasoline tax at 33 cents per gallon. The disposition of proceeds is outlined in Section 31-36-20 of the General Laws. Upon receipt, all gasoline proceeds are deposited into the Intermodal Surface Transportation fund from which statutory transfers are made to the Rhode Island Public Transit Authority (RIPTA), and the elderly/disabled transportation program.

The FY 2010 enacted budget was based on a per penny yield of \$4.400 million and the Department utilized that estimate in its current request, as well as a total receipt of 21.75 cents from gasoline tax proceeds.

The Consensus Revenue Estimating Conferences no longer estimate the gasoline tax yield because none of it goes to state general revenues. The Governor’s recommendation is based on an estimate from the state Budget Officer and Office of Revenue Analysis of a per penny yield of \$4.2 million for FY 2011. This equates to a gasoline tax recommendation of \$91.6 million for the Department. This is \$4.1 million less than the Department’s request, which was based on the enacted estimate of \$4.4 million per penny. **The Assembly concurred.**

The following table shows the recent history of available gasoline tax proceeds and other funds:

Other Funds	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
<i>Gas Tax Yield per Cent</i>	4.400	4.185	4.210	4.210
<i>RIDOT Cents</i>	21.75	21.75	21.75	21.75
<i>RIPTA Cents</i>	9.75**	9.75	9.75	9.75
DOT Budget (RIDOT and RIPTA)				
Balance Forward	\$ 124,541	\$ 192,261	\$ 64	\$ -
Gas Tax	138,600,000	131,827,500	132,615,000	132,615,000
Debt Service Transfer	(42,176,392)	(40,334,437)	(45,903,355)	(45,903,355)
Internal Services Funds Transparency	(1,748,628)	(1,481,878)	(1,325,105)	(1,325,105)
Nonland Surplus Property	25,000	40,000	30,000	30,000
Land Sales	3,199,768	1,199,768	18,205,826	18,205,826
Other (SIB, RICAP, Outdoor Adv)	7,497,593	8,557,102	4,318,210	4,318,210
Available	\$ 105,521,882	\$ 100,000,316	\$ 107,940,640	\$ 107,940,576
Expenditures	107,577,221	100,000,316	107,940,640	107,940,576
Surplus/Deficit	\$ (2,881,709)	\$ -	\$ -	\$ -
RIDOT				
Balance Forward	\$ 124,541	\$ 192,261	\$ 64	\$ -
Gas Tax	95,700,000	91,023,750	91,567,500	91,567,500
Debt Service Transfer	(41,350,022)	(40,334,437)	(44,780,437)	(44,780,437)
Internal Services Funds Transparency	(1,748,628)	(1,481,878)	(1,325,105)	(1,325,105)
Nonland Surplus Property	25,000	40,000	30,000	30,000
Land Sales	3,199,768	1,199,768	18,205,826	18,205,826
Other (SIB, RICAP, Outdoor Adv)	7,497,593	8,557,102	4,318,210	4,318,210
Available	\$ 63,448,252	\$ 59,196,566	\$ 68,016,058	\$ 68,015,994
Gas Tax	55,607,600	49,399,696	45,462,022	45,461,958
Land Sales	3,199,768	1,199,768	18,205,826	18,205,826
Nonland Surplus Property	25,000	40,000	30,000	30,000
Other (SIB, RICAP, Outdoor Adv)	7,497,593	8,557,102	4,318,210	4,318,210
Other Expenditures	66,329,961	59,196,566	68,016,058	68,015,994
Surplus/Deficit	\$ (2,881,709)	\$ -	\$ -	\$ -
RIPTA				
Gas Tax	\$ 42,900,000	\$ 40,803,750	\$ 41,047,500	\$ 41,047,500
Debt Service Transfer	(826,370)	(824,797)	(1,122,918)	(1,122,918)
Available	41,247,260	39,978,953	39,924,582	39,924,582
Expenditures	\$ 41,247,260	\$ 39,978,953	\$ 39,924,582	\$ 39,924,582

*Total includes one half cent transferred from the Underground Storage Tank Fund.

**Total includes one half cent transferred from the UST Fund and two additional cents included by the 2009 Assembly.

Rhode Island Public Transit Authority Gasoline Tax. Under existing statute, the Rhode Island Public Transit Authority receives 9.75 cents of the 33 cent gasoline tax. The funds are transferred to the Authority but reflected in the Department of Transportation budget as a grant to the Authority in order to account for the gas tax in the state's accounting structure, since the Authority is a quasi-public corporation.

The FY 2010 enacted budget was based on a per penny yield of \$4.400 million and the Department utilized that estimate in its current request, which would allocate \$42.9 million to the Authority.

The Consensus Revenue Estimating Conferences no longer estimate the gasoline tax yield because none of it goes to state general revenues. The Governor's recommendation is based on an estimate from the state Budget Officer and Office of Revenue Analysis of a per penny yield of \$4.2 million for FY 2011.

This equates to a gasoline tax recommendation of \$41.0 million for the Authority. This is \$2.0 million less than the Department's request for the Authority, which was based on the enacted estimate of \$4.4 million per penny. **The Assembly concurred.**

Expenditures

Federal Highway Stimulus Projects. The Department requested \$38.7 million, \$53.6 million less than enacted from federal funds for projects funded by the American Recovery and Reinvestment Act of 2009. The Department identified 55 separate projects for construction, reconstruction, rehabilitation, resurfacing, restoration, and operational improvements for highways, interstates and bridges. The FY 2010 enacted budget included \$92.0 million of stimulus related projects; however, a majority of that funding was spent, and the Department is projecting expenses of \$38.4 million to reflect its plan for FY 2011 stimulus funded projects.

The Governor recommended funding as requested, but added \$62,949 to reflect additional funds available from statewide savings. **The Assembly concurred.**

Federal Highway Administration Projects. Excluding salaries and benefits, the Department's revised request includes \$147.3 million from federal funds for highway projects in FY 2011. This is \$22.5 million less than enacted to reflect a revised construction schedule. The Department noted it must submit its projected federal fund expenditures before the end of the federal fiscal year, and budgets the projected expenditures in anticipation of the actual federal award. The Department noted that this practice can lead to adjustments both during and prior to the state's fiscal year.

The Governor recommended funding essentially as requested, but reduced expenditures by \$0.1 million to more accurately reflect the Department's award for FY 2011. **The Assembly concurred.**

For FY 2011, recommended expenditures include \$11.6 million for the five GARVEE funded projects, \$43.4 million for repairs and maintenance on bridges, \$12.2 million for congestion mitigation and road enhancements, \$9.5 million for highways, \$10.6 million for interstate projects, \$27.9 million for pavement and resurfacing and \$12.9 million for traffic safety improvement projects. The following table shows enacted program expenditures and their proportionate share of total Federal Highway Administration fund expenditures.

Program Area	FY 2011 Enacted	Share of Total
Administrative Program	\$ 6,420,798	4%
Enhancements	12,157,614	8%
Bridge Program	43,403,454	29%
Highway Program	9,515,139	6%
Interstate Program	10,596,885	7%
GARVEE Projects	11,625,741	8%
Pavement Management Program	27,888,416	19%
Traffic Safety Program	12,947,805	9%
Federal Highway Earmark Projects	8,180,049	6%
Other Programs	4,418,670	3%
Total	\$ 147,154,572	100%

Salaries and Benefits. The Department requested \$67.3 million, \$1.2 million more from all funds for salaries and benefits. This includes \$3.3 million more from federal funds offset by \$2.1 million less from gasoline tax proceeds. The request includes a 3.0 percent cost-of-living increase as well as a reduction of \$0.6 million to reflect four unpaid workdays during FY 2011. The Department is authorized for 780.0

positions. As of the first pay period in January the Department had 699.6 filled full-time equivalent positions, or 80.6 positions below the authorized level. The Department noted the request reflects actual filled positions at the time of the budget submission, and assumes turnover savings of approximately 5.0 percent. *The Governor recommended \$65.7 million, \$0.4 million less than enacted and \$1.6 million less than requested. The recommendation reflects the six month deferral of the cost-of-living increase and adjustments to medical benefit rates.* **The Assembly concurred.**

National Highway Transportation Safety Administration Grants. The Department requested \$13.7 million, \$3.2 million less than enacted from the National Highway Transportation Safety Administration for FY 2011. The request is being revised to reflect the actual federal award. Major changes include \$4.5 million less for the safety belt use enforcement program, \$0.6 million for municipal highway safety programs, \$0.1 million less for the racial profiling prohibition program offset by increases of \$1.8 million for impaired driving prevention programs and \$0.2 million more for motorcycle safety promotion. *The Governor recommended funding essentially as requested, but added \$2,406 more to reflect funds available from statewide savings.* **The Assembly concurred.**

Transit Congestion Mitigation and Air Quality. The Department requested \$1.0 million, \$0.2 million less than enacted from federal funds for Congestion Mitigation and Air Quality projects. The Department allocates these funds to state agencies and municipalities for programs that reduce toxic emissions through traffic reduction or new technologies. The request reflects the Department's anticipated award for FY 2011. *The Governor recommended funding as requested.* **The Assembly concurred.**

Commuter Rail/Fixed Guideway. The Department requested \$22.6 million, or \$12.5 million more than enacted from federal transit funds for the Fixed Guideway Commuter Rail project, which will extend commuter rail service along Amtrak's northeast corridor south of Providence. Service is expected to operate between Providence and North Kingstown, with stops at T.F. Green Airport and Wickford Junction. The Department noted the request is being increased to reflect the anticipated award and construction schedule for FY 2011. The Department's request is consistent with its FY 2011 through FY 2015 capital budget request. *The Governor recommended funding as requested.* **The Assembly provided an additional \$3.1 million from federal funds to reflect an increased award from the Federal Transit Administration for the South County Commuter Rail Project.**

Equipment Purchase. The Department requested \$18.2 million from land sale revenue for equipment purchases in the Infrastructure Engineering Division. The request is \$15.0 million more than enacted due to higher than anticipated land sale revenue, and the Department has increased its request to reflect this change. The increase is due to the substantial completion of the I-195 relocation project, which has led to a large increase in useable acreage. The Department noted funding would be used to purchase catch basin cleaners, mini-excavators, road surfacing equipment and miscellaneous roadside maintenance equipment such as weed trimmers. *The Governor recommended funding as requested.* **The Assembly concurred.**

Rhode Island Capital Plan Fund Projects. The Department requested \$4.2 million, \$0.8 million less than enacted from Rhode Island Capital Plan funds for seven projects at the Department. The largest change is \$2.6 million less for the Rhode Island Public Transit Authority's Land and Buildings project. The Department serves as a pass through agency for the funds, and the request reflects the completion of the project. Other changes include \$1.0 million less for the Lincoln maintenance facility to reflect that project's completion, \$49,804 less for improvements to salt storage facilities, \$1.6 million more for the East Providence maintenance facility and \$0.8 million more for asset protection projects at statewide maintenance facilities. The request reflects actual expenditures and a revised construction schedule for the maintenance facilities.

The Governor recommended \$2.4 million, \$1.8 million less than requested. The reduction reflects the removal of Rhode Island Capital Plan funding for salt storage facilities, which the Governor had

recommended be financed with general obligation bonds. He included Article 5 of 2010-H 7397 which seeks Assembly approval to place \$5.0 million of general obligation bonds before the voters on the November 2010 ballot.

The Assembly did not concur with the use of general obligation bonds for salt storage facilities, and provided Rhode Island Capital Plan funds in lieu of the new debt. The Assembly provided an additional \$1.0 million from Rhode Island Capital Plan funds in FY 2011 to reflect this change.

Vehicle Maintenance. The Department requested \$6.2 million from other funds for vehicle maintenance throughout the Department. The request is \$0.9 million more than enacted to reflect an increase in projected vehicle maintenance for FY 2011. The Department noted that vehicle maintenance costs have increased in recent years due to the lack of new vehicle purchases, which has effected all divisions, and includes vehicles such as dump trucks, pavers, tractors, grading equipment, backhoes and street sweepers. *The Governor recommended \$0.5 million, \$0.5 million less than requested to reflect anticipated vehicle maintenance in FY 2011.* **The Assembly concurred.**

Winter Maintenance Operations. The Department requested \$9.0 million in operating expenses related to the winter maintenance program for FY 2011, \$19,733 more than enacted. Funding would be used to purchase additional salt, sand and liquid de-icers. The average annual cost for winter maintenance operations from FY 2005 through FY 2009 was \$10.7 million, and the Department noted that its request includes \$9.0 million because winter maintenance is budgeted based on available resources and not historical spending. The request is \$1.7 million below the five-year average cost of winter maintenance expenditures. *The Governor recommended funding as requested.* **The Assembly concurred.**

Richmond Welcome Center. The Department's request eliminates funding for the Richmond Welcome Center for which the enacted budget included \$400,000. The Economic Development Corporation manages the welcome center and the Department transfers the funds to the Corporation on a monthly basis. The Corporation has not included these funds in its FY 2011 budget, and noted that without this fund source it will not be able to operate the welcome center, which would result in its closing. *The Governor recommended \$400,000 from general revenues in the Economic Development Corporation budget, but also inadvertently included the funding for the transfer in the Department's budget as well.* **The Assembly maintained the payment from the Department's sources to fund the center.**

Maintenance Operations. The Department requested \$4.9 million from gasoline tax proceeds for maintenance operations excluding activities associated with winter maintenance. These include activities such as trash and debris removal, landscaping, sand removal, graffiti removal and catch basin cleaning. The request is \$0.7 million less than enacted to reflect updated projections for FY 2011. The major decrease in the request is for vehicle and equipment purchases. *The Governor recommended funding essentially as requested, but removed \$9,400 to reflect lower insurance costs.* **The Assembly concurred.**

Information System. The Department requested \$0.1 million, or \$0.7 million less than enacted from gasoline tax proceeds for the Department's Management Information System, which is used primarily for construction scheduling. The Department noted that accurate funding for the system was included in the enacted budget; however, the revised request shifts expenditures for the system to the Department's general obligation bond account. Funding is used for personnel costs, software and maintenance for the system. *The Governor recommended funding as requested.* **The Assembly concurred.**

Rhode Island Public Transit Authority Operating. The Department requested the enacted amount of \$42.9 million from gasoline tax proceeds in the Intermodal Surface Transportation Fund be transferred to the Rhode Island Public Transit Authority for operating expenses. The request is based on the enacted per penny yield of \$4.4 million, and is distributed to the Authority pursuant to Rhode Island General Law 31-36-20. *The Governor recommended \$41.0 million, \$1.8 million less than enacted for the transfer to the*

*Authority. Gasoline tax funding is used by the Authority for operating expenses, which will be adjusted accordingly to account for the reduction in proceeds. **The Assembly concurred.***

All Other Operating. The Department requested \$54,061 more than enacted from all sources for all other operating costs. This includes \$1.2 million less from federal funds, \$1.8 million more from other funds and \$0.5 million less from restricted receipts. Major changes include \$0.9 million less for equipment and vehicle purchases, \$0.3 million less for operating supplies, and \$1.2 million more to reflect an increase in the operating transfer of federal funds to the GARVEE bond account.

*The Governor recommended federal funds and restricted receipts as requested, but included \$6.0 million less than enacted from gasoline tax funds for all other operations not previously mentioned. The recommendation reflects an expenditure target for the Department based on projected available revenues in the Intermodal Surface Transportation Fund. The expenditure reduction is budgeted in a new operating code, and it did not appear the Governor has identified specific expenditure reductions to be made in the Department's budget. **The Assembly concurred.***

Section IV

Capital Budget

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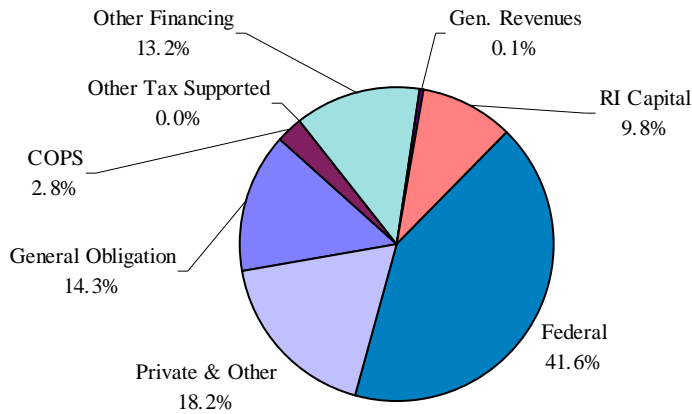
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Capital Budget

Summary

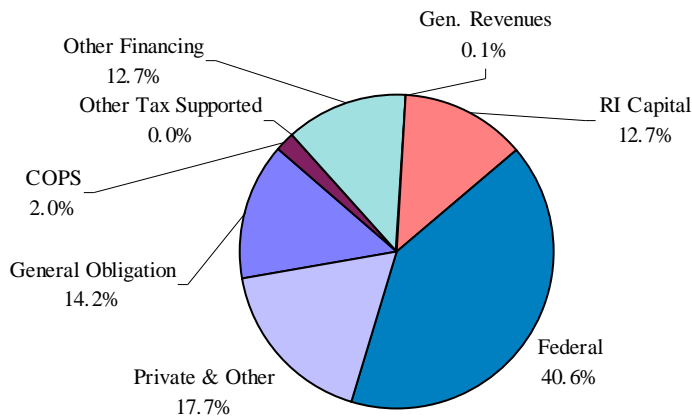
The Governor's five-year capital recommendations for FY 2011 through FY 2015 call for total outlays of \$3,406.7 million for the period. Financing the plan requires \$1,034.6 million of debt issuances and \$2,372.1 million from current revenue streams.

**Governor FY 2011 - FY 2015
Capital Projects Funding**



The Assembly adopted five-year capital outlays of \$3,489.2 million for the period. Average outlays would be \$697.8 million. Financing the plan requires \$1,006.7 million of debt issuances and \$2,482.5 million from current revenue streams.

**Assembly FY 2011 - FY 2015
Capital Projects Funding**

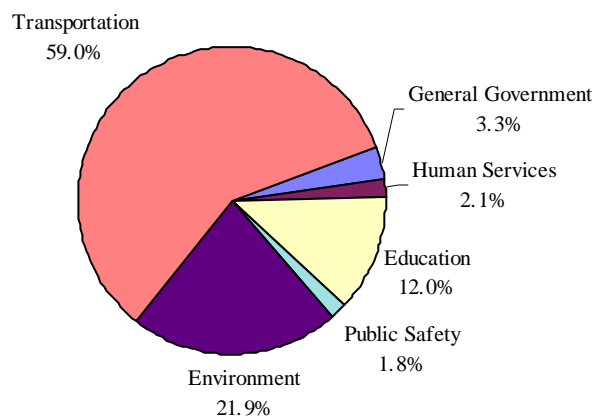


- **Outlays and Funding.** The FY 2011 through FY 2015 adopted plan includes \$3,489.2 million of outlays on \$8,289.6 million of project estimates. Average outlays would be \$697.8 million per year for the five-year period with \$261.6 million required at the end of the period to complete the projects.
- **General Obligation Bonds Referenda.** Financing the plan is based on \$494.1 million of general obligation bond debt issuances, including \$177.4 million from new general obligation bond referenda to be presented to the voters in November 2010.
- **Other Debt Approvals.** The plan includes the authorization of \$100.3 million under the Public Debt Management Act, including \$68.1 million from Rhode Island Turnpike and Bridge Authority revenue bonds supported by toll revenue and \$32.2 million for energy conservation projects at the University and Community College.
- **Financing.** Paying for the five-year outlays includes \$1,006.7 million from debt financing and \$2,482.5 million from current or pay-go sources. Pay-go represents 71.1 percent with debt funding being 28.9 percent.
- **Debt Levels.** Total net tax supported debt increases by \$34.0 million over the \$1,846.2 million reported for the end of FY 2009 during the period through FY 2015 to \$1,880.3 million. However, past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget.

Outlays and Funding

The total five-year outlays of \$3,489.2 million are supported by a mix of pay-as-you-go funding and financing. Nearly three-quarters, 71.1 percent, of outlays are supported by current revenues, or pay-go, with the remaining 28.9 percent from financing.

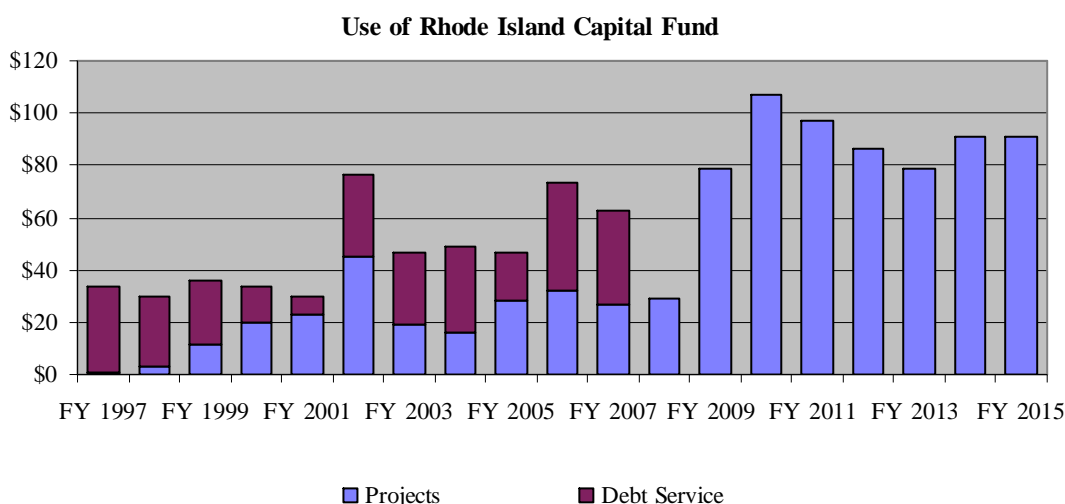
FY 2011 - FY 2015 Capital Projects by Function



Pay-Go. The pay-go sources include \$1,416.2 million from federal sources, \$444.8 million from Rhode Island Capital Plan funds, \$2.7 million from general revenues, and \$618.7 million from private and other sources. Federal funds remain the largest source of capital funding, providing 40.6 percent of all funding, and 57.0 percent of pay-go funding.

A primary source of state pay-go funding is the Rhode Island Capital Plan Fund. These revenues are derived from the amounts exceeding 2.0 to 3.0 percent of revenues in the state’s Budget Stabilization and Cash Reserve Account, or “rainy day fund.” The rainy day fund received 2.0 percent of all revenues and opening surpluses in FY 2008, increasing by 0.2 percent per year until reaching 3.0 percent in FY 2013. It was capped at 3.0 percent in FY 2008, increasing by 0.4 percent per year until reaching a 5.0 percent cap in FY 2013. Resources above the cap are transferred to the Rhode Island Capital Plan Fund.

The fund was used nearly exclusively for debt service in the early 1990s. Governor Almond began moving debt service back to general revenues as the economy improved in the latter half of that decade, reserving the capital fund for pay-go capital projects so as not to use any for debt service by FY 2002. However, the economic slowdown caused that to reverse beginning in FY 2002, with significant amounts again used for debt service. The 2006 Assembly noted that the Governor’s budget was increasingly relying on these funds for debt service, while increasing the amounts being financed. It submitted a constitutional amendment to limit the use of the fund to capital projects beginning in FY 2008, which the voters approved.



Debt Financing. Proceeds from financing, \$1,006.7 million, constitute 28.9 percent of the funds available for outlays during the period. Tax supported financing comprises \$562.7 million, including \$494.1 million from general obligation bonds and \$68.6 million from Certificates of Participation. Outlays from tax supported financing are 55.9 percent of the financed outlays and 16.1 percent of all outlays.

Other non-tax supported financing supports \$444.0 million of outlays, or 12.7 percent. It includes: \$45.7 million from GARVEE bonds for five major highway and bridge projects; \$129.5 million issued by the Rhode Island Health and Educational Building Corporation for higher education projects supported by university and college funds; and \$268.8 million in revenue bonds issued by the Clean Water Finance Agency.

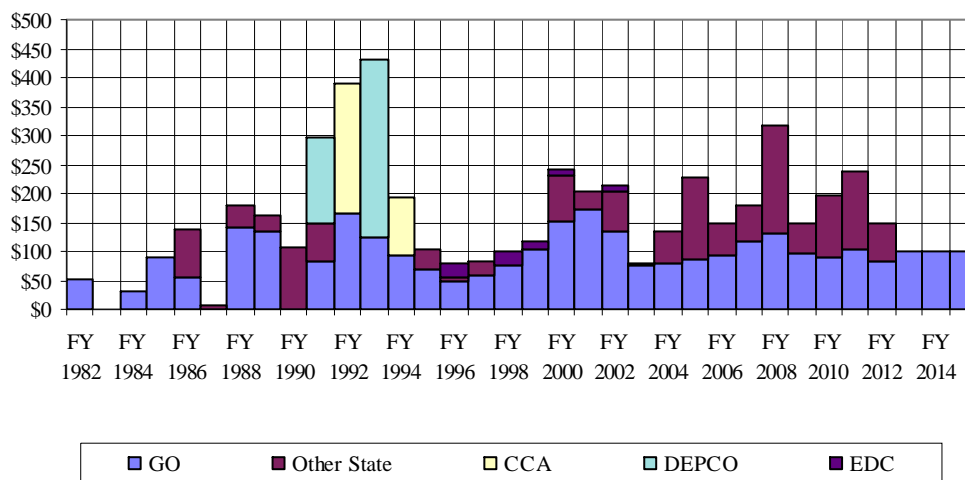
The capital budget omits other non-tax supported financing from the state’s quasi-public agencies. Historically, this debt has been included in the state’s totals. They have been removed from the current capital budget based on a decision by the administration that since state sources are not used, they should not be included in the totals.

The term net tax supported debt refers to all debt for which an appropriation is or may be required. That includes not only general obligation bonds and direct state issuance, but also debt issued by other entities

for which the state is pledged to an annual lease payment or to make an appropriation in the event of a default. Debt that is an obligation of the state for which a non-state entity makes the debt service payments is not generally considered as net tax supported debt. An example is the bonds issued for the Narragansett Bay Water Quality Management District Commission for which the Commission pays the debt service from user charges.

Debt issued by the colleges and university through the Rhode Island Health and Educational Building Corporation is also not included. This five-year budget includes expenditures of \$129.5 million from these bonds. It should be recalled that it is the total charges to students that is compared in tuition and fee comparisons to other institutions. This forms the context for general revenue appropriation requests by the Board of Higher Education. Thus, any tuition and fees used for debt service are not available for general operating expenses. Further, in the event of insufficient university and college fund revenues, it is likely that the state would intervene with appropriations rather than allow bondholders to take over the assets financed.

Net Tax Supported Debt Issues



New Debt Authorizations

The Governor’s budget includes \$311.4 million of new debt authority for projects in the five-year period that require approval by the General Assembly. That includes \$173.9 million of general obligation bonds that would be placed on the November 2010 ballot for voter approval and \$69.4 million in other debt that requires Assembly approval under the Public Debt Management Act. He subsequently requested an amendment to increase that total to \$354.4 million.

The Assembly authorized \$277.7 million, including \$177.4 million of general obligation bonds that would be placed on the November 2010 ballot for voter approval and \$100.3 million in other debt it authorized under the Public Debt Management Act. That other debt includes \$32.2 million of higher education debt that is not included in the state’s net tax supported debt calculations.

The Public Debt Management Act requires that all new debt authorizations be approved by the Assembly unless the Governor certifies that federal funds will be available to make all of the payments which the state is or could be obligated to make under the financing lease or guarantee; or the General Assembly has adjourned for the year with the expectation that it will not meet again until the following year and the Governor certifies that action is necessary, because of events occurring after the General Assembly has adjourned, to protect the physical integrity of an essential public facility, to ensure the continued delivery

of essential public services, or to maintain the credit worthiness of the state in the financial markets. Select quasi-public agencies are exempt. The 2009 Assembly rescinded the exception previously granted to the Rhode Island Resource Recovery Corporation.

The table below shows the recommended new debt authority requiring action by the General Assembly. It is followed by descriptions of the projects.

New Debt Authority	Governor	Gov Amended	Assembly
Bond Referenda			
Higher Education			
URI Chemistry Building	\$ 61,000,000	\$ 61,000,000	\$ 61,000,000
URI-RIC Nursing	-	60,000,000	-
RIC New Art Center	17,000,000	-	17,000,000
RIC Infrastructure Modernization	10,900,000	10,900,000	RICF
Transportation			
Highway Improvement Program	80,000,000	80,000,000	80,000,000
Salt Storage Facilities	5,000,000	5,000,000	RICF
Bus Replacement	-	-	4,700,000
Open Space and Recreation			
Rocky Point Park	-	-	10,000,000
25 India Street	-	-	3,200,000
Fort Adams	-	-	1,500,000
Total New Referenda	\$ 173,900,000	\$ 216,900,000	\$ 177,400,000
Other Debt Instruments			
Certificates of Participation			
Hospital Consolidation	\$ 32,090,000	\$ 32,090,000	RICF
Subtotal	\$ 32,090,000	\$ 32,090,000	\$ -
Energy Performance Contracts			
Higher Education	\$ 37,335,000	\$ 37,335,000	\$ 32,170,000
Subtotal	\$ 37,335,000	\$ 37,335,000	\$ 32,170,000
Revenue Bonds			
Turnpike and Bridge Authority	\$ 68,090,000	\$ 68,090,000	\$ 68,090,000
Subtotal	\$ 68,090,000	\$ 68,090,000	\$ 68,090,000
Total Other Debt Instruments	\$ 137,515,000	\$ 137,515,000	\$ 100,260,000
Total New Debt Authorization Recommended	\$ 311,415,000	\$ 354,415,000	\$ 277,660,000

General Obligation Bond Referenda. The Assembly authorized \$177.4 million in new referenda to be presented to the voters in November 2010. Section 35-3-7.1 of the Rhode Island General Laws provides that bond referenda only be presented during election years absent special circumstances.

- *University of Rhode Island Chemistry Building.* The Governor recommended placing \$61.0 million on the November 2010 ballot for a project to construct a new chemistry building at the University of Rhode Island. The Assembly concurred.
- *University of Rhode Island and Rhode Island College Nursing.* The Governor requested an amendment that added \$60.0 million for a new nursing sciences building in Providence for the University and College and eliminated the \$17.0 million originally proposed for a new art center for Rhode Island College. The Assembly provided \$175,000 from Rhode Island Capital Plan funds for a feasibility study regarding nursing sciences facilities for the University and College.

- *Rhode Island College New Art Center.* The Governor recommended placing \$17.0 million on the November 2010 ballot for the construction of a new 40,000 square foot Art Center Facility. Expenditures would begin in FY 2012. The Assembly concurred.
- *Rhode Island College Infrastructure Modernization.* The Governor recommended placing \$10.9 million on the November 2010 ballot for a project to modernize and replace steam lines, water lines and the electrical distribution system. This is inconsistent with the approved capital plan that provides the \$10.9 million from Rhode Island Capital Plan funds with expenditures to begin in FY 2014. The Assembly did not concur with placing this project on the ballot and provided \$11.0 million from Rhode Island Capital Plan funds in FY 2013 through FY 2015 for this project.
- *Highway Improvement Program.* The Governor proposed an \$80.0 million bond referendum for the November 2010 ballot for highway improvement expenditures. Projects include interstate improvement, bridge improvement, pavement management, and congestion mitigation and air quality. The Assembly concurred.
- *Salt Storage Facilities.* The Governor proposed a \$5.0 million bond referendum for the November 2010 ballot to construct and or renovate existing salt storage facilities for use by the Department of Transportation maintenance division for the statewide storage of sodium chloride used on snow and ice on highways and roads. The Assembly did not concur with placing this project on the ballot and provided \$5.0 million from Rhode Island Capital Plan funds for FY 2011 through FY 2013.
- *Bus Replacement.* The Assembly authorized a \$4.7 million bond referendum for bus purchases by the Rhode Island Public Transit Authority. Funding is used as the 20.0 percent to match to 80.0 percent federal funds, and is part of the Authority's rolling stock replacement plan.
- *Rocky Point Park.* The Assembly authorized a \$10.0 million bond referendum to acquire title to all or a portion of land in and around the former Rocky Point Park. The property consists of 124 acres, 41 acres of shoreline are owned by the City of Warwick and the remaining 83 acres are owned by the Small Business Administration in its capacity as receiver. The land would be purchased for use as a public park, presumably operated and maintained by the Department of Environmental Management.
- *25 India Street.* The Assembly authorized a \$3.2 million bond referendum to transfer the title of 25 India Street, Providence, from the Department of Transportation to the Department of Environmental Management to be used for open space and recreation.
- *Fort Adams.* The Assembly authorized a \$1.5 million bond referendum for the rehabilitation of Fort Adams state park in Newport. The Fort Adams Trust was founded in 1994 as a nonprofit organization and is charged by its articles of incorporation with directing and supporting the stabilization, restoration, maintenance, and operation of Fort Adams as an historic site.

Public Corporation Debt Management Act Debt Issues. The Assembly authorized \$100.3 million of new authorization for debt that would not require voter approval. This includes \$32.2 million for higher education projects funded through the Rhode Island Health and Educational Building Corporation and \$68.1 million in revenue bonds issued by the Turnpike and Bridge Authority.

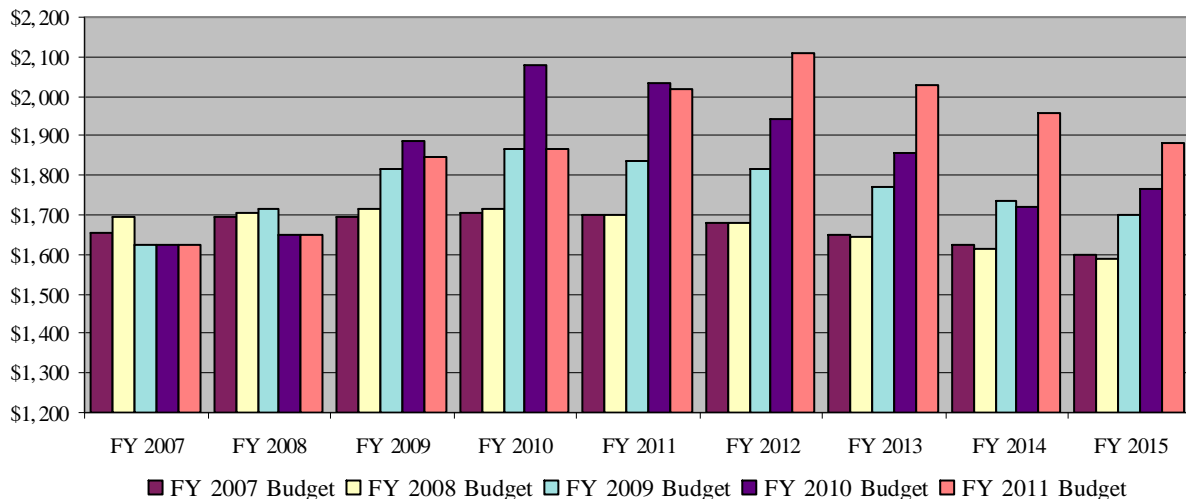
- *Hospital Consolidation.* The Governor recommended \$32.1 million from Certificates of Participation backed by general revenues for the Department of Mental Health, Retardation and Hospitals to renovate the Mathias and Varley buildings at the Pastore Center as part of an overall hospital consolidation project that would result in the Eleanor Slater Hospital decreasing the amount of space used from four buildings to three. The Assembly did not concur with issuing debt for this project and provided \$28.3 million from Rhode Island Capital Plan funds for FY 2011 through FY 2014.

- *Higher Education Energy Performance Contracts.* The Governor recommended authorizing the University of Rhode Island to enter into an energy performance contract with energy service companies in an amount not to exceed \$12.6 million to replace current energy related infrastructure at the University. He also recommended authorizing the Community College to issue an amount not to exceed \$15.5 million to enter into energy service contracts to replace current energy related infrastructure at the Community College. The Assembly concurred with the recommended authorization for the University of Rhode Island and adjusted the Community College issuance to \$11.5 million based on updated information.
- *Turnpike and Bridge Authority.* The Assembly authorized the Turnpike and Bridge Authority to issue up to \$68.1 million of revenue bonds for the purpose of repairing and maintaining both the Mount Hope and Newport Pell Bridges. The bond proceeds will be used to provide funds for the renovation, renewal, repair, rehabilitation, retrofitting, upgrading and improvement to these bridges.

Debt Levels

Total net tax supported debt increases by \$34.0 million over the \$1,846.2 million reported for the end of FY 2009 during the period through FY 2015 to \$1,880.3 million. Net tax supported debt had dropped to \$1,280.9 million in FY 2003 after the state used \$247.6 million of special revenue bonds backed by the state's tobacco master settlement to defease general obligation bond debt in FY 2002.

Net Tax Supported Debt Projections

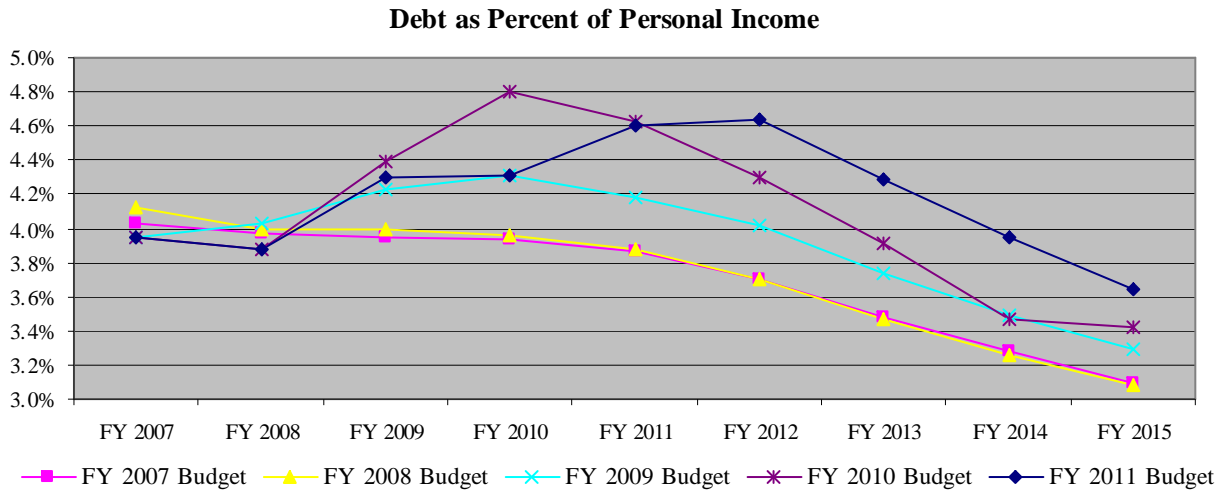


Past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget. The chart above shows projected debt levels for FY 2007 through FY 2015 in the past five budgets. FY 2015 presented in the FY 2011 capital budget is \$282.9 million higher than the FY 2015 projection in the FY 2007 capital budget. Indeed, it is \$182.3 million higher than even the projection in the FY 2009 capital budget.

Debt is often expressed as a percent of state personal income as a measure to compare across jurisdictions; state personal income is a rough measure of the state's wealth, and therefore its potential ability to service its debt. Net tax supported debt would increase from 4.3 percent of personal income reported for FY 2009 to 4.6 percent in FY 2011 before dropping gradually back to 3.6 percent in FY 2015 assuming that the capital budget is not increased.

Debt ratios began increasing significantly in FY 1988, reaching a peak in FY 1994 as the Depositors Economic Protection Corporation and Convention Center debt was added. In FY 1994, net tax supported debt reached 8.4 percent of personal income, a measure used to compare affordability across states. The prior and current administrations have expressed the reduction of that ratio as a major capital policy goal. The FY 2004 level of 3.7 percent is the lowest since Staff began keeping track in FY 1991 due to use of the tobacco master settlement agreement revenues securitization.

However, as with debt levels, past practice indicate it is likely to be higher than projected. The chart below shows projected debt as percent of personal income for FY 2007 through FY 2015 in the past five budgets. The FY 2007 Budget projected FY 2014 debt at 3.3 percent of personal income, which is 20 basis points lower than the 3.5 percent projected in the FY 2010 budget, and that assumes that the debt levels do not increase in subsequent budgets.



Department of Administration

Projects	Status	5 Year Total	Project Total
Adolph Meyer Building Renovations	New	\$ 6,600,000	\$ 6,600,000
Board of Elections New Office Building	New	7,450,000	7,450,000
Chapin Health Laboratory	New	3,500,000	3,600,000
Pastore Center Parking	New	1,225,000	1,225,000
Veterans Memorial Auditorium Repairs	New	13,800,000	14,800,000
Cranston Street Armory	Revised	2,500,000	9,885,047
IT Enterprise Operations Center	Revised	3,900,000	8,975,000
Neighborhood Opportunities Program	Revised	1,500,000	45,500,000
Pastore Center Buildings Demolition	Revised	13,000,000	13,000,000
State House Renovations	Revised	15,825,000	18,859,317
Washington County Government Center	Revised	2,525,000	3,275,138
Affordable Housing/Strong Communities	Ongoing	12,500,000	50,000,000
Cannon Building	Ongoing	595,000	2,027,991
Comprehensive Land Use Planning	Ongoing	-	2,500,000
DOA - Energy Services Contract	Ongoing	-	6,092,534
Energy Conservation Pastore/Zambarano	Ongoing	33,100,000	53,100,000
Environmental Compliance	Ongoing	1,400,000	3,771,424
Fire Code Compliance	Ongoing	2,450,000	3,700,000
Forand Building Exterior Repairs	Ongoing	-	1,067,655
Hazard Building Renovations	Ongoing	-	1,000,000
Health Laboratory Feasibility Study	Ongoing	175,000	175,000
Interdepartmental Weapons Range	Ongoing	100,000	100,000
Ladd Center Buildings Demolition	Ongoing	3,000,000	3,000,000
Ladd Center Water Systems	Ongoing	-	400,000
McCoy Stadium Repairs	Ongoing	1,000,500	3,422,513
Old Colony House	Ongoing	500,000	1,300,896
Old State House	Ongoing	1,025,000	1,263,437
Pastore Center Central Power Plant	Ongoing	900,000	38,042,684
Pastore Center Fire Code Compliance	Ongoing	2,000,000	3,522,970
Pastore Center Rehabilitation	Ongoing	5,700,000	6,558,142
Pastore Center Utilities Upgrade	Ongoing	6,500,000	9,977,065
Pastore Center Water Tanks and Pipes	Ongoing	2,070,000	3,411,171
Replacement of Fueling Tanks	Ongoing	170,073	1,406,330
State Office Building	Ongoing	2,600,000	5,426,023
Station Park	Ongoing	1,150,000	1,150,000
William Powers Building	Ongoing	2,100,000	5,233,336
Zambarano Building and Utilities	Ongoing	1,400,000	3,061,371
Total		\$ 152,260,573	\$ 343,880,044
Sources of Funds			
General Obligation Bonds		\$ 12,500,000	\$ 52,500,000
Rhode Island Capital Funds		105,910,573	159,549,029
Federal Funds		750,000	750,000
General Revenues		-	11,500,000
Third Party		-	25,000,000
Certificates of Participation		33,100,000	94,488,481
Other		-	92,534
Total		\$ 152,260,573	\$ 343,880,044

Summary. The Department of Administration requested total capital expenditures of \$320.5 million of which \$123.5 million would be spent in the five-year period for 38 projects, of which six are new. Funding in the five-year plan includes \$12.5 million from authorized general obligation bonds for affordable housing projects, \$78.5 million from Rhode Island Capital Plan funds, \$0.3 million from federal funds, and \$32.1 million from Certificates of Participation for the Pastore Center and Zambarano energy conservation projects, which the 2008 Assembly authorized. The request is \$27.0 million more than the approved plan, primarily attributed to the Neighborhood Opportunities Program, State House Renovations and for new projects.

The Governor recommended total project expenditures of \$328.0 million from all funds, of which \$129.9 million will be used in the five-year period for 36 projects. This includes \$12.5 million from approved general obligation bonds, \$84.0 million from Rhode Island Capital Plan funds, \$250,000 from federal funds and \$33.1 million from approved Certificates of Participation. The recommendation is \$7.6 million more than requested and \$34.6 million more than approved, primarily for the inclusion of \$18.9 million for four new projects.

The Assembly provided \$15.9 million more Rhode Island Capital Plan funds than recommended, of which \$14.8 million is for the Veterans Memorial Auditorium project. The Assembly also provided \$1.5 million for the Neighborhood Opportunities Program, made several changes to reflect revised project costs or delays and essentially concurred with the remainder of the recommendation.

Adolph Meyer Building Renovations. The Department of Children, Youth and Families' capital budget request includes \$10.0 million from Rhode Island Capital Plan funds to build a new 24-bed girls' facility on the Pastore Campus in Cranston. The exact location has not been determined. This includes use of \$2.4 million in FY 2011 for initial architectural, engineering, and construction costs and \$7.4 million in FY 2012 to complete construction. The funding is based on a similar facility that is being built in the state of Connecticut.

*The Governor recommended \$6.6 million from Rhode Island Capital Plan funds in the Department of Administration to renovate the building to be used as office space. In addition, the building will also be used as the new location for the girls' training school, for which funding is included in the Department of Children, Youth and Families' budget. **The Assembly concurred with the total project costs; however, delayed the start date by two years. It provided \$0.2 million in FY 2014 and \$6.4 million in FY 2015.***

Board of Elections New Office Building. The Department requested new Rhode Island Capital Plan fund expenditures of \$2.3 million to relocate the Board of Elections from its current location in Providence to possibly one of the vacant buildings in the Pastore Center or into the newly acquired building for the state data center in Warwick. The Department indicated that the details for this project have not been finalized; however, funding would require use of \$1.7 million in FY 2011 and \$0.6 million in FY 2012. The Board is currently located on state-owned land on Branch Avenue in Providence. The Department indicated that the Board's current facility would require extensive repairs, including security upgrades and HVAC, which could cost as much as \$0.6 million; however, lack of parking space would remain a problem.

*The Governor recommended a total project cost of \$7.5 million from Rhode Island Capital Plan funds. This includes \$1.7 million in FY 2013, \$3.4 million in FY 2014 and \$2.4 million in FY 2015. The recommendation assumes renovations of buildings 79 and 80 at the Pastore Center. Once the renovations are complete, the Board will occupy building 80. The Department indicated that building 79 will be used by other state agencies that are in leased space. **The Assembly concurred.***

Chapin Health Laboratory. The Department's request includes \$3.0 million from Rhode Island Capital Plan funds for a new project to renovate the Chapin Health building. Programmed expenditures include \$1.0 million each from FY 2010 through FY 2012. Infrastructure updates would include laboratory exhaust retrofit, new decomposition room ventilation, a new boiler system and HVAC upgrade. The current lighting system would also be replaced throughout the building. Further, the Department of Health's capital budget request includes \$65.0 million from Rhode Island Capital Plan funds for a separate project that would replace the Chapin building with a new state laboratory and a medical examiner's office.

*The Governor recommended a total project cost of \$3.6 million from Rhode Island Capital Plan funds. This includes \$0.1 million in FY 2010, \$0.5 million in FY 2012 and \$1.5 million each in FY 2013 and FY 2014. **The Assembly concurred.***

Pastore Center Parking. The Department requested new capital expenditures of \$1.2 million from Rhode Island Capital Plan funds for FY 2011 to construct 200 additional parking spaces off of the west end of Howard Avenue in the Pastore Center. The Department indicated that a parking needs assessment was completed in 2002 and since then several state agencies including the Department of Business Regulation and the Traffic Tribunal have relocated to the Pastore Center. The Division of Motor Vehicles is slated to move to the Pastore Center in FY 2011. Additionally, during winter conditions overflow parking has made it difficult for emergency vehicles to get by.

*The Governor recommended total project costs as requested; however, he included \$225,000 in FY 2011 and \$1.0 million in FY 2012. **The Assembly concurred.***

Veterans Memorial Auditorium Repairs. The Department requested \$0.7 million from Rhode Island Capital Plan funds, of which \$0.3 million and \$0.4 million will be used in FY 2011 and FY 2012 to replace the building's air conditioning system, remove hazardous materials from the boiler to improve energy efficiency and develop some office spaces.

In 2007, the Veterans Memorial Auditorium Foundation and the administration discussed concerns about the transfer of the facility from the state to the Foundation. The administration requested that the Rhode Island Convention Center Authority consider operating and managing the facility in lieu of the Foundation. The Convention Center Authority took management of the facility on July 1, 2008; however, the facility is still owned by the state and maintenance must be done to preserve the building.

The Governor did not recommend funding this project. His FY 2010 revised budget includes legislation authorizing the Convention Center Authority to issue up to \$29.8 million in debt for the purchase and renovation of the Veterans Memorial Auditorium. The FY 2010 revised budget includes \$10.8 million in new revenues from the sale of the auditorium to the Authority. Assuming an interest rate of 7.0 percent and a 20-year term, the Budget Office projected debt service payments of \$1.4 million in FY 2011 and \$2.8 million annually thereafter.

The Assembly did not concur with the financing proposal. It reduced revenues by \$10.8 million in FY 2010 and eliminated budgeted debt service of \$1.4 million in FY 2011. It provided a total project cost of \$14.8 million from Rhode Island Capital Plan funds in lieu of issuing debt. The plan includes \$1.0 million in FY 2010, \$2.5 million in FY 2011, \$1.4 million in FY 2012, \$4.0 million in FY 2013, \$3.9 million in FY 2014 and \$2.1 million in FY 2015.

Cranston Street Armory. The Department requested total project costs of \$9.5 million, of which \$2.5 million will be used in FY 2011 through FY 2015 for ongoing renovations in the Cranston Street Armory building including replacement of the HVAC system and windows. The total project cost is \$2.4 million less than the approved plan, which excluded \$0.7 million for the automatic reappropriation. Accounting

for that adjustment, the request is \$1.7 million less than the approved plan to reflect the administration's plan to scale back the project since it has not secured the relocation of state agencies to the Armory.

*The Governor recommended a total project cost of \$9.9 million, \$0.4 million more than requested to reflect the balance of the automatic reappropriation. The recommendation includes \$0.5 million in FY 2011 through FY 2015 for exterior renovations and window replacements. **The Assembly concurred.***

IT Enterprise Operations Center. Consistent with the approved plan, the Department requested a total project cost of \$9.0 million from Rhode Island Capital Plan funds for the Information Technology Enterprise Operations Center. The previous plan was to convert the Training School's administrative building at the Pastore Center for that purpose once it was vacated by the Department of Children, Youth and Families. Subsequently, the Administration indicated that it would pursue other options. The Department submitted a bid of \$4.5 million to purchase a 70,000 square foot building on Jefferson Boulevard. The bid was accepted and the Department indicated that as soon as closing is done, it will submit a plan detailing how the remaining funds will be used. *The Governor recommended funding as requested. **The Assembly concurred, with the exception of shifting \$3.9 million from FY 2010 to FY 2011 to reflect a revised project schedule.***

Neighborhood Opportunities Program. The Department's capital budget request includes new expenditures of \$12.5 million from Rhode Island Capital Plan funds to provide additional units for the Neighborhood Opportunities program. This includes use of \$2.5 million annually through FY 2015. The Housing Resources Commission administers the program, which provides grants or low interest loans for the rehabilitation of dilapidated housing units or new construction as well as operating subsidies to reduce rents. This request brings the total investment in this project to \$56.5 million. *The Governor did not recommend funding this project beyond FY 2010. **The Assembly provided \$1.5 million for FY 2011.***

Pastore Center Buildings Demolition. The Department requested \$2.9 million from Rhode Island Capital Plan funds to be used in FY 2011 to remove asbestos and demolish buildings A and D in the Pastore Center. The A building has been vacant since 1985. The D building is a former patient residence building that had been vacant for 15-20 years. The total project cost is consistent with the approved plan; however, expenditures were approved over a five-year period. The Department indicated that the buildings must be demolished to prevent a fire since homeless individuals have been found in the buildings on numerous occasions. Both buildings are in close proximity to Harrington Hall, which is used as a homeless shelter.

*The Governor recommended a total project cost of \$13.0 million, \$10.1 million more than the approved plan. The Budget Office indicated that \$10.0 million is added in FY 2014 and FY 2015 to address other buildings. **The Assembly concurred.***

State House Renovations. The Department requested \$19.6 million from Rhode Island Capital Plan funds for renovations at the State House, of which \$16.0 million will be used from FY 2011 through FY 2014. The work includes renovation of the legislators' entrance, completion of the fire alarm system, an expanded security system, expansion of the fire sprinkler system, restroom renovations, and exterior sash and door painting. The largest single component is \$14.6 million for a new central HVAC system for heating and cooling of the building. The Department indicated that it will conduct a study to determine how to improve airflow quality. The total request is \$3.9 million more than the approved plan and is consistent with past requests.

*The Governor recommended \$18.9 million, \$0.7 million less than requested, including \$0.5 million from FY 2010 and \$0.2 million from FY 2011. He also shifted \$3.0 million from FY 2013 to FY 2014 to reflect a project delay. **The Assembly concurred.***

Washington County Government Center. The Department requested a total project cost of \$2.3 million from Rhode Island Capital Plan funds, of which \$1.7 million will be used in the five-year period for ongoing renovations at the Washington County Government Center. The total request is \$1.3 million more than the approved plan. The project has been revised to include new expenditures for a generator, window replacement and a new HVAC system. The 2009 Assembly provided \$0.4 million for asset protection to include repaving the parking lot, elevator repairs and fire code compliance work.

*The Governor concurred and provided an additional \$1.0 million in FY 2010 for fire code improvements and for renovations of the facility to accommodate staff from the Department of Children, Youth and Families, which is currently in leased space. **The Assembly concurred, with the exception of shifting \$0.8 million from FY 2010 to FY 2011 to reflect a revised project schedule.***

Affordable Housing/Strong Communities. Consistent with the approved plan, the request includes \$50.0 million from previously approved general obligation bonds to provide affordable housing, including \$40.0 million for deferred payment loans to developers of affordable housing rental units and \$10.0 million for the development of homeowner units. The request assumes use of \$12.5 million each annually through FY 2011. *The Governor recommended funding as requested. **The Assembly concurred.***

Cannon Building. The Department requested a total project cost of \$1.7 million from Rhode Island Capital Plan funds, of which \$0.6 million will be used from FY 2011 through FY 2014 for ongoing repairs and renovations at the Cannon Building. Funds in FY 2010 will be used to replace the roof and funds from FY 2011 through FY 2014 will be used for carpet replacement. The total project cost is \$141,306 more than the approved plan based on a revised project cost. *The Governor concurred and provided an additional \$0.3 million in FY 2010 to replace the roof. **The Assembly concurred.***

Comprehensive Land Use Planning. This project was not included in the Department's original request because it is nearly completed. Communities received reimbursement for their participation in compiling the overall state Land Use Plan from previously issued bond proceeds from the 1989 authorization upon completion of land use plans. To date, \$2.5 million has been issued, including \$320,000 for preparation and development of a natural resource and planning database, \$80,000 for administrative expenses and \$2.1 million for reimbursement to cities and towns. *The Governor recommended the unspent balance of \$99,457 from issued proceeds to be expended in FY 2010. **The Assembly concurred.***

DOA - Energy Services Contract. The Department requested \$5.9 million in capital expenditures to reflect its plan to enter into an energy service contract whereby an initial investment in new equipment and other energy saving improvements would be paid back over a period of time from the resulting savings in energy costs. The 2006 Assembly authorized the state's participation in energy service contracts not to exceed \$6.0 million, exclusive of financing and associated costs. To date, \$5.3 million has already been spent and the capital request includes the remaining \$0.5 million in expenditures in the current year. *The Governor recommended a total project cost of \$6.1 million. This includes \$0.1 million in interest earnings, which will be used toward project costs. **The Assembly concurred.***

Energy Conservation Pastore Center/Zambarano. The Department requested \$52.1 million in capital expenditures to enter into a new energy service contract whereby an initial investment in new equipment and other energy saving improvements would be paid back over a period of time from the resulting savings in energy costs. The 2008 Assembly authorized the state to enter into up to \$53.1 million in energy equipment replacement contracts, including \$45.5 million for the Pastore Center and \$7.6 million for the Zambarano Campus. The request reflects a reduction of \$1.0 million, which the Department indicated was excluded in error. *The Governor recommended funding consistent with the approved plan. **The Assembly concurred.***

Environmental Compliance. The Department requested \$3.6 million from Rhode Island Capital Plan funds, of which \$1.2 million will be used in the five-year plan for projects that assist state agencies in maintaining compliance with all state and federal environmental rules and regulations. Funds will also be used to fund costs of mitigating asbestos and other environmental issues for buildings on the Pastore Campus under the Department's jurisdiction. The total request is \$0.2 million less than the approved plan, primarily for the exclusion of FY 2009 unexpended funds. *The Governor recommended funding as requested and included \$0.2 million in FY 2015.* **The Assembly concurred.**

Fire Code Compliance. The Department requested total project costs of \$9.2 million from Rhode Island Capital Plan funds to bring state buildings into compliance with new fire code regulations. The request reflects an increase of \$6.5 million from the approved plan, primarily for the inclusion of several state-owned buildings, including the Washington County Government Center, Cannon and the Powers buildings, which the State Fire Marshal has identified, are in need of repair work to be in compliance with the new code. The request includes \$6.0 million in expenditures for FY 2014 and FY 2015; however, the Department only identified specific project costs totaling \$2.0 million.

The Governor recommended funding consistent with the approved plan and provided an additional \$0.5 million each in FY 2014 and FY 2015 to address fire code issues. **The Assembly concurred.**

Forand Building Exterior Repairs. The Department's request includes \$0.2 million from Rhode Island Capital Plan funds reappropriated from FY 2009 to replace and repair the building's spandrel panels, doors and windows, and soffits. The project is completed; however, the final payment of \$0.2 million will be paid in FY 2010 once the Department inspects the project. *The Governor recommended funding as requested.* **The Assembly included a savings of \$15,000.**

Hazard Building Renovations. Consistent with the approved plan the Department requested a total project cost of \$0.8 million from Rhode Island Capital Plan funds to renovate the Hazard building to accommodate the relocation of staff from the Forand building. The Forand building is being renovated to be the new registry for the Division of Motor Vehicles. The Department is currently in the process of removing asbestos from the building. The request includes the automatic reappropriation of \$100,532 from FY 2009 unexpended funds. *The Governor provided an additional \$0.2 million based on a revised project cost.* **The Assembly concurred.**

Health Laboratory Building Study. The Department did not include funding for this project, for which the approved plan included \$0.2 million from Rhode Island Capital Plan funds in FY 2011 to conduct a feasibility study for a new facility to house the staff and programs currently located in the Chapin Building. This study would also examine the feasibility of combining the Health and Forensic crime lab at the Pastore Complex. *The Governor recommended funding consistent with the approved plan.* **The Assembly concurred.**

Interdepartmental Weapons Range. The Department's request did not include funding for which the approved plan included \$0.1 million in FY 2014 to conduct a feasibility study on the construction of an interdepartmental weapons range. *The Governor recommended funding consistent with the approved plan.* **The Assembly concurred.**

Ladd Center Buildings Demolition. The Department requested \$3.0 million from Rhode Island Capital Plan funds, of which \$750,000 each would be used from FY 2012 through FY 2015 to demolish nine buildings at the former Ladd school properties in Exeter. The goal of the project is to demolish structures and backfill all foundations, landscape and provide for additional open space. These buildings were constructed in the mid-1900s and have been vacant for many years. The project was slated to begin in FY 2012; the Department delayed the start date by three fiscal years based on the availability of Rhode Island

Capital Plan funds. The approved plan includes \$1.0 million from FY 2012 through FY 2014. *The Governor recommended funding consistent with the approved plan.* **The Assembly concurred.**

Ladd Center Water Systems. Consistent with the approved plan, the Department requested \$0.4 million from Rhode Island Capital Plan funds for repairs to the water system at the Ladd Center during FY 2010. The Quonset Development Corporation turned over the Center to the Division of Facilities Management in July 2006. The water system is in need of repairs, and the Division will have a study done to determine whether there are more feasible options, such as replacing the water system with wells since the only two customers are the Veterans' Cemetery and the Job Corps. *The Governor recommended funding as requested.* **The Assembly concurred.**

McCoy Stadium Repairs. The Department requested total project costs of \$2.3 million from Rhode Island Capital Plan funds to provide asset protection at McCoy Stadium in Pawtucket. The project includes a new concourse drainage system, paving of the outfield parking areas, repairs to expansion joints causing water damage to the gift shop, offices and corporate boxes, and other miscellaneous repairs to protect the facility, in which the state made a major investment. The total request is \$1.1 million less than the approved plan due to the exclusion of the automatic reappropriation of \$0.8 million from FY 2009 unexpended balances. Accounting for that adjustment, the request is \$0.3 million less in FY 2010 than the approved plan based on anticipated need and is consistent with past requests.

The Governor recommended a total project cost of \$3.4 million. He included \$1.0 million in FY 2010 to address pedestrian safety issues; \$372,500 in FY 2011 and \$628,000 in FY 2012 to upgrade the HVAC unit. **The Assembly concurred.**

Old Colony House. The Department requested total project costs of \$1.2 million from Rhode Island Capital Plan funds, of which \$0.5 million will be used in FY 2011 and FY 2012 for repair and renovation of the Old Colony House. The request includes new expenditures of \$0.2 million programmed in FY 2012 to mitigate structural issues, including the bell tower, that the Department has recently uncovered. The request appears to be understated due to the exclusion of the automatic reappropriation of \$76,561 from FY 2009 unexpended funds. *The Governor recommended a total project cost of \$1.3 million, \$0.1 million more than requested to reflect the inclusion of the automatic reappropriation.* **The Assembly concurred.**

Old State House. The Department requested a total project cost of \$1.7 million from Rhode Island Capital Plan funds, of which \$1.3 million will be used in FY 2011 and FY 2012 for various renovations at the Old State House including repaving the parking lot, replacing carpets, and brick repairs. The total project cost is \$0.1 million more than the approved plan to reflect a revised construction cost. *The Governor recommended funding as requested.*

The Assembly provided a total project cost of \$1.3 million, \$0.4 million less than the Governor's budget to reflect the Department's revised estimate of project costs. The plan includes \$50,000 for FY 2010, \$275,000 for FY 2011 and \$750,000 for FY 2012.

Pastore Center Central Power Plant. The Department requested a total project cost of \$37.9 million from Rhode Island Capital Plan funds and Certificates of Participation of which \$3.5 million will be used in FY 2010 to continue work on the Central Power Plant in the Pastore Center to bring one of the boilers to a high state of reliability. The request is \$0.8 million less than the approved plan due to the removal of funds from FY 2011 to reflect anticipated need.

The Governor recommended funding as requested and provided an additional \$0.1 million from approved Certificates of Participation. **The Assembly concurred, with the exception of shifting \$0.9 million from FY 2010 to FY 2011 based on anticipated need.**

Pastore Center Fire Code Compliance. The Department requested \$3.5 million from Rhode Island Capital Plan funds to be used from FY 2011 through FY 2014 to install and upgrade existing fire alarm and sprinkler systems on the Pastore Center and the Zambarano Campus of Eleanor Slater Hospital. The total project cost is \$1.5 million more than the approved plan, based on the Department's current need and includes additional expenditures of \$0.5 million each from FY 2012 through FY 2014. *The Governor recommended funding consistent with the approved plan, which includes \$0.5 million each in FY 2011 through FY 2014.* **The Assembly concurred.**

Pastore Center Rehabilitation. The Department requested \$6.9 million from Rhode Island Capital Plan funds, of which \$5.3 million will be used from FY 2011 through FY 2014 to fund major maintenance and capital repairs for five of its 17 buildings at the Pastore Center, now under the responsibility of the Division of Facilities Management. Work will focus on the Benjamin Rush, Pasteur, Hazard and Harrington buildings and will address various code and structural deficiencies. The project is consistent with the approved plan with the exception of \$1.3 million of new expenditures added for FY 2014.

The Governor recommended \$0.3 million less than requested to reflect a revised schedule. He recommended \$1.0 million each in FY 2011 and FY 2012 and \$1.6 million each in FY 2013 and FY 2014. **The Assembly concurred, with the exception of shifting \$0.5 million from FY 2010 to FY 2015 to reflect an updated project schedule.**

Pastore Center Utilities Upgrade. Consistent with the approved plan, the Department requested \$10.2 million from Rhode Island Capital Plan funds, of which \$5.9 million will be used from FY 2011 through FY 2013 to repair and make improvements to the electrical distribution system on the Pastore Center. An engineering survey was conducted in 2001 and concluded that the existing system is undersized and would possibly not support major future construction projects like the Reintegration Center, the new training school and others.

The Governor recommended \$0.2 million less than requested and approved based on the availability of Rhode Island Capital Plan funds. His recommendation includes \$1.0 million for FY 2011, \$1.5 million for FY 2012 and \$2.0 million each for FY 2013 and FY 2014. **The Assembly concurred.**

Pastore Center Water Tanks and Pipes. The Department requested a total project cost of \$3.4 million from Rhode Island Capital Plan funds, of which \$1.8 million will be used from FY 2011 through FY 2013 to identify and address deficiencies at the Pastore Center with respect to water supply and distribution. The project cost is \$0.5 million more than the approved plan due to the inclusion of new expenditures in FY 2013. *The Governor recommended funding as requested.* **The Assembly concurred, with the exception of shifting \$0.3 million from FY 2010 to FY 2014 to reflect a revised project schedule.**

Replacement of Fueling Tanks. The Department requested \$2.0 million from Rhode Island Capital Plan funds, of which \$0.8 million will be used in FY 2011 and FY 2012 to replace failing tanks at five of the 18 state-owned and operated fueling stations for state vehicles. Two tanks were removed in FY 2009 and the remaining three are scheduled to be replaced in FY 2010. The total project cost is \$0.6 million more than the approved plan and does not include the automatic reappropriation of \$0.2 million from FY 2009 unexpended funds. The Department indicated that the additional funds will be used for remediation of underground tanks in group homes under the purview of the Department of Children, Youth and Families and the Department of Mental Health, Retardation and Hospitals.

The Governor recommended a total project cost of \$1.4 million, \$85,000 more than approved and \$0.5 million less than requested. The recommendation includes \$0.8 million in FY 2010 for the removal of three tanks and \$0.2 million in FY 2011 to address petroleum contamination issues. **The Assembly concurred.**

State Office Building. The Department requested \$5.4 million from Rhode Island Capital Plan funds, of which \$2.1 million will be used in FY 2011 and FY 2012 for renovations at the State Office Building. The project includes bathroom repairs, window replacement, fire code upgrades and other repairs. The total project cost is \$0.3 million less than the approved plan due to the exclusion of the automatic reappropriation from FY 2009 unexpended funds. *The Governor recommended total funding consistent with the request.* **The Assembly concurred, with the exception of shifting \$0.2 million from FY 2010 to FY 2014 to reflect the Department's updated project schedule.**

Station Park. The Department requested \$1,150,000 from federal and Rhode Island Capital Plan funds to be used through FY 2012 for creation of an urban style park in downtown Providence similar in concept to the Boston Common or New York's Central Park. The park would be located next to the Train Station, east of the Providence Place Mall and across the street from the State House south lawn.

The Governor recommended total funding as requested; however, he shifted Rhode Island Capital Plan fund expenditures of \$200,000 from FY 2010 to FY 2012 to reflect funding in the approved Transportation Improvement Plan. This is consistent with the FY 2009 approved plan. **The Assembly concurred.**

William Powers Building. The Department requested a total project cost of \$4.1 million from Rhode Island Capital Plan funds, of which \$1.7 million will be used from FY 2011 through FY 2013 for ongoing repairs and renovations at the William Powers Building. General renovations include carpet replacement, bathroom repairs, painting and security upgrades. The total project cost is \$1.4 million less than the approved plan due to the exclusion of the automatic reappropriation of \$0.7 million from FY 2009 unexpended funds for carpet replacement and the removal of \$0.6 million programmed in FY 2014. *The Governor recommended a total project cost of \$5.2 million, \$1.1 million more than the request and \$0.3 million more than the approved plan.* **The Assembly concurred.**

Zambarano Building and Utilities. The Department requested a total project cost of \$2.8 million from Rhode Island Capital Plan funds, of which \$2.1 million will be used for FY 2011 and FY 2012 for capital repairs to various buildings and equipment at the Zambarano Campus of the Eleanor Slater Hospital in Burrillville. The Zambarano Campus is comprised of 29 buildings totaling 308,000 square feet on 460 acres of land. *The Governor recommended \$0.3 million more in FY 2013 than requested to address permitting issues related to the wastewater treatment plant.* **The Assembly concurred.**

Cottage Preservation. The Department requested \$290,000 from Rhode Island Capital Plan funds for FY 2012 to renovate two four-bedroom cottages at the Pastore Center for office space. Currently, Department of Children, Youth and Families' staff housed in the cottages are scheduled to vacate in FY 2010. The Department of Administration noted that an agreement with the Historical Preservation Commission requires that the cottages be preserved for their historic significance. The Department requested this in its FY 2009 and FY 2010 capital budgets; the Governor did not recommend funding, and the Assembly concurred. *The Governor did not recommend funding this project.* **The Assembly concurred.**

Howard Avenue Traffic Improvement. The Department requested \$186,000 from federal highway funds through the Department of Transportation for development of plans for improvements to Howard Avenue, the main thoroughfare through the Pastore Center. Improvements would include roadway resurfacing, ADA compliant sidewalks and crosswalks, bus pullouts and other features in order to accommodate increases in traffic flow due to new construction and major renovation projects. After planning is complete, the Department of Transportation would take over the project and complete the work within the funding earmarked in the Highway Improvement Program. *The Governor recommended*

*funding as requested, but showed the funding in the Department of Transportation's budget. This is consistent with the approved plan. **The Assembly concurred.***

Lead Mitigation. Consistent with the approved plan, the Department requested \$0.2 million from Rhode Island Capital Plan funds for the mitigation of lead hazards. State law requires the mitigation of lead hazards in the state's residential community facilities and is currently reviewing 225 potential facilities that may require such mitigation. *The Governor did not recommend funding this project. **The Assembly concurred.***

Old Eastman House. The Department requested \$0.6 million from Rhode Island Capital Plan funds for FY 2011 to be used for fire code upgrades and to remove lead paint from the old Eastman House. The building was recently occupied by the Department of Mental Health, Retardation and Hospitals. The Department of Administration indicated that both Capitol Police and the Division of Capital Projects and Property Management are interested in occupying the facility once it is vacated and in compliance with fire code. The Department requested this in its FY 2010 budget; the Governor did not recommend funding, and the Assembly concurred. *The Governor did not recommend funding this project. **The Assembly concurred.***

Pastore Center Master Plan. Consistent with the approved plan, the Department requested \$450,000 from Rhode Island Capital Plan funds to be used in FY 2010 and FY 2011 to update the existing master plan for the Pastore Center, which is over 400 acres. The plan would include determination of the availability of property and structures for future expansion. *The Governor did not recommend funding this project. The administration indicated that it is currently reviewing the validity of this project. **The Assembly concurred.***

Economic Development Corporation

Projects	Status	5 Year Total	Project Total
Quonset Point/Davisville Infrastructure Projects	Ongoing	\$ 2,610,000	\$ 56,023,516
Total		\$ 2,610,000	\$ 56,023,516
Sources of Funds			
General Obligation Bonds		\$ 1,000,000	\$ 48,000,000
Other Sources		1,610,000	8,023,516
Total		\$ 2,610,000	\$ 56,023,516

Quonset Point/Davisville Infrastructure Projects. The Economic Development Corporation requested \$35.0 million, of which \$2.6 million will be used in FY 2011 for infrastructure and other improvements at the Quonset Business Park in North Kingstown. The projects include tearing down old buildings, creating and improving roadways and other work designed to increase the appeal of Quonset to current and potential business tenants for furtherance of state economic development goals. Most of the work is funded by \$48.0 million in general obligation bonds approved by the voters in 2004. These funds would be supplemented by revenues generated through land sales and other development activities of the Quonset Development Corporation, which manages the park.

The total project cost of \$35.0 million is \$20.0 million less than the approved plan to reflect the completion of five major components including bulkhead replacements, the bike path, utility improvements, internal rail upgrades and site improvements.

*The Governor recommended \$2.6 million for FY 2011, consistent with the request. The total recommendation of \$56.0 million is \$1.2 million less than the approved plan to reflect updated project costs. **The Assembly concurred.***

Department of Labor and Training

Projects	Status	5 Year Total	Project Total
Center General Slate Roof Replacement	Revised	\$ 1,172,864	\$ 1,661,800
Total		\$ 1,172,864	\$ 1,661,800
Sources of Funds			
General Revenues		\$ -	\$ 487
Rhode Island Capital Funds		745,056	792,514
Federal Funds		175,855	352,816
Restricted Reciepts		121,885	251,309
Other - Temporary Disability Insurance Funds		130,068	264,674
Total		\$ 1,172,864	\$ 1,661,800

Center General Slate Roof Replacement. The Department of Labor and Training requested a total of \$1.7 million to replace the slate roof on buildings 68, 69 and 71 at the Center General Complex. Expenditures of \$827,865 are expected in FY 2010 and \$822,864 in FY 2011. Proposed funding includes \$487 from general revenues, \$352,816 from federal funds, \$251,309 from restricted receipts from Workers' Compensation funds, \$264,674 from Temporary Disability Insurance funds, and \$792,514 from Rhode Island Capital Plan funds. Total funding is equal to the approved plan, but the request shifts \$822,864 of expenses from FY 2010 until FY 2011 because of delays in preparing the request for proposals. *The Governor recommended funding as requested.* **The Assembly shifted \$350,000 from Rhode Island Capital Plan funds from FY 2010 to FY 2011 based upon a revised project schedule.**

Department of Revenue

Projects	Status	5 Year Total	Project Total
Information Technology Modernization Project	Revised	\$ 696,975	\$ 15,599,329
Tax Data Warehouse	Revised	500,000	3,150,000
Registry of Motor Vehicles Building/Forand	Ongoing	4,104,501	17,700,000
Total		\$ 5,301,476	\$ 36,449,329
Sources of Funds			
Rhode Island Capital Funds		\$ 4,604,501	\$ 18,200,000
Certificates of Participation		250,000	14,250,000
General Revenue		-	150,000
Restricted Receipts		446,975	3,849,329
Total		\$ 5,301,476	\$ 36,449,329

Summary. The Department of Revenue requested total project costs of \$60.1 million from all funds, including \$26.7 million from new Certificates of Participation. The request is for five projects, three of which are new. *The Governor recommended funding for three projects totaling \$36.4 million, of which \$6.8 million will be used in the five-year period. This consists of \$6.1 million from Rhode Island Capital Plan funds, \$250,000 from approved Certificates of Participation and \$0.4 million from restricted receipts.*

The Assembly concurred, with the exception of shifting \$1.5 million from FY 2011 to FY 2010 for the Registry of Motor Vehicles/Forand Building project to reflect a revised expenditure plan.

Information Technology Modernization Project. The Department requested \$15.5 million from all funds including \$11.5 million from approved Certificates of Participation to replace the computer system at the Division of Motor Vehicles. The project would allow for more web site functionality to reduce wait times for transactions performed at the Registry, such as titles and registrations. The 2006 Assembly authorized the Department of Administration to borrow \$13.0 million from Certificates of Participation to replace the computer system at the Division of Motor Vehicles with debt service supported by a transaction surcharge. The Department developed and adopted the surcharge by rule and regulation, and started collecting the surcharge of \$1.50 per transaction on July 3, 2007. The 2009 Assembly amended the Public Debt Management Act to extend the collection of the surcharge from seven to 10 years, based on information provided by the administration, which indicated that the anticipated annual collection of \$2.2 million was actually yielding \$1.9 million.

The total project cost is \$2.5 million or 19.2 percent more than the approved plan, including \$1.5 million less from Certificates of Participation and increases of \$0.2 million from Rhode Island Capital Plan funds and \$3.8 million from the restricted receipts surcharge. The Department is using revenues from the surcharge collection to cover the project cost increase. Collections as of FY 2010 will be used for debt service costs.

*The Governor recommended a project cost totaling \$15.6 million, \$55,403 more than requested to reflect a revised project cost. The project was expected to be completed prior to the Division moving to its new headquarters. The project is now expected to be completed in October/November 2010. **The Assembly concurred.***

Tax Data Warehouse. The Department requested \$1.5 million from new Certificates of Participation for the expansion of the tax data warehouse project to include automated compliance, collection improvements, data-driven audit selection process and risk-based sales tax audit. Assuming a seven-year term and an interest rate of 5.0 percent, the projected annual debt service would be \$259,230. The 2006 Assembly approved \$2.5 million from Certificates of Participation to allow the Division to purchase computer hardware and associated software to modernize its operations. The Division indicated that since the implementation of that project, more than 12,000 notices have been sent to delinquent taxpayers and \$7.4 million has been recovered.

*The Governor recommended new expenditures of \$0.5 million from Rhode Island Capital Plan funds in FY 2011 to begin Phase II, which will allow users to create, run reports, and perform queries to enhance tax collection. **The Assembly concurred.***

Registry of Motor Vehicles/Forand Building. Consistent with the approved plan, the Department requested \$17.9 million from Rhode Island Capital Plan funds to renovate the Forand Building to be the new home of the Registry of Motor Vehicles. The Forand Building formerly housed operations of the Department of Human Services, which it vacated and has since relocated to several other buildings in the Pastore Center. The building is in need of extensive repair to prolong its useful life. Construction started early September and is slated to be completed in summer 2010. The Registry is currently in leased space, and the FY 2010 budget includes \$1.0 million for its lease costs.

*The Governor recommended \$17.7 million, \$0.2 million less than approved based on a revised project cost. The recommendation includes \$11.4 million in FY 2010 and \$5.6 million in FY 2011. **The Assembly concurred with the total project cost; however, shifted \$1.5 million from FY 2011 to FY 2010 based on anticipated need.***

Corporate Tax Model. The Department requested a total project cost of \$205,000 from new Certificates of Participation, of which \$125,000 is for the development of a corporate income tax model and \$80,000 will be used for the system's maintenance through FY 2015. The project would allow for comparing and contrasting impacts of different tax structures; allow the Office of Revenue Analysis to evaluate the differential between taxation of regular income, investment income and capital gains. The system would also demonstrate the impact of changes on distribution of the tax burden. This project does not appear to meet the definition of a capital expense. *The Governor did not recommend funding for this project. **The Assembly concurred.***

Integrated Tax System. The Department requested \$25.0 million from new Certificates of Participation, of which \$20.0 million would be used in the five-year period for an integrated tax system, which would store all taxpayer information into one centralized computer system. The system would replace the current tax system and would include the following functions: single registration of taxpayers, consolidated filing of employers' taxes, automated data capture, view of financial history and consolidated billing of business tax liabilities and others. Currently, the Division of Taxation uses several different computer programs to process tax returns, bill taxpayers and collect liabilities. The Division indicated that some of its current systems were originally written decades ago, though some of the systems have been rewritten; however, maintenance is expensive. Assuming a 20-year term and an interest rate of 5.0 percent, the projected annual debt service would be \$2.0 million, with a total cost of \$40.0 million. *The Governor did not recommend funding for this project. **The Assembly concurred.***

Public Utilities Commission

Projects	Status	5 Year Total	Project Total
Facility Asset Protection/Renovations	Ongoing	\$ 633,000	\$ 633,000
Total		\$ 633,000	\$ 633,000
Sources of Funds			
Restricted Receipts		\$ 633,000	\$ 633,000
Total		\$ 633,000	\$ 633,000

Summary. The Public Utilities Commission requested \$633,000 for FY 2011 through FY 2015. The Commission's request includes one capital and four asset protection projects at the 89 Jefferson Boulevard, Warwick building that are funded through restricted receipts available from assessments to the regulated utilities. The request is \$250,000 more than the approved plan to reflect inclusion of a project to replace the HVAC system prior to replacing the roof. *The Governor recommended funding as requested. It should be noted that the Budget Office's capital documents do not reflect prior year expenditures for this project.* **The Assembly concurred.**

Department of Children, Youth and Families

Projects	Status	5 Year Total	Project Total
Groden Center Cowesett Road	New	\$ -	\$ 62,000
Groden Ctr. Mt. Hope Building Façade	New	275,000	275,000
Groden Ctr. Mt. Hope Fire Towers	New	275,000	275,000
Eckerd Camp E-Hun-Tee	Revised	150,000	150,000
North American Family Institute, Inc.	Revised	1,080,000	1,141,200
Rhode Island Training School-Girls' Facility	Revised	6,500,000	6,710,110
Youth Group Homes - Fire Code Upgrades	Ongoing	3,000,000	4,691,664
Groden Center Mt. Hope Rehab.	Completed	-	218,509
Total		\$ 11,280,000	\$ 13,461,483
Sources of Funds			
Rhode Island Capital Funds		\$ 11,280,000	\$ 13,322,634
General Obligation Bonds		-	138,849
Total		\$ 11,280,000	\$ 13,461,483

Summary. The Department of Children, Youth and Families requested capital project expenditures totaling \$17.3 million, of which \$15.0 million would be spent in the FY 2011 through FY 2015 period. The request includes two new projects totaling \$550,000 and it restores funding for the Girls Training School. All of the funding is from Rhode Island Capital Plan funds.

The Governor recommended \$6.8 million in total expenditures, which is \$10.5 million less than requested. The Governor included \$4.7 million during the FY 2011 through FY 2015 period or \$10.3 million less than requested. The Governor did not recommend funding for the Groden Center Mt. Hope upgrades. He included funding for the Girls' Training School in the Department of Administration's budget; however, he subsequently requested an amendment to shift the funding to the Department of Children, Youth and Families' budget.

The Assembly shifted funding for two projects to later years due to project delays and added \$62,000 from Rhode Island Capital Plan funds for a project at the Groden Center Cowesett Road.

Groden Center Cowesett Road. The Groden Center incurred expenses at the state owned group home on Cowesett Road prior to its accreditation in September of 2009. These expenses include painting the interior and exterior of the house, renovating a bathroom, and various repairs and replacements throughout the home. The Groden Center also indicated that it is in need of fire code upgrades. *The Governor did not recommend any funding for the project.* **The Assembly included \$62,000 to fund the expenses.**

Groden Center Mt. Hope Building Façade. The Department requested \$275,000 from Rhode Island Capital Plan funds for the repointing of exterior mortar joints and the cleaning and/or replacing of all damaged windows and door lintels of the state owned property located at 86 Mount Hope Avenue, Providence. The facility provides day programs serving adolescents between the ages of 3 through 21. *The Governor recommended funding for this project; however, he shifted it to FY 2012.* **The Assembly concurred.**

Groden Center Mt. Hope Fire Towers. The Department requested \$275,000 from Rhode Island Capital Plan funds to demolish two existing steel fire ladders that do not meet fire code and to construct two new enclosed stair towers out of brick at the state owned property located at 86 Mount Hope Avenue in Providence. The current fire ladders were cited as deficient by the Fire Marshal; therefore, the second floor of the Groden Center does not have an adequate emergency exit. *The Governor recommended funding as requested; however, he shifted \$25,000 to FY 2011.* **The Assembly concurred.**

Eckerd Camp E-Hun-Tee. The Department requested \$150,000 from Rhode Island Capital Plan funds to provide a septic system, a toilet system and separate hand washing facilities including hot water for the 30 youth at Camp E-Hun-Tee. The approved plan included funding in FY 2009, which the Department requested to shift to FY 2011 because the Departments of Health and Environmental Management have not determined if the design is consistent with state and environmental health codes. Temporary restrooms were purchased last year using program money. Camp E-Hun-Tee is a comprehensive residential treatment program serving at risk boys ages 11-16 located on 275 acres of state owned land in the Arcadia Land Management Area in Exeter. *The Governor recommended funding as requested.* **The Assembly concurred; however, it shifted \$85,000 from FY 2010 to FY 2012 because of a project delay.**

North American Family Institute, Inc. The Department requested \$1.1 million from Rhode Island Capital Plan funds for repairs to the North American Family Institute on New London Avenue in Cranston. The request includes \$0.1 million in FY 2010, \$0.5 million in both FY 2011 and FY 2012 to complete repairs to the plumbing and electrical systems, heating, ventilation and air conditioning systems, required to comply with the state's new fire code. The approved capital plan includes \$0.6 million in FY 2010 and \$0.5 million in FY 2011. The Department indicated that the project will not be able to start on time due to problems at the facility; therefore, it is being delayed to FY 2011. *The Governor recommended funding as requested.* **The Assembly concurred; however, it reduced the funding by \$50,000 in FY 2010 because of a project delay.**

Rhode Island Training School - Girls' Facility. The Department requested \$10.0 million from Rhode Island Capital Plan funds to build a new girls' facility on the Pastore Campus in Cranston. The request includes \$0.1 million from Rhode Island Capital Plan funds in pre-FY 2010 expenditures for repairs that were needed at the Mathias Building, the temporary site. It also includes \$2.4 million in FY 2011 for initial architectural, engineering, and construction costs and \$7.4 million in FY 2012 to complete construction.

The Department no longer plans to renovate Building 8 of the existing training school and requested to construct a new school on Howard Avenue. The exact location has not been determined. The funding is based on a similar facility that is being built in the state of Connecticut. Between 20 and 24 pre-adjudicated and adjudicated females are currently being housed in the Mathias Building, a former hospital used by the Department of Mental Health, Retardation and Hospitals. The 2009 Assembly concurred with the Governor's recommendation to remove funding for this project which had been in the approved plan because the Department had not decided on the most cost effective site for the school.

The Governor recommended \$6.7 million from Rhode Island Capital Plan funds to renovate the Adolph Meyer building on the Pastore Campus in Cranston; however, he included the funds in the Department of Administration's budget. This includes \$0.1 million in FY 2010 and \$6.5 million for the FY 2011 through FY 2015 period. Prior to FY 2010, \$0.1 million had been spent on various repairs at the Mathias Building. He subsequently requested an amendment to shift this funding to the Department of Children, Youth and Families' budget. **The Assembly concurred.**

Youth Group Homes-Fire Code Upgrades. The Department requested \$4.7 million from Rhode Island Capital Plan funds to provide fire code upgrades and safety related improvements to 111 group home

facilities, consistent with the approved plan. The request includes \$1.2 million in FY 2009, \$0.5 million in FY 2010, and \$1.0 million each in FY 2011, FY 2012 and FY 2013. Expenditures include sprinkler system installation, heating system repairs, and miscellaneous construction costs to ensure compliance. *The Governor recommended funding as requested.* **The Assembly concurred.**

Groden Center Mt. Hope Rehab. The Department requested \$218,509 for roof repairs and repointing of exterior mortar joints of the state owned property located at 86 Mount Hope Avenue, Providence, to be completed in FY 2008. Of the total project costs, \$138,849 of general obligation bonds and \$63,215 of Rhode Island Capital Plan funds were spent prior to FY 2008. The Department requested \$16,445 from Rhode Island Capital Plan funds for the remainder of the funding for a number of outstanding invoices. The approved capital plan included the funding in FY 2009, but the Department did not make the payment to the Groden Center. *The Governor recommended funding as requested.* **The Assembly concurred.**

Groden Center Mt. Hope Upgrades. The Department requested total Rhode Island Capital Plan funds of \$550,000 to upgrade the electrical system and replace much of the plumbing and heating system at the state owned property located at 86 Mount Hope Avenue in Providence. The approved plan includes \$50,000 in FY 2010 to conduct a feasibility study for the upgrade. The Commission on Accessibility, within the Governor's Commission on Disabilities, is soliciting bids for the design of an elevator to service the building. In addition to the electrical upgrades in this request, the elevator may require further electrical upgrades. *The Governor did not recommend funding for this project.* **The Assembly concurred.**

Department of Health

Summary. The Department requested \$65.0 million from Rhode Island Capital Plan funds for FY 2011 through FY 2015 to renovate an existing state facility or to build a new Health Laboratory and Medical Examiner building. The Department indicates that the current facility is no longer adequate; it does not provide enough space, privacy or security and does not comply with accreditation standards. The overall building is not readily handicap accessible and does not allow for expansion or consolidation of services with other state agencies. The construction specifics including the square footage and other assumptions are not available until the feasibility study has been completed. This was included in the Department's FY 2009 and FY 2010 requests, but neither the Governor nor the Assembly funded it.

*The Governor did not recommend this project; however, he did include \$175,000 for FY 2011 to fund a Health Lab building feasibility study in the Department of Administration's budget. **The Assembly concurred.***

Department of Human Services

Projects	Status	5 Year Total	Project Total
Blind Vending Facilities	Ongoing	\$ 675,000	\$ 932,451
<i>Veterans' Cemetery</i>			
Master Plan	Ongoing	-	5,812,148
<i>Veterans' Home</i>			
Electrical System Upgrade	Revised	-	500,000
N-5 Nursing Ward Renovation	Revised	-	500,000
N-6 Nursing Ward Renovation	Revised	500,000	500,000
N-7 Nursing Ward Renovation	Revised	500,000	500,000
HVAC System	Revised	-	2,852,362
Main Entrance Renovations	Revised	-	50,000
Sprinkler System Water Connection	Revised	635,000	665,000
Total		\$ 2,310,000	\$ 12,311,961
Sources of Funds			
Rhode Island Capital Funds		\$ 675,000	\$ 932,451
Restricted Receipts		1,635,000	5,514,231
Federal Funds		-	5,865,279
Total		\$ 2,310,000	\$ 12,311,961

Summary. The Department requested \$2.4 million for the period FY 2011 through FY 2015. The Department's request includes seven capital projects at the Veterans' Home and one at the Veterans' Cemetery. The Department also requested capital expenditures of \$2.1 million for FY 2010. *The Governor recommended \$12.3 million, of which \$2.3 million is for the five-year period. This is \$50,000 less than requested for FY 2010 and \$75,000 less for FY 2011.* **The Assembly concurred.**

Blind Vending Facilities. The Department requested \$875,000 from Rhode Island Capital Plan funds for FY 2010 through FY 2015 for the ongoing construction and renovation of statewide vending facilities. This adds \$150,000 for FY 2015 consistent with the approved annual funding level. *The Governor recommended \$50,000 less than requested for FY 2010 and \$75,000 less for FY 2011 reflecting a reappropriation of Rhode Island Capital Plan funds statewide due to a shortfall. He included \$75,000 for both FY 2010 and FY 2011 and \$150,000 each year from FY 2012 through FY 2015.* **The Assembly concurred.**

Veterans' Cemetery

Master Plan. The Department requested \$194,738 from federal funds and \$80,121 from restricted receipts in FY 2010 for the final payments for the development of the Master Plan and the first phase of construction of several projects included in the Master Plan. Actual costs were \$37,185 less than the approved capital plan and the request reflects this change, while shifting the remaining payments from FY 2009 to FY 2010. The completed projects include plans, specifications, and construction of the front entrance with perimeter security fencing, a stacking lane to accommodate funeral corteges, an additional columbarium area, an informational kiosk with restrooms and an administration building. *The Governor recommended funding as requested.* **The Assembly concurred.**

Veterans' Home

Electrical System Upgrade. The Department requested \$500,000 from restricted receipts to upgrade the emergency electrical distribution system at the Veterans' Home. The project is part of the approved capital plan; however, the Department's request shifts unused FY 2009 funding to FY 2010. This reflects the third consecutive postponement of the project since it appeared in the approved capital plan, which the Department cited the retirement of key personnel as the main reason for the delay. The request includes replacing and relocating the existing generators and transfer switches to meet the standards of the revised electrical code and assure sufficient electrical backup to the Home in the event of a power outage. *The Governor recommended funding as requested.* **The Assembly concurred.**

Renovate Nursing Unit N-5. The Department included \$0.5 million from approved restricted receipt funding to renovate the N-5 nursing ward in FY 2010. This reflects an increase of \$150,000 from the approved capital plan due to increased construction costs and a one-year delay to FY 2010. Major repairs include the 25 resident rooms, bathrooms, corridor and auxiliary rooms. This project will be done in conjunction with renovations to nursing wards N-6 and N-7, which are also included in the approved capital plan. *The Governor recommended funding as requested.* **The Assembly concurred.**

Renovate Nursing Unit N-6. The Department included \$0.5 million from approved restricted receipt funding to renovate nursing ward N-6 in FY 2011. This reflects an increase of \$150,000 from the approved capital plan due to increased construction costs and a two year delay to FY 2011. Major repairs include the 25 resident rooms, bathrooms, corridor and auxiliary rooms. This project will be done in conjunction with renovations to nursing wards N-5 and N-7, which are also included in the approved capital plan. *The Governor recommended funding as requested.* **The Assembly concurred.**

Renovate Nursing Unit N-7. The Department included \$0.5 million from approved restricted receipt funding to renovate nursing ward N-7 in FY 2011. This reflects an increase of \$150,000 from the approved capital plan due to increased construction costs and a two year delay to FY 2011. Major repairs include the 25 resident rooms, bathrooms, corridor and auxiliary rooms. This project will be done in conjunction with renovations to nursing wards N-5 and N-6, which are also included in the approved capital plan. *The Governor recommended funding as requested.* **The Assembly concurred.**

HVAC System. The Department's request includes \$100,000 from restricted receipts not spent in FY 2009 to complete its upgrade of the current heating system in FY 2010. This allows for the replacement of the hot water heating pipes in the N-3 ward and installation of a split air system in the computer room, consistent with the approved capital plan. *The Governor recommended funding as requested.* **The Assembly concurred.**

Main Entrance Renovations. The Department requested \$50,000 from restricted receipts to renovate the main entrance at the Veterans' Home. This project is part of the approved capital plan but revises the timeline of the project to be completed in FY 2010. *The Governor recommended funding as requested.* **The Assembly concurred.**

Sprinkler System Water Connection. The Department requested approved funding of \$665,000 from restricted receipts to connect the Veterans' Home to the Town of Bristol's water supply system for the emergency sprinkler system and installation of an emergency generator. This reflects a one-year delay for a start in FY 2010 and FY 2011 completion. *The Governor recommended \$30,000 in FY 2010 and \$635,000 in FY 2011, consistent with the request.* **The Assembly concurred.**

Department of Mental Health, Retardation and Hospitals

Projects	Status	5 Year Total	Project Total
Hospital Consolidation	Revised	\$ 28,300,000	\$ 28,970,000
Medical Center Asset Protection	Revised	9,130,000	12,007,665
DD Group Homes-Asset Protection	Revised	6,500,000	12,794,893
Community Facilities Fire Code Upgrades	Revised	4,750,000	6,276,005
Mental Health Residences	Revised	3,400,000	12,275,757
DD Residence Fire Code	Revised	3,748,112	7,878,033
DD Residential Support	Ongoing	5,500,000	9,926,198
DD Regional Centers Asset Protection	Ongoing	2,500,000	5,545,160
Mental Health Community Facilities Asset Protection	Ongoing	1,500,000	5,361,621
Substance Abuse Asset Protection	Ongoing	1,400,000	2,513,072
Zambarano Campus Asset Protection	Ongoing	2,205,000	3,642,688
Mental Health Residences Furniture	Ongoing	310,000	719,530
Management Information System	Ongoing	699,416	799,416
HVAC System	Ongoing	4,350,000	4,905,000
Total		\$ 74,292,528	\$ 113,615,038
Source of Funds			
Rhode Island Capital Funds		\$ 71,802,947	\$ 95,746,816
Federal Funds		2,139,873	4,688,117
General Obligation Bonds		349,708	13,180,105
Total		\$ 74,292,528	\$ 113,615,038

Summary. The Department of Mental Health, Retardation and Hospitals requested \$127.0 million for 17 capital projects, which is \$22.1 million more than the approved capital plan. Of this amount, \$78.0 million will be spent in FY 2011 through FY 2015. The request includes two new projects totaling \$3.4 million.

The Governor recommended \$115.3 million, including \$69.7 million in the five-year period, \$8.3 million less than requested. He recommended using Certificates of Participation for the hospital consolidation project and eliminated approved funding for the hospital information system.

The Assembly reduced recommended capital expenses by \$0.8 million for the five-year period and included Rhode Island Capital Plan funds for the hospital consolidation project, in lieu of the Governor's proposal to issue debt.

Hospital Consolidation. The Department requested \$14.7 million from Rhode Island Capital Plan funds to consolidate Eleanor Slater Hospital operations from five buildings into three, including \$0.6 million for FY 2010 and \$14.1 million for FY 2011. The first phase of the plan renovates two currently vacant units at the Varley building at a cost of \$8.2 million to house the patients from the Pinel building. The units would also house psychiatric patients currently residing at the Adolph Meyer building. The request is \$6.5 million more than the approved capital plan to reflect the second phase, which renovates the Mathias building to house the geriatric psychiatric patients who currently reside in the Regan and Virks buildings. This replaces the previous plan, which moved the forensic patients to Mathias, the geriatric patients to Adolph Meyer and converted the third floor of the Regan building into administrative space.

The Governor added \$18.4 million to the request and included Section 3 of Article 6 of his recommended budget for a resolution to issue \$28.3 million from Certificates of Participation to fund the hospital consolidation plan. This is instead of the Rhode Island Capital Plan funds that are included in the approved five-year plan. He included \$670,000 from Rhode Island Capital Plan funds for FY 2010 for architectural and engineering services.

The Assembly provided the recommended total funding for the consolidation project; however, provided Rhode Island Capital Plan funds instead of issuing debt to fund it.

Medical Center Asset Protection. The Department requested \$9.0 million from Rhode Island Capital Plan funds for the ongoing maintenance of 11 buildings at the Pastore Center occupied by the Department of Mental Health, Retardation and Hospitals in the FY 2011 through FY 2015 period. The request included \$0.2 million of unspent FY 2009 funds for FY 2010 and added \$2.0 million for FY 2015.

The Governor recommended \$7.0 million, \$2.0 million less than requested for the five-year period for the new project. He included \$1.0 million in both FY 2011 and FY 2012, \$2.0 million in FY 2013 and \$1.5 million in both FY 2014 and FY 2015.

The Assembly shifted the \$3.2 million recommended for the medical center equipment and infection control projects; however, reduced total asset projection spending by \$1.1 million, including \$0.8 million in FY 2010 to reflect current expenses.

Developmental Disabilities Group Homes - Asset Protection. The Department requested \$9.0 million from Rhode Island Capital Plan funds for asset protection projects at the state's 270 group homes for the developmentally disabled, of the total 145 are state-owned, 34 state-operated, 115 privately operated and 121 privately owned and operated. This is \$5.2 million more than the approved plan, including \$0.4 million more annually for FY 2011 through FY 2014 and \$2.0 million for FY 2015.

*The Governor provided \$5.0 million, \$4.0 million less than requested and \$1.1 million less than the approved plan. He reduced requested funding for FY 2011 by \$0.6 million, for FY 2012 and FY 2013 by \$0.7 million and for FY 2014 and FY 2015 by \$1.0 million. **The Assembly concurred.***

Community Facilities Fire Code Upgrades. The Department requested \$7.8 million from Rhode Island Capital Plan funds, including \$5.3 million for the FY 2011 through FY 2015 period to install new and upgrade existing fire alarm and sprinkler systems throughout the community developmental disability and mental health facilities. This included group homes, community workshops and day program sites, outpatient facilities and licensed facilities including the four Zambarano group homes.

The request is \$2.3 million more than the approved capital plan and adds \$0.8 million more for FY 2014 and \$1.5 million more for FY 2015. FY 2010 funding includes \$0.3 million carried forward from FY 2009. The 2009 Assembly reduced spending by \$750,000 for FY 2014 to adjust for historical spending to date, but the Department restored the capital plan funding to its previous level to reflect its current estimate of \$1.5 million.

*The Governor recommended \$3.8 million in the five-year period, \$1.5 million less than the request. He reduced funding by \$750,000 in both FY 2014 and FY 2015 and provides \$750,000 annually for FY 2011 through FY 2015. **The Assembly included funding essentially as requested; however, reduced FY 2010 spending by \$1.1 million and added \$250,000 annually in FY 2011 through FY 2014.***

Mental Health Residences. The Department requested \$14.0 million, including \$5.2 million from Rhode Island Capital Plan funds for the FY 2011 through FY 2015 period to provide housing to behavioral health clients through the thresholds program in cooperation with the Rhode Island Housing

Mortgage and Finance Corporation. The request is for \$0.8 million for FY 2011 and \$1.1 million annually for FY 2012 through FY 2015. This is \$2.3 million more than the approved plan and includes additional funding of \$0.2 million for FY 2011, \$0.4 million for FY 2012, and \$0.3 million for FY 2013 and FY 2014, respectively, as well as the inclusion of \$1.1 million for FY 2015.

*The Governor included \$3.4 million for the five-year plan, \$1.8 million less than the request. He reduced funding for FY 2011 by \$0.3 million, FY 2012 by \$0.6 million and by \$0.3 million annually for FY 2013 through FY 2015. **The Assembly concurred.***

Developmental Disabilities Residence Fire Code. The Department requested \$8.6 million, including \$4.5 million for the FY 2011 through FY 2015 period to install and upgrade fire alarm and sprinkler systems in the private developmental disabilities residences. The request is \$0.2 million more than the approved capital plan and adds 16 fire alarm systems in FY 2013 that were originally planned but not upgraded in FY 2009. The Department has completed upgrades to 91 of the 198 facilities that require fire alarms and 11 of the 120 facilities that require sprinkler systems.

*The Governor recommended funding as requested. **The Assembly reduced spending in the five-year period by \$0.7 million, including \$1.1 million less for FY 2011 and added \$0.2 million for FY 2013 and FY 2014.***

Developmental Disabilities Residential Support. The Department requested \$5.5 million from Rhode Island Capital Plan funds for the period FY 2011 through FY 2015, which is consistent with the approved capital plan and adds \$1.1 million for FY 2015. This project funds the thresholds program, which promotes residential development with additional funding provided by Rhode Island Housing and the access to independence program, which allows adults with developmental disabilities to remain in their home and provides furniture for the residences. *The Governor recommended funding as requested. **The Assembly concurred.***

Developmental Disabilities Regional Centers - Asset Protection. The Department requested total funding of \$6.0 million, including \$2.5 million from Rhode Island Capital Plan funds in the FY 2011 through FY 2015 period for repairs and renovations to the state's 11 regional workshop centers. The request is \$1.0 million more than the approved capital plan to reflect the inclusion of \$0.5 million for FY 2015 and post-FY 2015 expenses. The Department also requested \$33,196 more than the approved capital plan from unused funds to be carried forward to FY 2010.

*The Governor recommended funding as requested. **The Assembly included the recommended funding for the five-year period; however, reduced FY 2010 funding by \$0.5 million based on current spending.***

Mental Health Community Facilities - Asset Protection. The Department requested \$1.5 million from Rhode Island Capital Plan funds in the five-year period for repairs to mental health community facilities. This is consistent with the approved plan and adds \$0.3 million for FY 2015. *The Governor recommended funding as requested. **The Assembly concurred.***

Substance Abuse - Asset Protection. The Department requested \$1.4 million from Rhode Island Capital Plan funds in the five-year period for substance abuse asset protection projects. This is consistent with the approved plan and adds \$0.3 million for FY 2015. *The Governor recommended funding as requested. **The Assembly concurred.***

Zambarano Campus - Asset Protection. The Department requested total expenditures of \$3.6 million from Rhode Island Capital Plan funds, including \$2.2 million for the FY 2011 through FY 2015 period for asset protection projects related to repairs at the Zambarano campus of the Eleanor Slater Hospital.

This included \$0.1 million for FY 2015. *The Governor recommended funding as requested.* **The Assembly concurred.**

Mental Health Residences Furniture. The Department requested \$310,000 from Rhode Island Capital Plan funds for furniture provided to indigent mental health clients who live in newly acquired apartments or group homes in the FY 2011 to FY 2015 period. This is consistent with the approved plan with the inclusion of \$68,000 for FY 2015. The total includes \$26,000 for FY 2010 and \$56,000 for FY 2011. *The Governor recommended funding as requested.* **The Assembly concurred.**

Management Information System. The Department requested \$0.8 million, including \$0.4 million from bond proceeds matched by Medicaid funds, for the enhancement and modification of the Department's management information system for developmental disabilities. Funding is consistent with the approved capital plan; however, the Department shifts funding to FY 2010 and FY 2011. The project was originally funded in FY 1994 to support the developmental disabilities program but has never been implemented. *The Governor recommended funding as requested.* **The Assembly concurred.**

HVAC System. The Department requested \$4.9 million from Rhode Island Capital Plan funds to upgrade the heating, ventilation and air condition systems at the Adolph Meyer building, Barry Hall, and Simpson Hall as well as the Wallum Lake House on the Zambarano hospital campus. This is consistent with the approved capital plan.

The Governor recommended total funding as requested; however, he shifted \$350,000 from FY 2012 to FY 2013. **The Assembly concurred.**

Eleanor Slater Hospital Medical Equipment. The Department requested \$1.2 million from new Rhode Island Capital Plan funds for the ongoing replacement of medical equipment at the state hospital. This includes \$520,000 for FY 2011 and \$170,000 annually for FY 2012 through FY 2015. Replacing medical equipment does not appear to meet the definition of a capital project, and the Department indicates that funding to purchase similar equipment was previously part of its operating budget. However, since the hospital's operating budget has been reduced, the Department submits the new equipment as part of its capital plan. The expenses are eligible for a Medicaid match.

The Governor recommended funding as requested from Rhode Island Capital Plan funds. The Department can receive the Medicaid match for the equipment through the hospital rate reimbursement system when the state bills for the services. The Rhode Island Capital Plan funds can then be adjusted accordingly. **The Assembly shifted funding provided for medical equipment to the medical center asset protection project.**

Eleanor Slater Hospital Infection Control. The Department requested \$2.6 million from Rhode Island Capital Plan funds for a new infection control asset protection project at Eleanor Slater Hospital. This included \$150,000 for FY 2010, \$400,000 for FY 2011 and \$500,000 annually for FY 2012 through FY 2015. The project includes routine painting of patient and common areas, and replacing floor and ceiling tiles. The approved capital plan already includes funding for a separate asset protection program for the ongoing maintenance of 11 buildings at the Pastore Center occupied by the Department of Mental Health, Retardation and Hospitals, including several hospital buildings.

The Governor provided \$2.0 million for the new project, \$0.4 million less than the request for the five-year period. He included \$0.4 million annually from FY 2011 to FY 2015. **The Assembly shifted funding provided for medical equipment to the medical center asset protection project.**

Eleanor Slater Hospital Information System. The Department requested \$9.1 million to establish a hospital information system incorporating an electronic medical records system at Eleanor Slater

Hospital. The request is consistent with the capital plan; however, it accelerates the start of the project from FY 2012 to FY 2010. The project is part of the Department's master plan and the Department of Health's Healthcare Information Exchange Initiative which will allow patients and health care providers access to medical information such as laboratory reports, emergency room and hospital discharge reports and surgical procedure reports.

The Department of Health is in the process of building the statewide system's internal infrastructure. If the hospital information system project is approved, selected information from the Eleanor Slater Hospital electronic medical records system would be integrated with the Healthcare Information Exchange.

*The Governor did not recommend funding for the information system based on project delays. He also assumed the Department can leverage either Medicaid funds for the system or that the state is eligible to receive funding that is available to community hospitals to upgrade its information systems through the American Recovery and Reinvestment Act. **The Assembly concurred.***

Governor's Commission on Disabilities

Projects	Status	5 Year Total	Project Total
Facility Renovations	Revised	\$ 1,250,000	\$ 4,089,000
Total		\$ 1,250,000	\$ 4,089,000
Sources of Funds			
Rhode Island Capital Funds		\$ 1,250,000	\$ 2,089,000
General Obligation Bonds		-	2,000,000
Total		\$ 1,250,000	\$ 4,089,000

Summary. The Commission requested \$11.1 million, of which \$3.6 million is from Rhode Island Capital Plan funds for FY 2011 through FY 2015 to remove barriers at state owned facilities to allow access for people with disabilities. The request is \$2.7 million more than the approved plan. The Commission requests \$225,119 for FY 2010, which includes \$34,968 carried forward from general obligation bonds and \$190,151 from Rhode Island Capital Plan funds. The request increases funds by \$225,000 in FY 2011, \$325,000 in FY 2012, \$425,000 in both FY 2013 and FY 2014. It also adds \$1.2 million for FY 2015 and \$1.9 million for post-FY 2015 project expenses.

*The Governor recommended \$1.3 million, \$250,000 for each year consistent with the approved plan. This is \$2.3 million less than requested. **The Assembly concurred.***

Department of Elementary and Secondary Education

Projects	Status	5 Year Total	Project Total
Cranston Career and Technical School	Revised	\$ 1,529,051	\$ 1,689,051
East Providence Career and Technical School	Revised	107,872	157,872
Woonsocket Career and Technical School	Revised	975,788	1,175,788
Warwick Career and Technical School	Revised	588,036	688,036
Chariho Renovations	Revised	1,400,000	1,600,000
Newport Career and Technical School	Revised	943,362	943,362
Davies School HVAC	Revised	1,312,622	2,162,216
Davies School Roof Repair	Revised	2,150,800	4,093,175
Comprehensive Education Information System	Revised	-	7,600,000
Met School East Bay Campus	Revised	9,200,000	10,100,000
School for the Deaf New Construction	Ongoing	2,504,654	31,248,698
Regional Career and Technical Schools	Ongoing	-	15,000,000
Metropolitan Regional Career & Technical Center	Ongoing	-	29,000,000
Davies Asset Protection	Ongoing	700,000	924,215
Shepard Building HVAC	Ongoing	-	311,500
K-16 STEM Investment	Ongoing	188,337	445,154
Total		\$ 21,600,522	\$ 107,139,067
Sources of Funds			
General Obligation Bonds		\$ -	\$ 44,000,000
Certificates of Participation		2,692,991	33,445,154
Rhode Island Capital Funds		18,907,531	25,093,913
Federal Funds		-	4,600,000
Total		\$ 21,600,522	\$ 107,139,067

Summary. The Board of Regents for Elementary and Secondary Education requested capital project expenditures totaling \$130.7 million, which is \$26.0 million more than the approved capital plan. Of this amount, \$48.4 million would be spent in the FY 2011 through FY 2015 period covered by the current request. This request includes 18 projects, two of which are new.

The Governor's capital budget includes \$107.1 million in projects with \$20.2 million in the FY 2011 through FY 2015 period. The five-year capital plan includes \$17.5 million from Rhode Island Capital Plan funds and \$2.7 million from Certificates of Participation.

The Assembly included \$107.1 million with spending of \$21.6 million in the five-year period. It altered the funding schedule for several projects based on updated project schedules and concurred with the remainder of the Governor's recommendation.

Cranston Career and Technical School. The Regents requested \$1.7 million from Rhode Island Capital Plan funds for FY 2010 through FY 2013 to cover remaining miscellaneous life and fire safety repairs and the replacement of the HVAC system at the Cranston Career and Technical Center. The Regents have identified Cranston as the highest priority because the HVAC system has been reported as in a state of constant failure. Funding is consistent with the approved capital plan but is reprogrammed to reflect a revised project schedule. *The Governor recommended funding as requested. The Assembly shifted*

\$229,051 from FY 2010 to FY 2013 based on a revised project schedule. Total funding is as recommended.

East Providence Career and Technical School. The Regents requested \$157,872 from Rhode Island Capital Plan funds for FY 2010 to cover remaining fire, health, and life safety repairs at the East Providence Career and Technical Center. Funding is consistent with the approved capital plan but programmed one year earlier. The Department believes that the district will consider taking ownership once these repairs are made. *The Governor recommended funding as requested.* **The Assembly shifted \$0.1 million from FY 2010 to FY 2011 based on a revised project schedule. Total funding is as recommended.**

Woonsocket Career and Technical School. The Regents requested \$1.2 million from Rhode Island Capital Plan funds for FY 2010 through FY 2013 to replace the roof at the Woonsocket Career and Technical Center. Funding is consistent with the approved capital plan. The approved plan includes the entire \$1.2 million for FY 2011. The Regents request this funding be reprogrammed, delaying \$0.5 million to later years, based on a revised project schedule. *The Governor recommended funding as requested.* **The Assembly shifted \$275,788 from FY 2010 to FY 2011 through FY 2013 based on a revised project schedule. Total funding is as recommended.**

Warwick Career and Technical School. The Regents requested \$688,036 from Rhode Island Capital Plan funds for FY 2010 through FY 2012 to replace the roof at the Warwick Career and Technical Center. Funding is consistent with the approved capital plan but reprogrammed to reflect a revised project schedule delaying completion by one year. *The Governor recommended funding as requested.* **The Assembly shifted \$158,036 from FY 2010 to FY 2011 and FY 2012 based on a revised project schedule. Total funding is as recommended.**

Chariho Renovations. The Regents requested \$1.6 million from Rhode Island Capital Plan funds to make health and safety renovations and repairs to the Chariho Career and Technical Center for this district to consider taking ownership of the facility. Renovations include replacing the electrical panel system, paving the parking areas and replacing the failing plumbing system. Approximately \$3.0 million of the \$15.0 million bond issue for the career and technical schools was spent on Chariho. Nearly half of that amount was spent for a new HVAC system. The remaining funds were used for fire code upgrades and to correct the drinking water issue. Funding is programmed between FY 2010 and FY 2012, consistent with the approved capital plan. *The Governor recommended funding as requested.* **The Assembly shifted \$0.3 million from FY 2010 to FY 2012 based on a revised project schedule. Total funding is as recommended.**

Newport Career and Technical School. The Regents requested \$943,362 from Rhode Island Capital Plan funds for FY 2011 through FY 2013 to replace the roof at the Newport Career and Technical Center. Funding is consistent with the approved capital plan but is reprogrammed to reflect a revised project schedule. *The Governor recommended funding as requested.* **The Assembly concurred.**

Davies School – HVAC. The Regents requested \$3.2 million from Rhode Island Capital Plan funds programmed through FY 2013 to repair the HVAC system at the Davies Career and Technical Center. This request is \$1.2 million more than the approved capital plan. The recent architectural and engineering design work has changed the scope of the project from an electric-based heating/cooling solution to a more energy efficient hydronic heating and split cooling system. While the hydronic system is ultimately more cost efficient, the initial costs are higher as there is new piping to run, new pumps, new unit-ventilators to install, and a new rooftop split air conditioning unit to install. *The Governor recommended funding consistent with the approved capital plan. He programmed the remaining funding as \$0.7 million for FY 2010, \$1.0 million for FY 2011, and \$0.3 million for FY 2012.* **The Assembly concurred.**

Davies School – Roof Repair. The Regents requested \$3.9 million to finish replacing the roof at the Davies Career and Technical Center. This is \$0.3 million or 8.3 percent more than the approved capital plan based on an additional 13,400 square feet of roof repair included in the project. The cost per square foot is consistent with the approved capital plan.

The Governor recommended total funding of \$4.1 million based on updated project costs. He programmed the remaining funding as \$1.0 million for FY 2010, \$0.8 million for FY 2011, \$0.7 million for FY 2012, \$0.4 million for FY 2013 and \$0.3 million for FY 2014. The Assembly concurred.

Comprehensive Education Information System. The Regents requested \$4.6 million through FY 2012 to fully implement the comprehensive education information system innovative schools initiative (CEIS). The Department currently has authorization for \$3.0 million from Certificates of Participation. The Regents requested the additional \$1.6 million from either new general obligation bond funds or Rhode Island Capital Plan funds. The comprehensive education information system is an information system that integrates state and local district information. This project is part of a larger \$65.2 million information technology innovation initiative in the Department of Administration's budget. This is the same request that was submitted as part of the FY 2009 through FY 2013 and FY 2010 through FY 2014 capital budgets, but neither the Governor nor the Assembly approved the additional funding.

The Governor did not recommend the additional funding. He recommended \$3.0 million from Certificates of Participation consistent with the approved capital plan. He also showed \$4.6 million from federal funds that the Department was able to secure to support this project in the pre-FY 2010 period. The Assembly concurred.

Met School East Bay Campus. The Regents requested \$10.1 million from Rhode Island Capital Plan funds for FY 2009 through FY 2013 to renovate and add new space to the Florence Gray Community Center in Newport to accommodate the growing student enrollment at the Met School's East Bay Campus. The school opened in August 2006 with 30 students; it now has 90. Funding is consistent with the approved capital plan but programmed two years later to reflect a revised project schedule. *The Governor recommended funding as requested. The Assembly shifted \$0.3 million from FY 2010 to FY 2013 based on a revised project schedule. Total funding is as recommended.*

School for the Deaf New Construction. The Regents' request includes \$32.5 million from Certificates of Participation and \$1.25 million from Rhode Island Capital Plan funds to construct a new School for the Deaf at its current location in Providence. The 2009 Assembly provided \$1.25 million from Rhode Island Capital Plan funds for FY 2009 to begin the project and \$30.0 million from Certificates of Participation. It appears that the request may be in error. The Budget Office indicated that the actual issuance was \$30,425,000, with \$29,910,000 for the construction fund and the balance for cost of issuance. Construction is currently underway and on schedule for occupancy in the fall of 2010. The existing school has been vacated and the school has moved to a leased facility in Warwick for the 2009-2010 school year. *The Governor recommended funding consistent with the approved capital plan. He included \$2.5 million from Certificates of Participation for FY 2011 to finish the project. The Assembly concurred.*

Regional Career and Technical Schools. The Regents' capital budget request includes \$34.5 million for repair work at the state-owned career and technical buildings. This includes \$15.0 million from general obligation bond funds approved by the voters in 2004. The request also includes \$1.3 million from new Rhode Island Capital Plan funds programmed through FY 2015 for asset protection type projects. Historically the Department's operating budget contained \$125,000 for these types of repairs. The operating budget has been reduced to \$25,000, and the Department indicates it cannot adequately maintain the facilities until transfer back to the districts with this amount.

Consistent with the approved capital plan, the Department requested that the remaining priority projects be split into separate appropriations for each center based on the policy decision to transfer the centers back to their respective districts. It is anticipated that when these repairs are complete, the facilities will be transferred back to the districts, which will save money in state operating costs such as insurance and emergency repair costs.

The Regents also requested a new \$18.2 million from Rhode Island Capital Plan funds to address renovations and repairs referred to as second and third phase projects that were not in the original estimate. This request is only necessary if the state is unable to transfer the facilities back to the districts. The Regents hope that with the completion of the center specific projects in the approved capital budget, the districts will agree to take ownership of the facilities and that the cost of these additional repairs will not fall to the state. These projects include ADA accessibility issues, security systems, door and window repairs, new flooring, plumbing, parking lot refurbishing, lighting, sidewalks, and electrical work. The Regents made a similar request in the last several years, but the Governor and Assembly rejected the use of Rhode Island Capital Plan funds for second and third phase projects.

*The Governor did not recommend the additional funding. He recommended funding consistent with the approved capital plan and provided \$0.2 million for FY 2010 from the remaining general obligation bond funds. **The Assembly concurred.***

Metropolitan Regional Career and Technical Center. The Board requested \$0.8 million from approved general obligation bond proceeds for FY 2010 to create an “entrepreneurial center” at the Providence campus. This center would serve as a 3,500 square foot business incubator for student driven projects that would include workrooms, offices and a conference room. This is consistent with the approved capital plan. *The Governor recommended funding as requested. **The Assembly concurred.***

Davies Asset Protection. The 2007 Assembly provided \$0.6 million for the five-year period of the capital plan for asset protection projects at the Davies Career and Technical Center. The Regents requested \$750,000 from Rhode Island Capital Plan funds in the FY 2011 through FY 2015 time period for asset protection projects. Current planned projects include a security system upgrade and other window and building repairs. *The Governor recommended \$700,000 for the five-year period. He programmed funding as \$150,000 for FY 2011, \$100,000 for FY 2012, and \$150,000 for each FY 2013 through FY 2015. **The Assembly concurred.***

Shepard Building HVAC. The Regents requested \$286,500 from Rhode Island Capital Plan funds through FY 2010 to install a supplemental air conditioning system for the sixth floor of the Department of Education’s portion of the Shepard Building. Total funding is consistent with the approved capital plan. *The Governor recommended \$146,388 for FY 2010 to finish the project based on available remaining funds. **The Assembly concurred.***

K-16 STEM Investment. The Regents requested \$445,154 from Certificates of Participation programmed through FY 2012 for the Governor’s Science, Technology, Engineering, and Mathematics (STEM) initiative designed to get students excited about math and science. This project is part of a larger \$65.2 million information technology innovation initiative in the Department of Administration’s budget. The 2006 Assembly authorized the issuance of debt to support innovative technology initiatives in the Registry of Motor Vehicles, State Police, and E-911, in addition to the education projects. Funding is consistent with the approved capital plan. *The Governor recommended funding as requested. **The Assembly concurred.***

Davies Window Replacement. The Regents requested \$300,000 from Rhode Island Capital Plan funds for FY 2013 to replace the windows at the Davies Career and Technical Center. This work was

previously planned as part of the asset protection project for which the approved capital plan includes \$150,000 per year. The school indicates, however, that use of those funds would leave no funding for smaller projects throughout the facility. *The Governor did not recommend funding for this project.* **The Assembly concurred.**

Davies Paving. The Regents requested \$250,000 from Rhode Island Capital Plan funds for FY 2011 to repave the access drive and parking lots at the Davies Career and Technical Center. This work was previously planned as part of the asset protection project for which the approved capital plan includes \$150,000 per year. The school indicates, however, that use of those funds would leave no funding for smaller projects throughout the facility. *The Governor did not recommend funding for this project.* **The Assembly concurred.**

Board of Governors for Higher Education

Projects	Status	5 Year Total	Project Total
Systemwide			
Asset Protection	Revised	\$ 51,032,478	\$ 119,479,996
Smart Classrooms	Ongoing	-	13,407,537
Telecommunications	Ongoing	-	40,600,000
Community College		37,685,911	55,017,623
College		62,308,232	107,058,325
University		304,363,686	628,251,463
Total		\$ 455,390,307	\$ 963,814,944
Sources of Funds			
General Obligation		\$ 31,500,000	\$ 266,260,063
New General Obligation		78,000,000	155,800,000
RIHEBC		134,663,635	172,037,805
Other Debt		12,600,000	43,478,930
General Revenue		2,994,444	9,674,167
Rhode Island Capital Funds		112,667,388	198,730,234
Other		82,964,840	117,833,745
Total		\$ 455,390,307	\$ 963,814,944

Summary. The institutions under the Board of Governors submitted five-year capital requests that include projects totaling \$1,356.4 million, of which \$791.8 million would be spent in the FY 2011 through FY 2015 period; \$105.3 million would be spent in FY 2010.

The Governor recommended \$1,085.6 million in projects with \$516.6 million to be spent in the FY 2011 through FY 2015 period and \$106.3 million in FY 2010. The Governor's recommendation also includes projects that the Board considers complete and therefore did not include in its request. Adjusted for that, the recommended projects are \$70.4 million less than requested.

The Assembly included projects totaling \$963.8 million. It added \$7.5 million from Rhode Island Capital Plan funds for asset protection projects in the five-year period. The Assembly authorized the University and Community College to issue \$32.2 million in new debt for energy performance contracts and included two projects totaling \$78.0 million for the November 2010 ballot. It provided Rhode Island Capital Plan funds in lieu of general obligation bond debt for several other projects, revised the timeline on several projects and concurred with the remainder of the Governor's recommendation.

New Bond Initiatives. The current request includes \$161.9 million in new general obligation bond funds to be placed on the November 2010 and November 2012 ballots. Including approved projects, the five years of the capital plan include \$108.8 million from general obligation bond funds. If voters approve all the new projects, annual debt service, assuming 20 years and 5.0 percent interest, would be \$9.0 million funded from general revenues.

The request includes \$44.2 million for projects at the Flanagan and Knight Campuses for the Community College including \$31.6 million for a new residence hall on the Knight Campus. For the College, it

includes \$18.4 million for a new art center and \$21.5 million for the second phase of academic building renovations. The first phase is funded from Rhode Island Capital Plan funds. At the University, the request includes \$77.8 million for a new College of Engineering.

Project		Current Board Req.	2010 Ballot
Knights Campus Residence Hall	CCRI	\$ 31,562,105	\$ -
Athletic Facilities Renovations	CCRI	12,662,254	-
Academic Buildings Phase*	RIC	21,500,000	-
New Art Center	RIC	18,405,220	17,000,000
Chemistry Building	URI	-	61,000,000
New College of Engineering	URI	77,800,000	-
Total		\$ 161,929,579	\$ 78,000,000

**The Assembly provided Rhode Island Capital Plan funds in the approved capital plan.*

The Governor's capital budget includes \$88.9 million for three projects to be placed on the November 2010 ballot. This includes \$17.0 million for a new art center at Rhode Island College, \$10.9 million for infrastructure modernization at the College and \$61.0 million for a new chemistry building at the University. The Assembly provided Rhode Island Capital Plan funds for the infrastructure modernization and new chemistry building projects. The Governor also recommended \$93.1 million for three projects to be placed on the November 2012 ballot and \$127.1 million for three projects to be placed on the November 2014 ballot.

The Governor requested an amendment on March 12, 2010 that added \$60.0 million for a new nursing sciences building in Providence for the University and College and eliminated the \$17.0 million originally proposed for a new art center for Rhode Island College.

The Assembly included two projects for the November 2010 ballot, \$17.0 million for a new art center at the College and \$61.0 million for a new chemistry building at the University. It provided \$8.8 million from Rhode Island Capital Plan funds for FY 2015 to begin the College's academic building project in lieu of general obligation bond debt. It also provided \$175,000 from Rhode Island Capital Plan funds for a feasibility study for a new nursing sciences building for the University and College. The feasibility study must include enrollment projections, operating costs, space sharing, governance plans and a comparison to alternate plans for separate facilities.

Other Debt. The current request also includes projects funded from revenue bonds. If a revenue stream is available, that revenue pays the debt service on the bonds. For example, housing fees would pay the debt service on a new dorm. With projects for which there is no dedicated revenue stream, debt service is paid from either general revenues or tuition and fee revenues. The current request includes a total of \$144.0 million from revenue bonds, including \$119.6 million in the five-year period. Annual debt service on the \$119.6 million assuming 20 years and 5.0 percent interest is \$9.9 million. Annual debt service on the entire \$144.0 million is \$11.9 million.

The Governor recommended \$172.0 million from revenue bonds, including \$134.7 million in the five-year period. Annual debt service on the \$134.7 million assuming 20 years and 5.5 percent interest is \$11.6 million; for the full \$172.0 million, it is \$14.8 million. He submitted a resolution for Assembly approval for the Board to issue \$37.4 million in energy savings contracts to fund energy conservation improvements at the University of Rhode Island and the Community College of Rhode Island.

The Assembly authorized the University and Community College to issue up to \$32.2 million for energy performance contracts. The authorization allows the University an amount not to exceed \$12.6 million in project costs and the Community College an amount not to exceed \$11.5 million.

System Wide Projects

Asset Protection. The Board requested \$69.6 million from Rhode Island Capital Plan funds for asset protection projects for the five years of the current capital plan. The Board assumes use of \$7.6 million for FY 2010 and \$11.9 million for FY 2011. The approved capital plan assumed use of \$4.0 million and \$4.6 million in FY 2010 and FY 2011, respectively. The 2006 Assembly included an annual five percent increase in asset protection projects as part of its multi-year appropriations. The 2008 Assembly provided three percent increases for FY 2011 and FY 2013 and a 10.0 percent increase for FY 2012 as part of its multi-year appropriations. *The Governor recommended \$25.2 million for the five-year period. He recommended \$9.5 million for FY 2010. This includes \$1.9 million reappropriated from FY 2009 to FY 2010.*

The Assembly added \$1.4 million in each year FY 2011 through FY 2015 for asset protection projects. The annual increase includes \$750,000 for projects at the University, \$350,000 for projects at the College and \$250,000 for projects at the Community College.

Smart Classrooms. The 2006 Assembly authorized \$15.2 million from Certificates of Participation for “SMART” classrooms to upgrade teacher preparation facilities at the College and University of Rhode Island. The request reflects Rhode Island College’s portion of that funding, \$7.4 million, with \$3.0 million for FY 2010. *The Governor recommended \$11.7 million from Certificates of Participation consistent with the approved capital plan. He also recommended \$2.4 million from private grants and federal funds. The Assembly concurred.*

Telecommunications. The Board’s request includes \$40.6 million for a telecommunications initiative approved by referendum in 1996. It is a system-wide project designed to address critical telecommunications and computer networking needs of students, faculty, staff and the public. Total project funds include expenditures of \$4.0 million at the Community College, \$7.6 million at the College and \$29.0 million at the University. The request reflects the remaining unspent funds of \$0.8 million for FY 2010. *The Governor recommended funding as requested. The Assembly concurred.*

Community College of Rhode Island

Projects	Status	5 Year Total	Project Total
<i>Community College of Rhode Island</i>			
Energy Performance Contract	New	\$ 11,500,000	\$ 11,500,000
Knight Campus Renewal	Revised	20,125,000	20,125,000
Flanagan Campus Addition	Revised	2,000,000	2,000,000
Fire Safety Stimulus	Revised	2,260,911	5,501,623
HVAC and Sprinkler System	Ongoing	1,800,000	3,412,000
Newport Campus	Ongoing	-	12,479,000
Total		\$ 37,685,911	\$ 55,017,623

Energy Performance Contract. The Board requested authorization for the issuance of debt up to \$11.5 million for the Community College to enter into an energy performance contract with an energy service company to purchase energy-saving improvements in buildings and infrastructure. This is similar to a contract that the University has with NORESKO. Assuming 20 years and five percent interest, the annual debt service payments would be \$1.0 million, paid from energy savings, for a total cost of \$18.4 million.

The Governor recommended \$15.5 million for an energy performance contract at the Community College and submitted a resolution for Assembly approval. Assuming 20 years and five percent interest, the annual debt service would be \$1.3 million for a total cost of \$24.8 million.

The Assembly authorized the Community College to issue an amount not to exceed an \$11.5 million project to enter into energy service contracts to replace current energy related infrastructure at the Community College.

Knight Campus Renewal. Consistent with the approved capital plan, the Board requested \$20.0 million from Rhode Island Capital Plan funds for a comprehensive renewal of the interior of the original Knight Campus Megastructure. Renovations will include painting, lighting, new carpeting and tile and redesign of the theater. The project also involves roadway and landscape improvements to the main entrance road and facility entrance. The project is programmed to begin in FY 2014. *The Governor recommended placing \$20.3 million on the November 2012 ballot for expenditure in FY 2014.*

The Assembly maintained pay-as-you-go funding and provided \$125,000 from Rhode Island Capital Plan funds for FY 2014 and \$20.0 million for FY 2015.

Flanagan Campus Addition. The Board requested \$27.8 million from Rhode Island Capital Plan funds to add approximately 50,000 square feet to the Flanagan Campus academic building. The addition will include 15 additional classrooms, faculty offices, computer lab space, a theater/arts space, student lounge and more study areas. This is \$5.3 million or 23.6 percent more than the approved capital plan but consistent with the Board's previous request adjusted for inflation of 3.0 percent. The approved capital plan includes \$22.5 million from Rhode Island Capital Plan funds with expenditures beginning in FY 2014. *The Governor recommended placing \$27.8 million on the November 2014 ballot with expenditures to begin in the post-FY 2015 period.*

The Assembly maintained pay-as-you-go funding and provided \$2.0 million from Rhode Island Capital Plan funds for FY 2015 to begin the project.

Fire Safety Stimulus. The 2009 Assembly provided 50.0 percent or \$16.1 million of the total allocation for higher education from state fiscal stabilization funds in each FY 2010 and FY 2011 for fire safety repair work at the institutions of higher education. Funding is distributed to the institutions based on the square feet of existing academic buildings that need fire safety improvements, and includes \$7.2 million for the University of Rhode Island, \$5.7 million for Rhode Island College, and \$3.2 million for the Community College of Rhode Island in each FY 2010 and FY 2011. The Board's request reflects total funding as authorized with \$15.2 million for FY 2010 and \$17.0 million for FY 2011.

[Staff Note: Based on the final allocation, higher education's share of the stabilization funds will be \$27.3 million.]

The Governor recommended total funding of \$5.5 million for the Community College of Rhode Island. This includes \$3.2 million for FY 2010 and \$2.3 million for FY 2011 consistent with available funding.

The Assembly concurred.

HVAC and Sprinkler System. The Board requested \$3.4 million from Rhode Island Capital Plan funds, consistent with the approved capital plan, to replace the rooftop HVAC units on the main building of the Flanagan Campus. The project is programmed through FY 2010. *The Governor recommended funding as requested. Based on projected expenditures the Assembly shifted \$1.8 million from FY 2010 to FY 2011.*

Newport Campus. The Board's request did not include the \$12.5 million project to construct a 65,000 square foot campus facility on land in the north end section of Newport. The project was completed

during FY 2006. *The Governor's budget includes \$0.2 million from unspent general obligation bond proceeds for FY 2010. **The Assembly concurred.***

Wind Turbine. The Board requested \$4.0 million from Rhode Island Capital Plan funds for a new project to purchase and install a wind turbine at the Knight Campus in Warwick. The proposed location for the turbine is in the student parking lot, but the Community College indicated that it will have minimal impact on parking. This project was requested as part of the FY 2010-FY 2014 request. The Governor recommended \$3.9 million from revenue bonds but did not submit a resolution for Assembly approval of the debt issuance. The 2009 Assembly took no action. *The Governor did not recommend funding for this project. **The Assembly concurred.***

Knight Campus Residence Hall. The Board's request includes \$31.3 million from new general obligation bond funds to build a new 200-bed residence hall at the Knight Campus in Warwick. The request also includes \$250,000 from Rhode Island Capital Plan funds for a feasibility study. The facility would be a combination of suites and apartments. The Community College believes that offering student housing would attract out-of-state and international students. The Community College indicated that it has anecdotal evidence from students that they would like an on-campus housing option. Assuming 20-year bonds at 5.0 percent interest, the annual debt service would be \$2.6 million for a total cost of \$50.1 million. State law requires that all auxiliary facilities be self-supporting. The Community College indicated that it is confident that a residence hall would be at capacity as soon as it opens and therefore able to be self supporting through room fees. This project was requested the past two years but neither the Governor nor the Assembly approved it. *The Governor did not recommend funding for this project. **The Assembly concurred.***

Athletic Facilities. The Board requested \$12.7 million from new general obligation bonds to build several new sports venues and make significant improvements to the field houses and existing fields. Principal additions include an outdoor track at the Knight Campus and outdoor tennis courts at both the Knight and Flanagan campuses. A new softball field at the Knight Campus and improvements to the existing softball field at Flanagan are also included in the plan. Improvements to existing fields include lighting, irrigation, bleachers, and fencing and a small addition to the Knight Campus field house for the development of a new wellness program. This is presented as a two-year project that would begin in FY 2011. The Governor recommended \$11.9 million from revenue bonds as part of the FY 2010 budget assuming an FY 2010 start date but did not submit a resolution for Assembly approval of the debt issuance. Assuming 20-year bonds and 5.0 percent interest, the total cost would be \$19.1 million with annual debt service of \$1.0 million. The 2009 Assembly took no action. *The Governor did not recommend funding for this project. **The Assembly concurred.***

Rhode Island College

Projects	Status	5 Year Total	Project Total
<i>Rhode Island College</i>			
New Nursing and Life Sciences Complex	New	\$ -	\$ 175,000
Roads/Parking/Entrances	Revised	8,525,000	9,145,000
Academic Buildings	Revised	8,800,000	8,800,000
Infrastructure Modernization	Revised	11,000,000	11,275,000
Art Center Facility	Revised	18,700,000	18,820,000
Fire Safety Stimulus	Revised	3,973,232	9,668,325
DCYF Phase III	Ongoing	-	7,790,000
Recreation Center Modernization	Ongoing	11,310,000	11,385,000
New Residence Hall	Ongoing	-	30,000,000
Total		\$ 62,308,232	\$ 107,058,325

New Nursing Health and Life Science Complex. The Board requested \$30.2 million for the construction of a new 8,000 square foot nursing health and life sciences complex. The request includes \$175,000 from College funds for FY 2010 for planning and \$30.0 million from Rhode Island Capital Plan funds for FY 2011 and FY 2012 for construction. The College has identified a new nursing health and life sciences complex as its highest priority project. The new construction will include classrooms, laboratories, research spaces and clinical practice areas for pre-service nurses.

The Governor recommended \$175,000 from university and college funds for FY 2010 for planning and initial design work for a new nursing health and life sciences facility.

The Governor requested an amendment on March 12, 2010 that added \$60.0 million for a new nursing sciences building in Providence for the University and College.

The Assembly provided \$175,000 from Rhode Island Capital Plan funds for a feasibility study for a new nursing sciences building for the University and College. The feasibility study must include enrollment projections, operating costs, space sharing, governance plans and a comparison to alternate plans for separate facilities. It included the \$175,000 from university and college funds for FY 2010 as recommended.

Roads/Parking/Entrances. The Board requested \$9.1 million for improvements to the Hennessey Street alternative entrance to the College for service vehicles and the development of a satellite warehouse for the dining services operation. Funding includes \$9.1 million from Rhode Island Capital Plan funds and \$20,000 from College funds. The 2008 Assembly provided \$0.6 million from Rhode Island Capital Plan funds for FY 2009 so that the College can purchase land from the Foundation. The approved capital plan programs funding for FY 2012. The current request programs funding from FY 2012 through FY 2015 based on a revised work schedule. *The Governor recommended total funding as requested; however, shifted funding to FY 2014. The Assembly concurred.*

Academic Buildings Phase I. The Board requested \$24.7 million from Rhode Island Capital Plan funds for the first phase of a four-phase project to modernize and rehabilitate four academic buildings at Rhode Island College. The four buildings planned for renovation are the Adams Library, Craig Lee Hall, Clarke Science Hall and the Henry Barnard School. The 2009 Assembly provided \$17.1 million from Rhode Island Capital Plan funds for FY 2012 and FY 2013. This request is \$7.6 million or 44.4 percent greater than the approved plan but only 3.8 percent or \$0.9 million more than last year's request. The current request programs funding for FY 2013 through the post-FY 2015 period. The College would like to delay the start of this project until a new nursing health and life sciences complex is built due to the growing need for nursing instruction, which is the College's highest priority project.

The Governor recommended placing \$24.8 million on the November 2012 ballot for expenditure in FY 2014.

The Assembly did not concur with placing this project on the ballot for voter approval and provided \$8.8 million from Rhode Island Capital Plan funds for FY 2015 to begin the project.

Academic Buildings Phase II. The Board requested \$21.5 million from new general obligation bonds to be placed on the November 2012 ballot for the second phase of a four-phase project to modernize and rehabilitate four academic buildings at Rhode Island College. The four buildings planned for renovation are Gage Hall, Horace Mann Hall, Roberts Hall and Whipple Hall. The approved capital plan includes \$17.1 million from Rhode Island Capital Plan funds for the first phase of the academic modernization project. Assuming 20 years and five percent interest, the annual debt service supported by general revenues and college funds would be \$1.8 million for a total cost of \$34.4 million. The second phase is programmed to begin in FY 2015. The request assumed the referendum would be placed on the November 2012 ballot.

The Governor recommended placing \$21.5 million on the November 2014 ballot for expenditure in the post-FY 2015 period. The Assembly made no changes.

Infrastructure Modernization. The Board requested \$11.2 million from Rhode Island Capital Plan funds and university and college funds, to modernize and replace steam lines, water lines and the electrical distribution system. The College reports that the water supply lines consistently deliver rust-colored or brown water and that there are repeated power failures. The approved capital plan includes \$10.9 million from Rhode Island Capital Plan funds with expenditure to begin in FY 2014. The current request programs construction to begin in FY 2011 and increases the total cost by \$0.3 million to adjust for rising construction costs. The College wishes to begin this project before the planned construction on the academic buildings which it requests begin in FY 2013.

The Governor recommended placing \$10.9 million on the November 2010 ballot with expenditure in FY 2012. He also recommended \$0.3 million from university and college funds for FY 2010.

The Assembly maintained pay-as-you-go funding and provided \$11.0 million from Rhode Island Capital Plan funds for FY 2013 through FY 2015.

Art Center Facility Renovation. The Board requested \$18.4 million for the construction of a new 40,000 square foot Art Center Facility. The funds would be from new general obligation bond funds that would be placed on the November 2010 ballot for voter approval. The request indicates that \$20,000 from asset protection funds have been spent on a feasibility study prior to FY 2006. This is \$0.7 million or 4.0 percent more than the approved capital plan based on updated cost estimates. The College assumed an average cost of \$300 per square foot in 2008 dollars based on advice from an architectural firm that has done work for the College before. The College assumed 7.0 percent annual inflation and that the project will be built in the FY 2012 to FY 2014 period. Assuming 20-year bonds at 5.0 percent interest, the total cost would be \$29.5 million with annual debt service of \$1.5 million.

The Governor recommended total funding of \$18.8 million programmed through FY 2013. He included \$20,000 from university and college funds and \$1.8 million from Rhode Island Capital Plan funds programmed over FY 2010 and FY 2011 to begin the project. He recommended placing \$17.0 million on the November 2010 ballot for expenditure in FY 2012. The Assembly concurred.

Fire Safety Stimulus. The 2009 Assembly provided 50.0 percent or \$16.1 million of the total allocation for higher education from state fiscal stabilization funds in each FY 2010 and FY 2011 for fire safety

repair work at the institutions of higher education. Funding is distributed to the institutions based on the square feet of existing academic buildings that need fire safety improvements, and includes \$7.2 million for the University of Rhode Island, \$5.7 million for Rhode Island College, and \$3.2 million for the Community College of Rhode Island in each FY 2010 and FY 2011. The Board's request reflects total funding as authorized with \$15.2 million for FY 2010 and \$17.0 million for FY 2011.

[Staff Note: Based on the final allocation, higher education's share of the stabilization funds will be \$27.3 million.]

*The Governor recommended total funding of \$9.7 million for the College. This includes \$5.7 million for FY 2010 and \$4.0 million for FY 2011 consistent with available funding. **The Assembly concurred.***

DCYF Phase III. The Board requested \$7.8 million from approved general obligation bond funds, programmed through FY 2010 to complete the third phase of the facility renovations of the buildings vacated by the Department of Children, Youth and Families. Funding is consistent with the approved capital plan. *The Governor recommended funding as requested. **The Assembly concurred.***

Recreation Center Modernization. Consistent with the approved capital plan, the Board's request includes the \$11.4 million project for the modernization and renovation of the existing Rhode Island College Recreation Center. The approved capital plan includes use of \$75,000 from College funds in FY 2009 for a feasibility study and the remaining \$11.3 million from revenue bonds backed by user fees for FY 2010 and FY 2011. The 2009 Assembly authorized the College to issue \$11.3 million backed by student fees to renovate the recreation center. *The Governor recommended funding as requested. **The Assembly concurred.***

Residence Hall. The Board's request did not include the \$30.0 million project, financed from 2004 general obligation bonds to construct a new residence hall on the Rhode Island College Campus. *The Governor included \$149,863 to show final FY 2010 expenditures. **The Assembly concurred.***

University of Rhode Island

Projects	Status	5 Year Total	Project Total
<i>University of Rhode Island</i>			
Biological Resources Lab	New	\$ 13,250,407	\$ 15,000,000
Energy Conservation Phase II	New	12,600,000	12,600,000
Energy Conservation Phase III	New	12,400,000	12,400,000
College of Engineering	New	-	77,800,000
Facilities Services Sector Upgrade	New	7,700,000	7,700,000
Marine Ecosystems Research Lab	New	3,932,684	5,000,000
Public Safety Building	New	3,900,000	3,900,000
Utility Infrastructure	New	20,000,000	20,000,000
Fire Safety Stimulus	Revised	5,002,975	12,173,065
Environmental Biotechnology Center	Revised	6,803,838	64,410,595
New Chemistry Building	Revised	65,500,000	65,800,000
Engineering Quad Advanced Planning	Revised	400,000	400,000
Fire Protection - Academic and Administrative	Revised	14,636,662	14,636,662
International Center	Revised	5,700,000	5,700,000
Nursing and Associated Health Building	Revised	150,000	175,000
College of Pharmacy	Revised	46,075,703	80,306,737
Roger Williams Wellness Center	Revised	5,308,444	5,900,000
Energy Conservation	Ongoing	-	18,328,930
Fine Arts Center Renovation	Ongoing	400,000	400,000
North District Infrastructure	Ongoing	8,006,500	10,215,221
New Terrace Apartments	Ongoing	42,781,000	43,695,000
Pell Library Addition and Renovation	Ongoing	-	15,813,949
Ranger Hall	Ongoing	-	4,640,063
Repaving and Road Construction	Ongoing	9,365,199	15,209,000
Rodos Hellenic Center	Ongoing	-	4,226,423
Athletic Training Facility	Ongoing	6,256,546	7,400,000
Fire Protection - Auxiliary Enterprise Buildings	Ongoing	14,193,728	18,116,323
Tyler Hall/Fraternity Acquisition	Ongoing	-	4,040,064
International Engineering	Ongoing	-	3,702,000
West Kingston Superfund	Ongoing	-	3,764,000
Lippitt Hall	Ongoing	-	9,518,431
Residence Halls	Ongoing	-	65,280,000
Total		\$ 304,363,686	\$ 628,251,463

Biological Resources Lab. The Board's request includes a new \$15.0 million project to construct a 17,000 square foot new biological resources laboratory designed to centralize and replace the numerous small laboratory animal care facilities on the Kingston Campus. The new lab would be designed to National Institute of Health standards and be located underground the new north district science courtyard and connected to the lower two floors of the new College of Pharmacy building. The University has applied for a National Institute of Health grant to fund the entire project. Notice of the grant awards will be announced in the spring of 2010. If the University receives the grant, construction would occur from FY 2010 through FY 2012. *The Governor recommended funding as requested.* **The Assembly concurred.**

Energy Conservation Phase II. The 2006 Assembly approved a resolution for leases not to exceed \$18.1 million at the University and \$7.5 million at the College to enter into an energy performance contract with an energy service company to purchase energy-saving improvements in buildings and infrastructure. This work is nearly complete. The Board requested \$12.5 million from Certificates of Participation for the second phase of this project. Phase II will continue the replacement and renovation of equipment and facilities. The University does not currently have a list of the specific projects to be implemented but plans to include the installation of a mid-line condensate pump station to improve condensate return, the construction of a co-generation turbine, the replacement of leaking steam lines, air handling units on the fine arts building, the conversion of electrical heat to gas and the installation of energy management control systems at various buildings.

*The Governor recommended \$12.6 million for an energy performance contract at the University and submitted a resolution for Assembly approval. Assuming 20 years and five percent interest, the annual debt service would be \$1.0 million for a total cost of \$20.2 million. **The Assembly authorized the debt as recommended.***

Energy Conservation Phase III. The 2006 Assembly approved a resolution for leases not to exceed \$18.1 million at the University and \$7.5 million at the College to enter into an energy performance contract with an energy service company to purchase energy-saving improvements in buildings and infrastructure. This work is nearly complete. The Board requested \$12.4 million from federal stimulus Department of Energy funding for the third phase of this project. The current request also includes \$12.5 million from Certificates of Participation for the second phase of this project. *The Governor recommended funding as requested and programmed it from FY 2011 through FY 2013. **The Assembly concurred.***

College of Engineering. The Board requested \$77.8 million from new general obligation bonds to renovate and build additions to the College of Engineering. The Board requested that this project go on the November 2014 ballot for voter approval. Expenditures are programmed to begin in FY 2015. Assuming 20 years and 5.0 percent interest, annual debt service supported by general revenues and University funds would be \$6.4 million for a total cost of \$124.6 million. The approved capital plan includes \$0.3 million from Rhode Island Capital Plan funds for FY 2012 for planning work for this project. *The Governor recommended placing \$77.8 million on the November 2014 ballot for expenditure in the post-FY 2015 period. **The Assembly made no changes.***

Facilities Services Sector Upgrade. The Board requested \$7.7 million from new revenue bonds to make improvements to the service sector area that houses the operations and maintenance functions, and stores equipment, furniture and supplies. The plan calls for the demolition of the automotive garage and the grounds building. New facilities will accommodate equipment and furniture storage, automotive garages and any workshops necessary in the facilities compound while largely hiding the operations from public view. Assuming 20 years and 5.0 percent interest, annual debt service payments would be \$0.6 million for a total cost of \$12.3 million. *The Governor recommended funding as requested but did not submit a resolution for Assembly approval of the debt issuance. **The Assembly took no action.***

Marine Ecosystems Research Lab. The Board requested \$5.0 million from federal stimulus funds for a new project to renovate the marine ecosystems research laboratory including the mechanical, electrical and plumbing systems. The University reports there are safety issues with the outside deck and tanks, pump systems are out of date, the HVAC system is inadequate in the laboratories, and the structures that provide access to the tanks are not adequate. The University has submitted a \$5.0 million grant proposal to the National Institute of Health to be funded from American Recovery and Reinvestment Act stimulus funds. The project is programmed for FY 2010 and FY 2011, pending grant approval. *The Governor recommended funding as requested. **The Assembly concurred.***

Public Safety Building. The Board requested \$3.9 million from Rhode Island Capital Plan funds programmed over FY 2011 and FY 2012 for a new project to design and construct a new 10,000 square foot public safety building to house the campus police, parking, risk management and safety compliance offices of the University. The University has recently consolidated the campus police and safety/risk management operations and would like to locate these departments in a common space. *The Governor recommended \$3.9 million from revenue bonds programmed for FY 2011 and FY 2012 but did not submit a resolution for Assembly approval of the debt issuance.* **The Assembly took no action.**

Utility Infrastructure. The Board requested \$20.0 million from revenue bonds, backed by general revenues and tuition and fees, for two phases of utility infrastructure upgrades. Funding is programmed over FY 2011 and FY 2012 for phase I and from FY 2013 through FY 2015 for phase II. The project involves the replacement of the steam/condensate distribution system, water distribution system, electrical distribution system and the sanitary sewer system. This project has been requested for the past two years but neither the Governor nor the Assembly included it. The total cost, assuming 5.0 percent interest and a 20-year term is \$32.0 million with annual debt service of \$1.7 million. *The Governor recommended funding as requested but did not submit a resolution for Assembly approval of the debt issuance.* **The Assembly took no action.**

Fire Safety Stimulus. The 2009 Assembly provided 50.0 percent or \$16.1 million of the total allocation for higher education from state fiscal stabilization funds in each FY 2010 and FY 2011 for fire safety repair work at the institutions of higher education. Funding is distributed to the institutions based on the square feet of existing academic buildings that need fire safety improvements, and includes \$7.2 million for the University of Rhode Island, \$5.7 million for Rhode Island College, and \$3.2 million for the Community College of Rhode Island in each FY 2010 and FY 2011. The Board's request reflects total funding as authorized with \$15.2 million for FY 2010 and \$17.0 million for FY 2011.

[Staff Note: Based on the final allocation, higher education's share of the stabilization funds will be \$27.3 million.]

The Governor recommended total funding of \$12.2 million for the University. This includes \$7.2 million for FY 2010 and \$5.0 million for FY 2011 consistent with available funding. **The Assembly concurred.**

Environmental Biotechnology Center. The Board's request reflects a \$64.6 million project for expansion of the Biological Sciences Center. The voters approved \$50.0 million from general obligation bonds placed on the November 2004 ballot to construct a 93,000 square foot building and demolition of the existing biological sciences building to include teaching and research facilities. The revised plan calls for the construction of a 140,000 square foot facility. The project will provide classrooms, laboratory facilities, animal care holding facilities, and office space. Funding also includes \$5.6 million from Rhode Island Capital Plan funds, \$1.9 million from private sources, \$1.9 million from federal funds and \$0.2 million from authorized Certificates of Participation for education technology projects through the Department of Elementary and Secondary Education's budget. The 2009 Assembly provided an additional \$5.1 million from Rhode Island Capital Plan funds to build out space on the fourth floor.

This request also includes \$5.0 million from new federal funds. The University submitted a grant request to the National Institute of Health in May of 2009 to build out the "shelled" laboratory and office space. This money will be used to complete the interior spaces to include research labs, fixed equipment installation, and research office space. *The Governor recommended funding as requested.* **The Assembly concurred.**

New Chemistry Building. The Board's request includes a \$64.9 million project to construct a new 100,000 square foot chemistry building in the FY 2009 through FY 2014 period. The request includes

\$0.3 million from Rhode Island Capital Plan funds for planning work in FY 2009 and \$64.6 million from Rhode Island Capital Plan funds for construction in FY 2011 through FY 2014.

The Governor recommended placing \$61.0 million on the November 2010 ballot with expenditure for FY 2012. He also recommended \$4.8 million from Rhode Island Capital Plan funds for FY 2010 and FY 2011 to begin the project.

The Assembly concurred with placing the \$61.0 million on the November 2010 ballot for voter approval. It also provided total Rhode Island Capital Plan funding as recommended but shifted \$1.0 million from FY 2010 to FY 2011 based on projected expenditures.

Engineering Quad Advanced Planning. The Board requested \$0.4 million for FY 2011, one year earlier than the approved capital plan, for planning work for an engineering quad. The project will allow the University to study the building improvement priorities for the College of Engineering. Funding is consistent with the approved capital plan and includes \$0.3 million from Rhode Island Capital Plan funds and \$0.1 million from private sources. *The Governor recommended funding as requested. The Assembly concurred.*

Fire Protection-Academic and Administrative Buildings. The Board requested \$11.0 million from Rhode Island Capital Plan funds and \$14.3 million from federal stabilization funds for a project to upgrade existing fire alarm systems and install fire-suppressing sprinkler systems in all of the University of Rhode Island's academic and administrative buildings that are not presently equipped with sprinkler and addressable alarm systems. The project is programmed from FY 2010 through FY 2013.

As part of his FY 2010 budget, the Governor recommended \$26.8 million from revenue bonds backed by general revenues and tuition and fees but did not submit a resolution for Assembly approval of the debt issuance.

The Governor recommended \$14.6 million from revenue bonds but did not submit a resolution for Assembly approval of the debt issuance. This is in addition to the \$12.2 million from federal stabilization funds allocated to fire safety projects as part of the fire safety-stimulus project. The Assembly took no action.

International Center. The Board requested \$5.7 million from private sources to construct a three-story, approximately 6,000 square foot building to be connected to the multicultural center for the creation of an international center. The proposed addition would provide 2,800 square feet for office space, increase the existing Hardge Forum multipurpose space by 900 square feet to 2,500 square feet, and create a lobby and patio space adjacent to the buildings. The project is programmed from FY 2012 through FY 2014. *The Governor recommended funding as requested. The Assembly concurred.*

Nursing and Associated Health Building. The Board's request includes \$50.0 million from Rhode Island Capital Plan funds to renovate and construct a new 80,000 square foot nursing and associated health building. The current request is \$20.0 million and 30,000 square feet more than the approved capital plan. The University has determined that \$30.0 million would provide a new facility equal in size to the existing facility and would not meet the program requirements. It has changed the scope to renovate the existing building and construct an addition to meet the current program demands. The Board's request also reflects the \$0.3 million from Rhode Island Capital Plan funds in FY 2009 that the 2007 Assembly provided for planning work.

The Governor recommended placing \$48.0 million on the November 2012 ballot for expenditure in FY 2014. He also recommended \$3.1 million from Rhode Island Capital Plan funds including \$300,000 for

FY 2010 for planning and design work and \$1.0 million for FY 2012 and \$1.8 million for FY 2013 to begin construction.

The Governor requested an amendment on March 12, 2010 that added \$60.0 million for a new nursing sciences building in Providence for the University and College and eliminated the \$17.0 million originally proposed for a new art center for Rhode Island College.

The Assembly provided \$175,000 from Rhode Island Capital Plan funds for a feasibility study for a new nursing sciences building for the University and College. The feasibility study must include enrollment projections, operating costs, space sharing, governance plans and a comparison to alternate plans for separate facilities.

College of Pharmacy. The Board's request includes \$80.2 million to design and construct a 150,000 square foot building to house the College of Pharmacy teaching laboratories; classroom; research laboratories; faculty, staff and administrative offices; outreach programs; and the State Crime Lab. The request includes \$65.0 million from approved 2006 general obligation bonds, \$10.2 million from private donations, \$0.1 million from Rhode Island Capital Plan funds and \$5.0 million from federal funds. In May 2009, the University submitted a \$5.0 million grant to the National Institute of Health for the "shelled" lab and office space portion of the project. *The Governor recommended funding as requested. The project is programmed through FY 2012. The Assembly concurred.*

Roger Williams Wellness Center. The Board requested \$5.9 million from private funds and Rhode Island Capital Plan funds to renovate the Roger Williams Complex, a 29,618 square foot two-story masonry building constructed in 1969 into a student wellness and activity center. The approved capital plan includes \$2.4 million from privately raised funds and \$3.5 million from University funds. The Board is requesting Rhode Island Capital Plan funds in lieu of University funds. *The Governor recommended funding consistent with the approved capital plan. The Assembly concurred.*

Energy Conservation. The 2006 Assembly approved a resolution for leases not to exceed \$18.1 million at the University and \$7.5 million at the College to enter into an energy performance contract with an energy service company to purchase energy-saving improvements in buildings and infrastructure. The Board's request includes this \$18.1 million for a lease/purchase agreement with NORESCO, an energy service company. The Board includes \$4.7 million for FY 2010 to complete the project. This is consistent with the approved capital plan. *The Governor recommended funding as requested. The Assembly concurred.*

Fine Arts Center Renovation. The approved capital plan includes \$65.1 million from Rhode Island Capital Plan funds to complete renovation and enhancement of the 120,720 square foot fine arts center on the Kingston Campus, which serves the University's program in the musical, theatrical, visual and graphic arts with construction to start in FY 2012. The request includes \$0.4 million from Rhode Island Capital Plan funds for planning and \$65.1 million from Rhode Island Capital Plan funds for construction. The Board's request is consistent with the approved capital plan. Construction is planned for FY 2014 to the post FY 2015 period. *The Governor recommended \$0.4 million from Rhode Island Capital Plan funds for planning work for FY 2011. The Assembly concurred.*

North District Infrastructure. The Board requested \$10.2 million from revenue bond funds to support infrastructure improvements in the north district of campus for projects underway including the Center for Biotechnology and Life Sciences and the College of Pharmacy. The University notes that more funding than originally anticipated had to be used from these two projects to fund utility upgrades including electric, water, sewer and gas service. This project will fund on-site utility connections, drainage systems, walkways, parking areas, landscaping and demolition work. The 2008 Assembly authorized the University to issue \$11.2 million from revenue bonds for this project. The authorization assumed a

project cost of \$10.0 million plus \$1.1 million for debt service reserve and \$0.1 million cost of issuance, 15-year term and an interest rate of 5.25 percent for a total cost of \$31.9 million and annual debt service of \$1.6 million. The bonds were issued in June 2009. *The Governor recommended funding as requested.* **The Assembly concurred.**

New Terrace Apartments. Consistent with the approved capital plan, the Board requested \$43.7 million to demolish the existing Terrace Apartment buildings and construct a new four-story residence hall in its place, providing an additional 350 beds for second and third year students. Funding is programmed for FY 2009 through FY 2012. Funding includes \$42.7 million that the 2008 Assembly authorized the University to issue from revenue bonds backed by room rents. The authorization assumes a project cost of \$37.0 million, of which \$1.0 million is from pay-go sources, a 30-year term and an interest rate of 5.25 percent for a total cost of \$89.0 million and annual debt service of \$3.0 million. Of the total, \$3.0 million will go to a debt service reserve fund and \$0.2 million is for cost of issuance. The request also includes \$1.0 million from University and College funds. *The Governor recommended funding as requested.* **The Assembly concurred.**

Pell Library Addition and Renovation. The Board's request includes a \$15.8 million project at the Pell Library on the University's Narragansett Bay Campus to replace the existing 14,048 square foot masonry building, with a new 41,000 square foot multi-purpose facility that will integrate library and educational functions with administration and research functions. The 2004 Assembly included this project on the November 2004 ballot for voter approval of \$14.0 million. Funding includes \$14.0 million from general obligation bond funds, \$1.0 million from Certificates of Participation, \$0.4 million from private funding and \$0.4 million from University funds. *The Governor recommended funding as requested.* **The Assembly concurred.**

Ranger Hall. The Board's request includes \$4.8 million for the rehabilitation and restoration of Ranger Hall. The building currently houses Nutrition and Food Sciences but will be converted from a lab-based building to one better suited for classroom and office use. Funding includes \$3.8 million from general obligation bond proceeds approved in 1996 and \$1.0 million from private sources that has been secured. This is consistent with the approved capital plan. The project is scheduled to be completed during FY 2010. *The Governor recommended a total of \$4.6 million including \$3.6 million from general obligation bond proceeds and \$1.0 million from private sources.* **The Assembly concurred.**

Repaving and Road Construction. The Board requested \$15.2 million from revenue bonds backed by parking fees, general revenues and University funds for the third phase of the University's efforts to repave and reconstruct major parking facilities, internal roadways, and walkways. The project is programmed from FY 2009 to FY 2011. The 2009 Assembly authorized the University to issue \$15.2 million for this project. The authorization assumes a 20-year term and an interest rate of 6.0 percent for a total cost of \$26.3 million and annual debt service of \$1.3 million. *The Governor recommended funding as requested.* **The Assembly concurred.**

Rodos Hellenic Center. The Board's request includes the \$4.2 million project to construct a building for Hellenic Studies adjacent to and east of the Fine Arts Center on the Kingston Campus. Funding for the project is from private sources. The request programs the project through FY 2010. *The Governor recommended funding as requested.* **The Assembly concurred.**

Athletic Training Facility. The Board requested \$7.4 million from private sources and revenue bonds for the construction of a student athlete development center adjacent to the Tootell Center and Keany Gymnasium. The 2008 Assembly authorized the University to issue \$4.0 million from revenue bonds contingent on the University securing \$3.8 million from private fundraising before the debt can be issued. The authorization assumes a 20-year term and an interest rate of 5.25 percent for a total cost of \$6.6 million and annual debt service payments of \$0.3 million. The approved capital plan includes the \$4.0

million from revenue bonds but only \$3.4 million from private sources. The University may be required to seek additional authorization from the Assembly since it is not going to meet the \$3.8 million threshold of private fundraising before debt can be issued. It should also be noted that the University programs the private funds for FY 2012 and the revenue bonds for FY 2010 through FY 2012. The language in the debt authorization expressly states that the revenue bonds cannot be issued until the private funds are available. *The Governor recommended funding as requested.* **The Assembly concurred.**

Fire Protection – Auxiliary Enterprise Buildings. The Board requested \$18.1 million from revenue bonds to upgrade existing fire alarm systems and install fire-suppressing sprinkler systems in all of the University of Rhode Island's auxiliary enterprise buildings that are not presently equipped with sprinkler and addressable alarm systems. This includes some of the older dorms, a dining hall and Memorial Union. The 2008 Assembly authorized the University to issue \$19.4 million from revenue bonds backed by student fees for this project. The approval assumed a 20-year term and an interest rate of 5.25 percent for a total cost of \$31.9 million and annual debt service of \$1.6 million. Revised cost estimates for the project indicate that it will only cost \$18.1 million. *The Governor recommended funding as requested.* **The Assembly concurred.**

Tyler Hall/Fraternity Acquisition. The Board's request includes \$3.2 million from revenue bonds for the purchase and renovation of the Theta Delta Chi fraternity houses located on University land on the Kingston Campus, consistent with the approved capital plan. The 2005 Assembly authorized the issuance of revenue bonds backed by the University's unrestricted budget. Bonds were issued in FY 2006. The request also includes \$795,064 from fraternity sources. *The Governor recommended funding as requested.* **The Assembly concurred.**

International Engineering. The Board's request includes the \$1.1 million from University funds and other third party funds for FY 2010 consistent with the approved capital plan to purchase the former fraternity house of Sigma Alpha Epsilon at 67 Upper College Road from the Fraternity Corporation. The facility was renovated by the Fraternity Corporation and leased to the University for the International Engineering Program ten years ago. That lease is nearing its end, and the University has notified the fraternity of its intent to purchase the building for continued use as residential/academic space for the International Engineering Program. Annual debt service and operating expenses would be supported by room and board fees charged to students residing in the house. *The Governor recommended funding as requested.* **The Assembly concurred.**

West Kingston Superfund. The Board's request does not include the \$3.8 million project to remediate the Environmental Protection Agency designated Superfund site at the West Kingston Municipal Landfill and University of Rhode Island disposal area. Work was completed in FY 2009. *The Governor included \$46,911 from Rhode Island Capital Plan funds for FY 2010 to show final expenditures.* **The Assembly concurred.**

Lippitt Hall. The Board's request does not include the \$9.5 million project to renovate Lippitt Hall. The rehabilitation project began in FY 2004 and was completed in FY 2009. *The Governor's budget includes \$231,424 from general obligation bond proceeds to show final FY 2010 expenditures.* **The Assembly concurred.**

Residence Halls. The Board's request does not include the \$65.3 million project to renovate and upgrade the student residence halls and surrounding landscape at the Kingston Campus. The project was completed during FY 2008. *The Governor's budget includes \$1.4 million for FY 2010.* **The Assembly concurred.**

Bliss Hall. The Board requested \$16.8 million from Rhode Island Capital Plan funds programmed over FY 2013 and FY 2014 for a new project to renovate Bliss Hall, which serves as the central building for

the University's College of Engineering. This project includes the renovation of the entire building including the reconfiguration of classrooms and offices, modernizing teaching laboratories, upgrading the elevator and restrooms to meet accessibility codes, new heating ventilating and air conditioning systems, a new roof, windows and other exterior improvements. *The Governor did not recommend funding for this project.* **The Assembly concurred.**

Davis Hall Renovation. The Board requested \$9.0 million from Rhode Island Capital Plan funds for FY 2014 and FY 2015 for a new project to renovate Davis Hall built in 1895. Davis Hall is the University's central building for the College of Engineering. Over the years, the building has had minor renovations to accommodate changes in programs, but has never been fully renovated. Renovations would include reconfiguration of classrooms, a new HVAC system, replacement of the elevator and restrooms to meet accessibility codes and windows. *The Governor did not recommend funding for this project.* **The Assembly concurred.**

East Hall – Exterior Renovations. The Board requested \$1.9 million from Rhode Island Capital Plan funds for FY 2011 and FY 2012 to renovate the exterior of East Hall. East Hall was constructed in 1909, originally built as a resident hall. It was converted for use as an academic building and presently houses the physics department. This is the fourth year this project has been included in the request; neither the Governor nor the Assembly have included it in the approved capital budget. *The Governor did not recommend funding for this project.* **The Assembly concurred.**

East Hall – Interior Renovations. The Board requested \$11.5 million from Rhode Island Capital Plan funds for FY 2013 and FY 2014 to make renovations to the interior of East Hall constructed in 1909. This project will renovate the interior of the building including reconfiguring classrooms and offices, modernizing teaching laboratories, upgrading the elevator and restrooms to meet accessibility code, and replacing the HVAC system. Renovations to the exterior of the building including window replacement are requested as a separate project for FY 2010 and FY 2011. *The Governor did not recommend funding for this project.* **The Assembly concurred.**

Edwards Hall Renovation. The Board requested \$3.5 million from Rhode Island Capital Plan funds for FY 2011 and FY 2012 to make exterior and interior renovations to Edwards Hall. Edwards Hall was constructed in 1928 as the University's assembly hall. Renovations include new doors and windows, handicap access improvements, historic restoration of the lobby and restroom improvements. This was requested as part of the FY 2009 and FY 2010 budgets but neither the Governor nor the Assembly included it in the capital budget. *The Governor did not recommend funding for this project.* **The Assembly concurred.**

Morrill Hall Renovation. The Board requested \$18.0 million from Rhode Island Capital Plan funds for a project to renovate Morrill Hall to house the department of nutrition and food science as well as general assignment classrooms. This 32,036 square foot, four-story masonry building was constructed in 1965 and will be vacated when the department of cell and molecular biology relocates to the new center for biotechnology and life sciences. This project was requested in the past few years, but has not been included in the approved capital plan. *The Governor did not recommend funding for this project.* **The Assembly concurred.**

Quinn Hall – Exterior Renovation. The Board requested \$3.9 million from Rhode Island Capital Plan funds for FY 2011 and FY 2012 to make exterior repairs to Quinn Hall, built in 1936. The goal of the project is to renew the building envelope and exterior finishes by replacing the slate roof and replacing the windows with new historic-style energy efficient units. Restoration work would include repairs to roof soffits and new gutters and downspouts, replacement of doors and windows, and stone re-pointing. Entries, walkway approaches and surrounding landscaping would also be addressed. This is the third year

that this project has been requested but neither the Governor nor the Assembly approved it. *The Governor did not recommend funding for this project.* **The Assembly concurred.**

Ranger Hall Phase II. The Board requested \$16.5 million from Rhode Island Capital Plan funds to continue the phased renovation of Ranger Hall. The initial project, begun in 1998, involved replacing the slate roof, windows and doors. The second phase will provide accessibility, mechanical system and HVAC upgrades as well as renovations to convert the laboratories into dry office and classroom space for the Department of Communication Studies, the graduate school, the research office, affirmative action, and other academic support units. This project was requested for the past few years, but neither the Governor nor the Assembly included it in the approved capital plan. *The Governor did not recommend funding for this project.* **The Assembly concurred.**

Washburn Hall – Exterior Renovation. The Board requested \$1.3 million from Rhode Island Capital Plan funds for FY 2011 to make exterior repairs to Washburn Hall. The goal of the project is to provide new life for the building envelope by restoring the granite and making the building more energy efficient. This is one of the University's older granite buildings on the main quadrangle on the Kingston campus. This new project would include the replacement of doors and windows, stone re-pointing, and reconstruction of the south portico. Entries, walkway approaches and surrounding landscaping would also be addressed. This project was requested for the past two years, but neither the Governor nor the Assembly recommended it. *The Governor did not recommend funding for this project.* **The Assembly concurred.**

Woodward Hall Renovation. The Board requested \$19.0 million from Rhode Island Capital Plan funds beginning in FY 2015 for a new project to renovate Woodward Hall. This four-floor, 64,000 square foot science classroom building will be renovated for use by the departments of nutrition and food science. This project will improve classrooms and offices, modernize teaching laboratories, upgrade of the elevator and restrooms to meet accessibility needs and provide renovations to meet current building codes. The heating, ventilation and air conditioning systems will be replaced with new systems and the roof will be replaced. *The Governor did not recommend funding for this project.* **The Assembly concurred.**

Washburn Hall – Interior Renovation. The Board requested \$9.7 million from Rhode Island Capital Plan funds for FY 2012 and FY 2013 to make interior renovations to Washburn Hall, built in 1921. This is one of the University's older granite buildings on the main quadrangle on the Kingston campus. This project has been requested in the past few budget requests but neither the Governor nor the Assembly have provided funding for it. *The Governor did not recommend funding for this project.* **The Assembly concurred.**

Fogarty Hall Renovation. The Board requested \$15.5 million from Rhode Island Capital Plan funds for a new project to renovate Fogarty Hall to house administrative and business services as well as general assignment classrooms. Renovations would include the building envelope, mechanical systems, HVAC, and replacement or removal of leaking steam lines. This project has been requested for the past few years but neither the Governor nor the Assembly have included it. *The Governor did not recommend funding for this project.* **The Assembly concurred.**

Roosevelt Hall – Exterior Renovation. The Board requested \$3.5 million from Rhode Island Capital Plan funds for FY 2010 and FY 2011 to make exterior repairs to Roosevelt Hall, built in 1936. The goal of the project is to renew the building envelope and exterior finishes by restoring brickwork, replacing the slate roof, and replacing the windows with new historic-style energy efficient units. Restoration work would include repairs to roof soffits and new gutters and downspouts, replacement of doors and windows, and brick re-pointing. Entries, walkway approaches and surrounding landscaping would also be addressed. This project has been requested for the past two years, but neither the Governor nor the

Assembly provided funding for it. *The Governor did not recommend funding for this project.* **The Assembly concurred.**

Rhode Island Atomic Energy Commission

Projects	Status	5 Year Total	Project Total
Asset Protection	Ongoing	\$ 200,000	\$ 380,000
Total		\$ 200,000	\$ 380,000
Sources of Funds			
Rhode Island Capital Funds		\$ 200,000	\$ 350,000
Federal Funds		-	30,000
Total		\$ 200,000	\$ 380,000

Summary. The Rhode Island Atomic Energy Commission requested \$250,000 from Rhode Island Capital Plan funds in the five-year period for the asset protection project consistent with the approved capital plan. Planned projects include completing the installation of security lighting and landscaping in the rear of the building, installing a new ceiling and floor in the former clean room and converting it to a laboratory. *The Governor recommended funding as requested through FY 2014. He did not recommend funding for FY 2015.* **The Assembly concurred.**

Historical Preservation and Heritage Commission

Projects	Status	5 Year Total	Project Total
Heritage Harbor Museum	Revised	\$ 6,260,071	\$ 14,009,991
Museums and Cultural Arts Centers	Revised	-	6,000,000
Total		\$ 6,260,071	\$ 20,009,991
Sources of Funds			
General Obligation Bonds		\$ 2,188,600	\$ 11,000,000
Other Funds		4,071,471	9,009,991
Total		\$ 6,260,071	\$ 20,009,991

Summary. The Historical Preservation and Heritage Commission submitted a capital budget request totaling \$29.0 million. The request includes \$9.9 million from general obligation bond proceeds, \$9.9 million more than the approved plan, and \$4.1 million from other sources, \$2.1 million more than the approved plan due to revised fundraising estimates. The Commission requested \$9.0 million from new general obligation bond proceeds from a referendum to be placed on the November 2010 ballot.

The Governor recommended \$20.0 million from all sources of funds including \$6.3 million in the five year period. This includes \$2.2 million from general obligation bond proceeds and \$4.1 million from other sources. The Governor did not include the requested new general obligation bond referendum.

The Assembly concurred.

Heritage Harbor Museum. The Commission requested total funding of \$14.0 million. This includes \$5.0 million of voter approved general obligation bonds, \$1.3 million from private and corporate donations, \$1.7 million from federal and state tax credits, and \$6.0 million the Heritage Harbor Museum Corporation anticipates it can raise, \$0.5 million less than previously anticipated. The Commission's request includes \$4.3 million in FY 2010 and \$0.9 million from voter approved general obligation bond proceeds and \$4.1 million from other sources for FY 2011.

Construction of the 55,000 square foot museum began in October 2007 but was halted in February 2009 due to unforeseen construction financing problems of the development partner Struever Bros. Eccles, and Rouse, Inc. At present time a construction restart date is undeterminable.

The Governor provided the total requested amount, which includes \$4.0 million in FY 2010 and \$2.1 million from voter approved general obligation bond proceeds and \$4.1 million from other sources for FY 2011. This assumes the developer will resume work on the project though restart is still in question.

The Assembly concurred.

Museums and Cultural Arts Centers. The Commission requested \$9.0 million from new general obligation bond proceeds from a referendum to be placed on the November 2010 ballot, for restoration grants to museums and cultural arts centers during the period of FY 2010 through FY 2015. The request provides funding equally over three years beginning in FY 2012. This program received initial funding after voters approved a \$3.0 million referendum on the November 2002 ballot and \$3.0 million more in the November 2004 election. The Commission received 208 applications and provided funding for 86 projects in 27 communities with the \$6.0 million it received. It believes that many of the 122 projects not funded were worthy had additional funding been available. *The Governor recommended funding*

consistent with the approved capital plan and did not recommend a new referendum. The Assembly concurred.

Office of the Attorney General

Projects	Status	5 Year Total	Project Total
Building Repairs and Renovations	Revised	\$ 1,247,500	\$ 2,600,346
Automated Fingerprint Identification System	Revised	750,000	1,219,746
Total		\$ 1,997,500	\$ 3,820,092
Sources of Funds			
Rhode Island Capital Funds		\$ 1,967,246	\$ 3,320,092
General Obligation Bonds		30,254	500,000
Total		\$ 1,997,500	\$ 3,820,092

Summary. The Office of the Attorney General's five-year capital plan included two projects totaling \$4.2 million of which \$2.3 million would be spent in the FY 2011 through FY 2015 period. *The Governor recommended \$3.9 million of which \$2.0 million would be spent in the FY 2011 through FY 2015 period.* **The Assembly included \$3.8 million for the same projects, \$120,000 less Rhode Island Capital Plan funds than recommended, based on updated estimates.**

Building Repairs and Renovations. The Office requested expenditures of \$1.6 million from Rhode Island Capital Plan funds for the FY 2011 through FY 2015 period for a project total of \$3.4 million for building repairs and renovations. This project includes window replacements, general interior renovations, flashing and air handlers' replacements, elevators renovations, re-pointing the building's structure, upgrading the building's piping infrastructure, rewiring the building's data lines and upgrading the building's security system. This request is \$0.9 million more than the approved plan to reflect increased costs, and new projects and includes \$0.3 million for FY 2015 and post-FY 2015. *The Governor recommended \$2.7 million, including \$1.2 million for the FY 2011 through FY 2015 period. This is \$0.2 million more than previously approved levels.* **The Assembly removed \$120,000 from Rhode Island Capital Plan funds in FY 2010 based on updated spending estimates.**

Automated Fingerprint Identification System. The Office requested \$750,000 from Rhode Island Capital Plan funds for FY 2013 to upgrade the software and hardware components of the Automated Fingerprint Identification System that functions in collaboration with the State of Connecticut. Currently, Rhode Island civil applicant data is being processed through the regional data-sharing system with Connecticut. Since Connecticut is considered the primary vendor of this system, Rhode Island is usually unaware of new technology and up-to-date methods, ongoing training seminars for program or format changes added to the system. At times, civil applicants are held in the Connecticut system for several hours because the sharing system cannot process the volume of transaction for both Connecticut and Rhode Island. The Automated Fingerprint Identification System upgrade would connect Rhode Island directly to the Federal Bureau of Investigation and thereby eliminate its dependency on the sharing system with Connecticut. The request total is consistent with the approved plan; however, the Office's request shifts the funds from FY 2011 to FY 2013 because the Office did not consider this a high priority project.

The Governor recommended \$30,254 less than requested from Rhode Island Capital Plan funds, but included \$500,000 from general obligation bond proceeds originally issued for the automated fingerprint identification system in 2002 as part of the project total. **The Assembly concurred.**

Department of Corrections

Projects	Status	5 Year Total	Project Total
Asset Protection	Revised	\$ 15,800,000	\$ 22,076,076
Women's Roof, Masonry, and General Renovations	Revised	2,726,154	7,271,624
Medium Infrastructure	Revised	6,200,000	6,200,000
Minimum Security Kitchen Expansion	Revised	4,500,000	4,500,000
Women's Plumbing/Bathroom Renovations	Revised	1,066,200	2,129,602
Maximum General Renovations	Revised	-	1,829,629
Reintegration Center	Ongoing	-	18,665,698
Bernadette Guay Building Roof, Plumbing, and HVAC (Work Released)	Ongoing	-	788,076
ISC Exterior Envelope and HVAC Replacement	Ongoing	5,500,000	5,500,000
Total		\$ 35,792,354	\$ 68,960,705
Sources of Funds			
Rhode Island Capital Funds		\$ 35,792,354	\$ 56,582,959
Federal Funds		-	12,377,746
Total		\$ 35,792,354	\$ 68,960,705

Summary. The Department of Corrections' five year capital plan includes 14 projects totaling \$178.6 million of which \$130.6 million would be spent in the FY 2011 through FY 2015 period. The request includes five new projects, six revised projects, two ongoing projects and one approved project.

*The Governor recommended \$69.0 million for the Department's capital budget including \$35.0 million for the five-year period. His recommendation includes \$2.8 million for renovating the Reintegration Center, Bernadette Guay and Dix facilities for the transfer of female inmates and relocation of several departmental units. **The Assembly shifted \$0.8 million from Rhode Island Capital Plan funds for asset protection from FY 2010 to FY 2012.***

Asset Protection. The approved capital plan included an asset protection account funded from Rhode Island Capital Plan funds. The Department's request includes \$21.1 million for the FY 2011 through FY 2015 period and \$3.1 million for FY 2010, for a total of \$37.5 million for asset protection projects. This request is \$19.1 million more than the approved plan to reflect the Department's revised cost estimates for several projects and inclusion of FY 2015 and Post-FY 2015 funding.

*The Governor recommended \$15.0 million for the five-year period, which is \$6.1 million less than requested. He recommended \$15.4 million less than requested for total project costs, including \$9.3 million less for post-FY 2015. His recommendation also assumed use of \$1.3 million for the Bernadette Guay facility for heating, ventilation and air conditioning repairs; formerly a stand alone project. **The Assembly shifted \$0.8 million from Rhode Island Capital Plan funds from FY 2010 to FY 2012 based on updated schedules.***

Women's Roof, Masonry, and General Renovations. The Department requested \$1.5 million from Rhode Island Capital Plan funds for the FY 2011 through FY 2015 period and \$705,000 for FY 2010, for a project total of \$5.1 million for roof and masonry repairs and general renovations for both women's facilities. This is \$1.2 million more than the approved plan to reflect the Department's revised estimates, which include increased costs for several new project components including the expansion of the

dispensary unit and the addition of outside perimeter lighting so that female inmates can have evening recreational time.

*The Governor recommended \$2.7 million for the five-year period. He recommended \$2.1 million more than requested for total project costs to reflect additional funds included for the renovation of the Dix facility as part of his initiative to transfer female inmates to the Reintegration Center. Upon completion of the necessary renovations, the Dix facility will provide additional office space for the relocation of several units including probation and parole, education, home confinement, training academy and planning. **The Assembly concurred.***

Medium Infrastructure. The Department requested \$6.2 million from Rhode Island Capital Plan funds for the FY 2011 through FY 2015 period for Medium Moran infrastructure improvements. This project includes kitchen and laundry expansion, additional showers, and extension to the dining areas. The Department separated this request from other asset protection projects to emphasize the importance of expanding this facility because of the increased population now housed at the Medium Moran facility. According to recent population reports, the facility currently houses 371 inmates over its originally designed capacity of 650 inmates. Maximum capacity for this facility is 1,066. The request is \$2.1 million more than the approved plan to reflect the Department's revised estimates, which include increased expenses for furniture and equipment and the relocation of the Sally Port as a new component to the project. *The Governor recommended funding essentially as requested, but shifted FY 2012 funding to FY 2014 and FY 2015 as well as \$0.8 million from FY 2013 to FY 2014 based on a revised project schedule. **The Assembly concurred.***

Minimum Security Kitchen Expansion. The Department requested \$4.4 million from Rhode Island Capital Plan funds for the FY 2011 through FY 2015 period for Minimum Security kitchen expansion and the installation of new equipment. The total request is consistent with the approved plan, but the Department shifted \$675,000 from FY 2011 to FY 2012 to allow enough time for the architectural and engineering process prior to the beginning of construction. *The Governor recommended funding essentially as requested, but shifted \$1.1 million from FY 2012 to FY 2013 and added \$58,390 to reflect inflation costs associated with extending construction for one more year. **The Assembly concurred.***

Women's Plumbing/Bathroom Renovations. The Department requested \$1.9 million from Rhode Island Capital Plan funds for the FY 2011 through FY 2015 period and \$650,000 for FY 2010, for a project total of \$2.9 million for shower and bath areas renovations at the Dix facility and restorations of the disciplinary wing at the McDonald facility. This is \$1.7 million more than the approved plan to reflect the Department's revised estimates, which are based on a more accurate cost projection. The Department claimed that previous estimates for this project were based on outdated cost projections that are at least four years old. *The Governor recommended \$1.1 million for the five-year period and total project costs of \$2.1 million, which is \$0.8 million less than requested. His recommendation did not include funding for FY 2013 and FY 2014 for this project. **The Assembly concurred.***

Maximum General Renovations. The Department requested \$450,105 from Rhode Island Capital Plan funds for FY 2010 for several renovation projects at the maximum security facility. These projects include replacing the facility's electrical and distribution systems, installing a new generator, restoring the arsenal/armory area, renovating the building's plumbing systems and constructing outdoor yard segregation. The request is \$30,629 more than the approved plan to reflect the Department's revised estimates, which include several new project components including upgrading the railing system and the stairs at Tower One and adding a masonry wall with a door to the segregation yard project to isolate segregated inmates. *The Governor recommended funding as requested. **The Assembly concurred.***

Reintegration Center. The Department requested \$627,689 from Rhode Island Capital Plan funds carried forward from FY 2009 to FY 2010 to complete the renovation and transformation of the J.

Building into the Reintegration Center. The Reintegration Center is a 175-bed facility that focuses on providing a transitional, step-down program for highly secured offenders. The Center will also provide support services for released offenders reintegrating into the community.

*The Governor recommended converting the Reintegration Center to a new women's facility and included \$1.1 million more than requested for FY 2010 for bathroom and cell modifications, privacy concerns, furniture and other equipment. This will address space deficiencies, segregation concerns, and security issues in the current Dix and McDonald facilities. **The Assembly concurred.***

Bernadette Guay Building Roof, Plumbing, and HVAC. The Department requested \$1.3 million from Rhode Island Capital Plan funds for FY 2010 for a project total of \$1.7 million for the Bernadette Guay facility's roof and window replacement and plumbing and HVAC repairs. The request is consistent with the approved plan.

*The Governor recommended \$0.8 million, including \$427,267 for FY 2010 to renovate this facility as part of his initiative to transfer female inmates out of the Dix and McDonald facilities to the Reintegration Center. Upon completion of the necessary renovations, the Bernadette Guay facility will provide additional bed space for minimum security and work release female inmates and additional office space and storage. The Department's request for \$1.3 million for heating, ventilation and air conditioning repairs is recommended as part of the asset protection projects. **The Assembly concurred.***

ISC Exterior Envelope and HVAC Renovation. The Department requested \$5.5 million from Rhode Island Capital Plan funds for the FY 2011 through FY 2015 period for the restoration of the building's exterior, including window and roof replacement. This request is consistent with the approved plan. *The Governor recommended funding as requested. **The Assembly concurred.***

New Women's Correctional Facility. The Department requested \$50.9 million from Certificates of Participation for the FY 2011 through FY 2015 period for the construction of a new 350-bed facility and all ancillary support spaces to house female offenders. The Department has indicated that there is disparity between male facilities and the existing women's facilities because of unavailable space for industry and education. If the project is approved, the Department claimed it would be better equipped to address the increasing female offenders with mental health issues. The Department requested \$4.6 million for FY 2012 for preliminary work to ensure continuous construction over the following three years. Annual debt service on this project would be \$4.1 million assuming 5.0 percent interest and a 20-year term. The Department has previously requested this project but neither the Governor nor the Assembly has approved it.

*This project is not included in the Governor's recommendation; however, he did recommend a \$2.8 million initiative that includes renovating the Reintegration Center and Bernadette Guay as new facilities to house female inmates. **The Assembly concurred.***

Pinel Building Renovations. The Department requested \$7.4 million from Rhode Island Capital Plan funds for the FY 2011 through the FY 2015 period for Pinel Building renovations. The renovation project includes window replacement, installation of a new roof, HVAC, electrical and plumbing systems. The building is currently home to the training academy, the planning and research unit, home confinement, parole, and the forensics unit operated by the Department of Mental Health, Retardation and Hospitals. Subsequent to the renovation, the maintenance unit's administrative section will transfer to the building's basement and the Department will expand its home confinement and probation and parole units. This project had been previously requested, but it was not included in the approved plan. *This project is not included in the Governor's recommendation. **The Assembly concurred.***

Medium Moran Expansion. The Department requested \$26.7 million from Certificates of Participation for the FY 2011 through FY 2015 period and \$5.1 million for post-FY 2015 for a project total of \$31.7 million for the construction of two additional housing modules to address the inmate population at Medium Moran facility. It is estimated that each housing module will hold approximately 192 beds for a total of 384 additional beds. According to recent population reports, the Department has 45 bed spaces available at the Medium Moran facility or 4.2 percent and 24 beds available at the Medium Price facility or 6.7 percent. The Department requested \$0.4 million for FY 2012 to begin preliminary work to ensure continuous construction over the following four years. This project has been previously requested but not approved. Annual debt service on this project would be \$2.5 million assuming 5.0 percent interest and a 20-year term. *This project is not included in the Governor's recommendation.* **The Assembly concurred.**

Database Upgrade Infacts, CDC, and P&P Database Upgrades. The Department requested \$750,000 from Rhode Island Capital Plan funds for FY 2011 to upgrade its current database system. This new project includes upgrading the Inmate Facility Tracking System (INFACTS) and the Probation and Parole Tracking System (PPTS) to eliminate current system limitations and ensure connectivity with other related correctional applications, including the Transfer from Prison into the Community Database System (TPCDS). The requested funding will also cover a minor upgrade to the Central Distribution Center Warehouse Inventory System. This project does not appear appropriate for Rhode Island Capital Plan funds; it should have been requested from general revenues. *This project is not included in the Governor's recommendation.* **The Assembly concurred.**

Range Facility. The Department requested \$4.3 million from Rhode Island Capital Plan funds for the FY 2011 through FY 2015 period for a project total of \$5.1 million for the construction of an indoor range facility. This project is independent from the approved capital plan which includes \$100,000 for FY 2014 for the Department of Administration to perform a feasibility study on constructing a weapons range for use by multiple state departments. This project has been previously requested, but not approved. The Department has incurred approximately \$150,000 annually for facility rental expenses, including equipment, mileage reimbursement, and overtime. *This project is not included in the Governor's recommendation.* **The Assembly concurred.**

Judicial Department

Projects	Status	5 Year Total	Project Total
Law Library Restoration	New	\$ -	\$ 228,198
Judicial Complexes HVAC	Revised	2,650,000	4,821,892
Licht Judicial Complex Restoration	Revised	4,000,000	4,000,000
Judicial Complexes Asset Protection	Ongoing	3,632,000	5,137,000
Judicial Complexes Technology Improvements	Ongoing	4,178,159	13,900,000
Total		\$ 14,460,159	\$ 28,087,090
Sources of Funds			
Rhode Island Capital Funds		\$ 10,282,000	\$ 13,958,892
Certificates of Participation		4,178,159	13,900,000
Restricted Receipts		-	228,198
Total		\$ 14,460,159	\$ 28,087,090

Summary. The Judiciary's five-year capital plan includes five projects totaling \$37.8 million of which \$23.4 million would be spent in the FY 2011 through FY 2015 period. The request includes one new project. *The Governor recommended \$27.5 million for the Judiciary's capital budget including \$13.9 million for the five-year period. His recommendation is \$10.3 million less than requested. He only included funding for one new project, the Law Library restoration.* **The Assembly included \$557,000 more Rhode Island Capital Plan funds than recommended for asset protection for FY 2010 and reduced general revenues by a similar amount.**

Law Library Restoration. The Judiciary requested \$228,198 from restricted receipts for FY 2010 for repair and infrastructure upgrades to the State Law Library located in the Licht Judicial Complex. The requested amount of \$228,198 correctly reflects the Champlin Foundation grant received to restore the Law Library's walls and ceilings, painting and infrastructure upgrades. *The Governor recommended funding as requested.* **The Assembly concurred.**

Judicial Complexes - HVAC. The Judiciary requested \$3.7 million from Rhode Island Capital Plan funds for the FY 2011 through the FY 2015 period and \$910,000 for FY 2010, for a project total of \$6.5 million for the replacement and/or restoration and/or cleaning of the heating, ventilation and air conditioning systems for all judicial complexes including Licht, Garrahy, Murray, McGrath and Fogarty Judicial Annex. This is \$2.4 million more than the approved plan and \$1.4 million more than the amount requested last year to reflect additional projects including the replacement of the variable air volume box and two air handler units as well as an approximate 8.0 percent escalation factor to reflect incremental increases to the project costs each fiscal year.

The Governor recommended \$2.7 million for the five-year period. He recommended \$1.7 million less than requested for total project costs, including \$0.6 million less for FY 2010. His recommendation is consistent with previously approved levels with the exception of \$0.7 million included for FY 2015. **The Assembly concurred.**

Licht Judicial Complex Restoration. The Judiciary requested \$10.5 million from Rhode Island Capital Plan funds for the FY 2011 through the FY 2015 period for the restoration of Licht Judicial Complex. This is \$8.0 million more than the approved plan to reflect a much larger project scope. The approved plan provided funding to repair plaster, replace courtroom benches and carpeting, and repaint the

courthouse interior. The current request included renovations to the Supreme Court, the Bourcier Lounge and the Supreme Court conference room. Other additions to the project include woodwork and ornamental plaster restoration, repairs of the courthouse's outside doors at the entrance on Benefit Street, and fixing the outdoor floor at the North Main Street entrance. *The Governor recommended \$4.0 million, which is \$6.5 million less than requested. His recommendation is consistent with previously approved levels with the exception of \$1.5 million included for FY 2015. The Assembly concurred.*

Judicial Complexes Asset Protection. The Judiciary requested \$5.0 million from Rhode Island Capital Plan funds for the FY 2011 through the FY 2015 period and \$701,500 for FY 2010, for a total of \$6.7 million for asset protection projects. The Judiciary's asset protection projects include drainage system improvements, dome restorations, security/safety upgrades, courtroom restorations, interior and exterior refurbishments and cellblock and elevator upgrades. This is \$2.8 million more than the approved plan to reflect funding for three new projects, including the Kent County courthouse drainage system, Licht dome restoration and Murray dome/cupola restoration. The asset protection account reflects the nature of the work being undertaken and allows for greater agency flexibility when prioritizing these types of projects. *The Governor recommended \$4.6 million for the Judiciary's asset protection projects, which is \$2.1 million less than requested. The Assembly included \$557,000 more Rhode Island Capital Plan funds than recommended for FY 2010 and reduced general revenues by a similar amount to reflect project costs in excess of budgeted amounts for which the Judiciary had intended to use general revenues.*

Judicial Complexes Technology Improvements. The Judiciary requested \$4.1 million from Certificates of Participation for the FY 2011 through FY 2015 period and \$1.7 million for FY 2010, for a project total of \$13.9 million for courts technology improvements. Technology improvements include electronic case filing, case management software and systems upgrades, infrastructure upgrades, electronic filing initiatives, digital recording of courtroom proceedings, computer center upgrades at Garrahy and the development and implementation of a new financial management system. This includes \$1.7 million carried forward from FY 2009 to FY 2010 and shifts FY 2010 appropriations to FY 2011 and FY 2012 to purposely delay the completion of this project and thereby delay the request for additional funds for the new systems' licensing and maintenance. This request is consistent with the approved plan. *The Governor recommended funding essentially as requested and consistent with previously approved levels. His recommendation shifted \$30,659 from FY 2010 to FY 2012. The Assembly concurred.*

Military Staff

Projects	Status	5 Year Total	Project Total
United States Property & Fiscal Office Roof	New	\$ -	\$ 539,900
Field Maintenance Shop #3 Roof	New	415,000	415,000
Armory of Mounted Commands Parking Lot	New	250,000	250,000
Armory of Mounted Commands Elevator	New	1,015,000	1,015,000
Bristol Armory Master Plan	New	125,000	125,000
Command Readiness Center Addition	New	675,000	675,000
Field Maintenance Shop Windows	New	-	65,000
Middletown Armory Master Plan	New	125,000	125,000
Repaving Parking Lots for Command Readiness Center & Schofield Armory	New	1,130,000	1,830,000
Camp Fogarty Armory Roof	Revised	1,500,000	1,500,000
Federal Armories Fire Code Compliance	Revised	85,000	410,954
Armory of Mounted Commands	Revised	2,050,000	7,438,000
State Armories Fire Code Compliance	Ongoing	140,000	708,777
Quonset Point Hanger	Ongoing	-	34,431,727
Benefit Street Armory	Ongoing	800,000	817,000
Logistics/Maintenance Fac. Fire Code Compliance	Ongoing	75,000	330,000
Asset Protection	Ongoing	2,292,760	4,616,242
Woonsocket Building Demolition	Ongoing	-	16,800
Total		\$ 10,677,760	\$ 55,309,400
Sources of Funds			
Rhode Island Capital Funds		\$ 5,465,000	\$ 13,706,028
Federal Funds		5,212,760	40,893,372
Other Funds		-	710,000
Total		\$ 10,677,760	\$ 55,309,400

Summary. The Military Staff submitted a capital budget totaling \$101.3 million for twenty four projects; fourteen are new. The request includes \$29.1 million for FY 2011 through FY 2015. The request is \$23.9 million more than the approved plan, primarily for the new projects and adds \$3.4 million from all funds for FY 2010 and \$2.7 million for FY 2015. *The Governor recommended a total of \$55.4 million. This is \$45.9 million less than requested, \$18.4 million less for FY 2011 through FY 2015.* **The Assembly reduced recommended Rhode Island Capital Plan funds by \$1.1 million in FY 2010. This reflects savings of \$87,418 in FY 2010 and \$0.5 million shifted to FY 2011 and FY 2012.**

United States Property and Fiscal Office Roof. The Military Staff requested a total of \$539,900 from Air National Guard stimulus funds to replace the roof on the United States Property and Fiscal Office building located at 330 Camp Street in Providence. The agency is requesting funding in FY 2010. The roof design is complete and is awaiting approval. The federal stimulus project designation requires the contract to be executed prior to October 2009. *The Governor recommended funding as requested.* **The Assembly concurred.**

Field Maintenance Shop #3 Roof. The Military Staff requested a total of \$415,000 from all sources to replace the field maintenance shop roof. This is \$15,000 more from Rhode Island Capital Plan funds than

the approved plan for design and architectural expenses that were omitted from the original request. Federal funds support construction cost but do not cover design expenses. The roof is projected for design in FY 2012, with construction planned for FY 2013. *The Governor recommended funding as requested.* **The Assembly concurred.**

Armory of Mounted Commands Parking Lot. The Military Staff requested a total of \$250,000 from all sources to repair and expand the existing parking areas. The existing parking areas are not adequate in size to handle the volume of vehicles that utilize this facility. Expanding and reconfiguring the parking lots will increase the number of vehicles able to park in the lots while decreasing the number of vehicles parked on narrow city side streets. The request includes \$150,000 from Rhode Island Capital Plan funds, of which \$50,000 is for design. The project is scheduled for design in FY 2011, with construction in FY 2012. *The Governor recommended funding as requested.* **The Assembly concurred.**

Armory of Mounted Commands Elevator. The Military Staff requested a total of \$1.0 million from all sources to install an elevator in the Armory of Mounted Commands. The request includes \$540,000 from Rhode Island Capital Plan funds, of which \$65,000 is for design in FY 2014. Currently the four story building is not compliant with the Americans with Disabilities Act. Construction is scheduled for FY 2015. *The Governor recommended funding as requested.* **The Assembly concurred.**

Bristol Armory Master Plan. The Military Staff requested \$125,000 from federal funds to establish a comprehensive Master Plan for the Bristol Armory Site in FY 2012. The project includes a feasibility study and a cost/benefits analysis to determine options for site development, and the overview of infrastructure and utility impacts. *The Governor recommended funding as requested.* **The Assembly concurred.**

Command Readiness Center Addition. The Military Staff requested a total of \$675,000 to construct an addition to the existing command readiness center cafeteria. This includes \$250,000 from federal funds for construction and \$425,000 from Rhode Island Capital Plan funds for a feasibility study, design and construction. During state emergencies, this area is utilized by the Emergency Management Agency as a conference and gathering area. The addition will provide a primary cafeteria space and the existing cafeteria will be permanently dedicated for Emergency Management Agency use. The project will add approximately 1,500 square feet and is scheduled for design in FY 2012 and construction in FY 2013. *The Governor recommended funding as requested.* **The Assembly concurred.**

Field Maintenance Shop Windows. The Military Staff requested \$65,000 from federal stimulus funds for FY 2010 to replace the deteriorated windows in the field maintenance shop #3 located on Airport Road in Warwick, Rhode Island. The project is currently out to bid. *The Governor recommended funding as requested.* **The Assembly concurred.**

Middletown Armory Master Plan. The Military Staff requested a total of \$125,000 from federal funds to establish a comprehensive Master Plan for the Middletown Armory for FY 2012. The Military is in the process of evaluating several locations to determine if the site is useful on its own or if functions can be combined with other existing facilities. *The Governor recommended funding as requested.* **The Assembly concurred.**

Repaving Parking Lots for Command Readiness Center & Schofield Armory. The Military Staff requested \$1.8 million from all sources to repave the existing Command Readiness Center and Schofield Armory parking lots and roadways. It also includes the construction of a new entry control facility to improve security at the facility. Funding includes \$0.9 million from Rhode Island Capital Plan funds and \$0.9 million from federal funds for FY 2011 through FY 2015. *The Governor recommended total project funding as requested, but shifted \$0.7 million to post-FY 2015.* **The Assembly concurred.**

Camp Fogarty Armory Roof. The Military Staff requested a total of \$1.5 million including \$325,000 from Rhode Island Capital Plan funds and \$1.1 million of matching federal funds for FY 2013 to replace the roof at the Camp Fogarty Armory. The request is \$0.6 million more than the approved plan including \$0.1 million more from Rhode Island Capital Plan funds. The increased costs are based on recent history of similar job costs and revised estimates. Renovations to the roof are not adequate and the roof membrane and understructure needs to be completely replaced. The project is scheduled for FY 2013. The agency indicated that it does not want to commit its asset protection funds due to the high cost of the project. *The Governor recommended funding as requested.* **The Assembly concurred.**

Federal Armories Fire Code Compliance. The Military Staff requested a total of \$426,255 for the design and installation of automatic fire detection systems in all Rhode Island National Guard buildings. The FY 2011 through FY 2015 request is \$85,000 from all funds of which \$21,250 is from Rhode Island Capital Plan funds. It also includes \$50,000 for FY 2010 of which \$12,500 is from Rhode Island Capital Plan funds and \$15,000 for post-FY 2015 expenses of which \$3,750 is from Rhode Island Capital Plan funds. *The Governor recommended \$410,954, \$15,301 less than requested. He did not include post-FY 2015 funds.* **The Assembly concurred.**

Armory of Mounted Commands. The Military Staff requested a total of \$7.4 million for the third and fourth phases of renovations to the Armory of Mounted Commands. The third phase includes the replacement of the slate roof, skylight repairs, gutter repairs and replacements. The fourth phase replaces the heating and air conditioning systems as well as lead and asbestos abatement. The request is \$2.2 million for FY 2010 which includes \$0.9 million from Rhode Island Capital Plan funds reappropriated from FY 2009 to FY 2010. The request adds \$2.1 million for FY 2011 and FY 2012, with \$1.1 million from Rhode Island Capital Plan funds to reflect revised project costs.

The Governor recommended total project funding as requested. He increased FY 2010 funding consistent with approved levels and added \$50,000 from Rhode Island Capital Plan funds for FY 2011. He also added \$1.0 million each from Rhode Island Capital Plan funds and matching federal funds for both FY 2010 and FY 2013. **The Assembly reduced FY 2010 expenditures by \$1.0 million and shifted \$0.5 million to FY 2011 and FY 2012 based on revised project schedules.**

State Armories Fire Code Compliance. The Military Staff requested a total of \$0.7 million for fire alarm installation at the State Armories. The request includes \$140,000 from all sources, including \$70,000 from Rhode Island Capital Plan funds for FY 2011 through FY 2015. The request also includes \$169,496 for FY 2010 reappropriated from FY 2009 and adds \$30,000 more than the approved plan from Rhode Island Capital Plan funds for FY 2014, FY 2015 and post-FY 2015 for revised project costs and continued installations. This project is a 50.0 percent federal match. *The Governor recommended funding as requested.* **The Assembly concurred.**

Quonset Point Hangar. The Military Staff requested \$34.5 million for land acquisition and construction of a new maintenance hangar and armory at Quonset Point, consistent with the approved plan. This facility will provide the needed space for the Blackhawk helicopters and will modernize the Rhode Island National Guard Army aviation armory. The request includes \$4.5 million from Rhode Island Capital Plan funds and \$30.0 million from federal funds. Construction has begun and it is estimated to be completed during FY 2011. *The Governor recommended funding as requested.* **The Assembly reduced funds by \$40,878 to reflect actual land acquisition costs paid to the Department of Transportation.**

Benefit Street Armory. The Military Staff requested a total of \$817,000 including \$800,000 from Rhode Island Capital Plan funds for FY 2011 to complete the continued rehabilitation of the Benefit Street Armory. The building was built in 1843 and is a historical structure that must be maintained in accordance with Rhode Island General Laws and its status on the national register of historical places. Funds will be used for exterior masonry work, painting, window and shutter repair, interior electrical,

water damage repair, fire alarm and sprinkler installation and emergency egress. The request is \$400,000 more than the approved plan and the agency indicated that it has estimated the cost would double from the original estimate developed six years ago, but has no updated estimate upon which to base this. *The Governor recommended funding as requested.* **The Assembly concurred.**

Logistics/Maintenance Facilities Fire Code Compliance. The Military Staff requested a total of \$330,000 for the design and installation of an automatic fire alarm system that is in compliance with state law at the logistic and maintenance facilities. Funds are scheduled through FY 2013 and include \$18,750 from Rhode Island Capital Plan funds, \$56,250 from federal funds and \$57,500 reappropriated from FY 2009 to FY 2010. The request also adds \$25,000 for FY 2012 and FY 2013, which is \$50,000 more than the approved plan to reflect revised project costs. *The Governor recommended funding as requested.* **The Assembly concurred.**

Asset Protection. The Military Staff requested total asset protection projects of \$5.6 million of which \$3.4 million is for the period FY 2011 through FY 2015. This includes \$2.5 million from Rhode Island Capital Plan funds and \$0.8 million from federal funds. This is \$2.0 million more than the approved plan to reflect updated projects and costs. The request also adds \$0.9 million for FY 2010 of which \$0.3 million is from Rhode Island Capital Plan funds. All projects have some degree of federal matching funds. *The Governor recommended \$4.6 million, \$2.3 million for the period of FY 2011 through FY 2015. This is \$1.1 million less than requested. Project funding is consistent with the approved plan.* **The Assembly concurred.**

Woonsocket Building Demolition. Consistent with the approved plan, the Military Staff requested a total of \$71,250 from Rhode Island Capital Plan funds for the demolition of one of the organizational maintenance shop buildings in Woonsocket. Some funding was spent in FY 2009 for initial expenses and the remaining \$63,340 will be utilized in FY 2010. There has been a lengthy delay in completing this project due to environmental and contract issues. These issues are resolved and the building was demolished on September 1, 2009. *The Governor recommended funding as requested.* **The Assembly eliminated excess funds of \$46,540 from the completion of the project.**

Quonset Point Airport Tower. The Military Staff included the Quonset Tower Project, which includes construction of a new control tower for the Army and Air National Guard at Quonset Point Airport, however excludes the costs associated with this project citing a federal law prohibiting the release of financial details prior to the awarding of the contract. The existing tower provides air traffic control for Air National Guard C-130 J Model aircrafts and Blackhawk helicopters. *The Governor did not include this project in his five-year plan; however, this is an ongoing project.* **The Assembly recognized this as an approved capital project.**

Combined Support Maintenance Shop and Armory. The Military Staff included \$28.2 million from federal funds for the combined support maintenance shop and armory project. The Federal National Guard Bureau provided funds for FY 2007 and beyond for preliminary and final design as well as construction of a facility that will provide direct support for National Guard ground equipment. This project is consistent with the approved plan. The agency estimated completion of the project in FY 2010. *The Governor did not reflect this project in his plan; construction has been completed as of January 31, 2010, although punch list items may be outstanding. This project had been included in his FY 2010 and FY 2009 recommendations.* **The Assembly concurred.**

Emergency Management Building. The Military Staff requested \$15.9 million from Rhode Island Capital Plan funds for FY 2011 through FY 2015 for the renovation of state buildings #79 and #80 located on the Pastore Campus to house the Emergency Management Agency. The request includes \$125,000 for a feasibility study, \$0.8 million for architectural and design and the remaining \$15.0 million for construction. This project would provide 75,341 square feet of space. Currently the agency utilizes

31,000 square feet at the Command Readiness Center in addition to a space in the State House sub-basement and a storage facility in Scituate that houses equipment. The new space would meet the needs to respond to and coordinate any man made or natural disaster and allow the agency to combine the radiological program currently housed in the State House sub-basement, the Scituate storage facility and the current operations at the Command Readiness Center into one central location. The agency requested this last year, but neither the Governor nor the Assembly included it. *The Governor did not include funding for this project.* **The Assembly concurred.**

Armory of Mounted Commands Repointing. The Military Staff requested a total of \$180,000 from all sources, all of which will be used in FY 2011 for the repointing of the Armory of Mounted Commands building. The primary area for mortar replacement begins on the north side of the building and wraps around the northeast side and is beginning to expand to the south wall. This includes \$90,000 from Rhode Island Capital Plan funds and is a 50 percent federal match project. *The Governor did not include funding for this project.* **The Assembly concurred.**

Armory of Mounted Commands Headshed Roof. The Military Staff requested a total of \$420,000 for the replacement of the Armory of Mounted Commands' headshed roof or main administrative building roof. The project includes \$220,000 from Rhode Island Capital Plan funds, of which \$20,000 is for design and \$200,000 from federal funds. The project is slated for design in FY 2014, with construction in FY 2015. *The Governor did not include funding for this project.* **The Assembly concurred.**

Bristol Armory Roadway and Parking Lot. The Military Staff requested a total of \$160,000 to install a roadway to and from the new controlled humidity preservation building in FY 2012. This includes \$80,000 from Rhode Island Capital Plan funds and \$80,000 from federal funds. This project was intended to be part of the asset protection request. *The Governor did not include funding for this project.* **The Assembly concurred.**

Department of Public Safety

Projects	Status	5 Year Total	Project Total
Headquarters Complex Expansion	Revised	\$ 800,000	\$ 800,000
Headquarters Repairs/Renovations	Revised	300,000	1,494,498
State Police Headquarter Sewer Project	Revised	-	300,000
Barracks Renovations	Revised	5,754,490	6,709,481
State Microwave/IT Upgrade	Revised	2,512,140	7,070,000
State Fire Training Academy	Revised	-	6,400,000
Parking Area Improvements	Ongoing	200,000	251,090
New Headquarters	Ongoing	4,750,000	30,652,141
Total		\$ 14,316,630	\$ 53,677,210
Sources of Funds			
General Obligation Bonds		\$ -	\$ 10,739,904
Rhode Island Capital Funds		14,316,630	42,937,306
Total		\$ 14,316,630	\$ 53,677,210

Summary. The Department of Public Safety submitted a five-year capital request that includes projects totaling \$56.9 million, of which \$16.1 million would be spent in the FY 2011 through FY 2015 period. This is \$6.3 million more than the approved capital plan, including \$3.1 million of carry-forward funds that were unspent in previous fiscal years. *The Governor recommended projects totaling \$53.7 million with \$13.7 million from Rhode Island Capital Plan funds to be spent in the FY 2011 through FY 2015 period. The Assembly included funding for projects totaling \$53.7 million with \$14.3 million from Rhode Island Capital Plan funds to be spent in the FY 2011 through FY 2015 period.*

Headquarters Complex Expansion. The Department requested \$800,000 from Rhode Island Capital Plan funds for FY 2011 through FY 2013, for repairs and renovations to the Headquarters Complex. This project is consistent with the approved capital plan. *The Governor recommended funding as requested. The Assembly concurred with the total funding for the project; however, shifted \$0.1 million from FY 2011 to FY 2013 due to project delays.*

Headquarters Repairs/Renovations. The Rhode Island State Police requested \$400,150 from Rhode Island Capital Plan funds for FY 2010 through FY 2012 for repairs and renovations to be conducted at the State Police Headquarters in North Scituate; \$250,150 more than what is included in the approved capital plan. This includes \$50,150 of funds not spent in FY 2009 due to project delays. The Department requested an additional \$200,000 from Rhode Island Capital Plan funds for repairs to the radio bureau building in FY 2012, which was shifted from FY 2010 due to an increase cost estimate. The Department previously spent \$1.1 million from Rhode Island Capital Plan funds on this project. *The Governor recommended funding as requested. The Assembly concurred.*

State Police Headquarter Sewer Project. The Department's request includes \$300,000 for FY 2010 to fund the removal of all the cesspools from the existing buildings on the State Police Headquarters complex in North Scituate. The Department of Environmental Management requires this series of improvements to be completed as a condition of approval of the New State Police Headquarters project. The installation will include piping, underground structures, a pumping station, and other electrical and monitoring systems in accordance with the Department of Environmental Management's regulatory process. This project was expected to be completed in FY 2009, but delayed to FY 2010, due to

unforeseen circumstances. *The Governor recommended funding as requested.* **The Assembly concurred.**

Barracks Renovations. The Department requested \$6.3 million from Rhode Island Capital Plan funds for the continued renovations to State Police barracks, \$2.8 million more than the approved capital plan in FY 2012 and FY 2013. This request includes pre-FY 2010 expenditures of \$0.5 million, \$1.2 million for FY 2010, \$1.8 million for FY 2011, \$1.0 million for FY 2012 and \$1.8 million for FY 2013. This request includes \$0.4 million of carry-forward funds that were unspent in FY 2009. *The Governor recommended total project costs of \$6.7 million, including \$0.9 million from Rhode Island Capital Plan funds in FY 2010 and \$5.3 million from Rhode Island Capital Plan funds for the FY 2011 through FY 2015 period.* **The Assembly concurred with the total funding for the project; however, shifted \$0.4 million from FY 2010 to FY 2012 due to project delays.**

State Police Microwave/IT Upgrade. The Department requested a total of \$7.1 million from Rhode Island Capital Plan Funds for the period of FY 2010 through FY 2011 for the State Police Information Technology and Microwave Ring Upgrade. This shifts \$2.5 million from FY 2009 to FY 2010 because of delays receiving critical components from the manufacturer.

The Department requested \$4.6 million in FY 2010 that will be spent on the microwave upgrade; this includes \$2.5 million that was unspent in FY 2009 due to the delays. The remaining \$2.5 million will be spent in FY 2011 to coincide with completion of the new State Police Headquarters to provide the telecommunication and related communication equipment for that facility. *The Governor recommended funding as requested.* **The Assembly concurred.**

State Municipal Fire Academy. The Department requested \$10.7 million from all sources for the period of FY 2010 through FY 2015, including \$6.4 million from general obligation bonds and \$4.3 million from Rhode Island Capital Plan funds to build a State Municipal Fire Academy. The voters approved the issuance of \$6.4 million from general obligation bonds in November 2002; however, the project has been delayed, until recently, pending final site selection. The Department previously spent \$128,200 on architect fees from the initial building design proposal and completion of programming.

The Department subsequently noted that the current allocation is no longer enough for the completion of the Academy building portion of the project. The general obligation bond funding will allow for the construction of the exterior hands-on training facilities, however not the academic building. The Department included in its request an additional \$4.3 million from Rhode Island Capital Plan funds to complete a 9,000 square foot classroom and administrative building in FY 2011 and FY 2012.

The Governor provided total project costs of \$6.4 million, including \$6.0 million from general obligation bonds in FY 2010. The Governor did not provide the additional \$4.3 million from Rhode Island Capital Plan funds. The project is currently out to bid; however, the Department has been unable to supply the Budget Office with additional information requested about the operating costs of the training academy. **The Assembly concurred.**

Parking Area Improvements. The Department requested \$225,000 from Rhode Island Capital Plan funds for FY 2010 for parking area improvements at the Hope Valley, Lincoln, and Wickford Barracks. This is consistent with the approved capital plan. *The Governor recommended funding as requested.* **The Assembly provided total funding as requested; however, shifted \$200,000 from FY 2010 to FY 2011 due to project delays.**

New Headquarters. The State Police requested total funding of \$29.9 million, including \$25.6 million from Rhode Island Capital Plan funds and \$4.3 million from general obligation bonds for the new headquarters project. This project includes pre-FY 2010 expenditures of \$8.5 million. The Division's request of \$21.4 million for the FY 2010 through FY 2015 period includes \$4.1 million of carry-forward

funds that were unspent in FY 2009. Total funding for the project is \$0.7 million less than what is included in the approved capital plan due to revised cost estimates.

In November 2002, the voters approved a \$55.0 million bond referendum that included \$48.1 million for the new headquarters. The State Police requested and received an additional \$9.0 million from Rhode Island Capital Plan funds in FY 2007 as well as an additional \$6.0 million in FY 2008 from Rhode Island Capital Plan funds for the project due to cost overruns. After numerous site changes, design delays and escalating costs, the entire project was reassessed and the decision was made to construct a smaller headquarters on the present Scituate site.

*The Governor provided total project funding of \$30.7 million, including \$26.4 million from Rhode Island Capital Plan funds and \$4.3 million from general obligation bond proceeds. The Governor included pre-FY 2010 expenditures of \$9.6 million and \$21.1 million in the FY 2010 through FY 2015 period. This includes \$16.3 million in FY 2010 and \$4.8 million in FY 2011 to complete the project in the fall of 2010, FY 2011. **The Assembly concurred.***

E-911 Building Renovations. The Department requested \$55,000 from Rhode Island Capital Plan funds for FY 2010 for a climate control system for the server room, renovations to the generator, replacement of the current HVAC system, and roof replacement on the current E-911 facility. This is included in the approved capital plan. The Department requested the funds to update the current North Providence facility so that it will be able to serve as the alternate public safety answering point, when the new State Police Headquarters, which will contain a new primary public safety answering point, opens in FY 2011. *The Governor recommended funding as requested. **The Department did not concur and did not provide funding for this project.***

Department of Environmental Management

Projects	Status	5 Year Total	Project Total
East Bay Bike Path/State Park	New	\$ 1,500,000	\$ 1,500,000
Galilee Piers	Revised	4,080,000	9,120,703
Dams Repair	Revised	3,700,000	9,169,919
Great Swamp Office Complex	Revised	4,533,930	4,733,930
Bay Islands Park System	Revised	5,066,000	5,991,687
Historic and Passive Grants	Revised	1,000,000	4,000,000
State Open Space	Revised	14,920,000	37,234,550
Fort Adams Restoration	Revised	3,000,000	8,250,000
Newport Piers	Ongoing	1,000,000	6,427,999
Fish & Wildlife Maintenance Facility	Ongoing	650,000	650,000
Farmland Development Rights	Ongoing	6,915,000	20,500,000
Local Open Space	Ongoing	8,039,422	21,400,000
Local Bikeways	Ongoing	906,141	5,000,000
Local Recreation Development Grants	Ongoing	3,000,000	37,517,906
Narragansett Bay and Watershed Restoration	Ongoing	9,096,627	18,800,000
Roger Williams Park	Ongoing	4,200,000	28,500,000
Sewer Interceptors	Ongoing	1,260,000	5,000,000
State Recreation Facilities Improvement	Ongoing	8,700,000	27,941,314
Superfund Site Remediation	Ongoing	823,736	18,990,819
Total		\$ 82,390,856	\$ 270,728,827
Sources of Funds			
New General Obligation Bonds		\$ 19,200,000	\$ 24,700,000
General Obligation Bonds		29,837,190	154,043,143
General Revenues		823,736	5,732,262
Federal Funds		9,649,930	36,103,943
Restricted Receipts		400,000	3,382,282
Rhode Island Capital Funds		22,480,000	46,767,197
Total		\$ 82,390,856	\$ 270,728,827

Summary. The Department requested \$50.4 million from all funds to be used in the five-year period for 18 projects totaling \$250.2 million. Funding consists of \$19.9 million from general obligation bonds, of which \$2.5 million is new general obligation bonds approved by the voters on the November 2008 ballot, \$9.9 million from federal funds, \$0.4 million from restricted receipts and \$19.3 million from Rhode Island Capital Plan funds.

The Governor recommended \$254.0 million from all sources, including \$65.4 million to be spent in the five-year period. The total recommendation is \$3.8 million more than the request, and includes \$10.0 million from new general obligation bonds which would be submitted to the voters on the November 2012 ballot. The Assembly added \$14.7 million of new general obligation bonds to be presented to the voters on the November 2010 ballot and essentially concurred with the remainder of the recommendation.

East Bay Bike Path/State Park. The Blackstone Valley Bike Path is scheduled to be a 17.1 mile by 12-foot wide scenic bike-path that will connect to the East Bay Bike Path, eventually making a continuous 31.9 mile route for alternative transportation, including paths that travel through state parks. The Department's request did not include funding for this project. *The Governor did not recommend funding for this project.* **The Assembly provided \$0.5 million each year for FY 2011 through FY 2013 for the construction of the East Bay Bike Path.**

Galilee Piers. The Department requested total project costs of \$8.3 million from Rhode Island Capital Plan funds to use through FY 2014 for facilities and infrastructure improvements at the Port of Galilee. The request is \$0.5 million less than the approved plan to more accurately reflect updated construction costs and schedules. The purpose of this project is to repair and improve the Galilee State Pier by replacing deteriorated wooden bulkheads, paving the parking lot on the pier, and providing treatment for stormwater runoff. The Department has completed repairs to the north bulkhead, which supports the charter fishing boats docks. Design of the south bulkhead is underway with construction scheduled to begin during July of 2010. *The Governor recommended \$9.1 million, \$0.8 million more than requested to reflect additional funding for FY 2015, which was inadvertently excluded from the request.* **The Assembly concurred, but shifted \$0.3 million from FY 2010 to FY 2011 to reflect a revised project schedule.**

Dams Repair. The Department requested total project costs of \$9.4 million from Rhode Island Capital Plan funds to repair state owned dams at various recreational management areas. This project includes design and construction at the John L. Curran Dams in Cranston, Breakheart Hill Dam in the Arcadia Management Area and Bleachery Pond Dam in East Greenwich. The request is \$750,000 more than the approved plan, including \$250,000 for FY 2014 and \$500,000 for FY 2015 due to the recent discovery of two additional state-owned high hazard dams. *The Governor recommended \$9.2 million, \$0.2 million less than requested to reflect actual pre-FY 2010 expenditures.* **The Assembly concurred.**

Great Swamp Office Complex. The Department requested a total project cost of \$4.7 million for the construction of a new office facility for the Freshwater Fisheries and Wildlife sections of the Division of Fish and Wildlife at the Great Swamp Management Area. In FY 2007 the Department contracted with Burgin Associates for the design of the facility, which was finalized in FY 2009, with construction to begin in FY 2010. Expenditures in the five-year period include \$2.6 million from federal funds, \$1.7 million from Rhode Island Capital Plan funds and \$0.4 million from restricted receipts. The request is \$0.6 million more than the approved plan to reflect increased construction costs. *The Governor recommended funding as requested.* **The Assembly concurred.**

Bay Islands Park System. The Department requested a total project cost of \$5.1 million to build a public wharf on the southern tip of Prudence Island in Narragansett Bay. The project will include restrooms, a rain/shade shelter and will allow access to boating and marine recreational opportunities. The wharf will also provide access to the Department's Narragansett Bay National Estuarine Research Reserve, which will increase the public's access to environmental education. The request is \$1.2 million less than the approved plan due to revised construction costs. *The Governor recommended total funding as requested, but delayed the start of construction from FY 2013 until FY 2014.* **The Assembly concurred.**

Historic and Passive Grants. Consistent with the approved plan, the Department requested a total project cost of \$4.0 million from authorized general obligation bonds to be used through FY 2011 to provide grants to municipalities for recreation projects. In August of 2008, the Department awarded 14 grants totaling \$1.2 million and is in the process of administering these grants. *The Governor recommended funding as requested.* **The Assembly concurred.**

State Open Space. Consistent with the approved plan, the Department requested total project costs of \$37.3 million, including \$1.0 million in the five-year period for the purchase of land, development rights

and conservation easements statewide. Land acquired under this program includes forested land, open fields, river access sites, shoreline access areas, farmlands, trail connections and water supply protection areas. *The Governor recommended \$24.0 million, with \$1.7 million programmed in the five-year period. This is \$13.3 million less than requested to reflect a revised purchasing schedule.*

The Assembly added authorization for \$14.7 million of new general obligation bonds for open space projects to be placed on the November 2010 ballot. This includes \$10.0 million for the purchase of all or a portion of the former Rocky Point Park and \$3.2 million for the Department to acquire title to 25 India Street in Providence from the Department of Transportation. It should be noted the open space authorization includes \$1.5 million in funding for Fort Adams State Park, which is explained in detail below.

Fort Adams Restoration. Consistent with the approved plan, the Department requested a total project cost of \$6.0 million from all funds to restore and repair historic structures at the Fort Adams State Park in Newport. The state operates the fort and is responsible for conducting programs, developing restoration plans, and raising funds from public and private sources. Program funding includes \$0.6 million from general obligation bond proceeds for FY 2010 and \$250,000 each year from Rhode Island Capital Plan funds for FY 2010 through FY 2013.

The Governor recommended \$6.3 million, \$250,000 more than requested to reflect FY 2015 funding which was inadvertently excluded from the request. The Assembly provided an additional \$250,000 from Rhode Island Capital Plan funds in FY 2011, and placed authorization of \$1.5 million of general obligation bonds on the November 2010 ballot for the continued renovation of the fort. Authorization for these bonds was included in the open space and recreation facilities referendum.

Newport Piers. Consistent with the approved plan, the Department requested \$1.0 million from Rhode Island Capital Plan funds to use in FY 2011 through FY 2014 for ongoing infrastructure improvements to the Newport Piers. Planned work includes \$250,000 for L-Pier development, \$500,000 for a maintenance facility and workshop garage, as well as \$250,000 for T-Pier construction. Programmed expenditures include \$4.9 million in pre-FY 2010 expenditures, \$0.5 million for FY 2010 and \$250,000 each year for FY 2011 through FY 2014. *The Governor recommended funding as requested. The Assembly concurred.*

Fish and Wildlife Maintenance Facility. Consistent with the approved plan, the Department requested a total of \$900,000 to be used in FY 2011 and FY 2012, including \$575,000 from Rhode Island Capital Plan funds to provide state matching funds for the construction of a maintenance facility for the Division of Fish and Wildlife at the Great Swamp Management Area. The Department indicates that the current facility is over 30 years old and is too small to store equipment. *The Governor recommended total project costs of \$650,000, all of which will be spent in the five-year period. The recommendation is \$250,000 less than requested to reflect lower construction costs. The Assembly concurred.*

Farmland Development Rights. Consistent with the approved plan, the Department requested total project costs of \$20.5 million from general obligation bonds including \$6.9 million to be used in FY 2011 through FY 2013 for farmland acquisition. The Agricultural Land Preservation Commission accepts and scores farmland applications for these funds. The goal is to eliminate economic pressures on farmers to sell land for residential or commercial development. The request includes \$2.5 million of new general obligation bonds that were approved by the voters on the November 2008 ballot. *The Governor recommended funding as requested. The Assembly concurred.*

Local Open Space. Consistent with the approved plan, the Department requested \$21.4 million from general obligation bonds to be used through FY 2014 for the Local Land Acquisition Grants for Open Space program. The purpose of the program is to provide grants to municipalities, local land trusts, and

non-profit organizations to preserve open space in Rhode Island. Since 1988, the program has awarded over 130 grants preserving over 6,200 acres of land. In FY 2007 the Department awarded a total of \$5.3 million in grants to fund 17 projects and preserved 1,600 acres; the Department is currently administering these grants. The next grant round is scheduled for the summer of 2010. *The Governor recommended funding as requested.* **The Assembly concurred.**

Local Bikeways. The Department's request inadvertently excluded funding for the local bikeways project, which funds the design and construction of local bikeways and recreational greenways. In 2003, 12 projects were approved by the Department for a total of \$2.0 million. The Department is currently in the process of administering the grants that were awarded and constructing bikeway connections and bike path facilities along the Blackstone River. *The Governor recommended total project costs of \$5.0 million from previously approved general obligation bonds, consistent with the previously approved capital plan.* **The Assembly concurred.**

Local Recreation Development Grants. Consistent with the approved plan, the Department requested \$4.0 million from authorized general obligation bonds to use in FY 2010 and FY 2011 to provide grants to municipalities for recreation development and acquisition projects. Since 1998, the Department has awarded over 200 grants totaling \$35.0 million, and is responsible for the administration of these grants. *The Governor recommended \$3.0 million for the five-year period, \$4.0 million more than requested to reflect available general obligation bond proceeds that were inadvertently excluded from the request.* **The Assembly concurred.**

Narragansett Bay and Watershed Restoration. Consistent with the approved plan, the Department requested a total of \$8.0 million from general obligation bond proceeds and federal funds to restore and protect water quality in Narragansett Bay. The project provides matching grants to state and local agencies; non-profit organizations and for-profit businesses to abate sources of pollution causing beach closures, fish kills, and other problems identified in water quality restoration plans.

The Governor recommended total project costs of \$18.8 million, \$10.8 million more than enacted to reflect \$0.8 million more from authorized general obligation bond proceeds inadvertently excluded from the request, and \$10.0 million in new general obligation bond authorization which would be presented to the voters on the November 2012 ballot. **The Assembly concurred.**

Roger Williams Park. Consistent with the approved plan, the Department requested \$4.2 million from general obligation bonds to be used in FY 2010 and FY 2011 for improvements to Roger Williams Park, for a total project cost of \$28.5 million. The bond proceeds are being used to construct botanical gardens as well as other improvements to the Park Zoo. *The Governor recommended funding as requested.* **The Assembly concurred.**

Sewer Interceptors. Consistent with the approved plan, the Department requested \$1.3 million from general obligation bond proceeds to be used in FY 2010 and FY 2011 to provide 50.0 percent matching grants to municipalities for the construction of extensions to interceptor sewer lines to areas with failed septic systems and leach fields. *The Governor recommended funding as requested.* **The Assembly concurred.**

State Recreation Facilities Improvements. Consistent with the approved plan, the Department requested \$7.0 million to use in FY 2011 through FY 2015 for improvements at Rhode Island parks and management areas. The request includes funding for five bridges in the Arcadia Management Area, restroom improvements and replacements, design and construction of additional camping facilities at George Washington Management Area and other facilities. *The Governor recommended \$8.7 million for the five-year period, \$1.7 million more than enacted to reflect authorized general obligation bond proceeds inadvertently excluded from the request.* **The Assembly concurred.**

Superfund Site Remediation. Consistent with the approved plan, the Department requested \$19.0 million from general revenues for maintenance activities at the state's Superfund site located at the former Rose Hill Landfill in South Kingstown. The Comprehensive Resource Conservation and Liability Act, known as the Superfund law, mandates that for fund financed remedial actions, the state is required to share a minimum of 10.0 percent and up to 50.0 percent for municipal or state-operated facilities. As part of the regulations, states must agree to assume responsibility for operation and maintenance of the implemented remedial action for the expected life of such action and states must ensure that any institutional controls implemented as part of the remedial action at a site are sustained. *The Governor recommended funding as requested.* **The Assembly concurred.**

Narragansett Bay Fishing Piers Program. The Department requested \$1.3 million each from federal funds and Rhode Island Capital Plan funds for a total project cost of \$2.6 million for the Narragansett Bay Fishing Piers program, which will construct, renovate and improve public salt water fishing piers in the state. This is a new project and includes fishing pier construction at sites in Middletown, Warwick, Tiverton, North Kingstown and East Providence. *The Governor did not recommend funding for this project.* **The Assembly concurred.**

Coastal Resources Management Council

Projects	Status	5 Year Total	Project Total
Fish Passage Restoration	New	\$ -	\$ 3,030,564
Coastal & Estuary Habitat Restoration Program	Ongoing	1,250,000	3,274,309
Providence River Dredging	Ongoing	-	46,403,211
Total		\$ 1,250,000	\$ 52,708,084
Sources of Funds			
Federal Funds		\$ -	\$ 35,454,860
Federal Stimulus Funds		-	3,030,564
Rhode Island Capital Funds		-	6,520,408
Restricted Receipts		1,250,000	7,345,010
Other (Local Funds)		-	357,242
Total		\$ 1,250,000	\$ 52,708,084

Summary. The Council requested \$13.7 million for the FY 2011 through FY 2015 period for projects totaling \$21.8 million. Funding includes \$7.1 million from federal funds, \$5.3 million from Rhode Island Capital Plan funds and \$1.3 million from the Oil Spill Prevention, Administration and Response Fund, which are restricted receipts. The request is for seven projects, two of which are new. *The Governor recommended total project costs of \$52.7 million, including \$1.3 million for the five-year period. The recommendation includes one new project not included in the Council's request.* **The Assembly concurred.**

Fish Passage Restoration. The Council's request does not include funding for the Fish Passage Restoration Project. The Council received notification subsequent to its Capital Budget request concerning the availability of funds from a competitive grant from the National Oceanographic and Atmospheric Administration. Funding will be used for six individual projects in the Pawcatuck River and Ten Mile River areas that will restore access to the rivers for migratory fish as well as restoring the surrounding habitat. *The Governor recommended \$3.0 million from federal stimulus funds in FY 2010 to reflect the Council's award for Fish Passage Restoration.* **The Assembly concurred.**

Coastal and Estuary Habitat Restoration Program and Trust Fund. The Council's request includes total project expenditures of \$3.3 million from the Oil Spill Prevention, Administration and Response fund for the Coastal and Estuary Habitat Restoration Program and Trust Fund. The 2004 Assembly passed Article 44 of 2004-H 8219, Substitute A, as amended, and mandated the annual amount of \$250,000 from the Oil Spill Prevention, Administration and Response Fund to the program and trust fund. The request is consistent with the approved plan, and adds \$250,000 in new expenditures for FY 2015. *The Governor recommended funding as requested.* **The Assembly concurred.**

Providence River Dredging Project. The Council's request includes a total project cost of \$46.4 million for the Providence River Dredging Project, which removed sand and sediment from the Providence River shipping channel to improve navigation. The Council was to make the final payment of \$1.7 million to the Army Corps of Engineers for the state cost-share for the project in FY 2010. *The Governor recommended the final payment of \$1.7 million from Rhode Island Capital Plan funds in FY 2010, and includes the total project cost of \$46.4 million in the Council's recommendation.* **The Assembly concurred.**

Dredged Material Management Plan. The Council requested \$1.5 million from Rhode Island Capital Plan funds for a new project to develop a dredged material management plan for the state's tidal waters. The project would involve expenditures of \$500,000 per year from FY 2011 through FY 2013. The project was requested in each of the past eight fiscal years, but not approved. This plan is a request for a consultant study and does not meet the definition of a capital project. *The Governor did not recommend funding.* **The Assembly concurred.**

Ninigret Pond Breachway Rock Removal. The Council requested \$900,000 to be used in FY 2011 for a project to remove large rocks and groups of smaller rocks that are obstructing navigation in the Ninigret Pond. The request includes \$0.7 million from federal funds and \$0.2 million from Rhode Island Capital Plan funds, which would be used as the 20.0 percent state match for the federal funds. *The Governor did not recommend funding.* **The Assembly concurred.**

South Coast Restoration Project Breachways. The Council requested \$1.0 million from Rhode Island Capital Plan funds to be used in FY 2011 to maintain breachways. This project will involve the removal of sedimentation that enters the breachways of three salt ponds in the South County area, with a focus on Ninigret Pond. This project was included in the FY 2007 through 2011 approved capital plan for \$630,000 from the Oil Spill Prevention, Administration and Response Fund, but was removed in subsequent years due to project delays. *The Governor did not recommend funding.* **The Assembly concurred.**

Brushneck Cove Aquatic and Ecosystem Restoration Project. The Council requested \$980,000 to be used in FY 2011 for a project to restore 125 acres of estuary habitat in the Brushneck Cove area of Greenwich Bay. Funding includes \$343,000 from Rhode Island Capital Plan funds and a federal match from the Army Corps of Engineers of 65.0 percent, or \$637,000. This project was included in the FY 2008 through FY 2012 approved plan, but was removed in the following plan due to a limited amount of restricted receipts from the Oil Spill Prevention, Administration and Response Fund. The subsequent requests replace the restricted receipt funding with Rhode Island Capital Plan funds. *The Governor did not recommend funding.* **The Assembly concurred.**

Narrow River Aquatic Ecosystem Restoration. The Council requested total project costs of \$7.1 million to be used in FY 2011 for the restoration of the aquatic habitat and salt marshes in the Narrow River. The request includes \$1.8 million from Rhode Island Capital Plan funds and \$5.2 million from federal funds. The Council indicated that shoaling in the lower Narrow River may be contributing to a decline in submerged aquatic vegetation, primarily eelgrass and shellfish habitat in the river and its coves. This project was included in the FY 2008 through FY 2012 approved capital plan, but was removed in the following year due to the unavailability of restricted receipts from the Oil Spill Prevention, Administration and Response Fund. The current request removes these funds and replaces them with Rhode Island Capital Plan funds. *The Governor did not recommend funding.* **The Assembly concurred.**

South Coast Habitat Restoration Project. The Council requested \$971,255 for FY 2011 to complete habitat restorations along the southern coast of Rhode Island, including \$542,155 from federal funds and \$429,100 from Rhode Island Capital Plan funds. The \$7.2 million project included removing sediments in the breachway and eelgrass seeding and transplants. Funding in FY 2011 would be used for sediment removal and habitat restoration at Winnapaug and Quonochontaug ponds. This project was included in the FY 2008 through FY 2012 approved capital plan, but was excluded from the subsequent capital plans. The Council's current request includes Rhode Island Capital Plan funds for the state match. *The Governor did not recommend funding.* **The Assembly concurred.**

State Water Resources Board

Projects	Status	5 Year Total	Project Total
Big River Groundwater Development	Revised	\$ 26,699,400	\$ 27,097,120
Water Allocation Plan	Revised	1,896,803	10,025,611
South County Groundwater Development	Revised	8,199,947	9,300,000
Supplemental Water Supplies Development	Revised	9,000,000	21,566,987
Big River Management Area Maintenance	Ongoing	670,000	1,730,837
Emergency Interconnect Project	Ongoing	6,520,000	24,996,545
Bristol Country Water Treatment Facilities	Ongoing	6,399,979	15,624,554
Total		\$ 59,386,129	\$ 110,341,654
Sources of Funds			
New General Obligation Bonds		\$ 4,000,000	\$ 10,000,000
Authorized General Obligation Bonds		17,119,926	39,921,099
Rhode Island Capital Funds		9,670,000	23,651,345
Restricted Receipts		-	2,707,911
Federal Funds		-	1,600,000
General Revenues		1,896,803	5,461,899
Other (Revenue Bonds)		26,699,400	26,999,400
Total		\$ 59,386,129	\$ 110,341,654

Summary. The Water Resources Board requested \$66.6 million for the FY 2011 through FY 2015 period for seven projects totaling \$110.9 million. Funding in the five-year period includes \$13.0 million from new general obligation bonds, of which \$10.0 million would be submitted to the voters on the November 2012 ballot, \$17.0 million from approved general obligation bonds, \$0.7 million from Rhode Island Capital Plan funds, \$2.2 million from general revenues and \$26.7 million from revenue bonds to be issued by the Board Corporate.

*The Governor recommended total project costs of \$110.4 million, including \$59.4 million for the five-year period. The recommendation includes \$10.0 million of new general obligation bond authorization which will be submitted to the voters on the November 2012 ballot, and \$26.7 million from revenue bonds to be issued by the Board Corporate. It should be noted the Governor did not include legislation requesting the approval of this debt issuance. It should also be noted that the 2009 Assembly passed Article 5 of 2009-H 5983 Substitute A, as amended, which prohibits any future borrowing by the Board Corporate. **The Assembly essentially concurred with the recommendation, but removed \$0.1 million from Rhode Island Capital Plan funds in FY 2010 to reflect anticipated expenditures. The Assembly did not approve legislation that would allow future debt issuances by the Board Corporate.***

Big River Groundwater Development. The Board requested \$27.1 million, including \$26.7 million from revenue bonds and \$0.2 million from general revenues for the development of a water supply system in the Big River Management Area. Assuming a 5.0 percent interest rate for 20 years, annual debt service would be approximately \$2.0 million and would be paid by revenues generated from the sale of water. It should be noted the requested revenue bonds would require legislative approval. It should also be noted that the 2009 Assembly passed legislation contained in Article 5 of 2009-H 5983 which disallows the Board from issuing debt through its Board Corporate, and transfers this function to the state Clean Water Finance Agency. The request includes \$0.4 million in FY 2010 for the design, environmental assessment

and business plan for the proposed water supply system. The system could potentially provide between five and seven million gallons per day for the state, which is a 5.0 percent increase in state capacity. *The Governor recommended funding as requested. It should be noted the Governor did not include legislation requesting the approval of this debt issuance.* **The Assembly concurred with the recommendation, but did not include legislation that would allow future debt authorizations for the Board Corporate.**

Water Allocation Plan. The Board requested \$2.2 million from general revenues to be used in the five-year period for an ongoing project to develop a Water Allocation Program. The Program consists of multi-year efforts to first quantify available supplies, then use that information as a basis to assess water management needs, and then assess the options to satisfy those needs. The 2005 Assembly reclassified this project as purchased services to better reflect that it is a consultant study rather than capital improvement. This project has been included in the Board's capital request in each of the last seven years and not approved until the FY 2009 through FY 2013 plan. The Board's FY 2010 operating budget includes \$0.3 million for purchased services related to the Water Allocation Plan projects. The request is \$1.2 million less than the approved plan due to cost savings for consultant services. *The Governor recommended \$1.9 million, \$0.3 million less than requested to reflect a reduced project scope in FY 2010 and FY 2011.* **The Assembly concurred.**

South County Groundwater Development. The Board requested a total project cost of \$9.2 million from general obligation bond proceeds for the Groundwater Protection/Acquisition Program, of which \$8.1 million would be used in the five-year period to purchase water development rights from private landowners for well sites identified as high capacity. The request is \$1.1 million less than the approved plan to reflect updated purchase plans. *The Governor recommended \$9.3 million, \$0.1 million more than requested to reflect available general obligation bond proceeds that were inadvertently excluded from the request.* **The Assembly concurred.**

Supplemental Water Supplies Development. The Board requested \$10.0 million from new general obligation bonds for the five-year period as well as an additional \$10.0 million from new general obligation bonds in the out years for a total project cost of \$21.6 million to identify and utilize potential supplemental water supplies in the event of contamination or drought. Phase I of this project studied and identified supplemental water supplies for the state. The second phase of this project would provide the necessary infrastructure including land purchase, well drilling, and construction of interconnections and treatment facilities. The request is \$20.0 million more than the approved plan due to the inclusion of \$20.0 million of new general obligation bonds, of which \$10.0 million of new bond authorizations would be included on the November 2010 ballot. *The Governor recommended the requested amount of funding, but recommended Rhode Island Capital Plan funds in lieu of new general obligation bonds.* **The Assembly concurred.**

Big River Management Area Maintenance. Consistent with the approved plan, the Board requested \$1.8 million from Rhode Island Capital Plan funds to fund infrastructure repairs and improvements at the Big River Management Area. This project includes funding for security, litter/dumping enforcement and demolition of vacant homes. The Board is responsible for protecting the Big River Management Area for future development as a source of potable water. *The Governor recommended funding as requested.* **The Assembly essentially concurred with the recommendation, but removed \$0.1 million from Rhode Island Capital Plan funds in FY 2010 to reflect anticipated expenditures.**

Emergency Interconnect Project. Consistent with the approved plan, the Board requested \$14.9 million from previously approved general obligation bonds and \$10.0 million from new general obligation bonds to continue a \$25.0 million project to establish statewide emergency water interconnections between the state's 32 largest water supply systems. Of the 32 identified interconnections, the Board indicates that 15 have been completed, and three more projects have been approved. The interconnections are funded from

\$15.0 million in bond proceeds authorized by the voters in 2004. *The Governor recommended funding as requested. The Assembly concurred.*

Bristol County Water Treatment Facility. Consistent with the approved capital plan, the Board requested a total project cost of \$15.6 million from authorized general obligation bond proceeds to upgrade the Bristol County Water Treatment Facility and the Shad Factory Pipeline. Programmed expenditures include \$0.6 million in FY 2010, \$1.4 million in FY 2011, \$2.3 million in FY 2012, \$0.7 million in FY 2013 and \$1.0 million each for FY 2014 and FY 2015. The Shad Factory Pipeline must be replaced to ensure continued use of the Massachusetts Reservoir water, and the Bristol County facility improvements are necessary to comply with the requirements of the Safe Drinking Water Act. Many of the improvements to the Bristol County Water Treatment Facility have been completed; however, more improvements have become necessary due to a change in these requirements. *The Governor recommended funding as requested. The Assembly concurred.*

Rhode Island Clean Water Finance Agency

Projects	Status	5 Year Total	Project Total
Clean Water Fund	Revised	\$ 235,943,090	\$ 1,230,547,560
Drinking Water Fund	Revised	144,625,000	427,073,686
Water Pollution Fund	Ongoing	935,324	64,665,038
Total		\$ 381,503,414	\$ 1,722,286,284
Sources of Funds			
General Obligation Bonds		\$ 13,100,000	\$ 116,536,020
Federal Funds		61,625,000	341,401,822
Revolved Capital		72,510,324	167,501,660
Agency Revenue Bonds		234,018,090	1,058,206,046
Interest Earnings		250,000	2,576,076
Federal Stimulus		-	36,064,600
Total		\$ 381,503,414	\$ 1,722,286,224

Summary. The Agency requested \$1,714.0 million, of which \$380.2 million would be used in the five-year period for three projects. Funding includes \$5.3 million from new general obligation bonds for the November 2010 ballot, \$7.0 million from authorized general obligation bonds, \$61.6 million from federal funds, \$0.2 million from interest earnings, \$72.3 million from revolved capital and \$233.8 million from agency revenue bonds.

*The Governor recommended \$1,722.3 million, or \$8.3 million more than requested. The recommendation includes funding primarily as requested, but does not include the \$5.3 million from new general obligation bonds. **The Assembly concurred. It should be noted the Assembly passed 2010-H 8180, which adds language to the Agency's enabling legislation authorizing it to offer loans in a manner that is consistent with federal guidelines.***

Clean Water Fund. The Agency requested \$234.9 million to be used in the five-year period for a total project cost of \$1,223.3 million for the Clean Water State Revolving Fund, a subsidized loan program for local governmental units to finance wastewater infrastructure projects. The loans are repaid over 20 years and have a subsidy of at least one-third off the market rate. Funding in the five-year period includes \$7.0 million from authorized general obligation bond proceeds, \$28.5 million from federal funds, \$59.0 million from revolved capital and \$140.4 million from agency revenue bonds. The request is \$57.5 million more than the approved plan primarily due to the inclusion of \$47.7 million more for the additional fiscal year. Funding in the additional year is based on projected funding need and will be used to replenish the revolving fund which allows the Agency to continue to provide subsidized loans for wastewater infrastructure projects. *The Governor recommended \$235.9 million, \$1.0 million more than requested to reflect additional federal funds not included in the request. **The Assembly concurred.***

Drinking Water Fund. The Agency requested a total project cost of \$430.1 million from all funds, of which \$144.6 million would be used in the five-year period for the Drinking Water State Revolving Fund. The fund operates and is funded by Section 1452 of the Federal Safe Drinking Water Act Amendments of 1996. Federal Capitalization grants are awarded to the state and the state contributes a 20.0 percent match. Loans are available to eligible water suppliers for planning, design and construction of safe water supply, treatment and transmission infrastructure projects. The request is \$29.8 million more than the approved plan, primarily due to the inclusion of \$28.9 million of funding for the additional fiscal year, as

well as minor adjustments to pre-FY 2010 expenditures. Funding in the additional year is based on projected funding needs and will replenish the revolving fund which allows the Agency to continue to provide subsidized loans for drinking water infrastructure projects. *The Governor recommended funding as requested for the five-year period, but reduced pre-FY 2010 expenditures by \$3.0 million for a total project cost of \$427.1 million. The adjustment was made to reflect actual expenditures.* **The Assembly concurred.**

Water Pollution Fund. Consistent with the approved plan, the Agency requested a total project cost of \$60.7 million, of which \$0.7 million from the Agency's revolved capital account would be spent in the five-year period for the Water Pollution Control State Revolving Fund. This fund receives capital funding from general obligation bond proceeds and transfers the appropriate state match to the Drinking Water State Revolving Fund. The request includes \$5.3 million from new general obligation bond proceeds from a referendum to be placed on the November 2010 ballot.

The Governor recommended \$64.7 million, \$4.0 million more than requested. The recommendation reflects the removal of \$5.3 million of new general obligation bonds from the request, offset by the addition of \$9.3 million of previously approved general obligation bonds that were inadvertently excluded from the request. **The Assembly concurred.**

Narragansett Bay Commission

Projects	Status	5 Year Total	Project Total
Phase I Combined Sewer Overflow Facilities	Ongoing	\$ -	\$ 222,832,000
Phase II Combined Sewer Overflow Facilities	Ongoing	255,901,000	269,390,000
Interceptor Maintenance & Construction	Ongoing	33,849,000	56,193,000
Sewer System Improvements	Ongoing	9,841,000	14,191,000
Wastewater Treatment Facility Improvements	Ongoing	132,087,000	173,714,000
Total		\$ 431,678,000	\$ 736,320,000
Sources of Funds			
General Obligation Bonds		\$ -	\$ 20,257,000
Revenue Bonds		-	52,545,000
Other (Revenue Bonds, State Revolving Fund)		431,678,000	654,504,000
Clean Water State Revolving Fund		-	[126,876,000]
Federal Funds		-	9,014,000
Total		\$ 431,678,000	\$ 736,320,000

Summary. The Commission indicated that the Clean Water Finance Agency does not have sufficient capacity to finance the Commission's capital plan. The FY 2011 through FY 2015 request includes \$432.2 million from other funds, which the Commission indicated consists of State Revolving Funds, revenue bonds or other capital funds. The exact amounts from the aforementioned are not yet known. The request is for five ongoing projects.

*The Governor's recommendation for the five-year period is essentially as requested, and includes \$431.7 million. The total recommendation is \$123.1 million more than requested due to the inclusion of \$124.7 million of completed projects that were not included in the request, offset by a reduction of \$1.6 million to pre-FY 2010 expenditures. **The Assembly concurred.***

Phase I Combined Sewer Overflow Facilities. The Commission requested \$98.8 million from the state Clean Water Finance Agency's revolving funds and the Commission's revenue bonds to be used in FY 2010 for the completion of Phase I of the Combined Sewer Overflow facilities upgrade. This is \$123.5 million less than the approved plan, which included costs for completed projects that are excluded from the current request. The communities of Providence, Pawtucket, and Central Falls have combined sewers that overflow at approximately 66 active combined sewer overflows, which contribute to the degradation of Narragansett Bay. During periods of heavy rain, the flow through combined portions of the collection system frequently exceeds the capacity of the system, resulting in a mixture of untreated sewage and stormwater entering the Bay and the surrounding rivers. *The Governor recommended \$222.8 million, \$124.0 million more than requested due to the inclusion of completed projects that were not included in the request. **The Assembly concurred.***

The individual projects that comprise Phase I of the combined sewer overflow facilities project are illustrated in the following table and descriptions.

Phase I Combined Sewer Overflow Facilities – Tunnel Pump Station Fit Out and Startup. Consistent with the approved plan, the Commission requested a total of \$58.8 million from all funds, of which \$2.9 million will be spent in FY 2010 for construction necessary to complete the tunnel pump station. The project includes installation of pumps, piping and all other necessary mechanical equipment into the

tunnel pump chamber. Also included in this contract is the installation of a screen at shaft S-1, the tunnel pump station, and the screening building.

Phase I Combined Sewer Overflow Facilities – Program and Construction Management. Consistent with the approved plan, the Commission requested a total of \$36.0 million from other funds, of which \$0.5 million will be used in FY 2010 for program oversight and construction management of the combined sewer overflow project.

Phase I Combined Sewer Overflow Facilities – Staff Police Detail and Legal Costs. Consistent with the approved plan, the Commission requested a total of \$4.0 million from other funds, of which \$0.1 million will be used in FY 2010 for staff, police detail and legal costs. Combined sewer overflow administration represents cost estimates per year for administration costs incurred by the Commission staff that works on various combined sewer overflow construction projects. Administration costs also include salary and fringe benefits, police detail, legal, advertising and reimbursement costs.

Combined Sewer Overflow Facilities FY 2011-FY 2015 Request			
Projects	Pre-		Total
	FY 2010	FY 2010	
<i>Design</i>	\$ [14,845]	\$ -	\$ [14,845]
<i>Main Spine Tunnel & Ancillary Facilities</i>	[179,880]	-	[179,880]
Tunnel Pump Station Fitout & Startup & Overflow 067	55,910	2,935	58,845
Program Management & Construction	35,467	503	35,970
<i>Owner Controlled Insurance Program</i>	[15,228]	-	[15,228]
<i>Overflows 006/007</i>	[10,332]	-	[10,332]
<i>Overflows 004/061</i>	[8,397]	-	[8,397]
<i>Overflow 032</i>	[10,530]	-	[10,530]
<i>Overflow 009</i>	[5,491]	-	[5,491]
<i>Woonasquatucket Interceptor Relief</i>	[5,622]	-	[5,622]
Staff/Police Detail/Legal Costs	3,929	53	3,982
<i>Mosshasuck River Interceptor</i>	[4,689]	-	[4,689]
<i>Floatables Control</i>	[819]	-	[819]
<i>Land Acquisition</i>	[3,040]	-	[3,040]
<i>Regulator Modifications</i>	[2,129]	-	-
Total	\$ 95,306	\$ 3,491	\$ 98,797

*Numbers are shown in thousands.

*Italicized projects have been completed and funding is not included in the total.

Phase II Combined Sewer Overflow Facilities. The Commission requested a total of \$269.4 million from the state Clean Water Finance Agency’s revolving funds and the Commission’s revenue bonds for Phase II of the combined sewer overflow facilities project. This is the second of three phases for the Narragansett Bay Commission’s combined sewer overflow project. Phase II involves the construction of a 19,150 foot tunnel along the Woonasquatucket River and an 11,200 foot tunnel along the Seekonk River. These two interceptors will convey flows from combined sewer overflows in Providence along the Seekonk and Woonasquatucket Rivers to the Main Spine Tunnel constructed in phase I. The design for phase II began in January 2008. The request is \$70.2 million more than the approved plan to reflect updated construction cost estimates provided upon the completion of the preliminary design stage. *The Governor recommended funding as requested. The Assembly concurred.*

Interceptor Maintenance & Construction. The Commission requested \$34.2 million from the state Clean Water Finance Agency’s revolving funds and the Commission’s revenue bonds to be used from FY 2011 through FY 2015 for 12 projects, two of which are new and four of which will be completed by the end of FY 2010. A number of these projects involve television inspection to indicate if there is any damage to interceptors that might need to be repaired or replaced, as well as the removal of grit from the

interceptors to increase sewer capacity. The Commission plans to inspect and clean all of its interceptors in a ten-year period. The request is \$1.5 million more than the approved plan, including \$7.3 million more for the additional projects offset by the completion of three projects that were previously included in the approved capital plan. *The Governor recommended funding essentially as requested, but reduced pre-FY 2010 expenditures by \$0.3 million to better reflect actual costs.* **The Assembly concurred.**

Sewer System Improvements. The Commission requested a total project cost of \$13.5 million from the state Clean Water Finance Agency's revolving funds and the Commission's revenue bonds, of which \$8.0 million will be used from FY 2011 through FY 2015 to improve its sewer system by connecting the wastewater treatment plants in the entire area. The request is for five ongoing projects, and is \$13.0 million less than the approved plan to reflect the completion of four projects that were included in the previously approved capital plan. *The Governor recommended \$14.2 million, \$0.7 million more than requested due to the inclusion of completed projects that were not included in the request.* **The Assembly concurred.**

Wastewater Treatment Facility Improvements. The Commission requested total project costs of \$175.7 million from the state Clean Water Finance Agency's revolving funds and the Commission's revenue bonds, of which \$133.5 million will be used from FY 2011 through FY 2015 for various wastewater treatment improvement projects, including effluent discharge removal of nitrogen and ammonia at the Field's Point facility. The request is for eleven projects, one of which is new. The request is \$22.3 million more than the approved plan, primarily due to the inclusion of \$14.4 million for the additional fiscal year as well as revised construction costs for the upgrades for both Field's Point and Bucklin Point wastewater treatment facilities. The upgrades are required to comply with discharge limits mandated by the Department of Environmental Management. *The Governor recommended total project costs of \$132.1 million for the five-year period, \$1.4 million less than requested due to a reduction of pre-FY 2010 expenditures to better reflect actual costs.* **The Assembly concurred.**

Rhode Island Resource Recovery Corporation

Projects	Status	5 Year Total	Project Total
Landfill Operations	Revised	\$ 10,300,000	\$ 32,577,422
Landfill Gas Collection System	Revised	6,300,000	33,739,319
Leachate Facility	Revised	6,000,000	8,287,935
Recovermat Facility	Revised	200,000	6,503,832
Compost Facility	Revised	1,075,000	2,225,933
Materials Recycling Facility Enhancement	Ongoing	12,937,167	33,868,597
Tipping Facility	Ongoing	-	19,906,535
Industrial Park Development	Ongoing	75,000	4,087,826
Facility Improvements	Ongoing	185,000	15,417,453
Management Information Systems	Ongoing	360,250	1,435,637
Superfund Remediation and Phase I Closure	Ongoing	-	20,173,413
Closure of Landfill Phases II & III	Ongoing	-	21,763,758
Closure of Landfill Phase IV	Ongoing	1,876,399	29,840,582
Phase V Construction & Closure	Ongoing	19,198,725	54,663,228
Phase VI Construction	Ongoing	38,252,694	80,938,719
Total		\$ 96,760,235	\$ 365,430,189
Sources of Funds			
Resource Recovery General Revenue		\$ 75,685,111	\$ 286,381,291
EPA Mandated Trust Fund/State Subsidy		21,075,124	79,048,898
Total		\$ 96,760,235	\$ 365,430,189

Summary. The Corporation's five-year capital plan totals \$365.4 million from all funds, of which \$96.8 million will be used in the FY 2011 through FY 2015 period for 15 projects. Funding includes \$75.7 million from the Corporation's general revenues and \$21.1 million from the Environmental Protection Agency's mandated trust fund. The request is \$38.2 million less than the approved plan primarily due to a revision for the Landfill Gas Collection System project. *The Governor recommended the requested amount of \$365.4 million, of which \$96.8 million will be spent in the five-year period.* **The Assembly concurred.**

Landfill Operations. The Corporation requested a total project cost of \$32.6 million from its general revenues, of which \$10.3 million will be used in the FY 2011 through FY 2015 period to acquire and replace equipment necessary to operate the Central Landfill facilities. Expected purchases include earth moving equipment, compacting equipment, and general-purpose vehicles. Also included in the project costs are outlays for erosion and sedimentation control that are required by state and federal regulations. The request is \$8.1 million more than the approved plan due to the inclusion of funding for FY 2014, FY 2015 and the out-years, as well as the inclusion of pre-FY 2010 expenditures which were inadvertently excluded from the approved plan. *The Governor recommended funding as requested.* **The Assembly concurred.**

Landfill Gas Collection System. The Corporation requested a total project cost of \$33.7 million from the Environmental Protection Agency's mandated trust fund and the Corporation's general revenues, of which \$6.3 million will be used in the five-year period for the landfill gas collection system. The Corporation will continue to expand, monitor, and maintain the landfill gas collection system in

accordance with federal and state regulations. The request is \$34.5 million less than the approved plan to reflect future costs that were removed due to the operation of the facility being transferred to the Ridgewood Energy Company, which will be responsible for future construction and operating costs beginning in FY 2012. *The Governor recommended funding as requested. The Assembly concurred.*

Leachate Facility. The Corporation requested a total project cost of \$8.3 million, of which \$6.0 million will be used from FY 2011 through FY 2015 to construct a new leachate pretreatment facility. The current facility is sized to process 200,000 gallons per day of raw landfill leachate, and the Corporation is requesting a new facility in order to meet discharge limits as well as to increase the facility's capacity to 400,000 gallons per day. The request is \$2.3 million less than the approved plan due to revised construction costs. *The Governor recommended funding as requested. The Assembly concurred.*

Recovermat Facility. The Corporation requested a total project cost of \$6.5 million from its general revenues, of which \$0.2 million will be used in FY 2011 through FY 2015 for improvements at its recovermat facility. Recovermat is a material made from refuse that has been deposited at the landfill, such as construction and demolition debris, which are then processed to form a material that is environmentally suitable to be used as cover for the landfill. The request is \$1.2 million less than the approved plan due to a revised equipment and vehicle replacement plan. *The Governor recommended funding as requested. The Assembly concurred.*

Compost Facility. The Corporation requested a total project cost of \$2.2 million from its general revenues, of which \$1.1 million will be used from FY 2011 through FY 2015 for equipment purchases and site improvements at the Corporation's compost facility. The facility collects yard waste material and processes it into organic compost which is used both on site and distributed to the Rhode Island Department of Transportation as well as municipalities for projects requiring compost. The request is \$9.9 million less than the approved plan due to the inadvertent exclusion of pre-FY 2010 expenditures from the request. *The Governor recommended funding as requested. The Assembly concurred.*

Materials Recycling Facility Enhancement. Consistent with the approved plan, the Corporation requested \$33.9 million from its general revenues, of which \$12.9 million will be used from FY 2011 through FY 2015 for capital equipment and machinery component replacements at the Materials Recycling Facility. Equipment and machinery components will be upgraded or replaced due to wear and tear. *The Governor recommended funding as requested. The Assembly concurred.*

Tipping Facility. Consistent with the approved plan, the Corporation requested a total project cost of \$19.9 million from its general revenues to purchase machinery and equipment for the tipping facility. The Corporation noted purchases have been made and the project is complete. *The Governor recommended funding as requested. The Assembly concurred.*

Industrial Park Development. Consistent with the approved plan, the Corporation requested total project costs of \$4.1 million from its general revenues, of which \$75,000 will be used in FY 2011 to complete the development of an industrial/office park. The Corporation anticipates that this project will be a catalyst for the formation and expansion of a recyclables-based manufacturing industry. *The Governor recommended funding as requested. The Assembly concurred.*

Facility Improvements. Consistent with the approved plan, the Corporation requested a total project cost of \$15.4 million from its general revenues, of which \$0.2 million will be used in the five-year period for building improvements at the Johnston facility. Improvements include upgrading the electrical system, erecting a salt shed to house snow removal equipment and salt/sand mixture, and acquiring equipment for in-house maintenance of overhead lighting and doors. *The Governor recommended funding as requested. The Assembly concurred.*

Management Information Systems. Consistent with the approved plan, the Corporation requested a total project cost of \$1.4 million from its general revenues, of which \$0.4 million will be used in the FY 2011 through FY 2015 period to continue to upgrade and maintain its management information systems. Equipment to be purchased would include servers, desktop computers, network equipment and other information technology equipment. *The Governor recommended funding as requested.* **The Assembly concurred.**

Superfund Remediation-Phase I. Consistent with the approved plan, the Corporation requested a total project cost of \$20.2 million from the Environmental Protection Agency's mandated trust fund for maintenance and post-closure activities for phase I of the Central Landfill. The operating activities for this phase have been completed, but the Corporation must continue to monitor and maintain this phase as required by the Environmental Protection Agency. *The Governor recommended funding as requested.* **The Assembly concurred.**

Landfill Phases II & III Closure. Consistent with the approved plan, the Corporation requested a total project cost of \$21.8 million from the Environmental Protection Agency's mandated trust fund and the Corporation's general revenues. Phases II and III are now closed and capping has been completed. *The Governor recommended funding as requested.* **The Assembly concurred.**

Landfill Phase IV Closure & Post-Closure. Consistent with the approved plan, the Corporation requested a total project cost of \$29.8 million from the Environmental Protection Agency's mandated trust fund and the Corporation's general revenues, of which \$1.9 million will be used in the five-year period for capping, closure and post-closure costs for the four 40-acre landfill cells. The Corporation noted that Phase IV will reach full capacity in FY 2011, and has been partially capped. *The Governor recommended funding as requested.* **The Assembly concurred.**

Landfill Phase V Construction, Closure & Post-Closure. Consistent with the approved plan, the Corporation's request includes a total project cost of \$54.7 million from the Environmental Protection Agency's mandated trust fund, of which \$19.2 million would be used in the five-year period for capping construction, closure and post-closure costs for Phase V, which began accepting refuse in 2005. The Environmental Protection Agency requires the implementation of closure and post-closure care cost plans for municipal solid waste landfills as a condition for operating rights. *The Governor recommended funding as requested.* **The Assembly concurred.**

Landfill Phase VI Design & Construction. Consistent with the approved plan, the Corporation requested a total project cost of \$80.9 million from its general revenues, of which \$38.3 million will be used in the five-year period to design and construct another series of landfill cells, which must be in service before Phase V reaches its design capacity. The Corporation noted the Phase VI site has been approved by the statewide planning council, and Phase VI will be completed before the closure of Phase V in 2014. *The Governor recommended funding as requested.* **The Assembly concurred.**

Department of Transportation

Projects	Status	5 Year Total	Project Total
Highway Improvement Plan	Revised	\$ 1,356,353,313	\$ 2,007,936,849
Maintenance Facilities Asset Protection	Revised	1,850,000	2,300,000
Salt Storage Facilities	Revised	9,000,000	14,682,614
Quonset Access Road-Route 403	Revised	1,145,574	115,342,817
Washington Bridge Repairs	Revised	19,134,483	72,382,855
Sakonnet River Bridge	Revised	34,357,480	131,622,528
Fixed Guideway Commuter Rail	Revised	46,209,500	170,000,670
Pawtucket-Central Falls Train Station Study	Revised	2,000,000	3,112,853
East Providence Facility Relocation	Revised	1,582,810	4,400,000
I-195 Relocation	Ongoing	63,549,030	430,588,976
Cherry Hill/Lincoln Facility	Ongoing	1,458,646	4,529,846
Freight Rail Improvement Plan	Ongoing	-	146,697,750
Portsmouth Facility	Ongoing	3,500,000	3,500,000
Maintenance Facility Fire Alarms	Ongoing	450,000	600,000
Total		\$ 1,540,590,836	\$ 3,107,697,758
Sources of Funds			
New Bond Authorization		\$ 161,075,000	\$ 176,075,000
Authorized General Obligation Bonds		49,604,596	231,490,000
Federal Funds		829,785,806	1,262,894,538
General Revenue		-	3,000,000
Gasoline Tax Proceeds		-	33,424
Debt Service-Federal		241,897,174	333,967,019
Federal GARVEE Bonds		73,186,567	638,115,422
State Motor Fuel Tax Revenue Bonds		-	105,594,903
Rhode Island Capital Funds		15,431,860	19,232,460
Land Sales		55,000,000	58,060,350
Other		400,000	61,774,642
Federal Stimulus		114,209,833	217,460,000
Total		\$ 1,540,590,836	\$ 3,107,697,758

Summary. The Department requested \$1,876.1 million from FY 2011 through FY 2015 for projects totaling \$3,448.6 million. Funding would require \$161.0 million of new general obligation bond authority, \$49.3 million from authorized bond proceeds, \$947.6 million from federal sources, \$73.2 million from federal Grant Anticipation Revenue Vehicle (GARVEE) Bond proceeds, \$55.0 million from the sale of Department owned land and \$16.6 million from Rhode Island Capital Plan funds. The request also includes \$291.5 million in expenditures for which the funding source was not identified.

The Governor recommended \$1,540.6 million from FY 2011 through FY 2015 for projects totaling \$3,113.7 million. The recommendation includes \$181.1 million of new general obligation bonds, of which \$85.0 million will be presented to the voters on the November 2010 ballot. The Assembly essentially concurred with the recommendation, but placed \$84.7 million for transportation projects on the November 2010 ballot. This reflects the removal of the authorization for \$5.0

million for salt storage facilities which will be funded from Rhode Island Capital Plan funds and the inclusion of \$4.7 million for bus purchases by the Rhode Island Public Transit Authority.

Highway Improvement Plan. The Department of Transportation requested \$1,671.4 million from all funds for highway improvement program expenditures to be used in the five-year period, for total project costs of \$2,304.7 million. The request includes \$160.0 million of new bond authority for state matching funds, of which \$80.0 million will be submitted to the voters on the November 2010 ballot. The request is \$177.9 million more than the approved plan primarily due to the inclusion of \$310.4 million for the additional fiscal year offset by a \$147.2 million reduction in other Federal Highway Administration funded projects to more accurately reflect the Department's federal award.

The Governor recommended \$1,356.4 million for the five year period, \$315.0 million less than requested to reflect the removal of \$235.0 million of unidentified funds offset by the addition of \$80.0 million from federal stimulus funds related to the Transit Investments for Greenhouse Gas and Energy Reduction Program. These funds can be used for transit capital expenditures; however, the Department has not yet received these funds, and it appears the request is a place holder for anticipated funding. The Assembly essentially concurred, but reduced the total project cost by \$6.0 million to reflect a reduction of FY 2010 expenditures.

Maintenance Facilities Asset Protection. The Department requested total project costs of \$3.0 million from Rhode Island Capital Plan funds to be used through FY 2015 to repair five of its maintenance facilities as well as resurfacing and restoring the asphalt pavement at all maintenance facilities not scheduled to be replaced. Improvements would include roof and gutter replacement at the Scituate facility; storage space for equipment and supplies at the Lincoln facility; three garage bays and storage space at the Hope Valley facility; garage expansion and generator upgrades at the Glocester facility and boiler replacement and environmental remediation at the North Kingstown facility. The request is \$1.8 million more than the approved plan due to the inclusion of four years of additional funding. The Department noted the additional out-year funding would establish a more consistent annual asset protection plan. *The Governor recommended \$2.3 million, \$0.7 million less than requested to reflect lower construction costs at the facilities. The Assembly concurred.*

Salt Storage Facilities. The Department requested \$7.5 million from Rhode Island Capital Plan funds and general obligation bond proceeds to be used in the five-year period for the construction of salt storage facilities at various locations statewide where salt is currently stored uncovered. The total cost is \$3.3 million more than the approved plan due to the inclusion of five additional salt storage facilities in Westerly, Narragansett, Hope Valley, Clayville and Glocester.

The Governor recommended \$9.0 million, \$1.5 million more than requested for the five-year period to reflect updated construction costs. The recommendation removes Rhode Island Capital Plan funds and replaces them with \$5.0 million of new general obligation bonds. The Governor submitted Article 5 of 2010-H 7397 which requested the Assembly's approval of general obligation bonds to be presented to the voters on the November 2010 ballot. The Assembly concurred with the total project costs, but removed the \$5.0 million of new general obligation bonds and replaced them with Rhode Island Capital Plan funds.

Quonset Access Road-Route 403. The Department requested \$115.3 million in total project costs from GARVEE bond proceeds, Federal Highway Improvement funds and State Motor Fuel Tax Revenue Bonds, of which \$1.1 million will be used in FY 2011 to complete Phase II of the Quonset Access Road project. The request is \$4.7 million more than the approved plan from GARVEE bond proceeds, which the Department noted is due to additional bridge work and landscaping that was not included in the original project scope. *The Governor recommended funding as requested. The Assembly concurred.*

Washington Bridge Repairs. The Department requested total project costs of \$72.4 million from GARVEE bond proceeds, of which \$19.1 million will be used in the five-year period to construct a new Washington Bridge that connects Providence to Interstate 195 East. Construction is underway, and the highway portion of the bridge has been completed. The request is \$4.4 million more than the approved plan to reflect updated construction costs for the bicycle and pedestrian linear park facility, which is scheduled to be completed in FY 2013. The Department noted it is currently undertaking a value engineering study in order to decrease the project cost. *The Governor recommended funding as requested.* **The Assembly concurred.**

Sakonnet River Bridge. The Department requested total project costs of \$131.6 million from GARVEE bond proceeds, Federal Highway Funds and State Motor Fuel Tax Revenue bonds, of which \$34.4 million will be used in the five-year period for the Sakonnet River Bridge project. The new Sakonnet River Bridge will consist of replacing the existing Sakonnet River Bridge on a new alignment immediately south of the existing structure. The contract was awarded in April of 2009 for \$131.6 million, which is \$18.3 million less than the approved plan due to a lower than anticipated contract award. *The Governor recommended funding as requested.* **The Assembly concurred.**

Fixed Guideway Commuter Rail. The Department requested total project costs of \$173.5 million from all funds, of which \$49.8 million will be used in the five-year period for the Fixed Guideway Commuter Rail Project. Funding includes \$3.6 million of new general obligation bond authority approved by the voters on the November 2008 ballot. The request is \$10.2 million more than the approved plan due to updates of Phase II of the project, which would extend commuter rail service 25 miles to Wickford Junction as part of the South County Commuter Rail project. *The Governor recommended \$170.0 million, \$3.5 million less than requested to reflect revised expenditures from Federal Transit Administration funds.* **The Assembly concurred.**

Pawtucket/Central Falls Train Station Study. The Department requested total project costs of \$3.1 million, including \$2.5 million from federal funds, \$0.5 million from the City of Pawtucket and \$0.1 million from Rhode Island Capital Plan funds, of which \$2.0 million will be spent in the five-year period to study the feasibility of operating a commuter train station in the Pawtucket-Central Falls area. The request is \$0.3 million more than the approved plan. The additional funding is being requested from federal funds to recognize an increased scope for Phase II of this project, environmental analysis and design. *The Governor recommended funding as requested.* **The Assembly concurred.**

East Providence Facility Relocation. The Department requested a total project cost of \$4.4 million from authorized general obligation bonds and Rhode Island Capital Plan funds for the relocation of the East Providence Maintenance facility from Sachem Road to state property on the East Shore Expressway on Route 114 and Route 6. The request is \$1.2 million more from Rhode Island Capital Plan funds to reflect revised costs, which now includes environmental remediation. *The Governor recommended funding as requested, but shifts \$1.0 million from Rhode Island Capital Plan funds from FY 2011 to FY 2010 to reflect actual expenditures, consistent with a revised construction schedule.* **The Assembly concurred.**

I-195 Relocation Project. The Department requested total project costs of \$430.6 million, of which \$63.5 million from State Motor Fuel Revenue bonds, Grant Anticipation Revenue Vehicle bonds, Federal Highway Improvement Funds and proceeds from land sales would be used from FY 2011 through FY 2015 for the relocation of Interstate 195 project. The request is \$3.1 million less than the approved plan due to revised construction costs. The project is underway, and the mainline was opened in 2009 with project completion, including demolition of the existing facility and reconnection of city streets by FY 2013. *The Governor recommended funding as requested.* **The Assembly concurred.**

Cherry Hill/Lincoln Facility. Consistent with the approved plan, the Department requested a total project cost of \$4.5 million, of which \$3.0 million would come from previously authorized general obligation bonds and \$1.6 million would come from Rhode Island Capital Plan funds to build a new maintenance facility with salt storage. This facility would consolidate the two maintenance facilities located on Cherry Hill Road in Johnston and Douglas Pike in Smithfield to the former National Guard headquarters in Lincoln. *The Governor recommended total funding as requested, but removes funding in FY 2011 and shifts it to FY 2012, to more accurately reflect the anticipated consolidation.* **The Assembly concurred.**

Freight Rail Improvement Plan. Consistent with the approved plan, the Department of Transportation requested \$146.7 million in total project costs for the Freight Rail Improvement plan, of which \$2.4 million from Federal Highway Administration funds will be spent in FY 2010 for final environmental remediation work along the recently completed 22 miles of new and upgraded track. *The Governor recommended funding as requested.* **The Assembly concurred.**

Portsmouth Facility. Consistent with the approved plan the Department requested total project costs of \$3.5 million from authorized general obligation bonds and Rhode Island Capital Plan funds to be used from FY 2009 through FY 2011 for the relocation of the Portsmouth maintenance facility to state owned land in an area between Boyd's Lane and the ramp to Route 24 North Bound. *The Governor recommended funding as requested.* **The Assembly concurred.**

Maintenance Facility Fire Alarms. Consistent with the approved plan, the Department requested total project costs of \$0.6 million from Rhode Island Capital Plan funds to be used in FY 2010 through FY 2012 to install fire alarms at the Department's maintenance facilities to comply with updated fire code regulations. *The Governor recommended funding as requested.* **The Assembly concurred.**

Capital Equipment Replacement. The Department requested total project costs of \$41.3 million from all funds to replace capital equipment. This project involves the purchase of heavy trucks, sweepers, loaders, backhoes and tractors to replace the Maintenance Division's existing fleet. This project last appeared in the FY 2008 through FY 2012 approved capital plan and was funded through Certificates of Participation; however, those proceeds were no longer available after FY 2008. Subsequently the Department used funds from the State Fleet Vehicle Replacement Fund for vehicle purchases, and this project did not appear in subsequently approved capital plans. The project is included in the current request because it programs expenditures from Rhode Island Capital Plan funds. *The Governor did not recommend funding for this project.* **The Assembly concurred.**

Rhode Island Public Transit Authority

Projects	Status	5 Year Total	Project Total
Bus Rapid Transit Corridor	New	\$ 900,000	\$ 970,000
Land and Buildings	New	3,500,000	6,422,113
Elmwood Facility Upgrades and Repairs	New	-	1,814,400
Bus Washes	New	600,000	600,000
Bus Purchases	Revised	86,856,685	131,195,285
Elmwood Bus Complex Expansion	Revised	-	41,662,402
Kennedy Plaza Repaving	Revised	-	1,480,000
Intelligent Transportation Systems	Ongoing	6,400,000	10,884,604
Paratransit Vehicles	Ongoing	11,136,622	28,045,192
Total		\$ 109,393,307	\$ 223,073,996
Sources of Funds			
New General Obligation Bonds		\$ 8,195,000	\$ 12,790,000
General Obligation Bonds		4,675,000	11,065,360
Federal Funds		64,749,046	150,929,644
RIPTA Operating Funds		937	931,031
RIPTA Revolving Loan Funds		2,606,924	7,920,953
Rhode Island Capital Funds		400,400	8,720,377
Other (Cities and Towns)		350,000	569,264
Federal Stimulus Funds		28,416,000	30,147,367
Total		\$ 109,393,307	\$ 223,073,996

Summary. The Rhode Island Public Transit Authority requested \$109.3 million for the five-year period for total project costs of \$216.4 million. Funding includes \$8.1 million from new general obligation bonds, of which \$3.6 million was approved on the November 2008 ballot and \$4.5 million will be included on the November 2010 ballot, \$4.7 million from approved general obligation bond proceeds, \$64.7 million from federal funds, \$0.4 million from Rhode Island Capital Plan funds, \$0.4 million from other funds and \$2.6 million from Authority sources.

The Governor recommended \$104.7 million, \$4.6 million less than requested from all funds to reflect the removal of new general obligation bond authorization that would be submitted to the voters on the November 2010 ballot. The Assembly added \$4.7 million for bus replacement to the November 2010 ballot, and concurred with the remainder of the recommendation.

Bus Rapid Transit Corridor. The Authority requested \$1.0 million from federal stimulus funds for a new project to develop more efficient bus service on the Authority's busiest fixed routes, number 11 Broad Street and number 99 Pawtucket. The funding will be used for the planning and development of traffic signal priority, the integration of Intelligent Transportation Systems with hybrid buses as well as improvements to bus stops such as additional lighting and customer information. *The Governor recommended funding as requested. The Assembly concurred.*

Land and Buildings. The Authority requested total project costs of \$6.4 million to improve security at its Elmwood facilities, provide upgrades to various transit hubs and park and ride facilities. It should be noted that some of these improvements were formerly requested as individual projects, but have been

combined into one project to increase efficiency and cost savings, while ensuring compliance with federal guidelines. Requested expenditures include \$0.7 million each year for the FY 2011 through FY 2015 period. *The Governor recommended funding as requested.* **The Assembly concurred.**

Elmwood Facility Upgrades. The Authority requested total project costs of \$1.8 million to be used for various improvements at its Elmwood facility. The project will be funded with 80.0 percent of Federal Transit Administration funding and the 20.0 percent local match will come from a combination of local sources, general obligation bonds and the Authority's operating budget. The Federal Transit Administration requires that recipients of funds expend 1.0 percent of federal formula funds for transit hub upgrades and security improvements. It should be noted that the transit hub improvements and security elements included in the current request were formerly requested as separate projects. *The Governor recommended funding as requested.* **The Assembly concurred.**

Bus Washes. The Authority requested \$600,000 from federal stimulus funds to be used in FY 2011 to replace the existing one lane bush wash at its Newport facility as well as making upgrades to its Elmwood Avenue facility. The new facility will accommodate all of the Authority's vehicles, including non-revenue vehicles and trolleys. Currently, the compressed natural gas powered trolleys are washed by hand. It should be noted that both of these projects were included separately in the previously approved capital plan, but have been combined in the current request in order to be exclusively funded with stimulus funds. *The Governor recommended funding as requested.* **The Assembly concurred.**

Bus Purchases. The Authority requested \$86.7 million to be used in the five-year period for a total project cost of \$126.5 million to replace approximately 170 buses, trolleys and flex vehicles. Flex vehicles are vans that supply service to low density areas. The Authority indicated that these vehicles have or will have exceeded their useful lives. This project is considered revised due to the inclusion of \$8.1 million of new general obligation bond authorization including \$4.7 million for the November 2010 ballot, subject to the Assembly's approval. The request also includes \$3.6 million approved by the voters in November 2008. The general obligation bonds will serve as the 20.0 percent local match required to obtain federal funds for bus purchases.

The Governor recommended funding primarily as requested, but removed \$4.5 million of general obligation bond debt authorization that would have been presented to the voters on the November 2010 ballot. The recommendation removes the authorization to reflect additional stimulus funding available for bus purchases, and these funds do not require a local match. It should be noted the recommendation does include \$4.0 million of general obligation bond proceeds to be submitted to the voters on the November 2012 ballot. **The Assembly included \$4.7 million of new general obligation bond proceeds to be submitted to the voters on the November 2010 ballot.**

Elmwood Bus Complex Expansion. The Authority requested total project costs of \$39.7 million for the expansion of its Elmwood facilities to include a centralized maintenance and administrative operations building, increased bus storage and parking capacity, additional fuel/wash station capacity as well as a new customer service and administrative operations office building. The request is \$1.9 million less than the approved plan, including \$1.5 million less from federal funds and \$0.4 million less from Rhode Island Capital Plan funds to reflect revised construction costs. *The Governor recommended \$41.7 million, \$2.0 million more than requested to reflect revised construction costs. The recommendation is consistent with the approved capital plan, and it appears the request was understated by \$2.0 million.* **The Assembly concurred.**

Kennedy Plaza Repaving. The Authority requested \$1.5 million to repave Kennedy Plaza. Kennedy Plaza is the central hub and accommodates 528 weekday bus trips and requires roadway and bus berth repairs in order to maintain a safe and attractive hub. The approved plan was funded through 80.0 percent federal funds, matched by 20.0 percent from local funds. The request is \$0.1 million more than the

approved plan to reflect a larger project scope, which is being funded through federal stimulus funds, which will allow the project to include pedestrian improvements such as crosswalk repairs. *The Governor recommended funding as requested.* **The Assembly concurred.**

Intelligent Transportation Systems. The Authority requested a total project cost of \$10.9 million from all funds, of which \$6.4 million will be spent in FY 2011 and FY 2012 for the implementation of an Intelligent Transportation System. The request is \$1.0 million more than the approved plan due to a revised cost estimate to reflect updated federal specifications. When fully deployed, the system will integrate real time bus data with the Authority's fleet supervisors and customer service kiosks. *The Governor recommended funding as requested.* **The Assembly concurred.**

Paratransit Vehicles. The Authority requested \$11.1 million to be used in the five-year period for the replacement of paratransit vehicle's software upgrades and surveillance equipment for a total project cost of \$28.0 million. The request is \$2.4 million more than the approved plan, consisting of \$2.0 million more from federal funds and \$0.4 million from the Authority's paratransit revolving funds. The Authority noted the additional funds are being requested to reflect updated project costs. *The Governor recommended funding as requested.* **The Assembly concurred.**

Rhode Island Airport Corporation

Projects	Status	5 Year Total	Project Total
Outlying Airports General Improvements	Revised	\$ 18,663,945	\$ 19,738,531
T.F. Green Noise Mitigation & Land Acquisition	Revised	65,927,000	94,500,000
T.F. Green Airport General Improvements	Revised	7,230,626	7,230,626
Environmental Compliance	Ongoing	23,360,788	25,255,906
Warwick Intermodal Train Station	Ongoing	1,840,029	111,304,965
Total		\$ 117,022,388	\$ 258,030,028
Sources of Funds			
Federal Funds		\$ 90,761,575	\$ 115,668,667
Passenger Facility Charges		19,191,783	25,350,913
Airport Bonds		4,320,612	4,582,539
TIFIA Loan		1,840,029	42,000,000
Special Facility Bonds		-	39,614,435
Customer Facility Charge		-	29,690,530
Airport Operating Funds		908,389	1,122,944
Total		\$ 117,022,388	\$ 258,030,028

Summary. The Airport Corporation requested total capital expenditures of \$413.2 million, including \$127.2 million during the FY 2011 through FY 2015 period. The request is \$120.9 million more than the approved plan, primarily due to the inclusion of Federal Highway Administration funding that was excluded in the approved plan to avoid double counting the funds, which are shown in the Department of Transportation's budget. The request assumes the issuance of \$3.9 million of future airport corporation bonds. *The Governor recommended total project costs of \$258.0 million from all sources, including \$117.0 million for the five-year period. The recommendation is \$155.1 million less than requested due to the exclusion of Department of Transportation funds to avoid double counting.* **The Assembly concurred.**

Outlying Airports General Improvements. The Corporation requested \$19.7 million for 11 projects to make improvements at the Corporation's five general aviation airports including \$18.7 million for FY 2011 through FY 2015. Projects include construction of maintenance facilities, easement acquisition, noise mitigation projects and the rehabilitation of runways. The request is \$25.5 million less than the approved plan due to the exclusion of 11 of the 22 projects that were included in the approved capital plan, but have subsequently been completed. Funding requested in the five-year period includes \$15.6 million from federal funds, \$2.8 million from the Corporation's bonds and \$0.3 million from the Corporation's general revenue. *The Governor recommended funding as requested.* **The Assembly concurred.**

T.F. Green Noise Mitigation and Land Acquisition. The Corporation requested a total project cost of \$94.5 million for noise mitigation projects at T. F. Green Airport, including \$65.9 million to be spent during the FY 2011 through FY 2015 period. These projects involve land acquisition, which was being carried out in two individual projects. The first project consisted of seven phases of land acquisition, which have been completed. The request is \$6.5 million more than the approved plan and includes expenditures for the second phase, which is being developed in accordance with a new noise contour map approved by the Federal Aviation Administration. Total expenditures for the land acquisition and noise mitigation program in the five-year period include \$52.3 million from federal funds, \$13.1 million from

passenger facility charges and \$0.1 million from airport general revenue. *The Governor recommended funding as requested. The Assembly concurred.*

T.F. Green Airport General Improvements. The Airport Corporation requested total expenditures of \$7.2 million for two individual general improvement projects at T.F. Green Airport, all of which will be spent during the FY 2012 through FY 2014 period. Total funding requested during the five-year period consists of \$5.4 million from federal funds, \$0.9 million from airport revenue bonds and \$0.9 million from passenger facility charges. The request is \$14.3 million less than the approved plan due to the completion of five projects included in the previous capital plan. *The Governor recommended funding as requested. The Assembly concurred.*

Environmental Compliance. Consistent with the approved plan, the Corporation requested total project costs of \$25.3 million for environmental compliance projects at T.F. Green Airport. The first component of this project involves the identification of a long-term strategy to manage the reclamation of glycol, which is used to de-ice planes at the airport. The second component will establish an environmental management system that will be used to more efficiently manage environmental issues at T.F. Green Airport. Project funding includes \$18.9 million from federal funds and \$6.3 million from passenger facility charges. *The Governor recommended funding as requested. The Assembly concurred.*

Warwick Intermodal Train Station. Consistent with the approved plan, the Corporation requested total project costs of \$267.0 million for the Warwick Intermodal Train Station project, including \$12.6 million for the FY 2011 through FY 2015 period. The station would include access to trains, a bus terminal, rental car operations, additional parking and an elevated moving sidewalk to transport passengers. Total project funding includes \$39.6 million from special facility bonds, \$42.0 million of federal funds in accordance with the Transportation Infrastructure Finance and Innovation Act, \$29.7 million from customer facility charges and \$124.6 million from Federal Highway Administration funds. *The Governor recommended \$111.3 million, \$155.1 million less than requested due to the exclusion of federal funds that are shown in the Department of Transportation's budget. The Assembly concurred.*

Section V

**FY 2010
Revised Budget**

**FY 2010 Revised Budget
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FY 2010 Revised Final Budget

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Function*				
General Government	\$ 1,709.1	\$ 1,876.6	\$ 1,866.9	\$ 2,080.7
Human Services	2,706.1	2,843.5	2,926.9	2,965.0
Education	1,927.3	2,074.4	2,064.1	2,066.2
Public Safety	412.9	433.1	458.1	444.2
Natural Resources	71.3	98.0	105.9	102.8
Transportation	362.8	489.1	414.7	409.4
Total	\$ 7,189.5	\$ 7,814.7	\$ 7,836.6	\$ 8,068.3
Expenditures by Category*				
Salaries and Benefits	\$ 1,352.2	\$ 1,432.4	\$ 1,363.3	1,363.3
Contracted Services	168.7	190.8	235.5	226.0
Subtotal	\$ 1,520.9	\$ 1,623.2	\$ 1,598.8	\$ 1,589.3
Other State Operations	606.6	633.7	639.9	640.8
Aid to Local Units of Government	1,186.1	1,201.5	1,085.7	1,146.7
Assistance, Grants, and Benefits	3,388.0	3,620.4	3,847.5	4,041.4
Capital	104.5	334.6	295.0	282.1
Capital Debt Service	207.0	249.7	238.7	235.7
Operating Transfers	176.4	151.6	130.9	132.2
Total	\$ 7,189.5	\$ 7,814.7	\$ 7,836.6	\$ 8,068.3
Sources of Funds*				
General Revenue	\$ 2,998.9	\$ 3,000.3	\$ 2,845.1	\$ 2,886.8
Federal Aid	2,258.1	2,828.2	2,989.1	3,096.3
Restricted Receipts	123.9	162.4	174.8	189.5
Other	1,808.5	1,823.8	1,827.7	1,895.7
Total	\$ 7,189.5	\$ 7,814.7	\$ 7,836.6	\$ 8,068.3
FTE Authorization	15,688.7	14,863.0	14,904.3	14,340.8
FTE Average	14,791.8			

**Data in millions*

Summary

The Governor held a press conference on December 15, 2009 outlining his FY 2010 revised budget recommendations. His administration briefed the House Finance Committee in a public hearing that same day. While not yet formally introduced, a draft proposal of his supplemental appropriations bill was released and supporting materials were made available to legislative staffs. For the third year, it was not submitted along with his FY 2011 recommendations due to the severe current year deficit that required faster action to insure the state would end in balance and be able to meet its financial obligations. The revised budget is the Governor's plan to close a roughly \$219 million budget deficit by June 30, 2010.

The House passed 2010-H 7105, Substitute A, as amended on April 13; it was not enacted. Enacted revisions to the FY 2010 budget are contained in Article 11 of 2010-H 7397, Substitute A, as amended, the FY 2011 appropriations act, which became law without the Governor's signature on June 12, 2010. It was passed by the House on June 3 and by the Senate on June 4.

The Governor recommended total revised expenditures for FY 2010 of \$7,836.6 million, which is \$21.9 million or 0.3 percent more than enacted by the 2009 Assembly. Total expenditures would increase \$647.1 million or 9.0 percent over reported FY 2009 expenditures. General revenue expenditures are \$155.2 million or 5.2 percent less than included in the FY 2010 budget adopted by the 2009 Assembly and \$153.8 million or 5.1 percent less than actual FY 2009 expenditures.

By contrast, expenditures from federal funds are \$160.9 million more than enacted and \$731.0 million more than FY 2009. The increase to the enacted budget is largely federal nutrition benefits, federal unemployment benefits and some stimulus funds not included in the enacted budget pending a plan for their use. The change from FY 2009 expenditures is a function of those items as well as greater Medicaid resources from the enhanced match rate being effective for a full year and the overall tendency for agencies to budget more federal funds than will be used in a fiscal year, skewing budget to actual comparisons. Expenditures from restricted receipts are \$12.4 million or 7.6 percent greater than enacted and \$50.9 million or 41.1 percent more than FY 2009. Those from other funds, including the gas tax and Rhode Island Capital Plan funds, are \$3.9 million more than enacted and \$19.2 million more than FY 2009.

FY 2010 Final	General Revenue	Federal	Restricted	Other	All Funds
FY 2009 Final	\$ 3,001.1	\$ 2,435.7	\$ 155.0	\$ 1,794.9	\$ 7,386.8
FY 2009 Actual	2,998.9	2,258.1	123.9	1,808.5	7,189.5
Difference	\$ (2.2)	\$ (177.6)	\$ (31.1)	\$ 13.6	\$ (197.3)
FY 2010 Enacted	\$ 3,000.3	\$ 2,828.2	\$ 162.4	\$ 1,823.8	\$ 7,814.7
Governor's Revised	2,845.1	2,989.1	174.8	1,827.7	7,836.6
Governor's Revision to Enacted	\$ (155.2)	\$ 160.9	\$ 12.4	\$ 3.9	\$ 21.9
Percent Revision	-5.2%	5.7%	7.6%	0.2%	0.3%
Assembly	\$ 2,886.8	\$ 3,096.3	\$ 189.5	\$ 1,895.7	\$ 8,068.3
Change to Enacted	(113.6)	268.0	27.1	71.9	253.6
Percent Change	-3.8%	9.5%	16.7%	3.9%	3.2%
Change to Governor	\$ 41.7	\$ 107.2	\$ 14.8	\$ 68.1	\$ 231.7
Change to FY 2009	\$ (112.1)	\$ 838.1	\$ 65.6	\$ 87.2	\$ 878.8
Percent Change to FY 2009	-3.7%	37.1%	53.0%	4.8%	12.2%

The Budget adopted by the Assembly increased spending recommended by the Governor by \$231.7 million, of which \$151.0 million is due to increased unemployment benefit expenses paid from both federal and unemployment trust fund sources. The \$8,068.3 million revised budget is \$253.6 million more than originally enacted by the 2009 Assembly and \$878.8 million more than FY 2009 actual expenditures. As with the Governor's recommendation, most of the change to FY 2009 is federal funds, \$838.1 million more.

The FY 2009 final budget projected that a general revenue free surplus of \$1.1 million would be available for FY 2010. However, the preliminary closing statements the State Controller issued on August 28 showed a deficit of \$61.8 million marking the third consecutive year the state ended "in the red," although it had more than sufficient balances in the Budget Reserve and Stabilization Account to cover the closing deficits. Revenues were \$65.1 million below expectations and expenditures only slightly below budgeted. This created an opening deficit for FY 2010.

The budget gap grew by an additional \$153.7 million as estimated in the Budget Office first quarter report to an estimated \$218.8 million. This was primarily the result of a \$130.5 million downward adjustment to revenues at the November 2009 Revenue Estimating Conference due to a weaker economic forecast than projected in May. Caseload growth and unachieved expenditure savings account for the remainder of the growth in the budget gap.

The Governor solved approximately one-third of the deficit with one-time revenues or expenditure deferrals. The remaining two-thirds is through expenditure reductions of which roughly 85 percent is local aid and pension reductions. A number of the Governor's proposals required passage of legislation before February 1 to achieve full savings, notably the elimination of the final two car tax payments. That date passed and the \$32.2 million payment went out to communities.

The results of the May Revenue Estimating Conference provided approximately \$38.1 million in additional resources not previously accounted for to help close the budget gap. The final budget adopted included further reduction to agency expenditures, including some pension savings achieved through an alternate proposal, added newly available federal matching funds, and advanced more stimulus from FY 2011. These revisions allowed for the restoration of much of the reduction in the car tax reimbursement and other adjustments.

The revised budget as originally presented had a \$0.5 million surplus for FY 2010. The Governor subsequently recommended a series of amendments changing that surplus to \$79,471. The specific changes he requested are noted in the analyses where appropriate. The final budget surplus is \$14,215.

	Enacted	Governor	Assembly
Opening Surplus			
Free Surplus	\$ 1,142,383	\$ (61,802,318)	\$ (62,286,104)
Reappropriated Surplus	-	998,144	998,144
Subtotal	\$ 1,142,383	\$ (60,804,174)	\$ (61,287,960)
Revenues	3,076,858,477	3,076,858,477	3,076,858,477
November Revenue Conference	-	(130,458,477)	(130,458,477)
Governor's Changes	-	29,941,304	29,941,304
Assembly Changes	-	-	42,709,874
Revenues	3,076,858,477	2,976,341,304	3,019,051,178
Cash Stabilization Fund	(73,872,021)	(69,948,936)	(70,962,362)
Total Available Resources	\$ 3,004,128,839	\$ 2,845,588,194	\$ 2,886,800,856
Expenditures	3,000,341,114	3,000,341,114	3,000,341,114
November Caseload Conference	-	16,302,195	16,302,195
Governor's Changes	-	(171,531,445)	(171,531,445)
Assembly Changes	-	-	41,674,777
Expenditures	\$ 3,000,341,114	\$ 2,845,111,864	\$ 2,886,786,641
Free Surplus	\$ 3,787,725	\$ 476,330	\$ 14,215
<i>Operating Surplus/(Deficit)</i>	<i>2,645,342</i>	<i>62,278,648</i>	<i>62,300,319</i>
Rainy Day Fund	\$ 116,964,033	\$ 110,752,481	\$ 112,357,073

Department of Administration

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Program				
Central Management	\$ 1,714,900	\$ 1,694,369	\$ 1,364,857	\$ 1,314,857
Accounts & Control	3,522,983	3,954,166	3,611,855	3,549,855
Budgeting	1,975,514	2,003,345	1,802,209	1,727,209
Purchasing	1,885,643	2,620,754	2,231,011	2,285,011
Auditing	1,286,708	1,535,588	1,323,365	1,293,365
Human Resources	12,007,764	12,416,555	10,893,704	10,786,704
Personnel Appeal Board	81,804	84,090	81,063	81,063
General	250,564,030	253,499,524	165,440,028	205,458,047
Debt Service	179,641,352	207,273,411	198,060,447	198,414,107
Legal Services	1,124,947	1,113,869	1,642,563	1,612,563
Facilities Management	40,435,239	44,376,036	39,242,900	36,923,000
Capital Projects and Prop. Mgt.	5,361,041	3,807,010	3,748,034	3,766,034
Information Technology	25,042,909	28,169,388	26,263,330	26,069,330
Library Programs	1,685,709	1,915,723	2,115,636	2,115,636
Planning	11,467,274	23,357,481	17,143,136	18,264,032
Undistributed Savings	-	(58,436,637)	(20,124,788)	(5,499,668)
Energy Resources	36,669,296	55,239,199	86,123,863	88,474,833
Sheriffs	15,702,978	17,240,788	15,458,942	14,843,623
Total	\$ 590,170,091	\$ 601,864,659	\$ 556,422,155	\$ 611,479,601
Expenditures by Category				
Salaries and Benefits	\$ 73,816,006	\$ 38,023,467	\$ 53,915,188	\$ 67,131,989
Contracted Services	7,004,535	699,244	5,997,846	5,947,846
Subtotal	\$ 80,820,541	\$ 38,722,711	\$ 59,913,034	\$ 73,079,835
Other State Operations	35,495,348	31,185,945	36,492,102	34,703,430
Aid to Local Units of Government	211,460,113	187,690,697	122,579,017	169,239,613
Assistance, Grants, and Benefits	64,860,588	87,797,347	102,400,433	106,308,071
Capital	7,269,961	21,278,298	31,143,307	23,900,730
Capital Debt Service	172,315,188	207,516,174	196,338,415	196,692,075
Operating Transfers	17,948,352	27,673,487	7,555,847	7,555,847
Total	\$ 590,170,091	\$ 601,864,659	\$ 556,422,155	\$ 611,479,601
Sources of Funds				
General Revenue	\$ 475,081,215	\$ 429,600,820	\$ 366,295,408	\$ 418,864,518
Federal Aid	48,933,450	80,173,897	85,662,795	92,734,715
Restricted Receipts	9,476,353	18,938,514	25,559,084	27,282,120
Other	56,679,073	73,151,428	78,904,868	72,598,248
Total	\$ 590,170,091	\$ 601,864,659	\$ 556,422,155	\$ 611,479,601
FTE Authorization	845.6	895.6	881.6	835.4
FTE Average	813.6			

FY 2010 Revised Request. The Department requested revised expenditures totaling \$638.4 million from all sources of funds. This is \$36.6 million more than enacted, of which \$58.4 million is due to the allocation of undistributed personnel and operating savings. Adjusted for that, the request is \$21.9 million more from all sources, which includes a general revenue reduction of \$50.9 million. The general revenues reduction primarily consists of changes to the Motor Vehicles Excise Tax program and the removal of \$10.0 million for the Station Fire settlement. The Department requested staffing authorization of 891.6 full-time positions, 4.0 fewer positions than the authorized level.

The request includes authorization to create new restricted receipts in the Bureau of Audits and the Division of Purchasing to cover oversight expenses for American Recovery and Reinvestment Act related functions. The receipts would be derived from assessing stimulus accounts a 0.5 percent surcharge. It should be noted that the Governor's FY 2010 recommended budget included a similar proposal; however, the Assembly did not concur and provided federal funds in lieu of the restricted receipt expenditures.

The general revenue request is \$44.1 million less than the "working budget" of \$485.2 million. The working budget is the enacted budget adjusted for the Budget Office's distribution of the statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended expenditures totaling \$556.4 million, including \$366.3 million from general revenues. This is \$45.4 million less than enacted; including the allocation of \$58.4 million and inclusion of new undistributed statewide pension reduction savings of \$20.1 million from all funds. Accounting for these adjustments, the request is \$83.8 million less than enacted largely due to the withdrawal of the third and fourth quarter payments for the Motor Vehicles Excise Tax program totaling \$65.1 million and delaying the \$22.0 million repayment of the Budget Stabilization Fund. He recommended staffing of 881.6 positions, 10.0 fewer positions than requested. He also proposed legislation to create the restricted receipt accounts in the Bureau of Audits and Purchasing. The recommendation is \$118.9 million less than the working budget.

The Assembly provided total expenditures of \$611.5 million, including \$418.9 million from general revenues. This is \$55.1 million more than the recommendation to primarily reflect restoration of funds for third and fourth quarter payments for the Motor Vehicles Excise Tax program. It reduced expenditures for capital projects by \$7.2 million to reflect revised project costs or delays. It authorized staffing of 835.4 positions. The Assembly enacted legislation in Article 8 of 2010-H 7397, Substitute A, as amended, authorizing the creation of the restricted receipt accounts.

The Assembly included \$5.5 million of undistributed pension savings based on Article 16, which limits the cost-of-living adjustments to the first \$35,000 of retirement allowance indexed to inflation but capped at 3.0 percent beginning on the third anniversary of the date of retirement or age 65, whichever is later.

Staffing Authorization. The Department requested staffing authorization of 891.6 full-time positions, this is 4.0 positions fewer than enacted. It includes the elimination of 10.0 positions relating to the American Recovery and Reinvestment Act and the addition of two auditor positions; one each in the Bureau of Audits and the Office of Energy Resources for a net decrease of eight. The request includes one new administrative assistant position and the restoration of the State Purchasing Agent position, which the 2009 Assembly eliminated. It includes 2.0 positions in the Internal Service program for central mail services. The request also includes a number of transfers within department functions.

The enacted budget reflects the transfer of 6.0 positions for the labor relations unit from Legal Services to the Division of Human Resources. The Department's revised request transferred the unit back to the Division.

The Governor recommended staffing of 881.6 full-time positions, 10.0 fewer positions than requested to reflect the Administration's corrective action plan. He subsequently requested an amendment to remove the 2.0 positions in the Internal Service program. The Assembly authorized staffing of 835.4 positions. This includes the reduction to the internal service positions and elimination of half of all current vacancies, which equates to 44.2 positions.

Statewide Items

Distributed Pension Adjustments. The request assumes the distribution of the \$9.4 million from all sources, including \$5.5 million from general revenues included in the enacted budget for the pension changes. The amount allocated to the Department of Administration includes \$0.3 million from general revenues. *The Governor recommended funding as requested. The Assembly concurred.*

Distributed Statewide Personnel and Operating Savings. The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs for a savings of \$57.6 million from general revenues. This reduction was calculated as 5.0 percent of recommended salaries and benefits and operating costs for a full year and an additional 2.5 percent for the final six months of FY 2010. The request assumes the distribution of these funds. *The Governor recommended funding as requested. The extent to which each agency achieved these savings varies. The Assembly concurred.*

Distributed Statewide Consultants. The request assumes the distribution of the \$5.1 million from general revenue savings included in the enacted budget for a 10.0 percent reduction in expenditures the state classifies as contracted services, often referred to as consultants. *The Governor recommended funding as requested. The extent to which each agency achieved these savings varies. The Assembly concurred.*

Distributed Health Insurance Savings. The request assumes the distribution of the \$3.0 million from general revenues included in the enacted budget for employee medical claims. *The Governor recommended funding as requested. He further assumed savings of \$8.7 million as part of the changes to the enacted budget based on updated information that suggests a continued downward trend in costs. The Assembly concurred.*

Distributed Assessed Fringe Savings. The enacted budget includes general revenue savings of \$2.1 million for the state's assessments to agency budgets for payout of employee benefits such as unused leave, unemployment and workers' compensation. The request assumes the distribution of those savings. *The Governor recommended funding as requested but revised projections show the final rate was higher than expected and each agency has adjusted expenses accordingly to reflect the correct rate.*

The Assembly concurred. Additionally, the final budget reflects the suspension of the assessment for three pay periods, which saved \$2.1 million from general revenues. These savings are reflected in the individual agencies' budgets.

Undistributed Pension Reduction. The 2009 Assembly adopted pension changes that apply to teachers eligible to retire on or after October 1, 2009 and do not become eligible before the date of passage. The 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, shifting all future accrual to the lower accruals of Plan B. The cost-of-living adjustments would all be 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 was changed to the five consecutive highest years, from three.

The Governor proposed legislation to eliminate the cost-of-living adjustments for state employees, teachers, judges and state police that were not eligible to retire on September 30, 2009 and do not become eligible before the date of passage. The legislation gives the General Assembly the ability to annually review and give a cost-of-living adjustment of 3.0 percent or the Consumer Price Index, whichever is less. The budget assumes general revenue savings of \$42.9 million, \$12.1 million is budgeted in the Department of Administration for state employees. He subsequently requested an amendment to add back \$2.0 million from all funds, including \$1.2 million from general revenues to reflect a more accurate estimate on the pension savings.

The Assembly included savings of \$5.5 million, of which \$3.3 million is general revenues in the Department of Administration for the state's share of retirement costs for state employees. Total savings including teachers is \$15.4 million from all sources. The Assembly adopted legislating in Article 16 to limit the cost-of-living adjustments to the first \$35,000 of retirement allowance indexed to inflation but capped at 3.0 percent beginning on the third anniversary of the date of retirement or age 65, whichever is later, for state employees, teachers, and judges that were not eligible to retire before the passage of this proposal.

Station Fire Civil Suit Settlement. Reported expenditures for FY 2009 include \$10.0 million for the state's share of the station fire civil suit settlement for which funding is included in the FY 2010 enacted budget. Generally accepted accounting principles require this liability to be booked in FY 2009. Therefore, the FY 2010 appropriation is not required, and the Department's request removes this expense. *The Governor recommended funding as requested.* **The Assembly concurred.**

Budget Stabilization Fund Repayment Delay. The FY 2010 enacted budget included a one-time expenditure of \$22.0 million used to payback the Budget Stabilization and Cash Reserve Account for funds borrowed in FY 2009 to close the projected budget gap. Rhode Island General Law requires that any amounts used must be replaced in the following year.

The Governor proposed legislation to allow the repayment to be delayed until FY 2011. He included legislation in his FY 2011 budget to further delay the repayment until FY 2012. **The Assembly provided \$22.0 million in the FY 2011 budget for the repayment.**

Local Aid

Motor Vehicles Excise Tax Adjustment. The request includes a general revenue savings of \$3.2 million based on information obtained by the Division of Municipal Finance, which indicates that the assessed value has decreased. The savings are based on information that the Division received from 24 out of 39 municipalities, which indicates that each municipality is experiencing between a 2.0 percent and a 3.0 percent reduction in assessed values. It appears that data from larger communities has been received with the exceptions of Providence and Pawtucket. The enacted budget provides \$135.3 million to fund the car tax phase-out for FY 2010 for a \$6,000 exemption. *The Governor did not include this adjustment because of his proposal to eliminate future payments to communities.* **The Assembly included this adjustment.**

Motor Vehicles Excise Tax Reimbursement. The Department proposed to eliminate the fourth quarter reimbursement to municipalities for the Motor Vehicles Excise Tax for a general revenue savings of \$32.6 million. The Department requested this reduction based on the Governor's indication during the summer that he would use this method to partially achieve some of the savings that the enacted budget includes. In order for this saving to be achieved, legislative approval is required. Pursuant to General Laws, the fourth quarter payment is made on May 1st of each year.

The Governor eliminated the third and the fourth quarter reimbursements to municipalities for a general revenue savings of \$65.1 million. The recommendation includes the enacted amount of \$1.9 million for the fire districts. The Governor included legislation to allow municipalities to levy a supplemental tax to capture the loss of \$65.1 million. This is subject to certification from the Department of Revenue. Current law requires an affirmative vote of at least four-fifths of the full membership of the municipality's governing body.

Excluding the fire districts, the FY 2010 enacted budget includes \$133.4 million for the Motor Vehicles Excise Tax program; two-quarter payments equates to \$66.7 million. The Governor included \$65.1 million in savings. It appears that the savings are understated by \$1.6 million. He subsequently requested an amendment to make this adjustment.

The Assembly provided total funding of \$117.2 million to fund the program at 88.0 percent of the amount that would have been due in FY 2010. This represents a reduction of approximately one-half of the fourth quarter's payment.

Library Construction Aid. The Department requested the enacted amount of \$2.8 million for library construction aid. Rhode Island General Laws establish a library construction aid program, which is administered by the Office of Library and Information Services. The statute provides the authority to make grants-in-aid to a municipality or a free public library for the construction or capital improvements of any free public library designed to provide better services to the public. *The Governor recommended funding as requested. He subsequently requested an amendment to include \$0.1 million in savings. The Assembly concurred.*

Property Revaluation. The Department requested the enacted amount of \$1.8 million from general revenues for the Property Revaluation program, which reimburses communities conducting scheduled property revaluations or statistical updates. Expenditures fluctuate annually; they were \$1.0 million in FY 2009, \$1.1 million in FY 2008 and \$2.2 million in FY 2007. *The Governor recommended funding as requested. The Assembly provided \$1.6 million, \$0.2 million less than recommended to reflect the Department's projected expenditures for FY 2010.*

Energy Programs

Stimulus – Weatherization Assistance Program. The Department's request includes \$9.8 million from federal stimulus funds for the Weatherization Assistance Program, which provides cost effective, energy efficient weatherization improvements. It also provides low-income individuals, particularly elderly, persons with disabilities, families with children, high residential energy users, and households with a high energy burden, with weatherization improvements to lower utility costs. The request is \$3.1 million more than enacted based on the anticipated award from the Department of Energy. The total request includes \$9.4 million budgeted for grants and \$0.4 million to administer the program. The total amount the state will receive from the stimulus act is estimated to be \$20.1 million.

The Governor recommended funding essentially as requested, with the exception of \$10,653 less to adjust for statewide savings initiatives, including the eight pay reduction days and medical benefit holidays. The Assembly concurred.

Stimulus - State Energy Plan. The Department's request includes \$6.2 million from federal stimulus funds for the State Energy Program, of which \$5.3 million is budgeted for grants. The total amount that the state will receive through FFY 2010 is \$24.0 million. The Federal Stimulus Act requires that the funds be distributed on a formula basis and take into account population and energy usage. The program provides direct funding to state energy offices and the states use the funds to address their energy priorities and programs to adopt or support energy efficiency and renewable energy programs and

strategies. The funds were previously included in the Governor's recommended budget; however, the Assembly excluded them from the budget since a plan for the use of the funds had not been provided. The Department submitted a preliminary plan, which indicated that the funds would be used to make state buildings more energy efficient, provide energy assistance to businesses and provide loans or grants to homeowners.

*The Governor recommended funding essentially as requested, with the exception of \$12,864 less to adjust for the eight pay reduction days and medical benefit holidays. **The Assembly concurred.***

Stimulus – Energy Efficiency and Conservation Block Grants. The request includes \$2.0 million from federal stimulus funds for Energy Conservation Block Grants, which can be used for the implementation of specific programs established under the Energy Independence and Security Act of 2007; to reduce energy use and fossil fuel emissions, and for improvements in energy efficiency. The funds will be distributed on existing formula basis, which takes into account population and other factors. The Department indicated that the funds will be allotted to all municipalities in three installments. The Department plans to hold public hearings in December 2009. The total amount that the state will receive through FFY 2010 is \$9.6 million.

*The Governor recommended funding essentially as requested, with the exception of \$3,004 less to adjust for the eight pay reduction days and medical benefit holidays. **The Assembly concurred.***

Stimulus – Energy Appliance Rebates and Other. The Department's request includes \$1.2 million from federal stimulus funds, of which \$1.0 million is for appliance rebates, which provides rebates to eligible residential consumers who purchase energy efficient appliances. The request also includes \$0.2 million for the state to improve energy emergency preparedness plans.

*The Governor recommended funding essentially as requested, with the exception of \$1,353 less to adjust for the eight pay reduction days and medical benefit holidays. **The Assembly concurred.***

Weatherization Assistance Program. The Department's request includes \$2.0 million from federal funds for the Weatherization Assistance Program, which provides cost effective, energy efficient weatherization improvements. It also provides low-income individuals, particularly elderly, persons with disabilities, families with children, high residential energy users, and households with a high energy burden, with weatherization improvements to lower utility costs. The request is \$0.9 million more than enacted based on anticipated awards that the Office of Energy will receive.

*The Governor recommended funding essentially as requested, with the exception of \$3,963 less to adjust for the eight pay reduction days and medical benefit holidays. **The Assembly concurred.***

Demand Side Energy Grants. The Department requested expenditures of \$3.8 million from restricted receipts to make energy grants for weatherization, gas and electric boiler replacements. These funds are collected from a surcharge on electricity and gas sales. The request is \$1.8 million more than the enacted budget based on anticipated receipts. Effective July 1, 2008, funding for the Demand Side Grants were treated as restricted receipts. *The Governor recommended funding as requested. **The Assembly concurred.***

Regional Greenhouse Gas Initiative. The Department requested revised expenditures of \$11.4 million from the Regional Greenhouse Gas restricted receipt fund. This is \$6.5 million more than enacted to reflect anticipated receipts from the sale of emission allowances. To date, six regional auctions have been held for a total of \$494.4 million. Rhode Island's share of that is \$7.9 million. Another four auctions have been scheduled through December 2010. The state was allocated just over 2.6 million tons of emission allowances. These allowances can be sold to energy producers in Rhode Island to offset the emissions

they produce. The proceeds are to be used to invest in projects that reduce long-term energy demands and costs.

*The Governor recommended funding essentially as requested, with the exception of \$1,705 less to adjust for the eight pay reduction days and medical benefit holidays. He subsequently requested an amendment to decrease expenditures by \$12,142 to reflect a reallocation for personnel costs. **The Assembly concurred.***

Low Income Home Heating Assistance Program. The Department's request includes \$49.0 million from federal funds for the Low Income Home Energy Assistance Program grant program. The request is \$9.9 million more than enacted, of which \$7.0 million is in carried forward funds from FY 2009 unexpended funds and a supplemental award from the Department of Health and Human Services. The program provides funds to assist Rhode Island's low-income households meet the increasing cost of home energy and reduce the severity of an energy related crisis.

*The Governor recommended funding essentially as requested, with the exception of \$8,844 less to adjust for the eight pay reduction days and medical benefit holidays. He subsequently requested an amendment to provide an additional \$2.4 million to reflect the increased funding available for the program. **The Assembly concurred.***

Other Energy Programs. The Department's request includes \$0.7 million from federal funds and restricted receipts for all other expenditures for the Office of Energy Resources. This is \$0.6 million less than the enacted budget, including \$0.7 million less from federal funds and \$0.1 million more from restricted receipts. The request includes \$0.7 million less for salaries and benefits, of which \$0.6 million was shifted to other stimulus funded programs. Adjusting for this, salary and benefit expenses are \$0.1 million less than enacted. All other operations reflect an increase of \$127,060, which includes increases for grants from the American Electric Power for weatherization. The request includes increases for dues and travel expenses.

*The Governor recommended funding essentially as requested, with the exception of \$3,399 less to adjust for the eight pay reduction days and medical benefit holidays. He subsequently requested an amendment to increase expenditures by \$12,142 to reflect a reallocation for personnel costs. **The Assembly concurred.***

Economic Development Corporation

Economic Development Corporation - Operations. Consistent with the enacted budget, the request includes \$4.6 million from general revenues to support general operations of the Economic Development Corporation. The state annually awards a general revenue grant to the Corporation.

*The Governor recommended a general revenue savings of \$82,435 to reflect the Corporation's plan to take the pay reduction days in FY 2010 similar to those agreed to by most state employees. **The Assembly concurred.***

Experimental Program to Stimulate Competitive Research (EPSCoR). The Department requested the enacted amount of \$1.5 million for participation in the National Science Foundation's Experimental Program to Stimulate Competitive Research. This is the fourth installment totaling \$6.0 million of state funds necessary to receive federal grant awards of \$3.0 million per year to establish a partnership between state government, higher education and industry to effect lasting improvements in research infrastructure

and national research and development competitiveness. Initially, this was for a three-year agreement. The Corporation would like to continue this program and has applied for additional federal funds.

*The Governor reduced this expenditure by \$0.2 million. The Science and Technology and Advisory Council had planned to award six grants for \$200,000. The reduction equates to one less grant award. He subsequently requested that it be restored. **The Assembly concurred.***

Statewide Planning

Stimulus – Homelessness Prevention Fund and Block Grants. The Department requested revised expenditures of \$2.7 million from stimulus funds for community development block grants and homelessness prevention, for which the enacted budget included \$3.7 million. The request is \$1.0 million less than enacted based on anticipated awards that the Office of Housing and Community Development will receive. The request includes \$1.4 million or \$0.9 million less for homelessness prevention, which can be used for rental assistance, housing relocation and stabilization services to include housing search, security or utility deposits, utility payments and moving costs. The request includes \$1.3 million or \$0.1 million less for the community development block grants. This program provides annual grants on a formula basis to entitled cities and counties to develop viable urban communities.

*The Governor recommended funding essentially as requested, with the exception of \$3,271 less to adjust for the eight pay reduction days and medical benefit holidays. Subsequently, he requested an amendment to increase emergency shelter grant expenditures by \$60,000 for which the revised budget includes \$352,000. **The Assembly concurred.***

Community Development Block Grants Funding. The Department's request includes \$6.0 million or \$5.7 million less from federal funds for community development block grants. Annually the grant award is received from the federal government and prior years remaining funds are carried forward for expenditures, the grants are also adjusted based on available balances of the block grant awards unspent by the Department. Due to the timing of payments, grant funds often overlap fiscal years. This program provides annual grants on a formula basis to entitled cities and counties to develop viable urban communities.

*The Governor recommended funding essentially as requested, with the exception of \$3,034 less to adjust for the eight pay reduction days and medical benefit holidays. Subsequently, he requested an amendment to provide an additional \$1.1 million to reflect anticipated increases. **The Assembly concurred.***

Other Statewide Planning. The Department requested \$8.6 million from all funds for all other expenditures relating to Statewide Planning. This is \$0.7 million more from all funds than enacted, including a reduction of \$81,256 from general revenues. The request includes \$50,376 less federal funds based on anticipated awards. The request includes \$0.8 million more from other funds; primarily budgeted for grants for transportation planning related issues. The request includes \$135,594 less for salary and benefit costs based on updated benefit rates and filled positions. Other state operations reflect a decrease of \$32,305 for general office supplies.

*The Governor reduced the request by \$0.2 million, including \$69,897 from general revenues. This includes \$60,763 for the eight pay reduction days, \$49,384 for employee medical claims savings and additional turnover savings of \$0.1 million. **The Assembly concurred.***

Overhead Functions

Debt Service. The Department requested the enacted amount of \$207.3 million from all funds, including \$157.6 million from general revenues for statewide debt service expenditures, excluding those for higher education and a portion of transportation.

The Governor recommended \$9.2 million less from all funds, which includes a \$7.9 million general revenue savings due to lower than anticipated interest costs and delaying general obligation debt issuance. The savings consist of \$1.5 million from Historic Structures Tax Credit, \$2.4 million from short-term borrowing, \$2.5 million from Certificates of Participation projects including \$0.4 million from School for the Deaf, \$0.3 million from Information Technology, and \$1.7 million from energy conservation projects.

*He subsequently requested several amendments to include \$0.3 million in savings from the Fidelity Job Rent Credits, added \$3.3 million including \$0.2 million from general revenues to pay debt service costs on short term borrowing due on June 30, 2010. He also reduced all other debt expenditures by \$0.6 million due to savings achieved by refunding general obligation bonds. **The Assembly concurred, with the exception of reducing debt service costs to replace the computer system at the Division of Motor Vehicles due to the delay in issuing the debt.***

Torts Court Awards. The Department of Administration receives an annual appropriation to pay for any liability claims against any state department or any state worker. Historical spending for this varies depending on court awarded settlements.

*The Governor recommended the enacted amount of \$0.4 million from general revenues for tort payments. Subsequently, he requested an amendment to increase expenditures by \$0.4 million to reflect additional pending litigations that will result in settlements in FY 2010. **The Assembly concurred.***

Outside Legal Services. The Department requested the enacted amount of \$0.1 million for outside legal services. Actual expenditures were \$113,745 in FY 2009, \$312,133 in FY 2008 and \$254,739 in FY 2007. *The Governor recommended revised expenditures of \$60,000. **The Assembly provided \$10,000 to reflect projected expenditures.***

RI Financial Accounting System Operations. The Department's request includes operational expenditures of \$0.9 million from general revenues to fund contracts for license and maintenance costs for the Rhode Island Financial Accounting Network System. The enacted budget eliminated all funding for this project based on implementation delays, but ongoing costs remain for the contracts. *The Governor recommended funding as requested. **The Assembly concurred.***

Other Information Technology Operations. Excluding items previously mentioned, the Department requested \$5.8 million from all funds for all other expenditures for the Division of Information Technology. This is \$223,291 or 3.9 percent more than the enacted budget, including an increase of \$189,820 from general revenues, based on current needs. The request includes for various computer related expenses, such as laptop replacement and maintenance agreements. Expenditures for contracted services includes an additional \$52,959 for the completion of two billing rate studies, based on the actual contract. The request includes new general revenue expenditures of \$183,000 for unachievable billings for help desk support. The Department of Human Services recently renegotiated the InRhodes contract to allow the Division to provide help desk support. The enacted budget assumed 100.0 percent of this expense would be charged to federal funds, it appears only 51.4 percent can be charged. It should be noted that the Department of Human Services' budget includes a general revenue savings of \$1.0 million from the renegotiation of the contract.

*The Governor recommended funding as requested and provided an additional \$51,953 from other sources to backfill general revenue savings. **The Assembly concurred.***

Department of Business Regulation Lease Termination. The FY 2009 final budget included \$90,762 from general revenues to pay the fee for the early termination of the Department of Business Regulation's lease. The settlement stipulates a payout in three installments, \$25,000 and \$65,762 in FY 2009 and \$65,762 in FY 2010. The Department did not make the second payment in FY 2009. Therefore, it is requesting a supplemental increase of \$65,762 to pay the second installment. The FY 2010 enacted budget includes \$65,762 for the third settlement award. The total settlement cost is \$150,000. *The Governor recommended funding as requested.* **The Assembly concurred.**

Utility Costs. The Department projected savings of \$3.7 million from all funds, including \$3.0 million from general revenues for utilities at state buildings under its jurisdiction, including the Pastore Campus. The revised projection is 14.4 percent lower than the \$25.7 million included in the FY 2010 enacted budget and \$0.4 million below FY 2009. The expenditure projection for natural gas is based upon the future pricing on the New York Mercantile Exchange.

The Governor recommended funding as requested. Subsequently, the Governor requested an amendment to reduce expenditures by \$2.0 million, including \$1.5 million from general revenues due to lower natural gas prices than forecasted. **The Assembly concurred.**

Other Facilities Operations. The Department requested \$8.6 million or \$0.5 million less from all funds for all other expenditures for the Division of Facilities Management to support building operations, maintenance and repairs for 365 state properties, including the Pastore Campus. This reflects a reduction of 5.4 percent from the enacted budget, of which \$0.6 million is from general revenues, primarily for building maintenance and janitorial services. The request is \$0.3 million less than FY 2009 reported expenditures and \$0.1 million less than FY 2011 projected expenses.

The Governor reduced the request by \$272,198, including \$249,918 from general revenues to reflect the Administration's corrective action plan. It reduced janitorial services by \$12,726 for a day porter, reduced maintenance costs at the Pastore Center and the Zambarano Campus by \$71,271, and shifted \$165,921 of general revenue security service costs to the Department of Labor and Training. The Department indicated that the Department of Labor hired Industrial Securities and Investigations, which provides security services at each of its branches and the Center General. The Department further noted that the firm does not report to Facilities Management and indicated that this should be a direct charge to the Department of Labor. **The Assembly concurred.**

Other Salary and Benefit Adjustments. Excluding items mentioned above, the Department requested \$72.8 million for salaries and benefits, \$4.7 million or 6.5 percent less than enacted. This includes savings of \$2.5 million from general revenues, \$2.4 million from federal funds and \$46,894 from restricted receipts and an increase of \$0.2 million from other funds. The savings are due to greater than anticipated turnover savings throughout the Department. The request assumes \$2.4 million in turnover savings, or \$2.2 million more than included in the enacted budget. This is equivalent to 26.0 vacant positions. As of pay period ending December 2, 2009, the Department had 90.4 positions vacant.

The Governor recommended \$69.3 million from all funds for all other salaries and benefits. This is \$8.1 million less than enacted, including \$5.2 million from general revenues. The request is \$3.5 million less than requested, of which \$2.3 million is for the eight pay reduction days and medical benefit savings. It also includes additional turnover savings of \$0.9 million and the elimination of 10.0 positions from the Division of Information Technology for a savings of \$0.2 million to reflect the Administration's corrective action plan.

The Assembly provided \$67.3 million for salaries and benefits, \$1.4 million less than recommended, consisting of \$1.2 million in additional turnover savings and \$0.2 million to reflect a reduced rate

for assessed fringe benefits. The Assembly authorized staffing of 835.4 full-time positions. This included eliminating half of all current vacancies, which equates to 44.2 positions.

All Other Operations. The Department requested \$3.4 million from all funds, including \$2.3 million from general revenues for all other state operations. This is \$0.2 million more from all funds, including a general revenue reduction of \$0.2 million, offset by an increase of \$0.4 million from federal funds for grants relating to library services. The general revenue reductions are primarily from outside legal services, staff training and general office expenses, including computer supplies and printing costs.

The Governor further reduced the request by \$40,446, including \$86,817 from general revenues, of which \$75,005 is for vehicle maintenance. The Assembly concurred.

Veterans Memorial Auditorium Repairs. The Department's FY 2011 through FY 2015 capital budget includes \$0.7 million from Rhode Island Capital Plan funds, of which \$0.3 million and \$0.4 million will be used in FY 2011 and FY 2012 to replace the building's air conditioning system, remove hazardous materials from the boiler to improve energy efficiency and develop some office spaces. In 2007, the Veterans Memorial Auditorium Foundation and the administration discussed concerns about the transfer of the facility from the state to the Foundation. The administration requested that the Rhode Island Convention Center Authority consider operating and managing the facility in lieu of the Foundation. The Convention Center Authority took management of the facility on July 1, 2008; however, the facility is still owned by the state and maintenance must be done to preserve the building.

The Governor proposed legislation in his FY 2010 revised budget authorizing the Convention Center Authority to issue up to \$29.8 million in debt for the purchase and renovation of the Veterans Memorial Auditorium. The Governor's revised budget includes \$10.8 million in new revenues from the sale of the auditorium to the Authority.

The Assembly did not concur with the Governor's proposal. It provided a total of \$14.8 million from Rhode Island Capital Plan funds in lieu of issuing debt, including \$1.0 million in FY 2010 for architectural and engineering services.

DoIT Operations Center. The FY 2010 revised budget includes \$8.9 million from Rhode Island Capital Plan funds to acquire a new state of the art facility to house the state's computer center. The Department purchased a 70,000 square foot building on Jefferson Boulevard. The Department is currently in the process of designing the facility. *The Governor recommended funding as requested. Subsequently, the Department indicated that the majority of the renovations would not occur in FY 2010. The Assembly shifted \$3.9 million from FY 2010 to FY 2011 to reflect a revised project schedule.*

Other Capital Projects. The Department requested \$26.6 million from Rhode Island Capital Plan funds for all other capital project expenditures. This is \$6.4 million more than enacted, primarily in reappropriation from FY 2009 unexpended Rhode Island Capital Plan funds, of which \$4.9 million is for the Information Technology Computer Center. Section 12 of Article 1 of 2009-H 5983 provides for automatic reappropriation of unexpended balances from Rhode Island Capital Plan Fund projects over \$500. Balances of less than \$500 can be reappropriated at the discretion of the State Budget Officer.

The Governor recommended \$2.9 million more than requested. This includes \$1.1 million in reappropriation for McCoy Stadium; additional funding of \$1.0 million for fire code and renovations of the Washington Center to be occupied by the Department of Children, Youth and Families, which is currently in leased space.

He subsequently requested an amendment to reduce Rhode Island Capital Plan funded projects by \$1.3 million, including \$0.2 million for the Pastore Center Rehabilitation, \$0.8 million for Pastore Center Utilities Upgrade and \$0.3 million for McCoy Stadium.

The Assembly provided \$4.3 million less than recommended to reflect revised project costs or delays. A detailed analysis of the projects is included in the Capital Budget Section of this publication.

Department of Business Regulation

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Program				
Central Management	\$ 1,059,049	\$ 1,084,422	\$ 1,184,095	\$ 1,180,936
Banking Regulation	1,534,778	1,874,677	1,643,656	1,638,700
Securities Regulation	756,160	838,110	731,221	728,971
Commercial Licensing, Racing & Athletics	976,437	1,244,753	1,228,513	1,226,516
Insurance Regulation	5,113,349	5,810,982	5,259,356	5,123,390
Board of Accountancy	146,491	164,526	157,454	157,006
Boards for Design Professionals	304,018	314,575	301,485	300,754
Total	\$ 9,890,282	\$ 11,332,045	\$ 10,505,780	\$ 10,356,273
Expenditures by Category				
Salaries and Benefits	\$ 8,647,557	\$ 9,572,086	\$ 8,558,262	\$ 8,426,755
Contracted Services	776,986	889,815	885,648	867,648
Subtotal	\$ 9,424,543	\$ 10,461,901	\$ 9,443,910	\$ 9,294,403
Other State Operations	388,304	776,244	763,232	763,232
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	75,102	80,000	284,900	284,900
Capital	2,333	13,900	13,738	13,738
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 9,890,282	\$ 11,332,045	\$ 10,505,780	\$ 10,356,273
Sources of Funds				
General Revenue	\$ 8,527,973	\$ 9,577,234	\$ 8,771,882	\$ 8,622,375
Federal Aid	87,315	-	-	-
Restricted Receipts	1,274,994	1,754,811	1,733,898	1,733,898
Other	-	-	-	-
Total	\$ 9,890,282	\$ 11,332,045	\$ 10,505,780	\$ 10,356,273
FTE Authorization	91.0	91.0	91.0	85.5
FTE Average	85.2			

FY 2010 Revised Request. The Department of Business Regulation revised request includes \$8,298 less from all fund sources including \$4,948 less from general revenues, and \$3,350 less from restricted receipts. The general revenue request is \$0.4 million less than the “working budget” of \$9.0 million. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended \$826,265 less than enacted from all sources consisting of \$805,352 less from general revenues and \$20,913 less from restricted receipts. The recommendation is \$195,722 less than the working budget.

The Assembly provided \$10.4 million, \$149,507 less than recommended from general revenues. The Assembly also included 85.5 positions, 5.5 less than enacted to reflect the elimination of half of the vacancies.

Salaries and Benefits. The Department requested \$15,883 more than the enacted budget for all salaries and benefits, including \$19,233 more from general revenues and \$3,350 less from restricted receipts. The request assumes additional turnover savings achieved from keeping 2.0 vacancies in the Central Management and Insurance divisions, which partially offsets adjustments to benefit rates.

The Governor recommended \$1.0 million less than enacted and requested, primarily from general revenues. This includes \$0.2 million for the eight unpaid work days, \$0.2 million for three medical benefits holidays, and additional turnover savings of \$0.6 million from keeping 8.0 positions vacant, 6.0 more than requested. These vacancies appear in the Central Management, Banking, Securities, and Insurance Divisions.

The Assembly further reduced general revenues by \$131,507, including turnover savings of \$105,000, and \$26,507 less from general revenues to reflect statewide savings.

Legal Settlement. A Senior Legal Counsel was terminated from the Department of Business Regulation in May 2007. The termination was appealed to the Personnel Appeal Board, which determined the person should be compensated for back pay, benefits and legal fees totaling \$204,900. *The Governor included \$204,900 from general revenues to make this payment.* **The Assembly concurred.**

Office of Health Insurance Commissioner Intern. The Department requested \$18,000, \$2,000 less from general revenues for the cost of an intern to assist in the research and analysis of health insurance issues in the Office of the Health Insurance Commissioner. *The Governor recommended funding as requested.* **The Assembly eliminated the funding based upon the Department's third quarter report.**

Other Operating Adjustments. The Department requested \$879,632, \$22,181 less than enacted from general revenues for all other operating expenses. This includes \$6,633 less for computer maintenance, \$2,217 less for postage, \$2,446 less for printing expenses, \$1,911 less for telephone expenses and \$8,970 less for other miscellaneous office expenses. *The Governor recommended general revenue funding as requested and provided \$6,840 more from restricted receipts to reflect funds available from statewide personnel savings for other uses.* **The Assembly concurred.**

Department of Labor and Training

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Program				
Central Management	\$ 509,263	\$ 1,935,999	\$ 1,040,122	\$ 689,962
Workforce Development Services	25,743,424	42,915,142	51,599,518	52,342,650
Workforce Regulation and Safety	2,210,782	2,254,033	2,053,119	2,045,193
Income Support	763,606,385	871,115,091	903,190,405	1,055,528,982
Injured Workers Services	9,714,962	11,387,196	9,595,786	9,595,786
Labor Relations Board	390,377	426,605	386,592	375,283
Total	\$ 802,175,193	\$ 930,034,066	\$ 967,865,542	\$1,120,577,856
Expenditures by Category				
Salaries and Benefits	\$ 33,005,304	\$ 40,455,386	\$ 37,856,684	\$ 39,761,276
Contracted Services	4,096,019	3,840,843	6,997,414	7,099,284
Subtotal	\$ 37,101,323	\$ 44,296,229	\$ 44,854,098	\$ 46,860,560
Other State Operations	5,595,861	6,266,551	7,617,503	7,652,225
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	744,161,750	862,883,949	897,588,165	1,048,546,733
Capital	541,567	2,281,093	1,859,771	1,572,333
Capital Debt Service	-	-	-	-
Operating Transfers	14,774,692	14,306,244	15,946,005	15,946,005
Total	\$ 802,175,193	\$ 930,034,066	\$ 967,865,542	\$1,120,577,856
Sources of Funds				
General Revenue	\$ 6,433,975	\$ 6,667,994	\$ 6,531,803	\$ 6,608,141
Federal Aid	62,635,505	214,366,612	285,082,058	356,968,034
Restricted Receipts	18,912,729	25,314,950	22,018,670	22,018,670
Other	714,192,984	683,684,510	654,233,011	734,983,011
Total	\$ 802,175,193	\$ 930,034,066	\$ 967,865,542	\$1,120,577,856
FTE Authorization	395.3	436.3	475.1	514.4
FTE Average	354.6			

FY 2010 Revised Request. The Department of Labor and Training requested \$967.9 million from all fund sources, which is \$37.9 million more than enacted. This includes \$48,875 more from general revenues, \$70.6 million more from federal funds, \$3.3 million less from restricted receipts, and \$29.5 million less from other funds. The request includes 476.7 full-time equivalent positions, which is 40.4 more positions than the enacted level. The general revenue request is \$251,397 more than the “working budget” of \$6.5 million. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended \$23,786 less than requested from all funds and 1.6 full-time equivalent positions less than requested. This includes \$185,066 less from general revenues, \$144,520 more from

federal funds, \$8,763 more from restricted receipts and \$7,997 more from other funds. The recommendation is \$66,331 more than the working budget. The Governor subsequently requested several amendments, including an increase of \$150.2 million from all fund sources for unemployment insurance benefits to reflect the continually high unemployment rate, claims activity and backlog.

The Assembly included \$1,120.6 million from all funds, including \$6.6 million from general revenues. The Assembly provided 514.4 full-time equivalent positions, 39.3 more than the revised recommendation.

American Recovery and Reinvestment Act Positions. The Department requested \$1.0 million from federal funds and 35.0 full-time equivalent positions for 35.0 short-term positions within the Workforce Development Services division to implement programs included in the American Recovery and Reinvestment Act. The Department requested 30 such positions in the FY 2010 budget request and was granted 10.0 positions and \$573,842 from federal stimulus funds. The Department requested 15 new positions in addition to the 20.0 that were not granted in the original request. The Department has indicated that since the process to hire staff has been affected by the hiring freeze, additional staff is needed to fully implement the Stimulus Act programs within the allotted timeframe. These positions will remain through FY 2011, but then will be eliminated as federal stimulus funding for these positions is exhausted. The Department has maintained an average of 381.7 filled positions through December 5, 2009, which is 54.6 below the authorization. *The Governor recommended funding as requested. The Assembly concurred.*

Unemployment Insurance Call Center Positions. The Department requested \$205,133 from federal funds for 9.4 new positions at the unemployment insurance call center for the remainder of FY 2010. The 50.0 part-time employment and training interviewers hired to work in the unemployment insurance call center were accounted for as 0.6 full-time equivalent positions, but have been working full-time or more. The Department requested to convert 23.5 of the positions from part-time to full-time, for an increase of 9.4 full-time equivalent positions to more accurately account for work that is being done by these individuals. These 50.0 positions will return to 0.6 full-time equivalents for FY 2011 as unemployment is expected to decrease, and the staff will not be needed on a full-time basis. The Department has maintained an average of 381.7 filled positions through December 5, 2009, which is 54.6 below the authorization. *The Governor recommended funding as requested. He subsequently requested amendments to add \$1.3 million from federal unemployment insurance contingency funds for 26.4 positions in the call center and \$0.4 million from new federal disaster unemployment compensation funds to pay the administrative costs associated with providing benefits to workers whose place of employment was affected by the March 2010 floods and who are not otherwise eligible for regular unemployment insurance benefits. The Assembly concurred.*

Emergency TANF Funds. The state is eligible to receive up to \$47.5 million in new federal Emergency Temporary Assistance to Needy Families Contingency Funds to implement a new subsidized employment program. This is a joint project with the Departments of Human Services, Labor and Training, and Revenue and the funds must be spent by September 30, 2010. *The Governor requested amendments to include \$0.6 million from federal funds in the Department of Labor and Training's budget, including \$0.3 million for 19.0 time-limited positions to assist in the implementation of the new program. The Assembly concurred.*

Other Salaries and Benefits. The Department requested \$2.1 million less than enacted for all other salaries and benefits, including \$240,694 less from general revenues, \$1.0 million less from federal funds, \$1.2 million less from restricted receipts and \$0.4 million more from other funds. This includes an additional \$1.4 million for increased overtime needs, consisting of \$1.2 million from federal funds for the unemployment insurance division because of increased claim loads and \$0.3 million from other funds for

the temporary disability insurance division because of increases in staff retirement, promotions to other divisions and long term medical leaves.

This also includes \$246,450 less from general revenues to account for the benefit rate adjustments in addition to \$2.0 million in turnover savings, including \$240,724 from general revenues. This includes \$44,696 in central management, \$1.7 million in workforce development services, \$43,071 in workforce regulation services and \$274,302 in the income support division. There is no turnover in the enacted budget. The Department has maintained an average of 381.7 filled positions through December 3, 2009, which is 54.6 below the authorization.

The Governor recommended \$1.7 million less than requested, including \$0.2 million less from general revenues, \$1.0 million less from federal funds, \$0.3 million less from restricted receipts and \$0.2 million less from other funds. This includes \$0.9 million from pay reduction days, and \$0.6 million less for medical benefits. The Governor appeared to have recommended funding based upon the Department's quarterly report that inadvertently underestimated personnel expenses by \$276,146 from general revenues for 5.6 full-time positions. He included \$126,146 from general revenues to fill the funding gap for 4.1 full-time equivalent positions and eliminated 1.5 positions. The Budget Office indicated that it intends to keep general revenue positions vacant that are not deemed vital to public health and safety or federally mandated.

The Assembly included \$17,812 in savings, \$10,000 from turnover and \$7,812 to adjust for three statewide fringe benefit holidays. It authorized staffing of 514.4 full-time equivalent positions, consistent with the Governor's amendments and reflecting a reduction of half of the Department's vacancies, which equates to 6.1 positions.

Fire and Police Relief Fund. The Department requested \$362,672 more from general revenues for police and fire benefits paid to surviving spouses of deceased police and firefighters and education benefits for children of deceased or disabled officers and firefighters, as well as the disabled worker. The request consists of \$260,424 more for pension benefits, including a one-time death benefit payment totaling \$126,298, as well as \$102,248 more for education benefits. *The Governor recommended funding as requested.*

The Assembly added \$96,150 based on savings reported in the Department's third quarter report, anticipated increased annuity approvals, and the anticipation of an additional one-time death benefit to be paid out in June of 2010.

[Staff Note: The Department did not normally budget for one-time death benefits, since they typically do not occur often. However, there was one in FY 2009 totaling \$113,354 and for FY 2010, this would total \$252,596 with this second one included. The value of the one-time death benefit is 40.0 percent of the federal death benefits for law enforcement officers and firefighters killed in the line of duty.]

Unemployment Insurance. The Department requested \$48.7 million more for the payment of unemployment insurance benefits, including \$59.6 million more from federal stimulus funds and \$10.8 million less from the Employment Security Fund. The Labor Market Information unit provided updated estimates, based upon the November 6, 2009 extension of federally funded benefits for an additional 20 weeks. As of October 2009, Rhode Island had a 12.9 percent seasonally adjusted unemployment rate or 73,681 unemployed residents. The national unemployment rate was 10.2 percent for October 2009 while New England's unemployment rate was 8.8 percent, ranging from 6.5 to 12.9.

The Governor recommended funding as requested. He subsequently requested amendments to increase federal stimulus funds by \$69.2 million for the \$25 per week benefit and for extended benefits along with \$81.0 million more from the Employment Security Fund for regular unemployment insurance benefits to

reflect the sustained high unemployment rate, claims activity and backlog. He also requested an amendment to add \$0.4 million from new federal disaster unemployment compensation funds to provide benefits to workers whose place of employment was affected by the March 2010 floods and who are not otherwise eligible for regular unemployment insurance benefits. **The Assembly concurred.**

Trade Readjustment Assistance Programs. The Department's FY 2010 revised budget request includes \$192,513 more in expenditures from federal Trade Readjustment Assistance Act funds, including \$2.0 million less for the distribution of weekly trade readjustment allowance assistances and \$2.2 million more for training programs. Someone eligible for these benefits must first exhaust all of their unemployment insurance benefits before becoming eligible for this program. Because these other programs take precedence, there have been fewer claims, and the Department has adjusted the revised request to reflect projected expenditures. The federal extension benefits announced on November 6, 2009 added 20 weeks of unemployment insurance benefits, which delays eligibility for Trade Adjustment Act programs further. *The Governor recommended funding as requested.* **The Assembly concurred.**

Workforce Investment Programs. The Department's FY 2010 revised budget request includes \$8.0 million more from Workforce Investment Act funds to support initiatives oriented to youth, adults and dislocated workers. This request includes \$4.3 million more for adult and youth programs and \$3.7 million more for dislocated workers, comprised of \$31,662 more from federal stimulus funds and \$7.9 million more from regular federal Workforce Investment Act funds. The Department indicated that the increase is due to funds carried forward from previous years in addition to receiving higher awards than originally anticipated. *The Governor recommended \$28,535 less federal stimulus funds than requested to adjust for required administration and audit fees for these grants; accounted for elsewhere in the budget.* **The Assembly concurred.**

[Staff Note: Although the demand for such services has increased, the Department repeatedly requested significantly more funds than it uses. Although any unspent funds can be carried forward into the following year, the Department spent only 67.0 percent of its final appropriation in FY 2007, 50.0 percent in FY 2008 and 62.0 percent in FY 2009.]

Human Resource Investment Council. The Department's FY 2010 revised budget request includes \$1.5 million less than enacted from restricted receipts to support initiatives through the Human Resource Investment Council, reflects downward revised estimates of revenues, and thus grant awards were also lowered. The Council places emphasis on those workforce, education, and economic development projects that produce results over the long-term period. *The Governor recommended funding as requested.* **The Assembly concurred.**

Temporary Disability Insurance. The Department requested revised expenditures of \$155.0 million, or \$19.5 million less than the enacted level for temporary disability insurance benefits for FY 2010. Temporary disability insurance protects eligible workers against wage loss resulting from a non-work related illness or injury. With the sustained high unemployment rate and less people working in the state, there are less people likely to be eligible for these benefits. In addition, the Department has indicated that unemployed people who have lost their health insurance may be postponing elective procedures and those working may be reluctant to take time off for fear of losing their jobs.

The Department spent \$163.7 million in FY 2006, \$166.2 million in FY 2007, \$171.7 million in FY 2008 and \$163.2 million in FY 2009. *The Governor recommended funding as requested.* **The Assembly concurred.**

Senior Community Service Employment Program. The Department requested \$119,979 more federal funds than enacted to support the Senior Community Service Employment Program. This includes \$98,680 more from regular federal funds and \$21,299 more from federal stimulus funds, which were

carried forward from FY 2009. This program is a United States Department of Labor community service and work based training program for older workers. It was authorized by Congress in Title V of the Older Americans Act of 1965 to provide subsidized, part-time community service work based training for low-income persons age 55 or older. The overall goal of the program is to provide participants with the skills and competencies to move from subsidized employment to unsubsidized employment. *The Governor recommended \$735 less than requested from federal stimulus funds to adjust for required administration and audit fees for this grant; accounted for elsewhere in the budget. The Assembly concurred.*

Workers' Compensation Administration Fund. The Department requested \$640,000 less from restricted receipts for claims on the Workers' Compensation Administration Fund, formerly known as the Second Injury Fund. This reflects actual expenditures to date and pending claims. Over the last few years, although the number of claims has decreased, the payout for many claims has increased because of rising prescription costs, the higher number of operations being performed and the rising cost of nursing home and long-term care. *The Governor recommended funding as requested. The Assembly concurred.*

Capital Expenditures. The Department requested \$395,543 less from Rhode Island Capital Plan funds than enacted, shifting the expense into FY 2011, due to delays in preparing the request for proposals for the roof replacement on three buildings at the Center General complex. *The Governor recommended funding as requested. The Assembly shifted \$350,000 from FY 2010 to FY 2011, based on a revised project schedule.*

Information Technology Expenses. The Department requested \$1.3 million more than enacted from all funding sources for information technology expenses department-wide, including \$2,601 less from general revenues. This includes \$1.1 million more from federal funds, primarily federal stimulus funds made available to the state for technology upgrades and equipment in the unemployment insurance division, primarily for the clean claims and online certification updates recently implemented. This also includes \$0.4 million more from restricted receipts for the completion of upgrades being made to the system in Workers' Compensation and \$0.2 million less for the Temporary Disability Insurance program. *The Governor recommended funding as requested. The Assembly concurred.*

Transfers to RI Higher Education. The request includes \$738,194 more from federal funds for transfers to the three Rhode Island institutions of higher education. This includes \$323,066 more from the Trade Readjustment Act Fund as well as \$415,128 more from the Workforce Investment Act Fund, due to higher federal awards than anticipated. This is an increase of \$181,468 for the university, \$90,067 for the college and \$466,649 for the community college compared to the enacted budget. The institutions are reimbursed for classes attended by Workforce Investment Act and Trade Adjustment Act clients for training and certificate programs offered by these institutions. These expenses appear to double count expenditures. *The Governor recommended funding as requested. The Assembly concurred.*

Other Interfund Transfers. The Department's FY 2010 revised budget request includes \$0.9 million more than enacted from federal and other funds for expenditures classified as "inter-fund transfers." This includes \$1.4 million less than enacted for federal stimulus unemployment administration funds being transferred from the unemployment insurance benefit account into the General Fund once they are available for expenditures, and \$238,253 less than enacted from temporary disability insurance funds transferred to the Department of Revenue to support the employer tax unit and Department of Administration for debt service. These expenses appear to double count expenditures.

This also includes an additional \$2.5 million from the Employment Insurance Trust Fund for the payment of unemployment benefits to other states. This is just the amount that Rhode Island reimburses other states for paying benefits on the state's behalf. There is also a corresponding revenue item, in the Rhode Island Office of the General Treasurer for reimbursements to Rhode Island from other states, though they are often not equal. These transactions do affect the balance of Employment Security Fund, but are

processed at the national level, thus they are not counted as unemployment insurance benefit payments the way direct payments from the state are classified. *The Governor recommended funding as requested.*
The Assembly concurred.

Shared Youth Vision Program. The Shared Youth Vision Program is a new federal program with a collaborative approach from the national, state, and local levels intended to serve the nation's neediest youth through interagency collaboration and improved program efficiencies. The program is intended to develop innovative approaches, enhance the quality of services delivered, improve efficiencies, and improve the outcomes for the youth served. *The Governor requested an amendment to add \$100,000 from other funds to hire a management consultant.* **The Assembly concurred.**

Other Operations. The Department requested \$0.5 million more than enacted from all fund sources for all other operations. Excluding the reclassification of \$1.0 million from federal funds from grants to salaries and benefits for the administration costs associated with the Employment Services programs, the request is \$70,502 less from general revenues, \$1.7 million more from federal funds, \$298,185 less from restricted receipts and \$188,668 more from other funds.

The request includes \$0.5 million more from federal funds for staff training for the new positions requested plus training, educational, financial and temporary services, \$0.4 million more for capital purchases, \$0.4 million more for software maintenance and repairs department wide and \$0.2 million less for legal services and workers' compensation medical services including doctors and dentists.

The Governor recommended \$1.7 million more than requested, including \$42,930 more from general revenues, \$1.2 million more from federal funds, \$0.3 million more restricted receipts and \$0.2 million more from other funds. This includes \$0.2 million for security services transferred from the Department of Administration and an additional \$0.5 million from federal funds to reflect additional funds available from statewide personnel savings. It also includes \$0.5 million more for unemployment insurance administration, \$0.1 million more for temporary disability insurance administration, \$0.3 million more in the Workforce Development Services division and \$0.1 million more in the workers' compensation unit for miscellaneous expenses along with other smaller adjustments. **The Assembly concurred, with the exception of a \$2,000 reduction to miscellaneous operating expenses throughout the department, based on estimated savings in the Department's third quarter report.**

Department of Revenue

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Program				
Office of Director	\$ 603,237	\$ 562,988	\$ 435,742	\$ 378,844
Office of Revenue Analysis	363,514	598,055	404,380	413,380
Lottery Division	188,356,618	187,710,749	191,483,930	191,483,930
Division of Municipal Finance	705,632	1,173,544	1,105,096	1,052,096
Taxation	17,011,434	20,204,279	18,071,909	17,974,167
Registry of Motor Vehicles	17,389,451	29,555,572	29,297,581	34,825,581
Total	\$ 224,429,886	\$ 239,805,187	\$ 240,798,638	\$ 246,127,998
Expenditures by Category				
Salaries and Benefits	\$ 32,239,733	\$ 36,291,174	\$ 33,191,848	\$ 32,691,208
Contracted Services	1,011,767	1,468,691	1,388,515	1,368,515
Subtotal	\$ 33,251,500	\$ 37,759,865	\$ 34,580,363	\$ 34,059,723
Other State Operations	190,100,014	189,470,101	193,832,794	193,832,794
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	16,002	17,093	11,633	11,633
Capital	1,062,370	12,336,397	12,157,131	18,007,131
Capital Debt Service	-	-	-	-
Operating Transfers	-	221,731	216,717	216,717
Total	\$ 224,429,886	\$ 239,805,187	\$ 240,798,638	\$ 246,127,998
Sources of Funds				
General Revenue	\$ 32,332,034	\$ 36,191,064	\$ 33,882,287	\$ 33,345,389
Federal Aid	1,551,477	2,604,929	2,402,882	2,419,140
Restricted Receipts	706,530	845,292	739,952	5,089,952
Other	189,839,845	200,163,902	203,773,517	205,273,517
Total	\$ 224,429,886	\$ 239,805,187	\$ 240,798,638	\$ 246,127,998
FTE Authorization	410.0	424.0	428.0	413.5
FTE Average	387.8			

FY 2010 Revised Request. The Department of Revenue requested FY 2010 revised expenditures totaling \$238.6 million from all funds, which is \$1.2 million less than enacted. This includes reductions of \$0.9 million from general revenues, \$0.2 million from federal funds and \$0.1 million from restricted and other funds. The Department requested authorization to fill 4.0 additional positions in the Registry of Motor Vehicles.

The general revenue request is \$1,434,089 more than the “working budget” of \$33,852,092. The working budget is the enacted budget adjusted for the Budget Office’s distribution of the statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended \$1.0 million more than enacted, including a general revenue reduction of \$2.3 million or \$1.4 million more than requested to reflect additional statewide savings. He included an additional \$3.8 million from Lottery funds based on estimated changes in lottery collections. He recommended staffing as requested. The recommendation is \$30,195 more than the working budget.

The Assembly provided total expenditures of \$246.1 million from all funds, \$5.3 million more than recommended. This includes \$1.5 million from Rhode Island Capital Plan funds advanced from FY 2011 for the Registry's new headquarters project and \$4.4 million from restricted receipts to modernize the computer system at the Registry. The Assembly further reduced recommended general revenue expenditures by \$0.5 million for turnover savings and a reduced rate for assessed fringe benefits. It also authorized staffing of 413.5 full-time positions, primarily from eliminating vacancies.

New Registry Scanning Positions. The Department requested \$126,669 from general revenues to fill 4.0 new positions to scan documents for the Division of Motor Vehicles. The Department indicated that it has more than 18 months of materials from daily transactions that have not been scanned. The Department used existing vacancies to fill the positions; as of November 19, three of the positions were filled and the other is due to start in early December. The Department indicated that it is too early to determine how long it will take to get through the backlog. The Department's FY 2011 request includes \$215,913 for these positions. *The Governor recommended funding as requested. The Assembly concurred.*

Rhode Island Mall Branch Closure. The Department's request includes a saving of \$2,651 from general revenues from the closure of the Rhode Island Mall satellite branch. There are no personnel or lease savings associated with this closure. The savings consist of utilities, maintenance and armored car services. The Division is scheduled to move to its new headquarters on the Pastore Center in August 2010, and indicated that the Rhode Island Mall branch will be less than four miles to the headquarters. Closing this branch will also avoid build-out expenses. *The Governor recommended funding as requested. The Assembly concurred.*

New Computer System Software. The Department requested new expenditures of \$266,000 from general revenues for software and hardware maintenance costs, including the National Auto Dealer Association, cash machines and Sysco Fire Wall of its new computer system. Staff training of the new system started in January 2010. The 2006 Assembly authorized the Department of Administration to borrow \$13.0 million from Certificates of Participation to replace the computer system at the Registry to allow for more web site functionality to reduce wait times for transactions performed at the Registry such as titles, registrations, and other areas. The anticipated cost for these expenditures in FY 2011 is \$327,000. *The Governor recommended funding as requested. The Assembly concurred.*

Data Tools and Tax Equalization Report. The FY 2010 enacted budget includes \$160,000 from general revenues, of which \$100,000 is for the Office of Revenue Analysis to purchase data tools, including computer hardware and software and \$60,000 is for the Division of Municipal Finance for contractual services for the automation of the Property Value Equalization report. The Department reduced these expenditures to \$30,000 each based on anticipated need. This is consistent with its FY 2011 request. *The Governor recommended funding as requested. The Assembly concurred.*

Taxation Printing Costs. The request includes savings of \$246,111 from general revenues from reduced printing costs. The Division entered into a cooperative agreement with the Department of Health's print shop to print documents on an as needed basis. The FY 2009 final budget assumed a savings of \$0.1 million; savings were \$0.4 million more than anticipated. Prior to the cooperative agreement, expenditures were as high as \$684,004. *The Governor recommended funding as requested. The Assembly concurred.*

Lottery Operations. Excluding salaries and benefits, the Department requested \$182.7 million for all other expenditures for the Lottery Division. This is \$113,087 more than the enacted budget based on anticipated expenditures for FY 2010. The request includes new advertising expenditures of \$0.4 million for the Mega Millions game and \$0.3 million less for all other expenditures including utilities, liability and loss of income insurance based on historical spending patterns. The request includes the enacted amount of \$178.3 million for lottery commission payments, for which actual payments were \$167.7 million in FY 2009 and \$209.6 million in FY 2008.

*The Governor concurred and provided an additional \$4.2 million primarily for commission payments based on estimated changes in lottery collections. **The Assembly concurred.***

Other Salary and Benefit Adjustments. Excluding the new positions, the Department requested \$34.9 million from all funds for all other salaries and benefits. This is \$1.4 million or 3.7 percent less than the enacted budget including a reduction of \$0.9 million from general revenues due to greater than anticipated turnover savings throughout the Department. As of pay period ending November 5, 2009, the Department had 37.4 vacancies, including one position each from the Office of the Director and the Office of Revenue Analysis, seven from the Lottery Division, 17 from the Division of Taxation and 11.4 from the Registry of Motor Vehicles. The request reflects updated benefit rate changes and assumes that all revenue generating positions in the Division of Taxation will be filled in January 2010 and all other positions will remain vacant through the end of the fiscal year. The request includes an additional \$143,141 for overtime expenses for the Division of Motor Vehicles to allow for testing of the new computer system.

The Governor further reduced the request by \$1.8 million from all funds, including \$1.4 million from general revenues to reflect additional statewide savings. This includes \$0.6 million for the eight pay reduction days, \$0.4 million for employee medical claims savings and additional turnover savings of \$0.4 million. Subsequently, he requested an amendment to provide \$16,258 from federal Stimulus funds to support 1.0 full-time position on a limited term to implement a new subsidized employment program that utilizes Temporary Assistance to Needy Families emergency funds in coordination with the Department of Labor and Training and the Department of Human Services.

The Assembly included \$0.5 million of additional savings, \$0.4 million from turnover and \$0.1 million from a reduced rate on assessed fringe benefits. It authorized staffing of 413.5 full-time equivalent positions. This includes 1.0 new position in the Division of Taxation and elimination of 15.5 vacant positions.

All Other Operations. Excluding all items mentioned above, the Department requested \$9.0 million for all other state operations. This is \$146,557 less than the enacted budget, including \$82,500 less from general revenues and \$64,057 less from federal funds. The request includes reductions from license plate printing, postage costs and increases for utilities, to reflect historical spending patterns.

*The Governor concurred with the general revenues request and provided an additional \$13,500 from federal funds based on anticipated receipts. **The Assembly concurred.***

Registry of Motor Vehicles/Forand Building. Consistent with its capital budget, the Department requested total project costs of \$17.9 million from Rhode Island Capital Plan funds of which \$11.6 million or \$0.2 million more will be used in FY 2010 to renovate the Forand Building to be the new home of the Registry of Motor Vehicles. The Forand Building formerly housed operations of the Department of Human Services, which it vacated and has since relocated to several other buildings in the Pastore Center. The building is in need of extensive repair to prolong its useful life. Construction started early September and is slated to be completed next summer. The Department anticipates a moving date of August 2010. The Registry is currently in leased space, and the FY 2010 budget includes \$1.0 million for its lease costs.

*The Governor recommended \$0.2 million less than requested based on the availability of Rhode Island Capital Plan funds. The Department's FY 2010 third quarter report projected expenditures of \$12.9 million, or \$1.5 million more than recommended. Subsequently, he requested an amendment to shift \$1.5 million from FY 2011 to FY 2010 to reflect anticipated expenditures. **The Assembly concurred.***

DMV Computer Technology Project. The 2006 Assembly authorized the Department of Administration to borrow \$13.0 million from Certificates of Participation to replace the computer system at the Division of Motor Vehicles with debt service supported by a transaction surcharge. The Department developed and adopted the surcharge by rule and regulation, which could not exceed seven years and started collecting the surcharge of \$1.50 per transaction on July 3, 2007. The 2009 Assembly amended the Public Debt Management Act to extend the collection of the surcharge from seven to 10 years and allow the surcharge collection to be used for project expenses in addition to debt service costs.

*Subsequent to his budget submission, the Governor requested an amendment to allow use of \$4.4 million from the restricted receipts collection for the project. **The Assembly concurred and reduced debt service in the Department of Administration to reflect delays from issuing the Certificates of Participation.***

Legislature

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Program				
General Assembly	\$ 5,063,258	\$ 5,829,511	\$ 5,195,808	\$ 5,195,808
Fiscal Advisory Staff	1,540,181	1,620,001	1,457,815	1,446,301
Legislative Council	3,952,871	4,417,515	4,057,219	4,021,015
Joint Comm. on Legislative Affairs	18,276,227	20,532,595	19,980,492	19,830,685
Office of the Auditor General	4,686,711	5,015,802	4,978,962	4,937,855
Special Legislative Commissions	7,415	15,300	13,900	13,900
Total	\$ 33,526,663	\$ 37,430,724	\$ 35,684,196	\$ 35,445,564
Expenditures by Category				
Salaries and Benefits	\$ 29,363,116	\$ 30,983,474	\$ 29,225,899	\$ 28,987,267
Contracted Services	401,349	613,304	605,050	605,050
Subtotal	\$ 29,764,465	\$ 31,596,778	\$ 29,830,949	\$ 29,592,317
Other State Operations	2,057,258	2,446,246	2,530,097	2,530,097
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	102,720	2,300,000	2,900,000	2,900,000
Capital	1,602,220	1,087,700	423,150	423,150
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 33,526,663	\$ 37,430,724	\$ 35,684,196	\$ 35,445,564
Sources of Funds				
General Revenue	\$ 32,018,330	\$ 35,874,012	\$ 34,181,165	\$ 33,942,533
Federal Aid	-	-	-	-
Restricted Receipts	1,508,333	1,556,712	1,503,031	1,503,031
Other	-	-	-	-
Total	\$ 33,526,663	\$ 37,430,724	\$ 35,684,196	\$ 35,445,564
FTE Authorization	297.9	297.9	297.9	288.8
FTE Average	282.3			

FY 2010 Revised Request. The Legislature's revised budget of \$36.9 million includes a general revenue reappropriation of \$0.8 million and 297.8 full-time equivalent positions.

The Governor's budget includes 297.9 positions and the requested funding, reduced by the \$1.2 million value of the eight pay reduction days and three medical benefit holidays. The Assembly further reduced expenditures by \$0.2 million based on additional turnover and assessed fringe benefit savings and lowered the staffing authorization to 288.8 positions to reflect elimination of vacant positions.

Office of the Lieutenant Governor

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Category				
Salaries and Benefits	\$ 817,730	\$ 938,004	\$ 868,402	\$ 846,529
Contracted Services	2,463	-	-	-
Subtotal	\$ 820,193	\$ 938,004	\$ 868,402	\$ 846,529
Other State Operations	29,219	34,133	28,962	28,962
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	3,573	1,125	1,125	1,125
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 852,985	\$ 973,262	\$ 898,489	\$ 876,616
Sources of Funds				
General Revenue	\$ 852,985	\$ 973,262	\$ 898,489	\$ 876,616
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 852,985	\$ 973,262	\$ 898,489	\$ 876,616
FTE Authorization	8.0	8.0	8.0	8.0
FTE Average	7.0			

FY 2010 Revised Request. The Office of the Lieutenant Governor requested expenditures of \$944,736 from general revenues, which is \$28,526 less than the FY 2010 enacted budget. The general revenue request is \$32,471 more than the “working budget” of \$912,365. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended expenditures \$74,773 less than enacted. The recommendation is \$13,876 less than the working budget.

The Assembly provided \$0.9 million, \$21,873 less than recommended from general revenues to reflect additional turnover and statewide savings.

Salaries and Benefits. The Office requested \$24,630 less than enacted for all other salaries and benefits. This includes savings of \$23,309 from keeping a position vacant and \$1,012 for updated benefit rates.

The Governor recommended \$69,602 less than enacted and \$44,972 less than requested. The recommendation includes an additional week of turnover savings, eight unpaid work days and three medical benefits holidays.

The Assembly provided \$21,873 less from general revenues, including additional turnover savings of \$19,000 and \$2,873 from a reduced assessed fringe rate.

Other Operating. The Office requested \$3,896 less from general revenues for all other operating expenditures. This includes \$1,000 for printing, \$1,246 less for telephone expenditures, \$825 less for computers and furniture and \$750 less for staff training, offset by an increase of \$450 for American Sign Language translators for a member of the Emergency Management Advisory Council and \$532 more for other expenses. *The Governor recommended \$1,275 less than requested for all other operating expenses by not providing the increase and further reducing the request for the American Sign Language translators, computer purchases, travel and other miscellaneous expenses.* **The Assembly concurred.**

Office of Secretary of State

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Program				
Administration	\$ 1,836,026	\$ 1,904,137	\$ 1,841,664	\$ 1,835,510
Corporations	1,759,692	1,782,133	1,749,973	1,745,494
State Archives	592,245	554,422	577,009	577,009
Elections	1,935,169	1,378,262	1,117,786	1,116,277
State Library	556,832	575,937	553,695	552,488
Office of Public Information	351,809	300,688	300,904	299,968
Total	\$ 7,031,773	\$ 6,495,579	\$ 6,141,031	\$ 6,126,746
Expenditures by Category				
Salaries and Benefits	\$ 4,653,311	\$ 4,855,106	\$ 4,687,828	\$ 4,673,543
Contracted Services	277,116	268,835	227,864	227,864
Subtotal	\$ 4,930,427	\$ 5,123,941	\$ 4,915,692	\$ 4,901,407
Other State Operations	1,794,366	1,106,625	970,450	970,450
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	273,535	241,302	219,652	219,652
Capital	33,445	23,711	35,237	35,237
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 7,031,773	\$ 6,495,579	\$ 6,141,031	\$ 6,126,746
Sources of Funds				
General Revenue	\$ 6,318,527	\$ 5,521,241	\$ 5,235,706	\$ 5,221,421
Federal Aid	285,130	500,000	408,400	408,400
Restricted Receipts	428,116	474,338	496,925	496,925
Other	-	-	-	-
Total	\$ 7,031,773	\$ 6,495,579	\$ 6,141,031	\$ 6,126,746
FTE Authorization	55.0	57.0	57.0	56.5
FTE Average	55.7			

FY 2010 Revised Request. The Secretary of State requested FY 2010 revised expenditures of \$6.4 million from all sources, which is \$63,187 less than the FY 2010 enacted budget. The request includes \$2,997 less from general revenues, \$91,600 less from federal funds, and \$31,410 more from restricted receipts. The Office requested that the Information Technology division be separated from the administration program, becoming a distinct program. The general revenue request is \$368,509 more than the “working budget” of \$5.1 million. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended \$291,631 less than requested, including \$282,538 less from general revenues, \$8,823 less from restricted receipts and the requested level of federal funds. He did not

*recommend separating the information technology division from the administration program as requested. The recommendation is \$85,971 more than the working budget. **The Assembly included \$6.1 million, including \$5.2 million from general revenues and 56.5 positions, 0.5 less than the Governor's recommendation.***

Election Expenses. The Secretary of State and Board of Elections requested \$461,736 less than enacted from all funds for regular and special elections, and to implement the requirements of the Help America Vote Act of 2002, including salaries and benefits. This is \$119,776 less from general revenues and \$341,600 less from federal funds than enacted; FY 2010 is an off-year in the two-year election cycle. *The Governor recommended \$367,064 less than the combined request for election expenses, including salaries and benefits. This includes \$487,645 less from general revenues and \$220,581 more from federal Help America Vote Act funds.* **The Assembly concurred, with the exception of reducing general revenue expenditures by \$4,774 to adjust for three statewide assessed fringe benefit holidays.**

The Secretary of State reduced FY 2010 expenditures and the Board of Elections requested no federal funds for costs associated with the Help America Vote Act because it is anticipated that the fund will be depleted in FY 2010. The fund was first depleted in FY 2009, but the federal government renewed funding, allowing Rhode Island continued access to these funds. The enacted budget includes \$500,000 for the Secretary of State and \$250,000 for the Board of Elections. *The Governor recommended \$628,981 from federal Help America Vote Act funds based upon updated fund information from the Office of the Secretary of State, which is \$121,019 less than enacted.* **The Assembly concurred.**

The Secretary of State requested \$208,726 less from all funds for election expenses, including \$117,126 less from general revenues and \$91,600 less from federal funds. This includes transferring one general revenue funded position to federal funds, while there are increased expenses for computers, printers, scanners and supplies for the Central Voter Registration System, offset by savings from renegotiating information technology services and software maintenance contracts. *The Governor recommended \$51,750 less from general revenues than requested for election expenses and the requested amount from federal funds. This includes \$14,069 less for pay reduction days, \$5,913 less for medical benefits holidays, \$31,768 less for computer equipment and all other operating expenses.* **The Assembly concurred, with the exception of reducing general revenue expenditures by \$1,509 to adjust for three statewide assessed fringe benefit holidays.**

The request also includes \$55,000 less from general revenues for the RINET Muni contract that maintains the Central Voter Registration System. This is a real-time database where all 39 cities and towns maintain all voter registration and voting history information, including all relevant street files, voting districts and polling places. After the expense of the maintenance contract doubled, the Office looked for ways to maintain access to the system in-house. *The Governor recommended funding as requested.* **The Assembly concurred.**

The Board of Elections requested \$252,650 less from all funds, including \$2,650 less from general revenues and \$250,000 from federal funds, anticipating the Help America Vote Act fund depletion. Savings of \$0.5 million from renegotiating and reducing service and maintenance contracts for the voting equipment were partially offset by increases of \$0.2 million for preparation and delivery of election equipment that was to be covered under the previous contract, \$79,416 for personnel benefit rate adjustments consistent with Budget Office instructions, and \$838 for miscellaneous operating expenses. *The Governor did not concur with the substitution of the Help America Vote Act funds with general revenues and shifted \$220,581 back to federal funds, which is \$29,419 less than enacted. He also recommended \$215,314 less from general revenues than the Board requested, primarily in personnel.* **The Assembly concurred, with the exception of reducing general revenue expenditures by \$3,265 to adjust for three statewide assessed fringe benefit holidays and authorized staffing of 11.5 full-time**

equivalent positions to reflect a reduction of half of the Board's vacancies, which equates to 0.5 positions.

State Archives. The Secretary of State requested \$31,410 more than enacted for the operation of the state archives, which is funded primarily by the Historical Records Trust Fund. This includes the enacted level of \$80,084 from general revenues and \$31,410 more from restricted receipts, primarily for the final payments of grants to cities and towns for records preservation, which were awarded between FY 2006 and FY 2009. The Office requested \$7,047 less than enacted for salaries and benefits for 3.4 full-time positions, consistent with Budget Office instructions. *The Governor recommended the requested general revenues and \$8,823 less restricted receipts than requested. This includes personnel adjustments and shifts \$2,920 in general revenue expenses to restricted receipts.* **The Assembly concurred.**

Other Salaries and Benefits. The request includes \$67,686 more than enacted from general revenues for all other salary and benefit costs for the remaining 46.6 full-time equivalent positions. This includes \$37,565 more for filling one vacant position in January, and benefit rate adjustments consistent with Budget Office instructions. There are currently 56.0 positions filled, out of 57.0 authorized positions. *The Governor recommended \$185,884 less than requested for all other salaries and benefits. This includes \$108,161 less for pay reduction days, \$45,456 less for medical benefits holidays and maintains 1.0 vacancy in the corporations division.* **The Assembly concurred, with the exception of reducing general revenue expenditures by \$12,776 to adjust for three statewide assessed fringe benefit holidays and authorized staffing of 56.5 full-time equivalent positions to reflect a reduction of half of the Office's vacancies, which equates to 0.5 positions.**

State House Tours. The request includes \$12,500 for a contract with Johnson and Wales University to coordinate tours of the State House to the public and all the school districts in Rhode Island. Many of the tours accommodate the various educational institutions throughout the state and are at the request of General Assembly members. Students volunteer to lead tours, but the University coordinates the schedules of the students and handles their training.

Past expenditures include \$12,004 in FY 2007, \$11,730 in FY 2008 and \$12,330 in FY 2009. In both FY 2009 and FY 2010, the Office requested funding for this item, but neither the Governor nor the Assembly recommended the funding. The Office has spent \$6,251 thus far in FY 2010 for this service. *The Governor did not recommend this funding.* **The Assembly concurred.**

Other Operating Adjustments. The Secretary of State requested \$33,943 more than enacted from general revenues for all other operating expenditures. This includes \$11,830 more for postage, \$11,300 for advertising and printing, and \$16,874 for other operating expenses, partially offset by reductions of \$2,455 for communications expenditures, \$1,630 for maintenance and repairs and \$1,126 for rental and lease costs. *The Governor recommended \$32,404 less general revenues than requested and included savings of \$7,185 from a 30.0 percent reduction to the request from using the Department of Health's Central Printing Services for all printing services, except for the Elections and Civics Division. It also included savings of \$25,219 from purchasing computer equipment, and general office supplies and expenses.* **The Assembly concurred.**

Office of the General Treasurer

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Program				
General Treasurer	\$ 2,621,556	\$ 2,819,654	\$ 2,646,827	\$ 2,547,028
Unclaimed Property	14,339,074	15,051,045	15,377,146	16,877,727
Employees' Retirement System	6,535,643	10,206,869	10,448,952	10,448,952
Crime Victim Compensation	1,862,428	2,617,423	2,614,370	2,613,370
Refunding Bond Authority	24,694	41,641	32,482	32,482
Subtotal	\$ 25,383,395	\$ 30,736,632	\$ 31,119,777	\$ 32,519,559
Expenditures by Category				
Salaries and Benefits	\$ 7,374,341	\$ 7,724,120	\$ 7,340,427	\$ 7,252,628
Contracted Services	1,929,658	2,224,945	2,620,400	2,608,400
Subtotal	\$ 9,303,999	\$ 9,949,065	\$ 9,960,827	\$ 9,861,028
Other State Operations	14,444,697	15,385,125	15,759,593	17,260,174
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,595,592	2,344,000	2,334,430	2,334,430
Capital	39,107	3,058,442	3,064,927	3,063,927
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 25,383,395	\$ 30,736,632	\$ 31,119,777	\$ 32,519,559
Sources of Funds				
General Revenue	\$ 2,353,044	\$ 2,500,299	\$ 2,299,683	\$ 2,198,884
Federal Aid	783,113	1,293,540	1,276,605	1,276,605
Restricted Receipts	22,088,138	26,740,503	27,329,315	28,829,896
Other	159,100	202,290	214,174	214,174
Total	\$ 25,383,395	\$ 30,736,632	\$ 31,119,777	\$ 32,519,559
FTE Authorization	83.0	83.0	83.0	79.5
FTE Average	78.9			

FY 2010 Revised Request. The Office of the General Treasurer requested \$24,566 less than enacted from all sources including \$135,895 less from general revenues and the authorized level of 83.0 full-time equivalent positions. The general revenue request is \$23,249 more than the “working budget” of \$2,341,155. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended \$31.1 million from all sources, which is \$383,145 more than enacted and \$407,711 more than requested. General revenues are \$0.2 million less than enacted and \$64,721 less than requested. The recommendation is \$41,742 less than the working budget.

The Assembly included \$95,000 in turnover and contracted services savings. It also recognized savings of \$5,799 from three statewide assessed fringe benefit holidays and added \$1.5 million from restricted receipts to reflect the unclaimed property estimate of the May Revenue Estimating Conference. The Assembly also authorized 79.5 full-time equivalent positions, a reduction of 3.5 positions to reflect half of the vacant positions.

Salaries and Benefits. The Office requested \$90,379 less than enacted for all salaries and benefits including \$91,710 less from general revenues. This reflects additional turnover savings from leaving a clerk position unfilled for four months and eliminating funding for 3.0 other positions for the entire year. The positions, all in the business processing division, are a clerical position, receipts coordinator and account and research services specialist. These positions have been vacant for between 11 and 13 months.

The Governor's recommendation is \$0.3 million less than requested including \$69,721 less from general revenues. He concurred with the request and reduced general revenues by an additional \$69,721 to reflect eight payless work days for employees and three medical holidays.

The Assembly included additional general revenue turnover savings of \$82,000. This is equivalent to 1.0 vacant position based on an average cost per position of \$85,587. The Assembly also recognized savings of \$5,799 from three statewide assessed fringe benefit holidays.

Unclaimed Property Claims. The Office requested \$8.6 million for payment of unpaid property claims, which is \$12,503 more than enacted. The November Revenue Estimating Conference estimated \$8.6 million, consistent with the enacted level. *The Governor recommended funding as requested. The Assembly added \$0.4 million to reflect the estimate of the May 2010 Revenue Estimating Conference.*

Unclaimed Property Change in Claims Liability. The enacted FY 2010 budget reflects an estimated \$0.1 million increase in the amount of revenues set aside for future claims liability. This change had not typically appeared in the expenditure estimate included in the budget; however, as part of its FY 2010 budget request, the agency requested that the liability change be reflected in the budget to align its expenditure authority with these transactions. The FY 2010 revised request is for \$41,675 less.

The Governor recommended an additional \$158,589 to reflect the additional \$0.6 million in revenue assumed in his budget from transferring \$950,000 of seized money held in escrow pending forfeiture proceedings from the State Police and cash that has been held in the courts' bail account to the Unclaimed Property fund.

He subsequently requested an amendment to add \$0.2 million based on the additional transfer to the state.

The Assembly added \$0.7 million to reflect the estimate of the May 2010 Revenue Estimating Conference.

Unclaimed Property Transfer to General Fund. The Office requested \$4.7 million for the transfer from unclaimed property to the state, \$270,271 less than enacted. Transfers of unclaimed property to the state are shown as expenditures in the Office's operating budget. The November Revenue Estimating Conference adopted an estimate of \$5.2 million, which is \$0.2 million more than enacted. The adopted estimate is higher than the budget request because the request was prepared at least a month before the conference. Based on collections as of November 1, the Office testified that traditional revenues would be higher than previously thought. The program gets the bulk of its revenues from October 1 to November 1 of each year, so the budget request is going to be outdated by the time of the conference.

The Governor recommended transferring \$5.2 million from unclaimed property to the state. This is consistent with the estimate adopted by the November Revenue Estimating Conference. However, Budget Office supporting documents indicate that there would be an additional \$0.6 million transferred to the state by transferring seized money held in escrow pending forfeiture proceedings from the State Police and cash that has been held in the courts' bail account to the Unclaimed Property fund. It appears that the budget inadvertently omitted the expenditure.

He subsequently requested an amendment to add \$0.6 million to reflect the additional revenue.

The Assembly added \$0.4 million to reflect the estimate adopted by the May 2010 Revenue Estimating Conference, which is a transfer of \$5.6 million.

Retirement System Legal Services. The Office requested an additional \$185,000 for outside legal services for the Retirement System to work on additional pension determination cases as requested and to address potential claims resulting from the recent changes to the pension system. The 2009 Assembly adopted pension changes that apply to state employees and teachers not eligible to retire as of October 1, 2009 and newly hired judges. *The Governor recommended funding as requested. The Assembly concurred.*

Retirement System Computer System. A three-year implementation contract to replace the paper-based system used in the Employees' Retirement System was completed at the end of 2004. Final payment was to be made in FY 2005, but problems with some of the final elements have led the Office to withhold that payment until FY 2008 pending resolution of the last items. The revised request includes an additional \$0.2 million from retirement fund administration restricted receipts for current service requirements for the existing vendor.

The Office is currently seeking estimates on costs and options to upgrade its membership benefit database, also known as the Anchor System. The FY 2010 enacted budget included \$3.0 million from retirement fund administration restricted receipts as an estimate of what an upgrade might cost in the event that the exploratory process is completed in time to begin expenditures this year. *The Governor recommended funding as requested. The Assembly concurred.*

Fees on Bonds and Notes. The FY 2010 revised request reflects general revenue savings of \$40,000 for fees on bonds and notes based on recent expenditure experience. Generally, fees on bonds and notes fund on-going fees of issued bonds and notes over the life of the financings. Examples include debt manager maintenance fees, escrow agent fees, redemption processing and trustee fees. *The Governor recommended funding as requested. The Assembly concurred.*

Other Operating Adjustments. The Office requested \$20,256 more than enacted, including \$4,185 less from general revenues for all other expenses including legal and other contracted services. *The Governor recommended \$72,165 more than requested, including \$5,000 more from general revenues for disclosure counsel for work unrelated to the issuance of general obligation bonds, tax anticipation notes, or certificates of participation. In those cases, disclosure counsel is part of the issuance cost and is funded by the proceeds. The Assembly included an additional \$13,000 in contracted services savings based on the Office's third quarter report.*

Rhode Island Board of Elections

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Category				
Salaries and Benefits	\$ 1,082,002	\$ 1,113,252	\$ 979,269	\$ 976,004
Contracted Professional Services	704,041	604,086	267,495	267,495
Subtotal	\$ 1,786,043	\$ 1,717,338	\$ 1,246,764	\$ 1,243,499
Other State Operations	256,752	132,803	131,913	131,913
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	3,500	3,500
Capital	76	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 2,042,871	\$ 1,850,141	\$ 1,382,177	\$ 1,378,912
Sources of Funds				
General Revenue	\$ 1,547,547	\$ 1,600,141	\$ 1,161,596	\$ 1,158,331
Federal Aid	495,324	250,000	220,581	220,581
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 2,042,871	\$ 1,850,141	\$ 1,382,177	\$ 1,378,912
FTE Authorization	12.0	12.0	12.0	11.5
FTE Average	12.4			

FY 2010 Revised Request. The Rhode Island Board of Elections requested \$252,650 less from all sources than enacted, including \$2,650 less from general revenues and \$250,000 less federal funds. The general revenue request is \$142,540 more than the “working budget” of \$1,454,951. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration. *The Governor recommended \$467,964 less than enacted, primarily from general revenues. This is \$215,314 less from all funds than the request and the enacted number of full-time equivalent positions. The recommendation is \$293,355 more than the working budget.*

The Assembly provided funding essentially as recommended, and 11.5 full-time equivalent positions, 0.5 positions less than recommended to reflect statewide vacancy reductions.

Salaries and Benefits. The request includes \$79,144 more from general revenues than enacted for salaries and benefits for 12.0 full-time equivalent positions. The Board has maintained one vacant chief auditor position and one vacant commissioner position, but the salary savings in the request appear to undervalue these savings, which only total \$2,264 less than enacted. In addition, the Board’s medical insurance benefits adjustment is not in line with the Budget Office instructions and overstates this expense by about \$80,000.

The Governor recommended \$213,127 less than the request for salaries and benefits. This change to the request includes maintaining the 1.0 chief auditor position vacant for the remainder of the fiscal year, \$3,494 less for holiday pay since there was no Election Day holiday in FY 2010, and \$84,257 less for medical benefits based on current personnel projections.

The Assembly concurred, with the exception of reducing general revenue expenditures by \$3,265 to adjust for three statewide assessed fringe benefit holidays and authorized staffing of 11.5 full-time equivalent positions to reflect a reduction of half of the Board's vacancies, which equates to 0.5 positions.

Election Expenses. The Board of Elections and Secretary of State requested \$926,562 from all sources for expenses directly related to elections, excluding salaries and benefits, which is \$542,975 less than enacted. This includes \$168,022 less from general revenues and \$374,953 less from federal funds; FY 2010 is an off-year in the two-year election cycle. Including salaries and benefits, the Secretary of State and Board of Elections requested \$461,736 less than enacted from all funds, which is \$119,776 less from general revenues and \$341,600 less from federal funds than enacted. *The Governor recommended \$28,360 less than requested for the two combined, excluding salaries and benefits. This includes \$253,727 less from general revenues and \$225,342 more from federal funds.* **The Assembly concurred.**

The Secretary of State reduced FY 2010 expenditures and the Board of Elections requested no federal funds for costs associated with the Help America Vote Act because it is anticipated that the fund will be depleted in FY 2010. The fund was first depleted in FY 2009, but the federal government renewed funding, allowing Rhode Island continued access to these funds. The enacted budget includes \$500,000 for the Secretary of State and \$250,000 for the Board of Elections. *The Governor recommended \$628,981 from federal Help America Vote Act funds based upon updated fund information from the Office of the Secretary of State, which is \$121,019 less than enacted.* **The Assembly concurred.**

The Board of Elections requested \$341,234 less from all funds, including \$91,234 less from general revenues and \$250,000 from federal funds, excluding salaries and benefits. Savings of \$0.5 million from renegotiating and reducing service and maintenance contracts for the voting equipment are partially offset by increases of \$0.2 million for preparation and delivery of election equipment that was to be covered under the previous contract and \$838 for miscellaneous operating expenses. *The Governor recommended the requested amount, but did not concur with the substitution depletion of Help America Vote Act funds with general revenues and shifted \$220,581 from general revenues back to federal funds.* **The Assembly concurred.**

The Secretary of State requested \$201,741 less from all funds for election expenses, excluding salaries and benefits. This is \$76,788 less from general revenues and \$124,953 less from federal funds. This includes increased expenses for computers, printers, scanners and supplies for the Central Voter Registration System, offset by savings from renegotiated information technology services and software maintenance contracts. *The Governor recommended \$33,146 less from general revenues than requested for election expenses and \$4,761 more from federal funds. This includes \$28,385 less for computer equipment and all other operating expenses.* **The Assembly concurred.**

The Secretary of State's request also includes \$55,000 less from general revenues for the RINET Muni contract that maintains the Central Voter Registration System. This is a real-time database where all 39 cities and towns maintain all voter registration and voting history information, including all relevant street files, voting districts and polling places. After the expense of the maintenance contract doubled, the Office looked for ways to maintain access to the system in-house. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Operating Expenses. The Board of Elections requested \$9,440 more from general revenues than enacted for all other operations. This includes an increase of \$4,300 for maintenance and repairs, \$3,500 for a complaint settlement and other miscellaneous expenditure changes of minor amounts throughout the agency's budget. *The Governor recommended \$7,253 more than enacted, which is \$2,187 less than the request for the maintenance and repairs of vehicles and office equipment.* **The Assembly concurred.**

Rhode Island Ethics Commission

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Category				
Salaries and Benefits	\$ 1,173,048	\$ 1,225,062	\$ 1,203,404	\$ 1,199,229
Contracted Services	26,719	31,500	31,500	31,500
Subtotal	\$ 1,199,767	\$ 1,256,562	\$ 1,234,904	\$ 1,230,729
Other State Operations	144,665	173,875	174,635	174,635
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	5,293	7,293	7,293	7,293
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,349,725	\$ 1,437,730	\$ 1,416,832	\$ 1,412,657
Sources of Funds				
General Revenue	\$ 1,349,725	\$ 1,437,730	\$ 1,416,832	\$ 1,412,657
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 1,349,725	\$ 1,437,730	\$ 1,416,832	\$ 1,412,657
FTE Authorization	12.0	12.0	12.0	12.0
FTE Average	11.7			

FY 2010 Revised Request. The Rhode Island Ethics Commission requested \$23,693 more general revenues than enacted and the authorized staffing of 12.0 full-time equivalent positions. The general revenue request is \$114,087 more than the “working budget” of \$1.3 million. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration. *The Governor recommended \$1.4 million, \$20,898 less than the enacted and \$44,591 less than requested. The recommendation is \$69,496 more than the working budget.* **The Assembly concurred with the exception of a \$4,175 reduction from statewide benefit savings.**

Salaries and Benefits Adjustment. The Commission requested \$1.2 million for other salary and benefit adjustments, \$19,933 more than enacted. This includes \$22,087 more from general revenues to restore unachieved turnover savings in FY 2010. The Commission filled 2.0 vacant positions in the third quarter of FY 2009. This increase is offset by a reduction of \$2,154 to benefits, consistent with revised Budget Office planning values.

The Governor recommended \$1.2 million, \$41,591 less than requested. The change to the request reflects savings associated with eight unpaid work days and three medical benefits holidays as well as additional adjustments based on updated employee benefit choices.

The Assembly concurred, with the exception of providing \$4,175 less general revenues to reflect statewide savings.

Outside Legal Services. The Commission requested an additional \$3,000 from general revenues for outside legal services, for which the enacted budget already includes \$27,000. The Commission indicates that more complex litigation and complaint matters require additional research from its outside legal counsel, increasing the cost of that service. Rhode Island General Law 36-14-9 (a)(2) empowers the Commission to retain the services of independent legal counsel. Legal counsel is utilized to provide legal guidance and interpretation on complaints before the Commission and proposed regulatory changes. *The Governor did not provide the additional funding requested.* **The Assembly concurred.**

All Other Adjustments. The Commission requested \$760 more than the enacted budget for all other expenses. This includes new expenditures of \$260 for Westlaw applications for four of its staff attorneys, an increase from the current access provided to two staff attorneys. The request also includes an increase of \$500 for additional expenses for record center charges. *The Governor recommended funding as requested.* **The Assembly concurred.**

Office of the Governor

	FY 2009	FY 2010	FY 2010	FY 2010
	Reported	Enacted	Revised	Final
Expenditures by Category				
Salaries and Benefits	\$ 4,395,245	\$ 5,157,934	\$ 5,059,274	\$ 4,984,263
Contracted Services	421,320	-	178,610	178,610
Subtotal	\$ 4,816,565	\$ 5,157,934	\$ 5,237,884	\$ 5,162,873
Other State Operations	322,414	317,950	350,764	302,764
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	22,000	250,000	250,000	94,000
Capital	10,880	11,500	78,629	78,629
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	70,578	70,578
Total	\$ 5,171,859	\$ 5,737,384	\$ 5,987,855	\$ 5,708,844
Sources of Funds				
General Revenue	\$ 4,627,388	\$ 5,106,754	\$ 4,730,441	\$ 4,416,430
Federal Aid	544,471	630,630	-	35,000
Restricted Receipts	-	-	1,257,414	1,257,414
Other	-	-	-	-
Total	\$ 5,171,859	\$ 5,737,384	\$ 5,987,855	\$ 5,708,844
FTE Authorization	39.0	43.0	46.0	44.0
FTE Average	37.5			

FY 2010 Revised Request. The Office requested a supplemental appropriation of \$649,177 from all funds and 3.0 additional positions. The request includes a general revenue reduction of \$2,914. The enacted budget includes \$0.6 million from federal funds to cover oversight expenses for the Office of Economic Recovery and Reinvestment. The Office changed the funding source to restricted receipts per guidance it received from the state controller and the auditor general.

The general revenue request is \$329,806 more than the “working budget” of \$4,724,034. The working budget is the enacted budget adjusted for the Budget Office’s distribution of the statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor reduced the request by \$0.4 million to reflect additional statewide savings. He proposed legislation to create the restricted receipt account. He recommended staffing as requested. The recommendation is \$53,593 less than the working budget.

The Assembly provided total expenditures of \$5.7 million, \$0.3 million less than recommended and authorized staffing of 44.0 full-time positions. It enacted legislation to create the restricted receipt account.

Office of Economic Recovery & Reinvestment New Positions. The Office requested restricted receipt expenditures of \$269,364 to fund 3.0 new positions to support the Office of Economic Recovery and

Reinvestment. The request is in addition to the \$0.6 million included in the enacted budget to support 4.0 positions; 3.0 of which were transferred from the Office of Health and Human Services and 1.0 from the School for the Deaf. The current request includes \$100,893 for an executive assistant of communications position, \$88,306 for a fiscal management supervisor position and \$80,155 for a legal counsel position. It appears that the legal counsel position has already been filled.

The Governor recommended funding and staffing as requested. He subsequently requested an amendment to provide \$35,000 from federal stimulus funds for the Office for personnel expenditures. The funds will be used for salaries and benefits for staff time spent on stimulus energy related projects. The Assembly concurred.

Office of Economic Recovery Operations. The Office's request includes new expenditures of \$369,719 from restricted receipts to support the Office of Economic Recovery and Reinvestment within the Office of the Governor. The request includes \$70,758 for an operating transfer to the Economic Development Corporation to fund a position that is providing administrative services to the Office. It also includes \$178,610 for contractual services including \$67,610 for KPMG to develop processes and procedures for monitoring and managing the federal stimulus funds and \$110,000 is for three temporary positions that the Office plans to hire through ADIL. The request also includes \$120,531 for state operations primarily for travel expenses, computers and office supplies. *The Governor recommended funding as requested. The Assembly concurred.*

Other Salaries and Benefits. Excluding the new positions, the Office requested \$5.2 million from all funds for all other salaries and benefits, \$35,139 more than enacted. This includes a shift from federal funds to restricted receipts for a net increase of \$13,008 and \$22,131 more general revenues of which \$20,651 is for updated benefit rate changes. The request includes an additional \$62,848 from turnover savings; however, it appears that current staffing configuration costs more than funds provided in the enacted budget. Since the beginning of the fiscal year, the Office filled several positions at higher costs than the budget provided.

The Governor concurred and further reduced the request by \$398,706 from all funds, including \$373,399 from general revenues to reflect additional statewide savings. This includes \$0.1 million for the eight pay reduction days, \$30,975 for employee medical claims savings and additional turnover savings of \$0.2 million.

The Assembly included \$110,011 in savings, \$95,800 from turnover and \$14,211 from a reduced rate on assessed fringe benefits. It authorized staffing of 44.0 full-time equivalent positions to reflect 50.0 percent reduction to vacancies, which equates to 2.0 positions.

Contingency Fund. The request includes the enacted amount of \$250,000 from the contingency fund. Information obtained from the state's accounting system indicated that as of March 10, actual expenditures were \$23,608. *The Governor recommended funding as consistent with the enacted. The Assembly reduced funding by \$156,000 to reflect anticipated expenditures.*

Other Operations. The Office requested expenditures of \$304,405, \$25,045 or 4.3 percent less than the enacted amount for all other operations. This includes reductions for general office supplies such as travel, telephone and printing costs. *The Governor recommended funding as requested. The Assembly provided \$48,000 less to reflect anticipated expenditures.*

Rhode Island Commission for Human Rights

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Category				
Salaries and Benefits	\$ 1,133,862	\$ 1,165,324	\$ 1,065,868	\$ 1,019,852
Contracted Services	5,660	9,950	8,200	8,200
Subtotal	\$ 1,139,522	\$ 1,175,274	\$ 1,074,068	\$ 1,028,052
Other State Operations	233,665	249,473	244,421	244,421
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,373,187	\$ 1,424,747	\$ 1,318,489	\$ 1,272,473
Sources of Funds				
General Revenue	\$ 918,462	\$ 1,016,242	\$ 961,874	\$ 959,254
Federal Aid	454,725	408,505	356,615	313,219
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 1,373,187	\$ 1,424,747	\$ 1,318,489	\$ 1,272,473
FTE Authorization	14.5	14.5	14.5	14.2
FTE Average	14.5			

FY 2010 Revised Request. The Commission requested \$109,902 less than enacted, including \$65,223 less from general revenues and the enacted level of authorized positions. The general revenue request is \$10,855 more than the “working budget” of \$951,019. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended \$3,644 more than requested, \$10,855 more from general revenues and \$7,211 less from federal funds. The Assembly reduced funding by \$46,016 from all funds, \$43,396 from federal funds and \$2,620 from general revenues. The Assembly provided 14.2 positions, 0.3 less than recommended to reflect elimination of half the vacant positions.

Federal Receipts. The enacted budget assumes that federal receipts available to be spent in FY 2010 would be \$408,505, but the estimate was too high. When the FY 2009 budget was submitted by the Commission, it was noted that the federal funds requested by the Commission would leave a shortfall for FY 2010 and the Governor’s recommendation assumed federal funds above what the Commission requested, increasing the potential shortfall. The Assembly enacted the Commission’s budget based on the Governor’s recommendation.

The Commission's FY 2010 revised budget reduced the federal receipts by \$44,679 to \$363,826 to adjust for the shortfall. However because of an additional resulting shortfall that occurred in FY 2009, the available receipts now total only \$313,219 leaving an FY 2010 shortfall of \$49,607 compared to the revised request. This requires a reduction in overall expenses or additional general revenues to fund the requested expenses. *The Governor's recommendation included federal receipts totaling \$356,615, leaving of potential shortfall of \$43,396 in FY 2010.* **The Assembly reduced federal funding by the \$43,396 that was not available to the Commission.**

Salaries and Benefits. The Commission requested \$99,428 less for salaries and benefits, including \$123,340 from general revenues to adjust for a 0.5 vacant position and other benefit costs consistent with updated Budget Office planning values. A full-time investigator position became vacant and a part-time employee has been promoted to that position. The Commission plans to leave the part-time position vacant through FY 2011 and includes savings of \$46,018 in FY 2010. It should be noted that the assumed savings from the vacant position should be \$23,385. It also appears that the enacted budget did not sufficiently reduce medical benefit costs for the monthly employee cost share which has been corrected in the request.

The Governor recommended \$28 less than requested but added \$10,855 from general revenues and reduced federal funds by \$10,883. He included three medical benefit holidays and eight pay day reductions for combined savings of \$35,163. He added back funding to adjust for the incorrect savings for the vacant positions but did not reduce medical benefits for the correct monthly cost sharing requirements and appeared to overfund expenses by \$12,530. **The Assembly concurred with the exception of reducing expenses by \$2,620 from a reduced statewide fringe benefit rate.**

State Operations. The Commission requested \$58,117 more from general revenues and \$66,841 less from federal funds for state operations. The Commission shifted operating expenses to general revenues from federal resources because it used those to support increased staffing costs. However, as previously noted, it appears that unless the Commission receives federal funds above the receipts that are part of its budget submission, the federal funds will not be sufficient to support the request. The \$8,724 of expenditure adjustments includes reduction to staff travel, stenographers and other office expenses. *The Governor recommended the requested general revenues but added \$3,672 from federal funds to reflect federal sources that may be freed up from the medical savings and eight pay reduction days.* **The Assembly concurred.**

Public Utilities Commission

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Category				
Salaries and Benefits	\$ 4,347,522	\$ 4,753,864	\$ 4,555,577	\$ 4,637,565
Contracted Services	750,175	1,718,143	1,718,143	1,718,143
Subtotal	\$ 5,097,697	\$ 6,472,007	\$ 6,273,720	\$ 6,355,708
Other State Operations	485,654	940,187	946,390	918,986
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	336	337	337	337
Capital	-	-	47,000	47,000
Capital Debt Service	51,915	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 5,635,602	\$ 7,412,531	\$ 7,267,447	\$ 7,322,031
Sources of Funds				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	67,758	103,600	98,830	203,864
Restricted Receipts	5,567,844	7,308,931	7,168,617	7,118,167
Other	-	-	-	-
Total	\$ 5,635,602	\$ 7,412,531	\$ 7,267,447	\$ 7,322,031
FTE Authorization	44.0	44.0	44.0	45.5
FTE Average	41.0			

FY 2010 Revised Request. The Public Utilities Commission requested \$113,561 more than enacted from all sources and 2.0 full-time equivalent positions to add the two commissioners provided for in the General Laws. *The Governor recommended \$145,084 less than enacted and \$258,645 less than requested. He recommended 44.0 full-time equivalent positions, which is 2.0 less than requested. The Assembly adjusted funding by \$0.1 million to reflect new federal stimulus funds, and lower operating expenditures. It also authorized 45.5 positions, which includes 2.0 new positions and a reduction of 0.5 positions for a vacancy.*

New Commissioners. The 2002 Assembly raised the number of commissioners from three to five, effective January 31, 2004. The Commission requested \$161,988 and 2.0 new full-time equivalent positions to add the two commissioners for the second half of the fiscal year. *The Governor did not recommend the new positions or the funding and included Article 4 to eliminate the two Commissioners. The Assembly included Article 7, Section 12 of 2010-H 7397, Substitute A, as amended, which eliminates the 2.0 additional commissioner positions.*

Other Salaries and Benefits. The Commission requested \$45,559 less than enacted for all other salaries and benefits. This includes \$35,596 more to account for benefit adjustments rates consistent with Budget Office planning values, offset by \$104,434 from assumed turnover savings and hiring vacant positions at a lower cost than budgeted. *The Governor recommended \$152,728 less than requested, including*

*\$129,258 from eight pay reduction days, \$52,378 for three medical benefit holidays and \$30,310 more to adjust turnover expectancy. **The Assembly concurred.***

Stimulus Electricity Initiative. On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act. The Commission will receive \$776,783 for electricity related initiatives, to be expended prior October 31, 2013. Funds will be used to support extensive training on various energy initiatives that include technology projects related to improving consumer energy efficiency, electricity-based renewable energy, energy storage, electrical grid modernization and vehicle projects and 2.0 full-time equivalent positions, a legal counsel and special projects coordinator. The Commission did not include this in its revised budget request.

*The Governor's FY 2010 revised budget did not include these funds. Subsequently, he requested an amendment to add \$0.1 million from American Recovery and Reinvestment Act funds to support this initiative. **The Assembly concurred with the funding and the positions.***

Operating Adjustments. The Commission requested \$2,868 less than enacted from federal funds for all operating expenses. This includes an increase of \$47,000 for capital expenses that were omitted in the enacted budget, offset by \$47,000 less from repairs, travel and maintenance expenses as well as a \$2,868 less federal funds from gas pipeline safety. *The Governor recommended \$56,071 more than requested. He provided for capital expenses as requested, but did not reduce the other operating expenses*

*The Governor subsequently requested an amendment to reduce out-of-state travel expenses by \$52,750, \$2,300 from federal funds and \$50,450 from restricted receipts in an effort to reduce overall spending. **The Assembly concurred.***

Rhode Island Commission on Women

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Category				
Salaries and Benefits	\$ 98,152	\$ 99,416	\$ 64,297	\$ 64,297
Contracted Services	-	-	-	
Subtotal	\$ 98,152	\$ 99,416	\$ 64,297	\$ 64,297
Other State Operations	12,719	8,046	4,973	4,973
Aid to Local Units of Government	-	-	-	
Assistance, Grants, and Benefits	1,448	2,000	-	
Capital	-	-	-	
Capital Debt Service	-	-	-	
Operating Transfers	-	-	-	
Total	\$ 112,319	\$ 109,462	\$ 69,270	\$ 69,270
Sources of Funds				
General Revenue	\$ 112,319	\$ 109,462	\$ 69,270	\$ 69,270
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 112,319	\$ 109,462	\$ 69,270	\$ 69,270
FTE Authorization	1.0	1.0	1.0	1.0
FTE Average	1.0			

FY 2010 Revised Request. The Rhode Island Commission on Women requested expenditures of \$107,462 from general revenues, which is \$2,000 less than the FY 2010 enacted budget to reflect a \$2,000 reduction for the Women of the Year event in conjunction with the launching of the Rhode Island Commission on Women Project. The Project recently received a 501(c)3 tax exempt status to fundraise and support the goals and mission of the Commission on Women.

The general revenue request is \$4,640 more than the “working budget” of \$102,822. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

*The Governor recommended funding for the personnel and operating expenses for the Commission on Women until February 27, 2010. He proposed to discontinue paid support staff for the volunteer commission and includes \$69,270 or \$38,192 less than requested. The recommendation is \$33,552 less than the working budget. **The Assembly concurred.***

Office of Health and Human Services

	FY 2009		FY 2010		FY 2010
	Reported		Enacted	Revised	Final
Expenditures by Category					
Salaries and Benefits	\$ 4,694,053	\$	7,591,403	\$	6,337,647
Contracted Services	755,028		1,608,780		1,625,864
Subtotal	\$ 5,449,081	\$	9,200,183	\$	7,963,511
Other State Operations	88,229		190,506		74,382
Aid to Local Units of Government	-		-		-
Assistance, Grants, and Benefits	1,331,631		-		-
Capital	206,704		-		-
Capital Debt Service	-		-		-
Operating Transfers	-		-		-
Total	\$ 7,075,645	\$	9,390,689	\$	8,037,893
Sources of Funds					
General Revenue	\$ 3,434,394	\$	3,621,896	\$	3,323,828
Federal Aid	2,989,143		4,484,003		3,853,419
Restricted Receipts	652,108		1,284,790		860,646
Other	-		-		-
Total	\$ 7,075,645	\$	9,390,689	\$	8,037,893
FTE Authorization	85.1		74.1		75.6
FTE Average	41.5				52.9

FY 2010 Revised Request. The Office requested \$1.1 million less from all sources, including \$0.2 million less from general revenues and 1.5 positions more than enacted. The FY 2010 enacted budget assumes that certain federal funds and restricted receipts awarded to other health and human services agencies could be transferred to the Office of Health and Human Services' budget to support some of its expenses. The Office indicates difficulty in obtaining the funds and shifts the cost of 22.0 full-time equivalent positions to the Department of Human Services' budget to address the shortfall.

The general revenue request is \$55,349 more than the "working budget" of \$3,401,748. The working budget is the enacted budget adjusted for the Budget Office's distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended \$0.2 million less than requested from all sources, \$0.1 million less from general revenues. The recommendation is \$77,920 less than the working budget. The Assembly further reduced general revenues by \$60,708 and concurred with the remainder of the recommendation. The Assembly provided 52.9 positions, 22.7 less than recommended, primarily to reflect transfers to the Department of Human Services.

Federal Poverty Guidelines. The federal poverty guidelines are used for purposes of determining financial eligibility for certain state and federal programs, including several programs in state agencies

under the Office of Health and Human Services. The 2009/2010 guidelines are shown in the following table.

Percent of Federal Poverty Level based on Annual Income									
Family Size	125%	150%	175%	180%	185%	200%	225%	235%	250%
1	\$13,538	\$16,245	\$18,953	\$19,494	\$20,036	\$21,660	\$ 24,368	\$ 25,451	\$27,075
2	18,213	21,855	25,498	26,226	26,955	29,140	32,783	34,240	36,425
3	22,888	27,465	32,043	32,958	33,874	36,620	41,198	43,029	45,775
4	27,563	33,075	38,588	39,690	40,793	44,100	49,613	51,818	55,125
5	32,238	38,685	45,133	46,422	47,712	51,580	58,028	60,607	64,475
6	36,913	44,295	51,678	53,154	54,631	59,060	66,443	69,396	73,825
7	41,588	49,905	58,223	59,886	61,550	66,540	74,858	78,185	83,175
8	46,263	55,515	64,768	66,618	68,469	74,020	83,273	86,974	92,525

For families with more than 8 members, add \$3,740 for each additional member for the 100 percent calculation.

Food and Nutrition Services Transfer. The 2009 Assembly enacted legislation to shift the responsibility of administering food and nutrition services, including the supplemental nutrition assistance program from the Department of Human Services and the Women, Infant and Children’s program from the Department of Health to the Office of Health and Human Services by March 1, 2010. The Office’s request does not reflect a shift of expenditures or staff. *The Governor included Article 6 to delay the transfer of the program until October 2010 and move it to the Department of Human Services.* **The Assembly concurred and included Sections 1 through 3 of Article 7 for this change.**

Staffing. The Office requested 75.6 positions, 1.5 more than enacted and added back the secretary position, which was eliminated in the Office’s enacted budget. It also adds 0.5 positions to adjust for two 2.0 legal positions incorrectly included in the enacted budget as 1.5 positions.

The state reports that the enacted budget includes staffing of 74.1 positions. As of pay period ending December 5, 2009, the Office had 32.1 positions reported as vacant. It should be noted that while the enacted budget assumed the transfers of 4.0 positions to the Governor’s Office, and those positions are being charged to the Governor’s Office, they appear as filled positions in the Office of Health and Human Services. Adjusting for the four positions, the Office of Health and Human Services actually has 38.0 filled positions, leaving 36.1 positions unaccounted. These positions are funded through the Executive Office; however, they are counted as employees in the agencies that they were to be transferred from, primarily the Department of Human Services. It is unclear why this situation persists.

The Governor recommended the staffing increase. **The Assembly provided 52.9 positions, 22.7 less positions than recommended. The reduction includes transferring positions to the Department of Human Services that are being funded there and 0.7 less to reflect half the vacant positions.**

Payroll Shifts to the Department of Human Services’ Budget. The Office’s revised request shifted \$1.1 million in salary and benefit expenses to the Department of Human Services’ budget for 22.0 positions that the Office is unable to support because of difficulty obtaining certain federal and restricted receipt sources from other agencies. However, the revised request does not transfer the 22.0 positions to the Department of Human Services’ budget. *The Governor recommended funding as requested.* **The Assembly concurred, but also shifted the positions to the Department of Human Services.**

Other Salaries and Benefits. The Office requested \$0.1 million more than enacted from general revenues for all other salary and benefit expenses totaling \$6.7 million from all sources. The request funds 50.6 positions leaving 3.0 positions vacant. The request assumes \$0.1 million in savings from the vacant positions and includes other benefit adjustments. *The Governor recommended \$0.3 million less for salaries and benefits and included three medical benefit holidays and eight pay reduction days.* **The**

Assembly further reduced expenses by \$60,708, including \$50,000 in additional turnover and \$10,708 from a reduced statewide assessed fringe benefit rate.

Landmark Medical Center Legal Expenses. The Office requested \$22,592 from general revenues as the final payment to two law firms, Orson and Brusini, Ltd. and Donoghue, Barret and Sindal, for work required in June 2008 to represent the state in an emergency receivership action regarding Landmark Medical Center. The Department paid \$96,642 for the legal costs in FY 2009, \$30,358 less than the final appropriation. *The Governor recommended funding as requested.* **The Assembly concurred.**

Medicaid Health Information Exchange Grant. The Office requested \$99,269 less from federal funds for total funding of \$1.6 million from the Medicaid Information Exchange grant to support a statewide health information exchange network. The project is in coordination with the Department of Human Services and provides funding to HP Enterprise (formerly Electronic Data Systems) to install web based technology in the state's nursing facilities. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Expenses. The Office requested \$61,055 less from all sources including \$18,726 less from general revenues for all other operating expenses. The enacted budget includes federal funds and restricted receipts that were not available to be spent by the Office and the Office reduces its expenses supported from these sources. *The Governor recommended funding from general revenues as requested; however, he added \$38,692 to reflect federal sources that may become available from the reduction to statewide personnel costs.* **The Assembly concurred.**

Department of Children, Youth and Families

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Program				
Central Management	\$ 7,075,233	\$ 7,352,149	\$ 6,352,365	\$ 6,345,676
Child Welfare	183,703,959	182,465,228	174,389,963	173,983,050
Juvenile Corrections	34,472,204	36,157,617	34,342,395	33,786,686
Children's Behavioral Health	24,510,003	21,574,661	26,431,939	26,136,248
Higher Education Opportunity Grants	199,628	200,000	200,000	200,000
Total	\$ 249,961,027	\$ 247,749,655	\$ 241,716,662	\$ 240,451,660
Expenditures by Category				
Salaries and Benefits	\$ 68,312,800	\$ 72,349,178	\$ 65,756,859	\$ 63,824,369
Contracted Services	4,439,562	4,667,416	3,853,531	4,244,719
Subtotal	\$ 72,752,362	\$ 77,016,594	\$ 69,610,390	\$ 68,069,088
Other State Operations	8,714,427	9,003,418	8,919,211	9,423,171
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	167,829,307	160,291,569	162,313,262	162,003,565
Capital	664,931	1,438,074	873,799	955,836
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 249,961,027	\$ 247,749,655	\$ 241,716,662	\$ 240,451,660
Sources of Funds				
General Revenue	\$ 161,307,641	\$ 158,822,427	\$ 154,127,876	\$ 152,284,086
Federal Aid	85,846,952	85,504,945	84,944,174	84,988,948
Restricted Receipts	2,232,511	2,203,059	2,005,793	2,512,807
Other	573,923	1,219,224	638,819	665,819
Total	\$ 249,961,027	\$ 247,749,655	\$ 241,716,662	\$ 240,451,660
FTE Authorization	694.0	700.0	700.0	658.5
FTE Average	628.8			

FY 2010 Revised Request. The Department of Children, Youth and Families requested \$1.1 million less than enacted from all sources including \$160 less from general revenues and the enacted level of full-time equivalent positions. This includes an additional \$6.3 million for services, of which \$5.5 million is for services that the Department has indicated that it failed to budget for when preparing its request last year.

The general revenue request is \$4.3 million more than the “working budget” of \$154.5 million. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Department submitted a corrective action plan which it believed would save \$3.6 million from all funds, including \$3.2 million from general revenues. It indicated that it will do so by redirecting some of

its block grants to child welfare programs currently funded through general revenues, continuing to reduce the number of children in residential care or actively involved with the Department, eliminating three teaching positions at the training school, and amending the contract for counseling services at the training school.

The Governor recommended \$6.0 million less than enacted, including \$4.7 million less from general revenues, \$0.5 million less from federal funds, \$0.2 million less from restricted receipts, and \$0.6 million less from Rhode Island Capital Plan funds. This is \$4.9 million less than requested and assumes general revenue savings of \$3.0 million from the initiatives submitted in the Department's corrective action plan, as well as additional statewide savings. The recommendation is \$0.4 million less than the working budget.

The Assembly further reduced expenditures by \$1.3 million, including \$1.8 million less from general revenues offset by \$0.5 million more from restricted receipts. General revenue savings include additional turnover of \$1.3 million, as well as \$0.5 million from assuming an indirect cost recovery rate of not less than 5.0 percent. The Assembly also reduced the staffing authorization by 41.5 positions to reflect a statewide reduction of half of all vacant positions.

Overtime – Juvenile Corrections. The Department requested \$0.5 million more from general revenues for overtime expenditures at the training school, for which \$1.8 million was enacted. The Department indicated that there were many initiatives to reduce overtime with the opening of the new training school; however, due to additional staff vacancies the overtime savings will not be achieved. These overtime expenditures are offset by \$1.1 million from additional turnover savings. *The Governor recommended funding as requested. The Assembly concurred.*

Other Salaries and Benefits. The Department requested \$4.7 million less from all sources for all other salaries and benefits, including \$6.0 million less from general revenues and \$1.3 million more from federal funds. The Department indicated that this includes \$0.2 million more for changes to medical benefits and retirement rates consistent with Budget Office planning values. It also includes a shift of \$1.6 million, including \$0.8 million from general revenues from grants to salaries and benefits in the Temporary Assistance to Needy Families program, consistent with historical spending to correct an error in the enacted budget. This is offset by \$6.3 million in turnover savings, which includes maintaining additional vacancies as well as filling vacant positions at lower salaries. As of December 5, 2009, 631.0 of the 700.0 authorized positions were filled.

The Governor recommended further reducing salaries and benefits by \$2.4 million from all sources, including \$1.7 million from general revenues to account for savings of \$1.2 million from eight pay reduction days and \$0.5 million from three medical benefit holidays. He subsequently requested an amendment to include savings of \$22,660 from four pay reduction days for teachers in the Howard Teachers Union.

The Assembly concurred and further reduced salaries and benefits by \$1.4 million from general revenues to reflect additional turnover savings and a reduction for three assessed fringe benefit holidays.

Indirect Cost Recovery Rate for Federal Grants. Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, through the application of a negotiated indirect cost rate. The Departments of Health, Elementary and Secondary Education and Environmental Management take advantage of this allowance to lower state general revenue costs. Current law mandates that all state agencies shall apply for the rate when it is allowed under the particular federal grant. The Department did not have an approved indirect cost rate for its federal grants. *The Governor's recommendation also did not include an approved indirect rate.*

The Assembly included general revenue savings of \$0.5 million assuming an indirect rate of not less than 5.0 percent on federal grants from the Department complying with current law and applying for and receiving a negotiated indirect rate. The Assembly shifted general revenue expenditures to indirect recovery rate restricted receipts and reduced federal funds accordingly.

Day Care Program Exclusion. The Department requested \$5.1 million from all sources, \$3.5 million from general revenues for its ongoing day care services which it neglected to include in its enacted budget request due to an oversight. This is for an average of 97 children per day. Day care services include providing care for a child outside of their home for any part of a day, by a person other than the child's parents or legal guardians. Day care centers are licensed and certified by the Department to ensure the health, safety and well-being of children while in care outside of their home. In FY 2009, the Department spent \$5.0 million on these services, an average of \$97,031 per week. *The Governor recommended funding as requested.* **The Assembly concurred.**

18 to 21 Year Olds. The Department requested \$14.2 million for services provided to youth between the ages of 18 and 21 years old. This is \$0.7 million more than enacted including, \$0.1 million less from general revenues and \$0.8 million more from federal funds, consistent with the Department's first quarter report. At the end of the first quarter, there were 230 youth being served. At the close of FY 2009, the Department was providing services to approximately 276 youth in this age group; 297 youth were being served at the close of FY 2008. *The Governor recommended funding as requested.* **The Assembly concurred.**

Purchased Placements. The Department requested \$2.9 million less from all funds, \$0.2 million more from general revenues and \$3.1 million less from federal funds. The number of purchased placements has decreased from an average of 440 in FY 2009 to 351 at the end of the first quarter of FY 2010. Purchased placements include in-state and out-of-state residential placements, as well as specialized foster care. The Department indicated that as it moves youth to less restrictive placements it has seen an increase in placements that are state-only funded programs and a reduction in Medicaid eligible services. The enacted budget included savings from reducing these placements by approximately 50.0 percent and reinvesting half of the savings into community-based services, which are less expensive. *The Governor recommended funding as requested.* **The Assembly concurred.**

Foster Care and Adoption. The Department requested \$0.6 million less than enacted from all sources, including \$3.3 million more from general revenues and \$3.9 million less from federal funds for foster care and adoption. The Department indicated that the estimate is based on actual expenditures from FY 2009. It also indicated that the use of the state-only foster care expenses has increased and Title IV-E reimbursable services have been reduced by approximately 5.0 percent. Foster care placements averaged 1,124 at the end of the first quarter of FY 2010. The average placements for FY 2009 and FY 2008 were 1,158 and 1,276 respectively.

The Governor recommended funding essentially as requested; however, he included a shift of \$1.0 million from general revenues to federal funds. The Department submitted a corrective action plan which includes one-time savings from shifting program expenses currently paid from state resources to unspent federal funds from FY 2009 that can be carried forward to FY 2010. Savings from this initiative are also found in Child Welfare residential placements. **The Assembly concurred.**

Child Welfare Residential Placements. The Department requested \$3.7 million less from all sources for Child Welfare residential placements, while also requesting to lower residential services from the Children's Behavioral Health program by approximately \$1.0 million. Services offered include emergency shelters, group homes, residential treatment centers, supervised apartment programs, therapeutic foster care programs, and independent living programs at over 70 locations.

The Department expected to further reduce residential placements in both the Child Welfare and the Behavioral Health programs by \$2.0 million at an average placement cost of \$230 per day. At the end of the first quarter, it had an average of 770 placements filled. During FY 2008 and FY 2009, there was an average of 895 and 825 placements filled, respectively.

Subsequent to its budget submission, the Department included a corrective action plan to move youth from residential placements to community based settings to save an additional \$1.3 million from all funds, \$0.9 million from general revenues. The additional savings assume further reducing the number of bed days by 5,652 effective January 1, 2010. This equates to an average of approximately 15 placements. The Department has revised its targeted reduction to approximately \$1.9 million to equate for approximately 8,391 bed days or 23 placements.

The Governor recommended \$0.6 million less than requested, including \$2.0 million from general revenues from savings initiatives included in the Department's corrective action plan. This includes \$1.1 million from one-time savings from shifting program expenses currently paid from state resources to unspent federal funds from FY 2009 that can be carried forward to FY 2010, \$88,700 in savings from a 5.0 percent across-the-board rate reduction for child care services the state purchases from all licensed and certified child care providers, and \$0.9 million in savings from more aggressively restructuring services provided to children in the Department's care. The savings assume further reducing the number of bed days by 8,391 effective January 1, 2010. This equates to an average of approximately 23 fewer placements.

The Governor subsequently requested an amendment to add \$170,000 from federal funds for the Nurse-Family Partnership grant which will be used to establish a program which will ensure that all children enter school healthy and ready to learn.

The Assembly concurred, with the exception of the 5.0 percent child care rate reduction and restored \$126,369 from all sources, including \$88,700 from general revenues.

Family Service Units/Child Protective Services. The Department requested an additional \$643,605 from general revenues for the four family service units and for child protective services. The family services units are located in Providence, Bristol, North Kingstown, and Pawtucket. The offices are located around the state because it allows social workers better access to families in crisis and to the major agency providers whose services supplement and support the Department's efforts to improve family functioning. The goal of these units is to work with families to prevent removing children from their homes. As more children are moved from residential placements back to their homes or to community based settings, additional funds for these units become necessary. These costs are offset by the savings in more expensive residential services. *The Governor recommended funding as requested.*
The Assembly concurred.

Other Child Welfare Community Based Services. The Department requested \$1.5 million less from all sources, including \$1.2 million less from general revenues, \$0.1 million less from federal funds, and \$0.2 million less from restricted receipts for other community based services in the Child Welfare program. This includes a shift of \$1.6 million, \$0.8 million from general revenues, from grants to salaries and benefits in the Temporary Assistance to Needy Families program, consistent with historical spending.

Excluding this reclassification, the request is \$0.4 million less from general revenues and \$0.7 million less from federal funds. General revenue savings are the result of reducing many of the services being duplicated in the Family Care Community Partnership program, which is described in this analysis as part of the Child Welfare residential programs item. The increase in federal funds is the result of carry forward balances from federal grants. These services are designed to prevent family dysfunction, abuse, neglect, and to preserve children's placements in their own homes and in foster homes. Additionally,

community based services are designed to divert adolescents from the Juvenile Justice System and intensive supervision services.

The Governor recommended funding essentially as requested; however, he shifted \$25,741 from federal funds to general revenues to reflect a revised estimate of the amount reimbursable from Medicaid through the Global Waiver. Additionally, he recommended shifting \$1.2 million of unspent federal funds from FY 2009 that can be carried forward to FY 2010 to Child Welfare program expenses currently paid from state resources. This is a one-time use and is consistent with the Department's corrective action plan.

He subsequently requested an amendment to add \$55,037 from federal funds for the Family Preservation and Support Services grant. The purpose of this grant is to encourage and enable each state to develop, establish, or expand its community based services.

The Assembly concurred, with the exception of reducing federal funds by \$0.1 million from the assumption of an indirect cost recovery rate of not less than 5.0 percent.

Independent Living Program. The Department requested \$0.7 million more from federal funds for the Independent Living Program. This program provides services to youth between the ages of age 16 and 18 that are transitioning from the Department's care. These services include vocational training, work experience, and day-to-day experiences, such as managing financial, medical, housing, transportation, and recreation needs. The additional funds are from a carried forward balance from FY 2009. *Consistent with the Department's corrective action plan, the Governor recommended shifting \$400,000 of unspent federal funds from FY 2009 that can be carried forward to FY 2010 to Child Welfare program expenses currently paid from state resources. This is a one-time use.* **The Assembly concurred, with the exception of reducing federal funds by \$0.1 million from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Behavioral Health Residential Placements. The Department requested \$1.0 million less than enacted for Behavioral Health residential placements based on redesigned services. This includes \$0.2 million from general revenues and \$0.8 million from federal funds. Savings were included in the enacted budget by converting residential placements into community-based services. Residential treatment services for seriously behaviorally disturbed youth provide around the clock treatment and care with programs tailored to individual, group and family therapy, behavior modification, special education and recreational therapy.

The Department expected to further reduce residential placements in both the Child Welfare and the Behavioral Health programs by \$2.0 million at an average placement cost of \$230 per day. At the end of the first quarter, it had an average of 770 placements filled. During FY 2008 and FY 2009, there was an average of 895 and 825 placements filled, respectively.

Subsequent to its budget submission, the Department included a corrective action plan to move youth from residential placements to community based settings to save an additional \$1.3 million from all funds, \$0.9 million from general revenues. The additional savings assumed further reducing the number of bed days by 5,652 effective January 1, 2010. This equates to an average of approximately 15 placements. The Department has revised its targeted reduction to approximately \$1.9 million, which equates to approximately 8,391 bed days or 23 placements. *The Governor recommended funding as requested.* **The Assembly concurred.**

Bradley Exclusion. The Department requested \$5.4 million from all sources, \$2.0 million from general revenues for Bradley Group Homes which it neglected to include in its enacted budget request due to an oversight. There are five group homes for up to 27 youth, ages 8 to 21, who present chronic behavior disorders of varying degrees, in addition to a developmental disability. In FY 2009, the Department spent

\$5.4 million on Bradley expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

Project Hope and Project Reach. The Department requested \$4.3 million from all sources for Project Hope and Project Reach. This is \$0.4 million less than enacted from general revenues and \$10,662 more from federal funds. Project Hope is an aftercare program that targets youth with emotional disturbances who are returning to their homes and communities from the Rhode Island Training School. Project Reach provides wraparound services through community mental health centers. These programs are eligible for a Medicaid match through the global waiver. Funding for Project Hope has been reduced because many of the services that the program provides are provided in the Family Care and Community Partnership program, which is included in the Child Welfare residential programs item. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Behavioral Health Community Based Services. The Department requested \$0.2 million more than enacted for other behavioral health community based services. This includes \$12,000 more from general revenues and \$155,858 from federal funds from carry forward balances from FY 2009. These services include grants to improve education, reduce child abuse, and prevent violence in schools. The adjustments to grant awards are based on revised spending projections. *The Governor recommended funding as requested.* **The Assembly concurred, with the exception of reducing federal funds by \$0.1 million from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Title IV-B Child Welfare Grant. The Department requested an additional \$1.0 million from federal funds for the Title IV-B Child Welfare grant. This grant provides funding for state and local welfare agencies to enable children to remain in their own homes or if that is not an option, provide alternative permanent homes for them. The Department indicated that the increase is from carried forward funding from FY 2009. This grant does not have a general revenue match. *Consistent with the Department's corrective action plan, the Governor recommended shifting \$600,000 of these unspent federal funds to Child Welfare program expenses currently paid from state resources. This is a one-time use.* **The Assembly concurred, with the exception of reducing federal funds by \$0.1 million from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Positive Education Partnerships. The Department requested an additional \$0.9 million from federal funds for the Positive Education Partnership grant. This increase represents funds carried forward from FY 2009. This grant funds a network of providers that facilitate community-based services and supports that help with the challenges of children and youth with serious mental health needs and their families. *Consistent with the Department's corrective action plan, the Governor recommended shifting \$85,000 of unspent federal funds that can be carried forward to FY 2010 to Child Welfare program expenses currently paid from state resources. This is a one-time use.* **The Assembly concurred, with the exception of reducing federal funds by \$0.1 million from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Training School Placements. The Department requested \$1.0 million more for services for juveniles at the training school, including medical, counseling, and educational services. This includes \$0.4 million from general revenues and \$0.6 million from federal funds. The Department indicated that this is based on actual FY 2009 expenditures and it believes that the enacted budget was underestimated. In FY 2009, the Department spent \$5.6 million from all funds, \$3.5 million from general revenues on these placements.

The Governor recommended \$39,000 less than requested from general revenues for counseling services at the Training School, consistent with the Department's corrective action plan. Currently, the Department has a contract for specialty mental health and counseling services for residents assigned to

the 24 bed treatment unit. It indicated that it is in the process of negotiating with the vendor to amend its current contract to provide counseling services to all youth in the Training School.

The Governor subsequently requested an amendment to add \$289,082 from federal funds to reflect additional funding from the Byrne grant which will be used towards a training program for youth at risk of recidivism, funds for the new Hope Diner project which is a vocational program that explores career opportunities, and funds for the Substance Abuse Treatment grant which will be used to treat youth at the Training School. It also includes additional stimulus funding from the IDEA Part B grant which will be used to create a vocational program to explore potential employment opportunities for high risk youth offenders within the Training School. Similar funds are included in the Governor's recommendations for FY 2011.

The Assembly concurred, with the exception of reducing federal funds by \$15,532 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.

Probation and Parole. The Department requested \$0.9 million less from general revenues for youth that are released from the training school and require some period of supervision in a community based program. The Department indicated that the cost of treating juveniles in the community is significantly less than keeping them in a residential placement. These services include day programs, youth diversionary programs, and community-based residential placements. *The Governor recommended funding as requested. The Assembly concurred.*

Training School–Operating Expenses. The Department requested \$0.4 million less than enacted for operating expenses at the training school, including \$366,719 less from general revenues, \$3,860 less from federal funds, and \$23,059 less from restricted receipts. The Department has indicated that the request is based on revised spending projections for various expenses, including maintenance and repairs of the training school and staff training.

The Governor recommended \$50,000 more than requested from general revenues to account for appraisal and survey costs related to the old Rhode Island Training School for Youth. The costs were incurred because the budget includes the sale of this building. He also recommended savings of \$40,800 from an initiative included in the Department's corrective action plan from eliminating three contracted teachers at the Training School Detention Center. This is offset by \$40,800 more for building and maintenance expenses at the new Rhode Island Training School for Youth. The Assembly concurred.

All Other Operating. The Department requested \$0.9 million less from all sources, including \$0.4 million from general revenues and \$0.4 million from federal funds for other operating expenses not previously noted. The adjustment is the result of revised spending projections based on actual experiences for the past two years for financial services, security services, training at Rhode Island College, and six months of savings from reducing leased office space.

The Governor recommended \$313,789 more than requested, including \$109,601 more from general revenues for all other operating adjustments. The recommendation reduces the estimate to three months of savings from reduced leases based on actual estimates for moving and architectural design costs provided by the Capital Projects Division of the Department of Administration. The Assembly concurred; however, it increased restricted receipts and reduced general revenues by \$0.5 million from the assumption of an indirect cost recovery rate of not less than 5.0 percent.

Capital Projects. The Department requested \$230,834 less from Rhode Island Capital Plan funds for fire code upgrades at group homes. The Department indicated this project is running behind and will not use all of its funding this fiscal year. *The Governor recommended further reducing capital projects by*

\$349,571 to reflect actual progress on projects at Groden Center-Mt. Hope, the NAFI Center, and youth group homes. Each of these projects has been delayed.

The Assembly shifted \$85,000 for the Camp E-Hun-Tee project to FY 2012 and reduced the NAFI Center project by \$50,000. It also added \$0.1 million for the Girls' Training School, which is shifted from the Department of Administration to the Department of Children, Youth and Families and \$62,000 for the Groden Center Cowesett Road. Specific project information is included in the Capital Budget section of this report.

Department of Elderly Affairs

	FY 2009	FY 2010	FY 2010	FY 2010
	Reported	Enacted	Revised	Final
Expenditures by Category				
Salaries and Benefits	\$ 2,617,014	\$ 2,872,192	\$ 2,801,211	\$ 2,131,830
Contracted Services	187,087	72,149	195,956	195,956
Subtotal	\$ 2,804,101	\$ 2,944,341	\$ 2,997,167	\$ 2,327,786
Other State Operations	197,771	619,623	1,185,387	870,500
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	21,018,171	21,847,563	24,243,043	24,127,849
Capital	14,340	111,639	120,959	102,624
Capital Debt Service	-	-	-	-
Operating Transfers	8,152,088	-	-	-
Total	\$ 32,186,471	\$ 25,523,166	\$ 28,546,556	\$ 27,428,759
Sources of Funds				
General Revenue	\$ 14,056,863	\$ 9,920,687	\$ 9,507,654	\$ 7,822,399
Federal Aid	12,831,308	15,210,364	18,246,787	18,512,017
Restricted Receipts	850,000	392,115	792,115	1,094,343
Other	4,448,300	-	-	-
Total	\$ 32,186,471	\$ 25,523,166	\$ 28,546,556	\$ 27,428,759
FTE Authorization	32.0	31.0	31.0	29.5
FTE Average	29.1			

FY 2010 Revised Request. The Department of Elderly Affairs requested \$2.2 million more than enacted from all sources including \$273,709 less from general revenues, \$2.5 million more from federal funds, and the enacted level of full-time equivalent positions. The general revenue request is \$157,927 less than the “working budget” of \$9.8 million. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended \$0.8 million more than requested, including \$0.1 million less from general revenues, \$0.5 million more from federal funds, and \$0.4 million more from restricted receipts. He recommended the enacted level of full-time equivalent positions. The recommendation is \$0.3 million less than the working budget.

The Assembly reduced expenditures by \$1.1 million, including \$1.7 million less from general revenues offset by \$0.3 million more from federal funds and \$0.3 million more from restricted receipts. This includes the use of additional Title III B federal funds and various savings from programs based on revised spending projections, as well as savings of \$0.5 million from assuming an indirect cost recovery rate of not less than 5.0 percent. The Assembly also reduced the staffing authorization by 1.5 positions to reflect elimination of half of current vacancies.

Salaries and Benefits. The Department requested \$123,644 more for salaries and benefits, including \$88,005 less from general revenues and \$211,649 more from federal funds. The request includes savings of \$33,830 from turnover and \$6,809 less for medical benefit and retirement rate adjustments consistent with Budget Office planning values. Savings are offset by other salary and benefit adjustments totaling \$157,474, which include shifting expenditures from general revenues to federal funds, as well as federal funding for a position that is currently assigned to the Office of Health and Human Services. The Department requested the enacted level of 31.0 positions. The Department has an average of 28.9 positions filled as of pay period ending December 5, 2009. *The Governor recommended \$0.1 million less than requested from all sources, \$53,104 less from general revenues to account for savings from eight pay reduction days and three medical benefit holidays.*

The Governor subsequently requested an amendment to reduce federal funds by \$97,167 for an employee whose salary is included in both the Office of Health and Human Services and the Department of Elderly Affairs. The position is authorized in the Office of Health and Human Services.

The Assembly further reduced general revenues by \$93,037 to account for additional turnover savings and a reduction for three assessed fringe benefit holidays. The Assembly also shifted \$0.5 million from general revenues to restricted receipts from assuming an indirect cost recovery rate on federal grants of not less than 5.0 percent.

Case Management Medicaid Match. The Department requested the enacted level of \$0.9 million for elder case management, but shifted \$0.2 million of expenditures to federal funds to leverage Medicaid available for previously state only services through the Rhode Island Consumer Choice Global Waiver. These services have been realigned to qualify for federal funding through the waiver. Case management programs assist older Rhode Islanders who wish to remain at home as long as possible. This assumes a full year of savings; the Department has received approval to bill back to July 1, 2009. *The Governor recommended funding as requested. The Assembly reduced funding by \$0.4 million to reflect actual expenditures.*

Pharmaceutical Assistance to the Elderly. The Department requested \$1.2 million from general revenues and \$0.4 million from restricted receipts for the pharmaceutical assistance program for FY 2010. This includes an additional \$84,275 to more accurately reflect anticipated claims activities. This was inadvertently understated in the enacted budget.

The Rhode Island Pharmaceutical Assistance to the Elderly program pays 60 percent of the drug costs for individuals in the lowest income category. The state also pays 30 percent and 15 percent for the second lowest and highest income categories, respectively. The eligibility categories include individuals age 65 or older who meet the income categories limits and individuals between the ages of 55 and 64 receiving Social Security Disability Insurance.

Rhode Island Pharmaceutical Assistance to the Elderly								
	Income Limits			Benefits				
	Single	Couple		Formulary		Non Formulary Drugs		Other
				State	Client	State	Client	
Age 65 or older	\$ 19,765	\$ 24,735		60%	40%	-	100%	Catastrophic*
	\$ 24,838	\$ 31,050		30%	70%	-	100%	No
	\$ 43,470	\$ 49,679		15%	85%	-	100%	No
Age 55 to 65	Receiving SSDI			15%	85%	-	100%	No

**After the client's co-payments for that year exceed \$1,500, the state pays 100 percent of the formulary drug cost above that amount.*

As of January 1, 2009, all clients were mandated to enroll in Medicare Part D and utilize it as the primary payer, with the Pharmaceutical Assistance program as the secondary payer. The Pharmaceutical

Assistance program provides coverage for Part D clients that reach the “donut hole” until they reach the “catastrophic coverage” period. The “donut hole” refers to the gap in many Medicare Part D plans during which the client must pay 100 percent out-of-pocket for drug purchase costs. This gap occurs once covered medication costs have reached a certain level. This level is specific to each Part D plan. Clients remain in the “donut hole” until their out-of-pocket costs hit another level, which is defined as the “catastrophic coverage” period. At that point the Part D coverage resumes.

The Governor recommended the additional \$84,275 requested. He also shifted \$400,000 from general revenues to the restricted receipt rebate account. This recommendation is based on prior year rebate collections and does not appear to reflect actual collections. The Department indicated that based on lower utilization and mandatory use of generics, it does not believe that these savings can be achieved.

*The Governor subsequently requested an amendment to add \$433,331 from general revenues in lieu of restricted receipts based on utilization and claims data through November 2009; however, utilization through February 2010 shows that the Department would have been able to achieve a portion of the original savings. This amendment reverses all of the proposed savings. **The Assembly did not concur with the Governor and added \$175,000 from general revenues and lowered expenditures for rebate receipts by \$175,000 to reflect revised spending projections.***

Home Care Services. The Department requested the enacted level or \$2.3 million from all sources, including \$1.0 million from general revenues for the home care program. This program serves low-income elders who pay a portion of the hourly cost of home care services, including bathing, dressing, household chores, and ambulatory needs. As of July 1, 2009, the co-payment rate schedule depends on the program recipient’s income level. Level 1 covers individuals and couples earning less than 125 percent of the federal poverty level or less than \$13,537 and \$18,212 per year. Level 2 covers individuals and couples earning less than 200 percent of the federal poverty level or less than \$21,660 and \$29,140 per year. The co-payment is \$4.50 per hour for income level 1 and \$7.50 per hour for income level 2. *The Governor recommended funding as requested. **The Assembly reduced expenditures by \$0.1 million from all sources to reflect revised spending projections.***

Adult Day Care Services. The Department requested the enacted level or \$1.7 million from all sources, including \$0.9 million from general revenues for the Adult Day Care Services program. This program serves low-income elders who pay a portion of their day care services. As of July 1, 2009 the co-payment rate schedule depends on the program recipient’s income level. Level 1 covers individuals and couples earning less than 125 percent of the federal poverty level or less than \$13,537 and \$18,212 per year. Level 2 covers individuals and couples earning less than 200 percent of the federal poverty level or less than \$21,660 and \$29,140 per year. The co-payment is \$7.00 per day for income level 1 and \$11.50 per day for income level 2. *The Governor recommended funding as requested. **The Assembly reduced expenditures by \$0.1 million from all sources to reflect revised spending projections.***

Home and Community Care Medicaid Waiver Services. The Department requested the enacted level or \$7.4 million from all sources, \$2.7 million from general revenues and \$4.7 million from federal funds for the provision of subsidized home and community care to low income elders through the home and community based waiver program. This program funds eligible individuals who have been accepted into the assisted living waiver home and community care program but do not have a bed in a facility and continue to require nursing home level of care. *The Governor recommended an additional \$0.9 million, including \$0.3 million from general revenues for assisted living expenditures provided through the home and community care program. The Department indicated that there has been an increase in the number of residents in assisted living facilities funded through this program. **The Assembly concurred.***

Indirect Cost Recovery Rate for Federal Grants. Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, through the application of a negotiated indirect cost rate.

The Departments of Health, Elementary and Secondary Education and Environmental Management take advantage of this allowance to lower state general revenue costs. Current law mandates that all state agencies shall apply for the rate when it is allowed under the particular federal grant. The Department did not have an approved indirect cost rate for its federal grants. *The Governor's recommendation also did not include an approved indirect rate.*

The Assembly included general revenue savings of \$0.5 million assuming an indirect rate of not less than 5.0 percent on federal grants from the Department complying with current law and applying for and receiving a negotiated indirect rate. The Assembly shifted general revenue expenditures to indirect recovery rate restricted receipts and reduced federal funds accordingly.

Medicare Outreach and Enrollment Assistance Grants. The Department requested \$159,832 from federal funds for Medicare Outreach and Enrollment Assistance grants. These grants are available through the Medicare Improvements for Patients and Providers Act. The purpose of these grants is to provide targeted outreach to clients who may be eligible for the Medicare Savings Program and the "Extra Help" program and who are not yet enrolled. The Medicare Outreach grant is for \$66,649 and the Medicare Enrollment Assistance grant is for \$93,183. These programs are for people with limited income and resources that pay some or all of Medicare's premiums. The programs help pay monthly premiums, annual deductibles, and prescription co-payments related to a Medicare prescription drug plan. *The Governor recommended funding as requested.* **The Assembly reduced federal funds by \$7,991 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Aging and Disability Resource Center. The Department requested \$227,209 from federal funds to extend and expand its Aging and Disability Resource Center. This Center is locally known as the Point. The Point's goal is to provide information and referrals to a statewide network of programs for seniors, adults with disabilities, and caregivers. These are new federal grants that will improve knowledge of the problems and needs of the elderly, help ensure adequately trained personnel in the field of aging, and demonstrate better ways of improving the quality of life for the elderly. *The Governor recommended funding essentially as requested; however, he included an additional \$545 from federal funds to reflect additional funds available from statewide personnel savings.* **The Assembly reduced federal funds by \$13,429 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Title III B Older Americans Act Grants. The Department's request includes \$3.7 million or \$0.7 million more than enacted from the Older Americans Act Title III Part B grants due to a carry forward of funds from FY 2009 and a new grant award for federal fiscal year 2010. These federal grants are used to support a variety of services and programs for seniors. Other services include case management, legal assistance, outreach, and community senior activities. *The Governor recommended funding essentially as requested; however, he included an additional \$15,765 from federal funds to reflect additional funds available from statewide personnel savings.*

The Assembly assumed use of an additional \$1.0 million from the Department's federal fiscal year 2010 grant award to provide grants to senior centers and senior programs that are currently funded through general revenues as part of the Department's community service grants. Information provided by the Department showed that it is currently spending its federal fiscal year 2009 grant award. This is offset by a \$0.2 million reduction to federal funds from the assumption of an indirect cost recovery of not less than 5.0 percent.

Home Delivered Meals-Meals on Wheels. The Department requested \$1.8 million from all sources, \$1.6 million from federal funds for home delivered meals through the Rhode Island Meals on Wheels program. This is \$493,375 more than included in the enacted budget. Meals on Wheels receive funding for home delivered meals as well as for the congregate meal sites and senior nutrition programs. The increase in funding is based on a balance that is carried forward from FY 2009. The enacted total

includes \$160,000 from federal stimulus funds. The request includes the enacted level of \$201,400 from general revenues from a community service grant. *The Governor recommended funding as requested.* **The Assembly reduced recommended federal funds by \$0.1 million from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Nutrition Services. The Department requested \$1.0 million from federal funds for congregate meal sites. The request is \$149,809 more than included in the FY 2010 enacted budget. This funding (formerly through the United States Department of Agriculture) provides for meal reimbursements to senior nutrition programs, funds for home delivered meals for seniors 60 or older and funds for over 75 congregate meals sites for seniors 60 or older. The increase in funding is the result of funding carried forward from FY 2009. The enacted amount includes \$325,000 from federal stimulus funds. *The Governor recommended funding as requested. He subsequently requested an amendment to add \$125,000 from federal Title VIII Food and Nutrition Services funds. This grant provides funding for elderly meals.* **The Assembly included the Governor's adjustments and reduced federal funds by \$32,510 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Other Program Grants. The Department requested \$0.3 million more than enacted from federal funds for other grant adjustments. The FY 2010 request includes slight adjustments to the disease prevention grant, the family caregiver support grant, the Rhode Island one stop grant, the senior Medicare patrol project, as well as various other federal grants. These adjustments are based on revisions to projected expenses and funding carried forward from FY 2009. *The Governor recommended funding as requested.* **The Assembly concurred; however, it reduced federal funds by \$0.1 million from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Other State Operations. The Department requested \$319,007 for all other expenses, which is \$27,904 less than enacted. This includes \$49,920 less from general revenues and \$22,016 more from federal funds. The request includes adjustments to miscellaneous expenses, including postage, staff training, computer software, printing and advertising, and general office expenses based on revised spending projections. In FY 2009, the Department spent \$0.4 million from all sources, including \$0.3 million from general revenues on this expense. *The Governor recommended funding essentially as requested; however, he included an additional \$3,620 from federal funds to reflect additional funds available from statewide personnel savings.* **The Assembly concurred.**

Department of Health

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Program				
Central Management	\$ 13,146,654	\$ 13,576,490	\$ 23,386,558	\$ 23,813,795
Comm. & Family Health & Equity	79,942,945	83,352,478	83,683,996	84,194,767
Environmental & Health Service Reg.	13,865,663	16,058,712	16,293,913	15,642,154
Health Laboratories	6,839,555	7,979,912	8,406,658	8,098,007
Infectious Disease and Epidemiology	3,598,284	4,474,187	4,425,445	4,551,120
Public Health Information	2,886,302	4,294,023	3,500,415	3,406,314
State Medical Examiner	1,912,783	2,574,989	2,962,866	2,858,850
Total	\$ 122,192,186	\$ 132,310,791	\$ 142,659,851	\$ 142,565,007
Expenditures by Category				
Salaries and Benefits	\$ 36,441,377	\$ 41,623,299	\$ 39,756,433	\$ 38,466,411
Contracted Services	10,647,763	14,517,823	22,530,757	22,564,772
Subtotal	\$ 47,089,140	\$ 56,141,122	\$ 62,287,190	\$ 61,031,183
Other State Operations	33,801,019	34,401,542	37,527,907	38,212,994
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	40,564,369	41,159,432	41,023,307	41,519,383
Capital	737,658	608,695	1,821,447	1,801,447
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 122,192,186	\$ 132,310,791	\$ 142,659,851	\$ 142,565,007
Sources of Funds				
General Revenue	\$ 26,238,737	\$ 29,554,572	\$ 28,502,412	\$ 26,959,269
Federal Aid	75,887,694	77,831,370	88,916,931	89,689,148
Restricted Receipts	19,955,652	24,693,437	25,134,247	25,753,580
Other	110,103	231,412	106,261	163,010
Total	\$ 122,192,186	\$ 132,310,791	\$ 142,659,851	\$ 142,565,007
FTE Authorization	409.6	414.6	428.7	397.4
FTE Average	367.3			

FY 2010 Revised Request. The Department of Health requested revised expenditures of \$144.9 million or \$12.6 million more than the enacted budget. The request includes increases of \$11.6 million from federal funds, \$0.6 million from general revenues, and \$0.5 million from restricted receipts offset by \$0.1 million from other funds. The Department requested 427.7 full-time equivalent positions, 13.1 positions more than enacted.

The general revenue request is \$2,470,926 more than the “working budget” of \$27.7 million. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended total expenditures of \$142.7 million, \$2.3 million less than requested and included 14.1 new positions. This includes \$1.7 million less general revenues, \$0.5 million less federal funds, \$0.1 million less restricted receipts and \$1,791 less from Rhode Island Capital Plan funds than requested. The recommendation is \$784,410 more than the working budget.

The Assembly further reduced general revenues by \$1.5 million, primarily from additional turnover savings. It added \$70,000 for Women’s Cancer Screening, \$0.8 million from federal funds for new initiatives and \$0.6 million from restricted receipts for pandemic flu and licensing and regulation activities. The Assembly did not include the new positions and further reduced authorized positions by 17.2 to reflect elimination of half of the current vacancies.

Staffing. The Department requested a total of 427.7 full-time equivalent positions which is 13.1 more than enacted to add new positions funded from federal funds. This includes 10.0 positions for Community Family Health and Equity, 2.0 positions for Infectious Disease and Epidemiology and 1.1 positions for Environmental and Health Service Regulations. These are noted in the analysis where appropriate. The Department noted it intends to add positions in lieu of utilizing vacant positions so that all available positions can be filled. As of the budget submission date of October 23, 2009, the Department averaged 366.7 filled positions reflecting an average of 47.9 vacant positions. *The Governor recommended the 13.1 full-time equivalent positions. As of December 15, 2009, the receipt of the Governor’s revised budget, the Department averaged 367.5 filled positions reflecting 47.1 vacant positions. The Assembly did not include the new positions and further reduced authorized positions by 17.2 full-time equivalent positions to reflect elimination of half of the current vacancies.*

Medical Examiner’s Office. The Department requested revised FY 2010 expenditures of \$3.0 million from all funds for the Medical Examiner’s office. This is \$0.5 million more than enacted, including \$0.4 million more from general revenues for medical examiner office expenses. The increase primarily reflects \$0.5 million more for contracted medical examiner services. The Department has been unsuccessful in filling two vacant medical examiner positions resulting in the need to utilize contract staff to address the workload. It indicated that it planned to use the general revenues available for the full-time positions to support contract examiners until the positions are filled. The enacted budget includes funds for the 2.0 full-time positions which is not sufficient to support temporary medical examiner expenses. It should be noted that the Department does not appear to assume offsetting savings from general revenues from the unfilled positions.

The Governor recommended \$81,186 less than requested, which includes \$79,440 less from general revenues to reflect eight pay reduction days and savings from three medical benefit holidays. The Assembly reduced recommended general revenues by \$104,016 which reflects \$98,816 for turnover and \$5,200 from statewide assessed fringe benefit savings.

Environmental and Health Regulations. The Department requested FY 2010 revised expenditures of \$17.0 million for all environmental and health regulation expenses. Including the 1.1 newly requested positions of a Senior Public Health Promotion Specialist and Radiological Health Specialist, this is \$1.0 million more than enacted and includes \$0.6 million more from federal funds, \$0.4 million more from restricted receipts and \$65,598 less from general revenues. The change reflects new and continued grant awards, the increased estimate of anticipated fee collection due to fines and new provider applications as well as the shift of funds from salaries and benefits to support the increased use of contract staff in lieu of authority to fill vacant positions.

The Governor recommended the 1.1 new positions and \$0.8 million less than requested, which includes \$0.6 million less general revenues. The change reflects a decrease of \$0.2 million from eight pay reduction days, savings from three medical benefit holidays, filling the new positions at lower salaries and adds \$25,568 from additional federal funds available from statewide personnel savings.

The Assembly did not include the positions and further reduced expenditures by \$0.7 million from general revenues, which reflects \$120,000 less for legal services, \$0.5 million additional turnover savings, \$24,832 from statewide assessed fringe benefit savings and \$0.1 million less from general revenues for licensing and regulatory activities of which \$65,000 is shifted to restricted receipts.

Communicable Diseases. The Department requested revised FY 2010 expenditures of \$4.5 million for communicable diseases. Including the 1.1 new positions of Executive Assistant and Disease Intervention Specialist I noted above, this is \$30,551 more than enacted and includes \$62,573 more from general revenues. Funds are used for testing and support services at the Whitmarsh Clinic. A total of \$96,500 will be used to restore prior year budget reductions that caused services to decrease to a level the Department deemed insufficient to support services. This appears to restore funding reduced in the FY 2010 enacted budget as requested by the Department.

The Governor recommended the new positions. This includes \$79,293 less than requested including \$42,980 less from general revenues. The change reflects eight pay reduction days, three medical benefit holidays, positions filled at lower salaries and adds \$12,282 from federal funds available from statewide personnel savings.

*The Governor subsequently requested an amendment to add \$201,830 from new American Recovery and Reinvestment Act funds for the purpose of improving the gathering of data and reporting capability related to infectious and communicable diseases. **The Assembly provided the stimulus funds, and did not include the positions and reduced general revenues by \$76,155 to reflect turnover and statewide assessed fringe benefit savings.***

Executive Legal Counsel. The Department's revised request did not include a new legal position. The FY 2009 enacted budget included a reorganization which consolidated legal services, human resources and fiscal services from five health and human service agencies all housed under the umbrella of the Office of Health and Human Services.

*The Governor's FY 2010 revised budget added \$61,207 from general revenues, annualized at \$131,997 for a new executive legal counsel at the Department of Health for the purpose of strengthening supportive legal services. It is important to note that all legal counsel for the Department is housed under the Office of Health and Human Services. The Governor recommended adding a legal position as part of his original FY 2010 budget recommendation to restore legal capacity that would have been lost with his proposal to decouple the Department of Health from the Office of Health and Human Services. **The Assembly did not concur.***

All Other Salaries and Benefits. The Department requested \$25.6 million from all other salaries and benefits, including 10.0 new positions for the Community and Family Health and Equity program. It is unclear why the new positions are required given the vacancy levels in the Department. This is \$0.7 million more from all funds including \$19,205 more from general revenues, \$0.3 million more federal funds, \$0.4 million more restricted receipts and \$48,696 more from other funds. This includes \$250,921 for statewide benefit adjustments, including \$148,090 more from general revenues. The Department's request reflects use of \$0.6 million from unbudgeted indirect cost recovery restricted receipts to avoid requesting additional general revenues. It should be noted that these funds could be used to reduce general revenue expenses to fund the staffing request.

The Governor included the new positions and recommended \$1.0 million less than requested from all sources, which includes \$0.4 million less from general revenues. The reduction reflects eight pay reduction days, three medical benefit holidays, and additional turnover savings of \$0.4 million.

[Staff Note: The salary and benefit request assumes that the Department will receive approval as part of its grant application for additional funding from the Center for Disease Control for H1N1 activities to charge staffing expenses. Absent this approval, it may require additional general revenues.]

The Assembly did not include the positions and reduced expenditures by \$0.6 million from general revenues to reflect turnover and statewide assessed fringe benefit savings.

Health Lab Software. The Department requested new general revenues of \$200,000 for the purchase of laboratory software to replace an obsolete system. The Department utilizes the system to track the location, results, quality control and final reporting of all environmental samples that are tested in the lab. This request was not included in the enacted budget as the Department was notified after July 2009 that the existing system would no longer be supported. *The Governor recommended funding as requested.*
The Assembly concurred.

HIV/AIDS Drugs and Supportive Services. The Department requested total revised expenditures of \$10.2 million for HIV/AIDS drugs and supportive services. This is \$0.8 million more than enacted from federal funds, and the enacted level of \$1.8 million from general revenues. The change reflects actual grant awards consistent with historical spending for pharmaceuticals. Supportive services include community based case management to those affected by AIDS or HIV for monitoring, education, support and referral services as needed. *The Governor recommended \$363,203 less than requested from all funds, which includes a \$375,000 general revenue reduction to supportive services, offset by \$11,797 from federal funds available from statewide personnel savings.*
The Assembly concurred.

Choices for Self Care. The Department requested revised expenditures of \$66,828 from general revenues for the choices for self care initiative. This is \$57,974 less than enacted to reflect a delay in implementing a contract to provide the services. The full grant award of \$124,802 was deposited as general revenues. The agency will be requesting the balance for FY 2011 due to a delay in expenditures. This private funding is provided by the National Council on Aging. The Department received funding to expand and sustain a chronic disease self-management program statewide with adults 60 years old and older in diverse and at risk populations. *The Governor recommended \$3,550 less than requested from general revenues to reflect full expenditure of received funds in line with the end of the grant period.*
The Assembly reduced general revenue expenditures by \$30,000 to reflect revised spending projections.

Chronic Disease Prevention and Other Related Activities. The Department requested \$2.4 million from federal funds for chronic disease prevention expenditures. Funds support state and local health authorities and other health related organizations in treating chronic diseases, disorders, and other preventable health conditions. This is \$0.4 million more than enacted and reflects an increase in funding for hepatitis prevention, asthma, cancer registry and surveillance and chronic disease prevention programs. *The Governor recommended the requested funding and added \$15,013 from federal funds available from statewide personnel savings.*
The Assembly concurred.

Bioterrorism. The Department requested revised FY 2010 expenditures of \$7.5 million for bioterrorism preparedness. This is \$2.6 million more from federal funds to reflect new and increased grant awards to support hospitals and healthcare entities to plan for, respond to and recover from mass casualty events, as well as additional funds for H1N1 response. *The Governor recommended the requested funding and added \$18,552 from federal funds available from statewide personnel savings.*
The Assembly concurred

Immunization. The Department requested \$17.5 million from federal funds and restricted receipts for immunization expenses, which is \$1.7 million less than enacted. The decrease reflects a reduction of immunization stimulus funds, which were provided for a one time expense to purchase vaccines. This program provides vaccines to prevent and control vaccine-preventable diseases in Rhode Island by maximizing the number of residents who are fully immunized. *The Governor recommended the requested funding and added \$18,275 from federal funds available from statewide personnel savings.*
The Assembly concurred

Pandemic Flu. The Department requested revised expenditures of \$9.0 million, which is \$6.6 million more from federal funds for pandemic flu responses. Continued and newly awarded federal funds of \$7.6 million will be used to support H1N1 activities offset by the reduction of \$1.0 million from restricted receipts that was added in the FY 2009 budget for the purchase of vaccines and N-95 masks to supply to area hospitals. *The Governor recommended funding as requested and added \$200 from federal funds available from statewide personnel savings.*

The Governor subsequently requested an amendment to add \$554,333 from restricted receipts to cover pandemic flu expenses incurred in FY 2009; however, not invoiced until FY 2010. **The Assembly concurred.**

Forensic Casework DNA Backlog. The Department requested revised expenditures of \$0.3 million from federal funds available to reduce the DNA backlog. This is primarily from funds carried forward from FY 2009. The Department indicated that the recent backlog is a result of a delay in implementing a contract with an outside laboratory to process the overflow of casework. *The Governor recommended funding as requested and added \$1,256 from federal funds available from statewide personnel savings.*
The Assembly concurred.

Lead Poisoning Prevention. The Department requested revised FY 2010 expenditures of \$0.8 million from federal funds for lead poisoning prevention. This is \$0.1 million more than enacted, primarily to reflect the new grant award and carry forward funds for childhood lead prevention. *The Governor recommended funding as requested and added \$7,765 from federal funds available from statewide personnel savings.* **The Assembly concurred.**

Women, Infants and Children Administration and Benefits. The Department requested revised FY 2010 expenditures of \$25.3 million from federal funds for the Women, Infant and Children administration and benefits program. The request is \$0.5 million more than enacted to reflect new grant funds, program expansion and increased stimulus funds to support the initiative to move to benefit swipe cards in lieu of a paper check. The 2009 Assembly enacted legislation to shift the responsibility of administering the Women, Infant and Children administration and benefits program from the Department of Health to the Office of Health and Human Services by March 1, 2010. The Department's request did not reflect a shift of expenditures or staff. *The Governor recommended funding as requested and included legislation to delay the transfer of the program until October 2010. He also added \$13,190 from federal funds available from statewide personnel savings.*

The Governor subsequently requested an amendment to add \$147,488 for Women, Infants and Children benefits from additional American Recovery and Reinvestment Act funds. **The Assembly concurred.**

Newborn Hearing Screening Program. The Department requested a total of \$2.0 million from federal and restricted receipts for newborn screening, which is \$0.1 million more than enacted. The Department indicated that it is behind in the collection of fees and expected to rectify that by the end of this fiscal year. *The Governor recommended funding as requested and added \$3,695 from federal funds available from statewide personnel savings.* **The Assembly concurred.**

Obesity and Nutrition Activities. The Department requested \$0.7 million from federal funds for obesity and nutrition related activities. This is \$0.2 million more than enacted to reflect the current year grant award. Funds support statewide efforts to promote environmental and policy changes, which support physical activity and healthy eating activities to prevent obesity. *The Governor recommended funding as requested and added \$4,079 from federal funds available from statewide personnel savings.* **The Assembly concurred.**

Children and Families Supportive Services. The Department requested a total of \$4.4 million from federal funds for children and families supportive services. This is \$0.3 million more than enacted to reflect an increased rate of spending for family outreach, family planning, preventative block grant activities and rural health programs offset by a reduction in the Maternal Child Health Block Grant. *The Governor recommended funding as requested and added \$17,824 from federal funds available from statewide personnel savings.* **The Assembly concurred.**

Rhode Island Launch. The Department requested revised expenditures of \$1.1 million for the Rhode Island Launch program, which is \$0.5 million more than enacted. The Department contracts with Bradley Hospital to provide training to community providers including primary care physicians on identifying mental health issues in children. It also allows for assessments, education, training referral and evaluations to children that are exhibiting behavior or mental health issues. The increase reflects a year of available funding. It is unclear if all funds will be expended in FY 2010. *The Governor recommended funding as requested and added \$782 from federal funds available from statewide personnel savings.* **The Assembly concurred.**

Oral Disease Prevention. The Department requested \$0.6 million from federal funds for oral disease prevention, which is \$0.3 million more than enacted. This reflects new and renewed grant awards. Funds are used to support school health programs, which includes dental health screening for school-aged children. *The Governor recommended funding as requested and added \$310 from federal funds available from statewide personnel savings.* **The Assembly concurred.**

Tobacco Control Prevention and Cessation. The Department requested \$0.6 million from all funds for tobacco control prevention and cessation activities. This is \$10,000 less from restricted receipts than enacted due to a reduction in grants. The FY 2009 enacted budget included \$0.8 million for this program, which the Department reduced by \$80,000 as part of the FY 2009 revised budget. The Governor recommended further reducing funds by \$70,000 to \$0.6 million and the Assembly concurred. The Department spent \$0.7 million in FY 2009. It appears that the Department's FY 2010 revised request has underfunded this program; however, it reports that advertisement expenditures will be decreased in order to meet budget projections. *The Governor recommended funding as requested.* **The Assembly reduced tobacco control prevention by \$20,000 to reflect revised spending projections.**

Suicide Prevention. The Department requested revised expenditures of \$0.6 million from federal funds for suicide prevention. This is \$0.3 million more than enacted to reflect the new grant awards, which will be used to support contract staff that will provide training to educate communities about youth suicide prevention. The three-year grant from Substance Abuse and Mental Health Services Administration for the Rhode Island Suicide Prevention Project grant will provide suicide prevention outreach, education and service coordination. *The Governor recommended funding as requested and added \$1,976 from federal funds available from statewide personnel savings.* **The Assembly concurred.**

Health Information Technology. The Department requested revised expenditures of \$0.9 million from federal funds, \$0.7 million less than enacted for health information technology. This reflects updated expenditure projections. *The Governor recommended funding as requested.* **The Assembly concurred.**

Healthy Housing Pilot Program. The Department received \$94,311 from federal funds to evaluate and mitigate multi-family residences that contain molds, pesticides and other toxins. Funds are to be expended prior to November 30, 2010. The Department indicated that it does not expect to expend all funding in the current year and will request a carry forward of any remaining funds into the next fiscal year. The Department did not include this in its revised budget request. *The Governor's FY 2010 revised budget did not include these funds.*

Subsequently, he requested an amendment to add \$0.1 million from federal funds for a healthy housing pilot program. The Assembly concurred.

Autism Training Program. The Department received \$250,000 from federal funds to educate teachers, community physicians and other community providers how to evaluate and detect early signs and symptoms of autism in children. Funds are to be expended prior to November 30, 2010. The Department indicated that it does not expect to expend all funding in the current year and will request a carry forward of any remaining funds into the next fiscal year. The Department did not include this in its revised budget request. *The Governor's FY 2010 recommended budget did not include these funds. Subsequently, he requested an amendment to add \$0.3 million from federal funds for an autism training program. The Assembly concurred.*

State Crime Lab. The enacted budget includes \$675,000 from general revenues for the state crime lab's expenditures and included the shift of the appropriation from the Attorney General's Office to the Department of Health. These funds are passed through to the crime lab housed at the University of Rhode Island. *The Governor recommended reducing these expenses which are budgeted as contracted services by \$67,500 or 10.0 percent. The Assembly concurred.*

Women's Cancer Screening. The enacted budget includes \$1.7 million from federal funds for cervical and breast exams, office visits, community based outreach services, program promotions, Department of Health staff and other administrative costs. Of this total, 0.7 million is used to support cancer screening activities. The Department requested \$1.7 million from federal funds. *The Governor recommended \$31,041 more from federal funds than requested for increased operating expenses and added \$8,708 from federal funds available from statewide personnel saving.*

The Department of Health had exhausted all funds for the breast and cervical cancer early detection screening portion of the program and had suspended these services in March 2010. The Assembly added \$70,000 of a \$110,000 donation for women's cancer screening that will be matched by Medicaid funds. Services were reinstated in May of 2010.

All Other Operations. The Department requested \$304,471 less from all funds for all other adjustments. It also included \$0.2 million in additional general revenues for various grants. *The Governor recommended \$35,294 less from all funds than requested, \$89,829 less general revenues. The change reflects the reduction of various contracted medical services offset by federal funds available from statewide personnel savings. The Assembly added \$36,749 from all funds, and \$56,749 for safe and active commuting activities offset by a \$20,000 reduction to the minority health program, which reflects revised expenditure projections.*

Department of Human Services

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Program				
Central Management	\$ 9,788,788	\$ 15,014,441	\$ 15,151,278	\$ 15,142,061
Child Support Enforcement	7,698,692	10,598,598	10,305,063	10,300,168
Individual and Family Support	70,236,835	87,038,042	87,174,524	105,530,810
Veterans' Affairs	25,298,996	26,059,621	26,119,234	26,081,092
Health Care Quality, Financing and Purchasing	54,001,915	66,702,753	63,849,256	66,361,754
Medical Benefits	1,381,463,049	1,472,884,630	1,498,581,052	1,527,089,170
Supplemental Security Income	25,138,428	20,706,354	21,892,320	22,007,520
Family Independence Program	103,391,116	96,372,800	91,402,574	90,159,918
State Funded Programs	149,219,179	168,132,900	228,638,397	228,624,894
Total	\$1,826,236,998	\$1,963,510,139	\$2,043,113,698	\$2,091,297,387
Expenditures by Category				
Salaries and Benefits	\$ 76,068,133	\$ 85,503,845	\$ 78,913,849	\$ 78,930,433
Contracted Services	38,241,070	50,884,084	50,315,051	50,815,051
Subtotal	\$ 114,309,203	\$ 136,387,929	\$ 129,228,900	\$ 129,745,484
Other State Operations	14,660,008	21,676,306	20,323,484	20,433,748
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,694,475,434	1,797,737,417	1,886,368,601	1,933,767,480
Capital	2,792,353	2,113,750	1,940,938	1,970,938
Capital Debt Service	-	-	-	-
Operating Transfers	-	5,594,737	5,251,775	5,379,737
Total	\$1,826,236,998	\$1,963,510,139	\$2,043,113,698	\$2,091,297,387
Sources of Funds				
General Revenue	\$ 658,673,264	\$ 662,081,602	\$ 665,362,509	\$ 663,968,660
Federal Aid	1,161,607,333	1,288,587,124	1,364,949,550	1,414,399,126
Restricted Receipts	5,923,901	8,316,413	8,519,601	8,519,601
Other	32,500	4,525,000	4,282,038	4,410,000
Total	\$1,826,236,998	\$1,963,510,139	\$2,043,113,698	\$2,091,297,387
FTE Authorization	884.6	954.6	954.6	919.7
FTE Average	846.0			

FY 2010 Revised Request. The Department of Human Services requested \$98.8 million more than enacted from all sources, including \$14.1 million more from general revenues and \$84.4 million more from federal funds and 953.6 full-time equivalent positions, 1.0 less than enacted.

The general revenue request is \$18.5 million more than the “working budget” of \$657.6 million. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel

and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended \$19.2 million less than requested, including \$10.8 million less from general revenues, \$8.0 million less from federal funds and \$0.4 million less from other funds along with 954.6 full-time equivalent positions, 1.0 more than requested. The recommendation is \$7.7 million more than the working budget.

The Assembly concurred and added \$48.2 million from all funds to the Governor's recommendation, \$49.5 million more from federal funds and \$1.4 million less from general revenues. The increase in federal funds includes \$18.1 million from Emergency Temporary Assistance to Needy Families funds. This includes the update from the May Caseload Estimating Conference, which decreased cash expenditures by \$2.1 million and increased medical expenditures by \$24.5 million, \$27.8 million more from federal funds and \$3.3 million less from general revenues. The Assembly provided 919.7 full-time equivalent positions, 34.9 fewer than recommended.

Federal Poverty Guidelines. The federal poverty guidelines are used for purposes of determining financial eligibility for certain state and federal programs including several programs in state agencies under the Office of Health and Human Services. The 2009/2010 guidelines are as follows.

	Percent of Federal Poverty Level based on Annual Income								
Family Size	100%	125%	133%	150%	175%	180%	185%	200%	250%
1	\$ 10,830	\$13,538	\$14,404	\$16,245	\$18,953	\$19,494	\$20,036	\$21,660	\$27,075
2	14,570	18,213	19,378	21,855	25,498	26,226	26,955	29,140	36,425
3	18,310	22,888	24,352	27,465	32,043	32,958	33,874	36,620	45,775
4	22,050	27,563	29,327	33,075	38,588	39,690	40,793	44,100	55,125
5	25,790	32,238	34,301	38,685	45,133	46,422	47,712	51,580	64,475
6	29,530	36,913	39,275	44,295	51,678	53,154	54,631	59,060	73,825
7	33,270	41,588	44,249	49,905	58,223	59,886	61,550	66,540	83,175
8	37,010	46,263	49,223	55,515	64,768	66,618	68,469	74,020	92,525

For family with more than 8 members, add \$3,740 for each additional member for the 100 percent calculator.

Payroll Shifts from Office of Health and Human Services' Budget. The Department's revised request shifts \$1.1 million in salary and benefit expenses from the Office of Health and Human Services' budget for 22.0 positions that the Office is unable to support because of difficulty obtaining certain federal and restricted receipt sources from other agencies. However, the revised request does not transfer the 22.0 positions to the Department of Human Services' budget. *The Governor recommended funding as requested. The Assembly transferred the 22.0 positions to the Department of Human Services.*

Staffing. The Department's revised request eliminates 1.0 laborer position for savings of \$38,862 from general revenues. *The Governor provided the current staffing level of 954.6 positions. He eliminated the position as requested and added 1.0 programming services director position and \$43,018 for the final six months of the fiscal year. The Assembly provided 919.7 full-time equivalent positions and added 3.0 positions to assist with estate recoveries and 4.0 positions for eligibility determination for the new subsidized employment program. The Assembly eliminated 63.9 positions representing half of the Department's vacancies.*

Other Salaries and Benefits. The Department requested \$4.6 million less than enacted from all sources, including \$2.3 million less from general revenues for all other salaries and benefits. This includes savings of \$4.8 million, a reduction of 8.5 percent from not filling an additional 80 vacant positions. The request includes \$0.1 million more for benefit adjustments consistent with Budget Office instructions.

The Governor recommended \$3.1 million less than requested for other salaries and benefits, including \$1.8 million less from general revenues. This includes \$2.1 million for pay reduction days and \$1.0 million for medical benefit holidays. **The Assembly concurred, with the exception of \$108,380 less from general revenues to adjust for three statewide fringe benefit holidays.**

Medical Assistance

The Caseload Estimating Conference met on November 5, 2009 and based on current law, set the FY 2010 revised medical assistance expenditures at \$1,488.6 million including \$578.6 million from general revenues, which is \$40.9 million more than enacted from all funds and \$16.3 million more from general revenues.

The Governor recommended \$15.2 million less than the November conference estimate and the Department's request, \$8.4 million less from general revenues. He included several proposals reducing medical benefit expenses, each discussed separately. His recommendation is \$25.7 million more than enacted, \$7.8 million more from general revenues. **The Assembly provided \$1,501.9 million from all sources for medical assistance, \$1.4 million less than the conference estimate.**

The following chart itemizes medical assistance expenditures as enacted, estimated by the caseload estimators, recommended by the Governor and enacted by the 2010 Assembly. Each category is discussed separately in sections that follow.

Medical Assistance	FY 2008 Spent	FY 2009 Spent	FY 2010 Enacted	FY 2010 Nov. CEC	FY 2010 Gov. Rec.	FY 2010 May CEC	FY 2010 Final
Hospitals							
Regular Payments	\$ 141.0	\$ 126.8	\$ 100.6	\$ 116.1	\$ 106.5	\$ 123.0	\$ 124.4
DSH Payments	125.4	105.6	121.6	121.7	121.7	121.7	121.7
Total	\$ 266.4	\$ 232.4	\$ 222.3	\$ 237.8	\$ 228.2	\$ 244.7	\$ 246.1
Long Term Care							
Nursing & Hospice Care	\$ 314.5	\$ 286.6	\$ 291.4	\$ 313.2	\$ 311.0	\$ 329.0	\$ 328.0
Home & Community Care	18.3	37.9	67.9	50.5	49.4	54.5	53.4
Total	\$ 332.8	\$ 324.5	\$ 359.3	\$ 363.7	\$ 360.4	\$ 383.5	\$ 381.4
Managed Care							
Rite Care	\$ 428.7	\$ 414.3	\$ 471.5	\$ 465.1	\$ 463.7	\$ 456.8	\$ 456.8
Rite Share	11.0	12.9	14.5	15.7	15.7	15.7	15.7
Fee For Service	101.3	72.5	84.6	87.5	87.5	87.5	87.5
Total	\$ 541.0	\$ 499.7	\$ 570.6	\$ 568.3	\$ 566.9	\$ 560.0	\$ 560.0
Rhody Health	\$ -	\$ 100.9	\$ 148.0	\$ 148.0	\$ 148.0	\$ 154.5	\$ 154.5
Pharmacy	\$ 42.8	\$ 14.6	\$ 11.1	\$ 14.2	\$ 14.0	\$ 11.1	\$ 10.9
Pharmacy Part D Clawback	\$ 40.2	\$ 41.6	\$ 44.7	\$ 44.0	\$ 44.0	\$ 26.0	\$ 26.0
Other Medical Services	\$ 179.3	\$ 149.1	\$ 91.6	\$ 112.6	\$ 112.0	\$ 123.5	\$ 123.1
Federal Funds	\$ 718.5	\$ 800.9	\$ 880.1	\$ 904.2	\$ 897.4	\$ 926.3	\$ 927.9
General Revenues	679.7	557.5	562.3	578.6	570.2	571.2	568.2
Restricted Receipts	4.3	4.4	5.2	5.8	5.8	5.8	5.8
	\$ 1,402.5	\$ 1,362.8	\$ 1,447.7	\$ 1,488.6	\$ 1,473.4	\$ 1,503.3	\$ 1,501.9

Hospitals

The Caseload Estimating Conference estimated hospital expenses at \$237.8 million, \$101.9 million from general revenues. The Department's request is consistent with the caseload estimate. This includes \$116.1 million for direct medical services and \$121.7 million for uncompensated care payments to community hospitals and is \$15.5 million more than enacted.

*The Governor recommended \$228.2 million, including \$96.1 million from general revenues and is \$9.6 million less than the caseload conference and the Department's request. His recommendation is also \$6.0 million more than the enacted budget. He included several proposals to reduce hospital expenses; each is discussed separately. **The Assembly provided \$246.1 million, \$1.4 million more than the conference estimate and \$17.9 million more than the recommended budget.***

Hospitals. The Caseload Estimating Conference estimated revised FY 2010 expenditures at \$116.1 million, of which \$44.2 million is from general revenues for the state's 14 community hospitals. The expenditures, as estimated, are \$15.5 million more than enacted, including \$4.7 million more from general revenues. The conference accounted for expenses associated with the fee-for-service clients shifted into Rhody Health managed care plans. The state pays a capitated rate, but some outstanding fee-for-service costs are still due in FY 2010.

The conference also added back \$5.3 million from all sources to restore unachieved savings for several initiatives assumed in the enacted budget that will not be realized. This includes \$3.3 million from limiting emergency room visits and \$2.0 million from reviewing the cases that appear more frequently in a hospital setting. The Department's request reflects the conference estimate.

*The Governor recommended \$9.6 million less than the estimate and the request, including \$5.8 million less from general revenues. His recommendation is \$5.9 million more than enacted. He included several proposals to reduce hospital expenses, each are listed separately. **The Assembly provided \$124.4 million, which includes an additional \$16.5 million from the May caseload estimate and \$17.9 million more than recommended.***

Hospital High Cost Case Review. The enacted budget assumes savings of \$2.0 million from all sources from monitoring higher cost populations and providing appropriate care. The savings were restored at the November Caseload Conference based on testimony from the Department that the savings related to this proposal could not be achieved. The Department's request reflects the conference estimate. *The Governor assumed that the proposal can be implemented in the current year and included savings of \$2.0 million, \$0.7 million from general revenues. **The Assembly concurred.***

Hospital Reimbursement Rates. The enacted budget assumes savings of \$2.5 million from implementing a new reimbursement system utilizing the diagnostic related group model no later than March 30, 2010. Payments are to be made to hospitals based on diagnoses, procedures and patient age. *The Governor's recommendation included savings of \$2.7 million, including \$1.0 million from general revenues, or 2.3 percent of expenses, from a temporary rate reduction in FY 2010. **The Assembly did not concur with the rate reduction and passed Section 1 of Article 20 of 2010-H 7397, Substitute A, as amended to delay the implementation of the new reimbursement system until July 1, 2010, restoring \$5.0 million, including \$1.8 million from general revenues.***

Emergency Room Visits. The Department reimburses community hospitals on a fee-for-service basis for emergency room visits for its elderly and disabled clients. The reimbursements are based on the diagnosis for individuals whose medical condition does not require hospitalization. The rates are determined based on the severity of patient need ranging from minor medical conditions to life-threatening conditions. *The Governor's budget assumes savings of \$0.5 million from all sources, \$0.2 million from general revenues by monitoring and verifying that the emergency room reimbursements reflect the patient's treatment and condition and higher payments are not being made for less serious diagnoses. **The Assembly concurred.***

Neonatal Intensive Care Rates. The Department reimburses Women and Infants Hospital for all neonatal intensive care days for Medicaid eligible infants based upon agreed rates modified by birth weight. The FY 2010 enacted budget assumes savings of \$1.6 million from a five percent rate reduction

that was effective April 1, 2009. *The Governor assumed savings of \$750,000, including \$270,600 from general revenues from a one-time reduction of five percent for the final two quarters of FY 2010, effective January 1, 2010. The Assembly concurred.*

Disproportionate Share Payments to Hospitals. The Caseload Estimating Conference added \$57,423 for a total of \$121.7 million from all sources of funds for the disproportionate share payments for uncompensated care costs to the hospitals. This includes \$57.7 million from general revenues and \$64.0 million from federal funds and correctly funds the amount available for the uncompensated care payments which was slightly underfunded in the enacted budget. The Department's request reflects the conference estimate.

Funding is provided to Eleanor Slater Hospital and the state's community hospitals through the Department of Human Services. Additional funding for Butler Hospital appears in the budget of the Department of Mental Health, Retardation and Hospitals.

Uncompensated care costs are defined as the sum of the costs incurred by a hospital during the base year for inpatient or outpatient services attributable to charitable care and bad debt for which the patient has no health insurance or third-party liability coverage less payment received directly from patients and costs attributable to Medicaid clients, less Medicaid reimbursements. *The Governor's recommendation was consistent with the caseload estimate and the Department's request. The Assembly concurred.*

FY 2010 Uncompensated Care	FY 2010 Enacted	FY 2010 Gov. Rec.	FY 2010 Final	Change to Gov. Rec.	Change to Enacted
Community Hospitals					
State	\$ 54,307,569	\$ 54,304,873	\$ 54,304,873	\$ -	\$ (2,696)
Federal	60,312,520	60,372,639	60,372,639	-	60,119
Subtotal	\$ 114,620,089	\$ 114,677,512	\$ 114,677,512	\$ -	\$ 57,423
Eleanor Slater Hospital					
State	\$ 3,358,043	\$ 3,358,043	\$ 3,358,043	\$ -	\$ -
Federal	3,667,517	3,667,517	3,667,517	-	-
Subtotal	\$ 7,025,560	\$ 7,025,560	\$ 7,025,560	\$ -	\$ -
Upper Payment Limit					
State	\$ 9,207,253	\$ 9,207,253	\$ 9,207,253	\$ -	\$ -
Federal	16,290,539	16,290,539	16,290,539	-	-
Subtotal	\$ 25,497,792	\$ 25,497,792	\$ 25,497,792	\$ -	\$ -
Unqualified Expenses					
State*	\$ 3,650,000	\$ -	\$ -	\$ -	\$ (3,650,000)
Federal	-	-	-	-	-
Subtotal	\$ 3,650,000	\$ -	\$ -	\$ -	\$ (3,650,000)
Total	\$ 150,793,441	\$ 147,200,864	\$ 147,200,864	\$ -	\$ (3,592,577)

*Shifted payment made to the four community hospitals to FY 2011.

State Only Acute Care Payments. The Caseload Conference estimate includes \$3.65 million for state only payments to be made to four hospitals for additional acute care costs. This includes \$1.6 million for Miriam Hospital, \$0.8 million for Kent Hospital, \$0.75 million for Westerly Hospital and \$0.5 million for South County Hospital. The Department's request reflects the conference estimate.

The Assembly passed Section 2 of Article 19 of 2009-H 5983, Substitute A, as amended and included an outpatient upper payment limit reimbursement totaling \$25.5 million from all funds as well as a \$3.65 million state payment for acute care hospitals for additional uncompensated care costs. *The Governor included Article 7 to eliminate the state payment in FY 2010 and assumed saving of \$3.65 million in his budget. The Assembly did not concur and restored the payment; however, the Assembly included Article 20, Section 2 to make the payment by September 1, 2010, or state fiscal year 2011, which is in the community hospitals' fiscal year 2010.*

Hospital Licensing Fee. The Assembly enacted Section 2 of Article 16 of 2009-H 5983, Substitute A, as amended to set the hospital licensing fee at 5.237 percent of hospitals' net patient services revenue for the year ending January 1, 2008 for FY 2010. The Department's request includes this as enacted. *The Governor's budget assumes the fee as enacted.*

The Assembly included Section 9 of Article 9 of 2010-H 7397, Substitute A, as amended which increased the FY 2010 hospital licensing fee rate from 5.237 to 5.314 with a 2008 base year for additional revenues of \$1.9 million in FY 2010.

FY 2010 Hospital License Fee	FY 2010 Enacted	FY 2010 Gov. Rec.	FY 2010 Final	Change to Gov. Rec.
Revenues				
<i>Base Year</i>	<i>2008</i>	<i>2008</i>	<i>2008</i>	
<i>Tax Rate</i>	<i>5.237%</i>	<i>5.237%</i>	<i>5.314%</i>	
Community Hospital License Fee	\$ 123,094,556	\$ 123,094,556	\$ 124,904,425	\$ 1,809,869
Slater License Fee	5,752,632	5,752,632	5,837,213	84,581
Total	\$ 128,847,188	\$ 128,847,188	\$ 130,741,638	\$ 1,894,450

Long Term Care

Long Term Care. The Caseload Estimating Conference estimated long term care expenses at \$363.7 million, \$131.2 million from general revenues and includes \$313.2 million for nursing facilities and hospice care and \$50.5 million for home and community care. This is \$4.4 million more than included in the enacted budget. *The Governor recommended \$360.4 million from all funds, \$130.0 million from general revenues for long term care costs. This is \$3.3 million less than the conference estimate and \$1.1 million more than enacted. He included several proposals to reduce expenses in the current year; each is discussed separately. The Assembly concurred with the initiatives and provided \$381.4 million from all sources, \$2.1 million less than the caseload estimate, including \$328.0 million for nursing and hospice care and \$53.4 million for home and community care.*

Nursing Facilities and Hospice Care. The Caseload Estimating Conference estimated revised FY 2010 expenditures at \$313.2 million, of which \$113.0 million is general revenues for the state's 85 nursing facilities, \$21.8 million more than enacted, including \$7.9 million more from general revenues. The estimate shifts \$26.3 million in hospice expenses that were incorrectly included in the enacted budget as home and community care expenses to the appropriate nursing facility expenses. Adjusting for the transfer, the estimate is \$4.5 million less than enacted for projected nursing home costs based on up to date expenses. The Department's request reflects the conference estimates.

The Governor recommended \$311.0 million from all funds, \$130.0 million from general revenues, which is \$2.2 million less than the conference estimate and \$19.6 million more than enacted. The Governor included savings of \$0.2 million, \$0.1 million from developing a prior authorization process for hospice services, decreasing the amount paid for hospice services provided in a nursing home setting and reviewing national standards for a patient's placement in hospice care. He included several other proposals to reduce expenses in the current year, each is discussed separately. The Assembly provided \$328.0 million from all funds, \$1.0 million less than the May caseload estimate.

Nursing Facilities Principles of Reimbursement Acuity Rates. The enacted budget assumes savings of \$2.6 million from a change to the reimbursement rate paid to the state's 85 nursing facilities. As of January 15, 2010, the reimbursement rates applied through four separate cost centers, the direct labor cost center, other operating expenses, pass through items, and the fair rental value system, will be adjusted by an acuity rate. The Department of Human Services is required to hold public hearings and to submit a

final implementation plan to both Chairmen of the House and Senate Finance Committees no later than December 1, 2009. *The Governor's recommendation assumed the savings included in the enacted budget.*

The Assembly included Section 6 of Article 20 of 2010-H 7397, Substitute A to clarify the method for applying the nursing home acuity rate adjuster so that no home loses or gains more than 2.2 percent of its existing per diem between July 1, 2010 and October 1, 2011. The article also prevents the Department of Human Services from implementing any incentives, financial or otherwise that would cause a nursing home that would have its funding reduced to apply that loss to its direct labor costs only, as opposed to reducing expenses in other non-nursing or other cost areas.

Nursing Facilities High Cost Case Review. The enacted budget assumes saving of \$2.0 million from all sources, \$0.7 million from general revenues from monitoring higher cost populations and providing appropriate care for nursing home residents. The savings were restored at the November Caseload Conference based on testimony from the Department that the savings related to this proposal could not be achieved. *The Governor included the savings in his recommendation assuming that the savings from this proposal can be achieved in the remaining six months of the fiscal year.* **The Assembly concurred.**

Home and Community Care. The Caseload Estimating Conference included \$50.5 million for home and community care expenses. This includes \$17.4 million less from all funds and shifts \$26.3 million in hospice expenses incorrectly included in the home and community care program in the enacted budget to the nursing facilities program. Adjusting for hospice care, the estimate adds \$8.9 million for up-to-date costs for the home and community care program. The Department's request reflects the conference estimate.

The Governor recommended \$49.4 million, \$1.1 million less than the caseload conference estimate and the Department's request and \$17.8 million less than enacted. He assumed \$0.4 million of savings from two proposals, \$0.2 million from each of the personal choice and habilitation waivers, under the Medicaid global waiver, by reevaluating costs, improving oversight and monitoring, and providing less costly alternatives when appropriate. The Governor subsequently requested an amendment to seek Assembly approval to make these category II changes under the global waiver. The Assembly passed Article 21 of 2010-H 7397, Substitute A, as amended for the waiver changes and provided a total of \$53.4 million from all fund sources.

Selective Contracting – Assisted Living Services. The enacted budget assumes savings of \$0.7 million from using selective contracting agreements for supportive services for those in an assisted living care setting as a component of the rebalancing objectives in the global waiver.

At the November Caseload Conference, the estimators restored the savings based on testimony from the Department that the savings could not be achieved in FY 2010. It should be noted that this proposal was also part of the FY 2009 enacted budget and funding was restored at the following November 2008 Caseload Conference. *The Governor assumed that the savings can be achieved and reduced expenses by \$0.7 million from all sources, \$0.3 million from general revenues from this proposal.* **The Assembly concurred.**

Managed Care

The Caseload Estimating Conference estimated managed care expenses at \$568.3 million, \$2.3 million less than enacted. This includes \$207.9 million from general revenues and \$360.3 million from federal funds. This includes RItE Care expenses at \$465.1 million, RItE Share at \$15.7 million and fee-for-service expenses at \$87.5 million; a discussion of each follows. The Department's request reflects the conference estimate.

*The Governor recommended \$566.9 million from all sources, including \$206.8 million from general revenues, which is \$1.4 million less than the caseload conference and the Department's request. His recommendation is also \$3.7 million less than enacted and he included several proposals to reduce program expenses, each is discussed separately. **The Assembly provided \$560.0 million, consistent with the conference and \$6.9 million less than the recommendation.***

RIte Care. The Caseload Estimating Conference estimated RIte Care expenditures at \$465.1 million including \$182.2 million from general revenues. This is \$8.1 million less than enacted, including \$0.8 million more from general revenues based on a decrease in caseload and updated cost projections. *The Governor recommended \$463.7 million, \$1.4 million less than the conference estimate and the Department's request. He assumed saving from several proposals, each discussed separately. **The Assembly provided \$456.8 million, consistent with the caseload estimate.***

State Only Costs. The caseload estimate includes \$2.7 million in state only expenses for medical benefits provided to certain managed care populations. The estimate includes funding for legal permanent residents who have not met the five-year residency requirement necessary to be eligible for Medicaid.

*The Governor included savings of \$0.6 million from general revenues and assumed the ability to leverage Medicaid for some of the expenses for this population. He assumed that the Department will review its current caseload and update the eligibility status of these individuals to determine which recipients have reached the five year time limit and whose medical expenses can be matched by Medicaid. **The Assembly concurred.***

Third Party Liability. The state is designated as the payer of last resort for medical services. This includes families enrolled in RIte Care who may be eligible for commercial or employer sponsored insurance. If a RIte Care family has access to another form of insurance, they will be enrolled in RIte Share with the state paying any co-payments or deductibles as long as these payments do not exceed the cost of enrolling this population in RIte Care.

*The Governor included savings of \$1.4 million from all sources, \$0.5 million from general revenues and proposed that 1,932 RIte Care individuals may have access to other insurance and can be moved to the RIte Share program. The Governor's proposal assumed the Department can shift these members to RIte Share for the last five months of the fiscal year for monthly savings of \$150 for each member. **The Assembly concurred.***

RIte Share. The Caseload Estimating Conference estimated RIte Share expenditures at \$15.7 million, including \$7.8 million from general revenues. This is \$1.2 million more than enacted, including \$0.4 million more from general revenues.

The RIte Share program allows families who are eligible for medical assistance to remain in their employer based health insurance plan. The state pays the health care premiums and co-payments of RIte Care eligible recipients if the coverage is similar to the cost and services offered through RIte Care.

The Department mandates enrollment in RIte Share as a condition of medical assistance eligibility if a parent has access to an approved comparable employer based health insurance plan. Mandated enrollment is not an eligibility requirement if medical assistance coverage applies only to an individual younger than 19 years of age. *The Governor recommended funding consistent with the caseload estimate. **The Assembly concurred.***

Fee-Based Managed Care. The Caseload Estimating Conference estimated FY 2010 revised fee-based managed care expenditures at \$87.5 million from all sources, of which \$44.4 million is general revenues. The estimate is \$2.8 million more than enacted from all sources of funds, including \$1.0 million more from general revenues for projected expenditures. Fee-based managed care provides additional services to those in the contracted managed care system. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly concurred.**

Rhody Health

Rhody Health. The Caseload Estimating Conference estimated the enacted amount of \$148.0 million from all sources, including \$53.4 million from general revenues for the program for the remainder of FY 2010. The Department indicated that 12,055 individuals are enrolled as of October 1, 2009. In April 2008, the Department began enrolling a portion of the elderly and disabled population into Rhody Health, a managed care plan that replaces the fee-for-service system. The Department's request reflects the conference estimate. *The Governor recommended funding consistent with the November caseload estimate.* **The Assembly provided \$154.5 million, including \$55.7 million from general revenues, consistent with the May caseload estimate.**

Pharmacy

The Caseload Estimating Conference estimated pharmacy expenses at \$58.2 million; this is \$2.4 million more than enacted. This includes direct pharmacy costs and the state's estimated Medicare Part D clawback payment. The Department's request reflects the caseload estimate. Pharmacy costs also include psychotropic medicines for the Department of Mental Health, Retardation and Hospitals' Medicaid eligible behavioral health clients. *The Governor included \$58.0 million for pharmacy costs, \$0.3 million less than the caseload estimate and the Department's request and \$2.2 million more than enacted.* **The Assembly concurred with the Governor's initiatives and provided \$36.9 million for all pharmacy expenditures, \$0.2 million less than the May caseload estimate.**

Pharmacy. The Caseload Estimating Conference estimated FY 2010 pharmacy expenditures at \$14.2 million, of which \$5.1 million is general revenues. This is \$3.1 million more than enacted, including \$1.1 million more from general revenues. The Department's request reflects the conference estimate. Elderly and disabled individuals who are not enrolled in Rhody Health receive this fee-for-service pharmacy benefit. The caseload estimate separates the actual pharmacy costs for fee-for-service clients and the state's payment for the Medicare Part D clawback, discussed below.

The Governor included \$14.0 million for pharmacy costs, \$0.3 million less than the estimate and \$2.9 million more than the enacted budget. He assumed savings of \$0.3 million from establishing a state maximum allowable cost program for generic drugs dispensed to Medicaid beneficiaries receiving prescription drugs through the fee-for-service system. The Governor subsequently requested an amendment to seek Assembly approval to make this category II change under the global waiver. The Assembly provided \$10.9 million, \$3.9 million from general revenues, which is \$0.2 million less than the May caseload estimate. It concurred with the Governor's generic drug program proposal and included Article 21 of 2010-H 7397, Substitute A, as amended to allow the change under the global waiver.

Medicare Drug Benefit-Part D Clawback. The Caseload Estimating Conference estimated the state payment for Medicare Part D clawback provision at \$44.0 million, \$0.7 million less than enacted. The Department's request reflects the conference estimate. On January 1, 2006, full implementation of the federal Medicare Part D drug plan took effect paying for coverage previously not offered through Medicare. The plan provides coverage with a series of deductibles and co-payments based on the recipient's income level. For individuals enrolled in Medicaid, as well as Medicare, commonly referred

to as dual eligibles, the state paid a portion of their drug costs matched by the federal participation rate. The state no longer directly pays for the drug costs; however, the state does pay a portion of the savings to the federal government, or a clawback, which has been calculated based on a nationwide formula. The dual eligibles do not pay any annual deductible, but pay a \$1 co-payment for generic drugs or \$3 co-payment for brand names. *The Governor recommended funding consistent with the November caseload estimate.* **The Assembly provided \$26.0 million from general revenues, consistent with the May caseload estimate.**

Other Medical Services

The Caseload Estimating Conference estimated costs for other medical services which include Part B Medicare premium payments for the dually eligible population and additional payments to dentists, physicians and other practitioners. Similar to the pharmacy payments, a portion of the Department of Mental Health, Retardation and Hospitals' adults with developmental disabilities and behavioral health clients are eligible for other medical services.

Other Medical Services. The Caseload Estimating Conference estimated expenditures for other medical services expenditures at \$112.6 million, which includes \$35.0 million from general revenues. The estimate is \$21.0 million more than the enacted budget, including \$6.7 million more from general revenues. The Department's request reflects the conference estimate.

The conference accounts for remaining expenses associated with the fee-for-service clients that have been shifted into Rhody Health managed care plans. The state pays a capitated rate for their services now, but some outstanding fee-for-service costs are still due in FY 2010. The conference also added \$3.8 million from all funds to backfill unachieved savings for the initiative in the enacted budget that allowed the Department director to make program changes at his discretion. The Department did not make any changes to achieve these savings.

The Governor recommended \$112.0 million, \$34.8 million from general revenues for other medical services. This is \$0.6 million less than the conference estimate and the Department's request. It is also \$20.4 million more than the enacted budget. He included several proposals to reduce expenses; each is discussed separately. **The Assembly concurred with some of the initiatives, as noted below and provided \$123.1 million for all other medical services, \$0.4 million less than the May caseload estimate.**

Tavares Pediatric Center. The November Caseload Conference estimate included \$7.5 million from all sources for payments made to Tavares Pediatric Center. The center is a 30-bed facility licensed as an intermediate care facility providing services to disabled children. *The Governor's recommended budget includes savings of \$0.2 million, \$0.1 million from general revenues from a one-time four percent rate reduction in FY 2010.* **The Assembly concurred.**

Selective Contracting - Durable Medical Equipment. The enacted budget assumes savings of \$0.4 million from implementing a competitive bidding process for the equipment consistent with the selective contracting portion of the global waiver. At the November Caseload Conference, the estimators restored the savings based on testimony from the Department that the savings would not be achieved in FY 2010.

The Governor assumed that the savings can be achieved and he reduced expenses by \$0.4 million from all sources from this proposal, including \$0.2 million from general revenues. The Department has issued the request for proposals and is in the process of awarding the contract. **The Assembly concurred.**

Selective Contracting – Outpatient Services. The enacted budget assumes savings of \$0.4 million from issuing a request for proposals for a sole supplier for each of the following out-patient services: occupational therapy, physical therapy, speech pathology and laboratory services. At the November

Caseload Conference, the estimators restored the savings based on testimony from the Department that the savings would not be achieved in FY 2010. *The Governor concurred.* **The Assembly concurred.**

Medicaid Recovery Estate Liens. The Medicaid Estate Recovery Program is a federal-state program designed to recover Medicaid-funded medical costs from the Estates of Medicaid beneficiaries, including nursing home residents whose costs are covered by Medicaid. A claim may not be filed where the recipient is under the age of 55 or where there is a surviving spouse, a minor child or a blind or disabled child.

The Governor included savings of \$1.3 million from all funds from strengthening the state's ability to recoup the expenses, including placing a lifetime lien on the assets of certain individuals only under very specific circumstances and expanding the state's ability to recover upon the death of an individual. He included Article 21 to seek General Assembly approval to make this category II change under the global waiver and Article 18 to make the necessary statutory changes. He also included \$0.2 million from all funds for a contractual agreement to provide administrative and legal services for the Governor's proposal to expand Medicaid estate lien recoveries as included in Article 18 of his revised budget; this is discussed in the medical assistance administration section of the analysis.

The Assembly did not concur with the expanded definition; however, it did assume savings of \$0.9 million, including \$0.5 million from general revenues from the Department's ability to conduct estate recoveries under current law. The Assembly also provided \$52,000 for 3.0 full-time equivalent positions to achieve these recoveries.

Traumatic Brain Injury Program. The enacted budget does not include funding for the traumatic brain injury program; however, there appears to be residual funding of \$88,384 available from federal funds to the state under the traumatic brain injury program. In FY 2008, the Department spent \$38,395, in FY 2009, the Department spent \$77,962 for this program and no funding was requested beyond FY 2009. *The Governor subsequently requested an amendment to provide expenditure authority for \$88,384 from federal funds carried forward from FY 2009.* **The Assembly concurred.**

Other Medical Adjustments. The enacted budget assumes savings of \$3.8 million from discretionary changes that the director would be allowed to make to the medical benefits program that did not require a statutory change. The November caseload estimate restores the savings based on the Department's testimony that the savings could not be achieved. *The Governor concurred.* **The Assembly concurred.**

Medical Assistance Administration

RItE Care Administration. The Department requested \$4.2 million from all sources of funds for RItE Care administration expenditures, excluding salaries and benefits of \$1.1 million. The request is \$0.6 million less than enacted and includes a ten percent reduction for contracted RItE Care administrative costs, specifically with Allied Computer Services. The Department indicated that the direct staffing portion of the contract will not change, just the administrative component of the contract award. *The Governor recommended funding essentially as requested; however, he included an additional \$7,781 from federal sources to reflect funds available from statewide personnel savings.* **The Assembly concurred.**

RItE Share Administration. The Department requested \$1.4 million, which is \$0.2 million less than enacted from all sources for RItE Share administration expenditures. This reflects a ten percent decrease for contracted services with Allied Computer Services, the program administrator, as part of the statewide operating adjustments included in the working budget. *The Governor recommended funding as requested.* **The Assembly concurred.**

Medical Services Operations. The Department requested \$32.3 million from all sources, or \$0.2 million more than enacted for expenditures related to the operations of the medical benefits program. This excludes salary and benefit expenses and is \$0.6 million less from general revenues. The request includes \$15.1 million for administrative services provided by HP Enterprise (formerly Electronic Data Systems) to maintain and operate the state's Medicaid billing system, \$0.3 million more than enacted.

The Department also reduced its contract with Northrup Grumman by \$2.8 million from all funds, \$1.1 million from general revenues for total funding of \$5.7 million to operate and maintain the InRhodes eligibility system. Of the \$2.8 million in savings, \$0.8 million is for the portion applied to the medical services program. The Department indicated that staff from the Department of Administration's Division of Information Technology will provide technical support.

The request also includes \$1.8 million more from all funds, including \$0.2 million from general revenues for a new advanced planning grant for continued monitoring of the global waiver activities. This is offset by savings of \$0.8 million incorrectly included in the enacted budget for contracted administrative activities with Qualidigm for nursing services.

The Governor recommended funding essentially as requested; however, he included an additional \$119,390 from federal sources to reflect additional funds available from statewide personnel savings. He subsequently requested amendments to add \$2.4 million from federal stimulus funds for a new early intervention grant available to the state through the American Recovery and Reinvestment Act of 2009.

The Assembly concurred.

Office of Rehabilitative Services. The Department requested \$2.8 million more than enacted of which \$38,600 is general revenues to support operations in the Office of Rehabilitative Services. This includes \$3.0 million more from federal funds primarily for medical services for individuals applying for disability benefits through the disability determination unit. It also includes a savings of \$0.2 million from office supplies and other contracted services. The Governor added \$100,612 from federal funds to reflect additional funds available from statewide personnel savings. **The Assembly concurred.**

Cash Assistance Programs

The Caseload Estimating Conference estimated \$117.3 million from all sources, including \$30.2 million from general revenues for cash assistance programs, including Rhode Island Works, child care, state only supplemental security income program payments and general public assistance bridge program benefits. The Department's request is consistent with the caseload estimate.

*The Governor recommended \$116.1 million from all funds, \$1.2 million less than the caseload estimate and the Department's request. The estimate is \$3.7 million less than enacted including \$0.1 million more from general revenues. His proposal to reduce child care costs is discussed separately. **The Assembly provided \$115.0 million, \$0.1 million less than the May caseload estimate.***

The following chart itemizes cash assistance expenditures as enacted, estimated by the caseload estimators, recommended by the Governor and enacted by the FY 2010 Assembly. Each category is discussed separately.

Cash Assistance	FY 2008 Spent	FY 2009 Spent	FY 2010 Enacted	FY 2010 Nov CEC	FY 2010 Gov. Rev.	FY 2010 May CEC	FY 2010 Final
Rhode Island Works							
Persons	26,324	24,389	18,316	18,500	18,500	18,250	18,250
Monthly Cost per Person	\$ 174.85	\$ 177.93	\$ 182.50	\$ 190.00	\$ 190.00	\$ 185.00	\$ 185.00
General Revenue	\$ 17.6	\$ 3.4	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	38.0	54.9	46.3	45.7	45.7	44.0	44.0
Total Costs*	\$ 55.6	\$ 58.3	\$ 46.3	\$ 45.7	\$ 45.7	\$ 44.0	\$ 44.0
Child Care							
Subsidies	8,149	6,833	6,810	6,400	6,400	6,440	6,440
Annual Cost per Subsidy	\$ 7,044	\$ 7,160	\$ 7,350	\$ 7,300	\$ 7,146	\$ 7,170	\$ 7,170
General Revenue	\$ 12.7	\$ 6.5	\$ 6.5	\$ 6.2	\$ 5.7	\$ 6.2	\$ 6.2
Federal Funds	44.4	42.4	43.6	40.5	40.0	40.0	40.0
Total Costs*	\$ 57.1	\$ 48.9	\$ 50.1	\$ 46.7	\$ 45.7	\$ 46.2	\$ 46.2
Child Care Development Block Grant							
Federal Stimulus	\$ -	\$ 0.5	\$ -	\$ -	\$ -	\$ -	\$ -
Total Costs	\$ -	\$ 0.5	\$ -	\$ -	\$ -	\$ -	\$ -
SSI							
Persons	31,625	31,850	32,200	32,000	32,000	32,000	32,000
Monthly Cost per Person	\$ 64.00	\$ 55.22	\$ 46.27	\$ 47.00	\$ 46.56	\$ 47.30	\$ 47.30
Total Costs/General Revenue	\$ 28.0	\$ 25.1	\$ 21.8	\$ 22.1	\$ 21.9	\$ 22.2	\$ 22.0
SSI Transition/Bridge							
Persons	412	440	450	514	514	538	538
Monthly Cost per Person	\$ 87.54	\$ 118.70	\$ 118.50	\$ 118.50	\$ 118.50	\$ 118.83	\$ 118.83
General Revenues	\$ 2.6	\$ 2.4	\$ 1.9	\$ 2.0	\$ 2.0	\$ 2.1	\$ 2.1
Federal Funds	-	0.5	0.9	0.8	0.8	0.7	0.7
Total Costs*	\$ 2.6	\$ 2.9	\$ 2.8	\$ 2.8	\$ 2.8	\$ 2.8	\$ 2.8
General Revenue	59.5	37.3	30.2	30.2	29.6	30.4	30.3
Federal Funds	84.6	97.8	90.8	87.0	86.5	84.7	84.7
Total Cash Assistance*	\$ 144.1	\$ 135.1	\$ 121.0	\$ 117.3	\$ 116.1	\$ 115.1	\$ 115.0

*Expenditures in millions

Rhode Island Works. The Caseload Estimating Conference set program expenditures at \$45.7 million entirely from federal funds. The estimated monthly caseload increases by 184 cases to a level of 18,500. The cost per case is estimated to increase by \$7.50 to a \$190.00 monthly cost per person. The estimated program expenditures are \$0.7 million less than the enacted budget, including \$2.7 million less for transportation expenses, offset by increases to the caseload and costs per case. The Department's request reflects the conference estimates. *The Governor recommended \$45.7 million from federal funds, consistent with the caseload estimate and the Department's request. The Assembly provided \$44.0 million from federal funds, which is consistent with the May caseload estimate. The final number of persons estimated to receive assistance is 18,250 at the monthly cost of \$185.00.*

Maintenance of Effort Requirement. The state is required to spend \$60.4 million from general revenues as part of its maintenance of effort requirement for the \$95.0 million temporary assistance to needy families' block grant.

The state can report any spending for its maintenance of effort requirement as long as it meets one of the four temporary assistance to needy families purposes: assisting needy families so that children can be cared for in their own homes; reducing the dependency of needy parents by promoting job preparation, work and marriage; preventing out-of-wedlock pregnancies; and encouraging the formation and maintenance of two-parent families. The state uses the circuit breaker program, earned income tax credit, administrative expenses through the Department of Human Services, and services provided through the Department of Children, Youth and Families and the Department of Labor and Training. *The Governor's budget assumes that the state meets its maintenance of effort requirement for the block grant funding. The Assembly concurred.*

Emergency TANF Funding. The state is eligible to receive up to \$47.5 million in new federal Emergency Temporary Assistance to Needy Families Contingency Funds to implement a new subsidized employment program. This is a conjoined effort between the Departments of Human Services, Labor and Training, and Revenue. *The Governor requested an amendment to include \$18.1 million in the Department of Human Services, including \$18.0 million for the disbursement of subsidized wages to participating employers and other short term activities and \$0.1 million for 4.0 time-limited positions discussed in the staffing section of this analysis.* **The Assembly concurred.**

Child Care. The Caseload Estimating Conference set caseload child care expenditures at \$46.7 million, of which \$6.2 million is from general revenues. This is \$3.3 million less than enacted, including \$0.3 million less from general revenues and reflects 410 fewer child care slots for a monthly level of 6,400. The estimators decreased the annual cost by \$50 to \$7,300 for the remainder of FY 2010.

The Governor recommended \$45.7 million from all sources for child care services, \$1.0 million less than the caseload estimate and the Department's request. He included a proposal to reduce child care rates, which is discussed separately. **The Assembly provided \$46.2 million, including \$6.2 million from general revenues, for child care consistent with the May caseload estimate, which increased the number of subsidies by 40 to 6,440. The annual cost per slot is projected to increase from the November estimate by \$24 to \$7,170. The Assembly did not concur with the rate reduction.**

Child Care Provider Rates. The state pays child care providers serving state subsidized clients the average of the 2002 and 2004 market rate surveys; the rates are established in statute. *The Governor included savings of \$1.0 million, \$0.5 million from general revenues from reducing child care rates by five percent. He included Article 5 for this proposal. The Governor subsequently requested an amendment on January 5, 2010 to sunset the rate reduction on September 30, 2010.* **The Assembly did not concur with the rate reduction and restored the funding.**

Supplemental Security Income. The Caseload Estimating Conference estimated FY 2010 direct supplemental security income expenditures at \$22.1 million from general revenues, or \$0.3 million more than enacted. The caseload decreased by 200 persons to a monthly level of 32,000. Estimators also increased the monthly cost per person by \$0.73 to \$47.00. The Department's request reflects the conference estimates. The state chooses to supplement the federal program and transfers its funds to the federal government so the recipient receives one check.

The state pays transaction fees for the service, which totals \$4.0 million for FY 2010. The 2009 Assembly included legislation to have the Department of Mental Health, Retardation and Hospitals make the state's portion of the monthly payment directly to its clients. The enacted budget assumes savings of \$0.3 million from the state no longer paying a monthly transaction fee to the federal government for this population. The November Caseload Conference added back \$0.3 million for the transaction fees since no action to make this change has occurred. The Caseload Conference recognized total expenditures of \$22.1 million, of which \$21.0 million appears in the Department of Human Services' budget and \$1.1 million in the Department of Mental Health, Retardation and Hospitals' budget.

The Governor recommended \$21.9 million for the program, \$0.2 million less than the caseload conference. He included savings from one proposal that is discussed separately. **The Assembly provided \$22.0 million, \$0.2 million less than the May caseload estimate.**

The following chart includes the separate categories and monthly payments.

Category	State	Federal	Total
Individual Living Alone	\$ 39.92	\$ 674.00	\$ 713.92
Couple Living Alone	79.38	1,011.00	1,090.38
Individual Living with Others	51.92	449.34	501.26
Couple Living with Others	97.30	674.00	771.30
Resident in State Licensed Supportive Residential Care	300.00	674.00	974.00
Resident in Assisted Living	538.00	674.00	1,212.00
Supplement	20.00	30.00	50.00

Supplemental Security Income Transfer. The Department's request transfers \$1.1 million in direct supplemental security income payments for adults with developmental disabilities who receive residential services from the Department of Mental Health, Retardation and Hospitals to the Department of Human Services' budget. This reverses the action taken by the 2009 Assembly to have the Department of Mental Health, Retardation and Hospitals make the state's portion of the monthly payment directly to its clients. *The Governor recommended funding as requested. The Assembly concurred.*

Supplemental Security Income Residential Payment. The enacted budget assumes general revenue savings of \$0.2 million from a new category for individuals living in state licensed residential care settings. The individuals will receive a state payment of \$300, \$238 less than the current state payment if they remained in a licensed assisted living facility. The payment is made to the individuals receiving their monthly expenses in the residential care facilities; the federal payment will remain the same. This proposal is consistent with the Medicaid global waiver and anticipates that the licensed residential care setting will become Medicaid eligible sites. The sites will be able to leverage Medicaid for any medical services provided which is anticipated to offset any loss in the monthly income payment.

At the November Caseload Estimating Conference, the Department reported that the changes needed to implement this proposal would be in place by January 1, 2010; however, maintained that it would not realize the savings included in the enacted budget. The November estimate, however, maintained that the savings could be achieved and did not restore the funding. *The Governor assumed savings of \$0.2 million for this proposal, which appears to double count the savings. The Assembly continued to assume savings of \$0.2 million from these changes and restored \$0.2 million from general revenues at the May conference.*

Supplemental Security Income Transition/Bridge Program. The Caseload Estimating Conference estimated expenditures for the supplemental security income transition/bridge program at \$2.8 million from all sources, or \$0.1 million more than enacted. This increases the projected number of persons by 64 for a level of 514. The estimators maintained the monthly cost per person at \$118.50. The Department's request reflects the conference estimate. The program is for individuals eligible for Medicaid who maintain active applications for supplemental security income. *The Governor recommended funding consistent with the caseload conference. The Assembly concurred.*

Cash Assistance Administration

Rhode Island Works Program Administration. The Department requested \$0.8 million less for Rhode Island Works program administration expenses, including \$0.7 million less from general revenues and excludes salary and benefit expenses, for total funding of \$11.3 million from all sources. The Department reduced its contract with Northrup Grumman by \$2.8 million from all funds, \$1.1 million from general revenues for total funding of \$5.7 million to operate and maintain the InRhodes eligibility system. Of the \$2.8 million in savings, \$0.7 million is for the portion applied to the Rhode Island Works program. The Department indicated that staff from the Department of Administration's Division of Information

Technology will provide technical support. The request also shifts \$0.6 million in general revenue expenses to federal funds carried forward from FY 2009.

Grant expenditures include \$5.9 million for training and work activities for program recipients. Operating expenses total \$2.7 million including \$1.3 million for rental costs for the satellite offices, \$0.9 million for office expenses. This also includes \$0.5 million for other expenses including \$0.1 million for the monthly fee to charge the electronic benefit cards for the Rhode Island Works recipients.

*The Governor recommended \$84,370 more than requested, including \$17,562 less from general revenues for rental and lease expenses and an additional \$101,932 to reflect federal sources that may become available from the reduction to statewide personnel costs. **The Assembly concurred.***

Child Care Administration. The Department requested \$2.3 million for child care administration expenditures excluding salary and benefit costs totaling \$1.3 million. This is \$0.5 million more than enacted, including \$0.1 million less from general revenues and \$0.6 million more from federal funds. The Department reduced its contract with Northrup Grumman by \$2.8 million from all funds, \$1.1 million from general revenues for total funding of \$5.7 million to operate and maintain the InRhodes eligibility system. Of the \$2.8 million in savings, \$0.3 million is for the portion applied to the child care program. The Department indicated that staff from the Department of Administration's Division of Information Technology will provide technical support. The request also includes \$0.7 million in unspent federal stimulus funds available for FY 2010 to support child care quality expansion programs. *The Governor added \$4,927 to reflect federal sources that may become available from the reduction to statewide personnel costs. **The Assembly concurred.***

Veterans' Affairs

Veterans' Home Operations. Excluding salaries and benefits, the Department requested \$64,248 less than enacted, including \$0.2 million less from general revenues for operating costs at the Veterans' Home. This includes \$0.2 million less for pharmaceutical and other medical expenses with adjustments for other operating costs. *The Governor added \$84,855 to reflect federal sources that may become available from the reduction to statewide personnel costs. **The Assembly concurred.***

Veterans' Home Capital Projects. The Department requested \$1.3 million, or \$0.3 million less than enacted, for capital projects at the Veterans' Home. This includes \$0.5 million more from federal funds and \$0.8 million less from restricted receipts. *The Governor recommended funding as requested. **The Assembly concurred.***

Veterans' Cemetery. The Department requested \$0.2 million more from federal funds for the final payments for the development of the Master Plan and the first phase of construction of several projects included in the plan. *The Governor recommended funding as requested. **The Assembly concurred.***

Other Programs

Child Support Enforcement Program. Excluding salaries and benefits, the Department requested \$5.7 million, \$0.1 million more than enacted for operating expenses of the child support enforcement program. This includes \$10,983 less from general revenues. The Department reduced its contract with Northrup Grumman by \$2.8 million from all funds, \$1.1 million from general revenues for total funding of \$5.7 million to operate and maintain the InRhodes eligibility system. Of the \$2.8 million in savings, \$0.3 million is for the portion applied to the child support enforcement program. The Department indicated that staff from the Department of Administration's Division of Information Technology will provide technical support. The Department also increased operating expenses by \$0.3 million.

The revised request includes \$0.2 million from a new federal grant, Project Restore, which provides education and other services to non-custodial parents who have historically paid their child support obligations, but due to job loss and foreclosure, can no longer do so. This project will also provide services to custodial parents who have been negatively impacted by the non-custodial parent's job loss. *The Governor added \$35,477 to reflect federal sources that may become available from the reduction to statewide personnel costs.* **The Assembly concurred.**

Food and Nutrition Services Transfer. The 2009 Assembly enacted legislation to shift the responsibility of administering food and nutrition services, including the supplemental nutrition assistance program from the Department of Human Services and the Women, Infants and Children's program from the Department of Health to the Office of Health and Human Services by March 1, 2010. The Department's request does not reflect a shift of expenditures or staff. *The Governor included Article 6 to delay the transfer of the program until October 2010.* **The Assembly concurred and passed Sections 1 through 3 of Article 7 of 2010-H 7397, Substitute A, as amended for the transfer.**

Supplemental Nutrition Assistance Program. The Department requested \$197.3 million from all sources of funds for expenditures related to the supplemental nutrition assistance program, formerly called the food stamp program, excluding salary and benefit costs, which total \$9.8 million. The request is \$60.3 million more than enacted, primarily from federal funds. Program expenditures are budgeted at \$190.3 million or \$60.5 million more than enacted. The Department's request reflects actual and anticipated increases in utilization.

The Department reduced its contract with Northrup Grumman by \$2.8 million from all funds, \$1.1 million from general revenues for total funding of \$5.7 million to operate and maintain the InRhodes eligibility system. Of the \$2.8 million in savings, \$0.7 million is for the portion applied to the supplemental nutrition assistance program. The Department indicated that staff from the Department of Administration's Division of Information Technology will provide technical support. The request also includes \$0.3 million more for the electronic benefit cards and adjustments to various program operating costs. *The Governor added \$64,351 to reflect federal sources that may become available from the reduction to statewide personnel costs. He subsequently requested an amendment to add \$185,000 from federal stimulus funds for the emergency food assistance program.* **The Assembly concurred.**

Special Education. The Department's request includes the enacted level of \$25.2 million from federal sources for the federal portion of special education expenditures. The state match is provided by the local school districts. *The Governor recommended funding as requested.* **The Assembly concurred.**

Paratransit Services for the Elderly. The Department requested the enacted level of \$7.7 million from all sources for elderly transportation services. This includes \$4.4 million from the Department's one-cent share of the gas tax. *The Governor recommended \$0.3 million less than requested for the Department's one-cent share of the gas tax based on an estimate from the state Budget Officer and the Office of Revenue Analysis of a per penny yield of \$4.1 million for the remainder of FY 2010. He subsequently requested an amendment to restore \$127,962 to reflect revised gas tax revenue estimates.* **The Assembly concurred.**

Community Services Block Grant. The Department requested \$8.5 million from federal funds, \$0.9 million more than enacted for the community services block grant. This includes \$1.0 million more from stimulus funding that was carried forward from FY 2009 and \$0.2 million less for administrative expenses. Funding is awarded to the state's nine community action agencies. *The Governor recommended funding as requested. He subsequently requested an amendment to add \$63,137 more from newly available federal funds in FY 2010 for administration expenses.* **The Assembly did not concur since the funds will not be spent in FY 2010 and added the funding in FY 2011 instead.**

Individual and Family Support Other State Operations. The Department requested \$1.0 million more than enacted for total funding of \$7.2 million for all other expenditures in the individual and family support program. The request is \$37,127 more from general revenues. It includes \$0.3 million more for services to the blind and visually impaired, \$0.2 million more for the independent living program, and \$0.1 million more for family violence prevention. The request includes \$0.2 million more from federal funds the Department received for providing supportive services to disabled clients. *The Governor added \$18,722 from federal funds to reflect sources that may become available from the reduction to statewide personnel costs.* **The Assembly concurred.**

Community Service Grants. The Department requested the enacted level of \$2.7 million from general revenues for 90 community service grants. *The Governor recommended funding as requested.* **The Assembly eliminated the Project Smile community service grant for general revenue savings of \$7,500. The grant has not been claimed in the last several years.**

Central Management Other State Operations. The Department requested \$2,849 less from all funds for all other state operations in central management, excluding salaries and benefits for total revised funding of \$5.4 million. The request includes \$1.2 million for the community health centers, \$0.8 million for Head Start programs and \$360,000 for Crossroads. *The Governor added \$6,762 to reflect federal sources that may become available from the reduction to statewide personnel costs.* **The Assembly concurred.**

Capital – Blind Vending Facilities. The Department requested \$125,000 from Rhode Island Capital Plan funds for the ongoing construction and renovation of statewide vending facilities, consistent with the enacted budget. *The Governor recommended \$50,000 less than requested.* **The Assembly concurred.**

Legislation

2010-H 7397, Substitute A, as amended contains legislation that affects implementation and operation for many of the Department's programs. These are included as articles in the FY 2011 Appropriations Act and are summarized below.

Article 7, Sections 1, 2, and 3, Women, Infants and Children Transfer. The Governor recommended delaying the transfer of food and nutrition services from the Department of Health to the Department Human Services until October 1, 2010. The Assembly concurred.

Article 9, Section 9, Hospital License Fee. The Assembly included legislation to increase the hospital licensing fee in FY 2011 from a rate of 5.273 to 5.314 for FY 2010 at a 2008 base year.

Article 20, Medical Assistance, Section 1, Selective Contracting and Hospital Payments. The Assembly included legislation that delays the implementation of the diagnosis related group reimbursement method from March 30, 2010 to July 1, 2010.

Article 20, Medical Assistance, Section 2, Community Hospitals Acute Care Payments. The Assembly passed legislation to provide for a \$3.65 million state only payment to be made no later than September 1, 2010 to four community hospitals for acute care expenses to include \$1.6 million for Miriam Hospital, \$0.8 million for Kent Hospital, \$0.75 million for Westerly Hospital and \$0.5 million for South County Hospital, or the community hospitals' fiscal year 2010.

Article 20, Medical Assistance, Section 6, Nursing Home Acuity Reimbursement Rates. The Assembly included language that clarified the method for applying the nursing home acuity rate adjuster so that no home loses or gains more than 2.2 percent of its existing per diem between July 1, 2010 and October 1,

2011. This section also prevents any incentives that would lose funding to apply the reduction to its direct labor costs.

Article 21, Medicaid Reform Resolution. The Governor proposed legislation included in a resolution to notify the Assembly and seek approval to make eight changes to the Medicaid global waiver, including five for programs through the Department of Mental Health, Retardation and Hospitals and three for programs through the Department of Human Services. The changes affect services provided through the long-term care and community systems for elderly and adults with developmental disabilities, medical benefits through the managed care plans, pharmacy costs through the fee-for-service system and programs provided to adults with behavioral health issues. These changes are considered category II and assumes requiring statutory changes or changes to the state's rules and regulations. The Assembly concurred, but did not include the requested language regarding estate recoveries.

Department of Mental Health, Retardation and Hospitals*

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Program				
Central Management	\$ 974,136	\$ 1,166,740	\$ 1,108,491	\$ 1,828,900
Hosp. & Comm. System Support	3,240,876	6,703,300	6,267,551	4,127,895
Services for the Dev. Disabled	253,024,050	230,019,017	243,315,029	241,453,403
Integrated Mental Health Services	79,348,971	82,378,778	78,603,291	77,831,908
Hospital & Comm Rehab. Services	100,418,164	109,871,191	97,798,151	95,422,997
Substance Abuse	29,585,286	32,734,705	33,678,157	32,600,578
Total	\$ 466,591,483	\$ 462,873,731	\$ 460,770,670	\$ 453,265,681
Expenditures by Category				
Salaries and Benefits	\$ 119,452,227	\$ 126,581,534	\$ 115,911,357	\$ 112,301,474
Contracted Services	827,181	1,205,922	1,201,875	1,147,375
Subtotal	\$ 120,279,408	\$ 127,787,456	\$ 117,113,232	\$ 113,448,849
Other State Operations	16,687,847	17,398,623	15,487,495	15,467,495
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	325,962,858	303,277,282	316,517,974	315,340,564
Capital	574,889	13,924,760	11,651,969	9,008,773
Capital Debt Service	-	-	-	-
Operating Transfers	3,086,481	485,610	-	-
Total	\$ 466,591,483	\$ 462,873,731	\$ 460,770,670	\$ 453,265,681
Sources of Funds				
General Revenue	\$ 184,060,033	\$ 166,015,780	\$ 168,095,607	\$ 162,144,955
Federal Aid	273,867,200	280,058,238	278,567,342	275,389,826
Restricted Receipts	4,695,837	5,203,044	4,504,330	8,690,705
Other	3,968,413	11,596,669	9,603,391	7,040,195
Total	\$ 466,591,483	\$ 462,873,731	\$ 460,770,670	\$ 453,265,681
FTE Authorization	1,352.4	1,398.4	1,396.2	1,294.0
FTE Average	1,241.2			

**The Assembly passed legislation to change the name to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.*

FY 2010 Revised Request. The Department requested \$12.7 million less than enacted including \$1.1 million less from general revenues, \$7.5 million less from federal funds, \$0.7 million less from restricted receipts and \$3.4 million less from Rhode Island Capital Plan funds. It included 2.2 fewer positions.

The general revenue request is \$2.6 million more than the “working budget” of \$162.4 million. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended \$10.6 million more than requested from all sources, including \$2.1 million more from general revenues. This includes additional funding for services provided for adults with developmental disabilities. The recommendation is \$5.7 million more than the working budget. He also included 2.2 fewer positions as requested.

The Assembly reduced recommended expenses by \$7.5 million, including \$6.0 million less from general revenues, \$3.2 million less from federal funds, \$2.6 million less from Rhode Island Capital Plan funds offset by \$4.2 million more from restricted receipts. The Assembly also reduced the staffing authorization by 102.2 positions to reflect elimination of half the vacant positions.

The Assembly passed 2010-H 7378 to change the Department's name to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.

Developmental Disabilities Programs. The Department's request includes \$226.6 million from all sources, \$79.8 million from general revenues for the program to support adults with developmental disabilities. Funding is provided through the Medicaid global waiver for adults with developmental disabilities and supports community based residential support programs in the state-run system which is comprised of 36 homes, has a capacity to hold 262 patients, or 13.0 percent of the caseload. Three of the 36 homes are considered nursing facilities or special care facilities, since the homes allow and accommodate 24-hour care for special care patients. The private provider system is comprised of 339 homes, has a capacity to offer residential supports to 1,741 clients, and represents 87.0 percent of the residential caseload. In addition to the residential support, the state also provides funding for day programming, supported employment activities and family support services through a Medicaid waiver.

The Governor recommended \$243.3 million from all sources, \$16.7 million more than requested for privately provided services, including \$6.0 million more from general revenues. The items are explained in the changes below. The Assembly provided \$241.5 million, \$1.9 million less than recommended, including \$0.4 million less from general revenues.

Developmental Disabilities Medicaid Waiver Support Programs. The Department requested \$0.2 million less for the residential, day and family support programs including \$0.8 million less in the state-run system and \$0.6 million more for the privately operated system. The FY 2010 enacted budget restored \$15.8 million of assumed savings from implementation of the global waiver, leaving \$17.1 million to be achieved in the current year.

The Department requested \$0.6 million in additional funding for updated costs and caseload projections for residential and day services provided through the privately run system and assumed additional federal funds by adjusting the federal match rate. The revised request does not restore any of the global waiver savings nor does it identify how the Department will achieve these savings. The Department assumed a slight caseload increase from individuals who are eligible for day programming services through the Medicaid rehabilitation option now being eligible for the same services through the global waiver based on a reassessment of their disabilities.

The \$0.8 million adjustment requested for the state operated program includes savings of \$3.2 million in salaries and benefits, primarily for state employees who staff the group homes. This includes \$2.6 million less from staff vacancies and \$0.6 million less from other benefit adjustments. The personnel savings is offset by \$1.9 million in additional overtime costs to continue providing the necessary staffing for the community residences in the state run program. The request also includes \$0.2 million less for various maintenance and building repairs.

The Governor recommended \$16.6 million more than requested from all sources for the privately operated services to restore the unachieved savings, including \$6.0 million from general revenues. He

assumed that the Department will be able to achieve only \$0.5 million of savings included in the enacted budget.

The Governor also recommended \$0.8 million less than requested for the state-run system from adjusting for the three medical benefit holidays and eight pay reduction days. He also added \$0.4 million to reflect federal sources that may become available from the reduction to statewide personnel costs. This appears to be incorrect since the federal funds are Medicaid, and any Medicaid expenses need to be matched by general revenues.

*The Governor also assumed general revenue savings of \$51,775 from increasing the census in the Rhode Island Community Living and Supports program and leveraging Medicaid for two new patients without increasing staffing in the group homes. It appears that if clients were new to the system they may also require day programming services which are not accounted for in the calculation. This also appears to contradict the Department's efforts to consolidate vacancies within the state run group homes. **The Assembly reduced expenses in the state-run system by \$1.0 million, \$0.4 million for additional turnover and \$28,430 from a reduced statewide assessed fringe benefit rate.***

Developmental Disabilities Day Programs-Rehabilitation Option. The Department requested \$1.0 million less for day programming services provided through the Medicaid rehabilitation option, which allows the state to provide services to individuals who are Medicaid eligible but do not meet the criteria for these services through the primary developmental disabilities waiver. This is \$1.0 million less from all funds, including \$0.2 million less from general revenues to reflect current caseloads. The Department assumed that some clients will now be eligible for the same services through the Medicaid global waiver based on a reassessment of their disabilities. *The Governor added \$309 from federal funds to the request. **The Assembly concurred.***

Other Developmental Disabilities Programs. The Department requested \$5.0 million for other services provided to clients in the developmental disabilities system that are not eligible for either the home and community based Medicaid program or services through the rehabilitation option. This is \$0.3 million less than enacted; however, adds \$0.4 million from general revenues to backfill Medicaid funds included in the enacted budget that cannot be realized. The request includes general revenue funding of \$2.6 million for salaries and benefits and \$0.2 million for operating expenses to support the program's administrative costs. The request also includes \$2.3 million for day programming and other community based services.

The Department assumed that, through the global waiver, it could receive Medicaid for these services but it has since been determined that a portion of the funds cannot be leveraged because some of the clients receiving the day services have annual incomes above the threshold of \$30,630 that is allowed under the global waiver in order to receive Medicaid reimbursement. *The Governor recommended \$124,114 less than requested from general revenues for the three medical benefit holidays and eight pay reduction days. He included the requested funding for day programming and other community based services. **The Assembly concurred.***

Supplemental Security Income Payments. The Department's revised request transferred \$1.1 million in direct supplemental security income payments for its clients who receive residential services to the Department of Human Services' budget. This reverses the action taken by the 2009 Assembly to have the Department of Mental Health, Retardation and Hospitals make the state's portion of monthly payments directly to its clients. This action was taken to avoid paying the monthly transaction fee but the Department of Human Services did not make the necessary changes. The Department of Human Services' request also includes the transfer. *The Governor recommended funding as requested and included the change in the Department of Human Services' budget. **The Assembly concurred.***

State Operated System Client Revenue. The enacted budget included \$2.0 million from restricted receipts to reflect the \$713.92 monthly supplemental security income payments made to clients in the state run developmental disabilities system supporting their living costs, such as rent, food, utilities and other daily living expenses. The Department decreased this by \$0.8 million to accurately reflect the payments. The request corrected the enacted budget, which appears to have included a higher expenditure authority than was necessary for this population. *The Governor recommended funding as requested.* **The Assembly concurred.**

Community Mental Health Services-Rehabilitation Option. The Department requested essentially the enacted level of \$66.6 million for mental health services provided through the Medicaid rehabilitation option, which allows the state to provide mental health treatment services that are otherwise eligible under Medicaid. This includes \$44.0 million from federal Medicaid funds and \$22.6 million from general revenues. The services are reimbursed at a higher Medicaid rate than was included in the American Recovery and Reinvestment Act of 2009.

The Department overstated the Medicaid rate for the community based treatment services in its initial FY 2010 request and the Governor's recommended budget made an adjustment for the enhanced Medicaid match for expenses based on the Department's overstated rate. Instead of the 63.92 percent enhanced Medicaid rate, the enacted budget includes 66.12 percent. The Department's FY 2010 revised request did not correct for this error. The request is \$2.1 million more than the final costs for FY 2009 and \$1.4 million more than FY 2008 final expenses.

The Governor reduced program expenses by \$4.0 million by reducing federal funds to reflect only those Medicaid funds that can be matched by the general revenues included in the Department's request. He did not identify what actions the Department should take to reduce program costs. **The Assembly concurred.**

Substance Abuse Treatment Services-Medicaid Rehabilitation Option. The Department requested essentially the enacted level of \$5.4 million from all sources for substance abuse services provided through the Medicaid rehabilitation option, which allows the state to provide mental health treatment services that are otherwise eligible under Medicaid. This includes \$3.8 million from federal Medicaid funds and \$1.6 million from general revenues. The services are reimbursed at the higher Medicaid rate than was included in the American Recovery and Reinvestment Act of 2009.

The Department overstated the Medicaid rate for the community based treatment services in its initial FY 2010 request and the Governor's recommended budget made an adjustment for the enhanced Medicaid match for expenses based on the Department's overstated rate. Instead of applying a 63.92 percent enhanced Medicaid rate, the enacted budget includes an incorrect Medicaid rate of 70.89. The Department's request did not correct for this error. *The Governor recommended reducing program expenses by \$1.0 million. He reduced federal funds to leverage only Medicaid funds that can be matched by the general revenues included in the Department's request. He did not identify what actions the Department should take to reduce program costs.* **The Assembly concurred.**

Inpatient Psychiatric Hospitalization-Pool I. The Department's revised request eliminated the enacted level of \$2.6 million from all sources for inpatient psychiatric services through the uncompensated care Pool I funding that the state receives to support psychiatric hospitalization. The Department indicated that since there is an increase in the use of less expensive community placements, it cannot use the uncompensated care funding. The Department contracts for mental health treatment services and under its previous agreement, the federal funds were used to reimburse the state for inpatient treatment services at Butler Hospital. The Department is increasing its community based, non-hospital treatment options, and the current contract does not allow the Department to access the federal uncompensated care funds.

The excess funding will revert to the uncompensated care pool that is included in the Department of Human Services' budget and may be used to support expenses at the community hospitals. State funding would need to be added to the Department of Human Services' budget to match the federal payments. *The Governor recommended funding as requested. The Governor did not add the federal resources available from the Pool I fund to the Department of Human Services' budget. The Assembly concurred.*

Other Community Mental Health Treatment Programs. The Department requested \$2.1 million more from all funds for community mental health treatment programs for more total funding of \$6.6 million. This includes \$1.4 million more from general revenues and \$0.6 million more from federal funds. It also assumes the Department shifts general revenues that are no longer needed to match the federal uncompensated care funding since the Department cannot leverage these funds under its current contract with the Stanley Street Treatment and Resources (SSTAR). The new contract emphasizes community based, less intensive treatment services, not in-patient hospitalization which is eligible for the federal uncompensated reimbursement payment. The Department continues to assume the ability to leverage Medicaid through the global waiver.

The Governor provided \$7.2 million from all sources and assumed an additional \$0.7 million can be leveraged through the global waiver above the \$3.0 million included in the enacted budget for community treatment services that were previously state only. His recommendation leaves \$0.2 million in general revenues for services that cannot be matched by Medicaid. The Assembly concurred.

Community Medical Assistance Program Drug Expenses. The Department requested \$0.7 million less from all funds, \$0.5 million less from general revenues for community medical assistance program drug expenses based on updated costs. The revised request totals \$2.8 million and is \$0.5 million more than FY 2009 final expenses and \$0.2 million more than expenses for FY 2008. *The Governor recommended funding as requested. The Assembly further reduced drug expenses by \$0.3 million, \$0.1 million from general revenues to reflect updated projections.*

Substance Abuse Capacity Beds. The Department included the enacted level of \$1.0 million from general revenues for the transition from the prison to community program expanding the number of substance abuse beds for prisoners recently paroled but remain incarcerated from a lack of treatment beds. As of December 2009, there have been 430 assessments, 328 admissions with 197 completing treatment, 37 currently enrolled, 94 leaving the program and 102 waiting who are either waiting for placement, have sought alternative programming or have refused to enroll. *The Governor recommended funding as requested. The Assembly concurred.*

Other Substance Abuse Treatment Services. The Department requested \$1.0 million more from all funds for a total of \$10.5 million for other substance abuse treatment services. This is \$0.9 million more from federal funds and \$0.1 million more from general revenues. The Department increased expenses based on a projected caseload increase and also assumed the continued use of Medicaid funds available through the global waiver. *The Governor added \$2,119 from federal funds to the request. The Assembly concurred.*

Indirect Cost Recovery Rate for Federal Grants. Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, though the application of a negotiated indirect cost rate. The Departments of Health, Elementary and Secondary Education and Environmental Management take advantage of this allowance to lower state general revenue costs. Current law mandates that all state agencies shall apply for the rate when it is allowed under the particular federal grant. The Department of Mental Health, Retardation and Hospitals did not have an approved indirect cost rate for its federal grants. *The Governor's recommendation also did not include an approved indirect rate.*

The Assembly included general revenue savings of \$1.0 million assuming an indirect rate of not less than 5.0 percent on federal grants from the Department complying with current law and applying

for and receiving a negotiated indirect rate. The Assembly shifted general revenue expenditures to indirect recovery restricted receipts and reduced federal funds accordingly.

Substance Abuse Block Grant. The Department requested \$0.9 million less from federal funds for total expenses of \$6.7 million to be awarded through the substance abuse block grant. The request reflects the availability of funding based on the award. The Department indicated that there will be continued support for community agencies through the access to recovery grant noted below. *The Governor recommended funding as requested.* **The Assembly reduced recommended federal funds by \$0.3 million from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Mental Health Services Block Grant. The Department requested the enacted level of \$1.4 million from federal funds from the mental health services block grant. Funding is used to support community based mental health treatment services. *The Governor recommended funding as requested.* **The Assembly reduced recommended federal funds by \$0.1 million from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Access to Recovery Grant. The Department requested \$2.1 million more than enacted for total federal funding of \$4.8 million from the access to recovery grant to reflect funds carried forward from FY 2009. The program is a voucher based system to expand treatment opportunities for recently released prisoners, juveniles released from the training school and parents and guardians involved with the Department of Children, Youth and Families who meet the substance abuse treatment income limits of at or below 200 percent of the federal poverty level. *The Governor recommended funding as requested.* **The Assembly reduced recommended federal funds by \$0.2 million from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

New Mental Health Federal Grants. The Department requested \$0.8 million from newly awarded federal funds, including treatment services for veterans and prisoners as well as disaster preparedness activities. *The Governor recommended funding as requested.* **The Assembly reduced recommended federal funds by \$0.1 million from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Hospital Census. The state hospital is a 495 bed licensed facility comprised of two-campus: the main Pastore Campus in Cranston and the Zambarano unit in Burrillville. The revised budget is based on a census of 279 patients. *The Governor assumed general revenue savings of \$0.9 million from increasing the census by 14 patients without increasing staffing. This will allow the Department to receive Medicaid reimbursements for 14 hospital beds that were empty, which Medicaid does not pay for.* **The Assembly concurred.**

Hospital Licensing Fee. The enacted budget included \$5.6 million from all sources to pay the 5.237 percent fee assessed on state and community hospitals' gross patient services revenue, including \$2.3 million from general revenues. The Department added \$0.4 million in state funds and reduced the federal portion by the same amount. Since the enacted budget includes the allowable federal match at the correct rate, it appears that this request is in error. *The Governor recommended funding consistent with the enacted budget.* **The Assembly included Section 9 of Article 9 of 2010-H 7397, Substitute A, as amended to increase the licensing fee to 5.314 percent and added \$84,851 for the state payment, \$30,525 from general revenues.**

Medicare and Other Third Party Payments. The Department receives payment from Medicare and other third party payors for patient costs at the state hospital. The receipts are deposited as revenues. *The Governor included Article 10 of 2010-H 7105 to create two new restricted receipts accounts for the payments and assumes general revenues savings from this action in his FY 2011 budget.* **The Assembly passed Article 8 of 2010-H 7397, Substitute A, as amended to create a new account for receipts and**

included the same \$3.2 million in general revenues savings that is included in the FY 2011 budget in the FY 2010 revised budget.

Vigneron Grant. The Department receives a \$5,000 grant from the Vigneron Foundation to purchase equipment and supplies for patients who reside on the Zambarano campus; however, the funding was not included in its revised request. *The Governor included the funding in his recommendation and submitted Article 10 of 2010-H 7105 to create a restricted receipt account and exempt it from the ten percent indirect cost recovery rate.* **The Assembly concurred and passed Article 8 of 2010-H 7397, Substitute A, as amended for the change.**

Personnel and Other Hospital Expenses. The Department requested \$6.9 million less than enacted for all other hospital expenses, including staffing of which \$0.4 million is from general revenues. The Department adjusted the federal funding that is available to match state expenses and the request primarily adjusts salary and benefit expenses including updated benefit costs. It appears that the federal funds included in the enacted budget for salary and benefit expenses were overstated and the revised request corrects for this.

The Department decreased operating expenses by \$1.1 million including \$0.8 million for updated projections for pharmaceutical expenses and \$0.5 million less for laundry costs. Contracted expenses, such as medical and dental costs are reduced by \$0.2 million.

The Governor recommended \$1.8 million less than requested for the three medical benefit holidays and eight pay reduction days. He also added \$0.6 million to reflect federal sources that may become available from the reduction to statewide personnel costs. This appears to be incorrect since the federal funds are Medicaid, and any Medicaid expenses need to be matched by general revenues.

The Assembly further reduced expenses by \$2.5 million, \$1.0 million from general revenues in additional turnover. The Assembly included \$3.2 million in general revenues savings noted above for the new restricted receipt account and also included the \$69,235 less from the reduced statewide assessed fringe benefit rate.

All Other Salary and Benefit Adjustments. Excluding adjustments for the state hospital and the developmental disabilities program, the Department requested \$0.5 million for all other salary and benefit adjustments primarily from general revenues. This includes \$0.3 million to shift five employees from the hospital and community support program to the hospital program to consolidate employees in the motor pool. The reduction also includes 2.2 fewer positions through attrition and other benefit adjustments. *The Governor further reduced other salaries and benefits by \$0.2 million for the three medical benefit holidays and eight pay reduction days.* **The Assembly reduced general revenue expenses by \$0.9 million to reflect general revenue savings available through the indirect cost rate applied to the federal grants and the statewide assessed fringe benefit rate.**

All Other Operating Expenses. The Department requested \$0.2 million less from all sources for all other operating adjustments. This included \$0.3 million less from general revenues primarily for various office expenses in the hospital and community system support program. *The Governor further reduced expenses by \$24,738 from all sources, \$52,392 from general revenues for printing expenses, computer supplies and software maintenance services based on savings identified by the Department after submission of its request. He did include \$9,393 from federal funds to reflect federal sources that may become available from the reduction to statewide personnel costs.* **The Assembly reduced general revenues by \$154,400 for updated operating costs.**

Capital. The Department requested \$3.4 million less from Rhode Island Capital Plan funds for various capital projects and includes shifting costs out one year for the consolidation project at the state hospital. *The Governor recommended \$1.4 million more than requested from Rhode Island Capital Plan funds.*

*The Governor subsequently requested an amendment to increase funding for the hospital consolidation project and decrease funding for regional center repairs. **The Assembly reduced Rhode Island Capital Plan funding by \$2.6 million for updated project costs.***

Office of the Child Advocate

	FY 2009		FY 2010		FY 2010	
	Reported		Enacted		Revised	Final
Expenditures by Category						
Salaries and Benefits	\$ 501,532	\$	570,061	\$	542,961	\$ 541,280
Contracted Services	87		1,000		200	200
Subtotal	\$ 501,619	\$	571,061	\$	543,161	\$ 541,480
Other State Operations	9,557		17,087		14,998	14,998
Aid to Local Units of Government	-		-		-	-
Assistance, Grants, and Benefits	-		-		-	-
Capital	829		-		-	-
Capital Debt Service	-		-		-	-
Operating Transfers	-		-		-	-
Total	\$ 512,005	\$	588,148	\$	558,159	\$ 556,478
Sources of Funds						
General Revenue	\$ 501,518	\$	547,048	\$	512,265	\$ 510,584
Federal Aid	10,487		41,100		45,894	45,894
Restricted Receipts	-		-		-	-
Other	-		-		-	-
Total	\$ 512,005	\$	588,148	\$	558,159	\$ 556,478
FTE Authorization	5.7		5.7		5.8	5.8
FTE Average	5.6					

FY 2010 Revised Request. The Office of the Child Advocate requested \$5,523 less than enacted, including \$11,559 less from general revenues and \$6,036 more from federal funds. The general revenue request is \$23,045 more than the “working budget” of \$512,444. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended \$24,466 less than requested, including \$23,224 from general revenues and \$1,242 from federal funds. He recommended 5.8 full-time equivalent positions, 0.1 more than requested. The recommendation is \$179 less than the working budget.

The Assembly concurred and included \$1,681 less from general revenues to reflect the statewide assessed fringe benefit savings.

Salaries and Benefits. The Office requested \$5,542 less than the enacted budget for all salaries and benefits, including \$11,322 less from general revenues and \$5,780 more from federal funds. The request includes \$1,137 from turnover savings, \$905 less for benefit adjustments, and overtime reductions of \$3,500. *The Governor recommended \$21,558 less than requested, including \$19,615 from general revenues and \$1,943 from federal funds to reflect savings for eight pay reduction days and three medical benefits holidays.* **The Assembly concurred; however, reduced general revenues by \$1,681 to reflect three statewide assessed fringe benefit holidays.**

Other Operations. The Office requested \$19 more from all sources, including \$237 less from general revenues and \$256 more from federal funds for other operations. This includes adjustments to mileage reimbursements and various operating expenses, including staff training and office supplies. *The Governor further reduced general revenue expenses by \$3,609 for additional reductions to travel expenses.* **The Assembly concurred.**

Commission on Deaf and Hard of Hearing

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Category				
Salaries and Benefits	\$ 291,810	\$ 303,940	\$ 291,590	\$ 290,650
Contracted Services	37,710	55,500	48,950	48,950
Subtotal	\$ 329,520	\$ 359,440	\$ 340,540	\$ 339,600
Other State Operations	7,897	10,706	9,130	9,130
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 337,417	\$ 370,146	\$ 349,670	\$ 348,730
Sources of Funds				
General Revenue	\$ 341,317	\$ 370,146	\$ 349,670	\$ 348,730
Federal Aid	(3,900)	-	-	-
Restricted Receipts	-	-	-	-
Other Funds	-	-	-	-
Total	\$ 337,417	\$ 370,146	\$ 349,670	\$ 348,730
FTE Authorization	3.0	3.0	3.0	3.0
FTE Average	3.0			

FY 2010 Revised Request. The Commission requested \$3,190 more than enacted from general revenues and the enacted level of full-time equivalent positions. The general revenue request is \$30,200 more than the “working budget” of \$343,136. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

*The Governor recommended \$20,476 less than enacted and \$23,666 less than requested. The recommendation is \$6,534 more than the working budget. **The Assembly concurred with the Governor’s recommendation and included savings of \$940 from general revenues to reflect a lower assessed fringe benefit rate.***

Salaries and Benefits. The Commission requested \$190 more than the enacted budget for benefit adjustments consistent with Budget Office planning values for medical benefits, assessed fringe benefits and retirement rates. *The Governor recommended \$12,540 less than requested to reflect the eight pay reduction days and three medical benefit holidays. **The Assembly concurred; however, reduced the Commission’s budget by \$940 to reflect the savings from three assessed fringe benefit holidays.***

Other Operations. The Commission requested \$3,000 more than enacted to replace the interpreter referral service database which is used to coordinate all interpreter functions. *The Governor did not*

*recommend funding and further reduced operating expenses by \$1,576 and interpreter services by \$6,550 based on historical spending patterns. **The Assembly concurred.***

Governor's Commission on Disabilities

		FY 2009 Reported		FY 2010 Enacted		FY 2010 Revised		FY 2010 Final
Expenditures by Category								
Salaries and Benefits	\$	347,059	\$	382,802	\$	365,676	\$	364,591
Contracted Services		30,501		26,416		7,458		7,458
Subtotal	\$	377,560	\$	409,218	\$	373,134	\$	372,049
Other State Operations		27,749		33,051		27,690		27,690
Aid to Local Units of Government		-		-		-		-
Assistance, Grants, and Benefits		67,349		107,250		153,410		153,410
Capital		118,680		176,881		192,032		192,032
Capital Debt Service		-		-		-		-
Operating Transfers		7,780		-		-		-
Total	\$	599,118	\$	726,400	\$	746,266	\$	745,181
Sources of Funds								
General Revenue	\$	383,041	\$	366,450	\$	344,227	\$	343,142
Federal Aid		56,245		174,949		198,329		198,329
Restricted Receipts		8,432		10,001		13,559		13,559
Other Funds		151,400		175,000		190,151		190,151
Total	\$	599,118	\$	726,400	\$	746,266	\$	745,181
FTE Authorization		4.0		4.0		4.0		4.0
FTE Average		4.0						

FY 2010 Revised Request. The Commission requested \$32,854 more than enacted from all sources. This includes \$10,842 less general revenues, \$24,987 more federal funds, \$3,558 more restricted receipts and \$15,551 more from Rhode Island Capital Plan funds. The general revenue request is \$12,413 more than the “working budget” of \$343,195. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended \$19,866 more than enacted and \$12,988 less than requested. The recommendation is \$1,032 more than the working budget. The Assembly concurred with the Governor’s recommendation and included savings of \$1,085 from general revenues to reflect statewide savings from a lower assessed fringe benefit rate.

Salaries and Benefits. The Commission requested \$3,658 less than enacted for all salaries and benefits, including \$4,291 more from general revenues. This reflects shifting additional expenses from federal funds to general revenues as well as benefit adjustments based on the current complement of employees and revision to statewide rates. *The Governor recommended \$13,468 less than requested from all funds, including \$11,381 less general revenues to reflect the eight pay reduction days and three medical benefit holidays. The Assembly concurred; however, reduced the Commission’s budget by \$1,085 to reflect savings from three assessed fringe benefit holidays.*

All Other Operations. The Commission's revised request included \$21,361 more from all funds than enacted including \$15,133 less from general revenues for all other expenditures. This primarily reflects an increase in resources from federal grants offset by the elimination of contracted services that were used to conduct accessibility surveys of polling places and businesses. *The Governor essentially recommended funding as requested and adds \$480 more from federal funds to adjust for the availability of resources freed up from statewide personnel savings.* **The Assembly concurred.**

Capital. The Commission requested \$15,151 from Rhode Island Capital Plan funds reappropriated from FY 2010 for accessibility projects. *The Governor recommended funding as requested.* **The Assembly concurred.**

Office of the Mental Health Advocate

	FY 2009		FY 2010		FY 2010		FY 2010
	Reported		Enacted		Revised		Final
Expenditures by Category							
Salaries and Benefits	\$ 424,735	\$	434,605	\$	372,128	\$	356,716
Contracted Services	4,444		2,500		7,000		7,000
Subtotal	\$ 429,179	\$	437,105	\$	379,128	\$	363,716
Other State Operations	11,881		11,318		12,481		12,481
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	-		-		-		-
Capital	-		-		-		-
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
Total	\$ 441,060	\$	448,423	\$	391,609	\$	376,197
Sources of Funds							
General Revenue	\$ 441,060	\$	448,423	\$	391,609	\$	376,197
Federal Aid	-		-		-		-
Restricted Receipts	-		-		-		-
Other	-		-		-		-
Total	\$ 441,060	\$	448,423	\$	391,609	\$	376,197
FTE Authorization	3.7		3.7		3.7		3.7
FTE Average	3.6						

FY 2010 Revised Request. The Office of the Mental Health Advocate requested \$43,714 less than enacted from general revenues in updated costs for FY 2010. The general revenue request is \$14,997 less than the “working budget” of \$419,706. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration. *The Governor further reduced expenses by \$13,100. The recommendation is \$28,097 less than the working budget. The Assembly further reduced expenses by \$15,412.*

Salaries and Benefits. The Office requested \$46,877 less for revised salary and benefit expenses to include updated costs to reflect savings from a temporary leave of absence and other benefit adjustments based on Budget Office planning values. *The Governor recommended \$15,600 less than the request to reflect three medical benefit holidays and eight pay reduction days. The Assembly further reduced expenses by \$15,412, including \$14,200 in additional turnover, and \$1,212 from a reduced statewide assessed fringe rate.*

Other Operating Adjustments. The Office requested \$3,163 more for other operating adjustments, including \$2,000 for contracted psychiatric services for total funding of \$4,200 consistent with prior year spending. The balance is allocated to various office expenses. *The Governor recommended \$2,500 more than requested for outside legal services to represent the Office in a legal action filed against it. The Assembly concurred.*

Department of Elementary and Secondary Education

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Program				
State Aid	\$ 648,073,603	\$ 658,218,551	\$ 634,161,080	\$ 646,369,993
School Housing Aid	54,140,052	61,538,663	58,355,896	58,299,115
Teachers' Retirement	73,299,378	77,752,559	63,952,515	72,346,889
RI School for the Deaf	6,439,441	7,219,156	7,176,810	7,167,919
Central Falls School District	42,022,492	44,780,100	44,105,383	44,392,345
Davies Career & Technical School	16,032,722	18,203,732	17,881,936	17,845,066
Met School	11,665,600	16,758,767	13,612,008	13,308,767
Administration	199,989,594	265,536,034	291,237,828	279,195,199
Total	\$1,051,662,882	\$1,150,007,562	\$1,130,483,456	\$1,138,925,293
Expenditures by Category				
Salaries and Benefits	\$ 32,289,396	\$ 36,577,159	\$ 34,812,549	\$ 34,458,223
Contracted Services	18,137,548	17,727,628	30,851,577	27,171,835
Subtotal	\$ 50,426,944	\$ 54,304,787	\$ 65,664,126	\$ 61,630,058
Other State Operations	10,028,404	11,852,782	12,722,844	12,727,248
Aid to Local Units of Government	974,622,331	1,013,854,653	963,132,434	977,423,012
Assistance, Grants, and Benefits	15,010,202	63,297,211	83,757,271	83,308,941
Capital	1,440,001	6,573,129	5,206,781	3,836,034
Capital Debt Service	-	-	-	-
Operating Transfers	135,000	125,000	-	-
Total	\$1,051,662,882	\$1,150,007,562	\$1,130,483,456	\$1,138,925,293
Sources of Funds				
General Revenue	\$ 825,851,737	\$ 857,726,770	\$ 794,712,313	\$ 807,041,835
Federal Aid	210,014,722	278,346,091	313,556,524	311,039,586
Restricted Receipts	6,511,894	7,501,077	17,030,683	17,030,683
Other	9,284,529	6,433,624	5,183,936	3,813,189
Total	\$1,051,662,882	\$1,150,007,562	\$1,130,483,456	\$1,138,925,293
FTE Authorization				
Administration	128.4	134.4	134.4	129.7
Davies	133.0	133.0	133.0	128.5
School for the Deaf	50.0	60.0	60.0	57.6
Total Authorized Positions	311.4	327.4	327.4	315.8
FTE Average	290.4			

FY 2010 Revised Request. The Board of Regents requested an additional \$36.0 million of spending for FY 2010, including \$4.8 million less from general revenues. Major general revenue savings include \$3.2 million in school housing aid, \$0.2 million in charter school aid and \$0.3 million for the Metropolitan Career and Technical School. The request also includes \$31.0 million more from federal funds, largely

due to unspent stimulus funds from FY 2009 carrying forward to FY 2010, \$0.6 million more from other funds and \$9.2 million more from restricted receipts of which \$8.6 million is for the statewide transportation system. The general revenue request is \$2.3 million less than the “working budget” of \$855,140,414. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended \$63.0 million less from general revenues than enacted and \$58.2 million less than requested. This includes a \$19.8 million general revenue reduction in education aid to districts including Central Falls and charter schools. It also includes \$30.8 million in savings from new changes to teacher pensions of which \$18.5 million is from recapture of local savings and \$12.3 million is the state’s share of teacher retirement costs based on his proposal to eliminate the cost-of-living adjustment. He also used an additional \$5.0 million from federal fiscal stabilization funds in lieu of a like amount from general revenues. There is a \$1.5 million adjustment to reflect updated teacher payroll data. Housing aid is \$3.2 million less than enacted based on actual costs as requested. The recommendation is \$60.4 million less than the working budget.

The Assembly recognized \$9.9 million in total savings from adopted pension changes, which is \$21.0 million less than the savings assumed in the Governor’s recommended budget. The Assembly also added \$250,000 from general revenues for the education telecommunications access fund and made other formula aid adjustments based on current law requirements that resulted in \$76,085 in additional savings. It increased turnover savings by \$0.3 million and recognized savings of \$84,935 from statewide assessed fringe benefit savings. It reduced community service grants by \$42,794 to reflect three grantees that did not request funding and advanced an additional \$8.0 million from federal fiscal stabilization funds from FY 2011 to FY 2010 in lieu of a like reduction from general revenues.

The Assembly removed \$5.0 million from federal Race to the Top funds as Rhode Island did not receive funding in the first round and reduced other federal funds by \$5.5 million to reflect anticipated spending. It also shifted \$1.4 million from Rhode Island Capital Plan funds from FY 2010 to out years based on revisions to construction schedules for several projects.

The Assembly authorized 315.8 full-time equivalent positions. This represents a reduction of 11.6 to reflect half of the vacant positions.

Charter Schools. The FY 2010 revised budget request includes \$150,000 less for charter schools. The 2009 Assembly provided \$1.5 million as the estimated cost for new charter schools and mayoral academies to open in FY 2010. Two schools opened and actual aid is projected to be \$1.3 million. The Department is still waiting for final October 1, 2009 enrollment to finalize the mid-year adjustment for FY 2010 charter aid. *The Governor recommended funding as requested.*

He subsequently requested an amendment to reduce expenditures by \$118,165 based on updated enrollment data. The Assembly concurred with the amendment and reduced expenditures by \$118,165.

School Housing Aid. Final FY 2010 school construction aid is \$3.2 million less than the enacted level of \$61.5 million. Reimbursement cannot begin until a project is completed, and several districts did not complete their new projects by June 30, 2009 in order to be eligible for reimbursement to begin in FY 2010. *The Governor recommended funding as requested. The Assembly included additional savings of \$56,781 based on updated spending projections.*

Group Homes. The Regents requested the enacted amount of \$9.5 million to fund beds for communities hosting group homes. Rhode Island General Laws mandate that increases in group home beds prior to

December 31 of each year shall be paid as part of the supplemental budget. *The Governor recommended funding at the enacted level.*

*He subsequently requested an amendment to include an additional \$105,000 for two beds in Burrillville, one bed in Pawtucket and four beds in Portsmouth that opened by December 31, 2009 to be eligible for FY 2010 supplemental aid. **The Assembly concurred with the requested amendment and added \$105,000.***

Textbook Reimbursement. The Regents requested the enacted level of \$240,000 from textbook reimbursement for FY 2010. The state reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12th grade. *The Governor recommended funding as requested.*

*He subsequently requested a budget amendment to include savings of \$6,139 based on final expenditures. **The Assembly concurred with the requested amendment.***

Education Aid. The Regents requested the enacted level of \$698.5 million of which \$662.9 million is general revenues and \$35.6 million is stabilization funds for education aid to districts including Central Falls and charter schools. *The Governor's FY 2010 revised budget reduced education aid to districts by 2.8 percent including 3.0 percent from general revenues or \$19.8 million. This includes the Central Falls School District and charter schools. **The Assembly concurred.***

State Fiscal Stabilization Funds. The Regents requested an additional \$6.2 million from state fiscal stabilization funds for FY 2010. This includes local school districts, the Metropolitan Career and Technical School and the Central Falls School District. Of the \$38.3 million appropriated for FY 2009, only \$33.2 million was expended, leaving \$5.1 million in carry forward funds plus an additional \$1.0 million available to elementary and secondary education based on the final FY 2009 budget.

The Budget provides \$34.1 million from federal stabilization funds for FY 2010 to be distributed to school districts in the same proportion as state education aid and reduces general revenues by a similar amount. Including charter schools, the Metropolitan Career and Technical School and the state schools, the total amount from stabilization funds for elementary and secondary education for FY 2010 is \$37.2 million.

Based on updated figures, elementary and secondary education's three-year total share of the \$134.9 million from stabilization funds will be \$107.3 million with higher education receiving \$27.6 million.

The Governor recommended an additional \$10.3 million in federal fiscal stabilization funds for use in FY 2010 compared to the enacted budget. This includes \$5.1 million in carry forward funds from FY 2009 and using \$5.0 million in lieu of a like reduction from general revenues. It should be noted that the carry forward funds do not appear in any of the statewide totals by district.

The Governor requested an amendment to use \$0.4 million that had been allocated for the 0.5 percent administrative charge as education aid to districts. This is based on the federal government's decision that the allowable 0.5 percent administrative charge not be assessed against the education share of funds and shall be allocated entirely to the share for general government use.

The Assembly used the additional stabilization funds for aid in lieu of a like amount from general revenues as requested. It also advanced an additional \$8.0 million from federal fiscal stabilization funds from FY 2011 to FY 2010 in lieu of a like reduction from general revenues. This will leave approximately \$18.6 million available for FY 2011.

	Higher Education	Elementary and Secondary Education	Total
FY 2009 Spent	\$ -	\$ 33,207,223	\$ 33,207,223
FY 2009 Carry Forward	-	5,117,599	5,117,599
FY 2010 Final	16,106,895	50,597,785	66,704,680
FY 2011 Balance	11,237,118	18,645,522	29,882,640
Total	\$ 27,344,013	\$ 107,568,130	\$ 134,912,143

Teacher Retirement Base Adjustment. The enacted budget includes \$77.8 million to pay the state's share of teacher retirement costs. *The Governor's FY 2010 revised budget includes an adjustment for the state's share of teacher retirement costs under current law of \$1.5 million to reflect more updated teacher payroll data.* **The Assembly concurred.**

Pension Changes. The 2009 Assembly adopted pension changes that apply to teachers eligible to retire on or after October 1, 2009 and do not become eligible before the date of passage. The 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, shifting all future accrual to the lower accruals of Plan B. The cost-of-living adjustments would all be 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 was changed to the five consecutive highest years, from three.

The Governor proposed eliminating the cost-of-living adjustment for retirees not eligible to retire as of September 30, 2009 and do not become eligible before the date of passage, the same group affected by the 2009 pension changes. His revised budget assumes \$30.8 million savings from these new changes. This includes \$12.3 million for the state's 40.0 percent share of teacher retirement costs. Assumed savings to local school districts is \$18.3 million, and the Governor reduced general operating aid by that amount to capture those as savings for the state as well.

The Assembly adopted changes that limit the cost-of-living adjustment to the first \$35,000 of a pension beginning on the third anniversary or retirement or age 65, whichever is later. This is estimated to save \$9.9 million, which is \$21.0 million less than the savings assumed in the Governor's budget. Savings include \$4.2 million for the state's 40.0 percent share and \$6.1 million for the estimated savings to local communities.

Metropolitan Career and Technical School. The FY 2010 request includes a reduction of \$250,000 or 2.1 percent from general revenues for the Metropolitan Career and Technical School based on the Department's instruction to the school to participate in budget reductions. The majority of the reduction is from deferring some maintenance projects.

The Governor recommended the general revenue reduction as requested and also recommended an additional \$76,809 from federal fiscal stabilization funds in lieu of a like amount from general revenues as noted above. He also removed \$2.9 million from Rhode Island Capital Plan funds that was provided for the second year of a project approved by the 2008 Assembly to renovate and add space to the Florence Gray Community Center in Newport to accommodate the growing student enrollment at the Met School's East Bay Campus. This is based on a revised construction schedule. This would leave \$1.1 million for FY 2010.

The Assembly shifted \$0.3 million from Rhode Island Capital Plan funds for the East Bay Campus from FY 2010 to FY 2013 based on a revised project schedule. This provides \$0.8 million for FY 2010 consistent with project needs.

Teacher Certification Redesign. The FY 2010 revised budget includes \$0.4 million in savings from redesigning the teacher certification process. The Office of Educator Quality is responsible for assessing candidate performance, the licensure and recertification of educators, and setting standards for high quality professional development for all Rhode Island educators. The Department has eliminated one licensing officer and one information aide. In addition, two Regent's fellows assigned to this work will be eliminated in FY 2010 and one in FY 2011.

The savings will be achieved as the Department has already implemented this initiative. The Department indicated that the changes will have no impact on revenue collections. Its FY 2010 revised estimate of revenues is \$682,000, which is consistent with FY 2009 receipts. *The Governor recommended funding as requested. The Assembly concurred.*

Other Salaries and Benefits. The Regents requested \$16.1 million for salaries and benefits for the Department's 134.4 administration positions. This is \$0.4 million less than enacted and includes \$29,271 more from general revenues. Changes include hiring four new positions that will require specific expertise not currently available in the Department to transform failing schools. Two of the positions will lead the new centers for High Performing Learning Environments and Educator Excellence and Effectiveness. A Transformation Officer will be responsible for the transformation work that will focus on turning around our lowest performing schools and a new position is a conversion of a secondary reform fellow that will work with the lowest performing high schools. The request also shifts \$0.2 million from general revenues to federal funds, and increases turnover savings by \$0.5 million compared to the enacted budget.

The Governor recommended funding as requested and further reduced salaries and benefits by \$577,593, including general revenues by \$362,424 to reflect savings from eight pay reduction days and three medical benefits holidays.

The Assembly included additional general revenue turnover savings of \$210,000 based on the Department's third quarter report. The Assembly also recognized savings of \$30,000 from three statewide assessed fringe benefit holidays and eliminated 4.7 full-time equivalent positions to reflect half of the vacant positions.

Education Telecommunication Fund. The Regents requested a decrease of \$0.1 million from restricted receipts for FY 2010 from the education telecommunications access fund based on estimated available funds. The telecommunications education access fund is designed to provide financial assistance to qualified libraries and schools to acquire, install, and use telecommunications technologies to access the Internet. This fund is supported by a \$0.26 monthly surcharge levied upon each residence and business telephone access line.

Prior to FY 2009, general revenue support was used to supplement the program; however, the Department proposed raising the monthly surcharge and eliminating general revenue support as part of the FY 2009 budget process. The 2008 Assembly eliminated general revenue support for the program and maintained the surcharge fee at the same level. The 2009 Assembly provided \$350,000 from general revenues to support this program for FY 2010.

The Governor's FY 2010 revised budget eliminates the \$350,000 from general revenues provided to support the telecommunications education access fund. The Governor proposed lowering the monthly surcharge levied upon each residence and business telephone access line to \$0.15 and expanding it to include wireless lines. He assumed that \$350,000 in additional revenue would be raised to offset the elimination of general revenues. It should be noted that, although wireless customers are not currently charged for this, they do pay a \$0.26 charge that goes to the General Fund. It had initially been imposed

to support geo-coding for the state's E-911 calls. **The Assembly did not increase the surcharge and provided \$250,000 from general revenues for FY 2010 to fund the program.**

Statewide Transportation. The Regents requested \$8.6 million from restricted receipts to fund implementation of a statewide transportation system. The 2009 Assembly adopted legislation mandating the use of a statewide transportation system for special needs students and the eventual implementation of the transportation system for all students. Districts will reimburse the state for its share of the cost, offsetting this expenditure. The November Revenue Estimating Conference included \$8.6 million in offsetting revenue for this initiative. *The Governor recommended funding as requested and recommended legislation to create a restricted receipt account and exempt it from the 10.0 percent indirect cost recovery.* **The Assembly concurred and enacted the proposed legislation.**

Parking. The Regents requested \$245,000 from all sources of funds for parking passes for Department staff at the Convention Center. This is \$25,000 less than the FY 2010 enacted budget. The savings are the result of the renegotiation of the contract with the Convention Center Authority to achieve savings. *The Governor recommended funding as requested.* **The Assembly concurred.**

Uniform Chart of Accounts. The revised request reflects savings of \$25,000 from the uniform chart of accounts initiative, leaving \$225,000 available for FY 2010. The 2007 Assembly appropriated \$1.1 million for FY 2008 for the first of a two-year implementation of a statewide uniform chart of accounts to standardize budgeting and accounting across all school districts and charter schools. Under Rhode Island General Law, the Office of the Auditor General and the Department of Elementary and Secondary Education are charged with promulgating a uniform system of accounting, including a uniform chart of accounts for all school districts and charter schools. *The Governor recommended funding as requested.* **The Assembly concurred.**

Vision Services. The Department's revised budget includes savings of \$103,000 in vision services. Of this amount, \$40,000 is for tuition for those students who attend Perkins School for the Blind. Most blind students are educated in their own districts with support from the state's vision services program. Parents who believe the state cannot meet their children's needs may apply to the Commissioner to exercise his authority to appoint the child to attend any suitable institution or school. Local districts pay only their per-pupil special education cost towards tuition and the state pays the difference. The enacted budget provided for three students to attend Perkins School for the Blind in Watertown, Massachusetts, based on information received in FY 2009. Actual enrollment for FY 2010 is two students.

The remaining \$63,000 is a 10.0 percent reduction to Rhode Island Vision Services Education Program at the Paul Sherlock Center at Rhode Island College. The Rhode Island Vision Services Education Program at the Paul Sherlock Center provides teaching and consultation services to children who are blind or visually impaired, their families, and educational staff within the school environment. *The Governor recommended funding as requested.* **The Assembly concurred.**

New England Common Assessment Program Testing. The Regents requested savings of \$354,664 from general revenues for the annual contract for New England Common Assessment Program (NECAP) testing. The Department has a contract with Measured Progress to provide various testing and scoring of Rhode Island students for the tri-state testing, and the Rhode Island alternate assessment program. The enacted budget included \$1.4 million for the cost of the contract for FY 2010. Because the state of Maine has decided to join the program, the cost to Rhode Island will decrease \$0.4 million. *The Governor recommended funding as requested.* **The Assembly concurred.**

Adult Education Grants. The Regents requested an additional \$0.4 million from Human Resource Investment Council funds for adult education grants. This would provide \$5.1 million from Human Resource Investment Council funds for FY 2010. The 2005 Assembly consolidated the state's adult

literacy initiatives in the Department of Elementary and Secondary Education under a new executive director. *The Governor recommended funding as requested.* **The Assembly concurred.**

Stimulus Grants. The Regents requested an additional \$20.2 million from federal stimulus funds for distribution to local school districts including Title I and special education funds. This represents carry-forward funds from FY 2009. Funding was made available too late in FY 2009 for districts to expend it. On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009. In addition to the state fiscal stabilization funds, there was additional relief to local schools through Title I and special education through the Individuals with Disabilities Education Act program and other education related federal stimulus funds for competitive grants to local schools and use by the Department for technology and other school improvements. *The Governor's recommendation is \$7,722 more than requested.* **The Assembly concurred.**

Race to the Top. The Regents' request includes \$5.0 million in the event that Rhode Island is awarded Race to the Top funds. The Department is currently in the process of applying for a share of the \$4.35 billion available from the federal stimulus "Race to the Top" funds. The Department expects to submit a successful application later this year. Awards for these funds will be made in spring 2010.

A requirement of the award is that 50.0 percent of funds must be used directly for education aid; most of the remaining funds will be used for consultants and new full-time equivalent positions. New personnel will include transformation specialists, multiple pathway specialists, data managers/analysts, grants management, and clerical support. *The Governor recommended funding as requested.* **The Assembly did not include funding because the Department learned in March that it would not be awarded funds in the first round.**

Nutrition Grants. The Regents requested authorization to spend \$42.2 million from federal nutrition program funds. This is \$2.9 million less than the enacted level. The decrease results from a decrease in meal participation estimates compared to the enacted budget. FY 2009 expenditures were \$37.6 million. *The recommendation is \$21,611 more than requested.* **Based on information from the state's accounting network and the Department's third quarter report, the Assembly reduced federal expenditure authority by \$2.0 million to reflect anticipated expenditures.**

Special Education Grants. The Regents requested authorization to spend \$42.7 million, \$0.2 million more than enacted, from federal special education funds to reflect revised grant awards. The funds are distributed to school districts and provide administrative support and statewide programming to the Department and the districts. Most of the funds must be distributed to local education agencies serving children directly. Federal funds are combined with state and local funds to provide children with disabilities free and appropriate public education, including special education and related services. FY 2009 expenditures were \$29.9 million. *The recommendation is \$47,466 more than requested.* **Based on information from the state's accounting network and the Department's third quarter report, the Assembly reduced federal expenditure authority by \$1.4 million to reflect anticipated expenditures.**

Title I Grants. The Regents requested \$55.7 million in revised federal fund expenditures from Title I funds. This is \$0.3 million more than enacted for FY 2010 to account for higher than anticipated grant awards. Most Title I funds go directly to local schools, where they are used to provide extra help to low-achieving students. FY 2009 expenditures were \$51.8 million. *The recommendation is \$64,412 less than requested.* **Based on information from the state's accounting network and the Department's third quarter report, the Assembly reduced federal expenditure authority by \$0.2 million to reflect anticipated expenditures.**

Vocational Education Grants. The Regents requested \$6.5 million from federal vocational education grants for FY 2010. This is \$0.6 million more than the FY 2010 enacted level to reflect available carry

forward funds from previous years. These funds are used to improve vocational educational programs throughout the state. FY 2009 expenditures were \$4.9 million. *The recommendation is \$18,641 more than requested.* **Based on information from the state's accounting network and the Department's third quarter report, the Assembly reduced federal expenditure authority by \$0.4 million to reflect anticipated expenditures.**

Teacher Quality Grants. The Regents requested \$18.3 million from federal funds that support teacher quality and professional development. This is \$0.3 million more than enacted to account for available carry forward funds. FY 2009 expenditures were \$17.2 million. *The recommendation is \$17,354 more than requested.* **Based on information from the state's accounting network and the Department's third quarter report, the Assembly reduced federal expenditure authority by \$0.1 million to reflect anticipated expenditures.**

Capital Projects. The Regents requested an additional \$121,388 from Rhode Island Capital Plan funds to finish installing a supplemental air conditioning system for the sixth floor of the Department's portion of the Shepard Building. The project was supposed to be completed in FY 2009.

The Governor recommended an additional \$25,000 for the Shepard Building project. He also recommended \$1.8 million from Rhode Island Capital Plan funds for the repairs to the Chariho career and technical center, which is \$1.6 million more than enacted and requested. The recommendation advances all funding to FY 2010 in the hope that the district will take ownership of the school once the repairs are made.

Based on revised project schedules, the Assembly shifted \$1.1 million from Rhode Island Capital Plan funds from FY 2010 to out years. This includes \$0.3 million for Chariho renovations, \$0.2 million for Cranston, \$0.1 million for East Providence, \$0.2 million for Warwick and \$0.3 million for Woonsocket.

Community Service Grants. The Department requested the enacted level \$0.8 million for approximately 50 community service grants to community organizations. *The Governor recommended funding as requested.* **The Assembly eliminated three grants for which the grant recipient did not request the funds allocated to them and reduced expenditures by \$42,794.**

Grants and Programming Revisions. The Regents requested adjustments in federal and restricted receipts producing an increase of \$1.3 million, including a decrease of \$6,684 from general revenues. Federal funds make up almost all of the increase and reflect adjustments for actual grant awards. Minor adjustments were made in other operating and contracted services. *General revenues are at the requested level; federal funds are \$0.2 million more than requested to reflect updated information of actual grant awards.*

The Governor subsequently requested an amendment to add \$242,046 from federal funds based on cap increases in two of the Department's federal grants and carry forward funding inadvertently omitted in the request.

Based on information from the state's accounting network and the Department's third quarter report, the Assembly reduced federal expenditure authority by \$1.5 million to reflect anticipated expenditures.

Davies Career and Technical School. The Regents requested an additional \$0.6 million from all funds for FY 2010. Federal funds are \$0.4 million more than enacted to reflect actual grant awards. Rhode Island Capital Plan funds are requested \$0.5 million over the enacted level to advance funding for the HVAC and roof projects from the out years to FY 2010. General revenues are \$0.2 million less than

enacted largely reflecting the use of stabilization funds in lieu of general revenues to fund 5.0 of the school's full-time equivalent positions.

The recommendation is \$1.0 million less than requested including \$0.3 million less from general revenues, the majority of the decrease is for capital projects. The Governor recommended a \$0.3 million reduction from Rhode Island Capital Plan funds for the HVAC project and \$0.4 million for the roof project. The general revenue change includes savings of \$75,506 for eight pay reduction days and \$141,808 for three medical holidays. The budget also shifts \$0.1 million from general revenues to additional federal fiscal stabilization funds.

The Governor subsequently requested two amendments to add \$57,139 from federal funds to reflect a new grant award.

The Assembly concurred with the additional federal funds. The Assembly also included additional general revenue turnover savings of \$51,000 based on the Department's third quarter report and recognized savings of \$38,935 from three statewide assessed fringe benefit holidays and eliminated 4.5 full-time equivalent positions to reflect half of the vacant positions.

Rhode Island School for the Deaf. The Regents requested \$67,430 more for the School for the Deaf for FY 2010. This includes \$85,026 less from general revenues. The School reduced budgeted expenses for interpreters, security services, sewer, insurance, building maintenance and repairs, and supplies and equipment to achieve its share of statewide savings.

Federal funds are \$35,055 more than enacted and the Regents included \$0.7 million from restricted receipts for the fee for service model established at the beginning of FY 2010. The School for the Deaf has defined its core program as one that will support the needs of all students with hearing loss, deaf or hard of hearing, which will include teachers of the deaf and core program speech, and language support. This has been defined as Level I services and is totally supported by state funding. The school has also defined three other levels of support that are given at the school. The School has instituted a fee service for any/all services that fall outside the core program offered (i.e. Level II, III and IV). Funding for these other levels of service come directly from each of the districts who have students attending the School for the Deaf. The calculation was derived using the current student enrollment, current Individualized Education Program services mandated and base salaries of staff members providing those services. In instances where services are now being provided by non-full-time equivalent positions an hourly rate was used in the calculation.

The recommendation is \$0.1 million less than requested including \$176,818 less from general revenues. This includes \$52,924 in general revenue savings from eight pay reduction days and \$79,898 from three medical benefits holidays. The recommendation also shifts \$43,996 from general revenues to additional federal fiscal stabilization funds.

The Governor subsequently requested two amendments to add \$47,965 from federal funds based on availability.

The Assembly concurred with the additional federal funds. The Assembly also included additional general revenue turnover savings of \$39,000 based on the Department's third quarter report, recognized savings of \$16,000 from three statewide assessed fringe benefit holidays, and eliminated 2.4 full-time equivalent positions to reflect half of the vacant positions.

Board of Governors for Higher Education

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Program				
Board of Governors/Higher Ed.	\$ 9,875,804	\$ 11,121,545	\$ 10,444,071	\$ 10,377,177
University of Rhode Island	569,723,927	587,064,490	607,292,950	605,449,830
Rhode Island College	136,939,517	156,150,286	149,458,329	146,779,346
Community College of RI	124,219,989	132,433,411	131,588,011	129,470,533
Total	\$ 840,759,237	\$ 886,769,732	\$ 898,783,361	\$ 892,076,886
Expenditures by Category				
Salaries and Benefits	\$ 402,479,469	\$ 447,087,476	\$ 412,679,452	\$ 411,002,844
Contracted Services	13,763,385	19,392,337	15,846,439	15,965,438
Subtotal	\$ 416,242,854	\$ 466,479,813	\$ 428,525,891	\$ 426,968,282
Other State Operations	172,852,890	171,441,473	180,655,977	180,781,053
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	185,976,738	175,889,948	204,281,662	204,281,662
Capital	10,593,085	30,810,592	40,051,349	38,076,349
Capital Debt Service	34,716,042	42,147,906	42,354,389	39,055,447
Operating Transfers	20,377,628	-	2,914,093	2,914,093
Total	\$ 840,759,237	\$ 886,769,732	\$ 898,783,361	\$ 892,076,886
Sources of Funds				
General Revenue	\$ 170,814,823	\$ 173,306,844	\$ 162,966,485	\$ 161,208,876
Federal Aid	3,735,334	20,338,416	19,515,934	19,841,010
Restricted Receipts	651,932	667,543	754,577	754,577
Other Funds	665,557,148	692,456,929	715,546,365	710,272,423
Total	\$ 840,759,237	\$ 886,769,732	\$ 898,783,361	\$ 892,076,886
Uses of Funds				
Unrestricted Use Funds	\$ 504,615,697	\$ 551,891,308	\$ 524,462,710	\$ 522,705,101
Restricted Use Funds	336,142,540	334,878,424	374,320,651	369,371,785
Total	\$ 840,758,237	\$ 886,769,732	\$ 898,783,361	\$ 892,076,886
FTE Authorization	3,395.0	3,397.1	3,397.1	3,342.2
<i>Limited to Third Party Funds</i>	<i>785.0</i>	<i>785.0</i>	<i>785.0</i>	<i>687.7</i>
Total Authorized Positions	4,180.0	4,182.1	4,182.1	4,029.9
FTE Average	3,799.9			

FY 2010 Revised Request. The Board of Governors' revised request is \$14.0 million below the FY 2010 enacted level. This includes \$9.4 million less from general revenues, \$23.1 million less tuition and fee revenues, \$1.2 million more from other unrestricted sources, and \$17.3 million more from restricted sources. The general revenue request is \$187,465 less than the "working budget" of \$164,073,926. The working budget is the enacted budget adjusted for the Budget Office's distribution of statewide personnel

and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended \$12.0 million more than enacted from all sources, which is \$26.0 million more than requested. His revised budget includes \$10.3 million less general revenues than enacted, \$0.9 million less than requested. The recommendation is \$1.1 million less than the working budget.

The Assembly included general revenue turnover savings of \$1.5 million and statewide assessed fringe benefit savings of \$257,609. It also added \$325,076 from federal funds to reflect two new grant awards and reduced debt service expenditures by \$3.3 million to reflect both a correction and revisions to adjust expenditures. The Assembly also reduced Rhode Island Capital Plan funds by \$2.0 million to reflect revisions to three projects.

It authorized 4,029.9 full-time equivalent positions of which 687.7 would be limited to funding from third party sources. This is a reduction of 152.2 positions to reflect eliminating half of the vacant positions.

Unrestricted Source Expenditures. The unrestricted budget consists of those funds that can be used for any legitimate purpose. Those purposes fall within the education and general operations of the institutions. They include state general revenue appropriations, tuition and general fees, and sponsored research overhead. The unrestricted budget is similar to the general revenue budget of other agencies and departments. The FY 2010 unrestricted budget includes spending of \$520.6 million. This is \$31.3 million less than the enacted budget including \$9.4 million less from general revenues.

The revised unrestricted budget includes \$28.3 million less than the enacted budget for all salaries and benefits. The institutions are holding positions vacant as a means for achieving its share of statewide savings. The revised budget also includes \$2.2 million less for contracted services and \$3.2 million less for operating, with \$4.2 million more for grants. Debt service expenditures are \$4.3 million less than enacted and capital expenditures are \$2.4 million more than enacted. The changes in spending include \$0.4 million less for the Office, \$15.5 million or 4.7 percent less at the University, \$8.4 million or 7.6 percent less at the College, and \$6.9 million or 6.8 percent less at the Community College.

In order to achieve the statewide savings and to align expenditures with revised revenue projections, the Office reduced its budget by \$0.4 million by increasing turnover savings and reducing expenditures for the Shepard Building. The University made most of the reduction in salaries and benefits by leaving vacant positions open. The College increased turnover savings, and reduced general operating expenditures including contracted services. The reductions were offset by increases for student aid, computers and furniture. The Community College increased turnover savings and reduced building maintenance and grounds keeping contracted services. These reductions were offset by increases in student aid and furniture purchases.

The Governor's unrestricted budget contains \$3.4 million more in expenditures than requested, including \$919,976 less from general revenues. The changes include an additional \$4.9 million for debt service expenditures inadvertently omitted from the request including \$0.3 million from general revenues to pay debt service on general obligation bonds. These additional expenditures are partially offset by savings from the medical benefit holidays, for which general revenue savings are \$1.2 million. The institutions will realize savings for the portion of these expenses they fund from tuition and fee revenues.

The Board has agreed to participate in pay reduction days on a limited basis, which will also contribute to the achievement of the statewide savings. Like other state employees, members of Council 94 who work at the institutions agreed to eight payless days for FY 2010 in exchange for 1.25 days of paid leave for every payless day. The value of the pay reduction for union employees is \$332,606. At its December 7,

2009 meeting, the Board of Governors voted to impose a 1.0 percent pay reduction for all non-unclassified, non-union employees excluding athletic coaches. This will affect 306 individuals. The value of the reduction is \$107,417 from general revenues for total savings of \$440,023. This is included in the \$9.4 million statewide savings assigned to the system.

The Assembly included additional general revenue turnover savings of \$1.5 million. This is equivalent to 17.5 vacant positions based on an average cost per position of \$85,731. The Assembly also included statewide assessed fringe benefit savings of \$257,609.

Restricted Source Operating Expenditures. The restricted budget is composed of what are generally thought of as restricted receipt funds or enterprise funds. They include the residence hall funds, dining funds and any other funds whose sources are limited to use for certain purposes. Federal funds are considered restricted use. The revised restricted budget includes \$33.0 million more general operating expenditures from restricted sources. The revised request includes \$0.9 million more for salaries and benefits, \$1.3 million less for contracted services, \$8.7 million more for operations with \$24.7 million more for grants.

The changes in spending include \$0.2 million or 6.3 percent less for the Office. Expenditures at the University are \$29.5 million or 13.0 percent more than enacted. At the College, restricted expenditures are \$0.7 million or 2.0 percent less. Expenditures at the Community College are \$4.4 million or 18.5 percent more than estimated in the enacted budget. *The Governor recommended \$0.6 million more than requested in general and office operating expenditures. It is unclear what this is intended to reflect but appears to be related to funds freed up from the medical savings and eight payless workdays.*

*The Governor subsequently requested an amendment to add \$125,076 from a new federal stimulus grant for the crime lab and \$200,000 for a statewide data system initiative through the Department of Elementary and Secondary Education. **The Assembly concurred with the additional federal funds.***

Restricted Capital Improvements. The revised budget includes a \$15.2 million reduction, including a \$0.7 million increase from Rhode Island Capital Plan funds. This reflects \$0.7 million in unused FY 2009 asset protection funds reappropriated to FY 2010 at the College. It appears that \$9.1 million from unused Rhode Island Capital Plan funds were actually carried forward to FY 2010. Historically, the Board's revised request does not reflect all of the reappropriation because the systems used to account for the expenditures at the institutions generally show spent than recorded by the state system; the discrepancies are not resolved quickly enough to be shown in the budget request.

The recommendation is \$22.0 million more than requested. The majority of this, \$16.0 million, reflects federal fiscal stabilization funds that were excluded from the Board's request. The 2009 Assembly allocated 50.0 percent of the estimated total allocation for higher education in each FY 2010 and FY 2011 for fire safety repair work at the institutions of higher education. Distribution to the institutions is based on the square feet of academic buildings that need fire safety improvements. For FY 2010 the total \$16.1 million allocation is distributed as \$7.2 million for the University, \$5.7 million for the College and \$3.2 million for the Community College.

Based on the final allocation, higher education's share of the total \$134.9 million will be \$27.6 million, with \$11.5 million available for FY 2011. Based on the same method of distribution, the remaining allocation would be distributed as \$5.1 million for the University, \$4.1 million for the College and \$2.3 million for the Community College. The remainder of the increase is \$6.0 million from unspent FY 2009 Rhode Island Capital Plan funds carried forward to FY 2010.

The Governor subsequently requested an amendment to add \$1.5 million from Rhode Island Capital Plan funds. This includes \$0.5 million for design and planning work on a new art center at the College and \$1.0 million for the University's new chemistry building.

The Assembly shifted \$1.8 million from Rhode Island Capital Plan funds from FY 2010 to FY 2011 for the Community College's HVAC project based on projected expenditures. The Assembly also added \$100,000 from Rhode Island Capital Plan funds for design and planning work for FY 2010 for the College's new art center and reduced funding for the University's nursing building by \$275,000, providing \$25,000 for FY 2010 to begin a feasibility study on a joint and/or separate nursing sciences facilities for the University and College.

Restricted Debt Service. Based on an audit recommendation suggesting that the state report only debt service payments related to the primary government within the state's governmental funds, the 2006 Assembly shifted \$19.5 million from the Department of Administration's budget to Public Higher Education's budget. The revised budget decreases restricted use debt service costs by \$0.5 million to reflect anticipated expenditures. *The Governor recommended funding as requested. The Governor subsequently requested an amendment to reduce debt service by \$3.3 million based on estimated expenditures for the University's energy conservation project and the College's portion of debt service on its dorm project.* **The Assembly concurred and reduced debt service expenditures by \$3.3 million.**

Rhode Island Council on the Arts

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Category				
Salaries and Benefits	\$ 626,050	\$ 669,912	\$ 684,691	\$ 682,734
Contracted Services	36,808	30,000	37,500	37,500
Subtotal	\$ 662,858	\$ 699,912	\$ 722,191	\$ 720,234
Other State Operations	57,565	104,189	105,410	105,410
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,649,972	2,070,725	2,442,549	2,421,174
Capital	231,774	400,000	400,000	400,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 2,602,169	\$ 3,274,826	\$ 3,670,150	\$ 3,646,818
Sources of Funds				
General Revenue	\$ 1,591,482	\$ 1,983,986	\$ 1,939,874	\$ 1,916,542
Federal Aid	698,153	855,840	1,195,276	1,195,276
Restricted Receipts	83,440	-	100,000	100,000
Other	229,094	435,000	435,000	435,000
Total	\$ 2,602,169	\$ 3,274,826	\$ 3,670,150	\$ 3,646,818
FTE Authorization	8.6	8.6	8.6	8.6
FTE Average	8.1			

FY 2010 Revised Request. The Rhode Island Council on the Arts requested \$273,811 more than enacted from all sources including \$3,760 more from general revenues, \$270,051 more from federal funds, and the enacted level of 8.6 positions. The general revenue request is \$46,054 more than the “working budget” of \$1,941,692. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended \$121,513 more than requested, including \$47,872 less from general revenues, \$69,385 more from federal funds, and \$100,000 more from restricted receipts; he recommended the enacted level of full-time equivalent positions. The recommendation is \$1,818 less than the working budget.

The Assembly concurred with the Governor’s recommendations; however, further reduced general revenues by \$23,332 to reflect a grant that will not be awarded and a lower assessed fringe benefit rate.

Salaries and Benefits. The Council requested \$57,783 more than enacted for salaries and benefits, including \$7,232 more from general revenues and \$50,551 more from federal funds. The request includes \$2,096 from adjustments to benefit rates, and \$63,826 for a new position which was authorized in the enacted budget, but was not funded. This is offset by turnover and other adjustments that total \$8,139.

*The Governor further reduced salaries and benefits by \$43,004 from all sources, including \$37,372 from general revenues to include savings of \$19,280 from eight pay reduction days, \$9,393 from three medical benefit holidays, and \$14,331 for medical co-shares that was erroneously omitted from the request. **The Assembly concurred and included savings of \$1,957 to reflect three assessed fringe benefit holidays.***

Operating Expenses. The Council requested \$3,472 less than enacted from general revenues for operating expenses. The request includes adjustments to miscellaneous expenses, such as office supplies, mileage, printing and advertising.

*The Governor recommended \$12,193 more than requested, including \$7,500 from general revenues for his official portrait and various adjustments to operating expenses. It is required by Rhode Island General Law 37-8-9 that every governor has an official portrait that is hung in the State House. **The Assembly concurred.***

Federal Stimulus Funds. The Council requested \$0.2 million more than enacted to reflect federal stimulus funds carried forward from FY 2009. The funding is from the National Endowment for the Arts to preserve jobs in the nonprofit arts sector. The 2009 Assembly included these funds for FY 2009; however, the Council had not awarded all of the grants by June 30, 2009. The Council also received \$100,000 from the Rhode Island Foundation to use for the same purpose; however, it failed to include this in its revised request.

The Governor recommended \$70,324 more than requested from federal funds to reflect stimulus funds that were understated in the Council's request. He also included \$100,000 from restricted receipts to reflect the grant award from the Rhode Island Foundation. At the time of the budget submission, the Council did not have statutory authority for a restricted receipt account.

*The Governor subsequently requested an amendment to provide the Council with the statutory authority for a restricted receipt account and exempt the account from an indirect cost recovery. **The Assembly concurred.***

Council Grants. The Council requested the enacted level of \$1.6 million from all sources, \$0.7 million from general revenues for discretionary grants. Discretionary grants are awarded to individuals and organizations to help support the arts and encourage artists to continue to make the arts visible in the community. *The Governor recommended \$18,000 less than requested to account for the elimination of a discretionary grant the Council had intended for an agency that is now in bankruptcy and receivership. **The Assembly further reduced general revenues by \$21,375 to reflect the elimination of a community service grant for the agency in bankruptcy and receivership.***

Rhode Island Atomic Energy Commission

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Category				
Salaries and Benefits	\$ 846,901	\$ 937,197	\$ 901,662	\$ 899,101
Contracted Services	7,965	18,000	15,158	32,050
Subtotal	\$ 854,866	\$ 955,197	\$ 916,820	\$ 931,151
Other State Operations	146,555	159,918	406,021	411,021
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	51,495	102,000	70,000	70,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,052,916	\$ 1,217,115	\$ 1,392,841	\$ 1,412,172
Sources of Funds				
General Revenue	\$ 784,077	\$ 775,346	\$ 788,999	\$ 786,438
Federal Aid	51,548	107,000	300,159	322,051
Restricted Receipts	-	-	-	-
Other	217,291	334,769	303,683	303,683
Total	\$ 1,052,916	\$ 1,217,115	\$ 1,392,841	\$ 1,412,172
FTE Authorization	8.6	8.6	8.6	8.6
FTE Average	8.3			

FY 2010 Revised Request. The Rhode Island Atomic Energy Commission requested \$171,446 more than enacted; general revenues are requested at the enacted level. The general revenue request is \$48,283 more than the “working budget” of \$727,063. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration. The Commission requested 8.6 full-time equivalent positions.

The Governor recommended \$175,726 more than enacted and \$4,280 more than requested. General revenues are \$13,653 more than enacted and requested. The recommendation is \$61,936 more than the working budget.

The Assembly provided \$1.4 million from all sources of funds including \$786,438 from general revenues. It reduced general revenues by \$2,561 to reflect a statewide assessed fringe benefit reduction and added \$21,892 from federal funds to reflect additional available funds.

Personnel. The Commission’s revised request is \$47,181 less than enacted including \$15,721 more from general revenues. This reflects a vacant senior facility engineer position remaining unfilled. The Commission noted that it would like to fill the vacant position as the other nuclear operators are retirement age and there is a need to train someone new. The general revenue increase includes \$2,016

for longevity increases and \$13,705 to reflect an additional employee taking medical insurance in lieu of the cash waiver, an increase in retirement costs and other minor benefit adjustments.

The Governor recommended \$11,646 more than requested including \$19,365 more from general revenues. The Governor's recommendation provides an additional \$46,891 from general revenues to support a supervisor reactor operator position for six months offset by savings from three medical benefit holidays and eight payless work days for combined savings of \$27,526.

The Assembly concurred and reduced general revenues by \$2,561 to reflect three assessed fringe benefit holidays.

New Federal Grant Award. The Commission's budget includes \$0.2 million for a new federal grant awarded in FY 2010. The Commission received this grant to purchase new equipment for the reactor and the new counting laboratory. The Commission had previously used federal funding from federal reactor support grants for equipment purchases, program supplies and staff training. Congress eliminated the reactor support grants in the Department of Energy's budget for FY 2009 and FY 2010. This new grant will be able to fund some of the purchases that the Authority previously funded from the reactor support grants. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Operating Adjustments. The Commission's request includes \$28,373 less from all funds, \$15,721 less from general revenues for all other operating adjustments. The majority of the decrease reflects the elimination of federally funded equipment purchases. Minor increases were made in maintenance, repairs and office expenditures. These expenditures were reduced in order to submit a budget request at the enacted level. The Commission overspent its FY 2009 general revenue funded operating expenditures by \$9,185 suggesting that it might not be able to achieve the proposed reductions. *The Governor's recommendation is \$7,366 less than requested from all sources including \$5,712 less from general revenues for maintenance and other general office supplies.*

The Governor subsequently requested an amendment to add \$21,892 from federal funds to reflect additional federal funds for staff training and out of state transportation expenses for reactor licensing review. **The Assembly concurred and added the \$21,892.**

Rhode Island Higher Education Assistance Authority

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Program				
Scholarship and Grant Program	\$ 7,976,460	\$ 7,668,523	\$ 7,615,301	\$ 7,318,784
Loans Program	12,430,604	14,212,538	11,478,769	11,478,769
Tuition Savings Program	6,837,701	6,750,277	6,462,719	7,062,719
Total	\$ 27,244,765	\$ 28,631,338	\$ 25,556,789	\$ 25,860,272
Expenditures by Category				
Salaries and Benefits	\$ 3,024,798	\$ 3,597,420	\$ 3,062,298	\$ 3,035,781
Contracted Services	3,815,632	7,509,000	5,508,100	5,508,100
Subtotal	\$ 6,840,430	\$ 11,106,420	\$ 8,570,398	\$ 8,543,881
Other State Operations	2,736,678	4,013,136	3,736,171	3,736,171
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	17,667,657	13,009,782	12,749,220	13,079,220
Capital	-	502,000	501,000	501,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 27,244,765	\$ 28,631,338	\$ 25,556,789	\$ 25,860,272
Sources of Funds				
General Revenue	\$ 7,283,678	\$ 7,305,741	\$ 7,238,150	\$ 6,611,633
Federal Aid	13,123,386	14,575,320	11,855,920	12,185,920
Restricted Receipts	-	-	-	-
Other	6,837,701	6,750,277	6,462,719	7,062,719
Total	\$ 27,244,765	\$ 28,631,338	\$ 25,556,789	\$ 25,860,272
FTE Authorization	42.6	42.6	42.6	37.3
FTE Average	36.6			

FY 2010 Revised Request. The Authority requested a decrease of \$3.0 million for FY 2010, including \$45,900 less from general revenues. The request also includes \$2.7 million less from federal funds and \$0.3 million less from the Authority's Tuition Savings program revenues. The Authority requested 42.6 full-time equivalent positions, the same as the enacted authorization. The general revenue request is \$2,092 less than the "working budget" of \$7.3 million. The working budget is the enacted budget adjusted for the Budget Office's distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended \$25.6 million from all sources of funds, which is \$3.1 million less than enacted and \$93,825 less than requested. The recommendation is \$23,783 less than the working budget.

The Assembly included an additional \$25,000 in turnover savings and savings of \$1,517 from three assessed fringe benefit holidays. It also used \$0.6 million from tuition savings fees in lieu of a like amount from general revenues for need based scholarships and grants and added \$330,000 from

federal funds to reflect available funding. It also provided authorization for 37.3 full-time equivalent positions reflecting elimination of half the vacant positions.

Personnel. The FY 2010 revised request includes \$0.4 million less than enacted for all salary and benefit expenditures. This includes \$26,871 less from general revenues, \$0.4 million less from federal funds and \$14,199 less from other funds to reflect turnover savings and minor adjustments in personnel allocations among sources of funds. The Authority had 33.0 of its 42.6 authorized full-time equivalent positions filled as of the October 10 pay period. Based on an average cost per full-time equivalent position of \$72,677, the requested turnover savings represents 5.6 vacant positions throughout the entire year.

The Governor recommended \$126,358 less than requested including \$18,191 less from general revenues. The general revenue reduction includes \$12,705 from eight payless work days and \$5,486 from three medical benefits holidays. The recommendation also increases turnover in the loan division, which is funded from federal funds to reflect current vacancies.

The Assembly included additional turnover savings of \$25,000 that will be achieved by keeping a part-time storekeeper position vacant and not filling another position vacated through retirement. It also included savings of \$1,517 for three statewide assessed fringe benefit holidays.

Scholarships and Grants			
Uses	FY 2010 Enacted	FY 2010 Gov. Rev. Rec.	FY 2010 Final
Need Based Scholarships and Grants			
General Revenues	\$ 6,382,700	\$ 6,375,069	\$ 5,775,069
Tuition Savings Fees	5,717,300	5,750,000	6,350,000
<i>Subtotal</i>	<i>\$ 12,100,000</i>	<i>\$ 12,125,069</i>	<i>\$ 12,125,069</i>
Other Grant Programs			
Academic Promise	\$ -	\$ -	\$ -
Matching Grant	-	-	-
Adult Education	300,000	-	-
LEAP/SLEAP	362,782	377,151	377,151
<i>Subtotal</i>	<i>\$ 662,782</i>	<i>\$ 377,151</i>	<i>\$ 377,151</i>
Total	\$ 12,762,782	\$ 12,502,220	\$ 12,502,220
Sources			
General Revenues	\$ 6,382,700	\$ 6,375,069	\$ 5,775,069
Federal Funds	362,782	377,151	377,151
Tuition Savings Fees	6,017,300	5,750,000	6,350,000
Total	\$ 12,762,782	\$ 12,502,220	\$ 12,502,220

Need Based Grants. The Authority increased need-based scholarships and grants by \$25,069. General revenues are \$7,631 less than enacted and tuition savings fees are \$32,700 more than enacted. Tuition savings funds come from maintenance fees paid by out of state participants of the Tuition Savings Program that the Authority administers through AllianceBernstein. The appropriations bill currently lists expenditures by fund source. These fees generate approximately \$6.0 million per year. General revenues were reduced to meet the enacted budget and tuition savings fees were rounded up. *The Governor recommended funding as requested.*

The Assembly used \$0.6 million from tuition savings fees in lieu of a like amount from general revenues to fund need based scholarships and grants for FY 2010. This represents a portion of the estimated year end balance in tuition savings fees.

Other Grant Programs. The Authority requested \$0.3 million less for the Authority's other grant programs including \$300,000 less from tuition savings fees and \$14,369 more from federal Leveraging Educational Assistance Partnerships and Special Leveraging Educational Assistance Partnerships funds. This includes eliminating the \$0.3 million in the enacted budget for the adult education program as the Authority has not used what was previously provided.

The FY 2008 budget included \$0.6 million from tuition savings fees for a new adult education initiative to provide financial aid for adults taking less than six credits and are therefore, ineligible for most financial assistance. Most programs will not provide financial aid for individuals taking fewer credits. While there is only funding committed for FY 2008, the Board indicated at the time that it intended to use this money in FY 2008 and FY 2009 for the new program. The Assembly provided \$0.3 million for FY 2010. *The Governor recommended funding as requested.*

*The Governor subsequently requested an amendment to add \$330,000 for college access challenge grant funding. The grant is intended to increase the number of low-income students who are prepared to enter post-secondary education. **The Assembly concurred and added the \$330,000.***

Loan Division Activities. The Authority requested \$2.3 million less from federal funds for loan division activities. The request reflects a reduction of \$0.5 million less for expenses associated with data processing of guaranteed loans and \$2.0 million less for collections commissions as a result of a revised projection of total collection activity offset by \$0.2 million more for web portal services and maintenance.

Federal healthcare reform legislation included a provision to end subsidies to lenders and originate all loans directly through the federal government effective July 1, 2010. The Authority would continue to be required to provide services for loans currently in their portfolio including claims payments, reinsurance transactions, default prevention and aversion activities and collections of defaulted student loans. It also believes that there might be new opportunities and the Authority's management is currently evaluating the effect that these changes will have on its operations. *The Governor recommended funding as requested. **The Assembly concurred.***

Other Operating Adjustments. The Authority requested a decrease of \$11,398 from general revenues for all other operating expenses. *The Governor's recommendation is \$32,533 more than requested including \$3,500 less from general revenues. This includes restricted receipts and federal funds freed up from statewide personnel savings that are now available for other uses. **The Assembly concurred.***

Historical Preservation and Heritage Commission

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Category				
Salaries and Benefits	\$ 1,489,917	\$ 1,555,636	\$ 1,490,700	\$ 1,487,515
Contracted Services	3,340	14,558	14,951	14,951
Subtotal	\$ 1,493,257	\$ 1,570,194	\$ 1,505,651	\$ 1,502,466
Other State Operations	93,986	96,166	102,379	102,379
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	423,119	936,644	936,644	1,031,011
Capital	10,776	10,500	16,000	16,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 2,021,138	\$ 2,613,504	\$ 2,560,674	\$ 2,651,856
Sources of Funds				
General Revenue	\$ 1,241,495	\$ 1,285,100	\$ 1,262,238	\$ 1,256,873
Federal Aid	509,473	819,367	819,367	913,734
Restricted Receipts	270,170	509,037	479,069	481,249
Other	-	-	-	-
Total	\$ 2,021,138	\$ 2,613,504	\$ 2,560,674	\$ 2,651,856
FTE Authorization	16.6	16.6	16.6	16.6
FTE Average	16.4			

FY 2010 Revised Request. The Historical Preservation and Heritage Commission requested \$2.6 million from all sources for FY 2010, \$9,521 more than enacted. This includes \$39,489 more from general revenues offset by \$29,968 less from restricted receipts. The general revenue request is \$109,690 more than the “working budget” of \$1.2 million. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended \$52,830 less than enacted, including \$22,862 less from general revenues and \$29,968 from restricted receipts. The recommendation is \$47,339 more than the working budget.

The Assembly provided \$91,182 more from all sources, including \$5,365 less from general revenues, \$94,367 more from federal sources, and \$2,180 more from restricted receipts.

Salaries and Benefits. The Commission requested \$1.6 million for salaries and benefits, \$2,851 less than enacted. This includes \$33,737 more from general revenues and a corresponding decrease of \$36,588 from restricted receipts. The Commission has revised its estimate of restricted receipt revenue available in the current fiscal year and requested the shortfall be replaced with general revenue funding.

The Governor recommended \$62,085 less than requested, including \$49,876 less from general revenues for salaries and benefits. This reflects eight uncompensated leave days and three medical benefits holidays.

The Assembly concurred, with the exception of providing \$3,185 less general revenues to reflect statewide savings and transferring \$2,180 of expenditures from general revenues to Historic Preservation Easement restricted receipts.

Eisenhower House Repair. The Commission requested \$11,718 more than enacted for all other operations and to make repairs to Eisenhower House in FY 2010. This includes \$9,000 for safety related repairs including: loose hand railings; rotted stair treads; a damaged roof; and mold forming in the outdoor restrooms. The remaining \$2,718 is for other miscellaneous expenses associated with the operating of the facility and redesign of the Eisenhower House website to attract more business.

*The Governor provided \$10,125 less than requested providing \$6,000 for renovations and \$4,125 for other miscellaneous expenses which is consistent with FY 2008 and FY 2009 spending levels. **The Assembly concurred.***

Other Operating Expenses. The Commission requested \$1.0 million for its operating and maintenance expenses, \$654 more than enacted including \$5,966 less from general revenues and \$6,620 more from restricted receipts for non-recurring expenses. This includes general revenue reductions of \$3,100 for advertising and printing, \$680 for communication system expenses, \$710 for travel, and \$1,476 for other miscellaneous expenses. These decreases are offset by \$5,500 more from restricted receipts for computer software, \$650 more for travel expenses, and \$470 more for other miscellaneous expenses.

*The Governor recommended \$2,350 less than requested from general revenues for all other operating expenses, part of an effort to limit expenses for specific accounts. He also adds \$8,668 from federal funds and \$3,541 from restricted receipts to reflect funds available from statewide personnel savings for other uses. **The Assembly concurred and provided \$94,367 from federal funds for additional Certified Local Grant expenditures than previously anticipated.***

[Staff Note: It should be noted that the \$3,541 from additional restricted receipts is available to offset a portion of the general revenue increase requested for salaries and benefits though the recommendation does not make this change.]

Rhode Island Public Telecommunications Authority

	FY 2009	FY 2010	FY 2010	FY 2010
	Reported	Enacted	Revised	Final
Expenditures by Category				
Salaries and Benefits	\$ 1,798,883	\$ 1,831,858	\$ 1,574,824	\$ 1,571,667
Contracted Services	5,339	13,000	11,700	6,000
Subtotal	\$ 1,804,222	\$ 1,844,858	\$ 1,586,524	\$ 1,577,667
Other State Operations	119,053	63,500	37,057	37,057
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,923,275	\$ 1,908,358	\$ 1,623,581	\$ 1,614,724
Sources of Funds				
General Revenue	\$ 1,206,333	\$ 1,142,702	\$ 1,009,552	\$ 1,000,695
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	716,942	765,656	614,029	614,029
Total	\$ 1,923,275	\$ 1,908,358	\$ 1,623,581	\$ 1,614,724
FTE Authorization	18.0	18.0	16.0	16.0
FTE Average	16.0			

FY 2010 Revised Request. The Public Telecommunications Authority requested \$200,767 less than enacted from all sources including \$49,140 from general revenues, \$151,627 from Corporation for Public Broadcasting funds, and 1.0 less full-time equivalent position. The general revenue request is \$25,189 more than the “working budget” of \$1,068,373. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended \$84,010 less than requested from general revenues and the requested level of Corporation for Public Broadcasting funds. He recommended 16.0 full-time equivalent positions, 1.0 less than requested and 2.0 less than enacted. The recommendation is \$58,821 less than the working budget.

The Assembly concurred with the Governor’s recommendations; however, further reduced general revenues by \$8,857 to include additional savings for closed captioning expenses and a lower assessed fringe benefit rate.

Salaries and Benefits. The Authority requested \$155,767 less than enacted for salaries and benefits and 17.0 full-time equivalent positions. This includes \$4,140 less from general revenues, \$151,627 less from Corporation for Public Broadcasting funds, and the elimination of 1.0 full-time equivalent position. It also includes savings of \$81,501 from various salary and benefit adjustments and maintaining a vacant

position and \$72,431 in savings from the elimination of a vacant production manager position. This is offset by an additional \$2,703 from all funds, including \$2,210 more from general revenues to reflect changes to medical benefits and retirement rates consistent with Budget Office planning values and \$1,812 more for overtime expenses.

*The Governor further reduced salaries and benefits by \$101,267 from all sources, including \$82,710 from general revenues to reflect savings of \$15,721 from three medical benefit holidays, \$43,484 from eight pay reduction days, and \$42,062 from the elimination of 1.0 additional full-time equivalent position. This is a producer position that has been vacant since the start of FY 2010 and is in addition to the requested elimination of a production manager. **The Assembly concurred and included savings of \$3,157 to reflect three assessed fringe benefit holidays.***

Operating Expenses. The Authority requested \$45,000 less than enacted from general revenues for its operating expenses. This reduction includes \$35,000 less for electricity costs related to the analog transmitter that was no longer in use as of February 2009, and \$10,000 less for maintenance of the transmitter. *The Governor further reduced contracted services by 10.0 percent for savings of \$1,300 from closed captioning services leaving \$11,700; the Authority spent \$5,339 for these services in FY 2009. **The Assembly further reduced closed captioning services by \$5,700 based on revised spending projections.***

Office of the Attorney General

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Program				
Criminal	\$ 14,892,520	\$ 14,572,581	\$ 14,534,450	\$ 14,474,547
Civil	4,539,679	4,973,822	4,831,601	4,708,166
Bureau of Criminal Identification	1,052,123	1,056,744	1,087,627	1,112,836
General	2,789,152	2,904,066	3,392,922	3,272,922
Total	\$ 23,273,474	\$ 23,507,213	\$ 23,846,600	\$ 23,568,471
Expenditures by Category				
Salaries and Benefits	\$ 20,947,120	\$ 21,457,440	\$ 20,428,140	\$ 20,118,662
Contracted Services	816,047	118,252	734,544	660,030
Subtotal	\$ 21,763,167	\$ 21,575,692	\$ 21,162,684	\$ 20,778,692
Other State Operations	1,224,584	1,657,635	1,770,233	1,996,096
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	285,723	273,886	913,683	793,683
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 23,273,474	\$ 23,507,213	\$ 23,846,600	\$ 23,568,471
Sources of Funds				
General Revenue	\$ 20,811,424	\$ 21,099,743	\$ 20,108,466	\$ 19,635,128
Federal Aid	1,397,373	1,274,540	1,921,152	1,986,361
Restricted Receipts	843,798	932,930	1,090,135	1,340,135
Other	220,879	200,000	726,847	606,847
Total	\$ 23,273,474	\$ 23,507,213	\$ 23,846,600	\$ 23,568,471
FTE Authorization	231.1	231.1	231.1	230.0
FTE Average	228.1			

FY 2010 Revised Request. The Office of the Attorney General requested \$1.4 million more than enacted from all funds including \$32,108 less from general revenues and 231.1 full-time equivalent positions, consistent with the authorized level. The general revenue request is \$1.3 million more than the “working budget” of \$19.8 million. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended \$0.3 million more than enacted from all sources, including \$1.0 million less from general revenues, \$0.6 million more from federal funds, \$0.2 million more from restricted receipts, and \$0.5 million more from other funds. This is \$1.1 million less than requested, including \$1.0 million less from general revenues. He also recommended the enacted level of 231.1 full-time equivalent positions, as requested. The recommendation is \$0.4 million more than the working budget. The Assembly included \$0.5 million less general revenues than recommended to reflect shifting expenses

of \$250,000 from general revenues to restricted receipts based on available funds and a reduced rate for assessed fringe benefits. The Assembly also included 230.0 positions, 1.1 fewer than enacted to reflect a statewide vacancy reduction.

Drug Intervention Initiative. The Office requested \$39,050 from general revenues to support a new initiative that is funded by a grant from the Providence Police Department to address the challenges of effectively responding to illegal drug markets and their associated crime, violence, and disorder in the Chad Brown and Lockwood Plaza areas of Providence. Funding for this initiative will be reimbursed to the Office on a quarterly basis and deposited as general revenues. *The Governor recommended \$1,550 less than requested to reflect savings for eight pay reduction days and three medical benefit holidays. It should be noted that the Governor's budget does not include a revenue item for this grant.*

The Governor subsequently requested an amendment to shift this expense to a new restricted receipt account and also added \$2,500 to his recommendation. He included Article 10 of his revised budget to create the account and exempt it from indirect cost recovery. The Assembly included the recommended appropriation from federal funds.

Community Prosecutors. The Office's request shifts \$109,459 from general revenues to federal funds to support 1.1 full-time equivalent positions which would have been requested from general revenues because of expired funds. The request correctly reflects a new federal grant award for the Office to support partial salary and benefit expenses for a community prosecutor and an adult drug court prosecutor. The community prosecutor will handle gang related cases and the adult drug court prosecutor will handle drug cases and screen candidates for drug treatment programs. *The Governor recommended the shift, but adjusted it by \$3,065 to reflect savings for eight pay reduction days and three medical benefit holidays. The Assembly concurred.*

Domestic Violence Arrests Grant. The Office's request shifts \$45,736 from general revenues to federal funds to support staffing for the domestic violence unit. This unit's function includes holding violent offenders accountable for their actions through investigation, arrest, and prosecution. The awarded funds will support approximately one-fourth of the salaries for two prosecutors for the domestic violence unit. *The Governor recommended the shift, but adjusted it by \$1,200 to reflect savings for eight pay reduction days and three medical benefit holidays. The Assembly concurred.*

New Federal Award for Traffic Safety. The Office's request shifts \$25,449 from general revenues to federal funds to partially support staffing for traffic safety prosecution. The traffic safety prosecutor position was initially funded from general revenues, but the Office received a new federal grant award from the National Highway Traffic Safety Administration and shifted general revenue expenses to federal funds to partially support the position. The request correctly reflects the federal grant award for the Office. The enacted budget included funding to cover 1.0 full-time equivalent position. The new federal grant award allows the Office to shift part of the salary and benefit expense for the position from general revenues to federal funds. *The Governor recommended the shift, but adjusted it by \$2,753 to reflect savings for eight pay reduction days and three medical benefit holidays. The Assembly concurred.*

All Other Salary and Benefit Adjustments. The Office requested \$16,243 less than enacted from all funds including \$77,962 more from general revenues for all other salaries and benefits. This includes \$51,386 to reflect rate adjustments for retirement, assessed fringe benefits and medical benefits. The general revenue increase reflects unachieved turnover savings. The enacted budget assumes turnover savings of \$493,829 which equates to holding 5.5 full-time equivalent positions vacant for FY 2010. Currently, the Office is averaging 228.0 filled full-time equivalent positions or 3.1 positions below the authorized level. *The Governor recommended \$1.1 million less than requested to reflect \$0.3 million from turnover savings in addition to \$0.8 million of savings for eight pay reduction days and three*

medical benefit holidays. The Assembly included \$62,403 less general revenues than recommended to reflect a reduced rate for assessed fringe benefits.

Insurance Unit. The Office requested \$12,673 less than enacted from general revenues for its insurance unit to cover reduced operating expenses such as utilities, dues and subscriptions, building repairs, parking rental, purchase of transcriptions, and postal services. The request will place these expenses more in line with historical spending. *The Governor recommended \$97 less than requested to reflect further reductions for transportation expenses based on historical expenditures. The Assembly concurred.*

Consumer Education. The Office requested \$177,500 from restricted receipts recovered by the Consumer Protection Unit from deceptive trade practice cases over the course of ten years and deposited into a restricted receipt account. The funds will be used to support consumer training on fraud and consumer protection pamphlets, brochures, and flyers. In FY 2009, the Office spent \$32,812 from this account for consumer education expenses of the \$197,649 requested. *The Governor recommended funding as requested.*

Subsequent to the Governor's recommendation, the Office recovered approximately \$459,464 from a settlement with Pfizer for covered conduct involving the prescription drug Geodon and deposited the funds into the consumer education restricted receipt account. The Assembly shifted \$250,000 of general revenue expenses to the consumer education restricted receipt account based on available funds.

Domestic Violence System Design. The Office requested \$140,000 from federal funds for information technology system design for the prosecution project. Grant funds will also cover computer equipment and supplies, furniture and staff training to improve tracking of domestic violence cases. The request correctly reflects this stimulus grant awarded to the Office to ensure that violent offenders are held accountable for their actions through investigation, arrest, and prosecution. This is a one-time stimulus award that was not included in the enacted budget because the Office did not anticipate receiving this award when it formulated its FY 2010 original request. *The Governor recommended funding essentially as requested, but added \$583 to reflect additional funds available from statewide personnel savings. The Assembly concurred.*

Forfeitures. The Office requested \$61,424 more than enacted from restricted receipts from gambling forfeitures and forfeiture of property. This request reflects anticipated federal forfeiture payment of awards for information and/or assistance leading to a civil or criminal proceeding. The requested funds will cover vehicle purchases, office supplies, computer equipment and training. *The Governor recommended \$1,513 more than requested to reflect additional funds available from statewide personnel savings. The Assembly concurred.*

Integrated Information System. The Office requested \$430,000 from federal funds for the implementation of the integrated case management information system for the Criminal Division. Currently, the Office manages its annual caseloads through a labor-intensive manual state repository for all criminal history information. This system will help eliminate duplicate information and processes and provide reporting without additional licensing fees. This application will have integration with the Rhode Island Court Judicial Information System for disposition information and with the Rhode Island Criminal History System for arrest and expungement information. The request correctly reflects the federal grant awarded to the Office for this project. *The Governor recommended funding as requested. The Assembly concurred.*

Protection of State Witnesses. The Office requested \$21,021 more than enacted from general revenues for protection of state witnesses. This request will place this expense more in line with historical spending and reflects anticipated expenses to provide housing, food, accessories and 24 hour security

services for several state witnesses. *The Governor recommended \$3,763 less than requested to reflect a reduction for transportation expenses based on historical expenditures.* **The Assembly concurred.**

Tobacco Enforcement Litigation. The Office requested \$151,400 from general revenues for tobacco litigation expenses. This enforcement litigation case was brought by the leading United States tobacco product manufacturers against the state under the settlement agreement entitled “Master Settlement Agreement” for its lack of due diligence in appropriating collected funds. The requested funding will cover a pro-rated share of salaries of mediators, copies of transcripts, clerical services, out-of-state transportation and lodging and other miscellaneous expenses. At this time, it is unclear whether the litigation will go forward in FY 2010 as this case has been formulating nationwide for approximately three years. *The Governor recommended funding as requested.* **The Assembly shifted \$123,435 from general revenues from FY 2010 to FY 2011 to reflect delays in the progression of this case.**

National Criminal History Improvement Program. The Office requested \$5,500 from federal funds for the National Criminal History Improvement Program. The request correctly reflects the federal grant awarded to the Office for database system design to improve the accuracy of information for protective orders including stalking cases. This request was not included in the enacted budget because the Office was unaware if it would be awarded the funds. *The Governor recommended funding as requested.*

The Governor subsequently requested an amendment to add \$25,209 from federal funds to support the program’s expenses. **The Assembly concurred.**

Asset Protection. The Office requested \$586,847 from Rhode Island Capital Plan funds including \$60,000 in new funding with the balance carried forward from FY 2009 for its asset protection projects. The Office noted a delay in its Automated Fingerprint Identification System because this is not a high priority project. *The Governor recommended \$526,847 more than enacted, which is \$60,000 less than requested.* **The Assembly included \$120,000 less Rhode Island Capital Plan funds than recommended based on updated schedules and spending estimates.**

All Other Operations. The Office requested \$139,725 less than enacted from all funds including \$128,244 less from general revenues for all other state operations. This reduction reflects the across-the-board savings allocated by the Budget Office for FY 2010. This includes additional expenses for audit services for the Civil Division and other temporary services for the Criminal Division based on revised estimates. Other offsetting operating reductions include building maintenance and repairs, office and computer supplies, subscription fees, record center expenses, parking fees, and printing service expenses.

The Governor recommended \$130,568 less than enacted, which is \$9,157 more than requested to reflect additional funds available from statewide personnel savings as well as further reductions for transportation and printing service expenses based on historical spending. His recommendation assumes the Office can contract with the Department of Health for its printing service needs. **The Assembly concurred.**

Department of Corrections

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Program				
Central Management	7,735,262.00	8,021,430.00	6,954,560.00	6,922,188.00
Parole Board	1,274,926	1,293,696	1,333,845	1,331,845
Institutional Corrections	156,331,333	161,009,611	163,885,224	159,384,552
Community Corrections	13,794,027	15,030,769	14,012,863	14,091,787
Total	\$ 179,135,548	\$ 185,355,506	\$ 186,186,492	\$ 181,730,372
Expenditures by Category				
Salaries and Benefits	\$ 148,652,299	\$ 149,296,397	\$ 147,847,378	\$ 144,833,484
Contracted Services	11,256,269	11,916,890	12,307,201	11,676,719
Subtotal	\$ 159,908,568	\$ 161,213,287	\$ 160,154,579	\$ 156,510,203
Other State Operations	15,738,583.0	16,447,305.0	16,452,931.0	16,441,187.0
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,213,180.0	1,451,364.0	1,396,364.0	1,396,364.0
Capital	2,275,217.0	6,243,550.0	8,182,618.0	7,382,618.0
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 179,135,548	\$ 185,355,506	\$ 186,186,492	\$ 181,730,372
Sources of Funds				
General Revenue	\$ 154,269,696	\$ 177,390,562	\$ 174,850,922	\$ 171,119,682
Federal Aid	22,288,285	2,196,668	3,402,046	3,354,329
Restricted Receipts	-	-	-	122,837
Other	2,577,567	5,768,276	7,933,524	7,133,524
Total	\$ 179,135,548	\$ 185,355,506	\$ 186,186,492	\$ 181,730,372
FTE Authorization	1,423.0	1,423.0	1,423.0	1,402.5
FTE Average	1,406.1			
Prison Population	3,773.0	3,767.0	3,659.0	3,551.0

FY 2010 Revised Request. The Department requested \$6.1 million more than enacted from all funds including \$4.0 million from general revenues and 1,423.0 full-time equivalent positions, consistent with the enacted level. The Department's revised request is based on a population of 3,669, a decrease of 98. The general revenue request is \$16.6 million more than the "working budget" of \$164.8 million. The working budget is the enacted budget adjusted for the Budget Office's distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended \$830,986 more than enacted from all sources, including \$2.5 million less from general revenues, \$1.2 million more from federal funds, and \$2.2 million more from other funds. This is also \$5.2 million less than requested, including \$6.5 million less from general revenues. The recommendation is \$9.5 million more than the working budget. The Assembly included \$3.5 million

less general revenues than recommended to reflect savings of \$1.1 million based on updated population projections and \$2.0 million savings from the labor contract settlements, as well as statewide benefit savings and indirect cost recovery savings. The Assembly provided 1,402.5 positions, 20.5 fewer than enacted to reflect elimination of half of the vacancies.

Population. The enacted budget assumes \$5.0 million in savings based on initiatives approved by the 2008 Assembly to reduce prison population by allowing for expanded opportunities for earning time off sentences. The Department has implemented the initiatives and has been current on automated calculations for the days earned for rehabilitation program credit since FY 2009. The enacted budget assumes a population of 3,767, which is 241 fewer inmates than the Department’s initial population projection of 4,008 for FY 2010.

The Department’s current population is tracking below staff estimates for the FY 2010 enacted budget, which assumed those reductions; however, the Department is not able to quantify population changes related to the reduction options. The House Fiscal Staff used a simple model using trend data and population through the third quarter that suggests an average population of 3,551. The Department contracts with a firm to prepare population estimates, which has subsequently revised these estimates downward to 3,669. That is the population upon which the revised budget request was based.

Population reductions result in the greatest savings when there are enough to allow for the closure of housing modules. Current population has resulted in the closure of two double modules in the Intake Center. The maximum capacity of the prison is governed by the terms of an overcrowding lawsuit. In FY 2008, the Department reached an agreement with the federal courts to increase the allowed capacity at facilities from 4,085 to 4,265.

The following table depicts the recent history of budgeted and actual prison population from FY 2001 through the FY 2011 budget as enacted. The average population through the third quarter of FY 2010 is 3,551. Total cost per inmate including staff can be expressed by dividing the Institutional Corrections’ budget by the number of inmates. This is \$45,797 in the FY 2010 revised budget request. The enacted budget includes \$42,742. FY 2009 actual expenditures suggest a cost of \$41,434.

History	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
<i>Request</i>	3,355	3,492	3,297	3,333	3,305	3,299	3,200	2,583	3,803	4,008	3,709
Governor	3,292	3,464	3,393	3,724	3,640	3,244	3,375	3,289	3,848	4,008	
Enacted	3,292	3,464	3,393	3,500	3,575	3,244	3,375	3,289	3,848	3,767	
Revised Request	3,464	3,251	3,658	3,640	3,575	3,375	3,723	4,018	3,869	3,669	
Governor Revised	3,464	3,370	3,658	3,600	3,377	3,375	3,723	3,925	3,869	3,659	
Final	3,464	3,370	3,550	3,600	3,377	3,475	3,755	3,925	3,788	3,551	
<i>Actual</i>	3,348	3,387	3,537	3,554	3,361	3,510	3,771	3,860	3,773		

The Governor’s revised budget assumes 3,659 inmates, which is 10 fewer inmates than the Department’s request. The Assembly assumed 3,551 inmates, 108 fewer than recommended and included \$1.1 million primarily in overtime savings from this reduction.

Unachieved Population Savings. The FY 2010 enacted budget anticipates savings of \$5.0 million from general revenues based on the prison population reduction. The Department’s request restores \$2.8 million noting that it had been unable to close enough housing units to achieve the budgeted savings. This is despite the Department’s projections being based on 98 fewer inmates than assumed in the enacted budget. The anticipated savings were calculated by multiplying the total cost per inmate, which is \$41,332, by 241 inmates and then divided by two in recognition of certain fixed costs that cannot be reduced.

Subsequently, the Department submitted a corrective action plan that includes overtime savings of \$123,538 in addition to \$61,769 for the elimination of 18 one-shift posts on a weekly basis at the Intake Service Center. *The Governor's revised budget restores the unachieved savings and includes the corrective action plan savings.* **The Assembly concurred.**

Population: Per Diem Expenditures. The Department requested \$418,426 less than enacted from general revenues for population related expenditures that are calculated on a per diem basis, excluding staffing. This is based on 98 fewer inmates and a significant increase in food costs. The Department requested \$4,122 per inmate for items such as food, linen, household supplies and medical services; the enacted budget assumed \$4,127. In FY 2009, the Department's actual per inmate cost was \$3,874 or \$250 less than the current request. *The Governor recommended \$900,799 less than enacted, which is \$482,373 less than requested to reflect further reductions for food expenses and household supplies.* **The Assembly assumed a per diem cost of \$3,978, which is \$25 less than recommended.**

State Criminal Alien Assistance Funds. The Department requested \$352,824 more than enacted from general revenues to replace overestimated federal State Criminal Alien Assistance funds. This is a formula grant awarded to the Department for incurring costs of incarcerating undocumented immigrants who are being held as a result of state and/or local charges or convictions. The enacted budget anticipated \$1.2 million based on previous awards of \$1.5 million and \$1.2 million for FY 2008 and FY 2009, respectively. The federal award for FY 2010 is \$845,306 and the Department's revised budget requests general revenues to offset this shortfall. *The Governor recommended funding as requested. Subsequently, he requested an amendment to shift \$7,120 from general revenues to federal funds to reflect a carry-forward balance from the previous award.* **The Assembly concurred.**

New Officer Recruitment and Training. The Department requested \$715,891 less than enacted from general revenues for delaying recruitment and training for one new officer class. The enacted budget includes funding for recruitment and training of two new correctional officer classes. The Department's revised request reflects completion of only one new correctional officer class and indicates that the second class will not be conducted this fiscal year. *The Governor recommended this request and included the savings.* **The Assembly concurred.**

RIBCO Base Adjustment. The Rhode Island Brotherhood of Correctional Officers is currently in arbitration to settle the labor contract that includes base wage adjustments for correctional officers for FY 2010. The FY 2010 enacted budget includes \$7.4 million from general revenues for cost-of-living adjustments for correctional officers for the period including FY 2007 through FY 2010. This estimate is based on agreement reached with other state government unions. It includes an 8.7 percent cost-of-living adjustment for FY 2007 through FY 2010 assuming adjustments of 3.0 percent for FY 2007 and FY 2008, 0.0 percent for FY 2009 and 2.5 percent for FY 2010. The Department's revised budget requests an additional \$1.9 million to reflect its updated estimate of \$9.3 million based on current staffing. *The Governor did not recommend this request.* **The Assembly included \$5.4 million from general revenues, \$2.0 million less than enacted based on the arbitrators' decision and calculations from the Department of Administration.**

Other Salaries and Benefits. The Department requested \$234,154 more than enacted from all sources including \$180,468 from general revenues for all other salaries and benefits for FY 2010. This includes \$145,389 to reflect rate adjustments for retirement, assessed fringe benefits and medical benefits. The Department noted that it can achieve \$1.2 million in turnover savings from keeping positions vacant primarily those in probation and parole. However, the Department's request proposes to fill 33.0 full-time equivalent positions effective January 2010 for total costs of \$1.3 million. Currently, the Department is averaging 1,384.2 full-time equivalent positions or 38.8 positions below the authorized level.

The Governor recommended \$3.3 million less than enacted from all sources, which is \$3.5 million less than requested to reflect \$1.1 million more turnover savings than requested in addition to \$2.4 million of savings for eight pay reduction days and three medical benefit holidays. His recommendation includes funding for a full-time medical director position effective January 2010 for a total cost of \$118,156.

*The Governor subsequently requested an amendment to add \$58,833 from federal stimulus funds to fully support a probation and parole officer position. **The Assembly included \$1.5 million less general revenues than recommended to reflect savings, primarily from overtime, associated with the population reduction and a reduced rate for assessed fringe benefits.***

Electronic Medical Records. The Department requested \$44,594 more than enacted for the remaining expenses associated with the electronic medical records system. In FY 2009, the Department only paid for the portion of the project that was fully completed as of the last day of the fiscal year. The unpaid balance is carried forward to be paid out of FY 2010 appropriations. The system is currently in operation and it is intended to improve efficiency and efficacy in providing medical treatments and services for the prison population. *The Governor recommended funding as requested. **The Assembly concurred.***

Indirect Cost Recovery Rate for Federal Grants. Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, through the application of a negotiated indirect cost rate. The Departments of Health, Elementary and Secondary Education and Environmental Management take advantage of this allowance to lower state general revenue costs. Current law mandates that all state agencies shall apply for the rate when it is allowed under the particular federal grant. The Department of Corrections did not have an approved indirect cost rate for its federal grants. *The Governor's recommendation also did not include an approved indirect rate.*

The Assembly included general revenue savings of \$0.1 million assuming an indirect rate of not less than 5.0 percent on federal grants from the Department complying with current law and applying for and receiving a negotiated indirect rate. The Assembly shifted general revenue expenditures to indirect recovery rate restricted receipts and reduced federal funds accordingly.

Staff Development Grants. The Department requested \$304,846 more than enacted from federal funds to reflect new and increased federal grants that support staff development programs for FY 2010. The new federal grant awards support numerous staff activities intended to prevent and control crime and improve the criminal justice system. These activities include information sharing, research and evaluation of existing programs, and technical improvement and training. *The Governor recommended funding as requested. **The Assembly reduced recommended federal funds by \$22,338 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.***

Educational Grant Awards. The Department requested \$471,827 more than enacted from federal funds to reflect new and increased federal grants to support educational programs for FY 2010. The new federal grant award adds support for special education services for eligible inmates. The grant increases support existing basic adult education, literacy services and career and technical education programs for both men and women. *The Governor recommended funding essentially as requested, but added \$5,013 to reflect additional funds available from statewide personnel savings. **The Assembly reduced recommended federal funds by \$56,126 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.***

Community Corrections Grant Awards. The Department requested \$355,637 more than enacted from federal funds to reflect new and increased federal grants to support the community corrections programs for FY 2010. The new federal grant awards support crime prevention and information sharing initiatives to reduce recidivism rates through family reunification programs and enhanced assessment and discharge services. The grant increases support existing risk assessment and victim of crime outreach services. *The*

Governor recommended funding as requested. The Assembly reduced recommended federal funds by \$26,843 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.

Drug Intervention Initiative. The Drug Market Intervention initiative is commonly referred to as the High Point Model and provides training and technical assistance for local law enforcement officials interested in addressing the challenges of effectively responding to illegal drug markets and their associated crime, violence, and disorder. The strategy also targets low-level offenders and stages an intervention with families and community leaders. Funds for this initiative are being provided through a federal grant awarded to the City of Providence. The Department's budget does not include any funds from this source.

The Governor subsequently requested an amendment to add \$94,000 to a new restricted receipts account for this initiative. He included Article 10 of his revised budget to create the account and exempt it from the indirect cost recovery rate. The Assembly included the recommended appropriation from federal funds and shifted the resources from FY 2010 to FY 2011 based on the Department's projected start date for this initiative.

National Criminal History Improvement Project. The Department requested \$95,000 from federal funds to reflect a new federal grant award for training and technical assistance for the National Criminal History Improvement project. This request was not included in the enacted budget because the Department was not aware whether it would be awarded the funds. The award for FY 2009 was \$37,000. *The Governor recommended funding as requested. The Assembly reduced recommended federal funds by \$4,750 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.*

Women's Reentry Grant. The Department requested \$174,546 more than enacted from federal funds carried forward from FY 2009 for its pilot women's reentry program. This is a two-year grant and the funds support risk assessment, vocational programming, computer equipment and training, and pre-employment services in order to improve reentry for female offenders into the community. *The Governor recommended funding as requested. The Assembly reduced recommended federal funds by \$12,780 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.*

Litter Crews. The Department has a memorandum of understanding with the Department of Transportation to provide work crews for litter control. In FY 2009, the Department of Transportation requested only five work crews per day at \$350 each from July through early March 2009. As of March 12, 2009, the memorandum was amended to include an additional five work crews for a total of eleven crews with a charge of \$350 per workday for each crew. The Department requested \$101,927 more than enacted from general revenues to reflect increased overtime expenses and decreased payments from the Department of Transportation based on FY 2009 expenses and payments collected. *The Governor did not recommend this request based on the expectation that the Department adjusts its budget to absorb the cost. The Assembly concurred.*

All Other Operations. The Department requested \$324,931 less than enacted from all funds including \$327,591 less from general revenues for all other operations for FY 2010. This reflects savings for contracted medical services including hospital treatments and doctor's services. The total operating request is \$13.7 million, an increase of \$1.6 million compared to FY 2009 actual expenses. The request reflects additional expenses for computer equipment and supplies, furniture, equipment, an inmate assessment tool, building renovations and repairs, medical and janitorial supplies and other miscellaneous expenses.

The Governor recommended \$550,585 less than enacted from all sources, which is \$225,654 less than requested to reflect further reductions for office supplies, furniture and equipment, and purchased services for victim of crimes based on historical spending and severe budget restrictions. His

recommendation does not include funding for computer equipment and the inmate assessment tool; however, it does include \$100,000 from the federal fiscal stabilization funds carried forward from FY 2009 to reflect the portion dedicated to administrative expenses in the Governor's Office.

The Assembly reduced expenses by \$122,837 to reflect general revenue savings available through the indirect cost rate applied to the federal grants.

Capital Projects. The Department requested \$6.8 million from Rhode Island Capital Plan funds for its capital projects in FY 2010. This is \$1.0 million more than enacted to reflect the Department's revised cost estimates for several projects. *The Governor recommended \$2.2 million more than enacted, which is \$1.2 million more than requested to reflect carried forward balances from FY 2009.* **The Assembly shifted \$0.8 million from Rhode Island Capital Plan funds for asset protection from FY 2010 to later years based on updated project schedules.**

Judicial Department

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Program				
Supreme Court	\$ 27,159,275	\$ 26,907,561	\$ 27,090,710	\$ 27,184,202
Defense of Indigent Persons	3,345,088	3,365,689	3,365,689	3,365,689
Commission on Judicial Tenure & Discipline	97,172	128,922	106,403	106,403
Superior Court	19,455,462	20,238,308	19,912,834	19,703,490
Family Court	18,743,559	19,404,572	18,777,596	18,211,472
District Court	10,248,553	10,815,151	10,184,331	10,184,331
Traffic Tribunal	7,456,138	7,545,676	7,368,035	7,368,035
Workers' Compensation Court	7,279,342	7,578,922	7,328,378	7,328,378
Total	\$ 93,784,589	\$ 95,984,801	\$ 94,133,976	\$ 93,452,000
Expenditures by Category				
Salaries and Benefits	\$ 70,243,567	\$ 72,449,515	\$ 69,313,601	\$ 68,614,007
Contracted Services	2,722,502	3,064,855	3,653,862	3,687,678
Subtotal	\$ 72,966,069	\$ 75,514,370	\$ 72,967,463	\$ 72,301,685
Other State Operations	9,298,470	9,193,517	9,606,156	9,049,117
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	9,556,477	9,935,552	10,228,708	10,212,549
Capital	1,963,573	1,341,362	1,331,649	1,888,649
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 93,784,589	\$ 95,984,801	\$ 94,133,976	\$ 93,452,000
Sources of Funds				
General Revenue	\$ 81,658,618	\$ 83,907,229	\$ 80,226,082	\$ 78,865,419
Federal Aid	1,625,278	1,445,452	3,568,213	3,585,831
Restricted Receipts	8,796,528	9,807,120	9,510,215	9,614,284
Other	1,704,165	825,000	829,466	1,386,466
Total	\$ 93,784,589	\$ 95,984,801	\$ 94,133,976	\$ 93,452,000
FTE Authorization	729.3	729.3	729.3	699.7
FTE Average	683.5			

FY 2010 Revised Request. The Judiciary requested \$1.7 million more than enacted from all funds including \$26,696 more from general revenues and 729.3 full-time equivalent positions, consistent with the enacted level. The general revenue request is \$4.5 million more than the “working budget” of \$79.4 million. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended \$1.9 million less than enacted from all sources, including \$3.7 million less from general revenues. This is \$3.5 million less than requested, including \$3.7 million less from general revenues. The recommendation is \$0.8 million more than the working budget.

The Assembly included \$1.3 million less general revenues to reflect increased turnover savings, indirect cost recovery, a reduced rate for assessed fringe benefits, and shifted expenses of \$0.6 million from general revenues to Rhode Island Capital Plan funds based on a revised capital spending estimate. The Assembly also included 699.7 positions, 29.6 fewer than enacted to reflect elimination of half of statewide vacancies.

Judges Pensions. The Judiciary requested \$139,656 more than enacted, including \$113,964 from general revenues for retirement costs for judges and magistrates who are not part of the state employee retirement system. The revision reflects actual costs for current retirees. *The Governor recommended funding as requested. The Assembly concurred.*

Salaries and Benefits. The Judiciary requested \$261,274 less than enacted from all funds including \$3,411 less from general revenues for salaries and benefits. This includes \$904,270 more to reflect rate adjustments for retirement, assessed fringe benefits and medical benefits. The Judiciary increased its turnover assumption to cover the added costs of the benefit adjustments. It will continue to hold vacancies open to achieve the savings. *The Governor recommended \$3.1 million less than enacted, including \$2.5 million less from general revenues to reflect savings for eight pay reduction days and three medical benefit holidays. The Assembly included \$0.7 million less general revenues than recommended to reflect savings of \$0.5 million from increased turnover and \$0.2 million from a reduced rate for assessed fringe benefits.*

Adult Drug Court. The Department requested \$85,000 from federal funds to support the Superior Court's adult drug court program. This request correctly reflects a new stimulus grant award to support drug treatment services for the adult drug court clients. The request was not included in the enacted because the Department was not aware it would be awarded the funds. *The Governor recommended funding as requested. The Assembly reduced recommended federal funds by \$4,250 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.*

Indigent Defense Services. The Department requested the enacted amount of \$3.4 million for its indigent defense services based on historical spending. FY 2009 actual expenses were \$3.3 million. This program assigns private attorneys to transferred clients when the Office of the Public Defender is unable to provide representation services because of conflicts of interest. *The Governor recommended funding as requested. The Assembly concurred.*

Facilities and Maintenance. The Department requested \$103,210 less than enacted from general revenues for the maintenance of the judicial complex facilities. This general revenue reduction reflects the Department's intended allocation of FY 2010 expenditures to federal funds and restricted receipts to include facilities and maintenance expenses associated with the child support enforcement unit and Workers' Compensation Court. *The Governor recommended funding as requested. The Assembly concurred.*

Court Technology. The Department requested \$115,584 more than the \$1.9 million included in the enacted budget from general revenues for its court computer technology expenses. The increase reflects actual costs for software licenses and maintenance fee agreements. *The Governor recommended funding as requested. The Assembly concurred.*

Child Support Consulting Services. The Department requested new expenditures of \$98,800 from general revenues for consulting services for the Family Court Child Support Enforcement Unit to ensure

maximum reimbursement from the federal government for previously provided services. This is for a one-time expense. *The Governor recommended the requested funding, but shifted this expense and \$1.1 million of enacted general revenue expenses to federal funds based on newly anticipated federal reimbursement for services provided by this unit.* **The Assembly concurred.**

Pre-Trial Services. The Judiciary requested \$20,966 more than enacted from general revenues for temporary staff to support the pre-trial service unit. The temporary staff will perform some of the functions of several vacant positions that are unfilled in order to achieve turnover savings. This increase will place this expense more in line with historical spending. *The Governor recommended funding as requested.* **The Assembly concurred.**

Indirect Cost Recovery Rate for Federal Grants. Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, through the application of a negotiated indirect cost rate. The Departments of Health, Elementary and Secondary Education and Environmental Management take advantage of this allowance to lower state general revenue costs. Current law mandates that all state agencies shall apply for the rate when it is allowed under the particular federal grant. The Judiciary did not have an approved indirect cost rate for its federal grants. *The Governor's recommendation also did not include an approved indirect rate.*

The Assembly included general revenue savings of \$0.1 million assuming an indirect rate of not less than 5.0 percent on federal grants from the Judiciary complying with current law and applying for and receiving a negotiated indirect rate. The Assembly shifted general revenue expenditures to indirect recovery rate restricted receipts and reduced federal funds accordingly.

New Federal Grant Awards. The Department requested \$469,753 from federal funds to reflect new federal grant awards for ongoing federally funded programs for FY 2010. This includes \$235,081 for the e-citation program, \$128,180 for the Rhode Island mental health court clinic program, \$43,428 for the violence against women program, \$37,584 for the victim's assistance portal and \$25,480 for the prevention and control of juvenile delinquency. *The Governor recommended funding as requested.* **The Assembly reduced recommended federal funds by \$24,751 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Other Federal Grant Awards. The Department requested \$655,854 more than enacted from federal funds to reflect grant increases to support several federally funded programs for FY 2010. This includes \$369,332 for six Family Court programs and \$286,522 for two Supreme Court programs. *The Governor recommended funding essentially as requested, but added \$695 to reflect additional funds available from statewide personnel savings.* **The Assembly reduced recommended federal funds by \$75,068 from the assumption of an indirect cost recovery rate of not less than 5.0 percent.**

Traffic Safety Grant Awards. The FY 2010 enacted budget did not include funding for the Judiciary's electronic traffic citation program. The funds are appropriated for research and development on transportation safety and related issues. The grantees are normally reimbursed for funds expended, but quarterly progress and expenditure reports are required. *The Governor's revised budget recommendation added \$235,081 from federal funds for the program. Subsequently, the Governor requested an amendment to add an additional \$121,687 from available federal funds for FY 2010.* **The Assembly concurred.**

Supreme Court Disciplinary Counsel. The Department requested \$46,820 less than enacted from restricted receipts to support the Rhode Island Supreme Court Disciplinary Counsel Office for FY 2010. This reflects anticipated expenses for investigative staff and court reporters based on projected demand. According to Supreme Court Article IV, Rule 1, this restricted receipts account collects annual fees of \$200 from each active attorney in the Rhode Island Bar to fund the Disciplinary Counsel functions. *The*

*Governor recommended \$18,223 more than requested to reflect additional funds available from statewide personnel savings. **The Assembly concurred.***

Rhode Island Foundation Grant Award. The Department requested \$33,251 from restricted receipts to reflect \$7,300 in new funding for FY 2010 in addition to \$25,951 carried forward from FY 2009 from a grant received from the Rhode Island Foundation to preserve historic documents. Funds will be used by the Judicial Records Center to store, preserve and provide access to the pre-1900 court records created by the five judicial counties of the State of Rhode Island. *The Governor recommended funding as requested. **The Assembly concurred.***

Small Claims Mediation. The 2009 Assembly adopted legislation that increased the entry fee for claimants involved in small claims mediation from \$30 to \$50. Of the increase, \$10 is deposited into the small claims mediation fund which was converted into a restricted receipt account and the remaining \$10 is deposited as general revenues. The enacted budget includes \$236,784 from restricted receipts and \$50,000 from general revenues to cover costs for contracted mediation services. The Department requested \$150,000 less than enacted to reflect decreased expenses for contracted mediation services based on projected demand. This includes shifting \$50,000 from general revenues budgeted for the Community Mediation Center of Rhode Island to the restricted receipt account.

*The Governor recommended the requested changes and added \$6,538 to reflect additional funds available from statewide personnel savings. **The Assembly concurred.***

Jurors' Fees/Transportation. The Department requested \$28,282 less than enacted from general revenues for jurors' fees, food, and transportation. This request is based on the estimated number of cases requiring a trial by jury and the length of those trials. This will place this expense more in line with historical spending. FY 2009 actual expenses were \$574,652. *The Governor recommended funding as requested. **The Assembly concurred.***

Other Operating Adjustments. The Department requested \$120,948 less than enacted from all funds including \$137,715 less from general revenues for all other operating adjustments for FY 2010. This includes reduced purchased services such as fees for expert witnesses, Family Court medical services, court reporters, legal expenditures for the Commission on Judicial Tenure and Discipline and other temporary services. These reductions are based on the needs of the courts. Other operating reductions include credit card processing fees, insurance, transportation, office supplies, parking rental fees, furniture and equipment and fees and dues. The request will place these expenses more in line with historical spending. FY 2009 actual expenses were \$5.8 million, including \$5.2 million from general revenues.

*The Governor recommended \$85,563 more than requested to reflect additional funds available from statewide personnel savings. **The Assembly reduced expenses by \$104,069 to reflect general revenue savings available through the indirect cost rate applied to the federal grants.***

Capital Projects. The Department requested \$1.6 million from Rhode Island Capital Plan funds for its capital projects for FY 2010. This is \$786,500 more than enacted to reflect a wider scope of several capital projects including asset protection. This exceeds the approved capital plan of \$825,000 by \$786,500. *The Governor recommended \$4,466 more than enacted to reflect a carried forward balance from FY 2009. His recommendation is \$782,034 less than requested, consistent with the approved capital plan. **The Assembly shifted \$557,000 of enacted general revenue expenses to Rhode Island Capital Plan funds for building maintenance and repairs based on updated spending needs.***

Military Staff

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Program				
National Guard	\$ 11,230,425	\$ 14,198,287	\$ 16,061,766	\$ 14,957,543
Emergency Management	17,620,016	12,842,846	24,838,626	16,947,143
Total	\$ 28,850,441	\$ 27,041,133	\$ 40,900,392	\$ 31,904,686
Expenditures by Category				
Salaries and Benefits	\$ 6,525,054	\$ 8,405,333	\$ 7,772,146	\$ 7,638,000
Contracted Services	952,990	1,070,162	1,393,769	1,393,769
Subtotal	\$ 7,478,044	\$ 9,475,495	\$ 9,165,915	\$ 9,031,769
Other State Operations	5,867,018	5,994,351	6,429,166	6,356,188
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	13,549,743	8,873,697	20,812,291	13,111,127
Capital	1,955,636	2,697,590	4,493,020	3,405,602
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 28,850,441	\$ 27,041,133	\$ 40,900,392	\$ 31,904,686
Sources of Funds				
General Revenue	\$ 3,489,126	\$ 3,279,979	\$ 3,262,789	\$ 2,867,263
Federal Aid	24,421,511	21,941,615	34,013,174	26,309,289
Restricted Receipts	99,797	337,449	346,909	538,032
Other	840,007	1,482,090	3,277,520	2,190,102
Total	\$ 28,850,441	\$ 27,041,133	\$ 40,900,392	\$ 31,904,686
FTE Authorization	101.0	111.0	112.0	109.0
FTE Average	100.7			

FY 2010 Revised Request. The Military Staff requested FY 2010 revised expenditures of \$39.3 million from all sources, which is \$12.2 million more than enacted, including \$95,498 more from general revenues, \$12.1 million more from federal funds, \$11,554 more from restricted receipts, and the enacted level from Rhode Island Capital Plan funds. The revised request includes 112.0 full-time equivalent positions, 1.0 more than enacted to account for a position shifted from the Governor's Office.

The general revenue request is \$310,805 more than the "working budget" of \$3.1 million. The working budget is the enacted budget adjusted for the Budget Office's distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended a total of \$40.9 million and 112.0 positions. This is \$13.9 million more than enacted and \$1.6 million more than requested, primarily due to adjustments to Rhode Island Capital Plan funds. The recommendation is \$198,117 more than the working budget.

The Assembly further reduced expenditures by \$9.0 million, including \$0.4 million less from general revenues, \$7.7 million less federal funds and \$1.1 million less Rhode Island Capital Plan funds offset by \$0.2 million from restricted receipts. This includes general revenue savings of \$0.2 million from turnover, \$0.2 million from the use of an indirect cost recovery rate for federal grants and \$4,403 from statewide assessed fringe benefit savings.

The Assembly also reduced the Military Staff's federal expenditure authority by \$7.9 million to more accurately reflect yearly expenditures, and adds \$0.4 million for additional emergency management grant funds. The Assembly reduced the staffing authorization by 3.0 positions to reflect elimination of half of current vacancies.

National Guard

National Guard Salaries and Benefits. The revised request includes \$5.8 million for salaries and benefits for the National Guard. This is \$99,739 less than enacted and includes \$230,537 less federal funds and \$130,798 more from general revenues. The change reflects \$11,793 less from all funds and \$220 less general revenues for all benefit adjustments consistent with Budget Office planning values. It also adds 1.0 position and \$69,264 for an administrative manager position, funded 50.0 percent from general revenues transferred from the emergency management agency. The request appears to restore most of the \$100,000 of general revenue turnover savings included in the enacted budget.

The Governor recommended \$308,992 less than requested from all funds which includes \$98,830 less from general revenues. This reflects eight pay reduction days and three medical benefit holidays. The Assembly further reduced general revenue funding by \$11,805 which includes \$10,000 from turnover and \$1,805 from statewide assessed fringe benefit savings.

Military Funerals. The National Guard requested revised expenses of \$85,000 from general revenues for funeral expenses, which is \$2,250 more than enacted to reflect revised estimates. In April 2008, the National Guard reduced the participants by three, to a four member detail. The honor guard detail had been fully funded by federal funds, but as of April 2008 the Federal National Guard Bureau informed the Rhode Island National Guard that federal funds are available to support a maximum of a three member detail. The fourth member had been funded in the FY 2009 budget by general revenues. The FY 2010 request assumes use of volunteer retirees at a rate of \$50 per day.

The Governor recommended \$28,450 less than requested to more accurately reflect anticipated spending based on the shift to stipends. The Assembly concurred.

Life Insurance Reimbursement. The National Guard requested FY 2010 revised expenditures of \$25,000 from general revenues for the reimbursement of life insurance premiums, which is \$39,400 less than enacted. Upon return from active duty, guardsmen are entitled to file a claim for full reimbursement of all premiums paid while deployed. The Department of Defense reimburses premiums for those individuals in a combat zone, and the state reimburses the others. The program reduction reflects updated estimates based on prior year expenditures, which were \$43,896 in FY 2007, \$77,146 for FY 2008, and \$6,036 in FY 2009. *The Governor recommended funding as requested. The Assembly concurred.*

Security and Other Contracted Services. The National Guard requested revised expenditures of \$1.0 million for contracted services which includes \$33,725 more from general revenues. This is \$67,184 more than enacted from all sources and \$965 more from general revenues for additional security costs and repairs at all armories. *The Governor recommended funding as requested. The Assembly concurred.*

Operating Adjustments. The National Guard requested \$4.0 million, which is \$0.3 million less than enacted and includes \$108,434 less from federal funds and \$141,309 less from general revenues for all

other operating expenses. The decrease reflects reductions to maintenance, utility and insurance expenses. *The Governor recommended \$122,139 more from all funds than requested, which includes \$34,827 more from general revenues for insurance expenses and \$87,312 from additional federal funds available from statewide personnel savings. It should be noted that costs are shared based on a match rate; therefore, additional federal funds are not available when costs go down. The Assembly reduced recommended general revenues by \$5,000 to reflect anticipated operating savings.*

Capital Projects. The National Guard requested \$2.7 million from Rhode Island Capital Plan funds for capital projects. The request is consistent with the enacted level of funding. *The Governor recommended \$1.8 million from Rhode Island Capital Plan funds carried forward from unspent FY 2009 funds.*

The Assembly reduced Rhode Island Capital Plan fund expenditures by \$1.0 million for the Armory of Mounted Commands roof project and eliminated excess funds of \$87,418 from the completion of the Woonsocket demolition and Quonset Point Hangar project land reimbursement.

Capital Stimulus Projects. The National Guard requested \$0.6 million for two federal stimulus projects which include the replacement of a roof and windows. The projects are currently out to bid with an expected start date of spring 2010. Funds were not included in the enacted budget as the National Guard anticipated use of all funds during FY 2009. *The Governor recommended funding as requested. The Assembly concurred.*

Emergency Management Agency

Rhode Island Statewide Communications Network. The Agency requested \$2.6 million of revised expenses from all funds, including \$1.1 million from general revenues for the Rhode Island Statewide Communications Network. This is \$0.9 million more than enacted including \$29,288 more from general revenues to reflect this year's grant award and projected program expenses including increased staffing expenses. Funding is used for the continued expansion of the network, which includes upgrading equipment, training, and travel expenses. *The Governor recommended \$7,880 less general revenues than requested to reflect eight pay reduction days and three medical benefit holidays.*

The Assembly reduced funding by \$0.8 million from all sources. This includes \$587,556 less from federal funds for adjustments to expenditure plans and the assumed use of an indirect cost recovery rate. It also includes \$191,123 of general revenues expenditures shifted to available restricted receipts from the use of an indirect cost recovery rate and \$38,800 from turnover and operating savings.

Emergency Management Agency Other Salaries and Benefits. The Agency requested \$2.4 million in revised FY 2010 expenditures for all other salary and benefits. This is \$69,472 less than enacted but \$85,491 more from general revenues. The changes include a reduction of 1.0 full-time equivalent position and \$69,264 split equally between state and federal sources for a position transferred to the National Guard and 1.0 new full-time equivalent position and \$37,498 from general revenues for a position that had been shared with the Governor's Office. The remaining changes include \$5,024 of which \$2,571 is from general revenues, for benefit adjustments consistent with Budget Office planning values and \$80,054 of unachieved general revenue turnover savings. While total turnover savings are increased by \$40,030, the Agency shifts \$80,054 of expenses to general revenues, effectively representing unachieved savings.

The Governor recommended \$80,499 less from all funds than requested, which includes \$25,402 less from general revenues to reflect savings from eight pay reduction days and three medical benefit holidays. The Assembly further reduced expenditures by \$112,609 from general revenues for

turnover and assessed fringe benefit savings and \$1,467 less from federal funds for adjustments to expenditure plans.

Indirect Cost Recovery Rate for Federal Grants. Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, through the application of a negotiated indirect cost rate. The Departments of Health, Elementary and Secondary Education and Environmental Management take advantage of this allowance to lower state general revenue costs. Current law mandates that all state agencies shall apply for the rate when it is allowed under the particular federal grant. The Military Staff did not have an approved indirect cost rate for its federal grants. *The Governor's recommendation also did not include an approved indirect rate.*

The Assembly included general revenue savings of \$0.2 million assuming an indirect rate of not less than 5.0 percent on federal grants from the Military Staff complying with current law and applying for and receiving a negotiated indirect rate. The Assembly shifted general revenue expenditures to indirect recovery rate restricted receipts and reduced federal funds accordingly.

Homeland Security Grants. The Agency requested \$11.1 million for expenditures from homeland security grants. This is \$5.6 million more from federal funds than enacted to reflect new grant awards and the extension granted by the Department of Homeland Security to continue to make the remaining funds available to cities and towns. The funds are intended to enhance the capacity of emergency responders when faced with incidents of terrorism involving weapons of mass destruction. *The Governor recommended funding as requested and added \$5,334 available from statewide personnel savings.* **The Assembly reduced federal grants by \$4.1 million, \$4.0 million from a reduction to the Agency's federal expenditure plans and \$93,430 from the use of an indirect cost recovery rate.**

Emergency Performance Grant. The Agency requested expenditures of \$3.1 million from federal funds for the emergency performance grant, which is \$2.4 million more than enacted. The increase reflects a new grant award, offset by adjustments to reflect actual grant award balances. Funds are used to support state and local governments to sustain and enhance all-hazards emergency management capabilities. *The Governor recommended funding as requested and added \$6,527 available from statewide personnel savings.*

The Assembly added \$356,519 from federal funds to reflect additional expenditures to be funded from unspent FY 2009 allocations that were not included in the recommended budget. It also reduced the Agency's federal expenditure plan by \$1.9 million and reduced federal grants by \$29,439 from the use of an indirect cost recovery rate.

Transit Security. The Agency requested \$1.0 million for revised FY 2010 expenditures for transit security. This is \$0.6 million more from federal funds than enacted. The increase reflects the actual grant award balance. The Agency is a pass through for funds provided to the Rhode Island Public Transit Authority to help strengthen the nation's critical infrastructure against risks associated with potential terrorist attacks. *The Governor recommended funding as requested and added \$383 available from statewide personnel savings.* **The Assembly reduced federal grants by \$477,273 to reflect a change to the Agency's expenditure plan and \$7,297 from the use of an indirect cost recovery rate.**

All Other Grant Funding. The Agency requested revised expenditures of \$4.8 million, which is \$2.5 million more from all funds and includes \$27,415 more from general revenues. The increase reflects new and adjusted grant awards and carried forward funds consistent with the Department of Homeland Security's authorization for grant extensions. This funding supports specific goals of federal grants; buffer zone protection, emergency operation center, flood mitigation, law enforcement terrorism prevention, map modernization and disaster mitigation.

The Governor recommended \$0.1 million more than requested from all funds, which includes \$8,047 more from general revenues for increased insurance premiums. This reflects \$0.1 million from a new hazardous materials grant, and \$2,175 from additional federal funds available from statewide personnel savings.

The Assembly reduced all other grants by \$1.0 million from all sources which include \$51,792 less from federal funds from the use of an indirect cost recovery rate, \$956,891 less from federal funds from a reduction to the Agency's expenditure plan and \$36,189 less from general revenues for operating savings.

Department of Public Safety

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Program				
Central Management	\$ 4,409,844	\$ 5,435,033	\$ 6,878,006	\$ 8,461,309
E-911	5,564,660	4,886,572	5,105,316	5,033,093
Fire Marshal	2,814,726	3,007,162	3,458,011	3,473,639
Security Services	3,553,682	3,310,591	3,201,578	3,196,691
Municipal Police Training Academy	444,108	536,201	640,252	655,705
State Police	61,786,117	74,251,925	84,177,141	83,229,740
Total	\$ 78,573,137	\$ 91,427,484	\$ 103,460,304	\$ 104,050,177
Expenditures by Category				
Salaries and Benefits	\$ 45,876,671	\$ 45,717,691	\$ 46,893,533	\$ 46,762,994
Contracted Services	698,463	879,745	1,421,131	1,427,426
Subtotal	\$ 46,575,134	\$ 46,597,436	\$ 48,314,664	\$ 48,190,420
Other State Operations	7,053,460	6,953,809	6,279,580	6,879,198
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	18,720,291	19,677,597	21,576,941	22,816,724
Capital	6,224,252	18,198,642	27,289,119	26,163,835
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 78,573,137	\$ 91,427,484	\$ 103,460,304	\$ 104,050,177
Sources of Funds				
General Revenue	\$ 63,138,445	\$ 54,745,909	\$ 54,730,566	\$ 54,156,915
Federal Aid	7,925,798	17,227,246	22,520,193	23,578,895
Restricted Receipts	243,803	609,000	714,594	1,558,906
Other	7,265,091	18,845,329	25,494,951	24,755,461
Total	\$ 78,573,137	\$ 91,427,484	\$ 103,460,304	\$ 104,050,177
FTE Authorization	396.1	432.1	430.1	418.6
FTE Average	377.8			

FY 2010 Revised Request. The Department of Public Safety requested \$15.4 million more than enacted from all sources, including \$2.7 million more from general revenues, \$5.2 million more from federal sources, \$0.1 million more from restricted receipts, and \$7.3 million more from Rhode Island Capital Plan funds, and 14.0 fewer positions. The general revenue request is \$3.8 million more than the “working budget” of \$53.6 million. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended \$3.3 million less than requested, including \$2.7 million less from general revenues. The Governor recommended 2.0 fewer positions than enacted, 12.0 more than requested.

The Assembly provided \$104.1 million, \$0.7 million more than recommended from all sources, including \$0.6 million less from general revenues, \$1.1 million more from federal sources, \$0.8 million more from restricted receipts, and \$0.7 million less from Rhode Island Capital Plan funds. The Assembly also included 418.6 positions, 13.5 less than enacted to reflect a statewide vacancy reduction.

Staffing Authorization. The Department requested staffing authorization of 418.1 full-time positions, which is 14.0 positions fewer than enacted. The request eliminates positions indicating they are vacant, including 2.0 from Central Management, 1.0 from E-911, 2.0 from the Fire Marshal, 4.0 from the Capitol Police, and 4.0 from the State Police. *The Governor recommended 430.1 full-time positions, 12.0 positions more than requested. The Governor maintained the 2.0 vacant civilian positions from the State Police.* **The Assembly included 418.6 positions, 13.5 less than enacted to reflect elimination of half of the current vacancies.**

Indirect Cost Recovery. The Department included in its request \$12.4 million for federal grant expenditures and currently does not have a negotiated federal indirect rate. *The Governor included federal grant expenditures of \$12.3 million.*

The Assembly directed all eligible agencies to reduce general revenue expenditures through use of a negotiated federal indirect rate on federal grants. For the Department of Public Safety, the Assembly reduced general revenues by \$0.3 million assuming an indirect cost recovery rate equivalent to an average of 2.5 percent and shifted expenditures from federal to restricted sources consistent with current practice for accounting for indirect cost recovery resources.

E-911 Telephone System

Salaries and Benefits. The Department requested \$4.2 million from general revenues for salaries and benefits, \$360,814 more than the enacted. This includes \$346,670 for unachieved turnover savings, but eliminates a vacant Assistant Shift Supervisor position. The request reflects \$13,628 more for overtime expenditures, and \$516 more for updated benefit rates changes. *The Governor recommended \$0.3 million less than requested which includes the eight unpaid work days and three medical holidays and additional turnover savings based upon the retirement of the associate director of E-911.* **The Assembly concurred, with the exception of providing \$10,564 less from general revenues to reflect statewide assessed fringe benefit savings.**

Computer Maintenance. The Department requested \$372,418 or \$67,685 less than enacted from general revenues for two computer maintenance contracts. A review of the contracts showed too much funding was included in the enacted budget. *The Governor recommended funding as requested.* **The Assembly concurred.**

Telephone Charges. The Department requested \$267,200 for expenditures related to providing 911 access. This is \$56,800 less than enacted to reflect the current average cost of \$22,266 per month. The enacted budget included funding of \$324,000 or \$27,000 per month for telephone charges. *The Governor recommended funding as requested.* **The Assembly concurred.**

Special Needs Emergency Registry. The Department requested \$16,347 of new federal funds to create a special needs registry along with the Department of Health and the Emergency Management Agency. The registry is a system of identification of Rhode Island citizens, who require special assistance during an emergency, including individuals with disabilities, chronic conditions, and special healthcare needs. *The Governor recommended funding as requested.* **The Assembly reduced federal funds by \$409 from the assumption of an indirect cost recovery rate of not less than 2.5 percent.**

Pictometry Upgrade. The Department's request includes \$250,000 from new federal Homeland Security funds to provide updates for the pictometry database project. The initial project was completed in FY 2009, and the Department will use these funds to continue to update the database to provide an up-to-date resource for the telecommunicators. *The Governor recommended funding as requested.* **The Assembly reduced federal funds by \$6,250 from the assumption of an indirect cost recovery rate of not less than 2.5 percent.**

Other Operations. The Department requested \$247,167 for all other E-911 operating and capital expenses, which is \$61,033 less from all sources, including \$6,033 less from general revenues. General revenue changes include \$5,000 more for computer upgrades at the primary public safety answering point facility. This is offset by \$13,800 less for fuel and utility expenses, and \$2,767 more for other adjustments.

The Department did not include \$55,000 from Rhode Island Capital Plan funds for upgrades to the E-911 primary public safety answering point in its request. The Department anticipates the state will sell the North Providence location when the primary public safety answering point is moved to the new State Police headquarters and E-911 primary public safety answering point building in North Scituate.

The Governor recommended general revenue funding as requested; however, did include the \$55,000 from Rhode Island Capital Plan funds for the upgrades to the North Providence public safety answering point facility. **The Assembly concurred with the exception of the Rhode Island Capital Plan funds.**

Fire Marshal

Salaries and Benefits. The Department requested \$2.2 million from general revenues for salaries and benefits, \$57,889 less than the enacted. This includes \$59,165 from additional turnover savings, accomplished by eliminating 2.0 vacant positions, \$35,312 less for overtime expenditures and \$4,183 more for updated benefit rates. *The Governor recommended \$2.2 million, \$79,913 less than requested to reflect the value of the eight unpaid work days and three medical holidays as well as additional adjustments based on updated employee benefit choices.* **The Assembly concurred, with the exception of providing \$4,053 less from general revenues to reflect statewide assessed fringe benefit savings.**

Grant Adjustments. The Department requested \$1.0 million primarily from federal funds for the purchase of equipment and fire safety supplies, \$0.6 million more than enacted. The request includes \$0.7 million from Homeland Security funds for the purchase of an all-terrain vehicle, bomb suits, body armor, and other equipment. The remaining \$0.3 million from federal funds is for the training of local fire departments for first responder and emergency response to hazardous materials procedure training. The Department's request also includes \$10,900 from a grant award from the Rhode Island State Fireman's League, which it inappropriately classifies as other funds, to assist in training activities at the Fire Training Academy. *The Governor recommended funding as requested.* **The Assembly reduced federal funds by \$30,319 from the assumption of an indirect cost recovery rate of not less than 2.5 percent.**

Other Operating. The Department requested \$272,620 for all other operating expenses, \$53,646 less than enacted. The request includes reductions for vehicle expenses, legal, travel, and general office expenses which appear to be consistent with prior years' needs. *The Governor provided \$3,125 less than requested with adjustments for vehicle expenses.* **The Assembly concurred.**

Capitol Police

Salaries and Benefits. The Department requested \$3.4 million from general revenues for salaries and benefits, \$129,859 more than enacted. The request adds \$291,000 for overtime expenditures. This is

offset by \$233,181 in additional turnover savings from eliminating 5.0 vacant positions. The remaining changes reflect benefit rate adjustments. *The Governor recommended \$0.2 million less than requested to reflect the value of the eight unpaid work days and three medical holidays and provides \$0.1 million less than requested for overtime expenses based upon revised projections.* **The Assembly concurred, with the exception of providing \$4,887 less from general revenues to reflect statewide assessed fringe benefit savings.**

Other Operating. The Department requested \$83,695 for other operating expenses, \$9,555 more than enacted. This includes \$14,300 for the replacement of uniforms not funded in the enacted budget, offset by reductions in telephone and other operating expenses. *The Governor provided \$20,300 less than requested. He did not include the \$14,300 requested for the replacement of uniforms and further reduced uniform expenditures by \$5,000 and other operating expenses by \$1,000.* **The Assembly concurred.**

Municipal Police Training Academy

Salaries and Benefits. The Department requested \$1,587 less from general revenues than enacted for salaries and benefits. This reflects savings from the Department's elimination of overtime expenditures offset by other benefit adjustments made consistent with Budget Office instructions. *The Governor recommended \$280,657, \$11,192 less than requested to reflect the eight unpaid work days and three medical holidays.* **The Assembly concurred, with the exception of providing \$935 less from general revenues to reflect statewide assessed fringe benefit savings.**

Curriculum and Assessment Coordinator. The Department requested \$57,022 from a new federal grant for a new Curriculum and Assessment Coordinator contract position. The Department will contract with an individual to oversee the development and implementation of a new curriculum and assessment program based upon specialized police duties protocol. The basic training component will increase from 15 to 18 weeks to accommodate the new learning objectives that will be devised and implemented by the Basic Training Coordinator. The Department anticipates hiring the individual on January 1, 2010, with project completion in FY 2011. *The Governor recommended the funding.* **The Assembly reduced federal funds by \$1,426 from the assumption of an indirect cost recovery rate of not less than 2.5 percent.**

Basic Training Coordinator. The Department requested \$53,465 from new federal grant awards for a Basic Training Coordinator contract position. The Department will contract with an individual to oversee the entry-level training and certification of recruit officers at the Municipal Police Training Academy. The basic training component will increase from 15 to 18 weeks to accommodate the new learning objectives that will be devised and implemented by the Basic Training Coordinator. The Department anticipates hiring the individual on January 1, 2010, with project completion in FY 2011. *The Governor recommended funding as requested.* **The Assembly reduced federal funds by \$1,337 from the assumption of an indirect cost recovery rate of not less than 2.5 percent.**

Grant Adjustments. The Department requested \$22,584 more than enacted for all other grant adjustments. This includes \$15,034 of new Drug Recognition and Standard Field Sobriety Test Training grant funding, which will allow for in-service training in the fields of drug recognition and standard field sobriety tests. The Department requested \$32,550 of Byrne Grant funding to conduct in-service training programs, \$7,550 more than enacted. *The Governor recommended funding as requested.* **The Assembly reduced federal funds by \$5,849 from the assumption of an indirect cost recovery rate of not less than 2.5 percent.**

Other Operating. The Department requested \$12,741 less from general revenues for all other operating expenditures. This includes reductions for vehicle maintenance, for training expenses, and for other operating expenses to bring spending estimates more in line with FY 2009 expenditures. *The Governor*

provided \$3,500 less than requested by eliminating funding for office supplies and food expenditures. The Assembly concurred.

State Police

Operations and Maintenance Coordinator. The Department's request includes \$49,597 and 1.0 full-time equivalent position for a new operations and maintenance coordinator that was hired in October 2009 for the new State Police Headquarters. The responsibilities of this position include: the HVAC system, chemical systems, bio-hazard materials, and the regular operations of the new facility. The Department requested and the Governor recommended adding this position in FY 2010; however, the 2009 Assembly did not concur. *The Governor recommended funding as requested. The Assembly concurred.*

Retirement Contribution Correction. The 2009 Assembly did not adopt the Governor's proposed changes to State Police retirement benefits. It added \$3.5 million from all sources including \$2.0 million from general revenues and \$1.5 million from federal funds to the Department of Administration's budget to fully fund the contribution. However, the allocation to each fund source was not calculated correctly because additional federal sources were not available. The actual requirement is \$3.5 million from general revenues. The Department's request includes the correct amount. *The Governor recommended \$0.1 million less than requested to reflect benefit adjustments. The Assembly concurred.*

Violent Fugitive Task Force. The Violent Fugitive Task Force is responsible for tracking and locating subjects that are wanted on felony charges. The enacted budget includes \$779,897 for 7.0 task force members to track and investigate long-term fugitive matters and track a number of parole violators.

The Governor included Article 8 of his proposed budget to eliminate the Violent Fugitive Task Force on January 2, 2010 and create a new statewide fraud investigation unit. He provided \$0.3 million less from general revenues from the elimination of the Violent Fugitive Task Force and added \$0.2 million from available internal service funds from agency payroll assessments in the Department of Administration to fund the new fraud investigation unit. This unit will include 4.0 members of the former Violent Fugitive Task Force and report to the Superintendent of the Department of Public Safety.

The Governor subsequently requested an amendment which made a number of technical and substantive changes, including changing the name of the new unit from the Employment Integrity Unit to the Worker's Compensation Investigations Unit. The amendment also defines members of the Worker's Compensation Investigations Unit as Peace Officers and allows them to carry concealed firearms.

The Assembly concurred and included the proposed legislation in sections 4 through 7 of Article 7 of 2010-H 7397, Substitute A, as amended.

Other Salaries and Benefits. The Department requested \$0.5 million less than enacted from all sources for all other salaries and benefits, including \$0.9 million less from general revenues. The Department achieved these savings by keeping the 36.0 graduates of the 53rd Trooper Training Academy an additional week at the academy payment rate and by eliminating 5.0 vacant positions. These positions include 3.0 civilian vacancies and the retirement of 2.0 troopers. The request reflects a decrease of \$0.2 million for updated benefit rate changes.

The enacted budget did not include any cost-of-living increase to the sworn members of the Rhode Island Troopers Association, but did include benefit adjustments consistent with Budget Office instructions and longevity and step increases.

The Governor included \$1.3 million less than requested to reflect the eight unpaid work days and three medical holidays and included additional turnover savings based upon the retirement of one State Trooper and the resignation of another trooper. This assumed that all employees participate in the pay reduction days, although the Administration has not yet reached an agreement with the Troopers Association. The value of the eight unpaid work days for members of the Troopers Association is \$0.6 million. The Governor included \$90,051 less than enacted from federal fiscal stabilization funds for salary and benefit expenditures.

Subsequently, the Governor requested an amendment to use \$402,600 of available general revenues in lieu of a like amount of federal fiscal stabilization funds that had been allocated for the 0.5 percent administrative charge from education stabilization funds as education aid to districts.

The Governor also requested an amendment to add \$0.3 million more from Department of Transportation funds for road construction reimbursement to reflect an increase in reimbursement rates for Troopers.

The Assembly concurred with Governor's amendments and provided \$222,139 less from general revenues, including turnover savings of \$190,000, and \$32,139 less from general revenues to reflect statewide assessed fringe benefit savings.

54th Trooper Training Class Recruitment. The Department requested \$4,500 more than enacted for the recruitment of the 54th Trooper Training Academy for additional postage costs. The Department will begin recruiting in the spring of 2010 with the written examination administered in June, 2010. The remainder of the recruiting process will take place in FY 2011 with the 54th Trooper Training Academy beginning on March 14, 2011.

*The Governor's revised budget removed the full \$57,500 in the enacted budget for the recruitment of the 54th Trooper Training Academy, based on a subsequent Department corrective action plan proposal to shift this to August 2010, which is FY 2011. The Department also indicated that the 54th Trooper Training Academy will be delayed until FY 2012. **The Assembly concurred.***

Computer Maintenance Contracts. The Department requested \$6,657 less from general revenues for computer maintenance contracts. The State Police, spent \$8,393 less than the enacted budget in FY 2009. *The Governor recommended funding as requested. **The Assembly concurred.***

Pay-Go Pensions. The Department requested \$15.8 million from all sources for pensions for troopers hired before July 1, 1987. These pensions are funded through a general revenue appropriation and are projected to exceed the enacted budget by \$125,094. Changes to the enacted budget assumptions include two more widow's pensions and two fewer regular pensions, as the result of three new retirees and the deaths of five pensioners. *The Governor recommended funding as requested. **The Assembly concurred.***

Laptops for New Troopers. The Department requested \$150,000 from new traffic enforcement funds made available from the Governor's Office on Highway Safety to purchase 36 new laptop computers for the graduates of the 53rd Trooper Training Academy. The Department initially requested \$150,000 from general revenues for the purchase of the laptop computers in the FY 2009 revised budget; however, funding was removed as part of the Department's corrective action plan. *The Governor recommended funding as requested. **The Assembly concurred.***

Staff Training. The Department requested \$72,252 from general revenues, \$24,594 less than enacted for training expenses. The Department includes \$25,000 less for tuition payments for sworn members attending Roger Williams, Salve Regina and Anna Maria Colleges to bring spending estimates more in line with FY 2009 expenditures. The Department requested \$460 more for monthly training for explosive

detection canines and their handlers. *The Governor recommended funding as requested.* **The Assembly concurred.**

Vehicle Maintenance. The Department requested \$1.6 million for vehicle maintenance costs. This is \$173,889 less than enacted from general revenues and the enacted level from Department of Transportation funding. It appears that overall costs will be lower, but the amount funded by the Department of Transportation is consistent with the enacted budget. *The Governor recommended total funding as requested but included the Department's proposal, as part of its corrective action plan, to utilize narcotic forfeiture funds to offset \$200,000 of general revenue expenditures for the payment of debt service for vehicles.* **The Assembly concurred.**

Fleet Replacement. The Department requested \$1.1 million for fleet replacement costs, \$0.2 million more than enacted. This increase reflects debt service for vehicles that have already been purchased and the purchase of eight patrol vehicles and four detective vehicles. The repayment schedule is provided by the Budget Office. *The Governor provided \$39,912 less than enacted, due to a revised payment schedule provided by the Budget Office. The Governor did not include funding for the purchase of any new vehicles in FY 2010.* **The Assembly concurred.**

Bullet Proof Vests. In FY 2010, the Department spent \$134,126 from general revenues to purchase 199 soft body armor bullet proof vests at a cost of \$674 each. This is \$65,874 less than the \$200,000 provided in the enacted budget, which assumed a cost of \$1,000 each. *The Governor recommended funding as requested.* **The Assembly concurred with the purchase, but assumed the use of proceeds from forfeiture receipts in lieu of general revenues.**

Fusion Center. The Department included \$1.4 million from federal sources for the purchase of a comprehensive intelligence system for the Rhode Island Fusion Center. This is \$0.8 million more than enacted carried forward from FY 2009. The Rhode Island Fusion Center electronically collects information from a number of government and public databases. The Department uses this information to cross reference and look for disparities of information relating to individuals that may be engaged in illegal activities. *The Governor recommended funding as requested.* **The Assembly reduced federal funds by \$37,016 from the assumption of an indirect cost recovery rate of not less than 2.5 percent.**

Cyber Terrorism Task Force. The Department included \$0.4 million, \$0.3 million more from federal United States Army Intelligence Cyber Terrorism Task Force funds. This includes \$227,000 more from new federal grant awards and \$152,150 from additional federal sources carried forward from FY 2009. These funds are to be used to protect the nation's cyber infrastructure including the Internet and other infrastructures that use computer systems. *The Governor recommended funding as requested.* **The Assembly reduced federal funds by \$4,507 from the assumption of an indirect cost recovery rate of not less than 2.5 percent.**

Port Security. The Department requested \$205,245 from new federal funds to purchase new equipment for the State Police dive team. This request includes \$24,980 from Homeland Security port security grant awards and \$180,265 as part of American Recovery and Reinvestment Act funds. *The Governor recommended funding as requested.* **The Assembly reduced federal funds by \$5,132 from the assumption of an indirect cost recovery rate of not less than 2.5 percent.**

Drug Enforcement Program. The Department requested \$0.3 million from federal funds, of which \$0.2 million is carried forward from FY 2009 for the installation of a records management system. *The Governor recommended funding as requested.* **The Assembly reduced federal funds by \$7,942 from the assumption of an indirect cost recovery rate of not less than 2.5 percent.**

Internet Crimes Against Children. The Department requested \$0.2 million more from federal funds to establish a statewide multi-agency law enforcement task force to target online predators and child

exploitation investigations. This request includes \$23,500 more from funds carried forward from FY 2009 and \$204,925 as part of the American Recovery and Reinvestment Act. This new grant award will allow the Department to create two new contract positions, a Grants Project Specialist and a Computer Forensic Analyst. *The Governor recommended funding as requested.* **The Assembly reduced federal funds by \$9,800 from the assumption of an indirect cost recovery rate of not less than 2.5 percent.**

Communications. The Department requested \$507,770 from a new federal Homeland Security grant to purchase new radio dispatch equipment. The new radio dispatch equipment will be installed at the Lincoln, Wickford and Hope Valley barracks to provide access to the Rhode Island Statewide Communications Network. This will allow for the barracks to connect and communicate with the Emergency Management Agency, the Department of Transportation and other state and local public safety personnel. The Department will utilize this funding to purchase a radio logging recorder for the State Police Headquarters and mobile and portable radios for use by State Police personnel. *The Governor recommended funding as requested.* **The Assembly reduced federal funds by \$12,694 from the assumption of an indirect cost recovery rate of not less than 2.5 percent.**

Grant Adjustments. The Department requested \$77,802 more than enacted for other grant adjustments. This includes \$24,583 of new funding to create a new task force with the Providence Police Department, \$12,100 to purchase three vehicles for the commercial enforcement unit and \$40,829 more for the Motor Carrier Safety program. *The Governor provided \$0.2 million more than requested from American Recovery and Reinvestment Act stabilization funds to reflect funds available from statewide personnel savings for other uses.*

Subsequently, the Governor requested an amendment to provide an additional \$542 from federal sources to reflect funds available from statewide personnel savings for other uses.

The Assembly reduced federal funds by \$36,466 from the assumption of an indirect cost recovery rate of not less than 2.5 percent.

Training and Surveillance Equipment. The Department requested \$566,694 from restricted receipts and federal funds available from the forfeiture of seized money to purchase new equipment. This is \$101,694 more than enacted. The Department plans to purchase a new polygraph machine, radio and phone recording equipment, police equipment, a network upgrade, a server and desktop replacement, in addition to software upgrades. *The Governor provided \$200,000 less than requested to reflect the Department's subsequent proposal to utilize narcotic forfeiture funds to offset \$200,000 of general revenue expenditures for vehicle debt service payments. Subsequently, the Governor requested an amendment to increase restricted receipt funding by \$162,462 that was inadvertently excluded in the initial recommendation to offset the general revenue expenditures for vehicle debt service payments.*

The Assembly concurred and further included the use of \$0.2 million from additional proceeds from forfeiture receipts in lieu of general revenues for equipment purchases.

Other Operating. The Department requested \$1.0 million from all sources for all other operating expenses. This is \$104,856 less than enacted from all sources including \$92,156 less from general revenues. This reflects reductions in expenses for costs associate with the 53rd Trooper Training Academy, utility and other operating expenses. *The Governor recommended funding essentially as requested and included additional federal funds to reflect funds available from statewide personnel savings for other uses. He included \$0.2 million more from federal fiscal stabilization funds, including \$58,141 for audit fees for the Office of Economic Recovery and Reinvestment and \$143,385 to reflect funds available from statewide personnel savings for other uses. The revised budget assumes a total of \$10,111,475 from federal fiscal stabilization funds, \$111,475 more than enacted.*

Subsequently, the Governor requested an amendment that reduces the available federal fiscal stabilization funds by \$94,348 to \$10,017,127. The Governor previously assumed that there was more federal fiscal stabilization funds available and this corrects the error.

The Assembly concurred with the amendment and used \$49,579 of available federal funds in lieu of a like amount from general revenues. The Assembly also further reduced general revenue expenditures by \$0.3 million in lieu of a like amount from restricted receipts assuming an indirect cost recovery rate for federal grants equivalent to not less than 2.5 percent.

Capital. The State Police requested \$23.3 million from Rhode Island Capital Plan funds for its capital projects, \$7.0 million more than enacted. This includes \$1.5 million more for improvements to the State Police Training Facility, \$3.6 million more for improvements to the State Police Headquarters and \$2.3 million more for the Information Technology and Microwave Ring upgrade. This is not consistent with the Department's Capital Budget request as it includes \$0.7 million more for improvements to the State Police Barracks in error. *The Governor recommended \$22.6 million from Rhode Island Capital Plan funds for the Department's capital projects. This corrects the Department's error.*

Subsequently, the Governor requested an amendment to reduce the Barracks and Training Facility project by \$0.3 million due to project delays and the availability of Rhode Island Capital Plan funds.

The Assembly provided \$21.7 million from Rhode Island Capital Plan funds, shifting \$0.7 million for improvements to the State Police Barracks and \$0.2 million for parking lot improvements to later years due to project delays.

Central Management

Salaries and Benefits. The Department requested \$1.2 million, \$14,002 more from all sources for salaries and benefits, including \$69,545 less from general revenues. The Department included \$107,598 less than enacted to reflect additional turnover savings, offset by \$38,053 more for updated benefit rates. *The Governor recommended \$1.2 million, \$47,391 less than requested to reflect eight unpaid work days and three medical benefit holidays.* **The Assembly concurred, with the exception of providing \$2,244 less from general revenues to reflect statewide assessed fringe benefit savings.**

Byrne Memorial Grant. The Division requested \$1.0 million from new federal grant awards to provide the Edward Byrne Memorial Justice Assistance Grants. Funding may be used to support state and local initiatives, purchase supplies, contractual support, and information systems that will assist in Criminal Justice. Funding is to be provided to law enforcement agencies, prosecution and court programs, prevention and educational programs, corrections programs, drug treatment and enforcement programs.

The Governor recommended funding essentially as requested and included \$445 more to reflect funds available from statewide personnel savings for other uses. Subsequent to his budget submission, the Governor requested an amendment to shift \$1.2 million from American Recovery and Reinvestment Act Byrne Justice Assistance grant awards in FY 2011 to FY 2010. These additional funds will be used to support local public safety initiatives.

The Assembly concurred; however, reduced federal funds by \$55,292 from the assumption of an indirect cost recovery rate of not less than 2.5 percent.

Crime Victim Assistance. The Division requested \$1.6 million from federal grant awards to provide the Crime Victim Assistance grant program. The request is \$538,948 more than enacted. The increase

includes \$370,644 from carried forward funds from FY 2009 and \$168,304 as part of American Recovery and Reinvestment Act funds. These grant awards will allow the Department to provide funding to groups who assist victims of crime. *The Governor recommended funding essentially as requested and included \$1,558 more to reflect funds available from statewide personnel savings for other uses.* **The Assembly reduced federal funds by \$40,143 from the assumption of an indirect cost recovery rate of not less than 2.5 percent.**

Grant Adjustments. The Department requested \$2.9 million, \$38,137 less than enacted from federal sources for grant adjustments. This includes \$247,770 less than enacted for Juvenile Accountability grants, \$4,814 more for the Narcotics Control Assistance Program; \$27,596 from new grant awards for the Rhode Island Forensic Improvement Program; \$98,260 more for United States Department of Justice grants to Encourage Arrest Policies and \$78,591 from new American Recovery and Reinvestment Act funds for Violence Against Women grant awards. *The Governor recommended funding as requested and included \$4,597 more to reflect funds available from statewide personnel savings for other uses.*

Subsequent to his budget submission, the Governor requested an amendment to shift \$222,157 from American Recovery and Reinvestment Act Violence Against Women grant awards from FY 2011 to FY 2010. These additional funds will be used to develop programs, policies, and practices aimed at ending domestic violence, dating violence, sexual assault, and stalking.

The Assembly concurred; however, reduced federal funds by \$91,974 from the assumption of an indirect cost recovery rate of not less than 2.5 percent.

Office of the Public Defender

	FY 2009 Reported	FY 2010 Enacted	FY2010 Revised	FY 2010 Final
Expenditures by Category				
Salaries and Benefits	\$ 8,374,199	\$ 8,785,964	\$ 8,557,007	\$ 8,489,359
Contracted Services	115,975	178,766	215,525	215,525
Subtotal	\$ 8,490,174	\$ 8,964,730	\$ 8,772,532	\$ 8,704,884
Other State Operations	756,835	818,957	789,816	789,816
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	25,205	25,400	23,400	23,400
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 9,272,214	\$ 9,809,087	\$ 9,585,748	\$ 9,518,100
Sources of Funds				
General Revenue	\$ 8,986,912	\$ 9,583,189	\$ 9,204,425	\$ 9,136,777
Federal Aid	285,302	225,898	381,323	381,323
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 9,272,214	\$ 9,809,087	\$ 9,585,748	\$ 9,518,100
FTE Authorization	91.0	91.0	93.0	92.0
FTE Average	88.2			

FY 2010 Revised Request. The Office of the Public Defender requested \$117,526 more than enacted from all funds including \$45,595 less from general revenues and 2.0 full-time equivalent positions above the authorized level. The requested additional positions will be funded from newly available federal grants. The general revenue request is \$565,754 more than the “working budget” of \$9.0 million. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended \$0.2 million less than enacted from all sources, including \$0.4 million less from general revenues and \$0.2 million more from federal funds. This is \$0.3 million less than requested and includes the 2.0 additional positions requested. The recommendation is \$0.2 million more than the working budget. The Assembly included \$67,648 less general revenues than recommended to reflect increased turnover savings and a reduced rate for assessed fringe benefits. The Assembly also included 92.0 positions, 1.0 fewer position than recommended to reflect a statewide vacancy reduction.

Tri-County Screening Attorney. The Office requested \$78,507 from federal funds and 1.0 new full-time equivalent position to reflect a new federal grant award for an additional attorney position to support the Tri-County Screening project in Washington, Newport and Kent counties. The Office did not anticipate receiving this award when it submitted its original FY 2010 budget request. *The Governor*

*recommended the position, but included \$1,946 less than requested to reflect savings for eight pay reduction days and three medical benefit holidays. **The Assembly concurred.***

Adult Drug Court Attorney. The Office requested \$68,048 from federal funds and 1.0 new full-time equivalent position to reflect a new federal grant award for an additional attorney position to support the Adult Drug Court program. The Office did not anticipate receiving this award when it submitted its original FY 2010 budget request. *The Governor recommended the position, but included \$1,690 less than requested to reflect savings for eight pay reduction days and three medical benefit holidays. **The Assembly concurred.***

Community Partnership Project. The Office requested \$36,542 more than enacted from federal funds to reflect a federal grant increase to support this project. The changes include \$40,411 in contractual services for a social worker, \$11,403 for salary and benefit changes for the full-time staff funded from this grant offset by \$15,272 in other expenditure adjustments for the program. *The Governor recommended \$1,573 less than requested to reflect savings for eight pay reduction days and three medical benefit holidays. **The Assembly concurred.***

All Other Salaries and Benefits. The Office requested \$43,289 less than enacted from general revenues for all other salaries and benefits. When adjusted for the request to add \$29,925 for purchased network administration services to backfill the vacancy, the reduction to the enacted budget is \$13,364. This includes additional turnover and statewide benefit adjustments. Currently, the Office is averaging 89.0 full-time equivalent positions or 2.0 positions below the authorized level. *The Governor recommended \$340,599 less than enacted, which is \$327,235 less than requested to reflect savings for eight pay reduction days and three medical benefit holidays. **The Assembly included \$67,648 less general revenues than recommended to reflect increased turnover savings and a reduced rate for assessed fringe benefits.***

Juvenile Response Unit. The Office requested \$20,000 less than enacted from federal funds to reflect a reduction in contractual social work services for the Juvenile Response Unit project. This reflects purchased service expenses for a portion of FY 2010 because the revised request for temporary services for this unit is currently awaiting a public hearing for authorization. *The Governor recommended funding as requested. **The Assembly concurred.***

Other Operations. The Office requested \$32,207 less than enacted from all funds including \$32,231 less from general revenues for all other operations. This reduction reflects less than anticipated across-the-board savings due to increased rental expenses. This includes reduced trial-related expenses including expert witnesses, interpreters/translators, and court reporters. Other operating reductions include electronic entry maintenance fees, janitorial services, rental costs, fees and dues, office supplies, utilities, mileage reimbursement and other miscellaneous expenses. *The Governor recommended \$8,421 less than requested, including \$5,934 less from general revenues to reflect further reductions for utilities, office equipment and supplies, and staff training based on actual FY 2009 expenditures. **The Assembly concurred.***

Department of Environmental Management

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditure by Program				
Office of the Director	\$ 6,930,608	\$ 8,645,285	\$ 7,615,877	\$ 7,608,926
Bureau of Natural Resources	34,752,699	45,574,332	48,286,565	46,299,612
Bureau of Environmental Protection	24,882,906	36,753,628	38,321,206	37,182,298
Subtotal	\$ 66,566,213	\$ 90,973,245	\$ 94,223,648	\$ 91,090,836
Expenditures by Category				
Salaries and Benefits	\$ 42,507,339	\$ 43,589,499	\$ 41,705,625	\$ 41,557,813
Contracted Services	3,558,577	9,173,609	14,424,227	14,194,227
Subtotal	\$ 46,065,916	\$ 52,763,108	\$ 56,129,852	\$ 55,752,040
Other State Operations	8,389,791	10,304,086	10,152,270	10,027,270
Aid to Local Units of Government	-	-	-	-
Assistance, Grants and Benefits	3,996,921	11,255,349	8,515,614	7,715,614
Capital	8,014,445	16,650,702	19,425,912	17,595,912
Capital Debt Service	-	-	-	-
Operating Transfers	99,140	-	-	-
Total	\$ 66,566,213	\$ 90,973,245	\$ 94,223,648	\$ 91,090,836
Sources of Funds				
General Revenue	\$ 32,853,893	\$ 35,484,369	\$ 32,811,928	\$ 32,429,116
Federal Aid	19,660,114	33,680,872	37,803,320	35,283,320
Restricted Receipts	11,413,374	15,246,049	13,850,042	13,950,042
Other	2,638,832	6,561,955	9,758,358	9,428,358
Total	\$ 66,566,213	\$ 90,973,245	\$ 94,223,648	\$ 91,090,836
FTE Authorization	409.0	417.0	414.0	402.5
FTE Average	409.5			

FY 2010 Revised Request. The Department requested \$4.7 million more than enacted, including \$0.7 million less from general revenues, \$4.3 million more from federal funds, \$30,760 more from restricted receipts and \$1.1 million more from other funds. The Department requested 408.0 full-time equivalent positions, which is 9.0 less than authorized. The general revenue request is \$1,545,113 more than the “working budget” of \$33,222,473. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Department subsequently identified savings in a corrective action plan that included maintaining vacant positions, reducing operating expenditures to FY 2009 actual levels and eliminating non-essential contracted services.

The Governor recommended \$3.3 million more than enacted, including \$2.7 million less from general revenues, \$4.1 million more from federal funds, \$3.2 million more from other funds and \$1.4 million less from restricted receipts. The recommendation is \$410,545 less than the working budget.

The Assembly provided \$91.1 million, \$3.1 million less than recommended to reflect a reduction of federal funds to better reflect anticipated expenditures as well as increased turnover and operating savings. The Assembly further reduced general revenue funded personnel expenditures by \$82,812 to reflect statewide savings, and authorized 402.5 positions, 14.5 less than enacted to reflect a statewide reduction of half of all vacant positions.

Administration

Permit Streamlining. The Department requested \$52,248 less than enacted from general revenues for its permit streamlining process, which creates a centralized system for tracking permits allowing departmental personnel and consumers the ability to track the status and progress of applications through the Department's website. The request reflects a delay in portions of the project. *The Governor further reduced the request by \$40,000 to reflect reduced information technology contracted services, consistent with the Department's corrective action plan.* **The Assembly concurred.**

One Stop Reporting. The Department requested \$135,000 less from federal funds to reflect the Department's anticipated award in FY 2010 for the One Stop Reporting Program. This program provides consulting and technology to the Department to upgrade its communication technology as well as insuring it is capable of uploading air quality information obtained by the Department to the national system, which is operated by the Environmental Protection Agency. *The Governor recommended funding as requested.* **The Assembly concurred.**

Bays, Rivers and Watersheds. The Department requested \$250,000 less from the Bays, Rivers and Watersheds restricted receipt account. The funding is derived from a \$1 per hundred gallons charge on septage disposal in the state, and is used to fund the Bays, Rivers and Watersheds Coordination Team, which is responsible for the coordination of the environmental agencies in the state to restore and develop both freshwater and marine waters and watersheds. The request is reduced to more accurately reflect available funding. *The Governor recommended funding essentially as requested, but added \$2,155 for additional operating expenses based on a revised estimate of available funds.* **The Assembly concurred.**

Salaries and Benefits. The Department requested \$0.2 million less than enacted, primarily from general revenues, for salaries and benefits in the Department's administrative program. The request reflects holding a hearing officer position vacant for the year.

The Governor recommended \$0.5 million less than enacted and \$0.3 million less than requested. The recommendation includes \$0.6 million less from general revenues to reflect personnel savings from two additional vacant positions as well as the eight pay reduction days and medical benefit holidays. The recommendation also includes \$0.1 million more from restricted receipts to reflect additional funds available from indirect cost recovery charges from the Department's federal grants. **The Assembly further reduced salaries and benefits by \$6,951 to reflect statewide assessed fringe benefit savings.**

All Other Operating. The Department requested \$26,980 less than enacted, including \$26,480 from general revenues for all other operating adjustments not mentioned above. The request reduces expenditures primarily for operating supplies, which includes reductions for printing costs, temporary services and office supplies. *The Governor recommended \$0.1 million less than enacted, including \$105,005 less from general revenues to reflect operating reductions consistent with the Department's subsequent corrective action plan.* **The Assembly concurred.**

Natural Resources

Fish and Wildlife Salaries and Benefits. The Department requested \$3.9 million from all funds for salary and benefit expenditures in the Division of Fish and Wildlife. The request is \$0.3 million more than enacted, including \$20,337 less from general revenues, \$101,881 more from restricted receipts and \$248,038 more from federal funds. The increase reflects the filling of the vacant chief of fish and wildlife position, as well as adjustments to retirement costs and other benefits consistent with Budget Office instructions. *The Governor recommended \$0.2 million less than requested, and did not include funding to fill the vacant position. The recommendation also includes \$67,029 less to reflect the eight pay reduction days and medical benefit holidays.* **The Assembly concurred.**

Fish and Wildlife Operating. The Department requested \$5.7 million from all funds, or \$0.2 million more than enacted for operating expenses in the Division of Fish and Wildlife. The majority of additional funding is being requested from federal funds to be used for operating expenses within the Division. The Department is requesting the additional funds to better reflect its anticipated expenses and award. *The Governor recommended the increase and added \$43,490 from federal funds to reflect additional funds available from statewide personnel savings.* **The Assembly concurred.**

Fish and Wildlife Federal Grants. The Department requested \$1.3 million more than enacted from federal funds to better reflect its anticipated award for five grants in the Fish and Wildlife Division. The request includes \$1.0 million more for the state's wildlife management and development, \$0.4 million more for the construction of boating infrastructure, \$0.2 million more for the restoration of freshwater fisheries offset by a decrease of \$0.2 million for removal of marine debris. *The Governor recommended funding essentially as requested, with the exception of \$11,491 less to adjust for the eight pay reduction days and medical benefit holidays.* **The Assembly removed \$1.7 million of federal funds to reflect revised expenditures for the Division.**

Enforcement Salaries and Benefits. The Department requested \$4.5 million from all sources, including \$2.7 million from general revenues and \$0.9 million each from federal funds and restricted receipts for the Division of Enforcement. The Division provides 24-hour patrols on the state's waters, protecting commercial fish and shellfish industries, and enforcing state laws and regulations governing the recreational take of fish and wildlife. The request is \$0.1 million more than enacted to reflect updated retirement and benefit costs, consistent with Budget Office instructions.

The Governor recommended \$0.1 million less than enacted and \$0.2 million less than requested for the Division's salaries and benefits. The reduction from the request includes \$151,473 less from general revenues, \$32,108 less from restricted receipts and \$29,266 less from federal funds to reflect turnover for 1.0 position as well as the eight pay reduction days and medical benefit holidays. **The Assembly concurred.**

Enforcement Operations. The Department requested \$58,454 more than enacted from all funds for operating expenses in the Division of Enforcement. The request includes \$10,684 less from general revenues, \$78,812 less from restricted receipts offset by an increase of \$147,950 from federal funds. The Department notes the additional funds are derived from an enforcement grant from the National Oceanographic and Atmospheric Administration. The increase in the request reflects the Division's plan to build docks and acquire an evidence storage building at the Wickford facility.

The Governor recommended \$59,836 more than enacted and \$1,382 more than requested for the Division's operations. The increase to the request includes \$8,963 less from general revenues and \$10,345 more from federal funds to reflect additional funds available from statewide personnel savings. **The Assembly concurred.**

Forestry Operations. The Department requested \$125,518 less than enacted, including \$132,418 less from general revenues for its Forestry Division. The division is responsible for the management and protection of the state's 40,000 acres of forested land. The request reflects 1.0 vacant position as well as a reduction in overtime costs to more closely match actual FY 2009 expenditures. *The Governor recommended \$0.2 million less than enacted, including \$192,810 less from general revenues. This is \$79,437 less than requested to reflect the eight pay reduction days and medical benefit holidays.* **The Assembly concurred.**

Natural Resources Administration. The Department requested \$0.2 million more than enacted from all funds, including \$0.1 million from general revenues for operations in the Natural Resources Administration Division. The division is responsible for the administration of the Bureau of Natural Resources. The request is primarily for increased personnel costs attributed to step and longevity increases, as well as adjustments to retirement costs and other benefits consistent with Budget Office instructions.

The Governor recommended the requested changes and also included \$1.2 million for an operating transfer from the Department of Transportation for recreational projects, such as the Blackstone Valley Bike Path. The transfer was inadvertently excluded from the enacted budget and the Department's revised request. **The Assembly removed \$0.5 million of federal funds to reflect revised expenditures for the Division.**

National Estuarine Construction. The Department requested \$0.2 million more than enacted from federal funds to reflect its anticipated award from the National Oceanographic and Atmospheric Administration to make repairs to the Department's educational facilities on Block Island. Funding will also be used to install a new floating dock which will increase the Department's ability to perform sampling and monitoring activities. *The Governor recommended funding essentially as requested, with the exception of \$373 less to reflect the eight pay reduction days and medical benefit holidays.* **The Assembly concurred.**

Payments to Host Beach Communities. The Department requested \$493,901 from general revenues for payments to host beach communities. The request is \$43,901 more than enacted to reflect actual payments to host beach communities. The Department collects fees for daily and seasonal parking at seven facilities across the state and reimburses the four host communities of Charlestown, Westerly, Narragansett and South Kingstown 27.0 percent of all daily parking fees collected from Memorial Day to Labor Day. *The Governor recommended funding as requested.* **The Assembly concurred.**

Parks and Recreation. The Department requested \$0.3 million less from general revenues for its Division of Parks and Recreation. The request reflects reductions for operating supplies, personnel, and contracted services to align more closely with FY 2009 actual expenditures.

The Governor recommended \$0.5 million less than enacted and \$0.2 million less than requested. The decrease from the request includes \$0.1 million for operating reductions consistent with the Department's corrective action plan; and \$0.1 million to adjust for the eight pay reduction days and medical benefit holidays. **The Assembly reduced general revenue funding for the Division by \$0.3 million to reflect additional turnover and operating savings.**

Capital Projects. The Department requested \$3.9 million from Rhode Island Capital Plan funds for five ongoing capital projects. The request is \$0.6 million less than enacted, including \$0.8 million less for state owned dam repairs, \$50,000 less for upgrades to the state piers at Galilee offset by a \$0.2 million increase for repairs to the state piers in Newport. The changes are being requested to recognize changes in the Department's construction schedule.

*The Governor recommended funding essentially as requested, but included funds carried forward from FY 2009, which result in a \$0.9 million increase compared to the request. This includes \$0.8 million more for the state's recreational facility improvements and \$21,670 more for remediation activities at the Rose Hill Landfill Superfund site. **The Assembly concurred, but shifted \$0.3 million of Rhode Island Capital Plan funds from FY 2010 to FY 2011 to reflect a revised construction schedule.***

Natural Resources All Other. The Department requested \$88,103 more than enacted, including \$10,046 less from general revenues, \$17,886 more from federal funds and \$80,263 more from other funds for all other personnel and operating expenses not mentioned above. The Department is receiving the funds as part of a Memorandum of Understanding with the Department of Transportation, which funds a portion of personnel costs for the Bureau when it performs environmental work for the agency.

The Governor recommended \$15,853 more than enacted for all other operations not previously mentioned in the Bureau of Natural Resources. The recommendation is \$72,250 less than requested to adjust for the eight pay reduction days and medical benefit holidays.

*The Governor subsequently requested an amendment to add \$785,000 from federal funds to reflect additional anticipated receipts for fish and wildlife management, hunter safety, and outdoor recreation projects, made available from the Department of the Interior. **The Assembly concurred, with the exception of \$41,953 less to reflect statewide assessed fringe savings.***

Environmental Protection

Retrofit Heavy Duty Diesel Vehicles. The Department requested \$1.6 million from other funds to recognize additional funds from a grant for the Department to develop and implement a program to retrofit municipal and contracted diesel school buses statewide in order to reduce air pollution from diesel engines through cost effective retrofit technologies. Funding is transferred from the Department of Transportation's Congestion Mitigation and Air Quality funds to fund this program. The enacted budget included \$1.0 million for these purposes, and the Department was recently notified it would receive an additional \$1.6 million, for a total of \$2.6 million for this program in FY 2010. *The Governor recommended funding as requested. **The Assembly concurred.***

Diesel Emissions Program. The Department requested an additional \$0.5 million from federal funds for its diesel emission reduction program. The program is funded through American Recovery and Reinvestment Act funds, and lowers diesel emissions by retrofitting state-owned vehicles with diesel emission reduction technology or by partially funding the replacement of diesel powered vehicles in the state or municipal fleet. The additional funds are being requested to more accurately reflect the Department's FY 2010 award. *The Governor recommended funding as requested. **The Assembly concurred.***

Compliance and Inspection. The Department requested \$0.3 million less than enacted from general revenues for the Office of Compliance and Inspection, which is responsible for the regulatory enforcement activities related to air, waste, and water resources. The decrease in the request is due to a reduction of 4.0 full-time equivalent positions in the office. *The Governor recommended funding essentially as requested, with the exception of \$101,159 less to adjust for the eight pay reduction days and medical benefit holidays. **The Assembly concurred.***

Oil Spill Prevention, Administration and Response Fund. The Department requested \$0.4 million more than enacted from the Oil Spill Prevention, Administration and Response Fund. The increase in the request reflects funding for additional work at the Dawley Park facility for Emergency Response, with the remaining funding used for maintenance of the Physical Oceanographic Real-Time system and contractual services with the University of Rhode Island to update the state's emergency response plan,

and to support the Narragansett Bay National Estuarine Research Reserve. *The Governor recommended funding essentially as requested, with the exception of \$15,813 less to adjust for the eight pay reduction days and medical benefit holidays.* **The Assembly concurred.**

Environmental Response Fund. The Department requested \$2.3 million, or \$86,001 less than enacted from the Environmental Response Fund. Funding is derived from fines against entities found in violation of the state's environmental regulations, and is used for personnel and operating expenses related to environmental emergency response and preparedness. The Department is reducing its request from this source to reflect projected available funds for FY 2010. *The Governor recommended funding essentially as requested, with the exception of \$40,156 less to adjust for the eight pay reduction days and medical benefit holidays.* **The Assembly concurred.**

Underground Storage Tank Financial Responsibility Fund Review Board. The Department requested \$3.8 million from restricted receipts for the Underground Storage Tank Financial Responsibility Fund Review Board. The Board is funded through a one-half cent per gallon tax on motor fuel. The request is \$74,660 less than enacted to reflect available restricted receipt funding.

The Governor recommended \$1.5 million less than enacted. The recommendation includes \$1.3 million less to reflect a reduction in available restricted receipt funding which is used to pay claims on leaking underground storage tanks. The Governor included \$0.3 million less to adjust for the eight pay reduction days and medical benefit holidays. The recommendation also includes an additional \$159,949 from general revenues to fund 1.5 positions that are responsible for the Underground Storage Tank program.

The Governor included Article 10 in the FY 2010 revised budget, which would exempt the fund from the 10.0 percent indirect cost recovery mandated by Rhode Island General Laws. This would provide the fund with an additional \$0.2 million, which would be used to ensure that all claims approved in FY 2010 can be paid. **The Assembly concurred with the recommendation, with the exception of not exempting the fund from the indirect cost recovery charge.**

Brownfields. The Department requested \$1.0 million from federal stimulus funds for brownfields rehabilitation projects throughout the state. Properties classified as brownfields include any property that can not be developed, expanded or reused due to the presence of an environmental hazard. The Department currently operates a brownfields program funded through federal funds; however, the Department's revised request includes an additional \$1.0 million from federal funds to reflect additional funds made available through the American Recovery and Reinvestment Act of 2009. *The Governor recommended funding as requested.*

The Governor subsequently requested an amendment to add \$0.2 million from federal funds to reflect an increase in the anticipated federal award for brownfields projects. **The Assembly concurred.**

Rose Hill Landfill. The Department requested \$0.4 million more than enacted, including \$50,000 from general revenues and \$312,000 from federal funds for maintenance activities at the state's Superfund site located at the former Rose Hill Landfill in South Kingstown. The Comprehensive Resource Conservation and Liability Act, known as the Superfund law, mandates that for fund financed remedial actions, the state is required to share a minimum of 10.0 percent and up to 50.0 percent for municipal or state-operated facilities. As part of the regulations, states must agree to assume responsibility for operation and maintenance of the implemented remedial action for the expected life of such action and states must ensure that any institutional controls implemented as part of the remedial action at a site are sustained. The increase in the request reflects the state's portion for upgrades to the site methane gas collection system.

It should be noted that the Department concluded FY 2009 with \$0.4 million unspent from general revenues. The Department originally anticipated upgrading the methane gas collection facilities in FY 2009; however, the repairs were not necessary until the current year. Because of this, the Department is requesting additional funds to reflect making the necessary upgrades during FY 2010.

The Governor recommended \$304,973 more than enacted and \$57,027 less than requested for post-closure activities at the site. The recommendation includes a \$55,000 reduction to general revenues that are used as the state match for this project. The Department will instead use Rhode Island Capital Plan funds carried forward from FY 2009 as well as additional federal funds to complete the repairs. The recommendation also reduces expenditures by \$2,027 to adjust for the eight pay reduction days and medical benefit holidays.

*The Governor subsequently requested an amendment to add \$65,000 of federal funds to reflect an increased award from the Environmental Protection Agency for remediation expenses. **The Assembly concurred.***

Transportation Memorandum of Understanding. The Department requested \$0.1 million more than enacted from other funds to reflect a Memorandum of Understanding with the Department of Transportation. The agreement transfers funding to the Department for work performed for Department of Transportation projects that involve wetland or brownfields issues. *The Governor recommended funding essentially as requested, with the exception of \$3,022 less to adjust for the eight pay reduction days and medical benefit holidays. **The Assembly concurred.***

Division of Water Resources. The Department requested \$4.9 million or \$0.1 million less from general revenues for its Division of Water Resources. The office is responsible for the state's water resources that are used for recreation, habitat and commerce. The request reflects 1.0 vacant position that was not included in the enacted budget.

*The Governor recommended \$0.5 million less than enacted and \$0.4 million less than requested for the Division. The recommendation includes \$0.1 million less for operating reductions included in the Department's corrective action plan, and \$0.3 million less to adjust for the eight pay reduction days and medical benefit holidays. **The Assembly concurred.***

Environmental Protection Grants. The Department requested \$0.4 million more than enacted from federal funds to more accurately reflect the Department's anticipated award for eight grants that support specific activities in the Bureau of Environmental Protection. Changes include \$0.2 million more each for air pollution control and stormwater runoff prevention, \$0.1 million for water quality planning offset by a \$0.2 million reduction for groundwater contamination studies. *The Governor recommended funding essentially as requested, with the exception of \$34,790 less to adjust for the eight pay reduction days and medical benefit holidays. **The Assembly concurred.***

Saltwater Fishing License. The Department's request does not include funding to reflect anticipated restricted receipts from the sale of saltwater fishing licenses. The federal government has mandated its own license for saltwater fishing, which would require a fee between \$15 and \$20 for residents, with proceeds reverting to federal agencies for increased surveying of fish populations. In lieu of a state program, the federal government would allow the state to implement its own program. In October 2009, the Assembly passed 2009-H 6226 which established the license with a corresponding fee of \$7, with proceeds being used for surveying saltwater anglers and support for the saltwater fishing program. In November 2009, the Governor vetoed this bill. On January 5, 2010, the Assembly overrode the veto. It should be noted that the Department's FY 2011 budget request and the Governor's FY 2011 budget recommendation include 3.0 positions and \$0.5 million from restricted receipts for saltwater fishing licenses.

*The Governor subsequently requested an amendment which would add \$100,000 in restricted receipts to the Department in FY 2010. The additional receipts reflect the enactment of the saltwater fishing license during FY 2010, and the increase in restricted receipts is based on anticipated license sales for the remainder of the fiscal year. **The Assembly concurred.***

Environmental Protection Other. The Department requested \$39,225 more than enacted for other expenditures in the Bureau of Environmental Protection, including personnel and operating expenses. The request includes \$66,220 more from general revenues, \$1,145 more from federal funds and \$28,140 less from restricted receipts. An additional \$0.5 million is being requested for increased water quality testing and non-point source pollution abatement. The request also decreases expenditures for equipment purchases and operating supplies by \$0.5 million.

*The Governor recommended \$0.2 million less than enacted and requested for all other operating expenses not previously mentioned. The recommendation includes \$224,781 less than enacted from general revenues and \$60,875 less than enacted from federal funds to reflect adjustments for the eight pay reduction days and medical benefit holidays. The recommendation also includes \$115,408 more than requested from restricted receipts to reflect additional expenditures that are being offset to the Department's indirect account to reflect anticipated federal receipts. **The Assembly concurred, but reduced federal funds by \$1.4 million to reflect expenditure adjustments for water quality and waste management grants, and also reduced salaries and benefits by \$33,908 to reflect statewide assessed fringe savings.***

Coastal Resources Management Council

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Category				
Salaries and Benefits	\$ 3,029,856	\$ 3,170,909	\$ 3,039,539	\$ 3,033,228
Contracted Services	226,557	324,820	4,801,117	4,914,227
Subtotal	\$ 3,256,413	\$ 3,495,729	\$ 7,840,656	\$ 7,947,455
Other State Operations	130,102	117,783	230,575	247,952
Assistance, Grants, and Benefits	220,500	-	-	-
Capital	-	1,928,009	1,974,509	1,974,509
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 3,607,015	\$ 5,541,521	\$ 10,045,740	\$ 10,169,916
Sources of Funds				
General Revenue	\$ 2,002,176	\$ 2,027,574	\$ 1,945,046	\$ 1,938,735
Federal Aid	1,384,339	1,608,438	6,195,185	6,325,672
Restricted Receipts	220,500	250,000	250,000	250,000
Other	-	1,655,509	1,655,509	1,655,509
Total	\$ 3,607,015	\$ 5,541,521	\$ 10,045,740	\$ 10,169,916
FTE Authorization	30.0	30.0	30.0	30.0
FTE Average	29.9			

FY 2010 Revised Request. The Coastal Resources Management Council requested \$4.6 million more than enacted from all sources, including \$28,582 more from general revenues and \$4.6 million more from federal funds, most of which is from a new federal stimulus grant. The Council requested the enacted amount of 30.0 full-time equivalent positions. The general revenue request is \$160,689 more than the “working budget” of \$1,895,467. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended \$4.5 million more than enacted, including \$0.1 million less from general revenues and \$4.6 million more from federal funds. The recommendation is \$49,579 more than the working budget. The Assembly added \$0.1 million from federal funds to reflect an additional award for management plans and removed \$6,311 of general revenue to reflect statewide savings.

Legal Services. The Council requested \$20,000 of federal fund expenditures be shifted to general revenues to purchase legal services for the Council. The enacted budget includes these expenditures from federal funds to reflect an initiative by the Council to shift a portion of the general revenue funded legal costs to federal sources. The Council’s federal partner, the National Oceanographic and Atmospheric Administration, did not allow this transfer.

The Governor did not recommend the shift, and further reduced the general revenue portion by \$12,390. The recommendation increases the federal portion to reflect additional available federal funds which can

*be used to offset the legal services expense. Previously, the Council's federal partner did not allow the fund shift; however, savings were achieved in federally funded personnel that allows the Council to shift additional legal expenses to federal sources. **The Assembly concurred.***

Invasive Species Management. The Council requested \$68,877, or \$25,743 more than enacted from federal funds to reflect the Council's anticipated award for the aquatic invasive species management program. Funding is used to coordinate and communicate early detection and rapid response strategies to prevent the spread of aquatic invasive species. *The Governor recommended funding as requested. **The Assembly concurred.***

Stimulus – Fish Passage Projects. The Council requested \$3.0 million from federal stimulus funds to reflect a competitive grant that was awarded to the Council during FY 2010 from the National Oceanographic and Atmospheric Administration. Funding will be used for six individual projects in the Pawcatuck River and Ten Mile River areas that will restore access to the rivers for migratory fish as well as restoring the surrounding habitat. *The Governor recommended funding as requested. **The Assembly concurred.***

Management Plans. The Council requested \$1.5 million, or \$1.4 million more than enacted from federal funds for FY 2010 for contracts with the University of Rhode Island and Roger Williams University to develop management plans for coastal waters throughout the state. Historically, the Council requested funding for this program in its revised request to more accurately reflect the anticipated federal award. Of the requested increase, \$0.1 million reflects carry forward funds from FY 2009, with the remainder included to represent two new federal coastal initiatives involving the Council and the Universities.

*The Governor recommended funding essentially as requested, but included an additional \$270 to reflect the anticipated federal award. **The Assembly provided an additional \$0.1 million from federal funds to reflect an increase in the federal award which will be used by the Council to fund a Special Area Management Plan to be completed by the University of Rhode Island.***

Federal Operating. The Council requested \$3.0 million, \$0.1 million more than enacted from federal funds for other operating expenses. The additional federal funds are being requested to reflect carry forward funds from FY 2009 as well as the Council's anticipated award and expenses from federal funds for FY 2010. *The Governor included the funding as requested and also added \$32,029 to reflect federal sources available from the reduction to personnel costs. **The Assembly concurred.***

Salaries and Benefits. The Council requested \$6,850 less for salaries and benefits, including \$11,682 more from general revenues and \$18,532 less from federal funds. The revised request reflects federal fund savings generated through the downgrading of a position which was fully funded in the enacted budget. The additional general revenues are being requested to reflect step and longevity increases as well as adjustments to retirement costs and other benefits consistent with Budget Office instructions.

*The Governor recommended \$0.1 million less than enacted, including \$63,012 less from general revenues and \$68,358 less from federal funds for salaries and benefits. The \$0.1 million decrease to the request reflects eight uncompensated leave days and medical benefit savings. **The Assembly removed \$6,311 of general revenue to reflect statewide assessed fringe benefit savings.***

All Other Operating. The Council requested \$20,894, or \$3,100 less from general revenues for all other operating expenditures not mentioned above. The request includes reductions to temporary services, equipment rental and advertising, because these expenditures are being shifted to the federal account.

The Governor recommended \$7,126 less than enacted and \$4,026 less than requested for all other operations at the Council. The recommendation includes further reductions to reflect additional

operating expenses that could be funded from additional federal sources referenced above. **The Assembly concurred.**

State Water Resources Board

	FY 2009		FY 2010		FY 2010	FY 2010
	Reported		Enacted		Revised	Final
Expenditures by Category						
Salaries and Benefits	\$ 499,108	\$	644,862	\$	646,247	\$ 644,064
Contracted Services	417,635		493,234		233,000	233,000
Subtotal	\$ 916,743	\$	1,138,096	\$	879,247	\$ 877,064
Other State Operations	114,374		144,445		132,445	132,445
Aid to Local Units of Government	-		-		-	-
Assistance, Grants, and Benefits	102,212		88,244		88,244	88,244
Capital	-		103,000		553,978	453,978
Capital Debt Service	-		-		-	-
Operating Transfers	-		-		-	-
Total	\$ 1,133,329	\$	1,473,785	\$	1,653,914	\$ 1,551,731
Sources of Funds						
General Revenue	\$ 999,005	\$	1,370,785	\$	1,099,936	\$ 1,097,753
Federal Aid	(1,034)		-		-	-
Restricted Receipts	109,816		-		-	-
Other	25,542		103,000		553,978	453,978
Total	\$ 1,133,329	\$	1,473,785	\$	1,653,914	\$ 1,551,731
FTE Authorization	6.0		6.0		6.0	6.0
FTE Average	4.2					

FY 2010 Revised Request. The State Water Resources Board requested \$0.3 million more than enacted from all sources including \$0.3 million more from general revenues, \$74,458 more from Rhode Island Capital Plan funds and the enacted level of 6.0 full-time equivalent positions. The general revenue request is \$377,204 more than the “working budget” of \$1,267,431. The working budget is the enacted budget adjusted for the Budget Office’s distribution of statewide personnel and operating reductions and retirement adjustments the 2009 Assembly budgeted centrally in the Department of Administration.

The Governor recommended \$0.2 million more than enacted, including \$0.3 million less from general revenues and \$0.5 million more from Rhode Island Capital Plan funds. The recommendation is \$167,495 less than the working budget. The Assembly concurred, with the exception of \$0.1 million less to reflect a revised maintenance schedule for the Big River Management Area and statewide savings.

Big River Ground Water Development. The Board’s request includes \$246,500 more than enacted from general revenues for design and engineering services, which will be used to determine the feasibility of installing ground water wells at the Big River Management Area. The enacted budget includes \$130,000 for these purposes; however, the Board is requesting the additional funds to reflect \$98,800 that was unspent during FY 2009 as well as \$147,700 more to reflect an increase in the costs for the design and engineering work. The revised request includes adequate funding to complete this work during the current year.

*The Governor did not recommend the funding from general revenues; rather, he included the requested amount from Rhode Island Capital Plan funds. The Assembly has provided general revenue in the past for this project given the nature of the expenditure; however, Rhode Island Capital Plan funds are being recommended in order for the Board to reduce its general revenue expenditures. **The Assembly concurred.***

Big River Maintenance Reappropriation. The Board requested \$74,458 more than enacted from Rhode Island Capital Plan funds to reflect a carry forward balance from FY 2009. Funding is used for maintenance activities, which include litter and dumping enforcement as well as remediation of any areas affected by these activities. Of the \$100,000 appropriated for FY 2009, the Department spent \$25,542 which resulted in a surplus balance of \$74,458. Section 12 of Article 1 of the FY 2010 Appropriations Act provides for automatic reappropriation of unexpended and unencumbered balances from FY 2009 Rhode Island Capital Plan fund projects over \$500. *The Governor recommended funding as requested. **The Assembly removed \$0.1 million of Rhode Island Capital Plan funding to reflect a revised maintenance plan at the Big River Management Area.***

Salaries and Benefits. The Board requested \$27,350 more than enacted from general revenues for salaries and benefits. This reflects the Board's filling of three vacant positions at salaries which were higher than originally requested for FY 2010. Two of the three new employees had previous state employment and the request includes \$18,579 more than enacted for personnel costs to reflect the higher salaries. The request reflects longevity increases and also includes \$8,771 more for medical and retirement benefits.

*The Governor recommended \$1,385 more than enacted and \$25,965 less than requested to reflect savings derived from eight unpaid work days and medical benefit savings. **The Assembly removed \$2,183 of general revenues to reflect statewide assessed fringe benefit savings.***

Water Allocation Project. The Board requested the enacted amount of \$249,734 from general revenues for its Water Allocation Project, which consists of hydro-geologic studies which are used to develop water management and allocation strategies throughout the state.

*The Governor recommended \$141,000 or \$108,734 less than enacted. Subsequent to its budget submission, the Board suggested these savings could be achieved by reducing the project's scope for FY 2010. The recommendation reflects delays in the hydro-geologic models for the Chipuxet and Pawtuxet River Basins, as well as the development of a yield estimating database and model. **The Assembly concurred.***

All Other Operating. The Board requested the enacted level of general revenues, or \$323,475 for all other operating expenditures not previously mentioned.

*The Governor recommended \$290,245 or \$33,500 less than enacted. This includes reductions to insurance expenses to better reflect historical expenditures, the removal of funding for food expenses at Board Corporate meetings, delaying the purchase of a copy machine as well as other reductions for financial and design and engineering services. **The Assembly concurred.***

Department of Transportation

	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Expenditures by Program				
Central Management	\$ 4,806,238	\$ 19,109,271	\$ 15,675,548	\$ 11,707,175
Management and Budget	172,574	1,186,330	1,356,992	1,356,992
Infrastructure Program	357,812,304	468,770,890	397,697,479	396,314,475
Total	\$ 362,791,116	\$ 489,066,491	\$ 414,730,019	\$ 409,378,642
Expenditures by Category				
Salaries and Benefits	\$ 51,675,496	\$ 66,092,302	\$ 62,310,641	\$ 62,342,268
Contracted Services	39,560,212	33,425,380	43,314,100	37,314,100
Subtotal	\$ 91,235,708	\$ 99,517,682	\$ 105,624,741	\$ 99,656,368
Other State Operations	46,377,850	60,977,437	46,869,573	46,871,573
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	56,081,968	33,884,283	44,121,853	44,319,853
Capital	57,234,561	190,284,209	119,135,692	118,381,895
Capital Debt Service	-	-	-	-
Operating Transfers	111,861,029	104,402,880	98,978,160	100,148,953
Total	\$ 362,791,116	\$ 489,066,491	\$ 414,730,019	\$ 409,378,642
Sources of Funds				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	222,082,466	381,348,383	316,793,052	308,302,952
Restricted Receipts	370,919	1,500,000	1,000,000	1,000,000
Other	140,337,731	106,218,108	96,936,967	100,075,690
Total	\$ 362,791,116	\$ 489,066,491	\$ 414,730,019	\$ 409,378,642
FTE Authorization	691.2	780.2	780.2	739.4
FTE Average	640.8			

FY 2010 Revised Request. The Department of Transportation requested \$67.2 million less than the enacted budget, including \$64.6 million less from federal funds, \$2.1 million less from other funds, \$0.5 million more from restricted receipts and the enacted number of positions. *The Governor recommended \$74.3 million less than enacted, including \$64.6 million less from federal funds, \$0.5 million less from restricted receipts and \$7.2 million less from other funds, primarily to adjust expenses to reflect a change in the gasoline tax yield.*

The Assembly provided \$409.4 million, \$5.3 million less than recommended, including \$8.5 million less from federal funds to reflect updated expenditures from those sources offset by \$2.5 million more from gasoline tax proceeds to reflect an upward revision of the per penny gasoline tax yield. The Assembly also included 739.4 positions, 40.8 less than enacted to reflect a statewide reduction of half of the vacancies.

Fund Sources

The Department receives funding through five major sources; federal funds, general obligation bond proceeds, gasoline tax proceeds, restricted receipts and Rhode Island Capital Plan funds. The Department also receives funding from other departmental revenue, such as funding derived from the sale of Department owned land. This analysis will explain the individual fund sources as well as expenditures from these sources. The following table illustrates the Department's fund sources.

Source	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
Federal Highway Admin. Funds	\$ 169,190,000	169,749,735	138,476,589	132,476,589
Federal Stimulus Funds	20,000,000	92,288,099	59,432,511	60,910,784
Other Federal Funds	96,068,931	113,079,763	104,698,742	100,730,369
Gasoline Tax*	91,300,000	103,976,517	102,453,075	105,591,798
General Obligation Bonds**	[40,000,000]	[40,000,000]	[40,000,000]	[40,000,000]
Land Sale Revenue	5,598,459	3,199,768	2,000,000	2,000,000
Rhode Island Capital Plan Funds	6,981,023	5,047,609	6,844,102	6,844,102
Restricted Receipts	1,447,246	1,500,000	500,000	500,000
Other Funds	279,323	225,000	325,000	325,000
Total	\$ 390,864,982	\$ 489,066,491	\$ 414,730,019	\$ 409,378,642

*Excludes gasoline tax debt service for the Department and the Rhode Island Public Transit Authority.

**Bond proceeds are not reflected as a fund source in the Department's budget, and are included for illustrative purposes only.

It should be noted that the Federal Highway Administration source includes the full appropriation that is used for projects as well as the annual debt service for GARVEE bonds. Approximately \$45 million of the total appropriation is annually used as debt service for GARVEE bond funded projects. The above table reflects the amount of funding transferred from the Federal Highway Administration to the Department, net of the debt service. This funding is also included in the Department's capital budget under the Highway Improvement Program, under the fund source FHWA funds. It should also be noted that the FY 2010 requested amount of \$158.6 million is not consistent with the FY 2011 through FY 2015 capital request, and the Department noted this is due to changes that occurred in the federal award between the submission of the capital and operating budget requests.

The Department's fund sources are described in greater detail below.

Federal Funds-Highway Administration. The Department receives an average of \$208.0 million annually from the Federal Highway Administration. The Department's annual allotment of funds is based on existing and prior year contracts for projects, anticipated new construction, design and engineering costs, and other planning activities such as traffic studies. These funds appear in both the Department's capital budget and operating requests. In the Department's capital plan, funds appear in the project labeled Highway Improvement Program (HIP). This program is prepared seven to nine months in advance of actual receipt of federal funds, which the Department noted can lead to increases or decreases in funding during the state fiscal year.

The Highway Improvement Program represents those highway and intermodal projects that utilize federal funds administered by the Federal Highway Administration. The program utilizes state funds for matching purposes in the form of proceeds from general obligation bonds. Federal funds earmarked for the Department's transit projects administered by the Federal Transit Administration are not included under this project, but are included in the Fixed Guideway Project. Rhode Island Public Transit Authority projects funded with FTA funds are included in the Authority's capital budget submission. The Highway Improvement Program is directed towards implementing the Department's capital program as identified in the Transportation Improvement Program. This is adopted by the State Planning Council and approved by the Governor, establishes priorities for planning, design, and project implementation. A final draft of the TIP for FY 2009 through FY 2012 plan has been approved by the State Planning Council.

The Governor recommended \$138.5 million from Federal Highway Administration funds for infrastructure projects in FY 2010. The recommendation was \$1.8 million less than the revised request to reflect an updated estimate of the Department's annual federal award from the Federal Highway Administration. **The Assembly reduced Federal Highway Administration Funds by \$6.0 million to reflect additional revisions to planned expenditures.**

Other Federal Funds. This source is comprised of the federal funds the Department receives that are not for capital improvement projects. A majority of this funding comes from the National Highway Transportation Safety Administration, and is used to fund safety activities such as enforcement, traffic studies, signage and research. Other federal funding comes from the Federal Transit Authority, which is being used for the development of commuter rail in the southern part of the state. This source has increased recently due to more available funds from the National Highway Transportation Safety Administration for grants to states, as well as the increase from Federal Transit Authority funds to reflect the Commuter Rail Project. *The Governor recommended \$104.7 million for expenditures from federal funds not related to Federal Highway Administration projects. The recommendation is \$1.0 million less than requested to reflect minor adjustments to grants throughout the Department.* **The Assembly reduced federal funds to reflect planned expenditures from federal grants.**

Gasoline Tax Proceeds. The 2009 Assembly removed one cent of the 33 cent gasoline tax from general revenues and transferred it to the Department. The revised request does not change the current disposition of funding. *The Governor did not recommend any changes to the disposition of gasoline tax proceeds.* **The Assembly concurred.**

The following table illustrates the final disposition of proceeds.

Entity	FY 2009	FY 2010	FY 2010	FY 2010
	Final	Enacted	Revised	Final
Department of Transportation	20.75	21.75	21.75	21.75
Rhode Island Public Transit Authority	7.75	9.75	9.75	9.75
General Fund	1.0	-	-	-
Elderly Transportation	1.0	1.0	1.0	1.0
Underground Storage Tank Fund	0.5	0.5	0.5	0.5
Total	31.0	33.0	33.0	33.0

Department of Transportation Gasoline Tax. Section 31-36-7 of the Rhode Island General Laws sets the gasoline tax at 33 cents per gallon. The disposition of proceeds is outlined in Section 31-36-20 of the General Laws. Upon receipt, all gasoline proceeds are deposited into the Intermodal Surface Transportation fund from which statutory transfers are made to the Rhode Island Public Transit Authority and the elderly/disabled transportation program. The FY 2010 enacted budget was based on a per penny yield of \$4.400 million and the Department utilized that estimate in its current request, as well as a total receipt of 21.75 cents from gasoline tax proceeds.

The Consensus Revenue Estimating Conferences no longer estimate the gasoline tax yield because none of it goes to state general revenues. The Governor's recommendation is based on an estimate from the state Budget Officer and Office of Revenue Analysis of a per penny yield of \$4.1 million for the remainder of FY 2010. This equates to a gasoline tax recommendation of \$88.9 million for the Department. This is \$6.8 million less than the Department's request, which was based on the enacted estimate of \$4.4 million per penny.

The Governor subsequently requested an amendment to add \$2.1 million of gasoline tax revenues to the Department's budget to reflect a revision in the gasoline tax yield from \$4.1 million to \$4.2 million per

penny. The additional funds will allow the Department to increase spending for capital purchases, highway electricity and maintenance operations. **The Assembly concurred.**

The following table shows the recent history of available gasoline tax proceeds and other funds:

Other Funds	FY 2009 Reported	FY 2010 Enacted	FY 2010 Revised	FY 2010 Final
<i>Gas Tax Yield per Cent</i>	4.327	4.400	4.085	4.185
<i>RIDOT Cents</i>	20.75	21.75	21.75	21.75
<i>RIPTA Cents</i>	7.75*	9.75**	9.75	9.75
DOT Budget (RIDOT and RIPTA)				
Balance Forward	\$ 7,603,958	\$ 124,541	\$ 192,261	\$ 192,261
Gas Tax	123,413,380	138,600,000	128,688,777	131,827,500
Debt Service Transfer	(36,416,069)	(42,176,392)	(40,334,437)	(40,334,437)
Internal Services Funds Transparency	(1,248,906)	(1,748,628)	(1,481,878)	(1,481,878)
Nonland Surplus Property	-	25,000	40,000	40,000
Land Sales	1,335,330	3,199,768	1,199,768	1,199,768
Other (SIB, RICAP, Outdoor Adv)	4,587,653	7,497,593	8,557,102	8,557,102
Available	\$ 99,275,346	\$ 105,521,882	\$ 96,861,593	\$ 100,000,316
Expenditures	98,391,553	107,577,221	96,861,529	100,000,316
Surplus/Deficit	\$ 123,915	\$ (2,881,709)	\$ 64	\$ -
RIDOT				
Balance Forward	\$ 7,603,958	\$ 124,541	\$ 192,261	\$ 192,261
Gas Tax	89,799,983	95,700,000	88,856,537	91,023,750
Debt Service Transfer	(36,416,070)	(41,350,022)	(40,334,437)	(40,334,437)
Internal Services Funds Transparency	(1,248,906)	(1,748,628)	(1,481,878)	(1,481,878)
Nonland Surplus Property	-	25,000	40,000	40,000
Land Sales	1,335,330	3,199,768	1,199,768	1,199,768
Other (SIB, RICAP, Outdoor Adv)	4,587,653	7,497,593	8,557,102	8,557,102
Available	\$ 65,661,948	\$ 63,448,252	\$ 57,029,353	\$ 59,196,566
Gas Tax	59,616,783	55,607,600	47,232,419	49,399,696
Land Sales	1,335,330	3,199,768	1,199,768	1,199,768
Nonland Surplus Property	-	25,000	40,000	40,000
Other (SIB, RICAP, Outdoor Adv)	4,585,920	7,497,593	8,557,102	8,557,102
Other Expenditures	65,538,033	66,329,961	57,029,289	59,196,566
Surplus/Deficit	\$ 123,915	\$ (2,881,709)	\$ 64	\$ -
RIPTA				
Gas Tax	\$ 33,613,398	\$ 42,900,000	\$ 39,832,241	\$ 40,803,750
Debt Service Transfer	(759,878)	(826,370)	(824,797)	(824,797)
Available	32,853,520	41,247,260	39,832,241	39,978,953
Expenditures	\$ 32,853,520	\$ 41,247,260	\$ 39,832,241	\$ 39,978,953

*Total includes one half cent transferred from the Underground Storage Tank Fund.

**Total includes one half cent transferred from the UST Fund and two additional cents included by the 2009 Assembly.

Rhode Island Public Transit Authority Gasoline Tax. Under existing statute, the Rhode Island Public Transit Authority receives 9.75 cents of the 33 cent gasoline tax. The funds are transferred to the Authority but reflected in the Department of Transportation's budget as a grant to the Authority in order to account for the gas tax in the state's accounting structure, since the Authority is a quasi-public corporation. The FY 2010 enacted budget was based on a per penny yield of \$4.4 million and the Department utilized that estimate in its current request, which would allocate \$42.1 million to the Authority.

The Consensus Revenue Estimating Conferences no longer estimate the gasoline tax yield because none of it goes to state general revenues. The Governor's recommendation is based on an estimate from the state Budget Officer and Office of Revenue Analysis of a per penny yield of \$4.1 million for the remainder

of FY 2010. This equates to a gasoline tax recommendation of \$39.0 million for the Authority. This is \$3.1 million less than the Department's request for the Authority, which was based on the enacted estimate of \$4.4 million per penny.

The Governor subsequently requested an amendment to add \$1.0 million of gasoline tax revenues to the Department's budget to reflect a revision in the gasoline tax yield from \$4.1 million to \$4.2 million per penny. These funds are transferred from the Department's budget to the Authority. **The Assembly concurred.**

General Obligation Bond Proceeds. The state has utilized general obligation bonds to provide a match totaling \$40.0 million for federal funds in addition to the match used for GARVEE projects, which is provided by the Motor Fuel Tax Revenue bonds. General Obligation bond debt service is paid with gasoline tax revenue and the Motor Fuel Tax Revenue Bonds' debt service is paid by \$0.02 cents of the gasoline tax. Gasoline tax proceeds are used by the Department for operations; however, the amount of funding is not sufficient as a state match for capital expenditures, as those continue to be needed for increasing costs related to operations and debt service. *The Governor recommended the use of bond proceeds in FY 2010.* **The Assembly concurred.**

Land Sale Revenue. This fund source is comprised of land sales from Department owned land, as well as revenue derived from land that becomes available through the Interstate 195 relocation project. Traditional land sale proceeds can be used by the Department to purchase equipment or to offset operating costs throughout the Department. This is not the case with the Interstate I-95 land sales. These funds may only be used to fund other portions of the project, and cannot be used at the Department's discretion. The Department requested \$2.0 million from land sale revenue for FY 2010. *The Governor recommended funding as requested.* **The Assembly concurred.**

Rhode Island Capital Plan Funds. These funds are appropriated according to the Department's capital budget request, and appear as operating transfers in the Department's operating budget. Funds are used for projects such as the building of storage and maintenance facilities, as well as upgrades to Department owned property such as roof repairs or fire alarm installation. The Department's revised request includes \$5.2 million for four ongoing projects. *The Governor recommended \$6.8 million, \$1.7 million more than enacted, primarily to reflect carried forward funds from FY 2009.* **The Assembly concurred.**

Restricted Receipts. This source is comprised of funds the Department receives when it performs work for municipalities. This source is used to fund personnel costs for employees who perform work on the projects. This source contributes \$1.0 million to the Department, and is based on projected municipal work. The Department requested \$1.0 million from this source for FY 2010. *The Governor recommended \$0.5 million less than requested based on anticipated receipts.* **The Assembly concurred.**

Other Funds. These funds are derived from the sale of state owned surplus property and equipment, as well as proceeds derived from the sale of outdoor advertising at the Department's maintenance facilities. The Department requested \$325,000 from this source for FY 2010. *The Governor recommended funding as requested.* **The Assembly concurred.**

Expenditures

Federal Highway Stimulus Projects. The Department requested \$31.8 million less than enacted from federal funds for projects funded by the American Recovery and Reinvestment Act of 2009. The Department identified 55 separate projects for construction, reconstruction, rehabilitation, resurfacing, restoration, and operational improvements for highways, interstates and bridges. The enacted budget included \$92.0 million of stimulus related projects; however, the Department is projecting expenses of \$60.2 million to reflect a revised construction schedule. The Department noted that these funds are not at

risk for recapture and have been obligated consistent with the provisions of the Recovery Act. *The Governor recommended funding essentially as requested, and included an additional \$70,595 to adjust Federal Highway Administration fees that were inadvertently excluded from the Department's request.*

*The Governor subsequently requested an amendment to add \$200,000 of federal funds to reflect an additional grant for on the job training and supportive services relating to the American Recovery and Reinvestment Act. **The Assembly concurred.***

Federal Highway Administration Projects. Excluding salaries and benefits, the Department's revised request includes \$140.3 million from federal funds for highway projects in FY 2010. This is \$29.5 million less than enacted to reflect a revised construction schedule. The Department noted it must submit its projected federal fund expenditures before the end of the federal fiscal year, and budgets the projected expenditures in anticipation of the actual federal award. The Department also noted that this practice can lead to adjustments both during and prior to the state's fiscal year.

For FY 2010, requested expenditures include \$11.1 million for the five GARVEE funded projects, \$41.4 million for repairs and maintenance on bridges, \$17.6 million for congestion mitigation and road enhancements, \$8.5 million for highways, \$10.1 million for interstate projects, \$26.6 million for pavement and resurfacing and \$12.3 million for traffic safety improvement projects.

*The Governor recommended \$29.1 million less than enacted and \$0.4 million more than requested. The increase reflects administrative fees for the use of Federal Highway Administration funds that were inadvertently excluded from the request. **The Assembly reduced Federal Highway Administration Funds by \$6.0 million to reflect additional revisions to planned expenditures.***

The following table shows program expenditures and their proportionate share of total Federal Highway Administration fund expenditures.

Program Area	FY 2010 Final	Share of Total
Administrative Program	\$ 5,752,256	4%
Enhancements	10,934,960	8%
Bridge Program	39,068,564	29%
Highway Program	8,054,368	6%
Interstate Program	9,531,189	7%
GARVEE Projects	10,456,575	8%
Pavement Management Program	25,083,744	19%
Traffic Safety Program	11,645,684	9%
Federal Highway Earmark Projects	7,448,249	6%
Other Programs	4,501,001	3%
Total	\$ 132,476,589	100%

Administrative Program involves project modifications and change order expenses, Equal Employment Opportunity program activities and motor fuel tax evasion enforcement expenses.

Enhancement Program is a means to address environmental impacts on local communities from transportation and highway construction. Enhancement projects must have a relationship to transportation and fall within at least one of an established list of categories.

Bridge Improvement Program focuses on system preservation. The Department maintains 749 bridges throughout the state. Bridge projects originate from state assessments and community requests that are evaluated and prioritized through the department's Bridge Management Program. Included in this category are funds for design, right-of-way acquisition, bridge instrumentation, preventative maintenance activities, and the bridge inspections program.

Highway Program includes funding for construction projects as well as project-related design and right-of way acquisition. A majority of the highway construction projects (and the majority of funds) are devoted to projects that preserve and manage the existing system, without appreciable expansion of highway capacity.

Interstate Program projects are determined by the Department's prioritization. Projects to be implemented under the Interstate Program between FY 2009 and FY 2012 include: Longhouse mitigation; I-295 safety, bridge, lighting, and rest area; I-95 resurfacing from Connecticut line to West Warwick; I-95 service roads in Pawtucket; and I-195 improvements. Funding has also been included for design-related work for Interstate projects.

GARVEE Projects represent five separate projects being funded through Grant Anticipation Revenue Vehicle bonds. The bonds utilize future federal funds as debt service in order for the Department to expedite the completion of large projects, including: the I-195 Relocation project, Route 403 Quonset Access Road, Washington Bridge replacement, Sakonnet River Bridge replacement and the Freight Rail Improvement project.

Pavement Management includes the resurfacing of roadways as well as treatment options such as crack sealing and micro surfacing. Road surfaces are ranked and repaired based on their level of disrepair and frequency of travel.

Traffic/Safety Program includes the following major programs: roadway lane striping, repair of damaged safety devices, traffic monitoring, highway lighting improvements, traffic signal optimization, high hazard intersection improvements, traffic signal installation, and roadway drainage improvements.

Other Programs is a combination of four smaller programs.

The *Bicycle/Pedestrian Program* includes the planning, design, and construction of independent bike paths and walking trails, on-road bicycle lanes, on-road bicycle routes, and bike/pedestrian promotional programs.

Congestion Mitigation funds projects to assist the state in improving air quality through congestion relief and lowering emissions.

Study and Development Program scopes each project and assesses the environmental impact, community acceptability, constructability and cost. This is the first step in the process for a project that is new to the Transportation Improvement Program.

Planning Program is administered through the statewide planning program, which includes the State Planning Council, the Department of Transportation and the Rhode Island Public Transit Authority. The program involves long range planning, the development of the Transportation Improvement Program as well as environmental and traffic studies.

Salaries and Benefits. The Department requested \$2.7 million less from all funds for salaries and benefits. This includes \$1.0 million more from federal funds offset by \$3.7 million less from gasoline tax proceeds. The request includes a reduction of \$0.5 million to reflect eight unpaid workdays during FY 2010. It should be noted that all other state agencies were instructed to exclude this adjustment.

The Department is authorized for 780.2 positions. As of the final pay period in November, the Department has 701.6 filled full-time equivalent positions or 78.6 positions below the authorized level. The Department noted the revised request reflects actual filled positions at the time of the revised budget submission, and does not include funding for vacant positions.

*The Governor recommended \$3.8 million less than enacted and \$1.0 million less than requested. The recommendation includes savings from three medical benefits holidays and reflects a recalculation of savings from the eight unpaid work days. The recommendation also includes \$0.6 million for turnover that was not included in the Department's revised request. **The Assembly concurred.***

National Highway Transportation Safety Administration Grants. The Department requested \$14.1 million, \$2.7 million less than enacted from the National Highway Transportation Safety Administration for FY 2010. The request is being revised to reflect the actual federal award. Major changes include \$4.5 million less for the safety belt use enforcement program, \$0.1 million less for the racial profiling prohibition program offset by a \$1.7 million increase for impaired driving prevention programs. *The Governor recommended funding as requested.*

*The Governor subsequently requested an amendment to add \$31,267 from federal funds to reflect personnel costs for a principal research technician that will be funded by the grant from the National Highway Transportation Safety Administration for the remainder of the year. **The Assembly concurred with the personnel funding, but reduced other National Highway Transportation Safety Administration grants by \$4.0 million to reflect planned expenditures for those programs.***

Transit CMAQ. The Department requested \$0.2 million, \$1.0 million less than enacted from federal funds for Congestion Mitigation Air Quality projects. The Department allocates these funds to state agencies and municipalities for programs that reduce toxic emissions through traffic reduction or new technologies. The request reflects a contraction of the federal program as well as the anticipated awards for FY 2010. *The Governor recommended funding as requested. **The Assembly concurred.***

Fixed Guideway/Commuter Rail. The Department requested \$10.9 million, or \$0.7 million more from federal transit funds for the Fixed Guideway Commuter Rail project, which will extend commuter rail service along Amtrak's northeast corridor south of Providence. Service is expected to operate between Providence and North Kingstown, with stops at T.F. Green Airport and the Wickford Junction. The Department noted the request is being increased to reflect the anticipated award. The Department's revised request is consistent with its FY 2010 through FY 2014 capital budget request. *The Governor recommended funding as requested.*

*The Governor subsequently requested an amendment to add \$1.3 million from federal stimulus funds to reflect a new grant award from the Federal Transit Administration for the Commuter Rail Project. **The Assembly concurred.***

Vehicle Maintenance. The Department requested \$6.0 million from other funds for vehicle maintenance throughout the Department. The request is \$0.7 million more than enacted to reflect an increase in projected vehicle maintenance for FY 2010. The Department noted that vehicle maintenance costs have increased in recent years due to the lack of new vehicle purchases, which has effected all divisions, and includes vehicles such as dump trucks, pavers, tractors, grading equipment, backhoes and street sweepers. *The Governor recommended funding essentially as requested, and included an additional \$60 to reflect an increase for insurance costs. **The Assembly concurred.***

Winter Maintenance Operations. The Department requested \$9.4 million in operating expenses related to the winter maintenance program for FY 2010, \$0.4 million more than enacted. Funding would be used to purchase additional salt, sand and liquid de-icers. The average annual cost for winter maintenance operations from FY 2005 through FY 2009 was \$10.7 million, and the Department noted that its revised request includes \$9.4 million because winter maintenance is budgeted based on available resources and not historical spending. The request is \$1.3 million below the five-year average cost of winter maintenance expenditures.

*The Governor recommended \$0.2 million more than enacted and \$0.2 million less than requested for a total of \$9.1 million for winter maintenance operations in FY 2010. The recommendation is \$1.6 million below the five-year average of \$10.7 million for winter maintenance costs. It appears the recommendation is based on available gasoline tax revenues and not on historical spending. **The Assembly concurred.***

Equipment Purchase. The Department requested \$2.0 million from land sale revenue for equipment purchases in the Infrastructure Engineering Division. The request is \$1.2 million less than enacted due to lower than anticipated land sale revenue, and the Department has decreased its request to reflect this change. The Department noted funding would be used to purchase catch basin cleaners, mini-excavators, road surfacing equipment and miscellaneous roadside maintenance equipment such as weed trimmers. *The Governor recommended funding as requested. **The Assembly concurred.***

Maintenance Operations. The Department requested \$6.5 million from gasoline tax proceeds for maintenance operations excluding activities associated with winter maintenance. These include activities such as trash and debris removal, landscaping, sand removal, graffiti removal and catch basin cleaning. The request is \$0.5 million more than enacted to reflect updated projections for FY 2010. The major increase in the request is for repairs to maintenance vehicles and equipment. The Department noted the increase is attributed to aging vehicles and equipment. Repair costs have increased as the equipment and vehicles reach their useful life, similar to the expenses for vehicle maintenance previously mentioned in this analysis. *The Governor recommended funding essentially as requested, and included \$7,400 less to reflect insurance cost savings on maintenance vehicles. **The Assembly concurred.***

Information System. The Department requested \$0.1 million or \$0.7 million less than enacted from gasoline tax proceeds for the Department's Management Information System, which is used primarily for construction scheduling. The Department noted that accurate funding for the system was included in the enacted budget; however, the revised request shifts expenditures for the system to the Department's general obligation bond account. Funding is used for personnel costs, software and maintenance for the system. *The Governor recommended funding as requested. **The Assembly concurred.***

Rhode Island Capital Plan Fund Projects. The Department requested \$0.1 million more than enacted from Rhode Island Capital Plan funds for four ongoing projects at the Department. Changes include \$0.1 million less for the Lincoln maintenance facility, \$49,804 less for improvements to salt storage facilities, \$1.0 million more for the East Providence maintenance facility and \$0.1 million more for asset protection projects at statewide maintenance facilities. The request reflects actual expenditures and a revised construction schedule for the maintenance facilities.

*The Governor recommended \$1.8 million more than enacted and \$0.1 million more than requested, primarily to reflect carried forward funds from FY 2009. This includes \$1.4 million more for the Rhode Island Public Transit Authority's Elmwood Expansion projects, \$0.3 million more for improvements to salt storage facilities and \$0.2 million more for upgrades to maintenance facilities. **The Assembly concurred.***

Rhode Island Public Transit Authority Operating. The Department requested the enacted amount of \$42.1 million from gasoline tax proceeds in the Intermodal Surface Transportation Fund be transferred to the Rhode Island Public Transit Authority for operating expenses. The request is based on the enacted per penny yield of \$4.4 million, and is distributed to the Authority pursuant to Rhode Island General Law 31-36-20.

The Governor recommended \$39.0 million, \$3.1 million less than enacted for the transfer to the Authority. Gasoline tax funding is used by the Authority for operating expenses, which will be adjusted accordingly to account for the reduction in proceeds.

*The Governor subsequently requested an amendment to add \$1.0 million of gasoline tax revenues to the Department's budget to reflect a revision in the gasoline tax yield from \$4.1 million to \$4.2 million per penny. These funds are transferred from the Department's budget to the Authority. **The Assembly concurred.***

All Other Operating. The Department requested \$55,489 less than enacted from all sources for all other operating costs. This includes \$1.3 million less from federal funds, \$1.7 million more from other funds and \$0.5 million less from restricted receipts. Major reductions include \$1.0 million less for equipment and vehicle purchases, \$0.3 million less for operating supplies, and \$1.2 million more to reflect a revised gasoline tax transfer to the Rhode Island Public Transit Authority.

The Governor recommended \$5.0 million less than enacted and requested for all other operations not previously mentioned. This includes \$0.2 million more from federal funds to reflect additional operating expenditures being shifted to federal sources and \$5.2 million less from gasoline tax revenues.

The recommended gasoline tax yield was \$0.3 million less per penny than was included in the Department's request. This led to a reduction of \$5.2 million of revenue for the Department. The recommendation reflects some of this change by reducing expenditures for capital purchases, highway electricity, and maintenance operations throughout the Department.

*The Governor subsequently requested an amendment to add \$2.1 million of gasoline tax revenues to the Department's budget to reflect a revision in the gasoline tax yield from \$4.1 million to \$4.2 million per penny. The additional funds will allow the Department to increase spending for capital purchases, highway electricity and maintenance operations. **The Assembly concurred.***

Section VI

Special Reports

Revenues Changes

The Governor recommended \$30.0 million more general revenues than estimated at the November 2009 Revenue Estimating Conference for FY 2010 and \$92.3 million more for FY 2011. He subsequently revised his FY 2010 revenues by \$32,330 to include indirect cost from the Telecommunications Education Access Fund.

The May Revenue Estimating Conference revised the FY 2010 estimate to \$3,024.7 million, which is \$78.3 million more than the revenues included in the November estimate and \$53.9 million more than the Governor's budget revised for his changes included in the estimate. It increased the FY 2011 forecast to \$2,898.9 million, which is \$64.5 million more than the November Revenue Conference.

Taxes

- ***Motion Picture Tax Credit Elimination.*** The Governor recommended the elimination of the Motion Picture Tax Credit, effective for tax year 2010 and assumed increased revenues of \$1.9 million to reflect the Budget Office's estimate of future tax credits for FY 2011. The 2008 Assembly capped the amount of motion picture tax credits that could be issued at \$15.0 million per tax year beginning with tax year 2008. The 2005 Assembly had enacted statutes to provide a 25.0 percent credit for state certified production costs directly attributable to motion picture activity within Rhode Island, with primary filming locations within Rhode Island and minimum total production budgets of \$300,000. The 2006 Assembly amended the statute to provide clarifying definitions and established the Rhode Island Film and Television Office as a discrete entity. The Office is the certifying authority. The Assembly did not concur.
- ***Enterprise Zone Tax Credit Elimination.*** The Governor's FY 2011 budget reflects the elimination of the Enterprise Zone Tax Credit for a general revenue savings of \$1.0 million. Under current law, a qualified business in an enterprise zone is allowed a credit against personal income taxes for pass through entities or business corporations' taxes for wages paid to employees that are part of the new employees hired to meet the 12 month, 5.0 percent jobs growth requirement. The business is eligible for a credit equal to 50.0 percent of the wages for the new jobs, up to \$2,500 per job. If the new employee lives in the enterprise zone, the credit increases to 75.0 percent, up to \$5,000 per employee. The Assembly did not concur.
- ***Small Business Jobs Growth Tax Credit.*** The Governor proposed to create a Small Business Jobs Growth Tax Credit. The eligible company will receive a \$2,000 tax credit against the personal income tax and the corporation income tax for every new employee it adds between July 1, 2010 through December 31, 2011. The business must have at least five but no more than 100 employees working in the state. A qualified employee must be a Rhode Island resident, have collected unemployment insurance, received Temporary Assistance to Needy Families assistance under the Rhode Island Works Program, and/or recently graduated from a college or a technical school. Additionally, the new employee must work at least 30 hours per week, have health benefits, and make at least 250.0 percent of the state's minimum wage. The employer must retain the added position for at least 18 months. The FY 2011 budget includes a revenue loss of \$10.0 million. The Assembly did not concur.
- ***K-12 Scholarship Organization Contributions.*** The Governor proposed legislation to double the cap on the tax credit allowed for business entities making contributions to scholarship organizations from \$1.0 million to \$2.0 million. His FY 2011 budget assumes revenue loss of \$1.0 million. Currently, the funds are awarded on a first-come-first-serve basis. The maximum credit per tax year is \$100,000 and must be used in the year it is awarded. The Assembly did not concur.

- **Corporate and Franchise Minimum Tax Reduction.** The Governor recommended reducing the corporate and franchise minimum tax from \$500 to \$250 and includes a general revenue loss of \$11.5 million in FY 2011. For businesses filing corporate income tax returns, the franchise tax rate is \$500 per million of authorized capital stock or \$500, whichever is greater. Franchise tax liability is offset by the amount of corporate income tax paid. The corporate minimum tax has been \$500 since January 2004. This assumes 46,000 businesses pay the minimum tax. The Assembly did not concur.
- **Elimination of Dog Racing.** The Assembly decreased pari-mutuel revenues by \$0.3 million in FY 2011 based upon the passage of legislation to prohibit dog racing and the operation of a dog track in the town of Lincoln.
- **Joint Underwriters Association.** The Assembly enacted legislation to apply the 2.0 percent gross premiums tax on the Medical Malpractice Joint Underwriters Association. The Assembly included \$150,000 in additional revenues from the application of the tax to the association's premiums.
- **Surplus Lines of Insurance.** The Assembly increased the tax charged to the insured by the insurer from 3.0 percent to 4.0 percent on surplus lines of insurance and included \$1.1 million in additional revenue from increasing the tax to the surplus lines premiums. This is consistent with rates charged in Massachusetts.

Departmental Revenues

- **Hospital License Fee.** The Governor recommended Article 16 to extend the licensing fee for FY 2011 at the current rate of 5.237 percent of net patient services revenue. His budget includes the enacted level of \$128.8 million in revenue, \$123.1 million from the community hospitals and \$5.8 million from Eleanor Slater Hospital.

The Assembly passed Section 9 of Article 9 to include an FY 2010 licensing fee set at 5.314 percent of hospitals' net patient services revenue for a base year of 2008 with revenue of \$130.7 million, \$124.9 million from the community hospitals and \$5.8 million from Eleanor Slater Hospital. It also includes an FY 2011 licensing fee at 5.465 percent of revenues for an updated base year of 2009 with revenue of \$141.8 million, \$135.8 million from the community hospitals and \$6.0 million from Eleanor Slater Hospital.

- **Motor Vehicles New Road Test Fee.** The FY 2011 budget includes \$625,000 in revenues from the implementation of a new road test fee of \$25. The Division of Motor Vehicles administers 25,000 road tests annually. The Assembly concurred.
- **Motor Vehicles State Identification Card Fee.** The FY 2011 budget includes \$130,000 in additional revenues from increasing the fee charged for obtaining a state identification card from \$15 to \$25. The Division of Motor Vehicles issues 13,000 state identification cards annually. The Assembly concurred.
- **Motor Vehicles Dealers' License Fee.** The Governor's FY 2011 budget includes \$116,000 in additional revenues from increasing the business license fee charged to motor vehicle dealers from \$100 to \$300. This fee is charged on an annual basis to the 580 motor vehicle dealers in the state. The Assembly concurred.
- **Motor Vehicles Manufacturers, Distributors & Factory Representatives Fees.** The FY 2011 budget includes \$34,500 in additional revenues from increasing the business license fee charged to 150 motor vehicle manufacturers and distributors from \$200 to \$300, and from increasing the fee charged to 325 motor vehicle factory representatives from \$40 to \$100. These fees are charged on an annual basis. The Assembly concurred.

- **Motor Vehicles Flashing Light Permit Fee.** The Governor proposed legislation as part of his FY 2011 budget to establish a \$25 flashing lights permit fee for authorized emergency vehicles, school buses and snow removal equipment. Information provided indicates that currently a fee of \$5 is being charged; however, there is no current law provision that allows for the charge. The Budget assumes \$44,000 in revenues from this fee. The Assembly concurred.
- **Motor Vehicles School Bus Registration Fee Increase.** The Governor's FY 2011 budget includes \$37,400 in additional revenues from increasing the school bus registration fee from \$3 to \$25. The Division of Motor Vehicles registers 1,700 school buses annually. The Assembly concurred.
- **Accident Report Fee.** The Governor's FY 2011 budget includes \$26,910 in additional revenues by increasing the fee for obtaining a copy of a State Police accident report from \$10 to \$15. The Assembly concurred.
- **Board and Support Revenues Slater and Zambarano Hospitals.** The Governor's FY 2011 budget includes \$3.2 million less in revenues from payments made by Medicare, Blue Cross and other third party payers for the care of patients at the state hospital, including funds received from patients themselves and their families. The payments will be deposited into a restricted receipt account in the Department of Mental Health, Retardation and Hospitals' budget and will be used to offset direct hospital expenditures. There is an offsetting general revenue expenditure reduction. The Assembly concurred and included a similar adjustment in FY 2010.
- **Statewide Student Transportation.** The 2009 Assembly adopted legislation mandating the use of a statewide transportation system for special needs students and the eventual implementation of the transportation system for all students. Districts will reimburse the state for its share of the cost, offsetting this expenditure. The November Revenue Estimating Conference included \$8.6 million in revenue for this initiative with the expectation that a like amount of general revenue expenditures would be included in the revised budget. The revised budget removes the \$8.6 million and the FY 2011 budget removes the \$15.6 million in revenue and the corresponding general revenue expenditure and includes legislation to establish a restricted receipt account to handle the transactions. The Assembly concurred.
- **Underground Storage Tank Fund.** The FY 2010 and FY 2011 budgets include \$0.2 million less to the General Fund to reflect the proposed exemption of the Underground Storage Tank Fund from the state's 10.0 percent indirect cost recovery charge. The Fund is projected to receive \$2.1 million during FY 2010, and the Governor's proposal would retain \$0.2 million, which would have been deposited as general revenues. The recommendation is designed to ensure that underground storage tank claims that have been approved can be paid, which will avoid a possible unfunded liability for the state. The Assembly did not concur.
- **Telecommunications Education Access Fund.** The FY 2010 budget includes \$250,000 and the FY 2011 budget includes \$350,000 from general revenues to support the telecommunications education access fund. The Governor had proposed legislation to reduce the assessment for the Telecommunications Education Access Fund from \$0.26 to \$0.15 per line effective February 1, 2010 and expand it to include wireless lines. The Assembly did not enact the proposed legislation.
- **Women's Cancer Screening.** The Department of Health has exhausted all funds for breast and cervical cancer early detection screening and has suspended these services for the remainder of the fiscal year. Subsequently, the Department of Health received \$110,000 from donations for the Women's Cancer Screening program which the Department plans to use to match Medicaid. The program was restored in May 2010. The Assembly concurred.

Lottery

- ***Newport Grand Rate Parity.*** Subsequent to his budget submission, the Governor requested an amendment to change the state's current contract with the owner and operator of Twin River to conform with provisions of the bankruptcy plan. This legislation amends the state's current contract with the owner and operator of Twin River to conform with provisions of the bankruptcy plan. The Assembly adopted legislation revising it to extend marketing cost participation to Newport Grand if earnings thresholds are met and it further provides for Newport's share of income to be consistent with Twin River. The Assembly included a revenue loss of \$985,000.
- ***Twin River Bankruptcy.*** Subsequent to his budget submission, the Governor requested an amendment to change the state's current contract with owner and operator of Twin River to conform with provisions of the bankruptcy plan. The legislation required state support for a portion of the marketing costs, prohibits dog racing, and allows for establishment of a promotional points program. It also changes the jobs requirement for five year renewal to 650.0 full-time positions, a decrease from 1,300.0 positions in current law. The Assembly reduced revenues by \$3.7 million in FY 2011 to reflect an annual pro rata share for marketing fees.

Other Miscellaneous Revenue

- ***Veterans Memorial Auditorium Debt/Sale.*** The Governor's FY 2010 revised budget includes \$10.8 million in new revenues from the sale of the Veterans Memorial Auditorium to the Convention Center Authority. The state currently owns the Veterans Auditorium, which the Authority took management of on July 1, 2008. Under the terms of the agreement between the state and the Authority, in the event that the Authority is running an operating deficit, the state would be responsible for covering this shortfall. Assuming an interest rate of 7.0 percent and a 20-year term, the Budget Office projects debt service payments of \$1.2 million in FY 2011 and \$2.8 million annually thereafter. The Assembly did not concur and adjusted revenues and debt service accordingly. It provided a total project cost of \$14.8 million from Rhode Island Capital Plan funds in lieu of issuing debt.
- ***Old Training School.*** The Governor's FY 2010 revised budget includes \$6.2 million in new revenues from the sale of a parcel of land North of Route 37 on the Pastore Center to the Rhode Island Mortgage and Finance Corporation. This site is commonly referred to as the Old Training School, which is comprised of 13.6 acres and nine buildings. The Assembly concurred.
- ***Johnston Computer Center.*** The Governor's FY 2010 revised budget includes \$1.5 million in new revenues from the sale of the state's old computer center located in Johnston. The Division recently purchased a new facility near Jefferson Boulevard, which it intends to occupy in January 2011. The Administration indicates that it will structure the Request for Proposal on the sale of the facility to allow the Department to stay until the new facility is fully renovated. The Assembly concurred.
- ***Two Metacom Avenue in Bristol.*** The Governor's FY 2010 revised budget includes \$2.8 million in new revenue from the sale of state property located at 2 Metacom Avenue in Bristol. The building is located on the Roger Williams University Campus and is used for day programming services for adults with developmental disabilities through the Maher Center. The Governor includes \$0.8 million from Rhode Island Capital Plan funds in FY 2010 to renovate the Maher Center in Middletown to accommodate the individuals being served in Bristol. The Assembly included the revenues.
- ***Group Home Donations.*** The Governor's FY 2010 revised budget includes \$6.0 million in new revenues from a donation by community agencies that provide residential services to adults with developmental disabilities. This payment is equivalent to the anticipated current year general revenue deficit in the privately operated system. The Governor's budget assumes increased expenditures of \$16.6

million, of which \$6.0 million is from general revenues to support this program. The Assembly concurred.

- ***State Fleet Revolving Loan Fund.*** The FY 2010 revised budget includes the transfer of \$3.6 million from the State Fleet Revolving Loan Fund to the state General Fund. The 2007 Assembly created the fund with proceeds of \$6.4 million from the securitization of tobacco master settlement agreement payments for the purpose of purchasing vehicles for state agencies. The recommendation assumes that funds used to purchase vehicles from FY 2008 through FY 2010, which totaled \$3.9 million, will be paid back into the fund and be used to continue the program. The Assembly concurred.

- ***Child Support Prior Years Collections.*** The Governor's FY 2010 revised budget includes \$7.2 million in new general revenues to reflect services provided by the Family Court's Child Support Enforcement Unit during FY 2005 through FY 2009 for which the state is entitled to reimbursement. The Assembly concurred.

- ***Rhode Island Health and Educational Building Corporation Transfer.*** The Governor's FY 2011 budget includes a transfer of \$1.0 million from the Rhode Island Health and Educational Building Corporation to the General Fund in FY 2011. The Assembly concurred and included an additional \$0.5 million in FY 2010.

Unclaimed Property

- ***Unclaimed Property.*** The Governor's FY 2010 revised budget includes an additional \$0.6 million in unclaimed property transfers to the state by transferring seized money held in escrow pending forfeiture proceedings from the State Police and cash that has been held in the courts' bail account to the Unclaimed Property Fund. The additional revenues reflect \$950,000 from transferred funds reduced by the 25.0 percent liability that must be carried forward to the next year. The Assembly concurred.

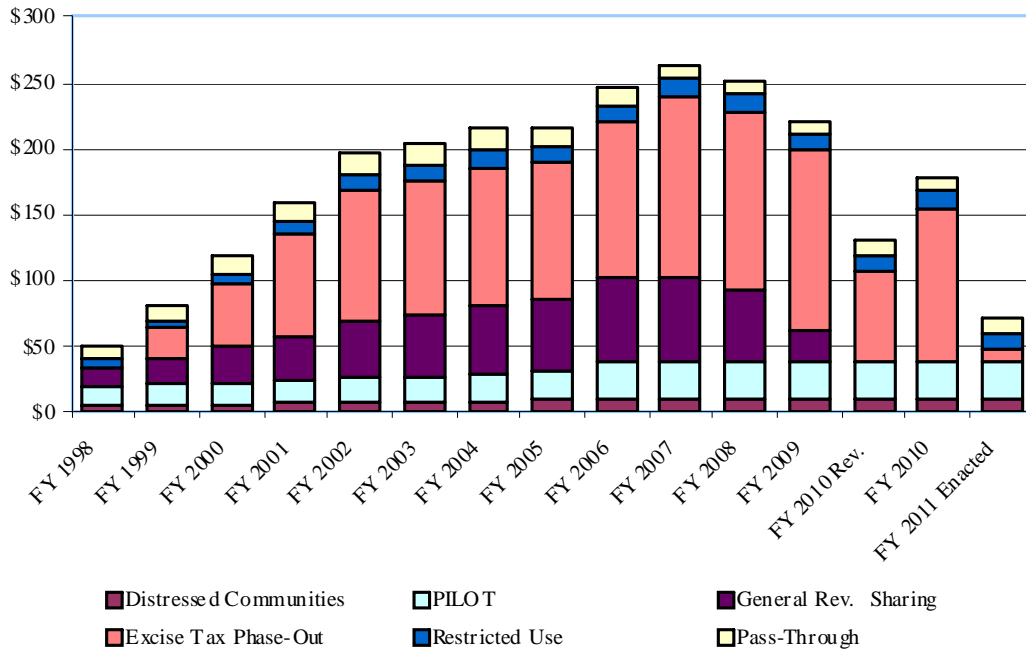
State Aid to Local Governments

Introduction

The Assembly provided state aid to cities and towns totaling \$168.2 million for FY 2010 and \$60.2 million for FY 2011 from state general revenues. Funding in FY 2011 includes \$48.0 million for general aid programs and \$12.3 million for restricted use programs. Local communities will also receive \$10.2 million in public service corporation property taxes that the state collects and passes through to the communities in both FY 2010 and FY 2011.

The general aid for FY 2010 is \$48.6 million more than the Governor’s recommendation for the Motor Vehicles Excise Tax program. The Governor proposed legislation to eliminate the third and fourth quarter reimbursements in FY 2010. For FY 2011 and thereafter, the legislation subjects future exemptions to the annual appropriations act.

The Assembly had not taken action on the Governor’s budget and the third quarter payment, which was due on February 1, was made. The Assembly provided an additional \$16.4 million for the fourth quarter payment, for total funding of \$117.2 million to fund the program at 88.0 percent of the amount that would have been due in FY 2010. For fiscal year 2011 and thereafter, the Assembly enacted legislation that mandates a \$500 exemption for which the state will reimburse municipalities for an amount subject to appropriation. The legislation allows municipalities to provide an additional exemption; however, that additional exemption will not be subject to reimbursement. Effective for fiscal year 2011 and thereafter, the Assembly restored the authority for fire districts to levy a motor vehicle excise tax.



The major changes in the aid proposal are discussed on the following pages, followed by tables that show recommended distribution of general aid by community as well as each general aid program by community. There are also tables showing the distribution of library operating aid, which is considered restricted and not included in the general aid totals and public service corporations’ tax collections, a local levy collected at the state level and returned to local governments for tax collection efficiency purposes.

- **General.** The Assembly provided \$155.1 million in FY 2010 and \$48.0 million in FY 2011 for general state aid to local governments.

Fiscal Year	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011 Enacted
General Aid - State Sources										
Distressed Communities*	\$ -	\$ 7.2	\$ 6.6	\$ 9.5	\$ 10.6	\$ 10.2	\$ 10.4	\$ 10.4	\$ 10.4	\$ 10.4
PILOT	0.3	12.2	16.1	22.7	27.0	27.8	27.8	27.6	27.6	27.6
General Rev. Sharing	27.8	13.6	27.6	52.4	65.0	65.1	55.1	25.0	-	-
Excise Tax Phase-Out	-	-	47.3	105.0	117.6	136.2	135.3	135.4	117.2	10.0
Subtotal	\$ 28.1	\$ 33.0	\$ 97.5	\$ 189.7	\$ 220.2	\$ 239.3	\$ 228.6	\$ 198.3	\$ 155.1	\$ 48.0
Restricted Use Aid - State Sources										
State Aid for Libraries	\$ 1.6	\$ 3.3	\$ 5.7	\$ 8.1	\$ 8.4	\$ 8.7	\$ 8.8	\$ 8.8	\$ 8.8	\$ 8.8
Library Const. Aid	1.3	1.9	1.6	2.5	2.6	2.8	2.8	2.6	2.6	2.5
Police & Fire Incentive	4.1	1.3	0.9	1.1	1.1	0.7	0.7	-	-	-
Prop. Reval. Reimb.	-	-	0.0	0.6	0.6	2.0	1.1	1.1	1.6	1.0
Subtotal	\$ 7.2	\$ 6.5	\$ 8.2	\$ 12.3	\$ 12.7	\$ 14.2	\$ 13.4	\$ 12.5	\$ 13.0	\$ 12.3
Total - State Sources	\$ 35.2	\$ 39.5	\$ 105.7	\$ 202.0	\$ 233.0	\$ 253.5	\$ 241.9	\$ 210.8	\$ 168.2	\$ 60.2
Other Aid - Pass-Through										
Public Service Corp.	\$ 9.9	\$ 7.2	\$ 12.8	\$ 14.6	\$ 14.6	\$ 10.3	\$ 10.3	\$ 9.2	\$ 10.2	\$ 10.2

*FY 2007 reflects recapture of \$230,272 overpayment from FY 2006.

- **Distressed Communities Relief Fund.** The Budget provides \$10.4 million in both FY 2010 and FY 2011 for the Distressed Communities Relief Fund. Communities' aid distribution for FY 2011 is based on updated qualifying tax levies. Current law mandates that 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. For FY 2011, East Providence qualifies for distressed aid and North Providence is disqualified.
- **Payment in Lieu of Taxes Program.** The Budget includes \$27.6 million to fund the Payment in Lieu of Taxes program at the FY 2010 level. This program reimburses cities and towns for property taxes that would have been due on real property owned by nonprofit educational institutions, nonprofit hospitals, or any state-owned hospital, veterans' residential facility or correctional facility, which is exempt from taxation by state law. Distributions to communities reflect updated data and a ratable reduction to the appropriation.
- **General Revenue Sharing.** The Budget does not include any funding for the General Revenue Sharing Program. The 2009 Assembly adopted the Governor's recommendation to subject the program permanently to appropriation; deleted the requirement for a distribution of 3.0 percent of second prior year state tax revenues for FY 2010 and each year thereafter, and deleted the two-thirds requirement for repealing or amending the statute relating to the apportionment of aid.
- **Motor Vehicle Excise Tax Phase-Out.** The Governor included legislation in his FY 2010 revised budget to eliminate the third and the fourth quarter reimbursements to municipalities. The proposed legislation would allow municipalities to levy a supplemental tax to capture the loss of the reimbursement for FY 2010. This is subject to certification from the Department of Revenue. The law further requires an affirmative vote of at least four-fifths of the full membership of the municipal's governing body. For FY 2011 and thereafter, the legislation subjects future exemptions to the annual appropriations act.

The Assembly had not taken action on the Governor's budget and the third quarter payment, which was due on February 1, was made. The Assembly provided an additional \$16.4 million, for total funding of \$117.2 million to fund the program at 88.0 percent of the amount that would have been due in FY 2010.

For fiscal year 2011 and thereafter, the Assembly enacted legislation that mandates a \$500 exemption for which the state will reimburse municipalities an amount subject to appropriation. The legislation further allows municipalities to provide an additional exemption; however, that additional exemption will not be subject to reimbursement. The Assembly also removed the provision that restricted municipalities from taxing the difference in the event that the value of a vehicle is higher than the prior fiscal year. It also allowed for rates to be lowered from the current frozen levels.

The Assembly provided \$10.0 million for FY 2011. It did not recommend funding for fire districts beyond FY 2010 but for fiscal year 2011 and thereafter, restored the authority for fire districts to levy a motor vehicle excise tax.

- **Library Resource Sharing Aid.** The Budget provides \$8.8 million in both FY 2010 and FY 2011 for library operating aid. Community distributions in FY 2011 reflect updated data and a ratable reduction to the appropriation.
- **Library Construction Aid.** The Budget provides \$2.6 million in FY 2010 and \$2.5 million in FY 2011 for library construction aid. The state reimburses libraries up to half of the total cost for eligible projects on an installment basis for a period of up to 20 years.
- **Property Valuation Reimbursement.** The Budget provides \$1.6 million in FY 2010 and \$1.0 million in FY 2011 to fully fund reimbursements to communities conducting property valuation updates.
- **Public Service Corporation Tax.** The FY 2010 and FY 2011 budgets assume the state will collect \$10.2 million of property taxes from public service corporations on behalf of municipalities and pass that back to them. The 2009 Assembly adopted the Governor's recommendation to freeze the tax rate applied to the tangible personal property of public service corporations at the FY 2008 rate.

State Aid

State aid can be classified into *general* state aid and *restricted use* aid. *General* aid payments made to municipalities can be used for general budget use or as reimbursement for costs incurred. Examples include: General Revenue Sharing, Payments in Lieu of Taxes, Distressed Communities Relief, and Vehicle Excise Tax Phase-out payments. The general purpose of these programs is to relieve pressure on local property taxes by providing revenues from the state's broad based taxes to local governments.

Rhode Island property taxes comprise 52.0 percent of all local revenues; nationally they comprise only 27.6 percent. The Rhode Island percentage is the fourth highest in the United States, partially due to the fact that Rhode Island local governments are not allowed to levy local option general sales or income-based taxes.

Rhode Island also ranks high in the percentage of state and local revenues generated from property taxes. It has traditionally relied more on local property taxes than most states. FY 2007 data showed that it ranks 12th in total per capita state and local taxes, but 5th in state and local property taxes. The rankings are similar when the state and local property taxes are measured as percentages of personal income. Further, it ranks 9th in the share that property taxes contribute to total sales, income and property taxes.

FY 2007 Data from Bureau of Census	Rhode Island	United States	Rank
All State and Local Taxes			
Per Capita	\$ 4,545	\$ 4,229	12
As Percentage of Personal Income	11.50%	11.50%	12
State and Local Property Taxes			
Per Capita	\$ 1,855	\$ 1,228	5
As Percentage of Personal Income	4.7%	3.3%	2
Percentage of Income, Sales and Property Taxes	50.0%	38.6%	9
State and Local Income Taxes			
Per Capita	\$ 1,026	\$ 714	17
As Percentage of Personal Income	2.6%	1.9%	23
Percentage of Income, Sales and Property Taxes	27.7%	22.4%	34
State and Local Sales Taxes			
Per Capita	\$ 828	\$ 992	30
As Percentage of Personal Income	2.1%	2.7%	34
Percentage of Income, Sales and Property Taxes	22.3%	31.2%	39
Local Revenues Sources Only			
Percent from State Government	30.1%	33.6%	35
Percent from Property Tax	52.0%	27.6%	4

The high rankings are also partially due to the relatively low percentage of state contributions to local budgets. State aid contributed 30.1 percent of FY 2007 local revenue sources in Rhode Island, the 35th lowest percentage in the United States. Nationally, states contributed an average of 33.6 percent. These rankings are in spite of concerted efforts by the General Assembly to decrease reliance on the property tax as a source of state and local expenditures beginning in the mid 1990s.

Restricted use aid includes payments made to a municipality for a specific purpose or payments to non-governmental entities providing a public service. These include library aid and police and fire incentive pay plan sharing. The largest source of restricted aid is education aid, which is not included here. More complete information concerning education aid is contained in the *Education Aid* section of the *Budget as Enacted*.

Pass-through aid in the form of the Public Service Corporation tax is a third category often listed as state aid. However, it is not paid for from state sources, but is actually a local levy collected at the state level and returned to local governments for tax collection efficiency purposes. It is not part of the state budget or funds.

General State Aid

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

Rankings	Central			Cranston	East	North	West			
	Burrillville	Falls	Coventry		Providence	Providence	Pawtucket	Providence	Warwick	Woonsocket
FY 2009										
Levy/Full Value	19	14	10	2	-	7	12	1	3	13
Per Capita Income 2000	7	1	11	10	-	19	4	2	6	3
Personal Income/Full Value	6	1	10	9	-	7	3	4	5	2
Full Value Per Capita	6	1	10	9	-	7	3	4	5	2
Qualifying Rankings	3	3	0	1	-	3	3	4	4	3
Qualifying Rankings	1	3	3	3	-	3	3	4	4	4
FY 2010										
Levy/Full Value	22	17	5	3	-	6	13	1	2	8
Per Capita Income 2000	7	1	11	10	-	19	4	2	6	3
Personal Income/Full Value	6	2	9	7	-	4	3	12	5	1
Full Value Per Capita	7	1	10	9	-	6	3	4	5	2
Qualifying Rankings	3	3	1	2	-	3	3	3	4	3
FY 2011										
Levy/Full Value	20	24	5	4	8	11	14	1	3	7
Per Capita Income 2000	7	1	11	10	5	19	4	2	6	3
Personal Income/Full Value	6	2	7	9	11	4	3	12	5	1
Full Value Per Capita	8	1	9	10	6	7	3	4	5	2
Qualifying Rankings	3	3	1	1	3	2	3	3	4	3

Most funds are distributed based on the ratio of an eligible municipality's tax levy to the total tax levy of all eligible municipalities. However, when a new community qualifies, that community receives 50.0 percent of current law requirements the first year it qualifies. The remaining 50.0 percent is distributed to the other distressed communities proportionately. When a community falls out of the program, it receives a one-time transition payment of 50.0 percent of the prior year requirement exclusive of any reduction for first year qualification.

Dedicated funding for the program was from \$0.30 of the \$2.00 real estate transfer tax collected for each \$500 or fractional part of the purchase price of property sold, \$5.0 million from state appropriations, and 0.19 percent of all net terminal income from video lottery. Distribution from only video lottery terminal revenues are shared equally among qualifying communities. 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.

The Governor's FY 2010 budget includes \$10.4 million to fund the Distressed Communities Relief Fund, consistent with the enacted budget. He recommended using \$10.0 million of the total \$30.0 million available from the flexible portion of the federal stabilization funds in lieu of general revenues. The Assembly concurred and adopted legislation subjecting the video lottery terminal funding to appropriation for FY 2010 and each year thereafter.

The 2010 Assembly provided \$10.4 million in both FY 2010 and FY 2011 for the Distressed Communities Relief Fund. Communities' aid distribution for FY 2011 is based on updated qualifying tax levies. For FY 2011, East Providence qualifies for distressed aid and North Providence is disqualified.

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

The Governor recommended \$27.8 million for FY 2011, which represents reimbursement of 21.2 percent of the value. His FY 2011 distribution is \$0.2 million less than the amount shown in the appropriations act. Subsequently, he requested an amendment to correct this. Distributions to communities reflect updated data. The Assembly concurred.

General Revenue Sharing. Beginning in FY 1994, a portion of total state tax revenues from the second prior fiscal year have been earmarked as state aid to cities and towns and distributed based on per capita income and local tax burdens for public purposes. In the FY 1999 budget, the General Assembly began increasing the percentage of revenues dedicated to the General Revenue Sharing program as a mechanism for reimbursing municipalities for lost local revenues from the ten-year phase-out of the inventory tax. The law also provided that the percentage of second prior year tax collections dedicated to the program would increase on an annual basis through FY 2011 to a total of 4.7 percent.

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

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

The 2007 Assembly concurred with the Governor's proposal to freeze communities' FY 2008 aid payments at the FY 2007 level, and fix future amounts at 3.0 percent of tax revenues ending the phase-up.

The 2008 Assembly provided \$55.1 million for the General Revenue Sharing program and changed the reference year data used for the distribution formula to be the same as used for FY 2008. This assured that each community received the same amount of aid in FY 2009 as it did in FY 2008.

The Governor's FY 2009 revised budget reflects the suspension of the state's appropriation for the General Revenue Sharing payments to communities in FY 2009. He subsequently submitted an amendment to restore \$31.0 million from general revenues to fund the program. The Administration needs to receive final approval from the Secretary of Education for the state's use of the state fiscal stabilization funds. The \$31.0 million would be distributed through the existing formula; however, communities would be required to allocate a portion to school budgets based on the percent of support for the school budget that the community supplied in FY 2007. Communities that contributed less than 5.0 percent would be required to allocate 100 percent of the general revenue sharing allocation to the schools. Communities that contributed between 5.0 percent and 25.0 percent would be required to allocate 75.0 percent, communities that contributed between 25.0 percent and 50.0 percent would be required to allocate 50.0 percent, and communities that contributed more than 50.0 percent would be required to allocate 25.0 percent to school budgets.

The Assembly did not concur and provided \$25.0 million to fund the program in FY 2009, distributed proportionally on the same basis as the original enactment.

The FY 2010 budget does not include any funding for the General Revenue Sharing Program, consistent with the Governor's recommendation. The 2009 Assembly concurred with the Governor's recommendation to subject the program permanently to appropriation; deleted the requirement for a distribution of 3.0 percent of second prior year state tax revenues for FY 2010 and each year thereafter, and deleted the two-thirds requirement for repealing or amending the statute relating to the apportionment of aid.

The Governor did not recommend funding this program in FY 2011. The Assembly concurred.

Motor Vehicle Excise Tax Phase-Out. The 1998 General Assembly enacted legislation to eliminate the property tax on motor vehicles and trailers over a period of seven years. It was modified in subsequent legislative sessions to substantially extend the phase-out period. It began with a \$1,500 exemption for FY 2000 tax bills that increased by \$1,000 per year to the FY 2005 amount of \$4,500. Cities and towns are held harmless for the exemptions and are reimbursed on the basis of 100 percent collections. They also received adjustments for freezing tax rates at the FY 1998 level through FY 2003. Fire districts may no longer levy motor vehicle excise taxes, and they are fully reimbursed for the lost revenues.

The 2005 Assembly increased the exemption amount from \$4,500 to \$5,000 per vehicle for FY 2006 and dedicated certain future revenues from video lottery terminals to phase out the tax. The 2005 Assembly also provided that 78.125 percent of the *state share* of video lottery net terminal income solely attributable to new machines at Lincoln and Newport up to \$10.0 million per year be dedicated to ending the car tax by increasing the exemption in \$500 increments until it is ended.

The 2006 Assembly increased the exemptions to \$6,000 and converted that dedication to 1.22 percent of *all* net terminal income up to \$10.0 million per year and provided that the amount of the vehicle value exemption increase to the nearest \$250 increment, and the amount cannot be less than the prior year's exemption.

The 2007 Assembly provided \$135.5 million to fund the car tax phase-out for FY 2008 with a \$6,000 exemption consistent with current law and updated data. This maintains the tax rate freeze and provision for annual increases in the limit based on increases in video lottery terminal proceeds.

The 2008 Assembly provided \$139.6 million to fund the car tax phase-out for FY 2009, and adopted the Governor's recommendation to permanently reduce the Motor Vehicle Excise Tax reimbursements to 98.0 percent of the calculated value beginning with FY 2008.

The Governor's revised budget includes \$135.4 million or \$4.2 million less than enacted to reflect updated data, which shows that the growth rate from FY 2008 to FY 2009 was actually 0.1 percent. The enacted budget assumed a growth rate of 3.2 percent. Subsequently, the Governor requested an amendment to further reduce expenditures by \$10,036 to reflect final numbers received from municipalities. The Assembly concurred with the Governor's updated recommendation.

The FY 2010 budget includes \$135.3 million to fund the program and maintains the \$6,000 exemption; however, it assumes no growth in values from FY 2009 for which growth was 0.1 percent above FY 2008.

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

The Assembly had not taken action on the Governor's budget and the third quarter payment, which was due on February 1, was made. The Assembly provided an additional \$16.4 million, for total funding of \$117.2 million to fund the program at 88.0 percent of the amount that would have been due in FY 2010.

For fiscal year 2011 and thereafter, the Assembly enacted legislation that mandates a \$500 exemption for which the state will reimburse municipalities an amount subject to appropriation. The legislation further allows municipalities to provide an additional exemption; however, that additional exemption would not be subject to reimbursement. The Assembly also amended the statute to remove the provision, which restricted municipalities from taxing the difference in the event that the value of a vehicle is higher than

assessed in the prior fiscal year. It also allowed motor vehicle rates and ratios of assessment to be less than earlier levels, which were frozen.

The Assembly provided \$10.0 million for FY 2011. It did not recommend funding for fire districts beyond FY 2010. Effective for fiscal year 2011 and thereafter, the Assembly restored the authority for fire districts to levy a motor vehicle excise tax.

Restricted Use State Aid

State Support for Public Libraries. State law requires that the state provide financial support to public libraries, which remained relatively stable for the period from FY 1991 through FY 1997. In FY 1998, the General Assembly appropriated an additional \$1.0 million to begin increasing funding to meet the requirement of 25.0 percent for the grants-in-aid program by FY 2000. The statute requires an amount equal to 25.0 percent of second prior fiscal year local expenditures for library services as grants-in-aid. The same requirement applies to institutional libraries, but that funding is not shown in these tables as local aid. Additionally, the state is required to fund 100.0 percent of the administrative and operating costs of the Rhode Island Library Network.

The 2003 Assembly amended the legislation to allow Providence Public Library endowment funding to be considered local effort with the annual amount that may be included for endowment funds capped at 6.0 percent of the three-year average market value of the endowment, calculated at the end of the calendar year. The 2004 Assembly further amended the laws to extend that to all libraries.

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

The 2009 Assembly enacted legislation to continue allowing communities to meet the 80.0 percent maintenance of effort for libraries to qualify for state library aid. It provided \$8.8 million to level fund state library aid at the FY 2009 level.

The 2010 Assembly concurred with the Governor's recommendation to provide \$8.8 million for FY 2011 library aid.

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

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

Reimbursable costs also include any cost of borrowing for the state share during the construction period. Examples of costs not eligible for state funds include the cost of fundraising by the municipality or the free library or the costs of public relations. In a case where the library is a component of local government, payments are made to the municipality. Payments for free public libraries are made directly to the libraries.

Library construction aid is considered indirect aid for two reasons. Firstly, payments are not necessarily made to a local government; some are made directly to free public libraries. Thus, funding cannot entirely be considered traditional local aid. Secondly, funds are targeted for specific use and are not for general support of the local government or free library budget.

The FY 2011 budget provides full funding of \$2.5 million for library construction aid.

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

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

As part of his FY 2009 budget, the Governor proposed legislation to eliminate the program. The Assembly maintained this program in the general laws, however, provided no funding for FY 2009. The Governor did not recommend funding this program in FY 2011; the Assembly concurred.

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

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

As part of his FY 2009 budget, the Governor proposed legislation to eliminate the program. The Assembly maintained this program in the general laws, however, provided no funding for FY 2009. The Governor did not recommend funding this program in FY 2011; the Assembly concurred.

Property Valuation Reimbursement. Section 44-5-11.6 of the Rhode Island General Laws requires that municipalities update property valuations using statistical techniques every third and sixth year after a full revaluation. The statute also requires that the state reimburse municipalities for 100.0 percent of the costs for the first update at a rate not to exceed \$20 per parcel. Reimbursement for future updates declines based on a defined schedule in the General Laws.

The 2008 Assembly adopted the Governor's recommendations for \$1.3 million in reimbursements for FY 2009 and \$1.1 million for costs in FY 2008.

The 2010 Assembly provided \$1.6 million for FY 2010 and \$1.0 million for FY 2011 to fully fund reimbursements.

Pass-Through Revenues

Public Service Corporation Tax. The FY 2011 budget assumes the state will collect \$10.2 million of property taxes from public service corporations on behalf of municipalities and pass that back to them.

The Assembly concurred with the Governor's proposal included in 2009-H 5019 Substitute A, as amended to freeze the tax rate applied to the tangible personal property of public service corporations at the FY 2008 rates. Freezing the rate at the FY 2008 level is estimated to save the municipalities a total of \$645,000. Annual tax collections have dropped from \$16.6 million in FY 2004 to \$10.2 million in the current fiscal year.

Under Section 44-13-13 of the Rhode Island General Laws, the tangible personal property of telegraph, cable, and telecommunications corporations and express corporations used exclusively in conducting business for the corporation is exempt from local taxation, but is subject to taxation by the state. Tangible personal property includes lines, cables, ducts, pipes, machines and machinery, and equipment.

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

General Aid Total

Includes Distressed Communities, PILOT, and Motor Vehicles Excise Tax

<i>Community</i>	<i>FY 2010 Enacted</i>	<i>Governor Revised</i>	<i>FY 2010</i>	<i>Change to Governor</i>
Barrington	\$ 3,031,882	\$ 1,540,336	\$ 2,629,125	\$ 1,088,789
Bristol	2,168,146	1,377,318	1,917,934	540,616
Burrillville	3,385,743	1,982,515	2,968,830	986,316
Central Falls	1,788,940	1,049,936	1,530,232	480,296
Charlestown	522,331	261,165	441,247	180,082
Coventry	2,954,920	1,477,460	2,537,938	1,060,478
Cranston	15,793,559	9,674,969	14,016,054	4,341,085
Cumberland	2,787,560	1,393,840	2,438,691	1,044,851
East Greenwich	1,373,435	690,652	1,173,419	482,767
East Providence	6,254,731	3,152,196	5,375,720	2,223,524
Exeter	1,020,562	510,281	859,087	348,806
Foster	858,447	429,462	760,337	330,875
Glocester	1,218,863	609,431	1,052,490	443,059
Hopkinton	850,943	425,472	727,489	302,017
Jamestown	432,967	216,483	375,993	159,510
Johnston	5,064,868	2,532,434	4,341,586	1,809,152
Lincoln	2,922,165	1,461,083	2,523,037	1,061,954
Little Compton	292,210	146,105	246,033	99,928
Middletown	1,097,078	548,539	972,216	423,677
Narragansett	1,224,495	612,207	1,041,634	429,427
Newport	2,565,977	1,661,229	2,283,508	622,279
New Shoreham	93,112	46,556	79,784	33,228
North Kingstown	2,830,693	1,418,606	2,429,969	1,011,363
North Providence	6,380,266	3,930,121	5,668,202	1,738,081
North Smithfield	2,171,945	1,111,167	1,933,202	822,035
Pawtucket	11,937,103	6,892,378	10,554,192	3,661,814
Portsmouth	1,559,418	779,709	1,342,618	562,909
Providence	48,518,644	36,760,885	45,814,082	9,053,198
Richmond	834,514	417,257	713,145	295,888
Scituate	1,579,960	789,980	1,364,267	574,287
Smithfield	3,999,465	2,228,855	3,486,729	1,257,874
South Kingstown	2,317,233	1,228,363	2,015,515	787,152
Tiverton	1,413,809	706,904	1,212,910	506,006
Warren	1,125,745	562,872	950,807	387,935
Warwick	14,740,820	7,884,400	12,964,537	5,080,137
Westerly	3,123,736	1,624,267	2,721,993	1,097,726
West Greenwich	594,921	297,460	526,676	229,216
West Warwick	4,129,801	2,537,541	3,641,566	1,104,025
Woonsocket	6,434,911	3,709,377	5,636,230	1,926,853
Subtotal	\$ 171,395,918	\$ 104,679,810	\$ 153,269,025	\$ 48,589,215
Fire Districts	1,875,837	1,875,837	1,875,837	-
Total	\$ 173,271,755	\$ 106,555,647	\$ 155,144,862	\$ 48,589,215

General Aid Total

Includes Distressed Communities, PILOT, and Motor Vehicles Excise Tax

<i>Community</i>	<i>FY 2010 Enacted</i>	<i>FY 2011 Governor</i>	<i>FY 2011 Enacted</i>	<i>Change to Governor</i>
Barrington	\$ 3,031,882	\$ 85,188	\$ 327,240	\$ 242,052
Bristol	2,168,146	579,478	695,172	115,694
Burrillville	3,385,743	554,105	763,769	209,664
Central Falls	1,788,940	286,706	371,587	84,881
Charlestown	522,331	-	40,332	40,332
Coventry	2,954,920	-	221,760	221,760
Cranston	15,793,559	4,234,275	5,169,525	935,250
Cumberland	2,787,560	109	213,801	213,692
East Greenwich	1,373,435	7,589	130,306	122,717
East Providence	6,254,731	848,673	1,295,314	446,641
Exeter	1,020,562	-	78,760	78,760
Foster	858,447	417	68,426	68,009
Glocester	1,218,863	-	93,327	93,327
Hopkinton	850,943	-	64,211	64,211
Jamestown	432,967	-	36,592	36,592
Johnston	5,064,868	-	388,129	388,129
Lincoln	2,922,165	-	231,852	231,852
Little Compton	292,210	-	25,292	25,292
Middletown	1,097,078	-	89,716	89,716
Narragansett	1,224,495	-	97,870	97,870
Newport	2,565,977	832,133	973,174	141,041
New Shoreham	93,112	-	7,639	7,639
North Kingstown	2,830,693	5,795	229,199	223,404
North Providence	6,380,266	966,280	1,324,652	358,372
North Smithfield	2,171,945	-	169,671	169,671
Pawtucket	11,937,103	1,894,465	2,566,975	672,510
Portsmouth	1,559,418	-	106,594	106,594
Providence	48,518,644	24,184,021	25,920,050	1,736,029
Richmond	834,514	-	58,139	58,139
Scituate	1,579,960	-	123,750	123,750
Smithfield	3,999,465	428,500	707,938	279,438
South Kingstown	2,317,233	124,067	293,327	169,260
Tiverton	1,413,809	-	108,006	108,006
Warren	1,125,745	-	82,216	82,216
Warwick	14,740,820	956,335	2,030,455	1,074,120
Westerly	3,123,736	109,895	339,542	229,647
West Greenwich	594,921	-	49,116	49,116
West Warwick	4,129,801	925,685	1,152,861	227,176
Woonsocket	6,434,911	941,151	1,318,582	377,431
Subtotal	\$ 171,395,918	\$ 37,964,867	\$ 47,964,867	\$ 10,000,000
Fire Districts	1,875,837	-	-	-
Total	\$ 173,271,755	\$ 37,964,867	\$ 47,964,867	\$ 10,000,000

Distressed Communities Relief

<i>City or Town</i>	<i>FY 2010 Enacted</i>	<i>Governor Revised</i>	<i>FY 2010</i>	<i>Change to Governor</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	508,393	508,393	508,393	-
Central Falls	289,687	289,687	289,687	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	-	-	-	-
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	-	-	-	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	1,021,041	1,021,041	1,021,041	-
North Smithfield	-	-	-	-
Pawtucket	1,497,807	1,497,807	1,497,807	-
Portsmouth	-	-	-	-
Providence	5,294,787	5,294,787	5,294,787	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	946,361	946,361	946,361	-
Woonsocket	826,383	826,383	826,383	-
Total	\$ 10,384,458	\$ 10,384,458	\$ 10,384,458	\$ -

Distressed Communities Relief

<i>City or Town</i>	<i>FY 2010 Enacted</i>	<i>FY 2011 Governor</i>	<i>FY 2011 Enacted</i>	<i>Change to Governor</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	508,393	487,620	487,620	-
Central Falls	289,687	267,573	267,573	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	-	-	-	-
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	-	757,605	757,605	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	1,021,041	510,516	510,516	-
North Smithfield	-	-	-	-
Pawtucket	1,497,807	1,517,555	1,517,555	-
Portsmouth	-	-	-	-
Providence	5,294,787	5,111,263	5,111,263	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	946,361	925,685	925,685	-
Woonsocket	826,383	806,641	806,641	-
Total	\$ 10,384,458	\$ 10,384,458	\$ 10,384,458	\$ -

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2010 Enacted</i>	<i>Governor Revised</i>	<i>FY 2010</i>	<i>Change to Governor</i>
Barrington	\$ 48,674	\$ 48,732	\$ 48,732	\$ -
Bristol	634,467	610,478	610,478	-
Burrillville	70,725	70,809	70,809	-
Central Falls	21,195	21,220	21,220	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	3,564,549	3,560,464	3,560,464	-
Cumberland	119	119	119	-
East Greenwich	7,852	7,861	7,861	-
East Providence	59,510	54,586	54,586	-
Exeter	-	-	-	-
Foster	476	476	476	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	754,667	755,574	755,574	-
New Shoreham	-	-	-	-
North Kingstown	6,499	6,509	6,509	-
North Providence	457,836	458,386	458,386	-
North Smithfield	50,270	50,330	50,330	-
Pawtucket	349,008	349,427	349,427	-
Portsmouth	-	-	-	-
Providence	19,651,150	19,679,744	19,679,744	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	457,147	457,696	457,696	-
South Kingstown	139,158	139,325	139,325	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	1,025,527	1,026,754	1,026,754	-
Westerly	124,499	124,648	124,648	-
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	157,083	157,271	157,271	-
Total	\$ 27,580,409	\$ 27,580,409	\$ 27,580,409	\$ -

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2010 Enacted</i>	<i>FY 2011 Governor</i>	<i>FY 2011 Enacted</i>	<i>Change to Governor</i>
Barrington	\$ 48,674	\$ 85,188	\$ 85,188	\$ -
Bristol	634,467	579,478	579,478	-
Burrillville	70,725	66,485	66,485	-
Central Falls	21,195	19,133	19,133	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	3,564,549	4,234,275	4,234,275	-
Cumberland	119	109	109	-
East Greenwich	7,852	7,589	7,589	-
East Providence	59,510	91,068	91,068	-
Exeter	-	-	-	-
Foster	476	417	417	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	754,667	832,133	832,133	-
New Shoreham	-	-	-	-
North Kingstown	6,499	5,795	5,795	-
North Providence	457,836	455,764	455,764	-
North Smithfield	50,270	-	-	-
Pawtucket	349,008	376,910	376,910	-
Portsmouth	-	-	-	-
Providence	19,651,150	19,072,758	19,072,758	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	457,147	428,500	428,500	-
South Kingstown	139,158	124,067	124,067	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	1,025,527	956,335	956,335	-
Westerly	124,499	109,895	109,895	-
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	157,083	134,510	134,510	-
Total	\$ 27,580,409	\$ 27,580,409	\$ 27,580,409	\$ -

**FY 2011 distribution is \$0.2 million less than amount shown in the Appropriations Act.*

Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2010 Enacted</i>	<i>Governor Revised</i>	<i>FY 2010</i>	<i>Change to Governor</i>
Barrington	\$ 2,983,208	\$ 1,491,604	\$ 2,580,393	\$ 1,088,789
Bristol	1,533,679	766,840	1,307,456	540,616
Burrillville	2,806,626	1,403,313	2,389,629	986,316
Central Falls	1,478,058	739,029	1,219,325	480,296
Charlestown	522,331	261,165	441,247	180,082
Coventry	2,954,920	1,477,460	2,537,938	1,060,478
Cranston	12,229,010	6,114,505	10,455,590	4,341,085
Cumberland	2,787,441	1,393,721	2,438,572	1,044,851
East Greenwich	1,365,583	682,791	1,165,558	482,767
East Providence	6,195,221	3,097,610	5,321,134	2,223,524
Exeter	1,020,562	510,281	859,087	348,806
Foster	857,971	428,986	759,861	330,875
Glocester	1,218,863	609,431	1,052,490	443,059
Hopkinton	850,943	425,472	727,489	302,017
Jamestown	432,967	216,483	375,993	159,510
Johnston	5,064,868	2,532,434	4,341,586	1,809,152
Lincoln	2,922,165	1,461,083	2,523,037	1,061,954
Little Compton	292,210	146,105	246,033	99,928
Middletown	1,097,078	548,539	972,216	423,677
Narragansett	1,224,495	612,207	1,041,634	429,427
Newport	1,811,310	905,655	1,527,934	622,279
New Shoreham	93,112	46,556	79,784	33,228
North Kingstown	2,824,194	1,412,097	2,423,460	1,011,363
North Providence	4,901,389	2,450,694	4,188,775	1,738,081
North Smithfield	2,121,675	1,060,837	1,882,872	822,035
Pawtucket	10,090,288	5,045,144	8,706,958	3,661,814
Portsmouth	1,559,418	779,709	1,342,618	562,909
Providence	23,572,708	11,786,354	20,839,552	9,053,198
Richmond	834,514	417,257	713,145	295,888
Scituate	1,579,960	789,980	1,364,267	574,287
Smithfield	3,542,318	1,771,159	3,029,033	1,257,874
South Kingstown	2,178,075	1,089,038	1,876,190	787,152
Tiverton	1,413,809	706,904	1,212,910	506,006
Warren	1,125,745	562,872	950,807	387,935
Warwick	13,715,293	6,857,646	11,937,783	5,080,137
Westerly	2,999,237	1,499,619	2,597,345	1,097,726
West Greenwich	594,921	297,460	526,676	229,216
West Warwick	3,183,440	1,591,180	2,695,205	1,104,025
Woonsocket	5,451,446	2,725,723	4,652,576	1,926,853
Municipalities	\$ 133,431,051	\$ 66,714,943	\$ 115,304,158	\$ 48,589,215
Fire Districts	1,875,837	1,875,837	1,875,837	-
Total	\$ 135,306,888	\$ 68,590,780	\$ 117,179,995	\$ 48,589,215

Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2010 Enacted</i>	<i>FY 2011 Governor</i>	<i>FY 2011 Enacted</i>	<i>Change to Governor</i>
Barrington	\$ 2,983,208	\$ -	\$ 242,052	\$ 242,052
Bristol	1,533,679	-	115,694	115,694
Burrillville	2,806,626	-	209,664	209,664
Central Falls	1,478,058	-	84,881	84,881
Charlestown	522,331	-	40,332	40,332
Coventry	2,954,920	-	221,760	221,760
Cranston	12,229,010	-	935,250	935,250
Cumberland	2,787,441	-	213,692	213,692
East Greenwich	1,365,583	-	122,717	122,717
East Providence	6,195,221	-	446,641	446,641
Exeter	1,020,562	-	78,760	78,760
Foster	857,971	-	68,009	68,009
Glocester	1,218,863	-	93,327	93,327
Hopkinton	850,943	-	64,211	64,211
Jamestown	432,967	-	36,592	36,592
Johnston	5,064,868	-	388,129	388,129
Lincoln	2,922,165	-	231,852	231,852
Little Compton	292,210	-	25,292	25,292
Middletown	1,097,078	-	89,716	89,716
Narragansett	1,224,495	-	97,870	97,870
Newport	1,811,310	-	141,041	141,041
New Shoreham	93,112	-	7,639	7,639
North Kingstown	2,824,194	-	223,404	223,404
North Providence	4,901,389	-	358,372	358,372
North Smithfield	2,121,675	-	169,671	169,671
Pawtucket	10,090,288	-	672,510	672,510
Portsmouth	1,559,418	-	106,594	106,594
Providence	23,572,708	-	1,736,029	1,736,029
Richmond	834,514	-	58,139	58,139
Scituate	1,579,960	-	123,750	123,750
Smithfield	3,542,318	-	279,438	279,438
South Kingstown	2,178,075	-	169,260	169,260
Tiverton	1,413,809	-	108,006	108,006
Warren	1,125,745	-	82,216	82,216
Warwick	13,715,293	-	1,074,120	1,074,120
Westerly	2,999,237	-	229,647	229,647
West Greenwich	594,921	-	49,116	49,116
West Warwick	3,183,440	-	227,176	227,176
Woonsocket	5,451,446	-	377,431	377,431
Municipalities	\$ 133,431,051	\$ -	\$ 10,000,000	\$ 10,000,000
Fire Districts	1,875,837	-	-	-
Total	\$ 135,306,888	\$ -	\$ 10,000,000	\$ 10,000,000

Library Aid

<i>City or Town</i>	<i>FY 2010 Enacted</i>	<i>Governor Revised</i>	<i>FY 2010</i>	<i>Change to Governor</i>
Barrington	\$ 321,077	\$ 321,077	\$ 321,077	\$ -
Bristol	58,525	58,525	58,525	-
Burrillville	91,281	91,281	91,281	-
Central Falls	76,209	76,209	76,209	-
Charlestown	45,556	45,556	45,556	-
Coventry	189,995	189,995	189,995	-
Cranston	567,846	567,846	567,846	-
Cumberland	242,267	242,267	242,267	-
East Greenwich	106,867	106,867	106,867	-
East Providence	472,150	472,150	472,150	-
Exeter	32,881	32,881	32,881	-
Foster	33,174	33,174	33,174	-
Glocester	67,171	67,171	67,171	-
Hopkinton	28,196	28,196	28,196	-
Jamestown	74,753	74,753	74,753	-
Johnston	105,464	105,464	105,464	-
Lincoln	176,403	176,403	176,403	-
Little Compton	25,583	25,583	25,583	-
Middletown	130,962	130,962	130,962	-
Narragansett	120,292	120,292	120,292	-
Newport	355,526	355,526	355,526	-
New Shoreham	93,402	93,402	93,402	-
North Kingstown	236,452	236,452	236,452	-
North Providence	174,633	174,633	174,633	-
North Smithfield	57,152	57,152	57,152	-
Pawtucket	415,117	415,117	415,117	-
Portsmouth	100,332	100,332	100,332	-
Providence*	2,299,939	2,299,939	2,299,939	-
Richmond	26,120	26,120	26,120	-
Scituate	92,783	92,783	92,783	-
Smithfield	244,438	244,438	244,438	-
South Kingstown	199,346	199,346	199,346	-
Tiverton	91,028	91,028	91,028	-
Warren	49,036	49,036	49,036	-
Warwick	669,452	669,452	669,452	-
Westerly	281,816	281,816	281,816	-
West Greenwich	23,819	23,819	23,819	-
West Warwick	188,581	188,581	188,581	-
Woonsocket	207,774	207,774	207,774	-
Total	\$ 8,773,398	\$ 8,773,398	\$ 8,773,398	\$ -

*Includes the Statewide Reference Library Resource Grant.

Library Aid

<i>City or Town</i>	<i>FY 2010 Enacted</i>	<i>FY 2011 Governor</i>	<i>FY 2011 Enacted</i>	<i>Change to Governor</i>
Barrington	\$ 321,077	\$ 323,140	\$ 323,140	\$ -
Bristol	58,525	106,449	106,449	-
Burrillville	91,281	124,196	124,196	-
Central Falls	76,209	76,712	76,712	-
Charlestown	45,556	46,444	46,444	-
Coventry	189,995	198,364	198,364	-
Cranston	567,846	564,855	564,855	-
Cumberland	242,267	242,455	242,455	-
East Greenwich	106,867	107,800	107,800	-
East Providence	472,150	454,240	454,240	-
Exeter	32,881	32,685	32,685	-
Foster	33,174	34,283	34,283	-
Glocester	67,171	68,546	68,546	-
Hopkinton	28,196	28,903	28,903	-
Jamestown	74,753	76,368	76,368	-
Johnston	105,464	96,481	96,481	-
Lincoln	176,403	179,391	179,391	-
Little Compton	25,583	26,702	26,702	-
Middletown	130,962	123,398	123,398	-
Narragansett	120,292	113,169	113,169	-
Newport	355,526	364,548	364,548	-
New Shoreham	93,402	94,072	94,072	-
North Kingstown	236,452	246,625	246,625	-
North Providence	174,633	154,613	154,613	-
North Smithfield	57,152	61,584	61,584	-
Pawtucket	415,117	398,156	398,156	-
Portsmouth	100,332	99,917	99,917	-
Providence*	2,299,939	2,276,903	2,276,903	-
Richmond	26,120	21,874	21,874	-
Scituate	92,783	92,532	92,532	-
Smithfield	244,438	254,642	254,642	-
South Kingstown	199,346	205,999	205,999	-
Tiverton	91,028	90,485	90,485	-
Warren	49,036	51,162	51,162	-
Warwick	669,452	657,409	657,409	-
Westerly	281,816	287,122	287,122	-
West Greenwich	23,819	24,649	24,649	-
West Warwick	188,581	171,415	171,415	-
Woonsocket	207,774	195,110	195,110	-
Total	\$ 8,773,398	\$ 8,773,398	\$ 8,773,398	\$ -

*Includes the Statewide Reference Library Resource Grant.

Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2010 Enacted</i>	<i>Governor Revised</i>	<i>FY 2010</i>	<i>Change to Governor</i>
Barrington	\$ 147,676	\$ 163,557	\$ 163,557	\$ -
Bristol	197,285	218,500	218,500	-
Burrillville	138,694	153,609	153,609	-
Central Falls	166,194	184,066	184,066	-
Charlestown	69,005	76,425	76,425	-
Coventry	295,616	327,405	327,405	-
Cranston	696,008	770,853	770,853	-
Cumberland	279,566	309,629	309,629	-
East Greenwich	113,688	125,913	125,913	-
East Providence	427,497	473,467	473,467	-
Exeter	53,077	58,785	58,785	-
Foster	37,527	41,563	41,563	-
Glocester	87,347	96,740	96,740	-
Hopkinton	68,803	76,201	76,201	-
Jamestown	49,363	54,671	54,671	-
Johnston	247,561	274,183	274,183	-
Lincoln	183,491	203,223	203,223	-
Little Compton	31,548	34,940	34,940	-
Middletown	152,198	168,565	168,565	-
Narragansett	143,655	159,103	159,103	-
Newport	232,459	257,457	257,457	-
New Shoreham	8,868	9,822	9,822	-
North Kingstown	231,151	256,008	256,008	-
North Providence	284,579	315,181	315,181	-
North Smithfield	93,230	103,255	103,255	-
Pawtucket	640,596	709,481	709,481	-
Portsmouth	150,574	166,766	166,766	-
Providence	1,524,424	1,688,352	1,688,352	-
Richmond	63,412	70,230	70,230	-
Scituate	90,648	100,396	100,396	-
Smithfield	180,989	200,452	200,452	-
South Kingstown	245,156	271,518	271,518	-
Tiverton	133,988	148,396	148,396	-
Warren	99,745	110,471	110,471	-
Warwick	753,423	834,442	834,442	-
Westerly	201,649	223,333	223,333	-
West Greenwich	44,648	49,449	49,449	-
West Warwick	259,731	287,661	287,661	-
Woonsocket	379,521	420,333	420,333	-
Total	\$ 9,204,590	\$ 10,194,401	\$ 10,194,401	\$ -

Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2010 Enacted</i>	<i>FY 2011 Governor</i>	<i>FY 2011 Enacted</i>	<i>Change to Governor</i>
Barrington	\$ 147,676	\$ 163,557	\$ 163,557	\$ -
Bristol	197,285	218,500	218,500	-
Burrillville	138,694	153,609	153,609	-
Central Falls	166,194	184,066	184,066	-
Charlestown	69,005	76,425	76,425	-
Coventry	295,616	327,405	327,405	-
Cranston	696,008	770,853	770,853	-
Cumberland	279,566	309,629	309,629	-
East Greenwich	113,688	125,913	125,913	-
East Providence	427,497	473,467	473,467	-
Exeter	53,077	58,785	58,785	-
Foster	37,527	41,563	41,563	-
Glocester	87,347	96,740	96,740	-
Hopkinton	68,803	76,201	76,201	-
Jamestown	49,363	54,671	54,671	-
Johnston	247,561	274,183	274,183	-
Lincoln	183,491	203,223	203,223	-
Little Compton	31,548	34,940	34,940	-
Middletown	152,198	168,565	168,565	-
Narragansett	143,655	159,103	159,103	-
Newport	232,459	257,457	257,457	-
New Shoreham	8,868	9,822	9,822	-
North Kingstown	231,151	256,008	256,008	-
North Providence	284,579	315,181	315,181	-
North Smithfield	93,230	103,255	103,255	-
Pawtucket	640,596	709,481	709,481	-
Portsmouth	150,574	166,766	166,766	-
Providence	1,524,424	1,688,352	1,688,352	-
Richmond	63,412	70,230	70,230	-
Scituate	90,648	100,396	100,396	-
Smithfield	180,989	200,452	200,452	-
South Kingstown	245,156	271,518	271,518	-
Tiverton	133,988	148,396	148,396	-
Warren	99,745	110,471	110,471	-
Warwick	753,423	834,442	834,442	-
Westerly	201,649	223,333	223,333	-
West Greenwich	44,648	49,449	49,449	-
West Warwick	259,731	287,661	287,661	-
Woonsocket	379,521	420,333	420,333	-
Total	\$ 9,204,590	\$ 10,194,401	\$ 10,194,401	\$ -

Education Aid

Summary

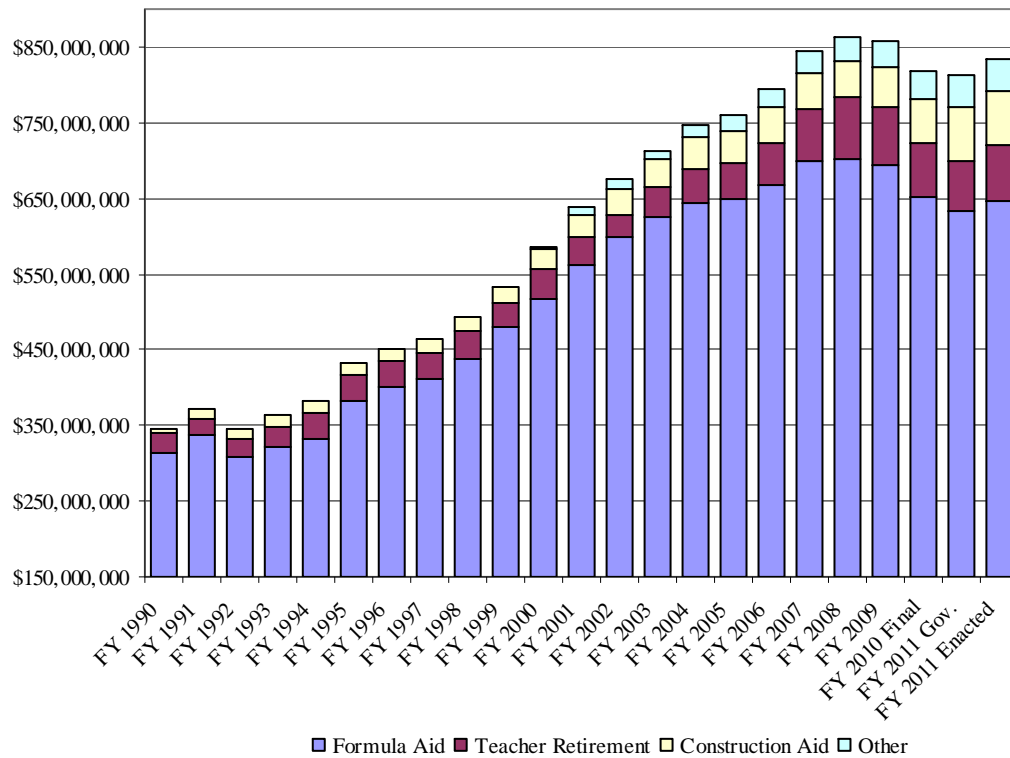
The Assembly appropriated \$832.9 million for FY 2011 total aid for local school districts, which is \$15.0 million more than final FY 2010 aid. This increase to the final budget includes \$3.3 million for teacher retirement costs and \$12.5 million for school construction aid and \$5.7 million more for charter schools. Changes to FY 2010 final aid include \$6.1 million less for distribution to school districts including Central Falls and the Metropolitan Career and Technical School mostly from a 3.8 percent decrease to the FY 2010 enacted level; final FY 2010 aid included a 2.8 percent decrease to the enacted level. Both the final FY 2010 and FY 2011 enacted budgets capture the local savings in teacher retirement costs from pension changes.

Funding for FY 2011 includes \$645.6 million in direct distributions to local school districts, \$41.0 million for other formula aid for distribution by the Department of Elementary and Secondary Education for specific programming, \$75.6 million for the state's contribution to teacher retirement, and \$70.8 million for school construction costs.

The Assembly also adopted separate legislation establishing a new funding formula to be effective with the FY 2012 budget.

Total funding has increased an average of 3.3 percent per year since FY 1990. The Assembly provided a 1.8 percent increase to FY 2010 final aid. This is 2.4 percent less than the aid first enacted for FY 2010 by the 2009 Assembly. The table below shows historical funding data.

State Education Aid



The final FY 2010 budget includes an across the board reduction of 2.8 percent, adjusts for group homes consistent with current law requirements, adjusts for updates in charter school enrollment and reduces

education aid by the amount of retirement contribution savings from adopted pension changes. The budget also maximizes use of an additional \$13.2 million from federal fiscal stabilization funds in lieu of a like amount from general revenues.

The tables at the end of this section show the FY 2011 distribution of direct aid by community and comparable data for FY 2005 through FY 2009. The major changes in aid are listed below and described in detail in the pages that follow.

Education Aid by Component

The Assembly enacted \$686.6 million for FY 2011 education aid from all sources of funds for distribution to districts including Central Falls, charter schools and the Metropolitan Career and Technical School. The budget includes an across the board reduction of 3.8 percent, adjusts for group homes consistent with current law requirements and reduces education aid by the amount of retirement contribution savings from adopted pension changes. It also includes growth in existing charter schools, includes funding for two new charter schools and includes a 3.0 percent increase for the Metropolitan Career and Technical School. The budget also restores \$18.8 million from general revenues to backfill \$18.3 million in federal fiscal stabilization funds that will not be available for FY 2011.

The following table compares the FY 2011 enacted funding for the major components of education aid to FY 2010 final aid and the Governor's recommendation for all sources of funds. It is followed by an explanation of each of the items in the table.

Education Aid	FY 2010 Final	FY 2011 Governor	FY 2011 Enacted	Change to Final	Change to Governor
Distributed Aid					
Local School Operations	\$ 443,869,595	\$ 425,578,181	\$ 438,271,151	\$ (5,598,444)	\$ 12,692,970
Central Falls Operations	43,098,401	42,463,827	42,787,182	(311,219)	323,355
Met School Operations	12,508,767	13,025,640	13,025,640	516,873	-
Group Homes Funding	9,561,000	8,856,000	8,856,000	(705,000)	-
Other Distributed Aid	142,630,657	142,630,657	142,630,657	-	-
Subtotal	\$ 651,668,420	\$ 632,554,305	\$ 645,570,630	\$ (6,097,790)	\$ 13,016,325
Set-Aside Funds					
Progressive Support & Intervention	\$ 2,879,734	\$ 2,687,559	\$ 2,687,559	\$ (192,175)	\$ -
Charter Schools - Direct Aid	32,072,347	39,102,160	37,770,667	5,698,320	(1,331,493)
School Visits	145,864	-	-	(145,864)	-
Textbook Loans	233,861	240,000	240,000	6,139	-
School Breakfast	300,000	300,000	300,000	-	-
Subtotal	\$ 35,631,806	\$ 42,329,719	\$ 40,998,226	\$ 5,366,420	\$ (1,331,493)
Total	\$ 687,300,226	\$ 674,884,024	\$ 686,568,856	\$ (731,370)	\$ 11,684,832
Other Aid					
Teacher Retirement	\$ 72,346,889	\$ 66,830,378	\$ 75,598,212	\$ 3,251,323	\$ 8,767,834
Construction Aid	58,299,115	71,774,727	70,774,727	12,475,612	(1,000,000)
Statewide Total	\$ 817,946,230	\$ 813,489,129	\$ 832,941,795	\$ 14,995,565	\$ 19,452,666

**The Governor requested an amendment to make adjustments to group homes, charter schools and textbook loans based on updated data.*

Local School Operations. The Assembly provided \$438.3 million in support to locally operated school districts, excluding Central Falls. This is 3.8 percent less than the enacted level, with adjustments for savings to local districts from pension changes. Savings to local districts from adopted pension changes are estimated to be \$6.1 million and the budget reduces education aid by that amount. It also includes an additional \$17.0 million from general revenues to backfill \$16.5 million from federal stabilization funds that will not be available for FY 2011.

Central Falls Operations. The Assembly provided \$42.8 million in support for the state operated Central Falls School District. This is \$0.3 million less than the final FY 2010 allocation. This includes \$41.8 million from general revenues and \$1.0 million from federal fiscal stabilization funds. The tables at the end of the report include the \$78,462 in charter school indirect aid that the district receives.

Metropolitan Career and Technical School. The Assembly provided \$13.0 million from all funds for the operation of the Metropolitan Career and Technical School. This is \$0.5 million or 4.1 percent over the final FY 2010 level and assumes full enrollment at the Providence campuses and freezing enrollment at 90 students at the School's new East Bay campus. The budget includes \$12.6 million from general revenues and \$0.4 million from federal fiscal stabilization funds.

Group Homes. Consistent with current law, the budget adjusts group home aid to reflect actual beds, and includes \$8.9 million, which is \$705,000 less than the final FY 2010 allocation. The 2007 Assembly enacted legislation to ensure that the payment of communities' group home aid more closely reflects the actual number of group home beds open at the time of the budget. The legislation mandates that increases in beds prior to December 31 of each year shall be paid as part of the supplemental budget for that year and included in the budget year recommendation. Decreases in beds are not reflected until the budget year so any decreases in group home beds during FY 2010 would not be reflected until FY 2011 unlike increases which are funded as part of the supplemental budget. The 2008 Assembly increased the per bed amount from \$15,000 to \$22,000 for the group home beds associated with Bradley Hospital's residential CRAFT program.

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

The 2001 Assembly enacted legislation to provide a per bed allotment to districts in which group homes are located. The legislation relieved the sending district of financial responsibility for students placed in out of district group homes. In FY 2011, the 18 communities hosting group homes, which have a total of 582 beds, will receive \$15,000 per bed, with the exception of the CRAFT beds. This is the per pupil rate that was provided in the FY 2002 budget in an attempt to reflect the mix of regular and special education students residing in these homes; it has never increased.

Other Distributed Aid. The budget includes \$142.6 million for other distributed aid, consistent with the enacted budget. The FY 2011 allotment freezes the distribution to each community at the FY 2010 level, which uses data that has not been updated since FY 2006. The following components comprise "other distributed aid".

- Early Childhood Investment Fund. The budget includes \$6.8 million for distribution to districts for schools and teaching staff for kindergarten through third grade to improve student performance. These resources are to be used in conjunction with literacy set-aside funds and are distributed based on the student population in these grades for each district.
- Student Technology Investment Fund. The budget includes \$3.4 million to provide schools and teaching staff with up-to-date educational technology and training to help students meet the demand of the twenty-first century. Fund distribution is based on a district's proportion of total student population.

- Student Language Assistance Investment Fund. The budget includes \$31.7 million to assist students that require additional language educational services, and distribution is based on a district's proportion of limited English proficiency students.
- Full Day Kindergarten. The budget includes \$4.2 million to provide aid for districts with full day kindergarten programs.
- Vocational Technical Equity Fund. The budget includes \$1.5 million to provide aid for districts that send students to locally operated career and technical centers. The funds are intended to support the academic instruction component of vocational education for students enrolled in career and technical education programs.
- Targeted Aid. The budget includes \$20.0 million to provide funds to locally or regionally operated districts with a tax effort that exceeds tax capacity and in which at least 40.0 percent of the K-3 students are eligible for free or reduced lunches.
- Student Equity Investment Fund. The budget includes \$73.8 million for the Student Equity Investment fund. Fund distribution is based on a district's proportion of students eligible for free or reduced lunches.

Set-Aside Funds

Progressive Support and Intervention. The Assembly enacted \$2.7 million or \$0.2 million less than the FY 2010 allocation for support of reform efforts in selected school districts. This reflects moving funding for an early education program from progressive support and intervention to program administration. It also reflects increased funding to hire experts to begin the design and development work for the transformation process contained in the Regents' new strategic plan.

Charter Schools. The Assembly provided \$37.8 million for aid to public charter schools. This is \$5.7 million greater than the FY 2010 final allocation for charter schools. Total funding includes \$36.7 million from general revenues and \$1.0 million from federal fiscal stabilization funds. This includes \$4.6 million to increase direct funding for 13 existing schools based on updated enrollments and per pupil costs and \$1.0 million to be distributed at the Regents' discretion for new charter schools.

Indirect aid, provided to districts that send students to charters schools, is \$1.2 million, which freezes distribution to each community at the FY 2010 level, which is based on data that has not been updated since FY 2006. Indirect aid is reflected in the community distribution tables at the end of the report.

Charter schools are public schools authorized by the state through the Board of Regents to operate independently from many state and local district rules and regulations. The 2010 Assembly increased the statewide total to no more than 35 charters; it had previously been no more than 20 charters serving no more than 4.0 percent of the state's school age population. At least half of the 35 total charters shall be reserved for charter school applications designed to increase the educational opportunities for at-risk pupils. There are currently 13 charter schools in Rhode Island.

School Visits. The budget eliminates the enacted level of \$145,864 to support school visits. Funds are allocated to the Department of Elementary and Secondary Education for on-site school reviews and other support for district accountability measures. This funding supports the School Accountability for Learning and Teaching system, known as SALT. The Department is no longer conducting the accountability visits. The accountability work is being transitioned into a comprehensive district visit and incorporated into the new Office of Transformation.

Textbook Loan Program. The budget includes the enacted level of \$240,000 for reimbursements allowed under the textbook loan program. The state reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12th grade. FY 2010 expenditures were \$233,861.

School Breakfast. The Assembly included the enacted level of \$300,000 to reimburse administrative costs associated with the state's school breakfast program. State law mandates that all public schools provide a breakfast program and provides that costs, other than transportation, associated with this program in excess of available federal money that funds the meals, shall be borne exclusively by the state. Absent an appropriation, administrative costs would shift to the districts.

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

Other Aid

Teacher Retirement. The Assembly included \$75.6 million to fund the state's 40.0 percent share of the employer contribution for teacher retirement, an increase of \$3.3 million or 4.5 percent to the FY 2010 final budget based on adopted pension changes. The Assembly adopted pension changes that limit the cost-of-living adjustment to the first \$35,000 of a pension, indexed to inflation but capped at 3.0 percent, beginning on the third anniversary of retirement or age 65, whichever is later. This is estimated to save \$10.3 million for the employer share of teacher retirement costs for FY 2011. This includes \$4.2 million for the state's 40.0 percent share and \$6.1 million for the local share.

Teachers contribute 9.5 percent of their salaries and 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. The state pays 40.0 percent of the employer's share.

School Housing (Construction) Aid. The Assembly funds construction aid to local districts at \$70.8 million. This is \$12.5 million more than the FY 2010 entitlement. The state reimburses cities and towns for a share of school capital projects. The shares are based on a district's wealth compared to the aggregate state wealth, and the minimum share for each district is 30.0 percent.

The 2003 Assembly enacted changes to the program in an effort to control growth. The legislation limits bond interest reimbursements for new projects to only those financed through the Rhode Island Health Educational and Building Corporation. It also eliminated debt impact aid and made other changes to this program, largely to codify existing practice into the General Laws.

The Assembly enacted legislation that allows the state to spread reimbursement of debt service costs accumulated prior to project completion over three years if necessitated by appropriation level rather than paying it all in the first year of reimbursement, which is the current practice. The Budget includes \$4.5 million less than the estimated cost for full funding based on this proposal.

Education Funding Formula

The Assembly adopted a new funding formula to be effective with the FY 2012 budget. This legislation is contained in 2010-H 8094 Substitute A, as amended. This formula would distribute aid to all districts,

charter schools and the state schools: Davies Career and Technical School and the Metropolitan Career and Technical School. It is based on the principle that the money follows the student and includes a core instruction amount per pupil that every student will receive a single poverty weight as a proxy for student supports, and a new state share ratio that considers the district's ability to generate revenues and its poverty concentration. No minimum share is used in the formula.

The formula also allows for additional funding from the state to districts for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. There will be redistribution of aid among communities with some getting less aid than prior years. In an effort to mitigate any losses to communities, the formula would be phased in over a ten-year period.

The legislation also includes a two-year phased increase in the state's minimum housing aid participation to provide that no local receives less than a 40.0 percent state reimbursement by FY 2013 for projects completed after June 30, 2010. The previous minimum had been 30.0 percent.

Distribution Tables

The following tables show the enacted distribution of direct aid by community, including the Metropolitan Career and Technical School, and includes comparable data for FY 2005 through FY 2009.

Education Aid By Community

<i>Community</i>	<i>FY 2005</i>	<i>FY 2006</i>	<i>FY 2007</i>	<i>FY 2008</i>	<i>FY 2009</i>
Barrington	\$ 2,398,582	\$ 2,479,907	\$ 2,599,526	\$ 2,599,526	\$ 1,593,304
Burrillville	13,076,186	13,145,661	13,779,743	13,854,743	12,585,902
Charlestown	1,852,720	1,910,676	2,002,838	2,002,838	1,719,967
Coventry	18,881,202	19,151,316	20,075,081	20,075,081	17,533,300
Cranston	33,029,207	33,943,638	35,580,911	35,580,911	30,795,673
Cumberland	12,594,809	12,646,981	13,257,009	13,257,009	11,420,258
East Greenwich	1,810,042	1,860,042	1,949,761	1,949,761	1,161,275
East Providence	25,064,677	25,530,776	26,762,254	26,888,254	24,035,893
Foster	1,311,926	1,351,283	1,416,463	1,416,463	1,255,877
Glocester	2,995,087	3,065,960	3,213,847	3,213,847	2,869,463
Hopkinton	5,902,911	5,954,153	6,241,352	6,241,352	5,508,449
Jamestown	492,652	507,432	531,908	531,908	346,587
Johnston	10,188,342	10,413,088	10,915,364	10,915,364	9,303,192
Lincoln	7,012,603	7,062,603	7,403,268	7,403,268	6,074,101
Little Compton	341,592	351,839	368,810	368,810	247,714
Middletown	9,916,122	10,014,086	10,497,116	10,497,116	9,285,331
Narragansett	1,725,404	1,809,860	1,897,159	1,897,159	1,319,879
Newport	11,060,746	11,253,278	11,796,080	11,871,080	10,591,134
New Shoreham	93,128	101,451	106,345	106,345	36,668
North Kingstown	11,384,463	11,434,463	11,986,005	11,986,005	10,248,855
North Providence	12,511,050	12,623,955	13,232,872	13,382,872	11,712,879
North Smithfield	4,541,694	4,611,787	4,834,237	4,834,237	4,104,570
Pawtucket	61,615,711	63,782,029	66,858,559	67,023,559	61,245,410
Portsmouth	5,854,978	6,632,443	6,250,042	6,700,042	5,666,900
Providence	181,224,594	185,142,176	193,974,756	194,109,756	175,986,254
Richmond	5,829,987	5,903,843	6,188,615	6,188,615	5,466,053
Scituate	3,200,400	3,250,400	3,407,183	3,407,183	2,800,441
Smithfield	5,332,948	5,407,726	5,668,568	5,743,568	4,766,755
South Kingstown	9,766,904	9,948,816	10,428,698	10,548,698	8,857,916
Tiverton	5,553,102	5,659,091	5,932,058	5,932,058	5,083,992
Warwick	35,195,464	35,894,621	37,626,000	37,626,000	32,427,446
Westerly	6,386,546	6,528,189	6,843,077	6,843,077	5,468,551
West Warwick	19,341,994	19,499,965	20,440,547	20,440,547	18,356,525
Woonsocket	43,913,617	45,425,511	47,616,613	47,661,613	43,506,928
Bristol-Warren	19,267,184	19,554,956	20,498,190	20,498,190	18,438,436
Exeter-West Greenwich	7,227,202	7,308,493	7,661,019	7,661,019	6,609,853
Chariho	368,936	380,004	398,334	398,334	369,091
Foster-Glocester	5,395,937	5,466,199	5,729,861	5,729,861	5,053,390
Central Falls	36,068,643	41,319,965	43,313,036	44,358,224	40,883,924
Met School Operations	7,261,970	8,814,530	10,406,956	11,487,734	11,830,303
Total	\$ 646,991,266	\$ 667,143,195	\$ 699,690,061	\$ 703,232,027	\$ 626,568,439

FY 2011 Enacted Education Aid By Community

<i>Community</i>	<i>FY 2010 Enacted General Revenues</i>	<i>FY 2010 Enacted Fiscal Stabilization</i>	<i>FY 2010 Enacted Aid All Funds</i>	<i>Across the Board Reduction</i>	<i>Pension Reduction</i>
Barrington	\$ 1,863,090	\$ 128,427	\$ 1,991,517	\$ (74,196)	\$ (141,676)
Burrillville	12,928,167	684,478	13,612,645	(514,849)	(89,397)
Charlestown	1,697,497	98,948	1,796,445	(67,601)	(22,158)
Coventry	18,056,601	991,787	19,048,388	(719,083)	(238,548)
Cranston	31,662,364	1,752,647	33,415,011	(1,260,916)	(452,295)
Cumberland	11,829,002	654,948	12,483,950	(471,076)	(169,678)
East Greenwich	1,503,975	96,326	1,600,301	(59,894)	(109,232)
East Providence	24,499,858	1,328,384	25,828,242	(975,678)	(221,787)
Foster	1,286,565	69,979	1,356,544	(51,236)	(13,403)
Glocester	2,927,940	158,776	3,086,716	(116,602)	(26,647)
Hopkinton	5,677,786	308,347	5,986,133	(226,112)	(69,049)
Jamestown	398,901	26,278	425,179	(15,886)	(22,866)
Johnston	9,596,568	531,110	10,127,678	(382,172)	(144,318)
Lincoln	6,363,969	365,750	6,729,719	(253,437)	(161,438)
Little Compton	296,650	18,221	314,871	(11,814)	(14,778)
Middletown	9,533,084	518,598	10,051,682	(379,644)	(117,561)
Narragansett	1,467,137	93,727	1,560,864	(58,427)	(80,247)
Newport	10,744,683	586,477	11,331,160	(427,894)	(100,564)
New Shoreham	64,987	5,254	70,241	(2,588)	(11,656)
North Kingstown	10,631,113	592,155	11,223,268	(423,371)	(176,209)
North Providence	12,081,507	661,166	12,742,673	(481,131)	(164,540)
North Smithfield	4,344,329	238,830	4,583,159	(173,008)	(71,276)
Pawtucket	62,176,676	3,311,223	65,487,899	(2,476,112)	(336,258)
Portsmouth	5,923,071	331,008	6,254,079	(235,879)	(115,381)
Providence	178,309,944	9,577,917	187,887,861	(7,100,977)	(961,556)
Richmond	5,652,344	305,742	5,958,086	(225,098)	(68,466)
Scituate	2,926,243	168,328	3,094,571	(116,534)	(67,199)
Smithfield	4,992,643	283,754	5,276,397	(198,826)	(107,818)
South Kingstown	9,224,287	521,147	9,745,434	(367,347)	(187,703)
Tiverton	5,271,861	293,067	5,564,928	(209,946)	(84,431)
Warwick	33,468,879	1,858,870	35,327,749	(1,332,858)	(530,816)
Westerly	5,774,932	338,074	6,113,006	(229,980)	(167,113)
West Warwick	18,738,108	1,009,842	19,747,950	(746,223)	(162,576)
Woonsocket	44,074,702	2,342,811	46,417,513	(1,755,223)	(223,612)
Bristol-Warren	18,764,456	1,009,726	19,774,182	(747,273)	(146,565)
Exeter-West Greenwich	6,814,331	374,779	7,189,110	(271,373)	(94,764)
Chariho	378,758	19,679	398,437	(15,084)	-
Foster-Glocester	5,194,804	283,077	5,477,881	(206,877)	(55,573)
Central Falls	42,507,399	2,167,539	44,674,937	(1,692,807)	(151,046)
Met School	12,187,381	571,386	12,758,767	(125,000)	-
Total Districts	\$ 641,836,593	\$ 34,678,581	\$ 676,515,174	\$ (25,200,032)	\$ (6,080,199)
Adjusted Chariho	\$ 13,406,386	\$ 732,716	\$ 14,139,102	\$ (533,895)	\$ (159,673)

FY 2011 Enacted Education Aid By Community

<i>Community</i>	<i>Stabilization Funds</i>	<i>Backfill Stabilization Funds with General Revenues</i>	<i>Met School, Group Homes and Charter School Data Update</i>	<i>FY 2011 Enacted Aid</i>
Barrington	\$ (60,276)	\$ 62,323	\$ -	\$ 1,777,692
Burrillville	(358,339)	369,252	30,000	13,049,312
Charlestown	(49,664)	51,242	-	1,708,264
Coventry	(510,841)	526,654	-	18,106,570
Cranston	(899,671)	927,617	-	31,729,746
Cumberland	(336,164)	346,606	-	11,853,639
East Greenwich	(46,566)	48,102	(105,000)	1,327,711
East Providence	(688,117)	709,297	(120,000)	24,531,957
Foster	(36,199)	37,314	-	1,293,021
Glocester	(82,238)	84,771	-	2,946,000
Hopkinton	(159,618)	164,534	-	5,695,888
Jamestown	(12,550)	12,969	-	386,846
Johnston	(272,658)	281,126	-	9,609,655
Lincoln	(184,742)	190,574	-	6,320,677
Little Compton	(8,952)	9,243	-	288,570
Middletown	(268,253)	276,522	-	9,562,746
Narragansett	(45,320)	46,814	-	1,423,684
Newport	(302,892)	312,243	-	10,812,053
New Shoreham	(2,328)	2,412	-	56,081
North Kingstown	(303,150)	312,591	-	10,633,129
North Providence	(341,105)	351,646	-	12,107,544
North Smithfield	(122,975)	126,783	-	4,342,683
Pawtucket	(1,728,893)	1,781,688	15,000	62,743,324
Portsmouth	(169,210)	174,488	60,000	5,968,097
Providence	(4,981,700)	5,134,411	(165,000)	179,813,040
Richmond	(158,551)	163,426	-	5,669,397
Scituate	(84,987)	87,671	-	2,913,522
Smithfield	(144,024)	148,549	(75,000)	4,899,277
South Kingstown	(265,169)	273,477	-	9,198,692
Tiverton	(150,162)	154,835	-	5,275,223
Warwick	(952,824)	982,462	-	33,493,714
Westerly	(169,431)	174,821	-	5,721,304
West Warwick	(524,504)	540,605	-	18,855,252
Woonsocket	(1,224,303)	1,261,658	(120,000)	44,356,033
Bristol-Warren	(524,790)	540,889	-	18,896,443
Exeter-West Greenwich	(192,953)	198,928	(120,000)	6,708,949
Chariho	(10,388)	10,702	-	383,667
Foster-Glocester	(146,311)	150,825	-	5,219,945
Central Falls	(1,154,474)	1,189,034	-	42,865,644
Met School	(161,774)	170,884	382,763	13,025,640
Total Districts	\$ (17,837,065)	\$ 18,389,989	\$ (217,237)	\$ 645,570,630
Adjusted Chariho	\$ (378,221)	\$ 389,904	\$ -	\$ 13,457,216
Charter Schools	(422,487)	445,942	5,605,766	37,770,667
Total Distributed	\$ (18,259,552)	\$ 18,835,931	\$ 5,388,529	\$ 683,341,297

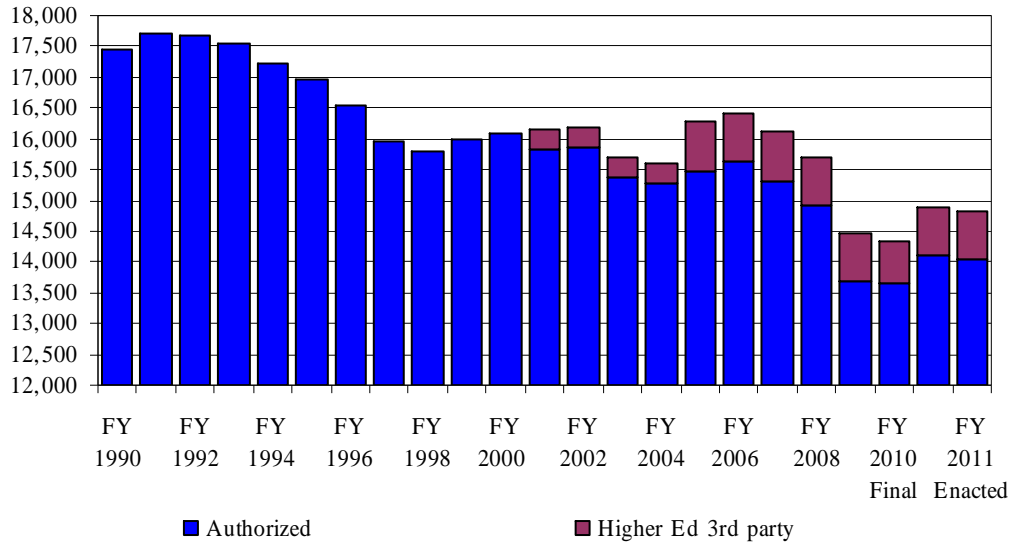
State Government Personnel and Staffing

Summary

The Governor recommended \$1,670.1 million for personnel expenditures and 14,894.2 full-time equivalent positions, including 785.0 higher education positions dedicated for research or supported by other third-party funds. The recommendation is \$46.9 million and 31.2 positions more than the FY 2010 enacted budget. The expenditures include both salaries and benefits, as well as contracted services.

The Assembly adopted \$1,662.0 million for personnel expenditures and 14,827.6 full-time equivalent positions, including 785.0 higher education positions dedicated for research or supported by other third-party funds. This is \$38.8 million more and 35.4 positions less than the FY 2010 enacted budget.

Full-Time Equivalent Positions

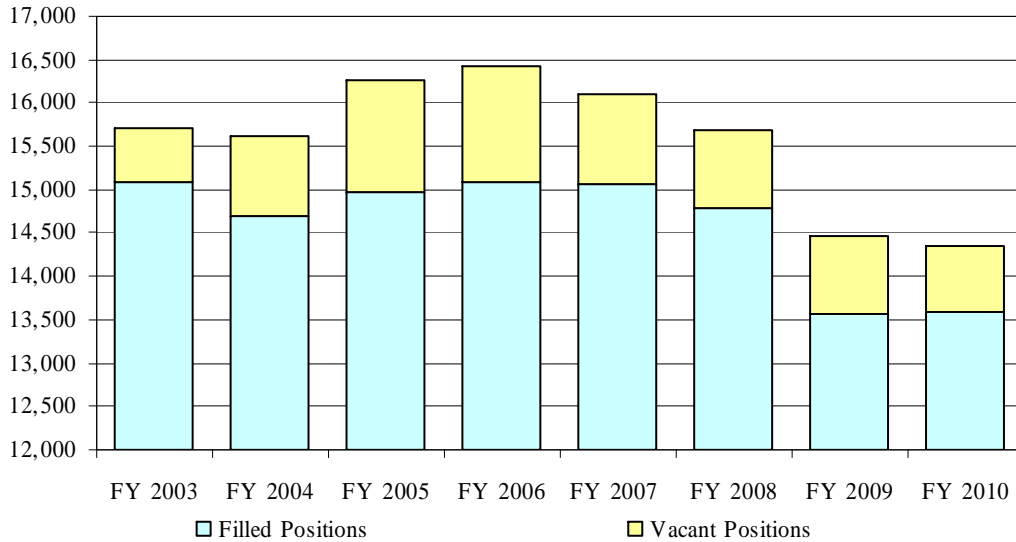


The General Assembly sets personnel limits for each agency and department defined as the maximum allowable number of full-time equivalent positions filled during any pay period. These limits are referred to as authorized levels. The authorized levels do not include temporary or seasonal employees or 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 FY 2010 enacted budget includes authorization for 14,863.0 positions. The Governor’s FY 2010 revised recommendations appear to assume turnover savings equivalent to 813.5 positions, leaving 14,049.5 positions funded. Turnover in his FY 2011 recommendation is equivalent to 713.8 positions, leaving 14,149.2 positions funded. As of May 22, 2010 there was an average of 13,585.2 positions filled. For FY 2010, the Assembly included additional turnover equivalent to 183.2 positions and also eliminated half of the vacant positions. For FY 2011, it included additional turnover equivalent to 111.8 positions and also eliminated 10.0 percent of vacant positions.

The following chart shows the staffing levels from FY 2003 through FY 2010. 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 and FY 2010, due to a major surge of retirements.

Full-Time Equivalent Positions



Personnel Costs

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

The Governor's personnel recommendation includes \$1,434.1 million for salaries and benefits and \$236.0 million for contracted services. These expenditures represent an increase of \$46.9 million, or 2.9 percent, from the FY 2010 enacted budget. Salaries and benefits increase by \$1.6 million, or 0.1 percent and purchased services increase by \$45.3 million, or 23.7 percent. Of this increase, \$31.3 million from federal funds and restricted receipts is included in Elementary and Secondary Education's budget for Stimulus Race to the Top and statewide transportation funds. The data are shown in the following table and do not include personnel costs funded from internal service funds.

FY 2011 Governor	General Revenues	Federal Funds	Restricted Receipts	Other Funds	Total
Salaries and Wages	\$ 499,959,431	\$ 169,681,431	\$ 34,491,706	\$ 271,728,013	\$ 975,860,581
Benefits	249,944,778	90,392,590	17,201,448	100,695,915	458,234,731
Total Salaries and Benefits	\$ 749,904,209	\$ 260,074,021	\$ 51,693,154	\$ 372,423,928	\$ 1,434,095,312
Contracted Services	47,375,413	141,701,087	28,169,454	18,789,185	236,035,139
Total Personnel	\$ 797,279,622	\$ 401,775,108	\$ 79,862,608	\$ 391,213,113	\$ 1,670,130,451

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

The Assembly included \$1,439.6 million for salaries and benefits and \$222.5 million for contracted services. This is \$38.8 million more than enacted and \$8.1 million less than the Governor. The

Assembly did not include the Race to the Top funding, which has not yet been awarded. This reduction is offset by the restoration of some pension reductions which are explained in detail below.

FY 2011 Enacted	General Revenues	Federal Funds	Restricted Receipts	Other Funds	Total
Salaries and Wages	\$ 498,813,745	\$ 170,901,189	\$ 35,109,043	\$ 275,485,719	\$ 980,309,696
Benefits	248,204,603	90,923,467	17,325,806	102,806,354	459,260,230
Total Salaries and Benefits	\$ 747,018,348	\$ 261,824,656	\$ 52,434,849	\$ 378,292,073	\$ 1,439,569,926
Contracted Services	47,839,191	127,535,515	28,213,384	18,880,373	222,468,463
Total Personnel	\$ 794,857,539	\$ 389,360,171	\$ 80,648,233	\$ 397,172,446	\$ 1,662,038,389

Personnel Savings Proposals

The Governor's FY 2010 revised and FY 2011 budgets include several initiatives affecting personnel costs including savings from reducing retirement benefits and implementing pay reductions for state employees. He also included the statutory requirement to move to an actuarial basis for retiree health costs. These are described in the paragraphs that follow, along with the Assembly's action on those items.

- **Retirement Benefits.** The Governor included total savings of \$52.7 million in his FY 2011 recommendations from amending the retirement statutes to eliminate cost-of-living adjustments for those who are not eligible to retire on the date of passage of the legislation. Of the total savings, \$20.5 million, including \$12.8 million from general revenues, relates to state employees. The remainder of the savings is from reductions to education aid and is discussed further in the education aid report.

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 are all 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 Governor's revised budget made changes to the same group affected by the 2009 changes. It eliminates the cost-of-living adjustments for state employees, teachers, judges and state police that were not eligible to retire on September 30, 2009 and do not become eligible before passage of this proposal. It also adds language to have the General Assembly annually review and give a cost-of-living adjustment of 3.0 percent or the Consumer Price Index (CPI), whichever is less.

The Assembly did not concur with eliminating the cost-of-living adjustment; however, it made changes that apply primarily to the same group affected by the 2009 changes. Those eligible to retire before the date of passage, June 12, 2010, are not affected. It limited the cost-of-living adjustments to the first \$35,000 of retirement allowance beginning on the third anniversary of the date of retirement or when the member reaches age 65, whichever is later, for state employees, teachers, and judges.

The FY 2010 final budget assumes savings of \$15.4 million from all sources, including general revenue savings of \$13.2 million from the proposed pension changes. This includes \$5.5 million from all sources, \$3.3 million from general revenues in savings for the state's share of retirement costs for state employees. The budget also includes \$9.9 million in savings for the state's share of teacher retirement costs. The budget reduces education aid to local districts and charter schools by \$5.9 million to reflect the estimated local savings from passage of this article.

The FY 2011 budget assumes savings of \$18.5 million from all sources, \$16.0 million from general revenues from the proposed pension changes. This includes \$8.2 million from all sources, \$5.6 million from general revenues in savings for the state's share of retirement costs for state employees. The budget also includes \$10.3 million in savings for the state's share of teacher retirement costs. The budget reduces education aid to local districts and charter schools by \$6.1 million to reflect the estimated local savings from passage of this article. See the Education Aid report for further details on teacher retirements.

- **Retiree Health Benefits.** The 2008 Assembly enacted legislation to change its provision of retiree health benefits from a pay-as-you-go system along with significant benefit reductions to future retirees effective October 1, 2008. Based on a recommendation in the Governor's FY 2009 revised budget, the 2009 Assembly enacted legislation to delay the move for two years. The Governor's FY 2011 recommendations assumed funding the retiree health benefit costs on an actuarial basis, consistent with the original legislation and amortize the unfunded liability over a thirty year period. He included \$10.9 million from all sources, including \$7.9 million from general revenues to fund the transition. The Assembly concurred.

- **Pay Reductions.** The Governor's budget included two initiatives negotiated with employee unions to generate personnel savings. The first is 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 FY 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 is to delay the 3.0 percent cost-of-living adjustment from July 1, 2010 to January 2, 2011. House Fiscal Staff estimated that together, these initiatives save approximately \$29.5 million from all sources, including \$17.5 million from general revenues in FY 2011. In FY 2010, the initiatives account for savings of \$26.8 million from all sources, including \$15.0 million from general revenues. These savings end for FY 2012. The Assembly concurred.

Changes for each agency are summarized in the paragraphs at the end of this report and explained in further detail in the individual agency analyses contained in the FY 2010 revised and FY 2011 sections of the *Budget as Enacted*.

Distribution of Positions

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

FY 2011 Changes to Enacted FTE	Gen. Govt.	Human		Public	Natural	Transp.	Total
		Services	Education	Safety	Res.		
<i>FY 2010 Enacted</i>	2,419.3	3,589.1	4,603.9	3,017.5	453.0	780.2	14,863.0
FY 2010 Vacancy Reductions	(6.5)	(4.2)	(2.0)	(5.0)	(3.0)	-	(20.7)
FY 2010 Prog. Changes & Transfers	65.4	-	-	-	-	-	65.4
FY 2011 Vacancy Reduction	(16.0)	(48.0)	(33.0)	(14.0)	(2.0)	(8.0)	(121.0)
Stimulus	24.0	-	-	2.0	-	-	26.0
Program Changes	(6.8)	23.7	-	-	(2.0)	-	14.9
Total Change to Enacted	60.1	(28.5)	(35.0)	(17.0)	(7.0)	(8.0)	(35.4)
FY 2011 Enacted	2,479.4	3,560.6	4,568.9	3,000.5	446.0	772.2	14,827.6

The following is a brief summary of the distribution of positions by function. A description of the position changes from the FY 2010 enacted budget follows. Most of the positions in state government are in the education and human services functions, which together account for 54.8 percent of all positions.

The Budget includes 2,479.4 full-time equivalent positions for general government agencies, 16.7 percent of the distributed positions. This is an increase of 60.1 full-time equivalent positions compared to the FY 2010 enacted budget, primarily from the addition of 66.4 positions to support workforce development and unemployment insurance claims processing. This is offset by the elimination of positions equivalent to a 10.0 percent reduction of vacancies.

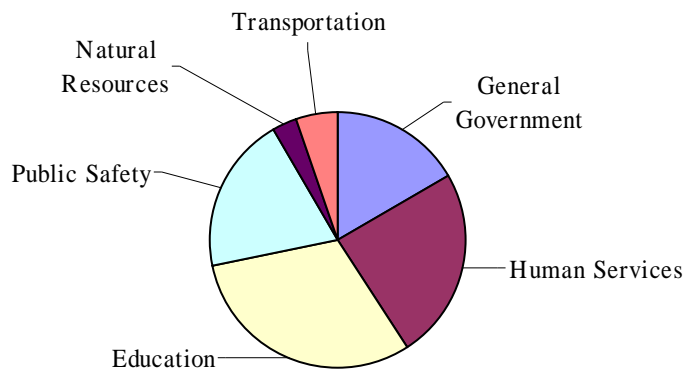
The Budget provides 3,560.6 full-time equivalent positions for human services, or 24.0 percent of all distributed positions. This is 28.5 less positions than the FY 2010 enacted budget, primarily from a 10.0 percent reduction to all vacant positions.

The Budget includes 4,568.9 full-time equivalent positions for education, 30.8 percent of all distributed positions. This is 35.0 less positions than the FY 2010 enacted budget, primarily from a 10.0 percent reduction to all vacant positions. The total includes 785.0 higher education positions that are dedicated for research or supported by other third party funds.

There are 3,000.5 full-time equivalent positions for public safety agencies, 20.2 percent of all distributed positions. This is 17.0 less full-time equivalent positions than the FY 2010 authorized level.

The Budget provides 446.0 full-time equivalent positions for natural resources agencies; 7.0 less than the FY 2010 authorized level. The Budget also provides 772.2 full-time equivalent positions for transportation; 8.0 less than the FY 2010 authorized level.

Staffing by Function



Program Changes to FY 2010 Enacted Staffing Levels

Administration. The Governor recommended staffing of 699.6 full-time positions. This is 196.0 positions less than enacted. The recommendation reflects the transfer of 180.0 positions from the Sheriffs program to the Department of Public Safety. The recommendation includes the elimination of 10.0 positions related to the American Recovery and Reinvestment Act and the addition of two auditor positions; one each in the Bureau of Audits and the Office of Energy Resources for a net decrease of eight. The recommendation includes one new administrative assistant position, one new janitor for the Forand Building and the restoration of the State Purchasing Agent position, which the 2009 Assembly eliminated. He eliminated 11.0 vacant positions, 10.0 from the Division of Information Technology and 1.0 from Human Resources. He also included a number of transfers within departmental functions.

The Assembly authorized staffing of 871.6 positions, 172.0 positions more than recommended. The Assembly did not concur with the transfer of 180.0 positions to the Department of Public Safety for the Sheriffs and it eliminated 8.0 positions, which is equivalent to 10.0 percent of vacancies.

Business Regulation. The Governor recommended 91.0 full-time equivalent positions. The Assembly authorized 90.0 full-time equivalent positions, 1.0 position less than enacted from the elimination of 10.0 percent of vacancies.

Labor and Training. The Governor recommended 454.0 full-time equivalent positions, 17.7 more positions than enacted. This includes 35.0 federally funded stimulus positions provided in his revised request, the elimination of 10.6 positions in the unemployment insurance call center and the elimination of 6.7 vacant positions across several divisions. Consistent with the Governor's requested amendments, the Assembly added 19.0 time-limited positions to implement the new subsidized employment program and 46.4 full-time equivalent positions in the income support division, bringing the total to 519.4 positions.

Revenue. The Governor recommended staffing of 428.0 full-time equivalent positions, 4.0 more positions than enacted in the Division of Motor Vehicles to scan documents. The Assembly authorized staffing of 426.0 full-time positions, 2.0 positions less than the Governor, including 1.0 new position in the Division of Taxation on a limited term to implement a new subsidized employment program that utilizes Temporary Assistance to Needy Families emergency funds, offset by the elimination of 3.0 vacant positions. This is equivalent to 10.0 percent of vacancies.

Legislature. The Assembly authorized 295.9 full-time equivalent positions. This is 2.0 positions less than enacted, which is equivalent to 10.0 percent of vacancies.

General Treasurer. The Assembly authorized 82.0 full-time equivalent positions. This is 1.0 position less than enacted, which is equivalent to 10.0 percent of vacancies.

Office of the Governor. The Governor recommended 46.0 positions, 3.0 more than enacted for the Office of Economic Recovery and Reinvestment. The positions consist of an executive assistant of communications position, a fiscal management supervisor position and a legal counsel position. The Assembly provided staffing of 45.0 full-time positions, 1.0 less than recommended to reduce positions by 10.0 percent of vacancies.

Public Utilities Commission. *The Governor included 46.0 positions, which is 2.0 more than enacted. The 2.0 new positions, a legal counsel and a special projects coordinator, are funded from recently received American Recovery and Reinvestment Act funds to address various electricity initiatives. The Assembly concurred.*

Commission on Women. The Governor did not include paid support staff for the volunteer commission; he eliminated the 1.0 position for this agency. The Assembly concurred.

Office of Health and Human Services. The Governor included 75.6 positions, which is 1.5 more than enacted from adding back the secretary position, which was eliminated in the enacted budget. He also added 0.5 positions to adjust for 2.0 legal positions included in the enacted budget as 1.5 positions. The Assembly concurred.

Children, Youth and Families. The Governor included 700.0 full-time equivalent positions. The Assembly authorized 691.0 full-time equivalent positions. This is 9.0 positions less than enacted, which is equivalent to 10.0 percent of vacancies.

Health. The Governor recommended 416.7 positions, which is 2.1 more than enacted. This includes 14.1 new positions primarily funded from federal funds, including 10.0 positions for Community Family Health and Equity, 1.1 positions for Infectious Disease, 2.0 positions for Environmental Health and Regulations and 1.0 new legal position. There are offset by the transfer of 12.0 positions for the Women, Infants and Children nutrition program to the Department of Human Services. The Assembly authorized 410.7 full-time equivalent positions. The Assembly did not authorize the legal position and reduced the Governor's recommendation by 5.0 positions which is equivalent to 10.0 percent of vacancies.

Human Services. The Governor recommended 967.6 positions, 13.0 more than enacted. This includes an additional programming services officer position in the Office of the Director and the transfer of 12.0 positions from the Department of Health for the Women, Infants and Children program. The Assembly added 4.0 time-limited positions to implement the new subsidized employment program, 3.0 full-time equivalent positions to assist with estate recoveries and reduced the authorization by 11.0 positions which is equivalent to a 10.0 percent reduction of vacancies, bringing the total to 963.6 positions.

Mental Health, Retardation and Hospitals. The Governor recommended 1,395.2 positions, which is 3.2 fewer than enacted. He reduced 3.0 positions from the elimination of a substance abuse referral program and eliminated a 0.2 vacant position. The Assembly authorized 1,372.2 positions, 23.0 less than recommended, reducing positions equivalent to 10.0 percent of vacancies.

Child Advocate. The Governor recommended 5.8 positions, which is 0.1 more than enacted to increase the hours of a part-time position. The Assembly concurred.

Elementary and Secondary Education. The Governor recommended an additional 15.0 positions and \$35.0 million in the event that Rhode Island is awarded federal Race to the Top funds. The positions would only be hired if the grant is received. The Assembly did not concur. The Assembly also reduced the authorization by 2.0 positions, which is equivalent to 10.0 percent of vacancies.

Public Higher Education. The Assembly authorized 4,152.1 full-time equivalent positions, reducing positions equivalent to 10.0 percent of vacancies. This is 30.0 positions less than enacted.

Higher Education Assistance Authority. The Assembly authorized 41.6 full-time equivalent positions, reducing positions equivalent to 10.0 percent of vacancies. This is 1.0 position less than enacted.

Public Telecommunications Authority. The Governor recommended 16.0 positions, which is 2.0 less than enacted to reflect the elimination of vacant positions. The Assembly concurred.

Corrections. The Governor recommended 1,423.0 full-time equivalent positions, consistent with the enacted authorization. The Assembly included 1,419.0 full-time equivalent positions or 4.0 positions less than enacted, reducing positions equivalent to 10.0 percent of vacancies.

Judicial. The Governor recommended 729.3 full-time equivalent positions, consistent with the enacted authorization. The Assembly included 723.3 full-time equivalent positions. This is 6.0 positions less than enacted, reducing positions equivalent to 10.0 percent of vacancies.

Military. The Governor recommended 112.0 positions, which is 1.0 more than enacted to reflect a position transferred from the Governor's office. The Assembly concurred with the transfer; however, reduced positions by 1.0, which is equivalent to 10.0 percent of vacancies.

Public Safety. The Governor's budget includes 607.1 positions for the Department of Public Safety. This is 175.0 positions more than enacted. This reflects the elimination of 2.0 positions, consistent with his FY 2010 revised budget. His FY 2011 budget also includes transferring 180.0 positions from the Department of Administration for the Division of Sheriffs and adding 1.0 executive director position to assist with the transfer of the Sheriffs, and the elimination of 4.0 positions from the former Violent Fugitive Task Force.

The Assembly authorized staffing of 423.1 positions, 184.0 positions less than recommended. This includes 3.0 positions less than enacted, which is equivalent to 10.0 percent of vacancies. The Assembly did not concur with the transfer of 180.0 positions from the Department of Administration for the Sheriffs or the 1.0 executive director position to assist with the transfer.

Public Defender. The Governor recommended 93.0 full-time equivalent positions, 2.0 positions more than enacted to reflect an additional attorney for the Adult Drug Court program and a new position for the tri-county screening process to help reduce the Office's caseload. These positions are primarily funded through the federal stimulus funds. The Assembly concurred.

Environmental Management. The Governor included the enacted amount of 414.0 full-time equivalent positions. The Assembly authorized 410.0 full-time equivalent positions, 4.0 less than enacted. This includes the elimination of 2.0 environmental police officer positions that were included in the Governor's budget for enforcement activities arising from the saltwater fishing license program and 2.0 vacant positions, which is equivalent to 10.0 percent of vacancies.

Transportation. The Governor included 780.2 full-time equivalent positions. The Assembly authorized 772.2 full-time equivalent positions, reducing positions equivalent to 10.0 percent of vacancies. This is 8.0 positions less than enacted.

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 2010 budget adopted by the 2009 General Assembly contains 41 state agencies and departments. The Governor's FY 2011 recommendation of 40 state agencies and departments includes several administrative transfers, conversions, and revisions to some of the changes enacted by the 2009 Assembly. The FY 2011 budget adopted by the 2010 General Assembly contains 40 state agencies and departments and their actions on these items are noted below along with additional changes.

FY 2011

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

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

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

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

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

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

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

History

FY 1991

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

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

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

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

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

FY 1992

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

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

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

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

FY 1993

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

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

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

FY 1994

Consumers Council. The Council was abolished as recommended.

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

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

Children's Code Commission. This agency was abolished.

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

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

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

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

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

FY 1995

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

FY 1996

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

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

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

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

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

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

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

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

FY 1997

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

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

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

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

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

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

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

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

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

Departments of Labor and Employment and Training. Governor Almond recommended the elimination of the Department of Labor and the consolidation of its functions, along with the Department of Employment and Training, into a new Department of Labor and Training. The Assembly did not concur when the Appropriations Act, 96-H 8783, Substitute A, was approved. However, the Assembly did agree with the consolidation later in the session, under a separate bill, 96-H 8219.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FY 1998

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

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

FY 2000

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

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

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

FY 2002

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

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

FY 2003

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

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

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

FY 2004

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

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

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

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

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

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

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

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

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

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

FY 2005

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

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

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

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

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

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

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

FY 2006

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

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

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

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

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

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

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

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

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

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

Shepard Building. The Governor recommended transferring operating support for the Shepard building, previously shown in Administration's budget, to the Office of Higher Education and the Department of

Elementary and Secondary Education. He included \$2.0 million for Higher Education for parking and operating costs and \$0.2 million for parking costs for Elementary and Secondary Education. The Assembly concurred.

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

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

FY 2007

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

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

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

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

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

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

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

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

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

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

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

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

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

FY 2008

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

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

Boards for Design Professionals. The Assembly merged the four boards for design professionals into a division under the Department of Business Regulation. The Division will contain equal representation from each of the current boards and will regulate engineers, architects, land surveyors, and landscape architects.

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

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

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

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

Department of Children, Youth and Families Managed Care Transfer. The Governor recommended completing the transfer of all managed care expenses for children in the custody of the Department of

Children, Youth and Families to the Department of Human Services and provided \$79.9 million from all sources of funds for the expenses. The Assembly concurred.

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

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

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

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

FY 2009

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

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

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

State Water Resources Board. The Governor proposed to merge the Water Resources Board's staff into the Department of Environmental Management to reduce overhead costs and duplication of effort;

however, the Board Corporate would remain intact as a quasi-public agency. The Governor assumed \$492,636 of general revenue savings by reducing the staff assigned to perform the functions of the Board from 9.0 positions to 6.0 positions. The Assembly did not concur and maintained the Board as a separate agency.

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

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

The Governor included that consolidation, with the exception of the Fire Code Commission, in his FY 2009 Budget noting that its functions were better aligned with the Building Code Commission in the Department of Administration. The Assembly included the Sheriffs and Fire Code Commission within the Department of Administration, and concurred with the remainder of the consolidation.

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

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

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

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

Proprietary School Review. The Governor transferred proprietary school review from the Office of Higher Education to the Department of Business Regulation. The Board of Governors for Higher Education has the authority to approve or deny the request for authorization to operate proprietary

schools. Proprietary schools provide education and training in business, correspondence, and trade that grant awards only at the pre-associate certificate level. The Assembly did not concur.

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

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

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

Economic Policy Council. The Governor recommended that the Economic Development Corporation assumes responsibility for staffing the Council and eliminated its \$0.3 million appropriation, which had been matched by the same amount from the business community. The Assembly concurred.

FY 2010

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

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

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

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

The Assembly provided for the consolidation of the University of Rhode Island Crime Lab and the Department of Health Forensic Science Unit into the Department of Health. The consolidation includes

the current Department of Health's 12.6 positions and \$1.6 million associated funding as well as \$675,000 from general revenues for the crime lab from the Office of the Attorney General.

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

Managed Care Transfer. The Governor recommended shifting the residential portion of managed care expenses for children in the custody of the Department of Children, Youth and Families back from the Department of Human Services and provided \$37.5 million from all sources of funds for the expenses. In FY 2008, a portion of both residential and hospital based programs and funding were shifted from the Department of Children, Youth and Families to the Department of Human Services as part of an initiative to provide more efficient services to children. After the transfer, it was determined that the residential services portion of the transfer did not fit the managed care model. The Assembly concurred.

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

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

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

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

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

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

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

Explanations of Budget Articles

2010-H 7397 Substitute A as Amended

Article 1

Section 1. Appropriations. This section of Article 1 contains the appropriations for FY 2011. It also adds language defining the use of federal unemployment modernization and temporary assistance to needy families funding.

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

Section 3. Transfer of Functions. This section of Article 1 authorizes the Governor to transfer appropriations and full-time equivalent position authorizations associated with transfers of functions.

Section 4. Contingency Fund. This section of Article 1 allows for expenditures from the contingency account located within the Office of the Governor's budget for unexpected and unbudgeted statewide expenditures. The Governor must approve all expenditures and transfers from this account.

Section 5. Internal Service Funds. Section 5 of Article 1 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 of Article 1 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. Section 7 of Article 1 appropriates all funds required for benefit payments from the Temporary Disability Insurance Fund and the Temporary Disability Insurance Reserve Fund for FY 2011. This section appears annually.

Section 8. Employment Security Funds. Section 8 of Article 1 appropriates all funds required for benefit payments to the unemployed from the Employment Security Fund for FY 2011. This section appears annually.

Section 9. University and College Funds. This section of Article 1 appropriates all funds for Higher Education. It duplicates authority already granted in state law.

Section 10. Lottery. This section of Article 1 appropriates to the Lottery Division any funds required for the payment of prizes and commissions. Prizes are not included as expenditures in the budget.

Section 11. Full-Time Equivalent Positions. This section of Article 1 limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2011. It also provides that no contracted employee can be hired nor may any agency contract for services replacing work done by state employees without public hearings and recommendations by the Budget Officer and the State Director of Personnel and determination of need by the Director of Administration. In addition, state employees whose funding is from non-state funds that are time limited shall receive appointments limited to the availability of the non-state funding source. In addition, this section provides that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee may jointly adjust the authorization.

Explanations of Budget Articles

Total staffing is 14,827.6 full time equivalent positions, 35.4 less than the FY 2010 enacted budget. Changes adopted by the Assembly include the elimination of 10.0 percent of current vacancies for FY 2011.

Section 12. Multi Year Appropriations. Section 12 of Article 1 makes multi-year appropriations for a number of capital projects included in the FY 2011 through FY 2015 Capital Budget that are funded from Rhode Island Capital Plan funds. The FY 2011 and multi-year appropriations supersede appropriations made for capital projects in Section 13 of Article 1 of the FY 2010 Appropriations Act.

Section 13. Reappropriations. This section of Article 1 provides for automatic reappropriation of unexpended balances from FY 2011 Rhode Island Capital Plan Fund projects over \$500. Balances of less than \$500 can be reappropriated at the discretion of the State Budget Officer. The provision for the Budget Officer's discretion over balances less than \$500 appeared for the first time in FY 2006.

Section 14. Extension of Previous Authorizations. This section authorizes the extension of the issuance of \$1.3 million of Clean Water Act general obligation bonds and \$4.9 million of Water Pollution Revolving Loan Fund general obligation bonds until June 30, 2013.

Section 15. RIHEBC Transfer. This section transfers \$1.0 million from the Rhode Island Health and Educational Building Corporation to the State Controller on June 30, 2011.

Section 16. Enhanced Medicaid Rate. This section authorizes the Governor to institute across the board reductions to all state agencies with general revenue appropriations if the enhanced Medicaid rate is not extended, or Congress does not adopt an alternate program achieving similar state savings by December 31, 2010.

Section 17. Effective Date. This section of Article 1 establishes July 1, 2010 as the effective date of the article.

Article 2. Short Term Borrowing

Article 2 allows the state to borrow a maximum of \$350.0 million during FY 2011 for cash flow purposes in anticipation of tax receipts. The note must be repaid by June 30, 2011.

Article 3. Supplemental Security Income Payment

Article 3 requires the Department of Human Services to make the state's portion of the federal/state supplemental security income payment directly to a recipient instead of paying a monthly transaction fee to have the payment federally administered. The article deletes the reference to the Department of Mental Health, Retardation and Hospitals making the state payment to its clients who receive residential services.

The article also makes a technical adjustment to the information showing the state's portion of the payment to reflect the accurate amount that went into effect January 1, 2009. The 2008 Assembly adopted this change and the Department of Human Services' rules and regulations were updated; however, a change to the tables contained in the statute was not made.

Explanations of Budget Articles

Article 4. Budget Reserve Fund

The FY 2010 enacted budget includes a one-time expenditure of \$22.0 million to pay back the Budget Stabilization and Cash Reserve Account for funds borrowed in FY 2009. Rhode Island General Law requires that any amounts used must be replaced in the following year. This article amends current law to delay the repayment to FY 2011.

Article 5. Capital Development Program

Article 5 places \$177.4 million of new general obligation bond authorizations on the November 2010 ballot as referendum. The referendum would provide \$61.0 million for a new Chemistry building at the University of Rhode Island, \$17.0 million for a new Art Center at Rhode Island College, \$80.0 million for the Highway Improvement Program, \$4.7 million for bus purchases by the Rhode Island Public Transit Authority and \$14.7 million for open space and recreation projects.

Article 6. Public Corporation Debt Management

The Public Corporation Debt Management Act requires that all new debt authorizations be approved by the Assembly except in certain circumstances. This article contains two authorizations, including \$32.2 million in energy savings contracts to fund energy conservation improvements at the University of Rhode Island and the Community College of Rhode Island, including projects not to exceed \$12.6 million for the University and \$11.5 million for the Community College. This second authorization allows the issuance of up to \$68.1 million of revenue bonds for the Turnpike and Bridge Authority for the purpose of repairing and maintaining both the Mount Hope and Newport Pell Bridges.

This article also contains a resolution allowing the state to add 72 structures to its current indemnification of the National Railroad Passenger Corporation (AMTRAK). The state will fully indemnify any road or bridge owned or used by the state or any municipality located on, above, under and within any property owned or controlled by AMTRAK.

Article 7. Government Restructuring

Sections 1 through 3. Administrative Management of Food and Nutritional Services. The sections transfer the Women, Infants and Children program from the Department of Health to the Department of Human Services by October 1, 2010. Prior legislation called for this transfer to be earlier and to the Office of Health and Human Services. The Department notes that it would be less disruptive to shift the program at the beginning of the new federal fiscal year.

Sections 4 through 7. Violent Fugitive Task Force. These sections create a new Worker's Compensation Investigations Unit and eliminate the State Police's Violent Fugitive Task Force. The budget includes \$0.3 million less from general revenues from the elimination of the Violent Fugitive Task Force on January 1, 2010. The budget provides \$0.2 million from available internal service funds from agency payroll assessments to fund the new fraud investigation unit. This unit will be comprised of 5.0 members of the former Violent Fugitive Task Force.

Explanations of Budget Articles

These sections also define members of the Worker's Compensation Investigations Unit as peace officers and allows them to carry concealed firearms.

Section 8. Department of Veterans' Affairs. This section delays the creation of the Department of Veterans' Affairs from July 1, 2010 until July 1, 2011 and delays the required recommendations from the Department of Human Services on the transition until October 1, 2010.

Sections 9 and 10. Public Safety Communications Dispatch. These sections transfer the dispatch functions of the Division of Enforcement from the Department of Environmental Management to the Department of Public Safety. This article will take effect upon passage, but the transfer shall occur no later than January 1, 2011.

Section 11. Rhode Island State Crime Lab. This section requires that the Department of Administration conduct a feasibility study on integrating all state lab functions. The study will include specific recommendations regarding allocation of staffing, use of facilities and identifying any additional needs. The results of the study will be submitted to the chairpersons of the House and Senate Finance Committees and to the State Budget Officer on or before December 1, 2010.

Section 12. Public Utilities Commission. The 2002 Assembly raised the number of commissioners in the Public Utilities Commission from three to five, effective January 31, 2004. This section reduces the number of commissioners from five to three. These positions were never filled.

Article 8. Restricted Receipts

This article establishes several new restricted receipt accounts and exempts those from the 10.0 percent indirect cost recovery charge. It also changes the name of an account currently exempt.

This article allows the Commissioner of Elementary and Secondary Education to grant a variance to the requirement for the purchase of transportation services through the statewide transportation system for non-public and non-shared routes if an alternative system is more cost effective. The Department of Elementary and Secondary Education has indicated that some districts are able to transport their non-public students at a cheaper cost than through the statewide system.

Article 9. Revenues

Sections 1 through 7. Division of Motor Vehicles. Sections 1 through 7 of this article increase five existing fees and establish two new fees, including one for road tests and one for flashing lights permits. Currently a fee of \$5 is charged to obtain a flashing lights permit; however, there is no current law provision that allows for the charge. The article increases the following fees: state identification card from \$15 to \$25, school bus registration from \$3 to \$25, motor vehicle dealer's license fee from \$100 to \$300, manufacturers and distributors' license fee from \$40 to \$100 and factory representatives licensing fee from \$200 to \$300. The Budget assumes \$1.0 million in additional revenues. The article also extends the requirement to have a title in order to resell cars up to 20 years old instead of the current 10 years. The article takes effect on July 1, 2010.

Explanations of Budget Articles

Section 8. Accident Report Fees. This section of Article 9 increases the fee for a copy of an official state police accident report from \$10 to \$15 effective July 1, 2010. The fee increase will provide additional revenues of \$26,910 in FY 2011.

Section 9. Licensing of Hospital Facilities. This section increases the hospital license fee for FY 2010 from 5.237 percent to 5.314 percent of net patient services revenue using the 2008 base year. Total license fees collected will be \$130.7 million including \$124.9 million from community hospital payments and \$5.8 million from state payments for the Eleanor Slater Hospital.

It extends the hospital licensing fee in FY 2011 at a rate of 5.465 percent of hospitals' net patient services revenue for an updated 2009 base year. It also includes the due date for the filing returns and making the payment. The total revenue collected from the hospitals for FY 2011 will be \$141.8 million including \$135.8 million from the community hospitals and \$6.0 million from Eleanor Slater Hospital at the Department of Mental Health, Retardation and Hospitals. This article appears annually in the Appropriations Act.

Sections 10 through 12. E-911 Prepaid Card. These sections of Article 9 replace the current prepaid wireless surcharge system and requires that the state levy a 2.5 percent E-911 charge at the time of retail transaction. The charge will be based upon the cost of the prepaid wireless communication device and minutes. The fee will be collected at the point of retail along with any other associated sales tax. It will be the responsibility of the retailer to remit the taxes collected according to the normal sales tax process; however, the retailer is allowed to deduct and retain 1.0 percent of the total collected.

Sections 13 and 14. Medical Malpractice. These sections of Article 9 remove the 2.0 percent gross premiums tax exemption currently provided to the Medical Malpractice Joint Underwriters Association. The budget includes \$150,000 in additional revenue from the application of the tax, effective tax year 2011.

Section 15. Surplus Lines. This section of Article 9 increases the tax charged to the insured by the insurer from 3.0 percent to 4.0 percent on surplus lines of insurance. The Budget assumes \$1.1 million in additional revenue from the increase.

Section 16. Effective Dates. This section provides that Section 9 of this article shall take effect upon passage, Sections 10 through 12 shall take effect on August 1, 2010 and Sections 13 and 14 shall take effect on January 1, 2011. The remainder of this article shall take effect on July 1, 2010.

Article 10. Resource Recovery Corporation

This article allows the Resource Recovery Corporation to delay, until June 30, 2013, the construction of a facility which would enable it to recycle plastics labeled three through seven. These plastics include bottle caps, food containers and detergent bottles. Current law mandates the facility begin accepting plastics labeled one through seven by January 1, 2011. The Corporation is currently unclear on which funding approach it would use for the new facility, and has also recently experienced declining revenues. Based on the Corporation's request, the delay is included to allow for more stable revenue sources as well as a better defined implementation plan.

Article 10 also extends the municipal tipping fees for the Resource Recovery Corporation enacted by the 2009 Assembly for an additional year. The 2009 Assembly allowed the statutory increases of municipal tipping fees to sunset as of June 30, 2009, which would leave no statutory guidance for setting the fees.

Explanations of Budget Articles

Absent this extension, the Corporation would be responsible for the determination of municipal tipping fees.

Article 11. FY 2010 Revised Appropriations

Section 1. FY 2010 Appropriations. This section of Article 11 contains the revised appropriations for FY 2010.

Section 2. Line Item Appropriations. This section establishes that each line of Section 1 in Article 11 constitutes an appropriation.

Section 3. Internal Service Funds. Section 3 of Article 11 authorizes the establishment of limited and specific internal service accounts to implement the cases in which state agencies provide services to other state agencies, institutions and other governmental units on a cost reimbursement basis.

Section 4. Full-Time Equivalent Positions. This section of Article 11 limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2010. This section also provides that no contracted employee can be hired nor may any agency contract for services replacing work done by state employees without public hearings and recommendations by the Budget Office and State Director of Personnel and determination of need by the Director of Administration. In addition, state employees whose funding is from non-state funds that are time limited shall receive appointments limited to the availability of the non-state funding source. This section also contains the usual provision that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee may jointly adjust the authorization.

Total staffing is 14,340.8 full-time equivalent positions, 522.2 less than the FY 2010 enacted budget. Changes adopted by the Assembly include the elimination of half of the vacant positions.

Section 5. State Fleet Replacement Revolving Loan Fund. This section of Article 11 authorizes the transfer of \$3.6 million from the State Fleet Revolving Loan Fund to the state General Fund by June 30, 2010. The revised budget includes this revenue. The 2007 Assembly created the fund with proceeds of \$6.4 million from the securitization of tobacco master settlement agreement payments for the purpose of purchasing vehicles for state agencies. The budget assumes that funds used to purchase vehicles from FY 2008 through FY 2010, which totaled \$3.9 million, will be paid back into the fund and be used to continue the program.

Section 6. RIHEBC Transfer. This section transfers \$1.5 million from the Rhode Island Health and Educational Building Corporation to the State Controller on June 30, 2010.

Section 7. Effective Date. This section establishes that this article is effective upon passage.

Article 12. Community Antenna Television Assessment

This article removes the \$250,000 cap on the amount that can be assessed in any fiscal year on Community Antenna Television, also known as cable, franchise holders for the cost of regulation. Currently, the Division of Public Utilities can recover its expenses, up to 3.0 percent of cable franchise's gross revenues not to exceed \$250,000. Recent years' expenditures have exceeded the cap by an average

Explanations of Budget Articles

of \$125,000 causing the Division to use assessments from other regulated utilities to cover the costs. The Division currently has a 100.0 percent recovery mechanism for all other regulated utilities.

Article 13. Education Aid

Section 1. This section contains legislation for implementation of the revised FY 2010 and FY 2011 education aid proposals. It reduces education aid by 2.8 percent or \$19.1 million including Central Falls and the Metropolitan Career and Technical School for FY 2010 and by 3.8 percent or \$25.2 million for FY 2011. It also reduces education aid by the amount of retirement contribution savings proposed in Article 16 in both years. It uses \$13.1 million from federal fiscal stabilization funds slated for use in FY 2011 in lieu of a like amount from general revenues in FY 2010 and uses \$16.8 million from federal stabilization funds in FY 2011. It also adds \$105,000 in group home aid in FY 2010 based on current law requirements that beds open prior to December 31 of each year be paid as part of the supplemental budget. Finally, this section establishes a mechanism for the payment of certain educational services at the School for the Deaf and the statewide transportation system, both approved by the 2009 Assembly.

Section 2. This section amends the local maintenance of effort requirement for local communities to provide as much funding for education as it did the prior year. For FY 2010 and FY 2011, communities must contribute at least 95.0 percent of the amount it provided in FY 2009.

Section 3. This section allows the state to reimburse that portion of housing aid owed on debt service paid prior to the year of project completion over a three year period instead of in the first year. It excludes amounts to be deferred if they are under \$500,000. Reimbursement under the school housing aid program is based on the debt service payments made by a community in any given year and does not begin until the project is completed. Under current law, a district is reimbursed for any eligible costs it made before completion of the project in the first year's aid payment. This article will allow the state to spread the first year "catch up" payment over three years. Absent passage of this article, the budget would require an additional \$4.5 million in housing aid reimbursements for FY 2011.

Sections 4 through 6. These sections authorize the Department of Elementary and Secondary Education, with the Department of Administration, to establish a voluntary statewide purchasing system and to permit public schools to join cooperatives consisting of two or more states for purchasing goods, supplies and services. Participation is subject to approval of the chief purchasing officer and rules and regulations promulgated by the Department.

Article 14. Mental Health Law

This article amends current law to authorize psychiatric hospitals, under certain conditions, to share with the Department of Children, Youth and Families confidential healthcare documents of children in its care. This is intended to clarify current law in order to ensure that the Department has all of the information necessary to ensure timely and effective planning for the children in its care. The disclosure would be authorized if a child is hospitalized for psychiatric services or so that a child may be discharged from an acute care facility to a mental health facility and the services are paid wholly or in part by the state.

Article 15. Hospital Payments

Explanations of Budget Articles

This article extends the uncompensated care payments to the community hospitals with the state making a payment for FY 2012 that does not exceed \$125.4 million. It also includes an outpatient upper payment limit reimbursement totaling \$18.1 million in FY 2011.

Article 16. Pensions

This article limits the cost-of-living adjustments to the first \$35,000 of retirement allowance indexed to inflation but capped at 3.0 percent, beginning on the third anniversary of the date of retirement or age 65, whichever is later, for state employees, teachers, and judges that were not eligible to retire before the passage of this proposal, which became law on June 12, 2010.

This article also provides that no supplemental contributions be made to the Retirement System for FY 2009, FY 2010 and FY 2011. Rhode Island General Law requires that for any fiscal year in which the actuarially determined state contribution rate for state employees or teachers is lower than that for the prior fiscal year, the Governor shall include an appropriation to that system equal to 20.0 percent of the rate reduction for the state's contribution rate to be applied to the actuarial accrued liability of the system.

FY 2010 savings are estimated to be \$15.4 million from all funds including \$13.2 million from general revenues. This includes \$9.9 million in teacher retirement savings for both the state and local districts. FY 2011 savings are estimated to be \$18.5 million from all funds including \$15.9 million from general revenues. This includes \$10.3 million in teacher retirement savings for both the state and local districts.

Article 17. General Public Assistance-Hardship Contingency Fund

This article provides \$478,000 from general revenues that the Director of the Department of Human Services may provide for hardship contingency payments for FY 2011, an amount consistent with the FY 2010 enacted level.

Article 18. Treatment Alternatives to Street Crime

This article eliminates the Treatment Alternatives to Street Crime program, which is a requirement for persons who are initially convicted with a controlled substance classified as highly addictive under schedule I or II of the controlled substance act or a second conviction with a less addictive schedule III or IV substance. This article corrects the reference as to who should direct an individual to attend and complete a drug counseling and education program from the director of the Department of Health to the director of the Department of Mental Health, Retardation and Hospitals. It also requires that the alcohol and drug safety unit within the Division of Motor Vehicles will be administered in conjunction with alcohol and drug programs licensed by the state for placement, clinical assessment and monitoring.

The article provides that a clinical assessment may be performed by the Community College of Rhode Island's Center for Workforce and Education and the individuals will then be referred to an approved program. The article also extends the current fee of \$86 for those convicted of a violation for driving under the influence of alcohol or drugs.

Explanations of Budget Articles

Article 19. Children's Health Account

The article increases the annual assessment ceiling applied to all insurers for home health services, children and adolescent intensive treatment services and Comprehensive Evaluation, Diagnosis, Assessment, Referral and Re-evaluation services from \$5,000 to \$6,000 per child for each service and clarifies the services that are covered under the Children's Health Account.

Article 20. Medical Assistance

Section 1. Hospital Payments and Selective Contracting. The section was later amended by 2010-H 8270 which provides that reimbursements to the community hospitals for inpatient services through the managed care plans be 90.1 percent of the rates paid as of June 30, 2010 for the period beginning January 1, 2011 through December 31, 2011. Any increase for the inpatient services in the next 12-month period is not to exceed the national Centers for Medicare and Medicaid Services payment system hospital input price index for that period. The article caps the outpatient rate at 100 percent of the rates that are in effect as of June 30, 2010, for the same 12 month period, January 1, 2011 through December 31, 2011. It also delays the implementation of the diagnosis related group reimbursement method from March 30, 2010 to July 1, 2010.

The section authorizes the director of the Department of Human Services to establish an independent study commission to review priorities and issues within the hospital system and to amend its rules and regulations, when necessary, to continue to recognize the importance, impact, and cost of the graduate medical education and training programs supported by the state's community hospitals. It also includes that reimbursements made to the hospitals based on the rates in this section are to be considered payment in full and acceptance of this provision is a condition for participating in the Medicaid program.

The legislation adds non-emergency transportation to the list of items or services the Department of Human Services can use the selective contracting process to obtain.

Section 2. State Only Hospital Payments. Section 2 provides for a \$3.65 million state only payment to be made no later than September 1, 2010 to four community hospitals for acute care expenses to include \$1.6 million for Miriam Hospital, \$0.8 million for Kent Hospital, \$0.75 million for Westerly Hospital and \$0.5 million for South County Hospital, or the community hospitals' fiscal year 2010.

It also provides \$4.75 million in state fiscal year 2011 to include the following payments: \$1,778,843 to Kent Hospital, \$1,131,929 to Miriam Hospital, \$642,340 to St. Joseph's Hospital, \$438,482 to South County Hospital, \$297,806 to Westerly Hospital, \$133,672 to Newport Hospital, \$170,964 to Butler Hospital and \$155,963 to the Bradley Hospital.

Section 3. Long Term Care. Section 3 provides the authority to contractually manage the acute care and primary care medical benefits of Medicaid-eligible clients residing in a long term care facility. This is considered a category II change under the Medicaid global waiver and the resolution approving those changes is contained in Article 21 of 2010-H 7397, Substitute A.

Section 4. Estate Recovery Reporting. Section 4 requires the Department of Human Services to include estate recovery information in the monthly caseload report that it submits to members of the Caseload Estimating Conference.

Explanations of Budget Articles

Section 5. Long Term Care Reform. This section makes a technical adjustment and adds adults with mental disabilities, over the age of 65, to those recipients whose services are to be included in the long-term care rebalancing effort that allocates 50 percent of the funding for a population in a home or community based care setting.

Section 6. Nursing Home Acuity Reimbursement Rates. This section clarifies the method for applying the nursing home acuity rate adjuster so that no home loses or gains more than 2.2 percent of its existing per diem between July 1, 2010 and October 1, 2011. The article also prevents the Department of Human Services from implementing any incentives, financial or otherwise, that would cause a nursing home that would have its funding reduced to apply that loss to its direct labor costs only, as opposed to reducing expenses in other non-nursing or other cost areas.

Article 21. Medicaid Global Waiver

Article 21 is a resolution to notify the Assembly and seek approval to make eight changes to the Medicaid global waiver, including four for programs through the Department of Mental Health, Retardation and Hospitals and four for programs through the Department of Human Services. The changes affect services provided through the long-term care and community systems for elderly and adults with developmental disabilities, medical benefits through the managed care plans, pharmacy costs through the fee-for-service system and programs provided to adults with behavioral health issues. These changes are considered category II and assumes requiring statutory changes or changes to the state's rules and regulations.

Article 22. Unemployment Insurance

This article increases the weekly dependents' allowance from \$10 to \$15 for each dependent, implements a new dependents' allowance maximum of \$50 or 25.0 percent of the individuals' weekly benefit rate, and pro-rates dependents' allowances for individuals collecting partial benefits. The article also expands benefit eligibility to include two additional voluntary reasons to leave employment. This article is effective January 1, 2011 and applies to all new claims filed from that day forward, but not to existing claims. Implementing these changes allows the state to receive \$15.6 million in Unemployment Insurance Modernization funding made available through the American Recovery and Reinvestment Act of 2009.

This article also converts the 0.3 percent surtax that employers will have to pay beginning January 1, 2011 to an increase in the job development assessment by the same amount, dedicating the new 0.3 percent assessment to the repayment of interest and principal on the federal unemployment insurance loans. The current surtax can only be used to repay the principal, but the job development assessment can be used towards repaying the interest and the principal on these loans.

Article 23. Motor Vehicle Reimbursements

This article provides for an 88.0 percent reimbursement of the current law amount due for FY 2010. The budget provides a total of \$117.2 million for the program, which is \$48.6 million more than the Governor recommended. This includes \$1.9 million for fire districts.

Explanations of Budget Articles

For fiscal year 2011 and thereafter, the legislation mandates a \$500 exemption for which the state will reimburse municipalities an amount subject to appropriation. The legislation allows municipalities to provide an additional exemption; however, any such additional exemption will not be subject to reimbursement. The Assembly provided \$10.0 million in FY 2011 to fund the program. It did not authorize funding for fire districts beyond FY 2010; however, the Assembly restored the authority for fire districts to levy a motor vehicle excise tax. The Assembly also removed the hold harmless provision, which restricted municipalities from taxing the difference in the event that the value of a vehicle is higher than the prior fiscal year. It also required that the motor vehicle rates and ratios of assessment may be less than but not more than the 1998 and 1999 rates. The article takes effect upon passage.

Article 24. Effective Date

Article 24 provides that the act shall take effect upon passage, except where a provision within the article specifies a retroactive or prospective effective date.

Section VII

Summary Tables

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General Revenues

	FY 2010 Consensus	FY 2010 Assembly	FY 2011 Consensus	FY 2011 Adopted
Personal Income Tax	\$ 918,500,000	\$ 918,500,000	\$ 937,900,000	\$ 937,900,000
General Business Taxes				
Business Corporations	115,000,000	115,000,000	119,000,000	119,000,000
Public Utilities Gross	97,000,000	97,000,000	98,000,000	98,000,000
Financial Institutions	2,900,000	2,900,000	1,000,000	1,000,000
Insurance Companies	98,000,000	98,000,000	100,000,000	101,250,000
Bank Deposits	2,200,000	2,200,000	2,200,000	2,200,000
Health Care Provider	40,000,000	40,000,000	39,800,000	39,800,000
Sales and Use Taxes				
Sales and Use	787,500,000	787,500,000	787,000,000	787,000,000
Motor Vehicle	49,000,000	49,000,000	48,500,000	48,500,000
Motor Fuel	1,000,000	1,000,000	1,000,000	1,000,000
Cigarettes	139,600,000	139,600,000	134,000,000	134,000,000
Alcohol	11,500,000	11,500,000	11,700,000	11,700,000
Other Taxes				
Inheritance and Gift	28,000,000	28,000,000	27,600,000	27,600,000
Racing and Athletics	1,500,000	1,500,000	1,600,000	1,300,000
Realty Transfer	6,900,000	6,900,000	6,900,000	6,900,000
Total Taxes	\$ 2,298,600,000	\$ 2,298,600,000	\$ 2,316,200,000	\$ 2,317,150,000
Departmental Receipts	342,000,000	332,243,178	220,800,000	345,226,745
Gas Tax Transfer	-	-	-	-
Other Miscellaneous	30,770,000	34,908,000	4,331,000	5,331,000
Lottery	347,700,000	347,700,000	351,600,000	346,938,800
Unclaimed Property	5,600,000	5,600,000	6,000,000	6,000,000
Total General Revenues	\$ 3,024,670,000	\$ 3,019,051,178	\$ 2,898,931,000	\$ 3,020,646,545

General Revenue Budget Surplus Statement

	FY 2009	FY 2010	FY 2011
Opening Surplus			
Free Surplus	\$ (42,950,480)	\$ (62,286,104)	\$ 14,215
Reappropriated Surplus	1,738,518	998,144	-
Subtotal	\$ (41,211,962)	\$ (61,287,960)	\$ 14,215
Revenues			
Cash Stabilization Fund	(66,093,533)	(70,962,362)	(78,537,180)
From Cash Stabilization Fund	22,000,000	-	-
Total Available Resources	\$ 2,939,896,488	\$ 2,886,800,856	\$ 2,942,123,580
Expenditures			
Total Surplus	\$ 3,001,184,448	\$ 2,886,786,641	\$ 2,942,118,704
Reappropriations	(998,144)	-	-
Free Surplus	\$ (62,286,104)	\$ 14,215	\$ 4,876
<i>Operating Surplus/(Deficit)</i>	<i>(40,337,480)</i>	<i>62,300,319</i>	<i>(9,339)</i>

Expenditures from All Funds

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
General Government				
Administration	\$ 601,864,659	\$ 611,479,601	\$ 438,998,756	\$ 499,299,809
Business Regulation	11,332,045	10,356,273	11,061,944	10,899,430
Labor and Training	930,034,066	1,120,577,856	679,314,897	833,558,439
Revenue	239,805,187	246,127,998	238,006,505	236,330,417
Legislature	37,430,724	35,445,564	37,613,429	39,049,144
Lieutenant Governor	973,262	876,616	975,080	924,479
Secretary of State	6,495,579	6,126,746	7,164,027	7,503,274
General Treasurer	30,736,632	32,519,559	32,700,174	33,018,358
Board of Elections	1,850,141	1,378,912	3,919,591	3,957,971
Rhode Island Ethics Commission	1,437,730	1,412,657	1,485,693	1,482,659
Governor's Office	5,737,384	5,708,844	6,371,540	6,251,152
Human Rights	1,424,747	1,272,473	1,373,566	1,371,667
Public Utilities Commission	7,412,531	7,322,031	7,726,656	7,726,656
Commission on Women	109,462	69,270	-	-
Subtotal - General Government	\$ 1,876,644,149	\$ 2,080,674,400	\$ 1,466,711,858	\$ 1,681,373,455
Human Services				
Health and Human Services	\$ 9,390,689	\$ 7,977,185	\$ 7,275,747	\$ 7,167,709
Children, Youth and Families	247,749,655	240,451,660	236,894,644	237,598,173
Elderly Affairs	25,523,166	27,428,759	27,270,687	26,712,596
Health	132,310,791	142,565,007	112,565,829	116,146,808
Human Services	1,963,510,139	2,091,297,387	2,126,180,064	2,285,305,550
MHRH	462,873,731	453,265,681	447,681,817	446,750,327
Child Advocate	588,148	556,478	590,863	589,627
Deaf and Hard of Hearing	370,146	348,730	363,502	362,824
Commission on Disabilities	726,400	745,181	825,256	824,453
Mental Health Advocate	448,423	376,197	441,956	440,950
Subtotal - Human Services	\$ 2,843,491,288	\$ 2,965,012,265	\$ 2,960,090,365	\$ 3,121,899,017
Education				
Elementary and Secondary	\$ 1,150,007,562	\$ 1,138,925,293	\$ 1,143,551,130	\$ 1,128,732,869
Higher Education	886,769,732	892,076,886	932,884,178	937,802,389
Arts Council	3,274,826	3,646,818	1,942,131	3,054,336
Atomic Energy	1,217,115	1,412,172	1,494,256	1,492,350
HEAA	28,631,338	25,860,272	25,840,120	25,789,109
Historical Preservation	2,613,504	2,651,856	2,666,351	2,663,971
Public Telecommunications	1,908,358	1,614,724	1,674,984	1,672,717
Subtotal - Education	\$ 2,074,422,435	\$ 2,066,188,021	\$ 2,110,053,150	\$ 2,101,207,741

Expenditures from All Funds

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Public Safety				
Attorney General	\$ 23,507,213	\$ 23,568,471	\$ 23,783,650	\$ 23,861,219
Corrections	185,355,506	181,730,372	190,269,623	187,181,519
Judicial	95,984,801	93,452,000	97,533,099	97,379,996
Military Staff	27,041,133	31,904,686	26,731,138	26,638,164
Public Safety	91,427,484	104,050,177	105,282,008	86,749,570
Public Defender	9,809,087	9,518,100	10,040,494	10,020,401
Subtotal-Public Safety	\$ 433,125,224	\$ 444,223,806	\$ 453,640,012	\$ 431,830,869
Natural Resources				
Environmental Management	\$ 90,973,245	\$ 91,090,836	\$ 92,302,638	\$ 93,120,711
CRMC	5,541,521	10,169,916	3,867,225	4,383,711
Water Resources	1,473,785	1,551,731	1,438,150	1,436,540
Subtotal-Natural Resources	\$ 97,988,551	\$ 102,812,483	\$ 97,608,013	\$ 98,940,962
Transportation				
Transportation	\$ 489,066,491	\$ 409,378,642	\$ 424,818,766	\$ 428,893,766
Subtotal-Transportation	\$ 489,066,491	\$ 409,378,642	\$ 424,818,766	\$ 428,893,766
Total	\$ 7,814,738,138	\$ 8,068,289,617	\$ 7,512,922,164	\$ 7,864,145,810

Expenditures from General Revenues

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
General Government				
Administration	\$ 429,600,820	\$ 418,864,518	\$ 275,494,281	\$ 324,063,375
Business Regulation	9,577,234	8,622,375	8,756,919	9,156,047
Labor and Training	6,667,994	6,608,141	6,689,542	7,117,031
Revenue	36,191,064	33,345,389	35,671,581	35,479,085
Legislature	35,874,012	33,942,533	36,038,421	37,474,136
Lieutenant Governor	973,262	876,616	975,080	924,479
Secretary of State	5,521,241	5,221,421	6,669,460	6,908,707
General Treasurer	2,500,299	2,198,884	2,392,455	2,270,649
Board of Elections	1,600,141	1,158,331	3,919,591	3,957,971
Rhode Island Ethics Commission	1,437,730	1,412,657	1,485,693	1,482,659
Governor's Office	5,106,754	4,416,430	4,872,994	4,752,606
Human Rights	1,016,242	959,254	1,016,877	1,014,978
Public Utilities Commission	-	-	-	-
Commission on Women	109,462	69,270	-	-
Subtotal - General Government	\$ 536,176,255	\$ 517,695,819	\$ 383,982,894	\$ 434,601,723
Human Services				
Health and Human Services	\$ 3,621,896	\$ 3,263,120	\$ 3,528,201	\$ 3,420,163
Children, Youth and Families	158,822,427	152,284,086	155,086,402	153,046,095
Elderly Affairs	9,920,687	7,822,399	10,806,690	10,100,599
Health	29,554,572	26,959,269	28,572,462	27,624,903
Human Services	662,081,602	663,968,660	673,746,309	715,328,654
MHRH	166,015,780	162,144,955	165,097,248	163,684,244
Child Advocate	547,048	510,584	545,058	543,822
Deaf and Hard of Hearing	370,146	348,730	363,502	362,824
Commission on Disabilities	366,450	343,142	368,032	367,229
Mental Health Advocate	448,423	376,197	441,956	440,950
Subtotal - Human Services	\$ 1,031,749,031	\$ 1,018,021,142	\$ 1,038,555,860	\$ 1,074,919,483
Education				
Elementary and Secondary	\$ 857,726,770	\$ 807,041,835	\$ 828,248,498	\$ 856,068,541
Higher Education	173,306,844	161,208,876	163,878,632	163,606,843
Arts Council	1,983,986	1,916,542	991,141	1,668,346
Atomic Energy	775,346	786,438	877,687	875,781
HEAA	7,305,741	6,611,633	7,274,358	6,723,347
Historical Preservation	1,285,100	1,256,873	1,351,097	1,348,717
Public Telecommunications	1,142,702	1,000,695	1,038,234	1,035,967
Subtotal - Education	\$ 1,043,526,489	\$ 979,822,892	\$ 1,003,659,647	\$ 1,031,327,542

Expenditures from General Revenues

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Public Safety				
Attorney General	\$ 21,099,743	\$ 19,635,128	\$ 21,132,161	\$ 21,209,730
Corrections	177,390,562	171,119,682	181,711,505	178,329,401
Judicial	83,907,229	78,865,419	84,728,358	84,575,255
Military Staff	3,279,979	2,867,263	3,375,409	2,782,435
Public Safety	54,745,909	54,156,915	84,281,696	67,024,490
Public Defender	9,583,189	9,136,777	9,610,354	9,590,261
Subtotal-Public Safety	\$ 350,006,611	\$ 335,781,184	\$ 384,839,483	\$ 363,511,572
Natural Resources				
Environmental Management	\$ 35,484,369	\$ 32,429,116	\$ 34,665,256	\$ 34,403,329
CRMC	2,027,574	1,938,735	2,043,079	2,038,515
Water Resources	1,370,785	1,097,753	1,318,150	1,316,540
Subtotal-Natural Resources	\$ 38,882,728	\$ 35,465,604	\$ 38,026,485	\$ 37,758,384
Transportation				
Transportation	\$ -	\$ -	\$ -	\$ -
Subtotal-Transportation	\$ -	\$ -	\$ -	\$ -
Total	\$ 3,000,341,114	\$ 2,886,786,641	\$ 2,849,064,369	\$ 2,942,118,704

Expenditures from Federal Grants

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
General Government				
Administration	\$ 80,173,897	\$ 92,734,715	\$ 76,215,134	\$ 79,572,545
Business Regulation	-	-	-	-
Labor and Training	214,366,612	356,968,034	76,870,788	181,957,663
Revenue	2,604,929	2,419,140	2,273,362	2,289,770
Legislature	-	-	-	-
Lieutenant Governor	-	-	-	-
Secretary of State	500,000	408,400	-	100,000
General Treasurer	1,293,540	1,276,605	1,111,550	1,108,180
Board of Elections	250,000	220,581	-	-
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	630,630	35,000	-	-
Human Rights	408,505	313,219	356,689	356,689
Public Utilities Commission	103,600	203,864	296,330	296,330
Commission on Women	-	-	-	-
Subtotal - General Government	\$ 300,331,713	\$ 454,579,558	\$ 157,123,853	\$ 265,681,177
Human Services				
Health and Human Services	\$ 4,484,003	\$ 3,853,419	\$ 2,873,533	\$ 2,873,533
Children, Youth and Families	85,504,945	84,988,948	77,912,449	77,855,163
Elderly Affairs	15,210,364	18,512,017	16,333,157	15,936,066
Health	77,831,370	89,689,148	58,814,531	63,259,111
Human Services	1,288,587,124	1,414,399,126	1,439,002,554	1,556,245,695
MHRH	280,058,238	275,389,826	262,420,126	259,918,758
Child Advocate	41,100	45,894	45,805	45,805
Deaf and Hard of Hearing	-	-	-	-
Commission on Disabilities	174,949	198,329	193,598	193,598
Mental Health Advocate	-	-	-	-
Subtotal - Human Services	\$ 1,751,892,093	\$ 1,887,076,707	\$ 1,857,595,753	\$ 1,976,327,729
Education				
Elementary and Secondary	\$ 278,346,091	\$ 311,039,586	\$ 282,960,896	\$ 239,980,896
Higher Education	20,338,416	19,841,010	14,754,667	15,004,667
Arts Council	855,840	1,195,276	950,990	950,990
Atomic Energy	107,000	322,051	300,159	300,159
HEAA	14,575,320	12,185,920	12,044,337	12,044,337
Historical Preservation	819,367	913,734	835,804	835,804
Public Telecommunications	-	-	-	-
Subtotal - Education	\$ 315,042,034	\$ 345,497,577	\$ 311,846,853	\$ 269,116,853

Expenditures from Federal Grants

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Public Safety				
Attorney General	\$ 1,274,540	\$ 1,986,361	\$ 1,248,830	\$ 1,248,830
Corrections	2,196,668	3,354,329	2,587,994	2,794,860
Judicial	1,445,452	3,585,831	2,361,961	2,326,527
Military Staff	21,941,615	26,309,289	22,640,496	22,150,754
Public Safety	17,227,246	23,578,895	8,932,131	7,131,554
Public Defender	225,898	381,323	430,140	430,140
Subtotal-Public Safety	\$ 44,311,419	\$ 59,196,028	\$ 38,201,552	\$ 36,082,665
Natural Resources				
Environmental Management	\$ 33,680,872	\$ 35,283,320	\$ 35,386,175	\$ 35,386,175
CRMC	1,608,438	6,325,672	1,574,146	2,095,196
Water Resources	-	-	-	-
Subtotal-Natural Resources	\$ 35,289,310	\$ 41,608,992	\$ 36,960,321	\$ 37,481,371
Transportation				
Transportation	\$ 381,348,383	\$ 308,302,952	\$ 315,733,127	\$ 318,808,127
Subtotal-Transportation	\$ 381,348,383	\$ 308,302,952	\$ 315,733,127	\$ 318,808,127
Total	\$ 2,828,214,952	\$ 3,096,261,814	\$ 2,717,461,459	\$ 2,903,497,922

Expenditures from Restricted Receipts

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
General Government				
Administration	\$ 18,938,514	\$ 27,282,120	\$ 16,802,039	\$ 17,140,339
Business Regulation	1,754,811	1,733,898	2,305,025	1,743,383
Labor and Training	25,314,950	22,018,670	17,529,145	17,529,145
Revenue	845,292	5,089,952	824,191	824,191
Legislature	1,556,712	1,503,031	1,575,008	1,575,008
Lieutenant Governor	-	-	-	-
Secretary of State	474,338	496,925	494,567	494,567
General Treasurer	26,740,503	28,829,896	28,973,185	29,420,614
Board of Elections	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	-	1,257,414	1,498,546	1,498,546
Human Rights	-	-	-	-
Public Utilities Commission	7,308,931	7,118,167	7,430,326	7,430,326
Commission on Women	-	-	-	-
Subtotal - General Government	\$ 82,934,051	\$ 95,330,073	\$ 77,432,032	\$ 77,656,119
Human Services				
Health and Human Services	\$ 1,284,790	\$ 860,646	\$ 874,013	\$ 874,013
Children, Youth and Families	2,203,059	2,512,807	2,005,793	2,306,915
Elderly Affairs	392,115	1,094,343	130,840	675,931
Health	24,693,437	25,753,580	25,082,953	25,082,953
Human Services	8,316,413	8,519,601	9,146,201	9,446,201
MHRH	5,203,044	8,690,705	10,055,752	10,688,634
Child Advocate	-	-	-	-
Deaf and Hard of Hearing	-	-	-	-
Commission on Disabilities	10,001	13,559	13,626	13,626
Mental Health Advocate	-	-	-	-
Subtotal - Human Services	\$ 42,102,859	\$ 47,445,241	\$ 47,309,178	\$ 49,088,273
Education				
Elementary and Secondary	\$ 7,501,077	\$ 17,030,683	\$ 23,930,750	\$ 23,930,750
Higher Education	667,543	754,577	690,000	930,000
Arts Council	-	100,000	-	-
Atomic Energy	-	-	-	-
HEAA	-	-	-	-
Historical Preservation	509,037	481,249	479,450	479,450
Public Telecommunications	-	-	-	-
Subtotal - Education	\$ 8,677,657	\$ 18,366,509	\$ 25,100,200	\$ 25,340,200

Expenditures from Restricted Receipts

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Public Safety				
Attorney General	\$ 932,930	\$ 1,340,135	\$ 1,202,659	\$ 1,202,659
Corrections	-	122,837	-	87,134
Judicial	9,807,120	9,614,284	9,592,780	9,628,214
Military Staff	337,449	538,032	352,733	842,475
Public Safety	609,000	1,558,906	377,761	803,106
Public Defender	-	-	-	-
Subtotal-Public Safety	\$ 11,686,499	\$ 13,174,194	\$ 11,525,933	\$ 12,563,588
Natural Resources				
Environmental Management	\$ 15,246,049	\$ 13,950,042	\$ 14,136,916	\$ 14,136,916
CRMC	250,000	250,000	250,000	250,000
Water Resources	-	-	-	-
Subtotal-Natural Resources	\$ 15,496,049	\$ 14,200,042	\$ 14,386,916	\$ 14,386,916
Transportation				
Transportation	\$ 1,500,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Subtotal-Transportation	\$ 1,500,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Total	\$ 162,397,115	\$ 189,516,059	\$ 176,754,259	\$ 180,035,096

Expenditures from Other Funds

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
General Government				
Administration	\$ 73,151,428	\$ 72,598,248	\$ 70,487,302	\$ 78,523,550
Business Regulation	-	-	-	-
Labor and Training	683,684,510	734,983,011	578,225,422	626,954,600
Revenue	200,163,902	205,273,517	199,237,371	197,737,371
Legislature	-	-	-	-
Lieutenant Governor	-	-	-	-
Secretary of State	-	-	-	-
General Treasurer	202,290	214,174	222,984	218,915
Board of Elections	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	-	-	-	-
Human Rights	-	-	-	-
Public Utilities Commission	-	-	-	-
Commission on Women	-	-	-	-
Subtotal - General Government	\$ 957,202,130	\$ 1,013,068,950	\$ 848,173,079	\$ 903,434,436
Human Services				
Health and Human Services	\$ -	\$ -	\$ -	\$ -
Children, Youth and Families	1,219,224	665,819	1,890,000	4,390,000
Elderly Affairs	-	-	-	-
Health	231,412	163,010	95,883	179,841
Human Services	4,525,000	4,410,000	4,285,000	4,285,000
MHRH	11,596,669	7,040,195	10,108,691	12,458,691
Child Advocate	-	-	-	-
Deaf and Hard of Hearing	-	-	-	-
Commission on Disabilities	175,000	190,151	250,000	250,000
Mental Health Advocate	-	-	-	-
Subtotal - Human Services	\$ 17,747,305	\$ 12,469,175	\$ 16,629,574	\$ 21,563,532
Education				
Elementary and Secondary	\$ 6,433,624	\$ 3,813,189	\$ 8,410,986	\$ 8,752,682
Higher Education	692,456,929	710,272,423	753,560,879	758,260,879
Arts Council	435,000	435,000	-	435,000
Atomic Energy	334,769	303,683	316,410	316,410
HEAA	6,750,277	7,062,719	6,521,425	7,021,425
Historical Preservation	-	-	-	-
Public Telecommunications	765,656	614,029	636,750	636,750
Subtotal - Education	\$ 707,176,255	\$ 722,501,043	\$ 769,446,450	\$ 775,423,146

Expenditures from Other Funds

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Public Safety				
Attorney General	\$ 200,000	\$ 606,847	\$ 200,000	\$ 200,000
Corrections	5,768,276	7,133,524	5,970,124	5,970,124
Judicial	825,000	1,386,466	850,000	850,000
Military Staff	1,482,090	2,190,102	362,500	862,500
Public Safety	18,845,329	24,755,461	11,690,420	11,790,420
Public Defender	-	-	-	-
Subtotal-Public Safety	\$ 27,120,695	\$ 36,072,400	\$ 19,073,044	\$ 19,673,044
Natural Resources				
Environmental Management	\$ 6,561,955	\$ 9,428,358	\$ 8,114,291	\$ 9,194,291
CRMC	1,655,509	1,655,509	-	-
Water Resources	103,000	453,978	120,000	120,000
Subtotal-Natural Resources	\$ 8,320,464	\$ 11,537,845	\$ 8,234,291	\$ 9,314,291
Transportation				
Transportation	\$ 106,218,108	\$ 100,075,690	\$ 108,085,639	\$ 109,085,639
Subtotal-Transportation	\$ 106,218,108	\$ 100,075,690	\$ 108,085,639	\$ 109,085,639
Total	\$ 1,823,784,957	\$ 1,895,725,103	\$ 1,769,642,077	\$ 1,838,494,088

Full-Time Equivalent Positions

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
General Government				
Administration	895.6	835.4	699.6	871.6
Business Regulation	91.0	85.5	91.0	90.0
Labor and Training	436.3	514.4	454.0	519.4
Revenue	424.0	413.5	428.0	426.0
Legislature	297.9	288.8	297.9	295.9
Lieutenant Governor	8.0	8.0	8.0	8.0
Secretary of State	57.0	56.5	57.0	57.0
General Treasurer	83.0	79.5	83.0	82.0
Board of Elections	12.0	11.5	12.0	12.0
Rhode Island Ethics Commission	12.0	12.0	12.0	12.0
Governor's Office	43.0	44.0	46.0	45.0
Human Rights	14.5	14.2	14.5	14.5
Public Utilities Commission	44.0	45.5	46.0	46.0
Commission on Women	1.0	1.0	-	-
Subtotal - General Government	2,419.3	2,409.8	2,249.0	2,479.4
Human Services				
Health and Human Services	74.1	52.9	75.6	75.6
Children, Youth and Families	700.0	658.5	700.0	691.0
Elderly Affairs	31.0	29.5	31.0	31.0
Health	414.6	397.4	416.7	410.7
Human Services	954.6	919.7	967.6	963.6
MHRH	1,398.4	1,294.0	1,395.2	1,372.2
Child Advocate	5.7	5.8	5.8	5.8
Deaf and Hard of Hearing	3.0	3.0	3.0	3.0
Commission on Disabilities	4.0	4.0	4.0	4.0
Mental Health Advocate	3.7	3.7	3.7	3.7
Subtotal - Human Services	3,589.1	3,368.5	3,602.6	3,560.6
Education				
Elementary and Secondary	327.4	315.8	342.4	325.4
Higher Education	4,182.1	4,029.9	4,182.1	4,152.1
Arts Council	8.6	8.6	8.6	8.6
Atomic Energy	8.6	8.6	8.6	8.6
Higher Education Assistance Authority	42.6	37.3	42.6	41.6
Historical Preservation	16.6	16.6	16.6	16.6
Public Telecommunications	18.0	16.0	16.0	16.0
Subtotal - Education	4,603.9	4,432.8	4,616.9	4,568.9

Full-Time Equivalent Positions

	FY 2010 Enacted	FY 2010 Final	FY 2011 Recommended	FY 2011 Enacted
Public Safety				
Attorney General	231.1	230.0	231.1	231.1
Corrections	1,423.0	1,402.5	1,423.0	1,419.0
Judicial	729.3	699.7	729.3	723.3
Military Staff	111.0	109.0	112.0	111.0
Public Safety	432.1	418.6	607.1	423.1
Public Defender	91.0	92.0	93.0	93.0
Subtotal-Public Safety	3,017.5	2,951.8	3,195.5	3,000.5
Natural Resources				
Environmental Management	417.0	402.5	414.0	410.0
CRMC	30.0	30.0	30.0	30.0
Water Resources	6.0	6.0	6.0	6.0
Subtotal-Natural Resources	453.0	438.5	450.0	446.0
Transportation				
Transportation	780.2	739.4	780.2	772.2
Subtotal-Transportation	780.2	739.4	780.2	772.2
Total Positions	14,863.0	14,340.8	14,894.2	14,827.6

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