

House Fiscal Advisory Staff

Budget Analysis Fiscal Year 2012



Submitted to the 2011 House of Representatives

House Committee on Finance

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Upon introduction of the annual state budget to the House on behalf of the Governor, the budget shall be referred to the finance committee. Within two (2) weeks following receipt thereof, the finance committee's fiscal advisor shall provide to each member of the House a concise summary of budget issues.

House Resolution adopting Rules of the House
of Representatives for the Years 2011 - 2012

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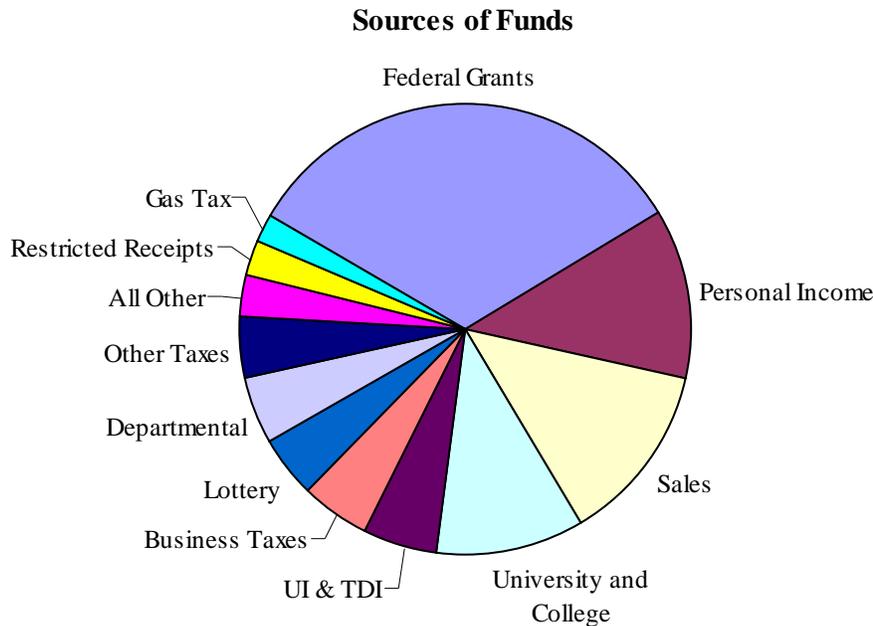
House Fiscal Advisory Staff..... Inside Back Cover

Section I

Budget at a Glance

Governor's FY 2012 Budget at a Glance

On March 8, Governor Chafee released his FY 2012 budget recommendations in a televised address to the General Assembly. His budget recommendations for FY 2012, along with his revisions to the FY 2011 enacted budget, are contained in 2011-H 5894, introduced on March 9, 2011. The Governor signed 2011-H 5269 on February 18 that extended the submission date 35 days to March 10. Supporting documents for his budget were not all published until late March.



Budget Issues

- **FY 2012 Gap.** House Fiscal Staff estimates that in preparing the FY 2012 budget, the Governor faced a projected revenue-expenditure gap of \$300 million, which would grow to about \$400 million by FY 2016. This was somewhat lower than Staff's FY 2011 forecast in the enacted FY 2011, mainly because of revisions at the November 2010 Revenue and Caseload Estimating Conference. The Governor's budget appears to have resolved this gap largely with increased revenues and one-time savings.
- **Budget Assumptions.** His budget follows the traditional Rhode Island budgeting practice of assuming passage of legislation submitted with the budget and approval by requisite federal agencies of changes under their purview. Should any of that legislation not pass, the budget will be significantly unbalanced.
- **Out-Year Projections.** The out-years appear to be significantly unbalanced. The forecast included with the Budget estimates a \$126.0 million gap for FY 2013, 3.9 percent of useable revenues, that grows to \$411.4 million in FY 2016, 12.0 percent of useable revenues. The FY 2013 gap is largely due to the use of one-time items in the resolution of the current budget gap and the phase in of the business tax reductions and transportation funding increases. That amount more than triples largely because expenditure growth rates outpace the revenue growth projections. It should be noted that an inadvertent miscalculation of personnel costs understates the out year deficits by an average of \$35.9 million. Correcting for this, the Budget Office would show average deficits of \$294.0 million including \$480.0 million for FY 2016.

- **Rainy Day Fund Repayment.** The Budget further delays the \$22.0 million repayment of 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. Governor Carcieri proposed legislation last year to delay the repayment to FY 2012; the Assembly allowed for a one year delay and appropriated funds for repayment in FY 2011. Governor Chafee would delay that to FY 2013.

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

Business Taxes

The Governor’s budget includes four separate proposals relating to taxes on businesses that have a combined impact of a \$0.9 million revenue loss in FY 2012 growing to \$14.5 million in FY 2016. These are summarized in the table below and described separately in the paragraphs that follow.

Business Tax Proposal	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Corp. Income Tax Rate Reduction	\$(8,525,365)	\$(20,005,564)	\$ (33,967,968)	\$ (35,345,444)	\$ (36,466,135)
Jobs Development Act Phase-out	4,845,502	9,345,814	15,367,882	15,991,083	16,498,109
Corp. Minimum Tax Restructure	(6,117,310)	(6,166,843)	(6,241,142)	(6,290,675)	(6,364,975)
Combined Reporting	8,891,640	9,993,357	10,955,116	11,399,371	11,760,808
Total Impact	\$ (905,533)	\$ (6,833,236)	\$ (13,886,112)	\$ (14,245,665)	\$ (14,572,193)

- **Corporate Income Tax Rate Reduction Phase-In.** The Budget proposes to decrease the Corporate Income Tax rate from 9.0 percent by 0.5 percent per year until reaching 7.5 percent for tax year 2014. The Budget assumes a revenue loss of \$8.5 million in FY 2012, \$20.0 million in FY 2013, \$34.0 million in FY 2014, \$35.3 million in FY 2015 and \$36.5 million in FY 2016.

- **Jobs Development Act Phase-Out.** The Budget assumes \$4.8 million in revenues from phasing out the elimination of the Jobs Development Act rate reduction beginning in tax year 2012 by one-third. The Jobs Development Act provides for rate reductions of one quarter of one percent (0.25 percent) for each 50 new jobs created by eligible companies for three years past the base year. The reduction cannot be more than six percent.

- **Corporate Minimum Tax Restructure.** The Budget proposes to restructure the Corporate Minimum Tax to subject limited partnerships and limited liability partnerships to the Corporate Minimum Tax. The Governor proposes to replace the corporate minimum and minimum franchise taxes with a tiered system. Businesses would be taxed based on their Rhode Island gross receipts. The maximum amount of tax paid would be \$2,000 for a business with gross receipts of \$5.0 million or more. The Budget assumes a revenue loss of \$6.1 million in FY 2012.

- **Combined Reporting.** The Budget includes \$8.9 million in revenues from requiring business corporation tax filers to file as a “unitary business” or single enterprise, commonly referred to as combined reporting, effective January 1, 2012.

Sales Taxes

- **Sales and Use Tax from 7.0 Percent to 6.0 Percent.** The Budget proposes to decrease the current 7.0 percent sales and use tax on items currently taxed to 6.0 percent and assumes a revenue loss of \$117.7

million. Separate proposals to extend the 6.0 percent tax to additional items and institute a new 1.0 percent tax on other currently exempt items generates \$282.6 million in new revenues to offset this reduction with the impact of all proposals adding \$164.9 million in new revenues.

- **Expansion of Sales Tax Base.** The Budget includes \$197.6 million from the imposition of a 6.0 percent sales and use tax on certain services that were previously exempt from the sales tax. Some of the services included are theater and museum admissions, car washes, veterinary services, repairs, laundry and dry cleaning and hair cuts. It includes \$0.9 million from the disallowance of a sales tax exemption towards the purchase of a car as a trade-in allowance on the value of a stolen or totaled vehicle. It also includes \$0.8 million from the imposition of a 6.0 percent sales and use tax on medical marijuana. The table below summarizes the general categories and impacts.

Sales Tax Base Modernization at 6.0 Percent	Estimated Revenue
Goods	
Prewritten Computer Software delivered Electronically	\$ 7,578,075
Non-Prescription Drugs including Medical Marijuana	9,314,223
All Other Goods	5,109,741
Services	
Building services, incl. Landscaping, House Cleaning & Pest Control	23,336,753
Employment Agencies	19,083,406
Personal Care Services (Salons)	18,117,434
Business Support Services	9,473,322
Facilities Support Services	8,524,376
Taxicabs, Scenic and Sightseeing Transportation	9,276,683
Moving, Storage, incl. Warehouse, & Freight Services	8,247,240
Garbage Collection, including Remediation Services	6,729,745
All Other Services	19,780,181
Recreation and Entertainment	
Amusement Parks, Campgrounds	9,965,763
Membership Clubs	4,388,153
All Other Recreation and Entertainment	6,445,646
Labor on Maintenance and Repairs	
Motor Vehicles, including Car Washes	18,231,874
All Other Labor on Maintenance and Repairs	8,884,166
All Other	5,107,454
Total	\$ 197,594,235

- **Meals and Beverage and Hotels.** The Governor’s budget assumes taxpayers would not see a change to the amount of total taxes paid on hotel and meals and beverages. The 1.0 percent difference as a result of lowering the general sales tax, estimated to be \$21.3 million, will still be collected but go into separate restricted funds to support two new initiatives. The revenue from 1.0 percent on meals and beverages would be used to encourage municipalities to address unfunded liabilities for pensions and other post employment benefits. Revenues from the 1.0 percent on hotels would be used for tourism related improvements.

- **1.0 Percent Sales Tax on Certain Items Currently Exempt.** The Budget includes \$85.0 million in revenues from the imposition of a 1.0 percent sales and use tax on certain exempt items, such as clothing, aircraft and boats and for purchases made by nonprofit entities. It also includes a revenue loss of \$1.8 million for noncompliance with the Streamlined Sales and Use Tax Agreement which allows the state to

receive payments from certain internet sellers not otherwise obligated to collect sales taxes. The Governor proposes that this expansion be repealed upon passage of federal legislation requiring remote sellers to collect sales tax on behalf of states that impose such taxes.

Sales Tax Base Expansion at 1.0 Percent	Estimated Revenue
Purchases Used for Manufacturing Purposes	\$ 38,882,322
Sales to Charitable, Educational or Religious Organizations	10,600,111
Clothing and Footwear	6,656,864
Precious Metal Bullion	3,304,052
Manufacturers' Machinery and Equipment	2,769,835
Agricultural Products for Human Consumption	2,593,582
Trade-In Value of Boats & Private Passenger Autos	2,496,123
Heating Fuels in Homes and Residential Premises	2,168,789
All Other	17,368,784
<i>Subtotal</i>	\$ 86,840,462
Noncompliance with Streamlined Sales Tax Agreement	\$ (1,840,011)
Total from 1.0 Percent Tax	\$ 85,000,451

Other Taxes and Fees

- ***Motion Picture Tax Credit Elimination.*** The Governor recommends the elimination of the Motion Picture Tax Credit and assumes increased revenues of \$1.6 million. Effective July 1, 2011, no new credits can be issued unless an initial certification had already been granted.
- ***Compassion Center 4.0 Percent Surcharge.*** The Budget assumes \$0.6 million in new revenues from a 4.0 percent surcharge on net patient revenues of three compassion centers to be selected in March. These centers have since been selected.
- ***Hospital Licensing Fee.*** The Governor’s budget includes \$141.8 million from general revenues, consistent with the enacted level, from extending the hospital licensing fee into FY 2012. The licensing fee appears annually in the Appropriations Act.
- ***Veterans’ Home Resident Assessment.*** The Governor’s budget assumes revenues of \$0.8 million from the state increasing the monthly fee assessed to residents of the Veterans’ Home from 80 percent to 100 percent of countable income. The resident will continue to retain a portion of any monthly payments received up to \$150 plus other allowable disregards, and the state will retain the balance. The state will deposit 80 percent into the General Fund and the remaining 20 percent will be deposited into the Department of Veterans’ Affairs’ restricted receipt account to be used for activities and operations at the Home.
- ***Telecommunications Education Access Fund.*** The Governor recommends legislation to reduce the assessment for the Telecommunications Education Access Fund from \$0.26 to \$0.15 per line effective July 1, 2011 and expand it to include wireless lines. This is expected to generate an additional \$0.7 million in revenue in FY 2012 to substitute for the current state support. It should be noted that, although the wireless customers are not currently charged for this expense, they do pay a different \$0.26 charge that goes to general revenues. It had initially been imposed to support geo-coding the state for 911 calls. This proposal was submitted by Governor Carcieri as part of his FY 2010 revised budget but was not enacted by the Assembly.

- **Beach Parking Fees.** The Governor recommends increasing the daily and annual parking fees at state beaches, with the total value of the increase accruing to the state. The FY 2012 Budget includes an additional \$1.9 million generated by raising the fees for residents and non-residents, including senior citizens. These fees were last increased in April 2002. The table below summarizes the changes.

	Current	Proposed
<i>Season Pass</i>		
Resident	\$ 30.00	\$ 60.00
Senior Resident	\$ 15.00	\$ 30.00
Non-Resident	\$ 60.00	\$ 120.00
Senior Non-Resident	\$ 30.00	\$ 60.00
<i>Daily Parking - Weekday</i>		
Resident	\$ 6.00	\$ 10.00
Senior Resident	\$ 3.00	\$ 5.00
Non-Resident	\$ 12.00	\$ 20.00
Senior Non-Resident	\$ 6.00	\$ 10.00
<i>Daily Parking - Weekend</i>		
Resident	\$ 7.00	\$ 15.00
Senior Resident	\$ 3.50	\$ 7.00
Non-Resident	\$ 14.00	\$ 25.00
Senior Non-Resident	\$ 7.00	\$ 12.00

- **Securities Sales Representative License Fee.** The Budget includes \$1.2 million in additional revenues in FY 2012 from increasing the licensing fee for a securities sales representative from \$60 to \$75. The Department of Business Regulation annually licenses approximately 79,000 securities sales representatives from across the country.
- **Federally Covered Adviser License Fee.** The Budget includes \$41,000 in additional revenues in FY 2012 from increasing the licensing fee for a federally covered adviser from \$250 to \$300. The Department of Business Regulation licenses approximately 820 federally covered advisers annually.
- **Estate Filing Fee.** The Budget includes \$108,915 in revenues from increasing the estate filing fee from \$25 to \$50.
- **Fire Code Inspection Fee.** The Budget adds \$40,000 from increasing the fire code inspection fee from \$100 to \$125 in FY 2012.
- **DMV Check Return Fee.** The Budget includes \$18,720 in revenues from the assessment of a \$25 fee on returned checks.
- **DMV Driving Records Abstracts.** The Budget includes \$3.0 million in revenues from requiring insurance companies to use driving record abstracts at least every three years for rating and underwriting policies. The cost to obtain the record is \$17.50, including the \$1.50 technology surcharge. There is an additional convenience fee if records are obtained online.
- **Background Check Fee.** The Budget includes \$110,000 in revenues from instituting fees for background checks on adults who wish to care for a child.
- **Motor Vehicles Registration, Licenses and Fees to Transportation.** The Budget assumes a five year phase-in of a plan to dedicate all motor vehicles registration, licenses and fees currently used as general

revenues for transportation uses. The loss to general revenues would be \$12.0 million in FY 2012, \$24.4 million in FY 2013, \$37.2 million in FY 2014, \$50.5 million in FY 2015 and \$64.2 million in FY 2016.

Enhanced Collections

- ***Tax Delinquents Postings.*** The Division of Taxation currently posts a list of the top 100 tax delinquents. The FY 2012 Budget assumes \$1.8 million in revenues by dividing the list into the top 100 individuals and the top 100 businesses who are delinquent in paying taxes.
- ***Lottery Winnings Setoff for Taxes Owed.*** The FY 2012 Budget assumes \$141,457 in revenues from garnishing lottery winnings over \$600 when unpaid state taxes are owed. There are currently two other setoffs; child support and benefit overpayments from the Department of Labor and Training.
- ***Department Revenues Set off Tax Refund Offset.*** The Budget includes \$0.2 million in FY 2012 from the Department of Corrections revenues based on the Governor's proposal to allow the Division of Taxation to offset tax refunds owed. Currently, the Department has outstanding debts of \$3.8 million for home confinement, probation, parole and electronic monitoring.

Other Revenues

- ***Resource Recovery Transfer.*** The Governor proposes to transfer \$3.5 million from insurance settlement proceeds from the Rhode Island Resource Recovery Corporation to state general revenues in FY 2012. The Corporation was last required to make a transfer of \$7.5 million in FY 2009. It spread the payment over two years, including \$4.5 million in FY 2009 and \$3.0 million in FY 2010.

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

- ***Central Falls Stabilization Payment.*** The Governor recommends \$1.8 million in FY 2011 and \$4.9 million in FY 2012 to eliminate the projected deficits for Central Falls.
- ***Central Falls Receivership.*** The Budget includes general revenue expenditures of \$0.9 million in both FY 2011 and FY 2012 for various costs, primarily for legal services pertaining to the non-judicial receivership for Central Falls, as the constitutionality of the "Providing Financial Stability Act" is being questioned.
- ***Distressed Communities Relief Fund.*** The Governor provides \$15.6 million, an additional \$5.2 million for the Distressed Communities Relief Fund for the FY 2011 revised budget but reverts to the enacted level of \$10.4 million in FY 2012. In order to receive the additional funding, communities must provide a five-year budget forecast to the Division of Municipal Finance by June 30, 2011. The forecast must include a scenario reflecting pensions and other post-employment benefits obligations at 100 percent of the annual required contribution for both general and unrestricted school funds.

Communities' FY 2012 aid distribution is based on updated qualifying tax levies. Updated data shows that North Providence qualifies for distressed aid in FY 2012 and Burrillville no longer qualifies. Communities entering and exiting the program receive 50.0 percent of what would otherwise be full funding under the formula.

- ***Municipal Accountability, Stability and Transparency Fund.*** The Governor proposes the establishment of the Municipal Accountability, Stability and Transparency Fund to encourage municipalities to address unfunded liabilities for pensions and other post employment benefits. He

estimates \$19.3 million will be available from a 1.0 percent sales tax on meals and beverages; with the rollback of the regular sales tax rate, the total tax on meals and beverages would be unchanged from the current level. The funds will be distributed based on per capita income and local tax burdens using FY 2009 data from the General Revenue Sharing program.

Municipalities must meet set criteria in order to be eligible to receive funding. In FY 2012, all municipalities must provide a five-year forecast to the Division of Municipal Finance including options for fully funding annually required post employment benefit liabilities, provide fiscal impact statements for changes in health care plans, submit financial data on time, join the Municipal Uniform Chart of Accounts and fulfill other requirements. By FY 2014, municipalities not in compliance will receive a decrease in the state's contribution towards the employer cost of teacher retirement expenses.

- ***Municipal Pension Study.*** The Budget includes \$250,000 from general revenues for a study of municipal pensions.
- ***Payment in Lieu of Taxes Program.*** The Budgets include \$27.6 million in FY 2011 and FY 2012 to level fund the Payment in Lieu of Taxes program at the FY 2011 enacted level. This program reimburses cities and towns for property taxes that would have been due on real property owned by nonprofit educational institutions, nonprofit hospitals, or any state-owned hospital, veterans' residential facility or correctional facility, which is exempt from taxation by state law. Reimbursement is 27.0 percent of the forgone tax, subject to appropriation. Distributions to communities reflect updated data and a ratable reduction to the appropriation.
- ***Motor Vehicles Excise Tax.*** The FY 2011 and FY 2012 budgets level fund the Motor Vehicles Excise Tax program at the enacted amount of \$10.0 million. The 2010 Assembly enacted legislation mandating a \$500 exemption for which the state will reimburse municipalities an amount subject to appropriation. The legislation allows municipalities to provide an additional exemption; however, that additional exemption will not be subject to reimbursement.
- ***Library Resource Sharing Aid.*** The Governor recommends \$8.8 million in both FY 2011 and FY 2012 to level fund library operating aid at the FY 2011 enacted level. The recommendation for FY 2012 is \$1.3 million or 12.7 percent less than allowed under current law, which requires 25.0 percent reimbursement of second prior year expenditures. His distributions reflect data that are a year old. Therefore, the distribution is subject to change upon available data and will be ratably reduced to the appropriation.
- ***Library Construction Aid.*** The Governor provides the enacted amount of \$2.5 million for library construction aid in FY 2011 and \$2.8 million in FY 2012. The recommendation reflects current funding requirements for both years 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.
- ***Property Valuation Reimbursement.*** The Governor provides full funding of \$0.8 million in FY 2011 and \$1.1 million in FY 2012 to reimburse communities conducting property valuation updates.
- ***Airport Impact Aid.*** The Governor provides the enacted level of \$1.0 million in both FY 2011 and FY 2012 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.

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

- **Funding Formula.** The Governor funds the first year of the education funding formula adopted by the 2010 Assembly. The calculation for FY 2012 uses June 30, 2010 student enrollment data adjusted for FY 2012 projected charter school enrollments, a per pupil core instruction amount of \$8,333 and census data released in December 2010. It assumes that districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years. Supporting documents note that the aid amounts are subject to further revision in the coming months.
- **FY 2012 Formula Education Aid.** The Governor recommends \$714.5 million for school formula aid for school districts including Central Falls, the Metropolitan Career and Technical School, Davies Career and Technical School and charter schools pursuant to the new funding formula. This is \$16.3 million more than enacted and includes \$32.0 million from federal education jobs funds that districts will receive for use in FY 2011 and FY 2012 in lieu of general revenues.
- **Education Jobs Funds.** The Governor's budget uses \$32.0 million from federal education jobs funds that districts will receive for use in FY 2011 and FY 2012 in lieu of general revenues for FY 2012 school formula aid.
- **Regionalization Bonus.** The new education funding formula allows for additional funding from the state for a limited two-year bonus for regionalized districts. The Governor recommends \$0.9 million to fund this.
- **Transportation.** The new education funding formula allows for additional funding from the state to districts for transportation costs. The Governor recommends \$1.1 million for FY 2012. The state will provide funding to mitigate the excess costs associated with transporting students to out-of-district non-public schools and within regional school districts.
- **School Construction Aid.** The Governor recommends \$72.5 million to fund projected costs of school housing aid to local districts for FY 2012, which is \$4.5 million more than the FY 2011 entitlement. Aid is based on wealth with minimum reimbursements of either 30.0 or 35.0 percent of approved costs for FY 2012. The new funding formula legislation includes a two-year phased increase in the state's minimum housing aid participation to provide that no local district receives less than a 40.0 percent state reimbursement by FY 2013 for projects completed after June 30, 2010. The minimum had been 30.0 percent.
- **Charter School Construction Aid.** The Governor proposes legislation to set the state reimbursement for charter school construction projects at the average share ratio of the sending districts. Unless sponsored by a school district, charter schools are currently eligible for a 30.0 percent reimbursement. There is no impact on the FY 2012 budget and the supporting documents do not estimate the impact of this change on future budgets.
- **Group Home Aid.** The Governor's budget reflects group home aid consistent with current law that requires that aid be paid for all beds opened as of December 31, 2010. The FY 2012 budget is \$255,000 less than the FY 2011 enacted budget.
- **Textbook Reimbursement.** The Governor recommends eliminating funding for reimbursements allowed under the textbook loan program for FY 2012; the enacted budget includes \$240,000. The state

reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12th grade.

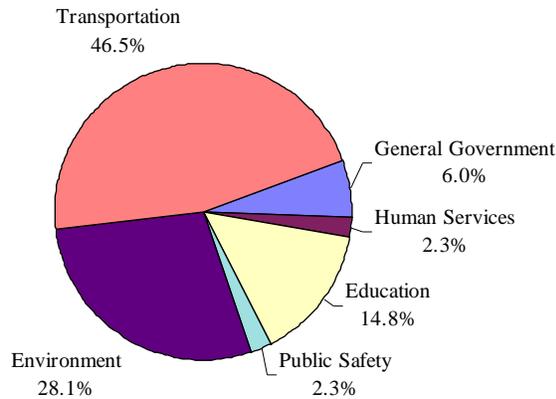
- ***FY 2011 Education Aid.*** Based on the final allocation of fiscal stabilization funds between elementary and secondary education and higher education, there is \$0.7 million less available for distribution to school districts for FY 2011. The Governor's budget reduces FY 2011 education aid to each district in proportion to the amounts allocated to reflect this change.
- ***Education Costs for Adjudicated Youth.*** The Governor's budget shifts \$2.1 million of general revenue expenditures to local cities and towns by requiring them to pay for the education of juveniles at the training school, Camp E-Hun-Tee, and Ocean Tides. The education aid formula does not appear to account for these students.

Housing and Economic Development

- ***Neighborhood Opportunities Program.*** The Governor's FY 2012 budget removes the \$1.5 million from Rhode Island Capital Plan funds in the enacted budget and requires that the Rhode Island Housing and Mortgage Finance Corporation fund the program at that level. The Housing Resource Commission administers the program, which currently provides operating subsidies to affordable housing projects. In prior years, the funds were used for the development costs of housing units.
- ***Housing Resource Grant.*** The Governor recommends \$2.1 million for the Housing Resource Commission grant in FY 2011 and FY 2012 for emergency shelter grants and for the lead hazard reduction program.
- ***Tourism Asset Protection Fund.*** The Governor recommends establishing a Tourism Asset Protection Fund for tourism related improvements. The Fund is supported by the retention of a 1.0 percent sales tax on the rental of rooms and lodging; with the proposed rollback of the regular sales tax rate, the total sales tax would be unchanged from the current level. Use of the funds is at the discretion of the Department of Administration and the FY 2012 budget assumes they will be used for the restoration of Fort Adams.
- ***Economic Development Corporation - Operations.*** The Budget reflects a 13.0 percent or \$0.6 million reduction from the \$4.6 million enacted from general revenues to support general operations of the Economic Development Corporation.
- ***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 (EPSCoR).*** The Budget includes the enacted level of \$1.5 million for participation in the National Science Foundation's Experimental Program to Stimulate Competitive Research.
- ***Convention Center Authority.*** The Budget includes \$23.1 million for the Convention Center Authority to cover debt service requirements.

Capital (See Section IV: Capital Budget)

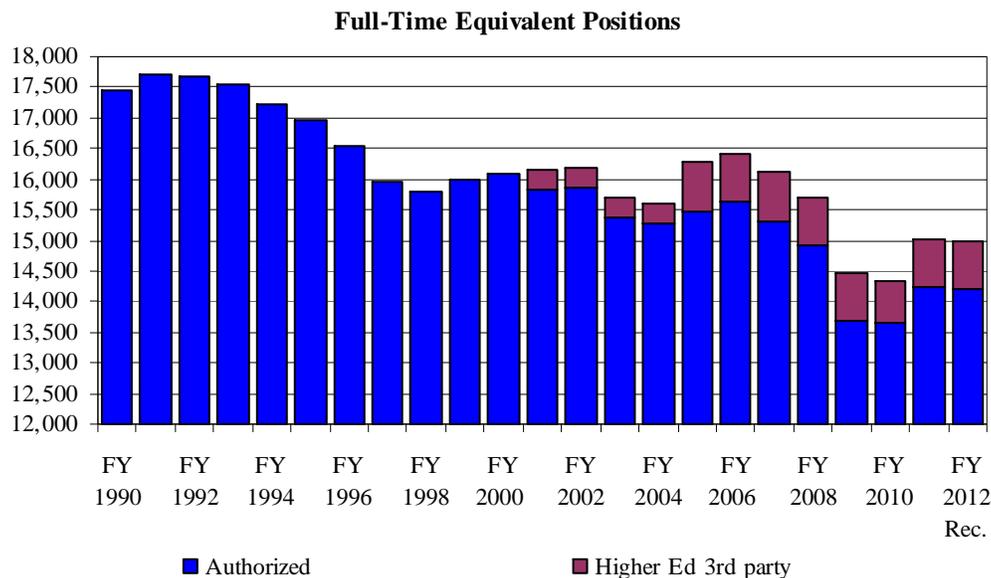
FY 2012 - FY 2016 Capital Projects by Function



- **Outlays and Funding.** The FY 2012 through FY 2016 recommended plan includes \$3,259.8 million of outlays on \$8,657.0 million of project estimates. Average outlays would be \$652.0 million per year for the five-year period with \$822.2 million required at the end of the period to complete the projects.
- **General Obligation Bonds Referenda.** Financing the plan is based on \$447.9 million of general obligation bond debt issuances, including \$163.3 million from new general obligation bond referenda to be presented to the voters in November 2012.
- **Other Debt Approvals.** The plan also requires \$72.8 million to be approved by the 2011 Assembly under the Public Debt Management Act, all of which would be used by the University of Rhode Island.
- **Financing.** Paying for the five-year outlays includes \$900.7 million from debt financing and \$2,359.0 million from current or pay-go sources. Pay-go represents 72.4 percent with debt funding being 27.6 percent.
- **Debt Levels.** Total net tax supported debt decreases by \$37.7 million from the \$1,883.9 million reported for the end of FY 2010 during the period through FY 2016 to \$1,846.2 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.
- **Debt Ratios.** Net tax supported debt would decrease from 4.3 percent of personal income reported for FY 2010 to 4.5 percent in FY 2011 before dropping gradually back to 3.4 percent in FY 2016 assuming that the capital budget is not increased. However, as with debt levels, past practice indicates it is likely to be higher than projected.
- **Debt Service.** Debt service in the recommended capital budget would increase from 7.1 percent of useable general revenues in FY 2011 to 7.5 percent in FY 2016.

- **Rhode Island Capital Plan Funds.** The capital budget proposes the use of \$48.3 million for technology upgrades. This is a significant departure from current practice, which limits these funds for use on a physical asset.
- **Integrated Tax System.** The Capital Budget includes \$25.0 million from Rhode Island Capital Plan funds, with use of \$5.0 million each year beginning in FY 2013 to create an integrated tax system, which would store all taxpayer information in one centralized computer system. The system 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.
- **Technology Initiatives.** The Governor's capital budget includes \$14.5 million Rhode Island Capital Plan funds for technology initiatives, including \$2.5 million in FY 2013.
- **Financial Accounting Network System Implementation.** The Governor's capital budget includes a total of \$11.5 million from Rhode Island Capital Plan funds, including \$2.5 million in FY 2012. The Department indicates that the implementation of these modules would increase efficiencies across state agencies and provide for improved reporting for reimbursements.
- **Corporate Tax Model.** The Budget includes \$125,000 from Rhode Island Capital Plan funds in FY 2012 for the purchase of the Corporate Tax Model.

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



- **Staffing.** The Governor recommends 14,990.6 full-time equivalent positions, including 785.0 higher education positions supported by research or other third-party funds. The recommendation is 163.0 positions more than enacted, primarily from the addition of 82.5 teaching and student support positions at Rhode Island College and the Community College of Rhode Island and 129.0 additional positions in the Human Service and Education agencies, including 90.0 new federally funded positions and 39.0 new positions at the Department of Veterans' Affairs. These increases are offset by the elimination of positions funded through the American Recovery and Reinvestment Act and the elimination of vacant positions in the Department of Children, Youth and Families. As of February 26, 2011 there were 13,771.7 positions filled, leaving 844.7 non-research

vacancies. In FY 2010, the state averaged 13,588.5 filled positions reflecting an average of 647.5 non-research vacancies.

- ***Employee Pension Contributions.*** The Governor proposes that effective July 1, 2011, all state employees and teachers contribute 11.75 percent towards pension benefits. State employees currently contribute 8.75 percent and teachers contribute 9.5 percent and those rates are set in statute. The additional funds, estimated to be \$40.8 million, will be used to pay down the unfunded liability in the system. There would be no reduction in the employer share, and the budget assumes no savings from this proposal.
- ***Statewide Savings.*** The Budget includes unidentified statewide personnel and operating savings of \$20.7 million from nearly all agencies. Similar savings totaling \$3.7 million are included in the FY 2011 revised budget.
- ***Unemployment Insurance Benefits.*** The Governor's budget includes \$590.8 million for the payment of unemployment insurance benefits in FY 2011, including \$95.9 million from federal stimulus funds and \$494.9 million from the Employment Security Trust Fund. He also includes \$224.8 million in FY 2012, entirely from the Trust Fund, reflecting the expiration of stimulus funds and anticipation of more claimants exhausting their benefits.
- ***Unemployment Insurance Loan Interest Payment.*** The Governor's budget includes \$10.0 million from the 0.3 percent increase to the Job Development Fund assessment on employers for the interest payment on the state's outstanding federal unemployment insurance loans. The state was able to borrow interest free through January 1, 2011 and the required interest payment, due in November 2011, is based upon interest accrued from January 1 through September 30, 2011. The state has borrowed \$244.0 million through March 16, 2011 and the Department of Labor and Training estimates the required interest payment will be about \$10 million.
- ***Employment Security Trust Fund.*** The Governor's budget includes Article 4 to make changes to the state's unemployment insurance system to progressively increase the balance of the Trust Fund over the next four years. He proposes changes beginning January 1, 2012 with incremental changes each year through FY 2015. The FY 2012 budget assumes additional revenues of \$15.4 million into the Trust Fund from two changes increasing the taxable wage base for savings of \$7.1 million and six changes to benefits and eligibility for savings of \$8.3 million.
- ***Historic Tax Credit Trust Fund Debt Service.*** The Budget includes \$22.6 million from general revenues to fund debt service for historic tax credits. This is \$14.4 million less than the \$37.0 million current service estimate, but the higher level would likely be needed in FY 2013 and beyond.
- ***Contingency Fund.*** The Budget includes the enacted amount of \$250,000 from the contingency fund.
- ***State Leases.*** The Budget eliminates the requirement that departments obtain legislative approval before entering into a long-term lease agreement, five years or more or lease agreements that are more than \$0.5 million.
- ***Matching Public Funds.*** The Governor's FY 2011 revised budget for the Board of Elections includes \$0.4 million less from general revenues for Matching Public Funds for the November 2010 general election and related audit fees due to lower than anticipated candidate requests.

Health and Human Services

- ***Enhanced Medicaid Rate Expiration.*** The Governor’s FY 2012 budget backfills the loss of \$215.1 million in federal funds from the June 30, 2011 expiration of the enhanced Medicaid match included in the American Recovery and Reinvestment Act.
- ***Cash Assistance and Medical Benefits Caseload.*** The Governor’s budget adds \$57.7 million, including \$193.2 million from general revenues for updated cash assistance and medical benefit costs adopted at the November Caseload Estimating Conference. This includes \$161.2 million that will be needed from general revenues for the return to the regular Medicaid rate July 1, 2011. He includes \$55.9 million more for medical benefits and \$1.7 million more for cash assistance program expenses.
- ***Hospital Payments.*** The Governor’s FY 2012 budget does not continue to include the community hospital’s outpatient upper payment limit reimbursement.
- ***Hospital Rates in Managed Care.*** The Governor’s budget limits any increases in rates paid to the community hospitals for inpatient and outpatient services through the state’s managed care plans, beginning January 1, 2012, to indexes published by the Centers for Medicare and Medicaid Services.
- ***Nursing Home Rate Reduction.*** The Governor’s budget includes a five percent reduction to the rate paid to nursing homes beginning October 1, 2011 for savings of \$12.8 million, including \$6.1 million from general revenues. He also revises the nursing home principles of reimbursement.
- ***Pharmaceutical Assistance.*** The Governor recommends eliminating the Pharmaceutical Assistance to the Elderly program, which provides assistance to Medicare Part D recipients who have reached the “donut hole” and social security disability insurance recipients prior to Medicare Part D eligibility. Federal healthcare reform eliminates the “donut hole” by 2020. The Governor includes \$0.3 million from federal Older Americans Act funds to remodel the state program and provide assistance to certain needy elders.
- ***Older Americans Act Grant.*** The Governor’s budget includes general revenue savings of \$0.7 million from shifting eligible expenses to available federal funds.
- ***Money Follows the Person Federal Grant.*** The Governor’s budget shifts \$2.5 million of general revenue home and community care expenses to the new federally funded money follows the person grant in the Department of Human Services’ budget. The five-year, \$24.6 million grant allows the state to avoid having individuals remain in long term facilities by using community based services instead.
- ***Non-Emergency Medical Transportation.*** The Governor’s budget includes general revenue savings of \$0.7 million in FY 2011 and \$2.2 million in FY 2012 by reducing the mileage paid for wheelchair van transportation from \$1.75 to \$0.51 per mile, implementing a flat rate of \$22 per trip for non-wheelchair van transportation, and recognizing mileage for non-wheelchair van transportation for out-of-state trips only. The changes went into effect February 1, 2011.
- ***Community Health Centers.*** The Governor’s budget continues the \$1.2 million payment to support the community health centers that was included in the enacted budget.
- ***Children’s Health Account.*** The Governor’s budget increases the annual assessment on insurers for certain home and community based treatment services from \$6,000 to \$7,500 and further defines the services to be assessed for general revenue savings of \$4.2 million.

- ***Selective Contracting for Home Health Services.*** The Governor's budget utilizes selective contracting for personal care attendant and homemaker services and assumes savings of \$0.4 million, including \$0.2 million from general revenues.
- ***State Only Acute Care Hospital Payments.*** The Governor's budget does not provide any state only funding to the community hospitals in FY 2012.
- ***Early Intervention.*** The Governor's budget shifts early intervention program costs to available federal funds for general revenue savings of \$0.7 million in FY 2011 and \$0.5 million in FY 2012.
- ***Rhode Island Works Grant and Administration Funding.*** The Governor's budget shifts Rhode Island Works program expenses to available federal temporary assistance to needy families block grant funds for savings of \$1.6 million in FY 2012.
- ***Department of Veterans' Affairs.*** The Governor's budget includes a new Department of Veterans' Affairs under the umbrella of the Executive Office of Health and Human Services.
- ***Veterans' Home Resident Assessment.*** The Governor's budget adds \$0.2 million from restricted receipts from increasing the monthly fee assessed to veterans residing in the Veterans' Home from 80 percent to 100 percent of their countable income. The resident will continue to retain a portion of any monthly payments received up to \$150 plus allowable disregards. The state will retain the balance and deposit 20 percent into the Department of Veterans' Affairs restricted receipt account to be used for activities and operations at the Home.
- ***Veterans' Home Census.*** The Governor proposes to increase the census to 245 residents to either reduce or eliminate the waiting list in FY 2013. He adds 35.0 new positions in the last four months of FY 2012 in anticipation of the increased census.
- ***Medical Examiner's Office.*** The Governor's budget proposes to restrict circumstances under which an autopsy must be performed by the Medical Examiner's Office and includes general revenue savings of \$0.4 million.
- ***HIV/AIDS.*** The Governor's budget includes \$1.3 million more than enacted from general revenues to provide total funding of \$11.4 million for HIV/AIDS drugs and supportive services.
- ***Health Services Council.*** The Governor's budget eliminates the Health Services Council in the Department of Health that, for a fee, reviews and approves initial health care facility licensure, new medical services and equipment and any changes in ownership or control of any health care facility. He includes savings of \$0.4 million; there is also a corresponding loss of revenue.
- ***Tobacco Cessation.*** Excluding salary and benefit expenses, the Governor's revised budget adds \$0.2 million more than enacted from general revenues for the promotion of tobacco cessation programs.
- ***Developmental Disabilities Services.*** The Governor's budget assumes a continued restructuring of rates paid for community based services provided to adults with developmental disabilities and that the services provided meet the individual's needs. He assumes savings of \$4.6 million, including \$2.2 million from general revenues.
- ***Developmental Disabilities Group Home Consolidation.*** The Governor's budget consolidates six state-run group homes affecting approximately 30 individuals for savings of \$1.7 million, \$0.8 million from general revenues. The homes have not yet been identified.

- ***Health Care Reform: Community Mental Health Treatment Services.*** The Governor's budget takes advantage of opportunities under federal health care reform and includes general revenue savings of \$12.7 million from providing mental health treatment services through a new health home model. The federal government will pay 90 percent of the costs of Medicaid funded services for two years.
- ***Health Care Reform: CEDARR Services.*** The Governor's budget includes general revenue savings of \$1.3 million in the Department of Human Services' budget from the state taking advantage of opportunities under federal health care reform. He proposes to provide home and community based treatment services to disabled children through a new health home model with the federal government paying 90 percent of the costs of Medicaid funded services for two years.
- ***Community Medication Assistance Program.*** The Governor's budget limits access to the community medication assistance program that provides medications to behavioral health clients assuming savings of \$1.2 million, including \$0.6 million from general revenues. He includes updated eligibility criteria for new clients, redefines eligibility for existing clients and institutes a prior authorization process and other pharmaceutical restrictions.
- ***Substance Abuse Detoxification Services.*** The Governor's budget reduces the state's contract with Stanley Street Treatment and Resources (SSTAR) to provide substance abuse treatment services to the uninsured by \$1.0 million.
- ***Adolescent Substance Abuse Treatment Services.*** The Governor's budget includes general revenue savings of \$0.9 million from the state being the payor of last resort for adolescent substance abuse treatment services and requiring providers to first bill third party payors. He includes \$0.2 million to continue to provide services to uninsured or underinsured individuals through the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.
- ***DCYF Caseload.*** The Governor's budget includes general revenue savings of \$14.6 million in the child welfare and behavioral health programs by reducing residential placements. Initiatives include moving children from residential placements within 60 days, increasing community based supports, and implementing Phase II of the System of Care Transformation.
- ***Training School - Girls Facility.*** The Governor's budget includes general revenue savings of \$1.5 million from the consolidation of the girl's training school into the existing boy's facility. The savings are based on the elimination of 15.0 full-time equivalent positions and reduced overtime expenses.
- ***National Standards for Child Abuse.*** The Governor's budget includes general revenue savings of \$0.6 million from aligning the state standards for child removals with the national definition of child abuse and neglect as codified in the Child Abuse and Prevention Act. This will reduce the number of children removed from the home, as well as the number of investigations.
- ***Case Referrals.*** The Governor's budget includes general revenue savings of \$0.5 million from eliminating court ordered visitation for domestic cases, court ordered transportation, and off hour domestic court case testimony by social workers. It also eliminates cases referred from the Family and Truancy Courts when there is no evidence of abuse, neglect, or other child welfare issues.
- ***Contract and Rate Reductions.*** The Governor's budget reduces various contracts and provider rates for general revenue savings of \$3.4 million. This includes contracts with agencies that provide program

evaluations and outcomes for youth in residential care and the juvenile justice program, agencies that provide services to youth over age 18, and agencies whose residential rates are higher than the average.

- ***Education Costs for Adjudicated Youth.*** The Governor's budget shifts \$2.1 million of general revenue expenditures to local cities and towns by requiring them to pay for the education of juveniles at the training school, Camp E-Hun-Tee, and Ocean Tides.
- ***State Crime Lab.*** The Governor recommends the enacted level of \$775,000 in general revenue support for the State Crime Lab but transfers funding control from the Department of Health to the University of Rhode Island.

Education

- ***Asset Protection.*** The Governor recommends total funding of \$53.0 million from Rhode Island Capital Plan funds for asset protection projects at the state's public higher education facilities over FY 2012 through FY 2016.
- ***Public Higher Education.*** The Governor's budget includes \$995.0 million for Public Higher Education including debt service. This includes \$173.4 million from general revenues, which is \$9.8 million above the enacted FY 2011 level and \$19.1 million less than the Board requested. The Governor's intent is that the Community College not raise tuition; the University and College will either have marginal tuition and fee increases or expenditure reductions.
- ***Higher Education Staffing.*** The Governor recommends 65.0 new full-time positions at the Community College, including 3.0 positions for workforce development coordination and 62.0 positions for teaching and student support. The Governor recommends 17.5 new faculty positions at Rhode Island College.
- ***College Access Challenge Grant.*** The Governor recommends \$1.5 million over two fiscal years from federal funds for the college access challenge grant that is aimed at increasing the number of low-income students who are prepared to enter post-secondary education.
- ***College Crusade.*** The Budget continues the \$0.5 million of state support for the College Crusade of Rhode Island.
- ***State Crime Lab.*** The Governor recommends the enacted level of \$775,000 in general revenue support for the State Crime Lab but transfers funding control from the Department of Health to the University of Rhode Island.
- ***Race to the Top.*** The Governor's recommended budget includes \$35.6 million over FY 2011 and FY 2012 from federal Race to the Top funds. The Budget also includes 22.0 new full-time equivalent positions to work on this grant. This funding is awarded to states to work on education reform efforts including building state and local capacity, standards and curriculum, instructional improvement and educator effectiveness.
- ***Need Based Scholarships and Grants.*** The Governor's FY 2011 revised budget includes an additional \$0.6 million from general revenues for need based grants and scholarships to provide maintenance of effort for the federal college access challenge grant in the Office of Higher Education's budget. For FY 2012, he recommends \$5.3 million from general revenues, which is \$1.2 million less than his FY 2011 revised recommendation and \$0.6 million less than enacted.

- ***Physics First.*** The Governor's FY 2012 budget eliminates the \$250,000 used to provide technology kits and equipment to the high schools participating in the physics first program. This program teaches physics in the freshman year.

Public Safety

- ***RIBCO Base Increase.*** The Budget adds \$3.3 million for FY 2011 and \$3.5 million for FY 2012 above enacted general revenues to adjust wage base expenditures for uniformed correctional officers based on a recent arbitration award, the effect of which was underestimated in the enacted budget.
- ***Prison Population.*** The Budget assumes a population of 3,416, which is 34 fewer than the FY 2011 enacted budget.
- ***Indigent Defense Program.*** The Budget includes \$3.5 million from general revenues for the Judiciary's indigent defense program, which is consistent with FY 2010 expenses.
- ***Tobacco Enforcement Litigation.*** The Budget adds \$1.0 million from general revenues for FY 2011 and FY 2012 to secure the services of outside counsel for an enforcement litigation case brought by the leading United States tobacco product manufacturers against the states. It alleged the states' lack of efforts in enforcing the "Master Settlement Agreement" for non-participating manufacturers.
- ***Correctional Officer Training Class.*** The Budget includes \$0.7 million from general revenues for recruitment and training for one new officer class for FY 2012. This class is anticipated to start in the fall of 2011 with graduation in January 2012.
- ***Sheriffs to Department of Public Safety.*** The Budget reflects the transfer of \$16.7 million and staffing of 180.0 full-time positions for the Sheriffs program from the Department of Administration to the Department of Public Safety.
- ***Trooper Training Academy.*** The Budget includes general revenue expenses of \$2.7 million for the 54th Trooper Training Academy and the salary and benefit expenses of 30.0 recruits expected to graduate in December 2011.
- ***State Police Pensions.*** The Governor's revised budget adds \$0.6 million for a one-time payment for the state's contribution for retirement benefits for state troopers to account for time spent at the training academy. The Retirement System recently completed a review of the statutes addressing the state police retirement benefits and the current contract with the Rhode Island Troopers Association and determined that training academy time should be included in computing service toward retirement benefits. Neither the state nor the troopers made retirement contributions on the salaries paid during this time; both have been billed for their respective shares of these contributions.
- ***Dispatch Unit and Port Security.*** The Budget does not include the transfer of the dispatch and port security surveillance units from the Department of Environmental Management to the Department of Public Safety. The 2010 Assembly included legislation that required the unit be transferred by January 1, 2011.
- ***Indirect Cost Recovery.*** The Governor restores the \$0.5 million from general revenues for indirect cost savings included in the Military's enacted budget.

- ***Emergency Management Flood Relief.*** The Governor recommends \$24.0 million over the two year period for expenditures incurred from the March 2010 floods. This includes \$23.4 million from federal funds and \$0.6 million from general revenues to be used as the state match.

Environment

- ***Beach Parking Fees.*** The Governor recommends increasing the daily and annual parking fees at state beaches and includes an additional \$1.9 million from doing so. 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 proposal would also lower the reimbursement rate to 16.0 percent in order for the municipalities to continue to receive the same amount, with the additional revenues deposited as general revenues.
- ***Fort Adams Rehabilitation.*** The five-year capital plan includes \$2.7 million 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. Funding is provided from Rhode Island Capital Plan funds for the ongoing improvements, but also includes \$1.7 million from the newly proposed Tourism Asset Protection Fund. This new funding would be used for upgrades to the areas surrounding the Fort for America's Cup pre-regatta races, which the Governor is seeking to have held in Newport.
- ***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 \$2.4 million for FY 2012 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 \$3.9 million for FY 2012 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.
- ***Pier Upgrades.*** The Budget includes \$3.8 million from Rhode Island Capital Plan funds through FY 2016 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 \$5.8 million from Rhode Island Capital Plan funds from FY 2012 through FY 2016 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

- ***Winter Maintenance.*** The Department of Transportation's FY 2011 budget includes an additional \$12.6 million of gasoline tax proceeds that would be made available by lowering debt service payments on its general obligation bonds, which are paid from the same source. The Department incurred higher than budgeted winter maintenance expenses during FY 2011, and the proposal would alleviate a projected shortfall in gasoline tax proceeds of \$12.6 million.
- ***Fees for Transportation.*** The FY 2012 Budget includes an additional \$12.0 million for transportation expenses by transferring 20.0 percent of certain transportation related fees previously deposited as general revenues to the Department of Transportation for use as the state match for general obligation bonds. The Governor's proposal increases the transfer of these fees by 20.0 percent each year until FY 2016, when 100 percent of the fees will be dedicated to the Department. The purpose of the proposal is to eventually lower the amount of debt service paid by the Department with gasoline tax proceeds, which will then allow these proceeds to be used for other purposes.
- ***Salt Storage Facilities.*** The Budget includes \$9.3 million from Rhode Island Capital Plan funds from FY 2012 through FY 2016 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 \$2.3 million from Rhode Island Capital Plan funds through FY 2016 for various improvement projects at Department of Transportation maintenance facilities throughout the state.
- ***Rhode Island Public Transit Authority.*** The Budget includes a gasoline tax transfer of \$41.8 million to the Authority for FY 2012. This is consistent with 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.

Section II

Summary

Summary

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Function*				
General Government	\$ 1,681.4	\$ 1,753.4	\$ 1,336.0	\$ 1,357.2
Human Services	3,121.9	3,107.1	3,259.4	3,119.6
Education	2,101.2	2,205.7	2,245.4	2,170.1
Public Safety	431.8	482.5	475.9	475.4
Natural Resources	98.9	111.8	110.5	104.0
Transportation	428.9	450.9	408.9	435.0
Total	\$ 7,864.1	\$ 8,111.4	\$ 7,836.1	\$ 7,661.3
Expenditures by Category*				
Salaries and Benefits	\$ 1,439.6	\$ 1,448.9	\$ 1,571.3	\$ 1,502.8
Contracted Services	222.5	247.7	235.7	231.7
Subtotal	\$ 1,662.0	\$ 1,696.6	\$ 1,807.0	\$ 1,734.5
Other State Operations	633.2	670.7	650.2	669.8
Aid to Local Units of Government	1,053.9	1,105.6	1,110.8	1,097.2
Assistance, Grants, and Benefits	3,864.1	3,961.4	3,633.8	3,532.8
Capital	266.9	305.3	242.4	244.0
Capital Debt Service	233.8	232.9	259.8	240.7
Operating Transfers	150.1	138.9	132.0	142.3
Total	\$ 7,864.1	\$ 8,111.4	\$ 7,836.1	\$ 7,661.3
Sources of Funds*				
General Revenue	\$ 2,942.1	\$ 2,965.3	\$ 3,366.7	\$ 3,169.8
Federal Aid	2,903.5	3,011.2	2,566.0	2,557.2
Restricted Receipts	180.0	178.5	195.5	209.5
Other	1,838.5	1,956.3	1,707.9	1,724.8
Total	\$ 7,864.1	\$ 8,111.4	\$ 7,836.1	\$ 7,661.3
FTE Authorization	14,827.6	15,007.6	15,090.1	14,990.6
FTE Average				

**Data in millions*

Note. Data in the "FY 2011 Enacted" column are not comparable to the other columns due to inclusion of adjustments in single categories or functions. Significant retirement adjustments are included as expenditures in the Department of Administration in General Government rather than distributed to the agencies and departments. There are no such aggregated adjustments in the FY 2011 revised and FY 2012 recommendations.

Summary

The Governor's budget recommendations for FY 2012, along with his revisions to the FY 2011 enacted budget, are contained in 2011-H 5894, introduced on March 9, 2011. The Governor signed 2011-H 5269 on February 18 that extended the submission date 35 days to March 10. Supporting documents were not published until late March.

The 2004 Assembly amended the budget submission dates for the budget to be due on the third Thursday in January, or the first Thursday in February when a new Governor takes office. In prior years, it had been due the third Thursday in February.

The Governor recommends a total FY 2012 budget of \$7,661.3 million. Total expenditures decrease \$202.8 million from the FY 2011 budget enacted by the 2010 Assembly, or 2.6 percent. His FY 2011 revised budget totals \$8,111.4 million; FY 2010 expenditures were \$7,708.9 million.

The Budget includes \$3,169.8 million of expenditures funded from general revenues, \$227.7 million, or 7.7 percent more than the enacted general revenue funded budget. They are also \$204.5 million more than his revised recommendations.

It appears that the Governor's budget may exceed the spending caps contained in Section 35-3-7 of the General Laws. FY 2012 proposed state appropriations may not exceed 5.5 percent of the enacted appropriations for FY 2011. The Governor proposes 7.7 percent.

FY 2012	General				
	Revenue	Federal	Restricted	Other	All Funds
FY 2011 Enacted	\$ 2,942.1	\$ 2,903.5	\$ 180.0	\$ 1,838.5	\$ 7,864.1
Governor	3,169.8	2,557.2	209.5	1,724.8	7,661.3
Change to Enacted	\$ 227.7	\$ (346.3)	\$ 29.4	\$ (113.7)	\$ (202.8)
Percent Change	7.7%	-11.9%	16.4%	-6.2%	-2.6%

FY 2011	General				
	Revenue	Federal	Restricted	Other	All Funds
FY 2010 Final	\$ 2,886.8	\$ 3,096.3	\$ 189.5	\$ 1,895.7	\$ 8,068.3
FY 2010 Actual	2,863.6	2,813.2	152.3	1,879.9	7,708.9
Difference	\$ (23.2)	\$ (283.1)	\$ (37.2)	\$ (15.8)	\$ (359.4)
FY 2011 Enacted	\$ 2,942.1	\$ 2,903.5	\$ 180.0	\$ 1,838.5	\$ 7,864.1
Governor's FY 2011 Revised	2,965.3	3,011.2	178.5	1,956.3	8,111.4
Governor's Change to Enacted	\$ 23.2	\$ 107.7	\$ (1.5)	\$ 117.8	\$ 247.2
Percent Change	0.8%	3.7%	-0.8%	6.4%	3.1%

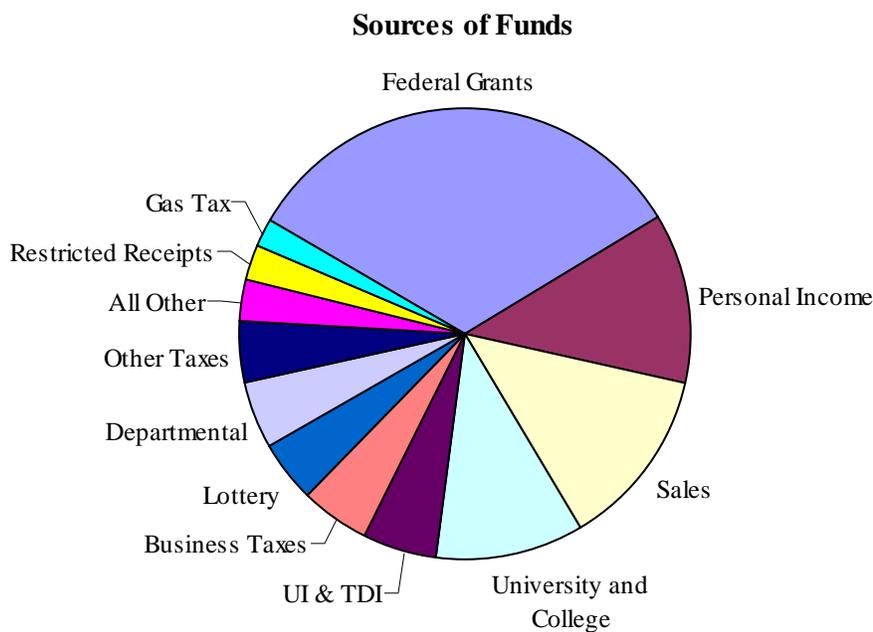
House Fiscal Staff estimates that in preparing the FY 2012 budget, the Governor faced a projected revenue-expenditure gap of \$300 million, which would grow to about \$400 million by FY 2016. This was somewhat lower than Staff's FY 2011 forecast in the enacted FY 2011, mainly because of revisions at the November 2010 Revenue and Caseload Estimating Conference. The Governor's budget appears to have resolved this gap largely with increased revenues and one-time savings.

His budget follows the traditional Rhode Island budgeting practice of assuming passage of legislation submitted with the budget and approval by requisite federal agencies of changes under their purview. Should any of that legislation not pass, the budget will be significantly unbalanced.

There are a number of issues of note concerning the budget:

- Out-Year Projections.** The out-years appear to be significantly unbalanced. The forecast included with the Budget estimates a \$126.0 million gap for FY 2013, 3.9 percent of useable revenues, that grows to \$411.4 million in FY 2016, 12.0 percent of useable revenues. The FY 2013 gap is largely due to the use of one-time items in the resolution of the current budget gap and the phase in of the business tax reductions and transportation funding increases. That amount more than triples largely because expenditure growth rates outpace the revenue growth projections. It should be noted that an inadvertent miscalculation of personnel costs understates the out year deficits by an average of \$35.9 million. Correcting for this, the Budget Office would show average deficits of \$294.0 million including \$480.0 million for FY 2016.
- Rainy Day Fund Repayment.** The Budget further delays the \$22.0 million repayment of 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. Governor Carcieri proposed legislation last year to delay the repayment to FY 2012; the Assembly allowed for a one year delay and appropriated funds for repayment in FY 2011. Governor Chafee would delay that to FY 2013.

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 33.0 percent of all revenues in FY 2012. Recommended expenditures from federal sources of \$2,557.2 million are \$218.3 million less than enacted for FY 2011, a 7.9 percent decrease, and are from 301 different federal programs. Medicaid is the single largest source of federal funds. The Budget includes \$1,331.1 million from Medicaid, 43.9 percent of all federal funds, and 17.2 percent of all revenues. Supplemental Nutrition funding of \$277.8 million is the second largest category, 11.7 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 76.0 percent of all federal funds expenditures, with the remaining 291 programs accounting for the other 24.0 percent.

Top Ten Federal Sources	<i>Amount</i>	<i>Percent of Total</i>	<i>Cumulative Percent</i>
Medicaid	\$ 1,331,103,239	43.9%	43.9%
Supplemental Nutrition (Food Stamps)	277,828,368	11.7%	55.6%
Highway Planning and Construction	276,482,242	11.2%	66.8%
Temporary Assistance to Needy Families (TANF)	128,045,000	2.8%	69.6%
Title I Grants to Local Education Agencies	107,366,025	2.0%	74.6%
Special Education Grants to States	54,916,835	1.7%	71.4%
Low Income Heating Assistance	42,507,466	1.3%	72.6%
SCHIP Children's Health Insurance	32,595,114	1.2%	73.8%
National School Lunch Program	29,882,640	1.1%	75.0%
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	29,309,844	1.0%	76.0%

- *Sales and personal income taxes* combine for 25.1 percent of all revenues in FY 2012 and 59.8 percent of all general revenues. Combined with federal funds, they total over half, 58.1 percent.
- *Personal Income* taxes for FY 2012 are estimated at \$950.0 million, which are \$12.1 million more than the FY 2011 enacted budget estimates, or 1.3 percent.
- *Sales tax* revenues of \$989.5 million are the second largest of all revenue sources, including general revenues sources. That amount is \$202.5 million more than enacted for FY 2011, or 25.7 percent. Based on the Governor's proposal to lower, but expand sales taxes, they are now the largest single source of revenues over personal income taxes.
- *University and College Funds* are \$803.0 million and 10.4 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 \$67.9 million or 9.2 percent over FY 2011 enacted estimates.
- *Employment Security and Temporary Disability Insurance* payments are estimated at \$420.9 million, which are \$329.2 million less than the levels estimated for the FY 2011 enacted budget.
- *Business taxes* of \$374.1 million account for 4.8 percent of total revenues and 11.5 percent of general revenues for FY 2012, the third largest source. They would increase \$12.8 million or 3.6 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 \$351.5 million, which is 4.5 percent of all revenues and 10.8 percent of general revenues.
- *Departmental Revenues* of \$344.6 million include \$141.8 million from extending the hospital licensing fee another year. Departmental revenues would be 4.5 percent of all revenues and 10.6 percent of general revenues.

- *Other taxes* include motor vehicle, cigarettes, alcohol, inheritance, realty transfer, and racing and athletics. These total \$223.7 million in the FY 2012 budget and comprise 2.9 percent of all sources but 6.9 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 2012 for a total of \$141.6 million.
- The remaining sources, estimated at \$581.4 million, constitute 7.5 percent of all FY 2012 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 2012 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	\$ 2,557.2	33.0%	\$ -	0.0%
Personal Income	950.0	12.3%	950.0	29.3%
Sales	989.5	12.8%	989.5	30.5%
University and College	803.0	10.4%	-	0.0%
UI & TDI	420.9	5.4%	-	0.0%
Business Taxes	374.1	4.8%	374.1	11.5%
Lottery	351.5	4.5%	351.5	10.8%
Departmental	344.6	4.5%	344.6	10.6%
Other Taxes	223.7	2.9%	223.7	6.9%
All Other	371.9	4.8%	12.5	0.4%
Restricted Receipts	209.5	2.7%	-	0.0%
Gas Tax	141.6	1.8%	-	0.0%
Total	\$ 7,737.3	100.0%	\$ 3,245.8	100.0%

General Revenue Sources

Less than half of the total funds collected or received from all sources are considered as general revenues; \$3,245.8 million, 42.0 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.

The Consensus Revenue Estimating Conference estimates the amount of general revenues annually in November and May. It is composed of the Budget Officer, the Senate Fiscal Advisor, and the House Fiscal Advisor who must achieve consensus on their forecast; votes are not taken. The estimates are to be based upon current law at the times of the conferences. The Conference estimated general revenue receipts of \$2,938.0 million in November 2010. The Governor's Budget includes \$307.8 million of additional revenues that are described in *Revenue Changes in Section VI: Special Reports*.

Available general revenues also include a recommended balance forward from FY 2011 of \$16.2 million under the Governor's presentation minus transfer of \$91.3 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 eight tenths percent of the opening surplus plus all revenues must be deposited in the account in

FY 2012. 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 funds 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 2012 Expenditures

Recommended expenditures of \$7,661.3 million are \$202.8 million less than enacted for FY 2011, 2.6 percent. They 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 Governor’s budget. However, the prior year comparisons using the functional breakdown are distorted by the enacted budget’s inclusion of statewide retirement adjustment for state employees.

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 \$3,119.6 million are 40.7 percent of all expenditures and 39.8 percent of those funded from general revenues. These expenditures are \$2.2 million less than enacted for FY 2011 by the 2010 Assembly. Those funded from general revenues are \$185.7 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. Aid to local units of government represents 13.2 percent, \$1,011.3 million of the \$2,170.1 million. Education aid is discussed in detail in *Section VI* of this volume, *Special Reports: Education Aid*. Education expenditures comprise 28.3 percent of total expenditures, but 33.2 percent of general revenue funded ones. They increase by \$68.9 million over the enacted FY 2011 budget, and those funded from general revenues increase by \$22.3 million.

- The Budget includes \$475.4 million for *Public Safety* expenditures, \$43.6 million more than the enacted budget, primarily from the shift of expenditures for the Sheriffs from general government. They comprise 6.2 percent of all expenditures and 12.7 percent of those funded from general revenues.
- *Natural Resources* programs would spend \$104.0 million, which is \$5.0 million more than enacted for FY 2011. They are 1.4 percent of total expenditures and 1.2 percent of those from general revenues.
- *Transportation* programs account for 5.7 percent of expenditures and include the state's highway and transit programs. Funding of \$435.0 million, none from general revenues, is \$6.1 million more than enacted for FY 2011.
- The remaining 17.7 percent of expenditures, \$1,357.2 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 \$324.2 million or 23.9 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 unemployment benefits as well as federal stimulus funding and the shift of the Sheriffs program to the public safety function also contributing to that variance.

Expenditures by Category

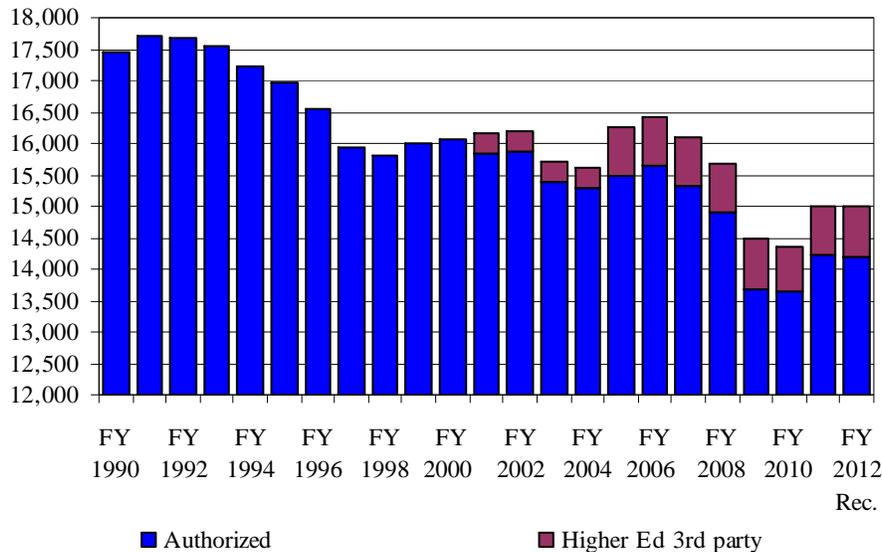
Expenditures are also aggregated and presented by accounting categories that designate what is purchased as opposed to the purpose of expenditures. The categories include: state operations; local aid; assistance, grants and benefits; capital, and operating transfers.

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 Governor recommends \$1,502.8 million for total salaries and benefits for 14,990.6 full-time equivalent positions and contracted services expenditures of \$231.7 million. Salary and benefit expenditures would be \$63.2 million more than the enacted budget; contracted services expenditures would increase \$9.3 million, primarily from new education initiatives. Salaries and benefits account for 19.6 percent of total expenditures and 25.1 percent of those funded from general revenues. Expenditures for contracted services account for 3.0 percent of the total recommended budget and 1.5 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 2008 enacted budget.

Full-Time Equivalent Positions



The Budget includes \$669.8 million for *other state operations*, which constitute 8.7 percent of FY 2012 expenditures from all sources and 4.2 percent of those funded with general revenues.

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 Governor recommends \$1,097.2 million for *aid to local units of government* that includes \$1,011.3 million in education aid and \$85.9 million in general state aid. Education aid increases \$18.5 million while general aid is \$24.7 million more than enacted for FY 2011 by the 2010 Assembly. These expenditures comprise 14.3 percent of all expenditures. However, they comprise 28.2 percent of general revenue funded ones.

Local aid expenditures from general revenues of \$895.3 million consist of \$829.7 million in education aid and \$65.6 million in general state aid. General revenue funded education aid increases \$14.1 million; general aid is \$5.4 million more. Local aid is discussed in detail in *Section VI* of this volume, *Special Reports: State Aid to Local Governments* and *Special Reports: 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, 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 shows the major grants in human services.

Assistance, grants, and benefits would be \$3,532.8 million and constitute the largest category, 46.1 percent of all expenditures and 35.5 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 \$331.3 million less than the enacted budget considering all sources, and \$178.8 million more from general revenues, primarily from the loss of stimulus funding.

OHHS-Human Services Grants	All Funds				General Revenues			
	FY 2010 Reported	FY 2011 Enacted	FY 2012 Governor	Change	FY 2010 Reported	FY 2011 Enacted	FY 2012 Governor	Change
Human Services								
Supplemental Nutrition Assistance	\$ 225.1	\$ 276.5	\$ 298.2	\$ 21.8	\$ -	\$ -	\$ -	\$ -
Women, Infants and Children	-	17.7	-	(17.7)	-	-	-	-
Rhode Island Works Program	43.8	41.8	39.5	(2.3)	-	-	-	-
SSI State Program	22.2	19.3	18.9	(0.4)	22.2	19.3	18.9	(0.4)
Child Care	46.8	45.7	49.9	4.1	7.1	8.8	10.6	1.9
Subtotal: Cash Assistance	\$ 337.9	\$ 401.0	\$ 406.5	\$ 5.5	\$ 29.4	\$ 28.1	\$ 29.6	\$ 1.5
Long Term Care	\$ 394.9	\$ 391.7	\$ 409.1	\$ 17.4	\$ 141.7	\$ 140.3	\$ 195.0	\$ 54.7
Hospitals	242.6	248.8	222.4	(26.4)	101.2	108.6	105.2	(3.4)
Managed Care	546.5	622.0	654.3	32.3	197.8	224.7	305.5	80.9
Rhody Health	155.6	180.6	186.2	5.6	56.1	64.7	88.8	24.1
Pharmacy	39.3	46.4	57.8	11.4	31.2	39.2	51.9	12.7
Other	108.8	122.8	112.0	(10.8)	30.7	37.1	39.2	2.1
Subtotal: Medical Assistance	\$1,487.7	\$1,612.1	\$1,641.7	\$ 29.6	\$ 558.7	\$ 614.4	\$ 785.6	\$ 171.2
Behavioral Healthcare, Developmental Disabilities and Hospitals								
Developmental Disabilities	\$ 204.9	\$ 185.8	\$ 183.8	\$ (2.0)	\$ 74.1	\$ 68.8	\$ 87.3	\$ 18.5
Behavioral Health	78.2	102.5	91.2	(11.2)	28.9	39.6	33.6	(6.0)
Substance Abuse	30.0	-	-	-	11.3	-	-	-
Children, Youth and Families								
Child Welfare	\$ 129.7	\$ 120.6	\$ 102.3	\$ (18.3)	\$ 80.2	\$ 75.1	\$ 64.8	\$ (10.2)
Children's Behavioral Health	19.1	21.0	18.4	(2.5)	8.4	10.0	9.2	(0.8)
Juvenile Corrections	8.8	9.2	8.5	(0.7)	6.6	6.6	4.4	(2.1)
Higher Ed. Incentive Grants	0.2	0.2	0.2	-	0.2	0.2	0.2	-
Elderly Affairs								
RIPAE/Supplemental Pharm.	\$ 1.6	\$ 1.5	\$ 0.3	\$ (1.2)	\$ 0.9	\$ 1.2	\$ -	\$ (1.2)
Medical Assistance	8.4	8.2	8.8	0.6	3.0	3.2	4.2	1.0
Grants to Providers	13.1	13.5	14.8	1.3	3.5	4.3	4.3	0.0
Health								
Women, Infants and Children	\$ 22.3	\$ 5.9	\$ 23.6	\$ 17.7	\$ -	\$ -	\$ -	\$ -
HIV/AIDS	9.1	5.0	8.6	3.6	1.3	1.3	2.6	1.3
Tobacco and Smoking Cessation	0.2	1.9	1.2	(0.7)	0.1	0.5	0.3	(0.2)
Grants to Providers	18.1	33.4	(3.0)	(36.4)	4.7	3.3	1.6	(1.6)

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 \$244.0 million, or 3.2 percent of all expenditures; debt service of \$240.7 million is 3.1 percent. Capital expenditures would be \$23.0 million less than enacted for FY 2011 and debt service \$6.9 million more. A comprehensive review of the capital budget is contained in *Section IV: Capital Budget*. However, they now include capital purchases that had formerly been included as capital outlays 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 from general revenues to quasi-public agencies, such as the transfer to the Economic Development Corporation. They total \$142.3 million and constitute 1.9 percent of the total budget. The general revenues portion is \$6.6 million, 0.2 percent of general revenue funded expenditures.

General Revenue Surplus Statement

The general revenue summary table below shows the status of general revenue balances as presented by the Governor, an ending FY 2012 surplus of \$0.8 million, and an operating deficit \$15.3 million.

	FY 2010	FY 2011	FY 2012
Opening Surplus			
Free Surplus	\$ (62,286,104)	\$ 17,889,522	\$ 16,172,702
Reappropriated Surplus	998,144	3,364,847	-
Subtotal	\$ (61,287,960)	\$ 21,254,369	\$ 16,172,702
Revenues			
Revenues	3,017,031,203	3,039,721,165	3,245,849,191
Cash Stabilization Fund	(70,913,882)	(79,497,878)	(91,336,613)
Total Available Resources	\$ 2,884,829,361	\$ 2,981,477,656	\$ 3,170,685,280
Total Expenditures			
Total Expenditures	\$ 2,863,574,992	\$ 2,965,304,954	\$ 3,169,836,026
Total Surplus	\$ 21,254,369	\$ 16,172,702	\$ 849,254
Reappropriations	(3,364,847)	-	-
Free Surplus	\$ 17,889,522	\$ 16,172,702	\$ 849,254
<i>Operating Surplus/(Deficit)</i>	<i>83,540,473</i>	<i>(1,716,820)</i>	<i>(15,323,448)</i>

The budget reserve and cash stabilization account, the “rainy day fund” would have ending balances of \$112.3 million in FY 2010, \$128.4 million in FY 2011, and \$150.1 million in FY 2012. The account received 2.4 percent of general revenues plus free surplus in FY 2010, 2.6 percent in FY 2011, and will receive 2.8 percent in FY 2012.

The Governor’s plan assumes not paying back the \$22.0 million used from the stabilization fund to help close the FY 2009 budget deficit until FY 2013; current law requires the fund be made whole in FY 2011, and the enacted budget included the appropriation. The 2010 Assembly authorized a one year delay although Governor Carcieri had proposed a two year delay.

Out-Year Forecasts

Budgets in the early part of this decade through FY 1993 had out-year deficits projected for the subsequent budget cycle. By the FY 1994 budget, however, the upcoming years were balanced. Beginning with the FY 1996 budget, budgets were recommended with increasingly larger structural deficits. While deficits cannot constitutionally occur, they indicate the extent to which unresolved structural issues will carry through budgets, and to the extent that the problem in any given year is solved without addressing the underlying structural problem, the deficits amplify each year. Out-year deficits began increasing and reached an all-time high of over \$535 million in Governor Carcieri’s final budget last year. This year’s projected out-year deficits are somewhat lower but significant.

The table below shows the out-year forecast surpluses and deficits, as well as the four-year average for the past six Governor’s budgets, including the current one. Governor Chafee’s outlook for FY 2013 assumes a \$126.0 million deficit, which represents 3.9 percent of usable revenues. That grows to \$411.4 million and 12.0 percent of revenues by FY 2016; deficits during the four-year period average \$258.1 million and 8.2 percent of revenues. It should be noted that an inadvertent miscalculation using the Budget Office’s stated assumptions regarding personnel cost growth understates the out year deficits by an average of \$35.9

million. Correcting for this produces average deficits of \$294.0 million including \$480.0 million for FY 2016.

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	Average
Governor's										
Budget										
	Out-Year Forecasts									
FY 2006	(143.8)	(100.6)	(96.6)							(109.9)
FY 2007	(134.6)	(107.0)	(18.5)	59.4						(50.2)
FY 2008		(379.2)	(369.1)	(394.5)	(449.2)					(398.0)
FY 2009			(17.0)	(1.6)	(20.8)	(12.3)				(12.9)
FY 2010				(155.6)	(370.0)	(429.9)	(482.4)			(359.5)
FY 2011					(362.2)	(416.2)	(457.8)	(535.7)		(443.0)
FY 2012*						(126.0)	(199.3)	(295.7)	(411.4)	(258.1)
FY 2012**						(128.8)	(224.7)	(342.5)	(480.0)	(294.0)

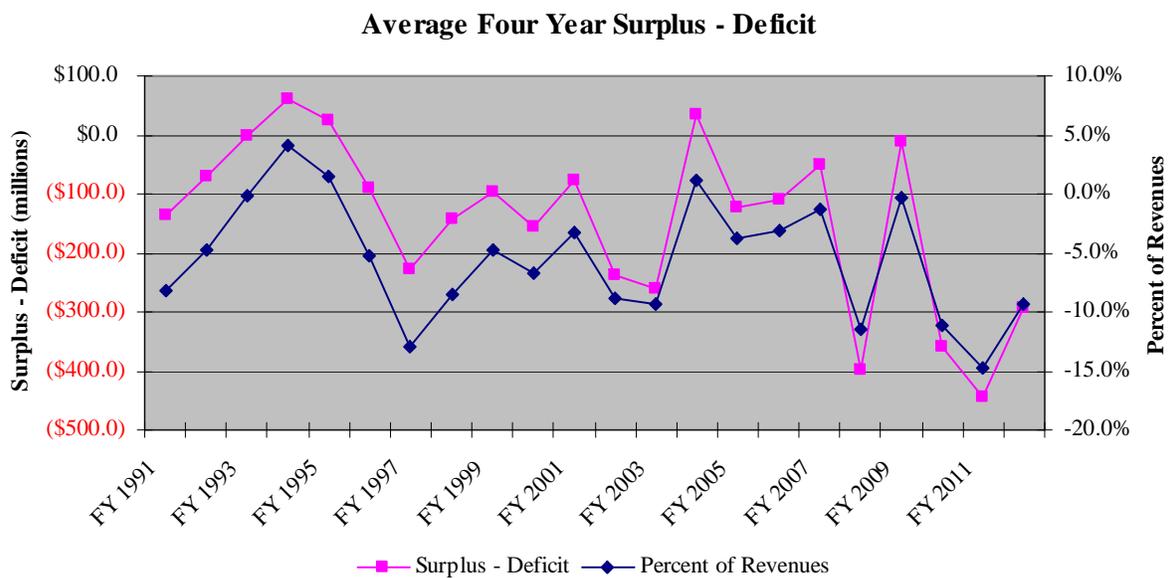
*Governor's original presentation

**Corrected for miscalculation of stated personnel growth rate assumptions

While the largest single contributor to the FY 2012 deficit the Governor was faced with solving was over \$230 million of expiring federal stimulus funds. The newly forecasted deficit for FY 2013 is largely due to the use of one-time items in the resolution of the current budget gap and the phase in of the business tax reductions and transportation funding increases.

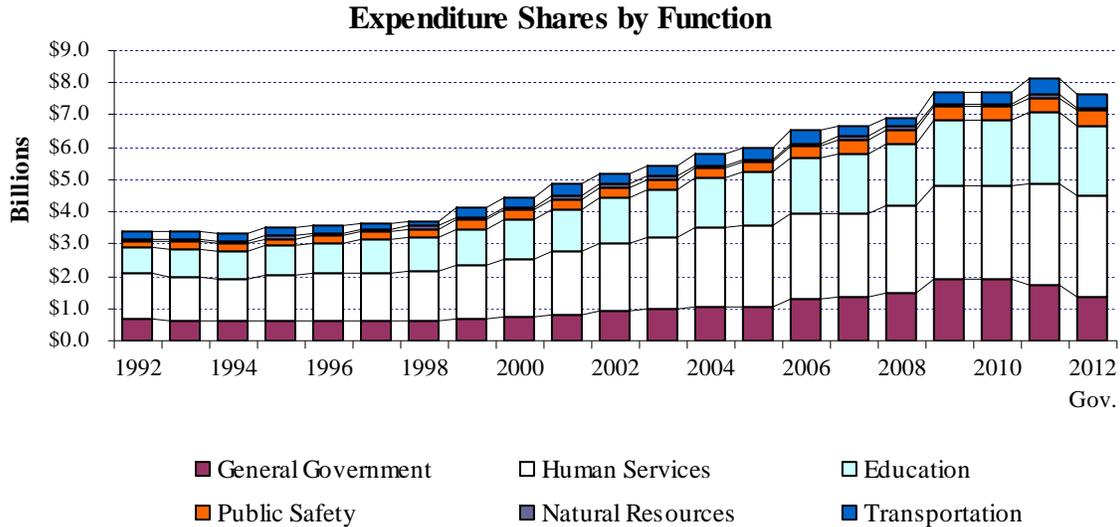
However, out-year projections are a function of both the assumptions made concerning revenues and expenditures and the structure of the budget. That is, the out-year projections are a function of assumed revenue and expenditure growth patterns for FY 2013 through FY 2016 and the FY 2012 budget itself. Additionally, the Budget Office and the House Fiscal Staff generally use somewhat different growth rates for each revenue source. The growing out-year gaps illustrate the fact that expenditures are projected to grow at faster rates than revenues grow. The economic data used is from the November consensus economic forecast. This had been revised from earlier projections and will be revised again in May.

The following chart shows the average surpluses and deficits for the four out-years for each of the budgets since FY 1991.



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.

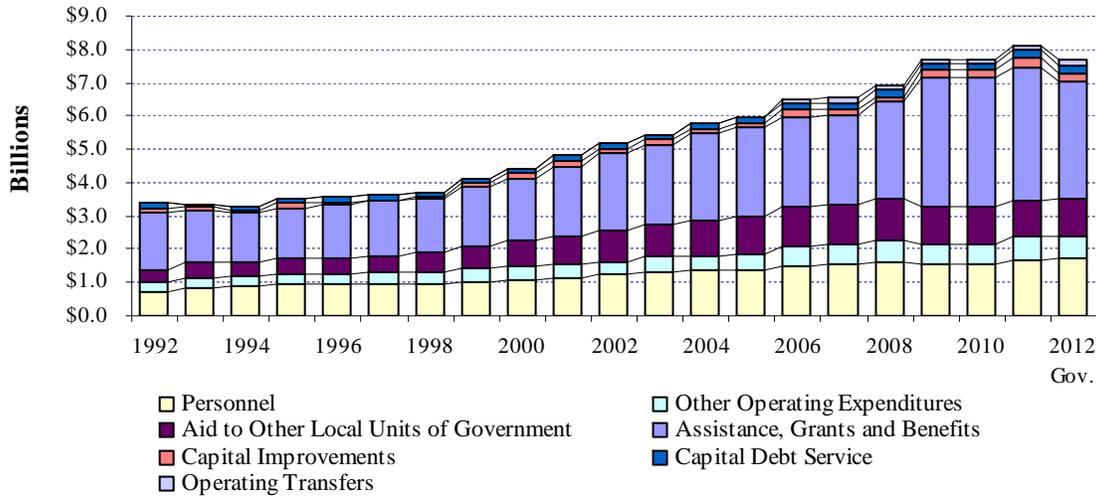
Public Safety includes the state’s law enforcement, adjudication, and penal programs.

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. There are also instances where these expenses are already represented elsewhere in the budget thus double-counting the expenditure.

Staff has reviewed 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. 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 2010 Reported	General Government	Human Services	Education	Public Safety	Natural Resources	Transportation	Total
Salaries & Benefits	200.0 2.6%	296.8 3.8%	449.7 5.8%	295.9 3.8%	44.7 0.6%	53.5 0.7%	\$ 1,340.6 17.4%
Contracted Services	15.9 0.2%	61.8 0.8%	46.1 0.6%	14.6 0.2%	4.8 0.1%	44.2 0.6%	187.3 2.4%
Other State Operations	275.2 3.6%	77.5 1.0%	196.2 2.5%	39.7 0.5%	8.4 0.1%	18.0 0.2%	615.0 8.0%
Aid to Local Units of Government	168.8 2.2%	- 0.0%	995.0 12.9%	- 0.0%	- 0.0%	- 0.0%	1,163.8 15.1%
Assistance, Grants & Benefits	1,025.9 13.3%	2,435.7 31.6%	261.2 3.4%	41.7 0.5%	4.2 0.1%	69.3 0.9%	3,838.1 49.8%
Capital	29.9 0.4%	6.5 0.1%	21.7 0.3%	29.7 0.4%	9.5 0.1%	118.9 1.5%	216.1 2.8%
Debt Service	168.9 2.2%	- 0.0%	37.3 0.5%	- 0.0%	- 0.0%	- 0.0%	206.1 2.7%
Operating Transfers	54.1 0.7%	9.4 0.1%	5.9 0.1%	0.3 0.0%	0.1 0.0%	72.1 0.9%	141.8 1.8%
Total	\$ 1,938.8 25.2%	\$ 2,887.7 37.5%	\$ 2,013.0 26.1%	\$ 421.9 5.5%	\$ 71.6 0.9%	\$ 375.9 4.9%	\$ 7,708.9 100.0%

FY 2011 Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Transportation	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%

Expenditures from All Funds

FY 2012 Recommended	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	218.6 <i>2.9%</i>	330.4 <i>4.3%</i>	481.7 <i>6.3%</i>	350.4 <i>4.6%</i>	50.4 <i>0.7%</i>	71.3 <i>0.9%</i>	\$ 1,502.8 <i>19.6%</i>
Contracted Services	19.4 <i>0.3%</i>	70.5 <i>0.9%</i>	72.3 <i>0.9%</i>	16.5 <i>0.2%</i>	15.9 <i>0.2%</i>	37.1 <i>0.5%</i>	231.7 <i>3.0%</i>
Other State Operations	278.2 <i>3.6%</i>	80.4 <i>1.0%</i>	217.5 <i>2.8%</i>	41.7 <i>0.5%</i>	10.9 <i>0.1%</i>	41.2 <i>0.5%</i>	669.8 <i>8.7%</i>
Aid to Local Units of Government	85.9 <i>1.1%</i>	- <i>0.0%</i>	1,011.3 <i>13.2%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	1,097.2 <i>14.3%</i>
Assistance, Grants & Benefits	494.6 <i>6.5%</i>	2,599.9 <i>33.9%</i>	310.6 <i>4.1%</i>	51.3 <i>0.7%</i>	7.8 <i>0.1%</i>	68.6 <i>0.9%</i>	3,532.8 <i>46.1%</i>
Capital	27.7 <i>0.4%</i>	32.6 <i>0.4%</i>	32.9 <i>0.4%</i>	15.4 <i>0.2%</i>	18.8 <i>0.2%</i>	116.5 <i>1.5%</i>	244.0 <i>3.2%</i>
Debt Service	199.4 <i>2.6%</i>	- <i>0.0%</i>	41.3 <i>0.5%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	240.7 <i>3.1%</i>
Operating Transfers	33.4 <i>0.4%</i>	5.9 <i>0.1%</i>	2.5 <i>0.0%</i>	- <i>0.0%</i>	0.1 <i>0.0%</i>	100.4 <i>1.3%</i>	142.3 <i>1.9%</i>
Total	\$ 1,357.2 <i>17.7%</i>	\$ 3,119.6 <i>40.7%</i>	\$ 2,170.1 <i>28.3%</i>	\$ 475.4 <i>6.2%</i>	\$ 104.0 <i>1.4%</i>	\$ 435.0 <i>5.7%</i>	\$ 7,661.3 <i>100.0%</i>

FY 2012 Recommended Change to Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	(2.4) <i>1.2%</i>	9.4 <i>-4.6%</i>	10.4 <i>-5.1%</i>	36.9 <i>-18.2%</i>	3.4 <i>-1.7%</i>	5.6 <i>-2.8%</i>	\$ 63.2 <i>-31.2%</i>
Contracted Services	(0.5) <i>0.2%</i>	(2.6) <i>1.3%</i>	17.4 <i>-8.6%</i>	(0.6) <i>0.3%</i>	1.5 <i>-0.8%</i>	(6.0) <i>2.9%</i>	9.3 <i>-4.6%</i>
Other State Operations	20.3 <i>-10.0%</i>	2.0 <i>-1.0%</i>	13.7 <i>-6.7%</i>	2.5 <i>-1.3%</i>	0.1 <i>0.0%</i>	(1.9) <i>0.9%</i>	36.6 <i>-18.1%</i>
Aid to Local Units of Government	24.7 <i>-12.2%</i>	- <i>0.0%</i>	18.5 <i>-9.1%</i>	- <i>0.0%</i>	(0.0) <i>0.0%</i>	- <i>0.0%</i>	43.2 <i>-21.3%</i>
Assistance, Grants & Benefits	(360.0) <i>177.5%</i>	(21.1) <i>10.4%</i>	29.4 <i>-14.5%</i>	9.3 <i>-4.6%</i>	(0.3) <i>0.1%</i>	11.4 <i>-5.6%</i>	(331.3) <i>163.3%</i>
Capital	(6.5) <i>3.2%</i>	9.6 <i>-4.7%</i>	(18.5) <i>9.1%</i>	(4.5) <i>2.2%</i>	0.3 <i>-0.1%</i>	(3.4) <i>1.7%</i>	(23.0) <i>11.3%</i>
Debt Service	8.4 <i>-4.1%</i>	- <i>0.0%</i>	(1.5) <i>0.7%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	6.9 <i>-3.4%</i>
Operating Transfers	(8.2) <i>4.0%</i>	0.5 <i>-0.2%</i>	(0.5) <i>0.2%</i>	- <i>0.0%</i>	0.1 <i>0.0%</i>	0.3 <i>-0.1%</i>	(7.9) <i>3.9%</i>
Total	\$ (324.2) <i>159.8%</i>	\$ (2.2) <i>1.1%</i>	\$ 68.9 <i>-34.0%</i>	\$ 43.6 <i>-21.5%</i>	\$ 5.0 <i>-2.5%</i>	\$ 6.1 <i>-3.0%</i>	\$ (202.8) <i>100.0%</i>

Expenditures from General Revenues

FY 2010 Reported	General Government	Human Services	Education	Public Safety	Natural Resources	Transportation	Total
Salaries & Benefits	131.6 4.6%	143.0 5.0%	123.2 4.3%	264.9 9.3%	27.5 1.0%	- 0.0%	\$ 690.1 24.1%
Contracted Services	6.2 0.2%	16.6 0.6%	8.4 0.3%	11.5 0.4%	0.8 0.0%	- 0.0%	43.5 1.5%
Other State Operations	36.2 1.3%	19.6 0.7%	28.7 1.0%	30.4 1.1%	6.3 0.2%	- 0.0%	121.2 4.2%
Aid to Local Units of Government	168.2 5.9%	- 0.0%	765.6 26.7%	- 0.0%	- 0.0%	- 0.0%	933.8 32.6%
Assistance, Grants & Benefits	13.6 0.5%	820.8 28.7%	28.2 1.0%	28.0 1.0%	0.8 0.0%	- 0.0%	891.3 31.1%
Capital	1.1 0.0%	0.4 0.0%	3.8 0.1%	0.9 0.0%	0.2 0.0%	- 0.0%	6.4 0.2%
Debt Service	119.5 4.2%	- 0.0%	17.3 0.6%	- 0.0%	- 0.0%	- 0.0%	136.8 4.8%
Operating Transfers	35.4 1.2%	4.7 0.2%	0.3 0.0%	- 0.0%	- 0.0%	- 0.0%	40.4 1.4%
Total	\$ 511.7 17.9%	\$ 1,005.1 35.1%	\$ 975.4 34.1%	\$ 335.6 11.7%	\$ 35.6 1.2%	\$ - 0.0%	\$ 2,863.6 100.0%

FY 2011 Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Transportation	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%

Expenditures from General Revenues

FY 2012 Recommended	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	137.3 4.3%	175.2 5.5%	127.8 4.0%	324.1 10.2%	31.3 1.0%	- 0.0%	\$ 795.8 25.1%
Contracted Services	7.6 0.2%	18.0 0.6%	7.8 0.2%	11.6 0.4%	0.9 0.0%	- 0.0%	46.0 1.5%
Other State Operations	38.1 1.2%	20.6 0.6%	31.9 1.0%	35.5 1.1%	5.9 0.2%	- 0.0%	132.0 4.2%
Aid to Local Units of Government	65.6 2.1%	- 0.0%	829.7 26.2%	- 0.0%	- 0.0%	- 0.0%	895.3 28.2%
Assistance, Grants & Benefits	14.0 0.4%	1,044.6 33.0%	35.8 1.1%	29.9 0.9%	0.8 0.0%	- 0.0%	1,125.2 35.5%
Capital	3.1 0.1%	0.9 0.0%	1.7 0.1%	1.0 0.0%	0.0 0.0%	- 0.0%	6.8 0.2%
Debt Service	143.4 4.5%	- 0.0%	18.8 0.6%	- 0.0%	- 0.0%	- 0.0%	162.3 5.1%
Operating Transfers	5.1 0.2%	1.3 0.0%	0.1 0.0%	- 0.0%	- 0.0%	- 0.0%	6.6 0.2%
Total	\$ 414.4 13.1%	\$ 1,260.6 39.8%	\$ 1,053.7 33.2%	\$ 402.2 12.7%	\$ 39.0 1.2%	\$ - 0.0%	\$ 3,169.8 100.0%

FY 2012 Recommended Change to Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	(4.3) -1.9%	14.4 6.3%	3.7 1.6%	33.2 14.6%	1.8 0.8%	- 0.0%	\$ 48.8 21.4%
Contracted Services	(0.1) -0.1%	(0.8) -0.4%	0.2 0.1%	(0.9) -0.4%	(0.3) -0.1%	- 0.0%	(1.9) -0.8%
Other State Operations	(2.6) -1.1%	(1.4) -0.6%	1.4 0.6%	3.3 1.4%	(0.3) -0.1%	- 0.0%	0.3 0.1%
Aid to Local Units of Government	5.4 2.4%	- 0.0%	14.1 6.2%	- 0.0%	- 0.0%	- 0.0%	19.5 8.6%
Assistance, Grants & Benefits	(2.0) -0.9%	173.3 76.1%	4.5 2.0%	3.1 1.4%	(0.0) 0.0%	- 0.0%	178.8 78.5%
Capital	1.3 0.6%	(0.1) -0.1%	(0.3) -0.2%	(0.0) 0.0%	0.0 0.0%	- 0.0%	0.8 0.4%
Debt Service	4.9 2.1%	- 0.0%	(0.7) -0.3%	- 0.0%	- 0.0%	- 0.0%	4.1 1.8%
Operating Transfers	(22.6) -9.9%	0.4 0.2%	(0.5) -0.2%	- 0.0%	- 0.0%	- 0.0%	(22.7) -10.0%
Total	\$ (20.2) -8.9%	\$ 185.7 81.5%	\$ 22.3 9.8%	\$ 38.6 17.0%	\$ 1.2 0.5%	\$ - 0.0%	\$ 227.7 100.0%

Section III

Agency Analyses

Department of Administration

	FY 2011	FY 2011	FY 2012	FY 2012
	Enacted	Revised	Request	Recommended
Expenditures by Program				
Central Management	\$ 1,475,743	\$ 1,593,558	\$ 1,715,712	\$ 1,960,324
Accounts & Control	3,806,968	3,605,242	4,012,441	3,751,998
Budgeting	2,007,066	1,923,513	2,320,277	2,219,064
Purchasing	2,554,715	2,458,519	2,777,621	2,750,346
Auditing	1,436,515	1,240,160	1,425,766	1,376,922
Human Resources	11,146,821	10,666,807	12,266,234	11,510,839
Personnel Appeal Board	80,803	78,172	80,803	73,560
General	118,014,074	106,862,622	96,365,353	42,180,397
Debt Service	191,268,497	192,649,398	209,920,362	199,608,551
Legal Services	1,693,282	1,770,720	1,868,421	1,825,486
Facilities Management	36,851,760	36,554,784	38,425,068	36,406,328
Capital Projects and Prop. Mgt.	3,776,092	3,720,390	4,026,556	3,922,079
Information Technology	27,590,025	27,485,082	33,384,738	30,679,954
Library Programs	2,273,201	2,531,162	2,249,240	2,223,311
Planning	17,921,395	20,257,238	17,735,640	21,001,636
Undistributed Savings	(8,178,357)	-	(8,249,321)	-
Energy Resources	69,240,003	95,413,349	52,844,273	53,551,892
Sheriffs	16,341,206	15,976,566	17,389,798	-
Total	\$ 499,299,809	\$ 524,787,282	\$ 490,558,982	\$ 415,042,687
Expenditures by Category				
Salaries and Benefits	\$ 70,895,702	\$ 76,818,483	\$ 78,476,206	\$ 67,898,646
Contracted Services	5,448,177	5,228,735	5,224,736	4,959,246
Subtotal	\$ 76,343,879	\$ 82,047,218	\$ 83,700,942	\$ 72,857,892
Other State Operations	34,423,085	34,188,940	37,819,387	32,298,058
Aid to Local Units of Government	61,188,736	67,970,965	62,952,856	11,595,170
Assistance, Grants, and Benefits	85,988,827	115,600,213	69,340,451	73,362,080
Capital	22,658,143	26,845,519	21,351,497	20,444,722
Capital Debt Service	191,023,652	192,460,940	209,720,362	199,408,551
Operating Transfers	27,673,487	5,673,487	5,673,487	5,076,214
Total	\$ 499,299,809	\$ 524,787,282	\$ 490,558,982	\$ 415,042,687
Sources of Funds				
General Revenue	\$ 324,063,375	\$ 325,928,779	\$ 331,128,523	\$ 250,047,213
Federal Aid	79,572,545	103,620,313	63,500,280	69,057,151
Restricted Receipts	17,140,339	25,689,655	20,112,557	19,898,084
Other	78,523,550	69,548,535	75,817,622	76,040,239
Total	\$ 499,299,809	\$ 524,787,282	\$ 490,558,982	\$ 415,042,687
FTE Authorization	871.6	873.6	871.6	693.6

Summary. The Department of Administration submitted an unconstrained budget for FY 2012 totaling \$490.6 million from all sources of funds. This is \$8.7 million less than enacted, of which \$8.2 million is

due to the allocation of pension savings, the removal of \$22.0 million to payback funds borrowed from the rainy day fund and new undistributed savings of \$8.2 million from the implementation of two initiatives. Adjusted for these, the request is \$13.3 million more from all funds, including \$27.6 million more general revenues, of which \$16.0 million is for debt service requirements. Consistent with the FY 2011 revised request and the enacted budget, the Department requests staffing authorization of 871.6 full-time positions. The Department also submitted a constrained budget that totals \$301.9 million and includes \$20.2 million less from general revenues than the unconstrained request.

The Governor recommends total expenditures of \$415.0 million, of which \$250.0 million is from general revenues. This is \$68.3 million less than enacted, including the allocation of \$8.2 million for pension savings, exclusion of the \$22.0 million repayment. The budget reflects the transfer of some of the appropriation for the state aid programs to the Department of Revenue. These include the distressed communities' relief fund; motor vehicles excise tax and the payment in lieu of taxes program. State aid for library operations and library construction will remain in the Department of Administration. It also includes the transfer of the Sheriffs program to the Department of Public Safety.

Accounting for these adjustments, the recommendation is \$5.2 million less than enacted largely due to the removal of stimulus funds for energy related projects. He recommends staffing of 693.6 positions, 178.0 positions less than requested, of which 180.0 relate to the Sheriffs transfer.

Target Issues. The Budget Office provided the Department with a general revenue target of \$325.0 million. The amount includes current service adjustments of \$16.8 million and a 15.0 percent target reduction adjusted for certain exclusions of \$15.9 million. The constrained request is \$14.1 million less than the target level based on a subsequent revision for debt service for historic tax credit projects. The proposals to achieve the reductions are noted among the items described below where appropriate.

FY 2012 Budget	Budget Office	Department of Administration	Difference
FY 2011 Enacted	\$ 324,063,375	\$ 324,063,375	\$ -
Current Service Adjustments	16,777,999	11,298,770	(5,479,229)
New Initiatives	-	(4,233,622)	(4,233,622)
Change to FY 2011 Enacted	\$ 16,777,999	\$ 7,065,148	\$ (9,712,851)
FY 2012 Current Service/ Unconstrained Request	\$ 340,841,374	\$ 331,128,523	\$ (9,712,851)
Target Reduction/Initiatives	(15,853,972)	(20,220,565)	(4,366,593)
FY 2012 Constrained Target/Request	\$ 324,987,402	\$ 310,907,958	\$ (14,079,444)
<i>Change to FY 2011 Enacted</i>	\$ 924,027	\$ (13,155,417)	\$ (14,079,444)

The Governor's budget is \$74.9 million below the target.

Staffing Authorization. The Department requests staffing authorization of 871.6 full-time positions for FY 2012. This is consistent with the enacted budget and the FY 2011 revised request. The request includes a number of transfers within department functions, including a current vacancy from Accounts and Control to the Division of Purchasing to administer transportation related procurement and a transfer from the Office of Energy Resources to the Division of Legal Services. The request reflects the elimination of a vacant position from the Division of Information Technology and a new position in the State Budget Office. *The Governor recommends staffing of 693.6 positions in FY 2012, 178.0 positions less than the authorized level, of which 180.0 positions is to reflect the transfer of the Sheriffs to the Department of Public Safety. He also adds 2.0 positions in Central Management.*

Statewide Items

Statewide Adjustments. The Governor's FY 2012 budget includes \$20.7 million in unidentified statewide general revenue savings from applying reductions of 3.0 percent to salaries and benefits in cabinet level departments and 2.0 percent reductions to those costs in certain other agencies. He also includes a 1.0 percent reduction to operating costs in those agencies. For the Department of Administration, he assumes savings of \$1.8 million primarily from personnel. The adjustments are in addition to other program changes in his recommended budget and described below.

Distributed Pension Savings. The request assumes the distribution of \$8.2 million from all sources, including \$5.7 million from general revenues included in the enacted budget for the state's share of retirement costs for state employees. The 2010 Assembly adopted pension changes, which 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 June 12, 2010. *The Governor recommends funding as requested.*

Budget Stabilization Fund Transfer. The budget request removes the one-time expenditure of \$22.0 million used to payback the Rhode Island Capital Plan Fund for funds borrowed from the rainy day fund in FY 2009. Rhode Island General Law requires that any amounts used must be replaced in the following year. The 2010 Assembly adopted legislation to delay the repayment to FY 2011.

The Governor proposes legislation to delay the repayment from FY 2011 to FY 2013.

Transition Costs for Elected Officials. The budget request removes the one-time expenditure of \$0.1 million 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 and adequate funds from the outgoing general office from the budget of that department for use to hire transition staff, obtain office supplies and equipment. *The Governor recommends funding as requested.*

Statewide Pharmacy Savings. The request projects a statewide savings of \$561,366 from all funds, including \$288,097 from general revenues from the implementation of an initiative that encourages members who are on select non-specialty medications, commonly referred to as Tier 3 to fill their prescriptions through the mail or switch to a lower cost option. Members on selected medications will receive two grace period refills of the higher cost Tier 3 medicine at their retail pharmacy. Members on specialty medications do not have to switch to generic drugs; they are encouraged to order their medications through the mail as well. The Office of Employee Benefits indicates that during this grace period, members on non-specialty medications will receive letters and phone calls to inform them of the program and the low cost alternatives. Additionally, the dispensing pharmacist will inform the member of the low cost alternatives. If the member does not switch to a low cost alternative, he/she will continue to access the original prescription by mail order.

The Governor's budget reflects the savings from both years in the medical benefit rates shown for in FY 2012.

Undistributed Statewide Early Retiree Benefits Savings. The request includes \$7.7 million from all funds, including \$3.9 million from general revenues in undistributed statewide savings as part of the Early Retiree Reinsurance program. The program was established by the Affordable Care Act for which Congress appropriated \$5.0 billion in total funding to provide reimbursement to employment-based health plans for a portion of the cost of health benefits for early retirees between the ages 55 and 64 for their spouses, surviving spouses, and dependents. The program reimburses plans for 80.0 percent of the cost of care provided per enrollee in excess of \$15,000 and \$90,000. The funds will be used to offset premium increases in FY 2012 for active employees.

The Office of Employee Benefits indicates that based on the active state employee share of 71.85 percent of the state's plans cost; rates may be reduced by \$7.7 million for active employees and \$3.0 million will go into the Other Post-Employment Benefits Trust fund for retirees. *The Governor's budget reflects the savings in the medical benefit rates in each agency's budget.*

Local Aid

Distressed Communities Relief Fund. The Department requests the enacted amount of \$10.4 million to level fund the Distressed Communities Relief program in FY 2012. 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 to 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. Preliminary data from the Division of Municipal Finance indicates that for FY 2012, North Providence qualifies for distressed aid and Burrillville no longer qualifies. *The Governor's budget reflects the transfer of this program to the Department of Revenue. He recommends \$10.4 million to level fund the program at the FY 2011 enacted amount.*

Motor Vehicles Excise Tax. The Department requests the enacted amount of \$10.0 million for the Motor Vehicles Excise Tax program in FY 2012. The 2010 Assembly enacted legislation mandating a \$500 exemption for which the state will reimburse municipalities an amount subject to appropriation. The legislation allows municipalities to provide an additional exemption; however, that additional exemption will not be subject to reimbursement. 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 restored the authority for fire districts to levy a motor vehicles excise tax. *The Governor's budget reflects the transfer of this program to the Department of Revenue. He recommends \$10.0 million to level fund the program at the FY 2011 enacted amount.*

Payment in Lieu of Taxes. The Department requests the enacted amount of \$27.6 million to level fund the Payment in Lieu of Taxes program in FY 2012, \$10.8 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. Based on preliminary data from the Division of Municipal Finance, the request for \$27.6 million represents a reimbursement of 19.5 percent of the value.

The Governor's budget reflects the transfer of this program to the Department of Revenue. He recommends \$27.6 million to level fund the program at the FY 2011 enacted amount.

Property Revaluation Reimbursements. The Department requests \$1.1 million to reimburse communities conducting scheduled property revaluations or statistical updates in FY 2012. This is \$0.1 million more than enacted to reflect anticipated expenses. Expenditures fluctuate annually; they were \$1.5 million in FY 2010, \$1.0 million in FY 2009, \$1.1 million in FY 2008 and \$2.2 million in FY 2007. *The Governor's*

budget reflects the transfer of this program to the Department of Revenue. He recommends \$1.1 million in FY 2012, consistent with the request.

Car Rental Surcharge – Warwick. The Department of Administration requests the enacted amount of \$957,497 from restricted receipts to the City of Warwick. The 2002 Assembly enacted legislation to provide the sales and vehicle rental surcharge revenues generated through customer facility charges from rental car companies at T. F. Green Airport. The receipts are deposited into a restricted receipt account for the City of Warwick. *The Governor’s budget reflects the transfer of this program to the Department of Revenue. He recommends \$957,497 to level fund the program at the FY 2011 enacted amount.*

Library Construction Aid. The Department requests \$2.8 million for library construction aid, \$0.3 million more than enacted to reflect current funding requirements for FY 2012 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 2010 were \$2.7 million. *The Governor recommends funding as requested.*

Library Aid. The Department requests \$10.1 million from general revenues, \$1.3 million more than enacted to fund state support of public libraries at the current law requirement. 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 recommends funding at the enacted level, which is \$1.3 million less than current law requirement, which allows for a ratable reduction to the appropriation. His community distributions reflect last year’s data and are subject to change upon available data.

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 Department’s constrained budget includes a savings of \$0.6 million by reducing general operations of the Corporation from \$4.6 million to \$4.0 million. The Corporation indicates that a loss of funding would have a major impact on both personnel and program costs. The Department of Administration indicates that the Corporation did not submit a plan to specify what percentage of the reduction would be from staffing or operations. The Corporation notes that any savings from the elimination of personnel would be reduced by unemployment expenses. The Corporation is staffed by 46.0 full-time positions.

The Corporation has not submitted its FY 2011 revised or FY 2012 budgets. Information obtained from the FY 2011 budget indicates that 67.4 percent of the state’s appropriation is for salaries and benefits and 32.6 percent is for operation costs. Subsequently, the Corporation indicated that it would lay off seven positions in the areas of Business Development, Communications, Research and Tourism; reduce its program costs by 56.0 percent and reduce operating costs by 16.0 percent if its appropriation is reduced.

The Governor recommends \$4.1 million from general revenues, which is \$0.6 million less than enacted. The recommendation is \$0.1 million more than the constrained request.

Community Service Grants. The Department requests the enacted amount of \$1.2 million for all community service grants. There are 19 grants passed through the Economic Development Corporation and 12 grants are administered by the Department of Administration.

The constrained budget reduces funding for all community service grants by 15.0 percent or \$187,271. This includes \$127,878 for grants passed through the Corporation and \$59,393 for grants administered by the Department.

The Governor recommends \$1.2 million to fund all the community service grants at the enacted level.

Slater Technology Fund. The Department requests 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. The Slater Centers for 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 to \$43.2 million. The 2009 Assembly reduced funding for this program from \$3.0 million to \$2.0 million. *The Governor recommends funding as requested.*

Experimental Program to Stimulate Competitive Research (EPSCoR). The Department requests the enacted amount of \$1.5 million for participation in the National Science Foundation's Experimental Program to Stimulate Competitive Research. This is the sixth installment totaling \$9.0 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 a three-year commitment. *The Governor recommends funding as requested.*

Airport Impact Aid. Consistent with the enacted budget, the Department requests \$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 recommends funding as requested.*

Energy Programs

Stimulus – Weatherization Assistance Program. The Department requests \$5.0 million from federal stimulus funds for the Weatherization Assistance Program, \$4.5 million less than enacted. This program provides cost effective, energy efficient weatherization improvements. It also provides low-income individuals, particularly elderly, persons with disabilities, families with children, high residential energy users, and households with a high energy burden, with weatherization improvements to lower utility costs. The total amount that the state will receive is estimated to be \$20.1 million; \$3.8 million was spent in FY 2010 and the Department programmed \$11.2 million in FY 2011.

Of the \$5.0 million requested in FY 2012, the Department programmed \$4.5 million for grants, and \$0.5 million for the administration of the program. This includes \$36,995 for operating expenses and \$0.5 million to support 4.5 full-time positions.

The Governor concurs, with the exception of providing \$38,076 less for turnover savings and to reflect adjustments to benefit calculations.

Stimulus – State Energy Program. The request includes \$4.5 million from federal stimulus funds for the State Energy Program, \$8.5 million less than enacted. 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 total amount that the state will receive is estimated to be \$24.0 million; \$0.2 million was spent in FY 2010 and the Department programmed \$19.3 million in FY 2011.

The Governor concurs, with the exception of providing \$42,836 less for turnover savings and to reflect adjustments to benefit calculations. He also includes an additional \$1,781 for operating expenses.

Stimulus – All Other Programs. The request includes \$2.5 million from federal stimulus funds, \$2.8 million less than enacted to reflect available funds for the 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 an existing formula, which takes into account population and other factors. The Department indicates that the funds will be allotted to all municipalities in three installments. The total amount that the state will receive is estimated to be \$9.6 million; the Department spent \$0.1 million in FY 2010 and programmed \$7.0 million in FY 2011.

The Governor concurs, with the exception of providing \$4,760 less for turnover savings and to reflect adjustments to benefit calculations. He also includes an additional \$1,255 for operating expenses.

Low Income Heating Assistance Program. The Department's request includes \$29.6 million from federal funds, \$0.4 million less than enacted for the Low Income Home Energy Assistance Program. 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 program currently assists approximately 32,000 low income households and grants range from \$200 to \$900 depending on income level and energy source. The request includes \$29.1 million for grants and \$517,233 for the administration of the program, of which \$465,834 is for salaries and benefits for 4.9 full-time positions and \$51,399 is for operating expenses.

The Governor recommends total expenditures of \$28.9 million, \$0.8 million less than requested to reflect anticipated grant award.

Other Energy Resources Programs. The request includes \$11.3 million from all funding sources for all other expenditures for the Office of Energy Resources. This is \$0.1 million less than enacted, including an increase of \$0.3 million from restricted receipts offset by a decrease of \$0.4 million from federal funds. The request includes \$3.2 million for the Demand Management Grant program to make energy grants for weatherization, gas and electric boiler replacements. It includes \$4.2 million from restricted receipts from the sale of emission allowances for the Regional Greenhouse Gas Initiative. 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 request includes \$3.9 million budgeted for various weatherization grants. The Weatherization Assistance Program provides cost effective, energy efficient weatherization improvements.

The Governor recommends \$1.6 million more than requested to reflect additional funding for the Weatherization Assistance Program. He recommends staffing of 17.0 full-time equivalent positions, 1.0 less position than requested to reflect a vacant position reallocated to Statewide Planning.

Statewide Planning

Stimulus – Homelessness Prevention Fund. The Department requests expenditures of \$0.8 million, \$1.1 million less from stimulus funds for the Homelessness Prevention Fund to reflect the anticipated award from the U.S. 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. Rhode Island received a total of \$3.0 million for this program; the Department reported FY 2010 expenditures of \$0.7 million and programmed \$1.6 million in FY 2011. The Office of Housing and Community Development subcontracts with local community action agencies, Crossroads and other service providers. To date, the program has served 3,000 persons. *The Governor recommends funding as requested.*

Staffing. The Department requests \$3.7 million from all sources to fund salaries and benefits for 34.0 full-time positions in the Division of Statewide Planning. This is \$0.3 million more from all funds than enacted, including an increase of \$0.1 million each from general revenues and other funds and \$33,297 from federal funds. The request is 8.6 percent more for the cost-of-living adjustment and updated benefit rates. Staffing authorization of 34.0 positions is consistent with the enacted budget. The request assumes no turnover savings.

The Governor concurs and provides \$0.1 million more than requested to reflect available funds from the Department of Housing and Urban Development to implement the Disaster Recovery Program. The funds will be used to support a 1.0 full-time position.

Planning Grants and Operations. The Department requests \$13.3 million from all funds for all other expenditures relating to Statewide Planning. This is \$0.6 million more 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 towns to develop viable urban communities. The request includes \$3.4 million more from other funds, budgeted for grants for transportation planning related issues. It includes the enacted amount of \$2.1 million from general revenues, of which \$0.7 million is for the state's Lead Hazard Reduction program and \$1.4 million for homeless assistance grants.

The Governor concurs and provides an additional \$3.2 million in federal funds from the Department of Housing and Urban Development for the Disaster Recovery Program. The funds may be used for efforts involving housing, economic development, and infrastructure improvements.

Target – Lead Hazard Program. The constrained budget reduces funding for the Lead Hazard program from \$650,000 to \$109,602, an 83.1 percent reduction. The program provides loans and grants to income eligible property owners for lead abatement. Annually, the program provides loans and grants to assist 35 to 55 households. Since its inception, the program has assisted in making over 1,500 units lead safe. Rhode Island General Law 42-128-8 empowers the Housing Resource Commission to manage a lead abatement program. Subsequent to the budget submission, the Department indicated that it received a new award from the U.S. Department of Housing and Urban Development totaling \$3.1 million to be used over 3 years. The grant requires a state match of 50.0 percent. *The Governor does not recommend this reduction.*

Neighborhood Opportunities Program. The Department's request reflects the elimination of the \$1.5 million from Rhode Island Capital Plan funds for the Neighborhood Opportunities Program. The Housing Resource Commission administers the program, which currently provides operating subsidies for affordable housing projects. In prior years, the funds were used for the development costs of housing units. Total funding to date is \$42.0 million.

The Governor concurs with the request and proposes legislation to require that the Rhode Island Housing and Mortgage Finance Corporation fund the program at that level.

Facilities Management

Staffing. The Department requests \$10.4 million from all funds and staffing of 113.5 positions for the Division of Facilities Management. The request is \$0.9 million or 9.0 percent more and staffing authorization is consistent with the enacted budget. Of the \$0.9 million increase, \$0.5 million is for cost-of-living adjustments, and benefit rate changes consistent with FY 2012 planning values. The request assumes \$0.2 million in turnover savings, \$0.1 million less than enacted and \$0.4 million less than the FY 2011 revised request. Consistent with the enacted and FY 2010 reported expenditures, the request includes \$0.3 million for overtime expenses.

The Department's constrained budget proposes the layoff of 47.0 positions consisting of janitors, plumbers, electricians and maintenance technicians for a savings of \$3.9 million from all funds, including \$3.4 million from general revenues. It also includes additional turnover savings of \$0.9 million by holding 14.5 positions vacant for the whole fiscal year.

The Department indicates that the impact of instituting the layoffs and maintaining the additional vacancies would result in additional overtime in order to maintain facilities throughout the state. Additionally, it would have to reduce maintenance staff at the Veteran's Home and obtain services from outside vendors for snow removal and janitorial services. The Division indicates that when it was asked to identify the savings, it held utility costs harmless and maintains its contractual obligation for operation of the Central Power Plant. It should be noted that utility expenses account for more than 54.0 percent of the Division's general revenues enacted budget.

The Governor recommends \$10.2 million from all funds, which further reduces the request by \$192,300, of which \$153,294 is to reflect additional turnover savings and \$39,006 is to reflect adjustments to benefit calculations. He recommends staffing consistent with the request.

Utility Costs. The Department projects utility expenditures of \$20.0 million from all funds, including \$17.6 million from general revenues at state buildings under its jurisdiction, including the Pastore Campus in FY 2012. The request is \$0.1 million more from all funds, including \$0.3 million from general revenues. The projection is 15.6 percent or \$2.7 million more than FY 2010 reported expenditures and is 1.3 percent more than FY 2011 revised expenses. The request reflects a savings of \$0.4 million from electric and natural gas and an increase of \$0.4 million for sewer. The expenditure projection for natural gas is based upon a two-year fixed pricing option for natural gas implemented in FY 2010. The estimate is based upon the commodity pricing received for the Department's usage estimates for FY 2012. The fixed cost contract expires June 30, 2012. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$8.0 million or \$0.6 million more 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 an increase of 7.7 percent from the enacted budget and is \$0.5 million more than FY 2011 revised and FY 2010 reported expenditures. The request includes an additional \$0.2 million for janitorial services. Consistent with the revised request, it includes \$0.3 million for contractual services with Solar Turbines for the maintenance contract of the power plant turbines, which was inadvertently excluded from the enacted budget.

The Department's constrained budget reduces expenditures for janitorial services and waste disposal by \$0.2 million and defers building repairs and maintenance for a savings of \$0.6 million.

The Governor recommends \$6.6 million from all funds, which is \$1.4 million less than requested. This includes \$0.7 million less for building maintenance and waste disposal. The recommendation includes \$2.1 million for this expense, which is \$0.2 million more than FY 2010 reported expenditures. The recommendation also includes savings of \$0.7 million from general revenues from the Department of Behavioral Healthcare, Developmental Disabilities and Hospital leveraging more Medicaid that can be used for facility maintenance at the Eleanor Slater Hospital. It appears that the recommendation inadvertently lowered expenditures instead of shifting them to other sources.

Information Technology

Staffing. The Department requests \$23.3 million from all funds, including \$15.3 million from general revenues and staffing of 191.5 full-time positions for the Division of Information Technology. The Division is responsible for oversight, coordination and development of all computer resources within the Executive Branch. The request includes \$2.6 million more from all sources and 1.0 fewer position than the authorized level. The request includes \$0.4 million in turnover savings, \$0.4 million less than enacted. As of pay period ending November 20, 2010, the Division had 12.9 positions vacant. Accounting for turnover savings, the request is \$2.2 million, or 11.2 percent more than enacted for cost-of-living adjustments and benefit rate changes consistent with FY 2012 planning values.

The Department's constrained budget proposes to lay off five permanent and two seasonal employees and increase turnover savings in the Division of Information Technology for a savings of \$2.1 million, including \$1.5 million from general revenues. The Department indicates that if the savings are instituted, the Division would not be able to provide support and maintenance of the Department of Corrections' INFANTS application, which tracks incarcerated inmates. It would also decrease overnight staff at the state computer center. The positions were selected based on the length of service.

The Governor recommends \$23.0 million from all funds, including \$15.1 million from general revenues. This is \$2.3 million more than enacted and is \$0.3 million less than requested, of which \$0.2 million is for additional turnover savings and \$0.1 million is to reflect adjustments to benefit calculations. He recommends staffing consistent with the request.

RI Financial Accounting Network System. The Department requests \$4.1 million from general revenues, which includes \$1.0 million for operational expenditures to fund contracts for license and maintenance costs for the Rhode Island Financial Accounting Network System and new expenditures of \$3.1 million to begin the implementation of the time and attendance, projects and grants modules. The Department indicates that the implementation of these modules would increase efficiencies across state agencies and provide for improved reporting for reimbursements.

The constrained request reduces expenditures for the implementation of the Rhode Island Financial Accounting Network by \$3.2 million.

The Governor recommends \$2.4 million more than enacted from all funds, consisting of \$0.1 million less from general revenues and \$2.5 million from Rhode Island Capital Plan funds. Rhode Island Capital Plan funds have been limited to use on physical assets.

Other Operations. The Department requests FY 2012 expenditures of \$6.1 million from all funds for the Division of Information Technology. This is \$72,353 or 1.2 percent more than the enacted budget and is

\$0.2 million more the FY 2011 revised request. It includes an additional \$42,219 from general revenues primarily for various software maintenance agreements.

As part of its constrained budget, the Division reduces operating expenditures by \$2.3 million from all funds, including \$2.0 million from general revenues. The request decreases the Division's Technology Initiative Fund from \$1.5 million to \$64,509. The Fund is used for information technology projects that support other state agencies. The Division had planned to increase storage backup capability, create a plan to reduce power consumption and upgrade enterprise cyber security appliances. The request also reduces staff training by \$0.2 million, which the Department indicates would hinder its ability to assist other state agencies' information technology systems.

The Governor concurs with the unconstrained request and provides an additional \$1.3 million from general revenues for capital purchases and equipment. The Division is in the process of formalizing a plan for use of the funds.

IT Enterprise Operations Center. The request removes the enacted amount of \$3.9 million from Rhode Island Capital Plan funds to reflect the completion of the Information Technology Enterprise Operations Center. In the fall of 2009, the Department purchased an 80,000 square foot building off Jefferson Boulevard. The Department is in the process of renovating the facility and indicated that it will occupy the first floor and offices will be made available for the Treasurer's Office and the State Police. Subsequent to the approved plan, the Department indicated that additional sources would be needed for renovations to the elevator and general construction items for the State Police and the Treasurer's Office. The FY 2011 revised budget request includes \$0.3 million for these expenses. *The Governor recommends funding as requested.*

Sheriffs

Staffing and Operations. The Department requests expenditures of \$17.4 million from general revenues to fund 180.0 positions and operations costs for the Sheriffs. The request includes \$16.5 million or \$1.0 million more for salaries and benefits, 6.6 percent more than enacted for cost-of-living adjustments and benefit rate changes consistent with FY 2012 planning values. The request assumes \$0.3 million in turnover savings based on a 2.0 percent across the board vacancy, which equates to 3.6 positions. As of pay period ending November 20, 2010, the Division had 174.0 positions filled, which does not take into account the number of individuals on military leave; injured on duty, which occurs while at work and long-term disability, which is due to a medical condition. Accounting for those, 150 positions are actually reporting to work regularly, which excludes those discharging vacation and sick time.

The request also includes \$750,000 for overtime expenses, which is \$50,000 less than enacted. FY 2010 reported expenditures for overtime were \$664,336 and the Department projects \$725,000 for FY 2011. Consistent with the enacted budget, the request includes \$0.9 million for operating expenses, \$33,973 less than enacted. The request includes \$0.3 million for vehicles, \$0.1 million for out-of-state travel expenses pertaining to prisoner extraditions and \$0.3 million for all other expenses.

The Governor proposes legislation to transfer the Sheriffs program from the Department of Administration to the Department of Public Safety. He includes \$17.2 million and staffing of 180.0 positions in the Department of Public Safety.

Target – Layoffs and Turnover Savings. As part of its constrained budget, the Department proposes to lay off 30 deputy sheriffs for a savings of \$1.6 million. It also includes \$0.5 million in additional turnover

savings, by holding an additional 6.0 positions vacant. It should be noted that the proposed number of layoffs equal that of deputies assigned to courtrooms in Newport and Kent counties.

Adjusting for individuals out on long-term disability, injured on duty, and military leave, the Division has on average 133.6 deputies available to staff Newport, Washington, Kent and Providence counties. The deputies are also required to do extraditions, hospital and cell block detail, prisoner transportation, and evictions. The Division notes that it would need to develop an operational plan to manage these reductions with the involvement of the Judiciary. Without inputs from the Judiciary, it identified three options should the layoffs occur: maintain all courtrooms and decrease staffing from each facility by 25.0 percent; two, close certain courthouses; and three, alternate days of operation between counties, which would allow personnel to be shifted on a day-to-day basis.

The Governor does not concur with this request. He recommends staffing of 180.0 positions for the Sheriffs in the Department of Public Safety.

Sheriffs Firearms and Radios. Consistent with its capital budget, the Department requests \$401,732 from Rhode Island Capital Plan funds for one-time expenditures, including \$125,000 to purchase 180 Glock .40 caliber firearms and other associated accessories for the Sheriffs. The Department indicated that the Sheriffs last purchased firearms in 1994 and since then it has received used firearms from other state agencies. It also includes \$276,732 to purchase 120 800 MHz portable radios. These projects do not appear to meet the definition of a capital expense and use of Rhode Island Capital Plan funds may not be appropriate for these projects. *The Governor does not recommend funding for these projects.*

Human Resources

Staffing. The Department requests \$11.9 million from all funds for salary and benefit expenditures to fund 116.0 full-time equivalent positions in the Division of Human Resources. This is \$1.0 million or 9.6 percent more than the enacted budget, including \$0.8 million more general revenues, \$0.2 million from federal funds, \$0.1 million from restricted receipts and \$29,779 more other funds. The staffing request is consistent with the authorized level. The request restores \$0.4 million in turnover savings and includes \$0.6 million for cost-of-living adjustments, and benefit rate changes consistent with FY 2012 planning values.

As part of its constrained budget, the Department includes an additional \$0.8 million in turnover savings and proposes to lay off 15 positions, consisting of human resource analysts and employee benefits specialists for a savings of \$1.1 million. These positions provide various services pertaining to labor relations, training, workers' compensation, employment verification and process all leave of absence requests. The Department indicates that without these positions, there would be insufficient staff to process payroll in a timely manner. The positions were selected based on the length of service. It should be noted that salary and benefit expenditures account for more than 97.0 percent of the Division's budget.

The Governor recommends \$11.4 million from all funds, including \$8.9 million from general revenues. This is \$0.6 million more than enacted and is \$0.5 million less than requested, of which \$0.4 million is for additional turnover savings and \$0.1 million is to reflect adjustments to benefit calculations. He recommends staffing consistent with the request.

Worksite Wellness Program. Consistent with the revised request, the Department requests expenditures of \$42,000 from general revenues for the worksite wellness program. The 2009 Assembly eliminated funding for the program. In FY 2010, the Department used staff from the Division of Human Resources to implement the program. It now indicates that this method did not prove to be reliable. The state employee

wellness program was created by Executive Order 05-12 to improve wellness programs for state employees and their families. The request includes \$30,000 for supplies including pedometers and \$12,000 for brochure materials and mailing. *The Governor recommends funding as requested.*

Short and Long Term Disability Review. The Department requests FY 2012 expenditures of \$110,000 from general revenues, \$60,000 more than enacted for contractual services provided by Hewitt Associates, which performs employee health benefit analyses on an as needed basis. The additional funds are requested to review the state's short and term long disability contracts. The FY 2011 revised request includes an additional \$49,000 for this expense. The enacted budget included \$50,000 for the annual medical audit to verify accuracy of claims payments and compliance with the different benefit plans.

The Department's constrained budget reduces expenditures for this by \$40,000. *The Governor recommends \$70,000, consistent with the constrained budget.*

Other Operations. The Department requests \$0.2 million from all sources, \$26,660 less than enacted for all other operating expenses for the Division of Human Resources. This includes a general revenue reduction of \$2,882 to reflect anticipated expenditures. The request is \$46,655 more than FY 2010 reported expenses. *The Governor provides \$7,378 more than requested to offset general revenue savings.*

Purchasing

Staffing. The Department requests \$2.7 million from all sources to fund salary and benefit costs for 28.0 full-time positions for the Division of Purchasing. This is \$0.2 million or 6.8 percent more than enacted for cost-of-living adjustments, and benefit rate changes consistent with FY 2012 planning values. The request includes \$0.1 million from gasoline tax proceeds to fund a position dedicated to procurement for transportation related projects, effective January 2011. The Department of Administration reallocated a current vacancy from Accounts and Control for this position. Consistent with the enacted budget, the request assumes no turnover savings.

As part of its constrained budget, the Department includes \$58,814 in turnover savings and proposes to lay off 3.0 full-time positions, consisting of two buyers and a senior buyer for a savings of \$259,046 from general revenues. The Department indicates that these layoffs would hinder its ability to provide enforcement on procurement of services to state agencies in a timely manner.

The Governor recommends \$2.7 million from all funds, including \$2.4 million from general revenues for staffing of 29.0 full-time positions. This is \$0.2 million more than enacted and is \$45,089 more than requested. The recommendation includes \$0.1 million for a position transferred from Accounts and Control.

Purchasing Website. The Department requests new expenditures of \$100,000 from general revenues, including \$50,000 each in FY 2011 and FY 2012 to enhance the website for the Division of Purchasing. The Department indicates that the current server that handles all state bids and provides information to the public has experienced downtime and the technology for it is outdated and is no longer supported. Programmed expenditures for FY 2011 include \$12,000 to upgrade the operating system; \$2,000 for licensing costs; \$5,000 for hardware costs and \$31,000 for website enhancements. The FY 2012 request of \$50,000 is for additional website enhancement costs. *The Governor recommends funding as requested.*

Other Purchasing Operations. The Department requests \$54,595 from all funds for all other operating expenses for the Division of Purchasing, \$3,325 more than enacted for additional office supplies and postage. *The Governor recommends \$242 less from all funds than requested.*

Overhead Functions

Tourism Asset Protection Fund. This initiative was not included in the Department's request. The Governor proposes legislation in Article 14 of 2011-H 5894 to establish the Tourism Asset Protection Fund to be used for tourism related improvements. The Fund is supported by the retention of a 1.0 percent sales tax on the rental of rooms and lodging; with the proposed rollback of the regular sales tax rate, the total sales tax would be unchanged from the current level. The funds will be deposited into a restricted receipt account and use of the funds is at the discretion of the Department of Administration.

The Governor recommends total expenditures of \$2.6 million from the Fund. This includes \$1.7 million in the Department of Environmental Management for the restoration of Fort Adams and \$0.9 million is budgeted in the Department of Administration for capital expenses though its uses are not specified in the capital budget.

Historic Tax Credit Debt Service. The Department's request includes \$22.6 million from general revenues to fund debt service costs for historic tax credits. This is \$1.2 million less than enacted and \$14.4 million less than the original current service estimate to reflect a delay in issuance. The 2008 Assembly adopted legislation to significantly modify the program. It required upfront processing fees, placed a moratorium on new projects, reduced the overall effective credit from 27.75 percent to 22.00 percent, and authorized borrowing sufficient funds to cash out all credits. *The Governor recommends funding as requested.*

Other Debt Service Costs. Excluding debt service costs for the Historic Tax Credit Trust Fund, and those for higher education and a portion of transportation, the Department requests \$187.1 million from all funds for all other debt service expenditures, which reflects an increase of \$17.2 million from general revenues, \$2.2 million from restricted receipts and \$0.5 million from other funds from gasoline tax proceeds for the Rhode Island Public Transit Authority and the Department of Transportation debt service payments. The request includes increases of \$16.9 million for general obligation bonds, consisting of \$4.7 million for outstanding debt and \$12.2 million for new debt based on planned issuance of \$100.0 million for FY 2012. The request includes the enacted amount of \$23.1 million for Convention Center Authority debt service costs. Consistent with the FY 2011 revised budget, the request includes an increase of \$2.3 million from restricted receipts for interest earnings pertaining to short-term borrowing. Interest earnings on borrowed funds are received as restricted receipts and are used to offset the cost of the Tax Anticipation Notes borrowing. The request reflects the removal of \$1.1 million for debt service costs relating to McCoy Stadium, for which the final payment was made in FY 2011.

The Governor recommends \$177.0 million from all funds for all other debt service expenditures. This is \$9.5 million more than enacted, including \$6.0 million from general revenues, \$1.7 million more restricted receipts and \$1.8 million more other funds.

The recommendation is \$10.3 million less than requested. Major changes to the request include \$9.5 million less for general obligation bond debt, \$2.2 million less for energy conservation debt and \$1.4 million more for transportation related debt, including increases of \$0.2 million for the Rhode Island Public Transit Authority and \$1.2 million for the Department of Transportation. Consistent with the FY 2011 revised budget, the recommendation reflects a shift of \$0.5 million from restricted receipts to general revenues due to lower than assumed interest earnings for Tax Anticipation Notes.

Contractor's Board Administrative Support. The request includes \$1.4 million in expenditures for the Contractor's Registration Board, which includes a shift of \$0.2 million of general revenue expenditures to

restricted receipts for administrative and technical support provided by the State Building Commission to the Contractor's Registration Board. This amount reflects 18.0 percent of the FY 2012 Commission staff salaries and benefit projection. This is in addition to the current assessment of the 10.0 percent indirect surcharge that is deposited into the State General Fund. The Board is responsible for registering all contractors who do residential work and commercial roofers. It also conducts hearings for homeowners who file complaints against contractors. It collects registration fees on a biennial basis and assesses fines. With the additional expenses for administrative and technical support, staff projects that by FY 2013, fund balances will be insufficient to maintain operations. The Department indicates that eventually a fee increase would be necessitated. *The Governor recommends funding as requested.*

Other Salary and Benefit Adjustments. Excluding items mentioned above, the Department requests \$16.1 million from all sources to fund current services salary and benefit costs for the remaining 147.6 full-time positions. This is \$1.3 million or 9.0 percent more than enacted, of which \$1.1 million is from general revenues for the following programs: Central Management, Accounts and Control, Budget Office, Legal Services, Auditing, Personnel Appeal Board, Capital Projects and Library and Information Services. The request includes \$0.1 million for a new position in the Budget Office. The request also assumes \$0.1 million in turnover savings, and includes cost-of-living adjustments, step increases and benefit rate changes to reflect FY 2012 planning values consistent with Budget Office instructions.

As part of its constrained budget, the Department increases turnover savings by an additional \$0.2 million and includes \$2.0 million from the layoffs of 22 positions, including two from Central Management, six from Accounts and Control, five from the State Budget Office, three from the Bureau of Audits, four from Legal Services, and two from Capital Projects and Property Management. It appears that 11 of the proposed layoff positions were vacant as of pay period ending November 20, 2010. The Department indicates that if the layoffs are instituted, the Bureau of Audits would have to reduce its scope of audits and there would be a delay in preparing fiscal notes for administrative rules.

The Governor recommends \$16.5 million from all funds, including \$14.5 million from general revenues for staffing of 149.6 full-time positions. This is \$1.7 million more from all sources than enacted and is \$0.3 million more than requested. The recommendation assumes \$0.4 million in turnover savings. It also includes \$0.3 million for two new positions; an executive director and an executive assistant to the director in Central Management.

All Other Operations. The Department requests \$1.6 million from all funds, including \$0.8 million from general revenues for all other state operations. This is \$0.3 million less from all funds, including \$4,954 less general revenues and \$0.3 million less from federal funds to reflect an anticipated award relating to library services.

The Department's constrained budget proposes \$0.2 million less than the unconstrained request, primarily for staff training, mileage reimbursement and printing costs.

The Governor recommends \$0.2 million less than requested from all funds including \$13,600 from general revenues, of which \$6,975 is to reflect a 15.0 percent reduction on legal costs.

Veterans Memorial Auditorium. Consistent with the approved plan, the request includes \$1.4 million from Rhode Island Capital Plan funds, \$1.1 million less than enacted to renovate the Veterans Memorial Auditorium and office building. The renovations will include roof repairs, upgrading the lighting around the stage area, a new loading dock, and upgrading the HVAC and security systems. 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 recommends funding as requested.*

Other Capital Projects. The Department requests \$18.0 million from Rhode Island Capital Plan funds for 27 projects. This is \$4.8 million less than enacted, including \$0.2 million for one-time computer related expenses. These projects do not appear to meet the definition of a capital expense and use of Rhode Island Capital Plan funds may not be an appropriate use for this project. It includes \$1.0 million for building demolition at Ladd Center, and \$1.0 million for the Pastore Center Parking project.

The Governor recommends \$0.4 million less than enacted, which further reduces the request by \$5.2 million. A detailed description of the projects is included in the Capital Budget Section of this analysis.

Department of Business Regulation

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Program				
Central Management	\$ 1,024,858	1,060,195	\$ 1,213,504	\$ 1,162,041
Banking Regulation	1,821,156	1,638,045	1,916,375	1,857,238
Securities Regulation	854,862	882,179	1,104,966	1,066,512
Commercial Licensing, Racing & Athletics	1,195,701	1,189,408	1,255,002	1,229,648
Insurance Regulation*	5,582,931	6,167,824	6,409,006	5,321,002
Office of the Health Insurance Commissioner*	-	-	-	1,870,217
Board of Accountancy	164,031	162,845	177,715	170,668
Boards for Design Professionals	255,891	316,292	255,080	247,360
Total	\$ 10,899,430	\$ 11,416,788	\$ 12,331,648	\$ 12,924,686
Expenditures by Category				
Salaries and Benefits	\$ 9,188,307	9,090,791	\$ 10,553,420	\$ 10,188,856
Contracted Services	866,382	1,446,385	916,771	1,863,255
Subtotal	\$ 10,054,689	\$ 10,537,176	\$ 11,470,191	\$ 12,052,111
Other State Operations	751,003	779,874	767,719	777,837
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	80,000	80,000	80,000	80,000
Capital	13,738	19,738	13,738	14,738
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 10,899,430	\$ 11,416,788	\$ 12,331,648	\$ 12,924,686
Sources of Funds				
General Revenue	\$ 9,156,047	\$ 8,919,355	\$ 9,477,437	\$ 9,696,378
Federal Aid	-	758,454	519,999	1,460,861
Restricted Receipts	1,743,383	1,738,979	2,334,212	1,767,447
Other	-	-	-	-
Total	\$ 10,899,430	\$ 11,416,788	\$ 12,331,648	\$ 12,924,686
FTE Authorization	90.0	93.0	92.0	93.0

**The Governor creates a separate program for the Office of the Health Insurance Commissioner; previously the Office was part of the Insurance Regulation division.*

Summary. The Department of Business Regulation requests \$12.3 million from all sources for its FY 2012 operations, \$1.4 million more than the FY 2011 enacted budget. The request includes \$0.3 million more from general revenues, \$0.5 million more from new federal grants, and \$0.6 million more from additional restricted receipt proceeds. The Department requests 92.0 full-time equivalent positions for FY 2012, or 2.0 more than the FY 2011 authorized level. The Office submitted a constrained request that totals \$11.1 million and includes \$1.2 million less from general revenues than the unconstrained request.

The Department submitted a constrained request that includes the elimination of 11.0 full-time equivalent positions, and is \$1.2 million less from general revenues and \$15,155 less from restricted receipts. The constrained request is \$48,922 less than the Budget Office's general revenue target of \$8.3 million.

The Governor recommends \$12.9 million from all sources, which is \$2.0 million more than enacted and \$0.6 million more than requested. The Governor's recommendation includes \$0.2 million more from general revenues, \$0.9 million more from new federal grants, and \$0.6 million less from restricted receipt proceeds. Consistent with his FY 2011 revised recommendation, the Governor recommends 93.0 full-time equivalent positions, 3.0 more than authorized and 1.0 more than requested.

Target Issues. The Budget Office provided the Department of Business Regulation with a general revenue target of \$8,342,243. The amount includes current service adjustments of \$658,357 and a 15.0 percent target reduction of \$1,472,161.

FY 2012 Budget	Budget Office	DBR	Difference
FY 2011 Enacted	\$ 9,156,047	\$ 9,156,047	\$ -
Current Service Adjustments	658,357	321,390	(336,967)
Change to FY 2011 Enacted	\$ 658,357	\$ 321,390	\$ (336,967)
FY 2012 Current Service/ Unconstrained Request	\$ 9,814,404	\$ 9,477,437	\$ (336,967)
Target Reduction/Initiatives	(1,472,161)	(1,184,116)	288,045
FY 2012 Constrained Target/Request	\$ 8,342,243	\$ 8,293,321	\$ (48,922)
<i>Change to FY 2011 Enacted</i>	\$ (813,804)	\$ (862,726)	\$ (48,922)

The constrained budget submitted by the agency is \$48,922 below the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget is \$1.4 million above the target.*

Statewide Adjustments. The Governor's FY 2012 budget includes \$20.7 million in unidentified statewide general revenue savings from applying reductions of 3.0 percent to salaries and benefits in cabinet level departments and 2.0 percent reductions to those costs in certain other agencies. He also includes a 1.0 percent reduction to operating costs in those agencies. For the Department of Business Regulation, he assumes savings of \$0.3 million primarily from personnel. The adjustments are in addition to other program changes in his recommended budget and described below.

Central Management

Staffing and Operations. The Department requests \$1.2 million from general revenues to fund salaries and benefits for 9.0 full-time equivalent positions and operating expenses in Central Management. Central Management provides support services for the Department in the areas of budgeting, accounting, personnel, legal, and computer services. Salary and benefit costs reflect an increase of \$188,646, of which \$71,436 is to restore the turnover savings the enacted budget included. The Department plans to fill a vacant legal assistant position in July 2011. The remaining increase of \$117,212 or 12.0 percent more than enacted, reflects cost-of-living adjustments, a restructuring of employee salaries and responsibilities, step increases and updated benefit rates consistent with the FY 2012 planning values. Consistent with the revised request and the enacted budget, the request also includes \$48,318 for state operations.

The Department anticipates the Central Management program will generate \$313,548 in revenues in FY 2012 from fees and licenses.

The Governor recommends \$1.2 million for the salaries and benefits and operating expenses in Central Management. This is \$0.2 million more than enacted and \$16,576 less than requested to reflect staffing changes in FY 2012.

Banking Regulation

Staffing and Operations. The Department requests \$1.9 million from all sources, including \$1.8 million from general revenues to fund salaries and benefits for 15.0 full-time equivalent positions and operating expenses in the Banking Regulation Division. The Banking Regulation Division provides regulatory oversight of state chartered financial institutions, credit unions and licensees. Salary and benefit costs reflect an increase of \$95,219, of which \$88,764 is to restore turnover savings the enacted budget included. The Department plans to fill a vacant senior bank examiner position in January 2011. The remaining increase of \$6,455 reflects cost-of-living adjustments, step increases and updated benefit rates consistent with the FY 2012 planning values. Consistent with the revised request and the enacted budget, the request also includes \$170,019 for state operations, including \$45,519 from general revenues.

The Department anticipates the Banking Regulation Division will generate \$1.7 million in revenues in FY 2012 from fees and licenses.

The Governor recommends \$1.8 million; this is \$0.1 million more than enacted and \$6,516 less than requested from updated benefit rates.

Securities Regulation

Staffing and Operations. The Department requests \$1.1 million from all sources, including \$1.1 million from general revenues to fund salaries and benefits for 10.0 full-time equivalent positions and operating expenses in the Securities Regulation Division. The Securities Regulation Division enforces compliance with state laws and regulations regarding the securities industry, franchises, charities, fundraisers, and time-shares. Salary and benefit costs reflect an increase of \$250,104 of which \$191,720 is to restore turnover savings the enacted budget included. The Department plans to fill two vacant securities examiner positions in January 2011 and a vacant licensing aide position in July 2011. The remaining increase of \$58,384 includes cost-of-living adjustments, step increases and updated benefit rates consistent with the FY 2012 planning values. Consistent with the revised request and the enacted budget, the request also includes \$46,668 for state operations including \$31,668 from general revenues.

The Department anticipates the Division will generate \$14.5 million in revenues in FY 2012 from fees and licenses.

The Governor recommends \$1.1 million, which is \$0.2 million more than enacted and \$6,586 less than requested from updated benefit rates.

The Governor includes Article 20, Section 1 of 2011-H 5894 to increase two fees for the application and/or the renewal of specific professional licenses in the Securities Regulation Division. The article raises the security sales representative licensing fee by \$15 from \$60 to \$75 and the federal covered advisor licensing fee by \$50 from \$250 to \$300. These increases will yield \$1.2 million in additional revenues for FY 2012.

Target - Elimination of Securities Regulation Division. As part of its FY 2012 constrained request, the Department proposes the elimination of the Securities Regulation Division. This would eliminate 10.0 full-time equivalent positions and \$1.1 million from the Department's FY 2012 current service request.

However, in its request the Department does not include any expenses associated with the unemployment benefits for laying off 10.0 full-time equivalent positions.

The Department notes in its request that the elimination of this Division will create a loss of \$14.5 million in revenues that are currently deposited in the General Fund. *The Governor does not accept this proposal.*

Board of Accountancy

Staffing and Operations. The Department requests \$177,715, which is \$13,684 more than enacted, and the authorized level of 2.0 full-time equivalent positions. The request includes \$7,428 more for step and longevity increases, a 3.0 percent cost-of-living adjustment and other benefit rate adjustments per Budget Office instructions. Consistent with the revised request and the enacted budget, the request also includes \$19,544 for state operations.

The Board of Accountancy Division 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 Division will generate \$230,000 in revenues in FY 2012 from fees and licenses.

As part of its FY 2012 constrained request, the Department proposes turnover savings of \$94,150 from eliminating the administrative officer position for the entire fiscal year. The administrative officer functions as the primary administrator for the volunteer Commission; however, the Department believes the remaining staff member will be able to complete the work efficiently.

The Governor recommends \$176,712. This is \$12,681 more than enacted and \$1,003 less than requested from updated benefit rates. He does not recommend eliminating the administrative officer position.

Insurance Regulation

Salaries and Benefits. The Department requests \$4.2 million from all sources for salaries and benefits, \$260,991 more than enacted and the authorized level of 37.0 full-time equivalent positions. The request includes \$120,968 more than enacted from all sources, including \$84,676 more from general revenues to restore turnover savings included in the enacted budget. The Department plans to fill a vacant senior rate analyst position in July 2011. The request also includes \$142,425 more than enacted from all sources, including \$179,791 more from general revenues for cost-of-living adjustments, step increases and updated benefit rates consistent with the FY 2012 planning values.

The Insurance Regulation Division 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. This program also contains the Office of the Health Insurance Commissioner, which is responsible for the regulation of health insurers and hospital and medical service corporations.

The Department anticipates the Insurance Regulation program will generate \$9.9 million in revenues in FY 2012 from fees and licenses.

The Governor recommends \$4.0 million from all sources. This is \$0.2 million more than enacted and \$17,953 less than requested, including \$17,207 less from general revenues from updated benefit rates.

Other Operations. The Commission requests \$1.1 million from all sources for all other expenditures. This includes \$136,979 from general revenues, the enacted amount, for other state operations. The

Department includes \$993,496, which is \$9,188 more than the enacted amount from restricted receipts for additional actuarial expenses reimbursed by insurance companies. *The Governor recommends general revenue funding as requested; however, includes \$746 from additional restricted receipts.*

Office of the Health Insurance Commissioner

Office of Health Insurance Commissioner – Insurance Assessment. The Department of Business Regulation includes the proposal to change the funding for the Office of the Health Insurance Commissioner from general revenues to restricted receipts generated from assessments on regulated plans. The total funding of the Office of the Health Insurance Commissioner would be funded through an assessment placed upon health insurance companies, any licensed third party administrator, and any other person or entity that adjusts, settles claims, pays, or reimburses licensed health care providers for medical services provided to state residents. The Governor included this proposal in his FY 2011 budget; however, the Assembly did not concur.

The request includes \$0.6 million from restricted receipts, \$35,897 more than the enacted budget. The request includes \$15,897 more for step and longevity increases, a 3.0 percent cost-of-living adjustment and other benefit rate adjustments per Budget Office instructions. Included in the request is \$20,000 more than enacted for the research and analysis of health insurance issues by an intern in the Office of the Health Insurance Commissioner.

The Department's constrained request inadvertently reduces expenses by \$155.

The Governor does not recommend this proposal. His budget now shows the Office as a separate program in the Department; it is currently part of the Insurance Regulation Division.

The Governor recommends \$0.5 million from general revenues; this is \$32,100 more than enacted and \$3,797 less than requested from updated benefit rates.

Rate Review Grant. The Department requests \$400,000 from new federal Department of Health and Human Services grants for health insurance premium rate review. This request includes \$378,799 and 1.0 full-time equivalent position for a new rate review manager and to fund a principal policy associate position that although authorized, was not funded in the enacted budget. The total cost of the salary and benefits for the rate review manager and the principal policy associate position total \$250,217, whereas the Department requests \$378,799 or \$128,582 more. The new rate review manager position will manage the rate review process for the Health Insurance Commissioner, including routine rate filings, the annual large and small group rate factor review, and the reporting process to external officials.

The remaining \$21,201 will allow the Office to acquire actuarial services, consultant fees, and a hospital utilization and payment evaluation.

The Governor recommends \$0.6 million; this is \$0.2 million more than requested to reflect a reduction of a like amount in the Governor's FY 2011 revised recommendation. The recommendation includes \$0.3 million for salaries and benefits and \$0.3 million for the Office to acquire actuarial services, consultant fees, and a hospital utilization and payment evaluation.

Consumer Assistance Program Grant. The Department requests \$119,999 from new federal Consumer Assistance Program grant funds. This request includes \$103,283 and 1.0 full-time equivalent position for a new analyst to assist the Health Insurance Commissioner by reviewing financial statements and rate filings of commercial insurers in Rhode Island. In addition to the new position, the Department requests \$16,716

to purchase office supplies and other miscellaneous operating expenses to support the analyst and the rate review manager positions. *The Governor recommends \$28,313 more than requested made available from statewide personnel savings.*

Exchange Planning Grant. Subsequent to the Department's request, the Department received notification that it had been awarded a new federal grant to research the benefits of having a state run health insurance exchange as opposed to participating in a federally operated exchange in conjunction with the new federal health care law. *The Governor recommends \$0.7 million for the Department to begin to start the request-for-proposal process to hire an outside consultant to conduct this study.*

Commercial Licensing, Racing, and Athletics

Staffing and Operations. The Department requests \$1.3 million from all sources, including \$0.8 million from general revenues to fund salaries and benefits for 11.0 full-time equivalent positions and operating expenses in the Commercial Licensing, Racing, and Athletics Division. The 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, upholsters, boxing, wrestling, and kickboxing.

Salary and benefit costs reflect an increase of \$59,301 from all sources, including \$43,349 more from general revenues for cost-of-living adjustments, step increases and updated benefit rate changes consistent with the FY 2012 planning values. Consistent with the revised request and the enacted budget, the request also includes \$213,388 for state operations, including \$61,694 from general revenues.

The Department anticipates the Commercial Licensing, Racing, and Athletics division will generate \$1.8 million in revenues in FY 2012 from fees and licenses.

The Governor recommends \$55,937 more than enacted and \$3,364 less than requested from updated benefit rates.

Boards for Design Professionals

Staffing and Operations. The Department requests \$255,080 from general revenues to fund salaries and benefits for 2.0 full-time equivalent positions and operating expenses to support the Boards for Design Professionals. The request is \$811 less than enacted which reflects a 3.0 percent cost-of-living adjustment and other benefit rate adjustments per Budget Office instructions, offset by the elimination of an administrative assistant position. Consistent with the revised request and the enacted budget, the request also includes \$64,717 from general revenues for all other state operations.

The Boards for Design Professionals Division 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 Division will generate \$0.5 million in revenues in FY 2012 from fees and licenses.

The Governor recommends \$2,228 less than enacted and \$1,417 less than requested and restores the administrative assistant position; however, elects to keep it vacant. The Governor's recommendation includes savings achieved from updated benefit rates.

Department of Labor and Training

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Program				
Central Management	\$ 1,493,284	\$ 1,643,169	\$ 863,205	\$ 856,414
Workforce Development Services	41,582,765	48,905,198	36,085,587	36,033,528
Workforce Regulation and Safety	2,404,353	2,498,957	4,463,762	2,613,140
Income Support	778,595,118	801,831,922	444,450,731	447,204,819
Injured Workers Services	9,080,322	8,676,808	8,473,804	8,555,089
Labor Relations Board	402,597	400,289	480,059	415,133
Total	\$ 833,558,439	\$ 863,956,343	\$ 494,817,148	\$ 495,678,123
Expenditures by Category				
Salaries and Benefits	\$ 45,661,387	\$ 42,065,099	\$ 40,738,811	\$ 41,546,426
Contracted Services	4,065,573	5,390,783	4,167,830	4,147,298
Subtotal	\$ 49,726,960	\$ 47,455,882	\$ 44,906,641	\$ 45,693,724
Other State Operations	7,231,533	4,864,575	4,845,785	4,975,312
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	761,597,538	784,802,578	416,277,730	416,277,730
Capital	1,409,843	2,715,207	833,229	777,594
Capital Debt Service	-	-	10,000,000	-
Operating Transfers	13,592,565	24,118,101	17,953,763	27,953,763
Total	\$ 833,558,439	\$ 863,956,343	\$ 494,817,148	\$ 495,678,123
Sources of Funds				
General Revenues	\$ 7,117,031	\$ 7,005,613	\$ 9,308,826	\$ 7,262,954
Federal Funds	181,957,663	153,430,142	46,148,254	49,345,402
Restricted Receipts	17,529,145	18,004,845	27,077,706	17,104,361
Other Funds	626,954,600	685,515,743	412,282,362	421,965,406
Total	\$ 833,558,439	\$ 863,956,343	\$ 494,817,148	\$ 495,678,123
FTE Authorization	519.4	512.2	411.0	470.2

Summary. The Department of Labor and Training requests \$494.8 million from all fund sources, which is \$338.7 million less than enacted. This includes \$2.2 million more from general revenues, \$135.8 million less from federal funds, \$9.5 million less from restricted receipts, and \$214.7 million less from other funds. The request includes 411.0 full-time equivalent positions, which are 108.4 fewer positions than the enacted level and 100.8 fewer than the revised request. The request is \$2.0 million more than the Budget Office's general revenue current services target of \$7.3 million. The Department submitted a constrained request that totals \$6.8 million and includes \$2.5 million less from general revenues than the unconstrained request.

The Governor recommends \$495.7 million from all sources, \$337.9 million less than enacted and \$0.9 million less than requested. This includes \$2.0 million less from general revenues, \$3.2 million more from federal funds, \$0.3 million less from other funds and shifts \$10.0 million from restricted receipts to other funds for the unemployment insurance interest payment. He recommends 470.2 full-time equivalent positions, 49.2 less than enacted and 59.2 positions more than requested.

Target Issues. The Budget Office provided the Office with a general revenue target of \$6.8 million. The amount includes current service adjustments of \$0.2 million and a 15.0 percent target reduction of \$0.5 million, adjusted for certain exclusions.

FY 2012 Budget	Budget Office	Labor and Training	Difference
FY 2011 Enacted	\$ 7,117,031	\$ 7,117,031	\$ -
Current Service Adjustments	189,865	2,191,795	2,001,930
Change to FY 2011 Enacted	\$ 189,865	\$ 2,191,795	\$ 2,001,930
FY 2012 Current Service/ Unconstrained Request	\$ 7,306,896	\$ 9,308,826	\$ 2,001,930
Target Reduction/Initiatives	(478,360)	(2,480,290)	(2,001,930)
FY 2012 Constrained Target/Request	\$ 6,828,536	\$ 6,828,536	\$ -
Change to FY 2011 Enacted	\$ (288,495)	\$ (288,495)	\$ -

The constrained budget submitted by the agency meets the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's recommendation is \$0.4 million more than the target.*

Statewide Adjustments. The Governor's FY 2012 budget includes \$20.7 million in unidentified statewide general revenue savings from applying reductions of 3.0 percent to salaries and benefits in cabinet level departments and 2.0 percent reductions to those costs in certain other agencies. He also includes a 1.0 percent reduction to operating costs in those agencies. For the Department of Labor and Training, he assumes savings of \$91,246, primarily from personnel. The adjustments are in addition to other program changes in his recommended budget and described below.

The following table illustrates the full-time equivalent position changes in the FY 2012 request from the FY 2011 enacted budget. It shows each of the changes, which are discussed separately.

Programs	FY 2011 Enacted	Emergency TANF	ARRA	UI	New	Other Changes	FY 2012 Request	Change to Enacted
Central Management	5.0	-	-	-	-	(0.5)	4.5	(0.5)
Workforce Development Services	183.1	(16.0)	(26.0)	-	-	(15.7)	125.4	(57.7)
Workforce Regulation and Safety	31.2	-	-	-	18.0	-	49.2	18.0
Income Support	255.2	-	-	(73.8)	-	4.8	186.2	(69.0)
Injured Worker Services	42.9	-	-	-	-	(0.2)	42.7	(0.2)
Labor Relations Board	2.0	-	-	-	1.0	-	3.0	1.0
Changes to Enacted	519.4	(16.0)	(26.0)	(73.8)	19.0	(11.6)	411.0	(108.4)

Emergency TANF Funding. The Department does not request any federal emergency temporary assistance to needy families' funds, since the program ended on September 30, 2010, and reduces the request by 16.0 full-time equivalent positions. The enacted budget contains 19.0 time-limited positions and \$0.7 million for all expenses within the Department for implementation of the subsidized employment program. The Department indicates that it only filled 16.0 of the 19.0 positions for this program; the remaining 3.0 positions were distributed into the rest of the Department for other activities and are not eliminated in the request. *The Governor recommends funding as requested.*

Staffing Reduction - Vacancies. Consistent with the revised request, the Department's request includes \$633,164 less from federal funds by eliminating 7.6 vacant positions within the Workforce Development program. The Department indicates that several people moved from these positions to other positions within the Department. The request also includes the elimination of 4.0 additional vacant positions that have not been explicitly identified, but resulted from shifting staff among divisions; the Department

indicates these positions are not funded. *The Governor recommends \$33,325 less from the elimination of 7.2 positions, consistent with his revised recommendation.*

Staffing Reduction - Stimulus. The Department requests \$3.2 million less from federal funds by eliminating 26.0 time-limited American Recovery and Reinvestment Act positions; the enacted budget contains \$3.2 million from federal stimulus funds for 45.0 time-limited positions. The Department indicates it will only fill 26.0 of the 45.0 positions and existing staff is also working on stimulus projects. The remaining 19.0 stimulus positions were distributed into the rest of the Department for non-stimulus activities; the Department indicated there are sufficient funds to fill many of these positions, primarily from other federally funded programs. *The Governor recommends funding as requested.*

Staffing Reduction - Unemployment Insurance. The Department requests \$6.2 million less from federal funds and unemployment modernization funds by eliminating 73.8 full-time equivalent positions throughout the unemployment insurance program. This includes the reduction of 29.0 positions from 1.0 full-time status to 0.4 full-time status, resulting in 17.4 fewer full-time equivalent positions in addition to the elimination of 56.4 full-time equivalent positions. These 73.8 positions include, 11.9 benefit claims specialists and 58.4 employment and training interviewers, 3.0 managers for a full year and 1.0 coordinator position, which will be filled for the first half of FY 2012.

The request reflects the exhaustion of the unemployment modernization funding which is only available in FY 2011, assumes that the unemployment rate will continue to decrease and the call center will be able to maintain acceptable timelines for all of its required duties with lower staffing levels. However, on December 17, 2010, Congress extended the Emergency Unemployment Compensation program, which extends the pre-November 30, 2010 program through January 3, 2012. The Department's request does not reflect this extension, since it occurred after the request was submitted.

Subsequent to the request, the Assembly passed 2011-H 5050 to allow the transfer of \$1.9 million from unemployment modernization funding in the state's benefit payment account to the General Fund to be used for administrative expenses in FY 2011. This offsets administration expenses from federal funds, which can be used in FY 2012.

The Governor recommends \$2.5 million more than requested, including the \$1.9 million made available from the use of the modernization funds in FY 2011 for 51.4 positions and maintains the remaining 22.4 positions, but does not providing funding for them.

New Positions - Workforce Regulation and Safety. The request includes \$2.1 million more from general revenues to add 18.0 full-time equivalent positions to the Workforce Regulation and Safety division, for a total of 49.2 positions. This includes \$2.0 million for salaries and benefits and \$0.1 million for computers, furniture and other expenses related to these positions. The division last had 49.0 filled positions in FY 2006. The Department is in the process of filling the 4.0 positions from its FY 2011 revised request and it indicates that these positions are needed to perform the duties of the division; however, the Department has not specified any specific duties and mandates are not currently or will not be completed without the additional positions, except citing general delays and backlogs. The Department requests 5.0 investigators and 4.0 aides for the professional regulation division and 3.0 examiners for the labor standards division, but does not specify the remaining 6.0 positions.

As part of its constrained request, the Department excludes the funding and the positions. *The Governor recommends \$0.5 million from general revenues for 4.2 positions along with related computer and furniture expenses. This is \$1.6 million and 13.8 fewer positions than requested.*

New Position - Labor Relations. The request includes \$77,041 more from general revenues for adding 1.0 unspecified support position for the Labor Relations Board. This includes \$74,615 for salaries and benefits and \$2,423 for computers and computer equipment. The Board currently has two support staff members and last had 3.0 filled support staff positions in FY 2005.

As part of its constrained request, the Department excludes the funding and the position. *The Governor's recommendation does not include the authorization or the funding for this position.*

All Other Salaries and Benefits. The Department requests \$45.6 million from all sources for all other salary and benefit requirements for the remaining 302.6 full-time equivalent positions. This is \$3.5 million or 8.2 percent more than enacted. This includes increases of \$19,616 from general revenues, \$2.9 million from federal funds, \$0.4 million from restricted receipts, and \$0.1 million from temporary disability insurance funds. The request restores \$0.6 million in turnover savings, including a total of \$0.2 million from federal funds for maintaining 3.0 vacant positions for the second half of FY 2012 within the income support division and includes \$1.6 million more for cost-of-living adjustments and benefit changes consistent with FY 2012 planning values. It also includes a reduction of \$1.2 million for less overtime expenses in the income support division and shifts \$0.6 million from general revenues to federal funds, reflecting available funding.

The request appears to add \$1.2 million, including \$0.7 million less from general revenues and \$1.9 million more from federal funds in addition to all of the above mentioned changes, equaling approximately 13.7 additional positions, based on the department-wide average cost per position. Thus it appears the Department is filling the 14.4 positions, the difference between the 22.0 stimulus positions that remain in the request and the 7.6 workforce development positions eliminated, from available federal funds.

As part of its constrained request, the Department requests \$0.2 million less from general revenues by eliminating 3.0 additional full-time equivalent positions within the Workforce Regulation and Safety division, which are currently filled. It also reduces the request by \$71,471 from general revenues for staff support to the Senior Community Service Employment Program. Consistent with its FY 2011 revised request, the Department will seek third party in-kind contributions with the vendor for the general revenue state match portion of the grant.

The Governor recommends \$20,078 more than requested, including \$0.2 million less from general revenues, primarily from additional turnover savings and adjustments to benefit calculations. He does not recommend the elimination of the 3.0 Workforce Regulation and Safety positions included in the constrained request, but does include the Senior Community Service Employment program reduction.

Fire and Police Relief Fund. The Department requests \$4.1 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 spouses and children of deceased or disabled officers and firefighters, as well as the disabled worker. This is \$55,625 more than enacted and consists of \$3,442,000 for pension benefits, which is \$65,773 less than enacted, and \$668,988 for education benefits, which is \$121,398 more than enacted. *The Governor recommends funding as requested.*

Unemployment Insurance Benefits. The Department requests \$224.8 million from all fund sources for the payment of unemployment insurance benefits, entirely from the Employment Security Trust Fund since stimulus funding is not available in FY 2012. This is \$342.4 million less than the enacted budget, including \$128.0 million less from federal stimulus funds, \$0.3 million less from federal disaster unemployment compensation funds and \$214.1 million less from the Employment Security Trust Fund. The request is based upon the November 30, 2010 expiration of full federal funding for benefits, the fact

that increasing numbers of claimants are exhausting their benefits and will continue to do so, and anticipation that the unemployment rate will continue to decrease and more claimants will find employment.

On December 17, 2010, Congress extended the Emergency Unemployment Compensation program, which allows for full federal funding of the four federal benefit tiers and full federal funding of state extended benefits, extending the pre-November 30, 2010 program through January 3, 2012. The Department's request does not reflect this extension, since it occurred after the request was submitted.

The Governor recommends funding as requested and does not adjust for the federal benefit extension.

For December 2010, the national unemployment rate was 9.4 percent and Rhode Island had an 11.5 percent seasonally adjusted unemployment rate or 66,042 unemployed residents, down from 12.7 percent or 72,750 unemployed residents in December 2009.

The following table shows the available benefit tiers, the maximum number of weeks of benefits for that tier, the funding source, the effective dates and methods and the expected expiration dates for each tier.

Benefits Program	Maximum Weeks	Funding Source	Effective Date	Effective Method	Expires
Regular Benefits	26	100 percent State	N/A	N/A	N/A
Federal Emergency Unemployment Compensation (EUC)	13	100 percent Federal	07/01/08	Signed into law by President Bush, effective in payments made July 6, 2008 (PL 110-252), extended four times, most recently 12-17-10	1/3/12 phase-out by 6/6/12
Extended Benefits	13	50 percent Federal and 50 percent State	07/06/08	Triggered by 13 week average unemployment rate of 6.5 percent or higher. 100 percent federal funding through 1-3-2012, then back to 50/50	Trigger off
High Extended Benefits	7	50 percent Federal and 50 percent State	11/09/08	Triggered by 3-month average unemployment rate of 8.0 percent or higher. 100 percent federal funding through 1-3-2012, then back to 50/50	Trigger off
Extension of Federal Emergency Unemployment Compensation (EUC2)	20	100 percent Federal	11/21/08	Signed into law by President Bush (PL 110-449), extended four times, most recently 12/17/2010	1/3/12 phase-out by 6/6/12
Extension of Federal Emergency Unemployment Compensation (EUC2)	1	100 percent Federal	11/06/09	Signed into law by President Bush (PL 110-449), extended four times, most recently 12/17/2010	1/3/12 phase-out by 6/6/12
Extension of Federal Emergency Unemployment Compensation (EUC3)	13	100 percent Federal	11/06/09	Signed into law by President Bush (PL 110-449), extended four times, most recently 12/17/2010	1/3/12 phase-out by 6/6/12
Extension of Federal Emergency Unemployment Compensation (EUC4)	6	100 percent Federal	11/06/09	Signed into law by President Bush (PL 110-449), extended four times, most recently 12/17/2010	1/3/12 phase-out by 6/6/12
Total possible weeks of benefits	99				

Unemployment Insurance Administration. The Department requests \$2.2 million from all sources for the administration and operations of the unemployment insurance program, excluding salaries and benefits. The request includes \$1.8 million from federal funds and \$0.5 million from restricted receipts from the tardy and interest fund and is \$0.3 million less than enacted, bringing expenses in line with FY 2010 actual expenditures. The request includes \$0.5 million for legal contracts and expenses, \$0.5 million for printing and postage expenses, \$0.2 million for software maintenance agreements, \$0.2 million for vehicle, building and office equipment maintenance, \$0.2 million for centralized state services, \$0.1 million for stenographic and other temporary services, \$0.2 million for rental and lease costs, \$0.2 million for communications system expenses and \$0.2 million for all other general office and operating expenses, including utilities, insurance, and security services. *The Governor recommends \$33,705 more, including \$31,598 more from federal funds and \$2,107 more from restricted receipts to reflect funding that may become available from statewide personnel savings.*

Employment Security Fund. The Department requests \$10.0 million from restricted receipts for the payment of the interest the state is estimated to owe in November 2011 on its outstanding federal loans for the payment of unemployment insurance benefits. The state has borrowed approximately \$225.5 million from the federal government for the payment of benefits as of January 2011. This borrowed money was interest-free through January 1, 2011; interest will accrue on the balance of the loans from January 1, 2011 through September 30, 2011, and will be due in November 2011, or FY 2012. The interest for the federal fiscal year beginning October 1, 2011 will be due in FY 2013.

The 2010 Assembly enacted legislation that converted the 0.3 percent surtax that employers will have to pay beginning January 1, 2011 to a 0.3 percent increase in the Job Development Fund assessment to be used solely to pay the principal and interest on the loans. The surtax could only be used to repay the principal, but the assessment increase can be used to repay interest and the principal on the loans. *The Governor includes the \$10.0 million interest payment.*

Trade Readjustment Assistance Programs. The Department's FY 2012 budget request includes \$5.8 million from federal Trade Readjustment Assistance Act funds, \$0.7 million more than enacted to support initiatives that help workers from Rhode Island companies who lost their jobs due to the adverse impact of foreign trade. The request includes \$1.5 million for the distribution of weekly trade readjustment allowances and \$4.3 million for programs oriented to assist qualified workers to obtain competitive levels 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 request is based upon the November 30, 2010 termination of federal benefit extensions and that there will be an increase in newly-eligible people wanting to obtain training benefits in order to find employment. However, subsequent to the request, Congress extended the federal payment of benefits through January 3, 2012, which may reduce the number of people eligible for this program. *The Governor recommends funding as requested.*

Workforce Investment Programs. The request includes \$9.5 million from Workforce Investment Act funds to support initiatives oriented to youth, adults and dislocated workers. This is \$3.3 million less than enacted, including \$1.3 million less from federal stimulus funds and \$2.0 million more from Workforce Investment Act funds. The request is comprised of \$6.3 million or \$0.3 million less than enacted for adults and youth programs and \$3.2 million, or \$3.0 million less than enacted for dislocated workers. *The Governor recommends funding as requested.*

Workforce Development Services Operations. The Department requests \$2.0 million from all sources for administration and operations of the workforce development services program, excluding salaries and benefits. This includes \$1.9 million from federal funds, \$0.1 million from restricted receipts and \$45,900 from other funds. Expenditures include \$0.7 million for rental expenses for the satellite offices, \$0.4 million for software maintenance agreements and vehicle, building and office equipment maintenance, \$0.2 million for training and educational services, \$0.1 million for utility expenses, \$0.1 million for centralized state services, \$0.1 million for security services, and \$0.4 million for all other expenditures, including telecommunications, printing and postage expenses and office supplies. The request is \$1.1 million less than enacted, including \$0.3 million less from federal stimulus funds, and represents a 34.2 percent reduction, reducing expenditures to be \$0.2 million less than the amount spent in FY 2010. *The Governor recommends \$62,570 more than requested, including \$53,771 more from federal funds and \$8,799 from restricted receipts to reflect funding that may become available from statewide operating savings.*

Human Resource Investment Council. The Department requests \$4.5 million from restricted receipts or \$536,055 more than enacted to support initiatives on the Governor’s Workforce Board through the Human Resource Investment Council. The Department anticipates increased revenues through increased employment and adjusted grant expenditures accordingly. The Council receives primary funding from the Job Development Fund, a 0.21 percent assessment of the employer’s payroll tax. The total revenue available for FY 2012 is estimated by the Department at \$12.2 million and the Department anticipates expenditures of \$12.0 million in FY 2012. *The Governor recommends funding as requested.*

The following table illustrates the estimated expenditures in FY 2012.

Job Development Fund*	FY 2012
Adult Education	\$3.5*
State Administration	2.8
Employee Training Grants	4.5
Governor's Workforce Board Administration	1.2
Total Estimated Expenditures	\$ 12.0

**amounts in millions*

Temporary Disability Insurance Benefits. The Department requests \$165.0 million from the Temporary Disability Insurance Fund, consistent with the enacted budget 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 2011. The Department spent \$166.2 million in FY 2007 for benefits, \$171.7 million in FY 2008, \$163.2 million in FY 2009 and \$157.3 million in FY 2010. *The Governor recommends funding as requested.*

Temporary Disability Insurance Administration. The Department requests \$0.8 million from the Temporary Disability Insurance Fund, which is \$0.7 million less than enacted, for administration and operations of the temporary disability insurance program, excluding salaries and benefits. Expenses include \$0.4 million for postage and printing expenditures, \$0.1 million for rental costs, \$0.1 million for vehicle, building and office equipment maintenance, and \$0.2 million for all general office and operating expenses, including utilities, security services, and office supplies. The request includes \$0.5 million less for centralized state expenses, reflecting an unintentional overestimate in the enacted budget from the Department and \$0.2 million less for maintenance and miscellaneous expenses, bringing them in line with FY 2010 expenditures. *The Governor recommends \$25,165 more than requested to reflect funding that may become available from statewide operating savings.*

Senior Community Service Employment. The Department requests \$643,218 from federal funds to support the Senior Community Service Employment Program, which is \$31,238 more than enacted. This is in anticipation of an increase of the federal award in FY 2012 based on the increases in grant awards over the last few years. This program is a United States Department of Labor community service and work based training program for older workers 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 recommends funding as requested.*

Workers’ Compensation Administration Fund. The Department requests \$2.0 million, or \$650,000 less than enacted, from restricted receipts for claims on the Workers’ Compensation Administration Fund,

formerly known as the Second Injury Fund. The decrease reflects lower utilization levels and lower payouts per case, consistent with the FY 2010 expenditures and FY 2011 expenditures to date. *The Governor recommends funding as requested.*

Workers' Compensation Operations. The Department requests \$2.1 million from restricted receipts, which is \$0.3 million less than enacted, for administrative and operating expenses for the Workers' Compensation program, excluding salaries and benefits. This includes \$1.5 million for doctors, dentists, nurses and other medical services provided at the Donley Rehabilitation Center. Other expenses include \$0.2 million for software maintenance contracts, \$0.1 million for printing and postage, \$0.1 million for insurance needs and \$0.3 million for all other general office and operating expenses, including utilities, interpreters and translators, and security expenses. The request includes \$0.3 million less for training and educational programs, miscellaneous expenses and all other general office and operating expenses, bringing them more in line with FY 2010 actual expenditures.

As part of its constrained request, the Department reduces expenditures by \$3,035 by eliminating training and educational programs. *The Governor recommends \$18,799 more than requested. He does not include funding for the training and employment programs, consistent with the constrained request and adds \$21,834 to reflect funding that may become available from statewide personnel savings.*

Roof Replacement. The Department does not request any funding for the replacement or repair of the roof on three of the buildings at the Center General Complex in anticipation the project will be completed in FY 2011. The enacted budget contains \$1.2 million from all sources for the project for FY 2011, including \$745,056 from Rhode Island Capital Plan funds. However, due to several delays the Department does not anticipate awarding the construction contract until May or June, thus the project will not likely be completed in FY 2011. *The Governor recommends funding as requested.*

Asset Protection Projects. The Department requests \$208,500 from Rhode Island Capital Plan funds for a series of eight asset protection projects at the Center General Complex, which is \$169,000 and one project less than the FY 2012 through FY 2016 capital budget request, discussed in the Capital Section of this analysis. There is no funding in the enacted budget for these projects. *The Governor recommends funding as requested.*

Information Technology. The Department requests \$2.1 million from all funding sources for information technology expenses department-wide, which is \$0.5 million more than enacted. This includes \$4,460 more from general revenues and \$473,690 more from federal funds for the remnants of the unemployment insurance technology and equipment upgrades, \$56,836 more from temporary disability insurance funds for computer equipment and \$56,602 less from restricted receipts, primarily from one-time Human Resource Investment Council purchases made in FY 2011. *The Governor recommends funding as requested.*

Operating Transfers. The Department's request includes \$18.0 million for expenditures classified as "operating transfers," which is \$4.4 million more than enacted. These are shown for accounting purposes to reflect transfers of funds in and out of the state's general fund, out of the temporary disability insurance and unemployment insurance funds and among state agencies, such as transfers from the Department to the three Rhode Island institutions of higher education. These transfers double count expenditures that appear elsewhere in this budget or in other state agencies. *The Governor recommends funding as requested.*

Transfers to RI Higher Education. The request includes transfers of \$1.3 million from federal funds, \$0.5 million less than enacted to the three Rhode Island institutions of higher education. This includes \$0.7 million less from Trade Readjustment Act funding reflecting lower eligibility and increased use of other grant and training programs not hosted by one of these three schools and \$0.2 million more from Workforce Investment Act funds from anticipated carry forward funds. *The Governor recommends funding as*

funding as requested.

Unemployment Benefits Owed to Other States. The Department's request includes \$4.6 million more from the Employment Security Trust Fund for the payment of unemployment insurance benefits to other states, for total payments of \$14.6 million. 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 from other states, though they are often not equal. The payment of benefits to other states is included in the total benefits paid out, discussed earlier. *The Governor recommends funding as requested.*

Temporary Disability Insurance Transfers. The request includes \$2.0 million, which is \$0.3 million more 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. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$0.4 million, primarily from general revenues for all other operations, which is \$0.1 million less than enacted. The request includes \$0.2 million for the workforce regulation and safety division, \$0.1 million for central management, \$0.1 million for the Labor Relations Board and \$2,659 for the Police and Fire Relief fund and Trade Adjustment Assistance programs. Expenses include \$0.1 million for postage and printing, \$0.1 million for legal services and \$0.2 million for all other general office expenses, including utilities, security services and vehicle and office equipment maintenance.

As part of its constrained budget request, the Department requests several expenditure reductions totaling \$9,042 from general revenues. This includes general revenue reductions of \$9,040 for legal expenses related to labor relations issues and \$2 for various adjustments in the Police and Fire relief program.

The Governor recommends \$10,848 less than requested, including \$17,502 less from general revenues. This includes the requested reductions in the constrained request with a further reduction of \$8,460 to legal expenses. He adds \$2,399 from restricted receipts to reflect funding that may become available from the reduction to statewide personnel expenses.

Department of Revenue

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Program				
Office of Director	\$ 500,231	\$ 592,880	\$ 775,530	\$ 784,261
Office of Revenue Analysis	555,607	435,073	604,163	495,910
Lottery Division	192,140,596	215,006,506	192,705,429	218,537,728
Division of Municipal Finance	1,159,585	2,081,811	2,073,982	2,352,609
Taxation	20,278,893	19,647,805	21,588,126	20,961,088
Registry of Motor Vehicles	21,695,505	22,339,204	19,165,644	18,486,545
State Aid	-	-	-	74,277,595
Total	\$ 236,330,417	\$ 260,103,279	\$ 236,912,874	\$ 335,895,736
Expenditures by Category				
Salaries and Benefits	\$ 35,942,800	\$ 35,732,400	\$ 39,637,417	\$ 38,095,326
Contracted Services	1,515,859	2,010,705	2,218,456	2,166,281
Subtotal	\$ 37,458,659	\$ 37,743,105	\$ 41,855,873	\$ 40,261,607
Other State Operations	193,432,036	216,479,297	193,252,525	219,516,610
Aid to Local Units of Government	-	-	-	74,277,595
Assistance, Grants, and Benefits	11,633	56,650	13,650	13,650
Capital	5,191,708	5,566,598	1,554,445	1,551,575
Capital Debt Service	-	-	-	-
Operating Transfers	236,381	257,629	236,381	274,699
Total	\$ 236,330,417	\$ 260,103,279	\$ 236,912,874	\$ 335,895,736
Sources of Funds				
General Revenue	\$ 35,479,085	\$ 36,130,650	\$ 39,130,938	\$ 91,720,012
Federal Aid	2,289,770	2,365,000	2,635,067	2,636,059
Restricted Receipts	824,191	1,966,459	903,304	21,191,727
Other	197,737,371	219,641,170	194,243,565	220,347,938
Total	\$ 236,330,417	\$ 260,103,279	\$ 236,912,874	\$ 335,895,736
FTE Authorization	426.0	428.5	426.5	428.5

Summary. The Department of Revenue submitted an unconstrained budget for FY 2012 totaling \$236.9 million from all sources of funds, which is \$0.6 million more than enacted. This includes an increase of \$3.7 million from general revenues. Consistent with the FY 2011 unconstrained budget, the Department requests FY 2012 staffing of 426.5 full-time positions, 0.5 positions more than the authorized level. The Department also submitted a constrained budget that totals \$230.5 million and includes \$5.5 million less from general revenues than the unconstrained request.

The Governor recommends total expenditures of \$335.9 million from all funds, including \$91.7 million from general revenues. This is \$99.6 million more than enacted. The Budget reflects the transfer of some of the appropriation for the state aid program from the Department of Administration to the Department of Revenue. These include the distressed communities' relief fund, motor vehicles excise tax, payment in lieu of taxes program, and the newly proposed Municipal, Accountability, Stability and

Transparency Fund. State aid for library operations and library construction will remain in the Department of Administration. Accounting for these adjustments, the request is \$25.3 million more than enacted to primarily reflect changes in lottery collections. Consistent with the FY 2011 revised budget, the Governor recommends staffing of 428.5 full-time positions.

Target Issues. The Budget Office provided the Department with a general revenue target of \$31.8 million. The amount includes current service adjustments of \$1.9 million and a 15.0 percent target reduction of \$5.6 million. The constrained budget submitted by the agency is \$1.9 million above the target, which includes expenditures of \$0.9 million for the Central Falls receivership, which was not part of the current service calculation. The Department’s request includes \$1.0 million in revenue enhancement by lowering expenditures from the Lottery Division. The proposals to achieve the reductions are noted among the items described below where appropriate.

FY 2012 Budget	Department of		
	Budget Office	Revenue	Difference
FY 2011 Enacted	\$ 35,479,085	\$ 35,479,085	\$ -
Current Service Adjustments	1,894,677	3,651,853	1,757,176
Change to FY 2011 Enacted	\$ 1,894,677	\$ 3,651,853	\$ 1,757,176
FY 2012 Current Service/ Unconstrained Request	\$ 37,373,762	\$ 39,130,938	\$ 1,757,176
Target Reduction/Initiatives	(5,606,064)	(5,511,604)	94,460
FY 2012 Constrained Target/Request	\$ 31,767,698	\$ 33,619,334	\$ 1,851,636
Change to FY 2011 Enacted	\$ (3,711,387)	\$ (1,859,751)	\$ 1,851,636

The Governor’s budget is \$60.0 million more than the target.

Statewide Adjustments. The Governor’s FY 2012 budget includes \$20.7 million in unidentified statewide general revenue savings from applying reductions of 3.0 percent to salaries and benefits in cabinet level departments and 2.0 percent reductions to those costs in certain other agencies. He also includes a 1.0 percent reduction to operating costs in those agencies. For the Department of Revenue, he assumes savings of \$1.0 million primarily from personnel. The adjustments are in addition to other program changes in his recommended budget and described below.

Office of the Director

Staffing and Operations. The Department requests \$775,530 from general revenues to fund salaries and benefits for 6.0 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. The request reflects the transfer of 2.0 positions, one each from the divisions of Taxation and Lottery to the legal services unit within the Office of the Director to centralize legal services.

Salary and benefit costs reflect an increase of \$275,199, of which \$110,000 is to restore turnover savings that the enacted budget included for the director’s position and \$120,911 is for the transfer of the Taxation position. Accounting for these adjustments, the request is \$44,288 or 9.1 percent more than enacted for cost-of-living adjustments, step increases and updated benefit changes consistent with FY 2012 planning values. Consistent with its revised budget, the request includes an additional \$100 for the Westlaw legal research subscription.

The Governor recommends \$32,730 more than requested to reflect full funding for the director’s position and includes adjustments to benefit calculations. It also includes \$150 in savings from legal services based on a 15.0 percent reduction.

Office of Revenue Analysis

Staffing and Operations. The Department requests \$604,163 from general revenues, of which \$534,263 is 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 \$48,556 more than enacted, of which \$39,206 or 7.3 percent is for salaries and benefits for cost-of-living adjustments and benefit changes to reflect planning values consistent with Budget Office instructions. Consistent with the enacted budget, the request does not assume any turnover savings.

Consistent with the FY 2011 revised request, the request includes an additional \$9,350 for operating expenses, of which \$10,200 is for a software maintenance agreement relating to Regional Economic Models Policy Insight model that will allow the Office to do economic impact analysis of various economic development and tax policy proposals.

As part of its constrained budget, the Department proposes savings of \$92,005, consisting of \$82,005 by maintaining a senior revenue policy analyst position vacant for the whole fiscal year. This position is currently vacant. It also reduces expenses for the Corporate Income Tax Simulation Model software maintenance by \$10,000.

The Governor concurs with constrained budget request and further reduces expenditures by \$2,560 to reflect adjustments to benefit calculations.

Division of Municipal Finance

Central Falls Receivership. The 2010 Assembly enacted the “Providing Financial Stability Act” to enable the state to work with cities and towns undergoing financial distress that threatens the fiscal well being, public safety and welfare of cities and towns. Consistent with its FY 2011 revised request, the Department requests expenses of \$0.9 million in FY 2012 for various costs pertaining to the non-judicial receivership for Central Falls. The request includes \$0.5 million in legal fees to be provided by Orson & Brusini and Edwards, Angell, Palmer and Dodge, as the constitutionality of the act is being questioned. The request includes \$0.2 million for a receiver and \$0.2 million for 2.0 full-time positions to assist the state appointed receiver. The positions are in the Office of the Governor and the Department of Administration; however, the individuals are working in Central Falls. *The Governor recommends \$31,852 more than requested to reflect additional funding for legal services.*

Municipal Pension Study. The Department’s request did not include any funding for a municipal pension study. There are currently 37 local and 110 state administered pension plans, many of which are severely underfunded.

The Governor provides \$250,000 from general revenues to conduct a municipal pension study in FY 2012.

Staffing and Operations. The Department requests \$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, \$41,954 more than enacted. Salaries and benefits reflect an increase of \$47,421 or 4.5 percent more than enacted for cost-of-living adjustments and benefit changes to reflect planning values consistent with Budget Office instructions. The request does not assume any turnover savings and reflects filling a position at a lower step than the enacted budget. The request includes \$3,604 to reimburse the City of Newport for tolls. It also includes a reduction of \$9,071 for operation expenses based on anticipated expenditures for mileage, staff training and printing cost.

As part of its constrained budget, the Department proposes to layoff two senior real and personal property positions for a saving of \$184,075. This equates to 20.0 percent of the division's staffing. The Department indicates that the impact of the layoffs would result in the delay of the tax equalization study, which will be used in the newly established education funding formula. As of pay period ending November 20, 2010, the division had no vacancies.

The Governor recommends \$36,612 more than the unconstrained request, which includes \$40,000 for computer software, which will essentially standardize reporting requirements to improve communications with municipalities. Adjusting for this, the recommendation is \$3,388 less than the unconstrained request to reflect turnover savings and adjustments to benefit calculations.

State Aid

Payment in Lieu of Taxes. The Department of Administration's request includes the enacted amount of \$27.6 million to level fund the Payment in Lieu of Taxes program in FY 2012, \$10.8 million less than the current law allowance of 27.0 percent of the forgone tax, subject to appropriation. 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.

The Governor's budget reflects the transfer of this program to the Department of Revenue. The Governor recommends the enacted amount of \$27.6 million. This is \$10.6 million less than the current law allowance of 27.0 percent and represents a reimbursement of 19.5 percent of the value. Distributions to communities reflect updated data.

Motor Vehicles Excise Tax. The Department of Administration's request includes the enacted amount of \$10.0 million for the Motor Vehicles Excise Tax program in FY 2012. The 2010 Assembly enacted legislation mandating a \$500 exemption for which the state will reimburse municipalities an amount subject to appropriation. The legislation allows municipalities to provide an additional exemption; however, that additional exemption will not be subject to reimbursement. 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 restored the authority for fire districts to levy a motor vehicles excise tax.

The Governor's budget reflects the transfer of this program to the Department of Revenue. The Governor recommends \$10.0 million, consistent with the enacted budget.

Distressed Communities Relief Fund. The Department of Administration's request includes the enacted amount of \$10.4 million to level fund the Distressed Communities Relief program in FY 2012. 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 to 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. 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's budget reflects the transfer of this program to the Department of Revenue. The Governor recommends the enacted level of \$10.4 million for FY 2012. Communities' aid distribution is based on updated qualifying tax levies. For FY 2012, North Providence qualifies for distressed aid and Burrillville no longer qualifies. The FY 2011 revised budget includes an additional \$5.2 million for the program; municipalities must meet certain criteria in order to receive the additional funding.

Property Revaluation Reimbursements. The Department of Administration's request includes \$1.1 million to reimburse communities conducting scheduled property revaluations or statistical updates in FY 2012. This is \$0.1 million more than enacted to reflect anticipated expenses. Expenditures fluctuate annually; they were \$1.5 million in FY 2010, \$1.0 million in FY 2009, \$1.1 million in FY 2008 and \$2.2 million in FY 2007. *The Governor's budget reflects the transfer of this program to the Department of Revenue. The Governor recommends total funding as requested.*

Central Falls Stabilization Payment. The 2010 Assembly enacted the "Providing Financial Stability Act" to enable the state to work with cities and towns undergoing financial distress that threatens the fiscal well being, public safety and welfare of such cities and towns. In July 2010, a temporary state receiver was appointed in Central Falls. Pursuant to section 45-9-7(b)(2) of the general laws, the state receiver has the power to exercise any function or power of any municipal officer or employee, board, authority or commission, whether elected or otherwise relating to or impacting the fiscal stability of the city or town including, without limitation, school and zoning matters. In December 2010, the receiver issued a report detailing the city's structural fiscal problems. It indicated that Central Falls ended FY 2010 with a \$2.4 million deficit with current assets of \$623,000, which can be used to reduce the deficit to \$1.8 million. The report also projected a deficit of \$4.9 million in FY 2012.

The Governor recommends \$4.9 million in FY 2012 to eliminate the projected deficit. The FY 2011 revised budget also includes \$1.8 million.

Municipal Accountability, Stability and Transparency Fund. The Governor proposes the establishment of the Municipal Accountability, Stability and Transparency Fund to encourage municipalities to address unfunded liabilities for pensions and other post employment benefits.

The 2003 Assembly enacted a one percent additional tax on gross receipts from sale of food and beverages sold in or from eating and drinking establishments effective August 1, 2003. Meals are defined as sold ready for immediate consumption, regardless of when or where consumed. The Governor proposes to double this to 2.0 percent and dedicates half of it to the new initiative. Municipalities must meet set criteria in order to be eligible to receive funding from the Municipal Accountability, Stability and Transparency Fund.

In FY 2012, all municipalities must provide a five-year forecast to the Division of Municipal Finance including options for fully funding annually required post employment benefit liabilities, provide fiscal impact statements for changes in health care plans, submit financial data on time, join the Municipal Uniform Chart of Accounts and fulfill other requirements. By FY 2014, municipalities not in compliance will receive a decrease in the state's contribution towards the employer cost of teacher retirement expenses. Payments to municipalities that are in compliance would be in March of each fiscal year.

The Budget includes \$19.3 million and will be available from a 1.0 percent sales tax on meals and beverages with his proposal to rollback the regular sales tax to 6.0 percent, taxpayers would not see a change in the tax paid in meals and beverage. The funds will be distributed based on per capita income and local tax burdens using FY 2009 data from the General Revenue Sharing Program.

Car Rental Surcharge – Warwick. The Department of Administration’s request includes the enacted amount of \$957,497 from restricted receipts to the City of Warwick. The 2002 Assembly enacted legislation to provide the sales and vehicle rental surcharge revenues generated through customer facility charges from rental car companies at T. F. Green Airport. The receipts are deposited into a restricted receipt account for the City of Warwick. *The Governor recommends the enacted amount of \$957,497.*

Lottery Division

Staffing. The Department’s request includes \$5.4 million from other funds to support 53.0 full-time positions within the Lottery Division. The request reflects a transfer of 1.0 position from the Lottery to the legal service unit within the Office of the Director to centralize legal services. The request is \$0.4 million more than the enacted budget for cost-of-living adjustments, step increases and benefit changes to reflect FY 2012 planning values. Consistent with the enacted budget, the request assumes \$0.1 million in turnover savings. The turnover savings is equivalent to 1.3 vacant positions. As of pay period ending November 20, 2010, the Division had 3.0 positions vacant. *The Governor concurs, with the exception of providing \$17,321 less to reflect adjustments to benefit calculations.*

Operations. Excluding salaries and benefits, the Department requests \$187.3 million for all other expenditures for the Lottery Division, \$149,743 more than enacted based on anticipated expenditures for FY 2012. The request includes new expenditures of \$140,000 to purchase four vans and two vehicles and \$0.2 million more for liability and loss of income insurance. It also includes savings from utilities and advertising based on historical spending patterns. The request includes the enacted amount of \$182.4 million for lottery commission payments. The revenue estimate shows this as a loss to revenue.

The Governor recommends \$213.2 million, \$26.0 million more than enacted. This includes \$22.7 million more for lottery commission payments. It also reflects \$4.2 million for marketing costs, consisting of \$3.7 million for Twin River and \$0.5 million for Newport Grand. The 2010 Assembly authorized the state to share in a portion of the marketing costs if certain income earnings and spending thresholds are met; however, this has been shown as a reduction to state revenue not an expenditure.

Target – Revenue Enhancement. As part of its constrained budget, the Lottery Division was asked to identify \$1.0 million in expenditure savings, which essentially increases general revenue receipts into the general fund in FY 2012 by a like amount. Excluding Keno, the Lottery Commission must make certain transfers to the state general fund from the operation of its traditional games, after prizes, commissions and administrative expenses. Transfers from proceeds are due quarterly, but are made monthly. The Lottery identified the savings; however, it should be noted that 70.0 percent of the saving is from advertising, which could potential impact overall revenues. It also included \$140,000 in savings from contracted services for the maintenance of the central computer system. Video lottery terminals are electronically linked to this system at the Lottery’s headquarters in Cranston.

The Governor concurs with the expenditure reductions; however, he does not assume the revenue enhancement.

Division of Taxation

Staffing. The Department requests \$18.7 million from all sources to fund salary and benefit costs for 198.0 full-time positions. The request reflects the transfer of a position from the Division of Taxation to the legal services unit within the Office of the Director to centralize legal services. The request is \$1.3 million or 7.1 percent more from all sources, including \$1.1 million from general revenues and \$0.3 million from all other sources. The request assumes 2.0 percent or \$0.4 million in turnover savings; the enacted budget includes \$0.3 million. As of pay period ending November 20, 2010, the division had 12 vacancies. The request includes the enacted amount of \$245,000 for overtime expenses and \$312,984 for seasonal employees. Other changes include cost-of-living adjustments, step increases and benefit changes to reflect FY 2012 planning values consistent with Budget Office instructions.

The Governor recommends \$18.3 million from all funds, which further reduces the request by \$0.4 million, of which \$0.1 million is to reflect additional turnover savings and \$0.3 million is to reflect adjustments to benefit calculations. He recommends staffing consistent with the request.

Target – Layoffs. As part of its constrained budget, the Department proposes the layoff of 30.0 full-time positions for savings of \$2.2 million from general revenues. This equates to 15.0 percent of the division's staffing. The layoffs include 18 positions from the Tax Compliance Office and 12 positions from the Field Audit Unit. The positions consist of 15 revenue officers, 3 special investigators, 11 revenue agents and one senior revenue agent. The Department indicates that historically, a revenue officer within the Tax Compliance Office collects approximately \$0.5 million in revenue from delinquent and/or non-compliant taxpayers and a revenue agent from the Field Audit generates approximate \$0.6 million in revenue through enforcement programs and audits. The total revenue impact from eliminating the positions could be as much as \$16.8 million.

The Governor does not recommend this proposal.

Target – Eliminate Seasonal Employees. As part of its constrained budget, the Department eliminates the enacted amount of \$0.3 million from general revenues for seasonal employees. Seasonal employees within the Division of Taxation work from February through late June to process personal and corporate income tax returns. The Department indicates that in calendar year 2009, the division processed 240,000 paper personal and 45,000 corporate income tax returns. If funding for seasonal employees were to be eliminated, a five month delay in issuing returns could occur and additional funds would be needed for overtime expenses.

The Governor recommends eliminating half of the seasonal positions for savings of \$175,423.

Operations. Consistent with its FY 2011 revised request, the Department requests \$2.4 million from all funds for all other operating expenditures for the Division of Taxation. This is \$8,790 less than the enacted budget and includes a general revenue increase of \$35,115 to reflect anticipated expenditures for printing and postage and out-state travel expenses for audits.

As part of its constrained budget, the Department proposes reductions of \$142,500, compared to the unconstrained budget. These include \$36,000 from mileage reimbursement, \$42,500 for out-of-state travel expenses relating to audits and \$51,000 from printing costs. The constrained request for operating expenses is \$0.2 million more than FY 2010 reported expenditures.

The Governor further reduces the unconstrained general revenue request by \$85,004. This is \$57,496 more than the constrained request to reinstate out-of-state travel expenses relating to audits since he does not concur with the layoffs. He also includes \$4 less for legal services based on a 15.0 percent reduction.

Tax Data Warehouse. The request retains the \$0.5 million from Rhode Island Capital Plan funds that the 2010 Assembly provided for the tax data warehouse to allow users to create and run reports, and performs queries to enhance tax collection. Based on the Governor's FY 2011 recommended capital budget, it appears the funds were intended to be for a one-time expense.

The Governor recommends \$655,000 from Rhode Island Capital Plan funds, which includes a shift \$155,000 from FY 2011 to FY 2012 to reflect anticipated expenditures.

Corporate Tax Model. The Department's FY 2012 through FY 2016 capital budget includes \$225,000 from Rhode Island Capital Plan funds, of which \$125,000 is for the development of a corporate income tax model and \$100,000 will be used for the system's maintenance. 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. It was included in the Department's FY 2011 capital budget, the Governor and the Assembly did not include funding for it.

The Governor recommends \$125,000 from Rhode Island Capital Plan funds for this project. The project does not appear to meet the definition of a capital expense.

Registry of Motor Vehicles

Overtime Expenses. The Department's request includes \$715,000 from general revenues for overtime expenses in the Division of Motor Vehicles. This is \$395,000 more than the enacted budget. The Department indicates that the additional overtime expense relates to staff training on the new computer system, which will be done after work hours and on weekends. It should be noted that the division's FY 2011 revised request includes an additional \$120,000 for overtime expenses. FY 2010 reported expenditures for overtime totaled \$0.4 million. *The Governor recommends \$21,450 less than requested.*

Other Staffing. The Department requests expenditures of \$12.3 million from general revenues and federal funds to fund salary and benefit costs of 155.5 full-time positions in the Division of Motor Vehicles in FY 2012. The request is \$1.0 million or 8.1 percent more than the enacted budget for cost-of-living adjustments and benefit changes consistent with FY 2012 planning values. The request reflects the conversion of a half position to a full position for a customer service representative. Consistent with the enacted budget, the request includes \$0.2 million in turnover savings, which is equivalent to 2.3 positions vacant. As of pay period ending November 20, 2010, 145.5 of the authorized positions were filled.

The Governor recommends \$12.1 million from all funds, which further reduces the request by \$0.2 million for turnover savings and adjustments to benefit calculations. He recommends staffing consistent with the request.

Target – Layoffs. As part of its constrained budget, the Department proposes to layoff 22.0 full-time positions from the Registry of Motor Vehicles for a saving of \$2.1 million. The proposal includes the layoffs of 7 branch supervisors and 15 customer service representatives from Middletown, Wakefield, Warren and Woonsocket. The Department indicates that the layoffs of these positions will essentially increase the waiting time at the Registry. *The Governor does not recommend the layoffs.*

Real ID Program. Consistent with its FY 2011 revised request, the Department includes federal fund expenditures of \$0.6 million within the Division of Motor Vehicles, \$249,968 more than the enacted budget based on anticipated award for the Division's Real ID program, which requires national standards for the

issuance of state driver's licenses and identification cards. The funds will be used to purchase software to enhance imaging. *The Governor recommends funding as requested.*

Registry of Motor Vehicles/Forand Building. The Department's request excludes the \$4.1 million from Rhode Island Capital Plan funds in the enacted budget to reflect the completion of the Forand Building as the new home of the Registry of Motor Vehicles. Construction started in September 2009, and the Division moved in late August 2010. *The Governor recommends funding as requested.*

All Other Operations. The Department requests \$5.6 million from general revenues for all other operating expenses for the Division of Motor Vehicles. This is \$0.1 million less than enacted and consistent with FY 2010 expenditures. As with the revised budget, the request includes new general revenue expenditures of \$90,000 to purchase 20 copiers that will network with the new workstations and provide scanning capabilities. The request includes an additional \$68,655 for license plate printing, additional dues payments related to the International Registration Plan, which is a cooperative agreement among states, the District of Columbia and provinces of Canada providing for payment of license fees based on trucks operated in various jurisdictions. The Division projects savings from fuel, printing and postage.

The Department's constrained budget includes savings of \$0.4 million from the Registry. The savings consist of \$0.2 million from lease payments, which assumes all branch offices will be closed, effective August 1, 2011. Excluding the headquarters in Cranston, the Registry operates in Middletown, Warren and Woonsocket, all of which are on a month-to-month lease. The Warren branch is mandated by Rhode Island General Law to stay open. The constrained request also excludes the \$0.1 million for 20 new copy machines that the Department included in its unconstrained budget, \$35,000 for software maintenance pertaining to the new computer system and \$45,000 for mileage reimbursement due to the closure of the satellite branches.

The Governor further reduces the unconstrained general revenue request by \$56,926; he does not recommend funding for the new copy machines. He provides an additional \$21,105 for security services and reduces legal expenses by \$126 based on a 15.0 percent reduction. His recommendation assumes that all branch offices would remain open.

Legislature

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Program				
General Assembly	\$ 6,766,435	\$ 7,172,362	\$ 7,649,631	\$ 6,688,000
Fiscal Advisory Staff	1,525,113	1,573,979	1,671,112	1,635,480
Legislative Council	4,244,997	4,244,866	4,552,384	4,431,511
Joint Comm. on Legislative Affairs	21,284,871	20,577,135	21,083,805	20,635,464
Office of the Auditor General	5,213,828	4,963,232	5,374,797	5,293,036
Special Legislative Commissions	13,900	13,831	13,900	13,761
Total	\$ 39,049,144	\$ 38,545,405	\$ 40,345,629	\$ 38,697,252
Expenditures by Category				
Salaries and Benefits	\$ 31,985,946	\$ 31,880,891	\$ 34,071,378	\$ 32,440,521
Contracted Services	2,125,300	1,036,451	1,348,400	1,348,400
Subtotal	\$ 34,111,246	\$ 32,917,342	\$ 35,419,778	\$ 33,788,921
Other State Operations	2,387,898	2,500,363	2,368,651	2,351,131
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,300,000	2,900,000	2,300,000	2,300,000
Capital	250,000	227,700	257,200	257,200
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 39,049,144	\$ 38,545,405	\$ 40,345,629	\$ 38,697,252
Sources of Funds				
General Revenue	\$ 37,474,136	\$ 36,970,091	\$ 38,696,430	\$ 37,048,053
Federal Aid	-	-	-	-
Restricted Receipts	1,575,008	1,575,314	1,649,199	1,649,199
Other	-	-	-	-
Total	\$ 39,049,144	\$ 38,545,405	\$ 40,345,629	\$ 38,697,252
FTE Authorization	295.9	298.5	297.8	298.5

Summary. The Legislature estimates FY 2012 expenditures of \$40.3 million and 297.8 full-time equivalent positions. This includes \$38.7 million from general revenues and \$1.6 million from restricted receipts and includes funding for statewide salary and benefit adjustments and \$0.9 million from FY 2011 for redistricting costs.

The Governor recommends \$1.6 million less than requested. This includes \$0.7 million in unidentified statewide savings and \$0.8 million less for retiree health benefit costs based on the most recent actuarial study and other statewide benefit rate adjustments.

Office of the Lieutenant Governor

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 906,015	\$ 860,040	\$ 977,965	\$ 973,042
Contracted Services	-	500	500	500
Subtotal	\$ 906,015	\$ 860,540	\$ 978,465	\$ 973,542
Other State Operations	15,964	25,060	25,360	22,710
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	2,500	3,500	750	750
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 924,479	\$ 889,100	\$ 1,004,575	\$ 997,002
Sources of Funds				
General Revenue	\$ 924,479	\$ 889,100	\$ 1,004,575	\$ 997,002
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 924,479	\$ 889,100	\$ 1,004,575	\$ 997,002
FTE Authorization	8.0	7.0	8.0	7.0

Summary. The Office of the Lieutenant Governor requests expenditures of \$1.0 million from general revenues, which is \$80,096 more than the FY 2011 enacted budget. The Office requests 8.0 full-time equivalent positions, the authorized level.

The Governor recommends \$1.0 million from general revenues, which is \$72,523 more than enacted and \$7,573 less than requested. He includes 7.0 full-time equivalent positions, 1.0 fewer than enacted.

Target Issues. The Budget Office provided the Office of the Lieutenant Governor with a general revenue target of \$840,186. The amount includes current service adjustments of \$63,975 and a 15.0 percent target reduction of \$148,268. The Office did not submit a constrained request for FY 2012. *The Governor's budget is \$0.2 million above the target.*

	Budget Office	Lieutenant Governor	Difference
FY 2012 Budget			
FY 2011 Enacted	\$ 924,479	\$ 924,479	\$ -
Current Service Adjustments	63,975	80,096	16,121
Change to FY 2011 Enacted	\$ 63,975	\$ 80,096	\$ 16,121
FY 2012 Current Service/ Unconstrained Request	\$ 988,454	\$ 1,004,575	\$ 16,121
Target Reduction/Initiatives	(148,268)	-	148,268
FY 2012 Constrained Target/Request	\$ 840,186	\$ 1,004,575	\$ 164,389
<i>Change to FY 2011 Enacted</i>	<i>\$ (84,293)</i>	<i>\$ 80,096</i>	<i>\$ 164,389</i>

Salaries and Benefits. The Office requests \$977,965 for salaries and benefits for 8.0 full-time equivalent positions. This includes turnover savings of \$66,087 from keeping a policy analyst position vacant for the entire fiscal year. Adjusting for the turnover savings, the request includes \$107,452 or 10.7 percent more than enacted for salary and benefit changes consistent with the FY 2012 planning values.

The Governor recommends \$973,042 which is \$67,027 more than enacted. This is \$4,923 less than requested based on updated benefits rates. The Governor recommends 7.0 full-time equivalent positions, 1.0 fewer than authorized and reflects the elimination of a vacant policy analyst position, consistent with his FY 2011 revised recommendation.

Other State Operations. The Office of the Lieutenant Governor requests \$26,610, which is \$8,146 more for all other operating expenditures. This corrects an error in the enacted budget that included savings for vehicle expenses that did not exist. The request also includes funding for American Sign Language translators for a member of the Emergency Management Services Council and other miscellaneous expenses.

The Governor recommends \$23,960, which is \$5,496 more than enacted and \$2,650 less than requested for other operating expenditures. The Governor's recommendation includes reducing the Office's request for additional food, postage and office supplies.

Office of Secretary of State

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Program				
Administration	\$ 1,943,053	\$ 1,944,766	\$ 2,093,840	\$ 2,056,734
Corporations	2,070,271	2,110,406	2,037,062	1,978,821.00
State Archives	574,651	570,178	624,209	619,333.00
Elections	2,013,831	1,810,758	1,389,516	1,345,089.00
State Library	571,887	573,543	607,853	596,876.00
Office of Public Information	329,581	331,094	355,026	334,439.00
Total	\$ 7,503,274	\$ 7,340,745	\$ 7,107,506	\$ 6,931,292
Expenditures by Category				
Salaries and Benefits	\$ 4,939,660	\$ 4,886,866	\$ 5,410,174	\$ 5,301,209
Contracted Services	557,864	482,865	333,989	306,125
Subtotal	\$ 5,497,524	\$ 5,369,731	\$ 5,744,163	\$ 5,607,334
Other State Operations	1,734,348	1,749,612	1,161,461	1,152,556
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	251,302	151,302	151,302	151,302
Capital	20,100	70,100	50,580	20,100
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 7,503,274	\$ 7,340,745	\$ 7,107,506	\$ 6,931,292
Sources of Funds				
General Revenue	\$ 6,908,707	\$ 6,754,217	\$ 6,607,322	\$ 6,434,744
Federal Aid	100,000	127,092	-	-
Restricted Receipts	494,567	459,436	500,184	496,548
Other	-	-	-	-
Total	\$ 7,503,274	\$ 7,340,745	\$ 7,107,506	\$ 6,931,292
FTE Authorization	57.0	57.0	57.0	57.0

Summary. The Secretary of State requests FY 2012 expenditures of \$7.1 million from all sources, which is \$395,768 less than the FY 2011 enacted budget. The request includes \$301,385 less from general revenues, \$100,000 less from federal funds, and \$5,617 more from restricted receipts. The request fully funds 57.0 positions, consistent with the enacted authorization.

The Governor recommends \$6.9 million from all sources, including \$6.4 million from general revenues and \$0.5 million from restricted receipts. This is \$0.2 million less from general revenues than requested and includes the enacted and requested level of 57.0 positions.

Target Issues. The Budget Office provided the Office of the Secretary of State with a general revenue target of \$5.9 million. The amount includes current service adjustments of \$63,223 and a 15.0 percent target reduction of \$1,045,789.

FY 2012 Budget	Budget Office	Secretary of State	Difference
FY 2011 Enacted	\$ 6,908,707	\$ 6,908,707	\$ -
Current Service Adjustments	63,223	(301,385)	(364,608)
Change to FY 2011 Enacted	\$ 63,223	\$ (301,385)	\$ (364,608)
FY 2012 Current Service/ Unconstrained Request	\$ 6,971,930	\$ 6,607,322	\$ (364,608)
Target Reduction/Initiatives	(1,045,789)	(25,980)	1,019,809
FY 2012 Constrained Target/Request	\$ 5,926,141	\$ 6,581,342	\$ 655,201
<i>Change to FY 2011 Enacted</i>	\$ (982,566)	\$ (327,365)	\$ 655,201

The constrained budget submitted by the agency is \$655,201 above the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget is \$482,623 more than the target.*

Statewide Adjustments. The Governor's FY 2012 budget includes \$20.7 million in unidentified statewide general revenue savings from applying reductions of 3.0 percent to salaries and benefits in cabinet level departments and 2.0 percent reductions to those costs in certain other agencies. He also includes a 1.0 percent reduction to operating costs in those agencies. For the Office of the Secretary of State, he assumes savings of \$111,345, primarily from personnel. The adjustments are in addition to other program changes in his recommended budget and described below.

Referenda Expenses. The request includes no general revenues for expenses relating to ballot referenda, which are a biennial expense for which FY 2012 is an off-year. The enacted budget includes \$155,522 for legal counsel, translators, printing, postage and salary and benefit expenses.

The Governor does not include the funding in FY 2012.

All Other Election Expenses. The Secretary of State and the Board of Elections request \$4.2 million from general revenues, which is \$0.5 million more than enacted for election expenses, including salaries and benefits. This includes \$0.6 million more from general revenues and \$0.1 million less from federal Help America Vote Act funds. *The Governor recommends \$3.3 million from general revenues and \$50,000 from federal Help America Vote Act funds. This is \$0.8 million less than requested, including \$0.9 million less from general revenues and \$50,000 more from federal funds.*

The enacted budget contains \$100,000 from federal Help America Vote Act funds in the Secretary of State's budget and no funds for the Board. The FY 2012 request includes no federal funding since the fund will be depleted in FY 2011. The fund was essentially depleted in FY 2009, but additional funds have been included in the President's budget during the last few years and additional grants have been awarded, allowing Rhode Island continued access to these funds. Neither agency is certain if additional grant funds will be awarded and prepared the budget as if the grants were not available; however, if a grant is approved, then functions that can be paid from federal funds will be charged accordingly. *The Secretary of State requested shifting \$50,000 from federal Help America Vote Act funds to the Board in its FY 2011 revised request; the Governor recommends shifting the funding to the Board in FY 2012.*

The Secretary of State requests \$1.4 million from general revenues for costs associated with the preparation and execution of regular and special election activities. This is \$0.5 million less than the FY 2011 enacted budget, including \$0.4 million less from general revenues, for which FY 2011 was an on-year in the election cycle. The request includes \$49,607 more for salaries and benefits for a 3.0 percent cost-of-living increase for the 7.0 full-time equivalent positions in the division, longevity and step increases, updated benefit rates and filling one vacant administrative assistant position. *The Governor recommends \$1.3 million from general revenues, which is \$27,358 less than requested. This includes \$416 more for salaries and*

salaries and benefits from adjustments to benefit calculations.

Besides salaries and benefits, the request includes \$734,777 in expenditures, which is \$418,400 less than enacted. This includes \$150,000 for printing, or \$450,000 less than enacted, consisting of \$125,000 for the Presidential primary in March 2012 and \$25,000 for envelopes and other materials for the September 2012 primary and November general election, which the Office will begin preparing for in May 2012. It also includes \$100,000, which is not in the enacted budget for expenses related to redistricting due to the results of the 2010 Census and the enacted funding of \$210,864 for information technology services and \$96,830 for software maintenance agreements. It includes \$82,218 for rental and lease expenses, \$20,000 for computers, servers and related equipment, \$20,000 for advertising, \$10,000 for postage, \$5,000 for legal services, which is \$50,000 less than enacted and \$39,685 for all other operating expenditures.

As part of its constrained request, the Office reduces general revenues by \$12,000 for the replacement of servers, which the Office intends to accomplish over FY 2011 and FY 2012. *The Governor recommends \$27,864 less than requested, including \$12,000 for the replacement of servers and \$15,864 less for information technology system support services consistent with his FY 2011 revised recommendation.*

The Board of Elections requests \$2.8 million from general revenues for costs associated with the preparation and execution of election activities, including salaries and benefits, which is \$981,455 more than enacted. Salary and benefit expenses total \$1.3 million, increasing by \$133,448 from filling the 1.0 vacant chief auditor position, a 3.0 percent cost-of-living increase for all employees, longevity and step increases, and benefit rate changes; however, the request appears to overstate medical benefit costs compared to the Budget Office instructions. It also includes \$50,000 for nursing home seasonal staff and technicians for the Presidential Primary in March 2012, which is \$25,000 less than enacted. *The Governor recommends \$62,521 less than requested reflecting several benefit adjustments, including \$65,100 less for current employees' medical benefits.*

Besides staffing, the Board requests \$1.4 million from general revenues for all other election expenses, which is \$0.9 million more than enacted. This includes \$1.2 million for the first year of an eight-year lease-to-purchase agreement. The Board is seeking to replace the optical scan voting machines in time for the November 2012 election since the Board cannot secure a maintenance agreement for the current equipment or replacement parts. The Board's request also includes \$84,000 for printing, \$80,000 for legal expenses, \$57,000 for the maintenance agreement for the Automark voting machines, \$38,512 for the purchase of computers and related equipment, \$6,000 for postage, \$3,000 for clerical help during the March 2012 primary and \$5,170 for all other expenses related to conducting elections. Subsequent to the request, the Board indicated that it will be able to secure a two-year service and maintenance contract with the current contractor for both the optical scan and Automark voting machines, beginning July 1, 2011.

The Governor recommends \$0.8 million less, including \$850,000 less from general revenues and \$50,000 more from federal funds from the Board entering into a service and maintenance contract instead of a lease-to-own contract. The Secretary of State requested shifting \$50,000 from federal Help America Vote Act funds to the Board in its FY 2011 revised request; the Governor recommends shifting the funding to the Board in FY 2012 for use towards the voting machines maintenance agreement.

State Archives. The Secretary of State requests \$624,209 for the operation of the state archives, which is funded primarily by the Historical Records Trust Fund. This includes \$124,025 from general revenues, which is \$43,941 more than enacted and \$0.5 million from restricted receipts, which is \$5,617 more than enacted.

The Office requests \$0.3 million, or \$23,172 more than enacted from restricted receipts for salaries and benefits for 3.4 full-time positions and includes a 3.0 percent cost-of-living increase for all employees and benefit rate adjustments consistent with Budget Office instructions along with retirement benefits for the Office's union employees that omitted from the FY 2011 request. Besides salaries and benefits, the request includes \$0.3 million, or \$24,936 more for rental and lease costs, reflecting rent and property tax escalators, \$11,164 or \$4,164 more for utilities, \$4,500 more from restricted receipts for the replacement of computers and servers and \$19,865 or \$6,064 less than enacted for all other operating expenditures.

As part of its constrained request, the Office reduces restricted receipts by \$4,500 for the replacement of servers which the Office intends to accomplish over FY 2011 and FY 2012.

The Governor recommends \$0.6 million, including general revenue funding consistent with the request and \$3,636 less from restricted receipts. He does not include funding for the union employees retirement expenses or for the replacement of servers and includes \$1,241 more for adjustments to benefit calculations and \$1,154 to reflect funding that may become available from statewide personnel and operating savings.

Records Center. 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 record storage and retrieval. The Center requests expenditures of \$0.9 million, \$56,689 more than enacted for FY 2012. This includes \$0.5 million for 4.75 full-time equivalent positions, which is an increase of 10.1 percent and \$43,378 compared to the enacted budget. This includes the 3.0 percent cost-of-living adjustment, step and longevity increases and benefit rates consistent with Budget Office instructions. The request also includes \$300,000 for records storage and retrieval, \$82,683 for rental of storage and office spaces, \$3,200 for printing and \$5,000 for the replacement of servers, which the Office intends to accomplish over FY 2011 and FY 2012 and \$19,601 for all other operating expenses.

As part of its constrained request, the Office eliminates the server replacement. *The Governor recommends \$15,787 less than requested. He does not include funding to replace the servers and eliminates all contracted services, which include information technology system support and training expenses. He includes \$11,559 less for salaries and benefits from adjustments to benefit calculations and adds \$1,907 to reflect funding that may become available from statewide personnel savings.*

Other Salaries and Benefits. The request includes \$4.4 million from general revenues, or \$0.4 million more than enacted, for salary and benefit expenses for the 42.8 remaining full-time equivalent positions, excluding the divisions already mentioned. This includes a 3.0 percent cost-of-living increase for all employees, longevity and step increases, updated benefit rates consistent with Budget Office instructions and filling a vacant administrative assistant position in the Corporations division and a vacant computer programmer position in the Administration division.

The request includes a \$12,105 or 12.0 percent salary increase for the Secretary of State from the enacted salary as provided in Rhode Island General Laws, which state that the salary shall be adjusted at the beginning of each succeeding term (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. After the request was submitted it was determined that the increase will be 9.67 percent, yielding a salary increase of \$9,594 beginning on January 3, 2011. The salary will remain the same throughout the four-year term. The request overestimates the salary increase by \$2,511.

The Governor recommends \$7,895 less from general revenues, including adjustments to benefit calculations and corrects for the Secretary's salary.

State House Tours. Consistent with its revised request, the Office 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. There is no funding in the enacted budget for the tours.

Past expenditures include \$12,004 in FY 2007, \$11,730 in FY 2008, \$12,330 in FY 2009 and \$12,564 in FY 2010. In FY 2009, 2010 and 2011, the Office requested funding for this item, but neither the Governor nor the Assembly recommended the funding. The Office has spent \$5,556 in FY 2011 for this service through December 3, 2010, which represent the first two quarters of the academic calendar. *The Governor does not recommend this funding.*

Rhode Island Government Owner's Manual. The request does not include any funding to publish the Rhode Island Government Owner's Manual, since it is printed in odd numbered years, per Rhode Island General Law 22-3-12. There is \$15,000 in the FY 2011 enacted budget for printing the manual. *The Governor does not recommend this funding.*

Quick Start Program for Business. The request does not include the enacted funding of \$250,000 for the creation of the Quick Start program, since the formation of the program will be completed in FY 2011. 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 of the relevant forms, fees and additional information needed to open a business all in one place. *The Governor does not include this funding.*

Community Service Grants. The Office requests the enacted funding of \$150,326 for the four community service grants that the Office manages. The grant recipients are the Rhode Island Historical Society, the Museum of Work and Culture, the Newport Historical Society and Newspapers Published in Rhode Island. *The Governor recommends funding as requested.*

Other Operating Expenses. The Office requests \$513,989 from general revenues for all other operating expenditures, which is \$28,232 more than enacted, primarily for the purchase of computer equipment, increased rental costs and postage expenses. The request includes \$250,673 for rental and lease costs, \$71,190 for printing and postage, \$46,575 for communications system expenses, \$39,025 for subscriptions and membership dues, \$29,100 for the purchase of computers, servers and related equipment, \$8,750 for travel expenses, \$6,330 for maintenance and repairs, \$4,900 for legal services, \$2,200 for advertising, \$21,625 for program supplies and \$33,621 for all other operating expenses.

As part of its constrained request, the Office reduces general revenues by \$13,980 for the replacement of computers and servers for the Administration, Corporations, State Library and Public Information divisions, which the Office intends to accomplish over FY 2011 and FY 2012. *The Governor recommends \$13,480 less than requested. He does not include funding for the replacement of servers and adds \$500 for information technology support expenses.*

Office of the General Treasurer

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Program				
General Treasurer	\$ 2,663,619	\$ 2,659,813	\$ 2,586,757	\$ 2,623,476
Unclaimed Property	15,789,173	15,131,150	15,467,552	15,508,524
Employees' Retirement System	12,121,419	7,130,899	11,852,478	12,121,251
Crime Victim Compensation	2,444,147	2,430,988	2,423,546	2,424,422
Subtotal	\$ 33,018,358	\$ 27,352,850	\$ 32,330,333	\$ 32,677,673
Expenditures by Category				
Salaries and Benefits	\$ 7,670,916	\$ 7,271,511	\$ 8,012,315	\$ 8,276,021
Contracted Services	2,706,401	2,392,896	2,450,001	2,392,496
Subtotal	\$ 10,377,317	\$ 9,664,407	\$ 10,462,316	\$ 10,668,517
Other State Operations	15,917,334	15,444,736	15,144,310	15,285,449
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,163,000	2,163,000	2,163,000	2,163,000
Capital	4,560,707	80,707	4,560,707	4,560,707
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 33,018,358	\$ 27,352,850	\$ 32,330,333	\$ 32,677,673
Sources of Funds				
General Revenue	\$ 2,270,649	\$ 2,253,614	\$ 2,207,471	\$ 2,240,128
Federal Aid	1,108,180	1,115,608	1,107,207	1,117,483
Restricted Receipts	29,420,614	23,756,475	28,814,631	29,103,041
Other	218,915	227,153	201,024	217,021
Total	\$ 33,018,358	\$ 27,352,850	\$ 32,330,333	\$ 32,677,673
FTE Authorization	82.0	82.0	82.0	82.0

Summary. The Office requests expenditures of \$32.3 million, which is \$0.7 million less than enacted as part of its unconstrained budget request. This includes \$63,178 less from general revenues. It also requests authorization for 82.0 full-time equivalent positions consistent with the enacted authorization. The Office also submitted a constrained request that totals \$2.1 million and includes \$0.1 million less from general revenues than the unconstrained request.

The Governor recommends \$32.7 million from all funds. This is \$0.3 million less than enacted and \$0.3 million more than requested. General revenues are \$30,521 less than enacted and \$32,657 more than requested. He recommends the enacted level of 82.0 full-time equivalent positions.

Target Issues. The Budget Office provided the Office with a general revenue target of \$1.9 million. The amount includes current service adjustments of \$7,530 and a 15.0 percent target reduction of \$341,727.

FY 2012 Budget	Budget Office	Treasurer	Difference
FY 2011 Enacted	\$ 2,270,649	\$ 2,270,649	\$ -
Current Service Adjustments	7,530	(63,178)	(70,708)
Change to FY 2011 Enacted	\$ 7,530	\$ (63,178)	\$ (70,708)
FY 2012 Current Service/ Unconstrained Request	\$ 2,278,179	\$ 2,207,471	\$ (70,708)
Target Reduction/Initiatives	(341,727)	(104,423)	237,304
FY 2012 Constrained Target/Request	\$ 1,936,452	\$ 2,103,048	\$ 166,596
<i>Change to FY 2011 Enacted</i>	\$ (334,197)	\$ (167,601)	\$ 166,596

The constrained budget submitted by the Office is \$0.2 million above the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's recommendation is \$303,676 more than the target.*

Statewide Adjustments. The Governor's FY 2012 budget includes \$20.7 million in unidentified statewide general revenue savings from applying reductions of 3.0 percent to salaries and benefits in cabinet level departments and 2.0 percent reductions to those costs in certain other agencies. He also includes a 1.0 percent reduction to operating costs in those agencies. For the Office of the General Treasurer he assumes savings of \$40,679 primarily from personnel. The adjustments are in addition to other program changes in his recommended budget and described below.

Salaries and Benefits. The Office requests \$8.0 million for all salaries and benefits as part of its unconstrained budget request. This is \$0.3 million more than enacted and includes \$61,847 more from general revenues for cost-of-living and step increases as well as adjustments to benefits per Budget Office instructions. It also reflects \$0.1 million in additional turnover savings and 2.5 positions at a lower step. The Office reports that most of the personnel hired by the current Treasurer will be reaching the top step in their position classification in FY 2012 and receiving raises. It should be noted that many of these positions may be replaced by the new administration at the first step which would result in additional savings.

The constrained request is \$0.3 million less than the unconstrained request including \$104,423 less from general revenues and 7.5 fewer positions than authorized. It appears that based on the positions reduction, the savings may be understated by approximately \$0.3 million.

The Governor recommends \$0.3 million more than the unconstrained request including \$34,277 more from general revenues to fully fund the new administration's filled positions and reduces turnover savings. As of the pay period ending February 26, the Office had 74.6 filled positions.

Unclaimed Property Transfer to General Fund. The Office requests \$5.9 million for the transfer from unclaimed property to the state, \$0.2 million less than enacted. The November Revenue Estimating Conference adopted an estimate of \$5.2 million, which is \$0.1 million less than the FY 2011 revised estimate and \$0.6 million less than the Office's request. The stock sale estimate was revised at the Conference resulting in a different transfer than requested.

The Governor recommends a transfer of \$5.7 million, which is \$0.5 million more than the November estimate and apparently in error.

Unclaimed Property Claims. The Office requests \$8.2 million for payment of unpaid property claims, which is \$0.5 million less than enacted and consistent with the November Revenue Estimating Conference. *The Governor recommends funding as requested.*

Unclaimed Property Change in Liability. The Office requests an increase of \$0.4 million in the amount of revenues set aside for future claims liability. For FY 2012, that amount represents 29.0 percent of net revenues. *The Governor recommends \$0.2 million more than requested, apparently an error assumption discussed above.*

Unclaimed Property Appraisers. The Office requests \$15,000 from restricted receipts to pay an appraiser to appraise items for sale during the unclaimed property on-line auction each year. The program periodically auctions items from safety deposit boxes on E-Bay. Revenue generated by the on-line auction is deposited as unclaimed property revenue. The FY 2011 revised request includes \$14,400 for this purpose. *The Governor recommends \$14,000, which is \$1,000 less than requested.*

Annualized Lease Savings. 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 50 Service Avenue in Warwick. The FY 2012 request reflects savings of \$0.5 million including \$0.1 million from general revenues from the move.

Based on construction delays, the move is now scheduled for the beginning of FY 2012. The Governor adds \$145,000 for two months of lease expenses, including \$39,000 from general revenues to account for the delay.

Retirement System Computer Upgrades. The FY 2011 enacted and FY 2012 requested budgets include \$4.5 million from retirement fund administration restricted receipts for a new system and new service requirements for the new system. The Office includes this funding in its FY 2012 request because it does not believe it will be far enough along in the request for proposal process to expend any of the funding in FY 2011. The consultant hired by the System is preparing the request for proposal now and vendors will have between three and six months to submit their bids, which will be at the end of FY 2011. Based on revised requirements for the new system, the Office is requesting \$139,000 less for information technology support.

The Governor recommends the enacted amount as requested. His FY 2011 revised budget assumes that no funding will be expended until FY 2012.

Retirement System Legal Services. The FY 2011 enacted budget includes \$185,000 from restricted receipts for legal services for the investment division. These services were approximately \$60,000 for FY 2008, \$26,194 for FY 2009 and \$5,775 for FY 2010. Based on anticipated need, the Office requests a decrease of \$139,000 for FY 2012. This is consistent with the FY 2011 revised request.

Consistent with his revised recommendation, the Governor reduces enacted funding by \$335,000. This includes a reduction of \$135,000 for the investment division and \$200,000 for the administrative unit based on prior years' spending. The unit spent \$267,858 for FY 2009 and \$235,492 for FY 2010.

Crime Victim Compensation Claims. The request includes the enacted level of \$2.0 million from restricted receipts and federal sources for crime victim compensation claims. This reflects the Office's estimate for claims activity in the crime victim compensation program. Actual FY 2010 expenditures were \$1.2 million. *The Governor recommends funding as enacted and requested.*

Other Operating Adjustments. The Office requests \$3.4 million for all other operating expenses, which is \$98,534 more than enacted including \$15,524 more from general revenues. Minor adjustments were made in various office expenditures and contracted services. *The Governor recommends \$40,620 less than requested for miscellaneous operating expenses.*

Rhode Island Board of Elections

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 1,213,920	\$ 1,081,309	\$ 1,347,368	\$ 1,284,847
Contracted Professional Services	461,002	302,664	1,239,476	439,476
Subtotal	\$ 1,674,922	\$ 1,383,973	\$ 2,586,844	\$ 1,724,323
Other State Operations	258,049	149,149	204,070	203,070
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,000,000	1,655,710	-	-
Capital	25,000	31,000	38,512	38,512
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 3,957,971	\$ 3,219,832	\$ 2,829,426	\$ 1,965,905
Sources of Funds				
General Revenue	\$ 3,957,971	\$ 3,219,832	\$ 2,829,426	\$ 1,915,905
Federal Aid	-	-	-	50,000
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 3,957,971	\$ 3,219,832	\$ 2,829,426	\$ 1,965,905
FTE Authorization	12.0	11.0	12.0	12.0

Summary. The Rhode Island Board of Elections requests \$2.8 million from general revenues, \$1.1 million less than enacted and full funding for 12.0 full-time equivalent positions, which is consistent with the enacted authorization in its unconstrained request.

The Governor recommends \$2.0 million from all sources, including \$1.9 million from general revenues and \$50,000 from federal funds. This is \$0.9 million less from general revenues than requested. He includes 12.0 positions, consistent with the enacted authorization and request.

Target Issues. The Budget Office provided the Board of Elections with a general revenue target of \$1.3 million. The amount includes current service adjustments of \$2.4 million, including \$2.1 million for the public financing of campaigns and a 15.0 percent target reduction of \$238,173. The Board's unconstrained request is \$1.5 million more than the general revenue target; the Board of Elections did not submit a constrained budget request. *The Governor's budget is \$0.6 million more than the target.*

	Budget Office	Elections	Difference
FY 2012 Budget			
FY 2011 Enacted	\$ 3,957,971	\$ 3,957,971	\$ -
Current Service Adjustments	(2,370,153)	(1,128,545)	1,241,608
Change to FY 2011 Enacted	\$ (2,370,153)	\$ (1,128,545)	\$ 1,241,608
FY 2012 Current Service/ Unconstrained Request	\$ 1,587,818	\$ 2,829,426	\$ 1,241,608
Target Reduction/Initiatives	(238,173)	-	238,173
FY 2012 Constrained Target/Request	\$ 1,349,645	\$ 2,829,426	\$ 1,479,781
Change to FY 2011 Enacted	\$ (2,608,326)	\$ (1,128,545)	\$ 1,479,781

Salaries and Benefits. The Board of Elections requests \$1.3 million from general revenues for salaries and benefits to fully-fund 12.0 full-time equivalent positions for FY 2012, \$0.1 million more than enacted, from filling the 1.0 vacant chief auditor position, a 3.0 percent cost-of-living increase for all employees, longevity and step increases, and benefit rate changes; however, the request appears to overstate medical benefit costs compared to the Budget Office instructions. It also includes \$50,000 for technicians and seasonal staff to assist residents at nursing homes with voting for the Presidential Primary in March 2012, which is \$25,000 less than enacted. *The Governor recommends \$62,521 less than requested, including adjustments to benefit calculations, including \$65,100 less for current employees' medical benefits.*

Public Financing of Elections. The Board's request does not include funding for the Matching Public Funds campaign finance program since the general election occurred and campaign reports are all due in FY 2011. The enacted budget contains \$2.1 million for the campaign funding and required audits. *The Governor does not include this funding.*

Election Expenses. The Board of Elections and the Office of the Secretary of State request FY 2012 expenditures of \$2.2 million from general revenues for costs associated with the preparation and execution of general election activities, excluding salaries and benefits. Combined, this is \$0.3 million more than the FY 2011 enacted budget, which was an on-year in the two year election cycle. Neither request includes federal funds for costs associated with Help America Vote Act because it is anticipated the fund will be depleted in FY 2011. *The Governor recommends \$1.4 million from all sources, including \$1.3 million from general revenues and \$50,000 from federal Help America Vote Act funds for election expenses, excluding salaries and benefits. This is \$0.8 million less than requested.*

The Board of Elections requests \$1.4 million from general revenues for costs associated with the preparation and execution of election activities, excluding salaries and benefits. This is \$877,324 more than enacted. This includes \$1.2 million for the first year of a new eight-year lease-to-purchase agreement that the Board is seeking to replace the optical scan voting machines in time for the November 2012 election since the Board cannot secure a maintenance agreement for the current equipment or replacement parts. The request also includes \$84,000 for printing, \$80,000 for legal expenses, \$57,000 for the maintenance agreement for the Automark voting machines, \$38,512 for the purchase of computers and related equipment, \$6,000 for postage, \$3,000 for clerical help during the March 2012 primary and \$5,170 for all other expenses related to conducting elections.

Subsequent to the request, the Board indicated that it will be able to secure a two-year service and maintenance contract with the current contractor for both the optical scan and AutoMark voting machines, beginning July 1, 2011.

The Governor recommends \$800,000 less than requested, including \$850,000 less from general revenues and \$50,000 more from federal funds from the Board entering into a service and maintenance contract instead of a lease-to-own contract. The Secretary of State requested shifting \$50,000 from federal Help America Vote Act funds to the Board in its FY 2011 revised request; the Governor recommends shifting the funding to the Board in FY 2012 for use towards the voting machines maintenance agreement.

The Office of Secretary of State requests \$734,777 in expenditures from general revenues, which is \$568,400 less than enacted. This includes \$150,000 for printing, or \$450,000 less than enacted, which includes \$125,000 for the Presidential primary in March 2012 and \$25,000 for envelopes and other materials for the September 2012 state and local primary and November general election, which the Office will begin preparing for in May 2012. It also includes \$100,000, which is not in the enacted budget for expenses related to redistricting due to the results of the 2010 Census and the enacted funding of \$210,864 for information technology services and \$96,830 for software maintenance agreements. It includes \$82,218

for rental and lease expenses, \$20,000 for computers, servers and related equipment, \$20,000 for advertising, \$10,000 for postage, \$5,000 for legal services, which is \$50,000 less than enacted and \$39,685 for all other operating expenditures. *The Governor recommends \$27,864 less than requested, including \$12,000 for the replacement of servers and \$15,864 less for information technology system support services consistent with his FY 2011 revised recommendation.*

It should be noted that the Office's request does not include the \$100,000 that the Board of Elections indicates will be the Office's required portion of the contract for the new voting equipment. *The Governor does not recommend entering into the contract, thus the \$100,000 is not required.*

Other Operations. The Board of Elections requests \$58,376 from general revenues for all other operations, which is \$29,317 less than enacted. This includes \$10,000 for telecommunication expenses and \$9,000 for office supplies, which combined is \$22,000 less than enacted since FY 2012 is an off-year in the election cycle. The request also includes \$7,500 for the maintenance and repairs of equipment and vehicles, \$3,300 for dues and subscriptions, \$3,200 for travel expenses, \$2,500 for the removal of filing cabinets that contain asbestos, \$2,000 for utilities, and \$20,876 for all other operating expenses, such as security services, janitorial services, property insurance and interpreters and translators. *The Governor recommends \$1,000 less than requested for general office supplies.*

Rhode Island Ethics Commission

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 1,263,231	\$ 1,243,783	\$ 1,345,911	\$ 1,354,646
Contracted Services	34,500	34,500	34,500	34,500
Subtotal	\$ 1,297,731	\$ 1,278,283	\$ 1,380,411	\$ 1,389,146
Other State Operations	177,635	167,968	175,804	163,744
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	7,293	8,618	8,618	7,118
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,482,659	\$ 1,454,869	\$ 1,564,833	\$ 1,560,008
Sources of Funds				
General Revenue	\$ 1,482,659	\$ 1,454,869	\$ 1,564,833	\$ 1,560,008
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 1,482,659	\$ 1,454,869	\$ 1,564,833	\$ 1,560,008
FTE Authorization	12.0	12.0	12.0	12.0

Summary. The Ethics Commission's unconstrained request is for \$1.6 million from general revenues, which is \$82,174 more than enacted. The Commission requests 12.0 full-time equivalent positions, the authorized level. The Ethics Commission also submitted a constrained request that totals \$1,557,333 and includes \$7,500 less than the unconstrained request.

The Governor recommends \$1.6 million, which is \$77,349 more than enacted for salary and benefit adjustments and operating expenses for FY 2012. The Governor includes the authorized amount of full-time equivalent positions.

Target Issues. The Budget Office provided the Ethics Commission with a general revenue target of \$1,328,063. The amount includes current service adjustments of \$79,768 and a 15.0 percent target reduction of \$234,364.

	Budget Office	Ethics Commission	Difference
FY 2012 Budget			
FY 2011 Enacted	\$ 1,482,659	\$ 1,482,659	\$ -
Current Service Adjustments	79,768	82,174	2,406
Change to FY 2011 Enacted	\$ 79,768	\$ 82,174	\$ 2,406
FY 2012 Current Service/ Unconstrained Request	\$ 1,562,427	\$ 1,564,833	\$ 2,406
Target Reduction/Initiatives	(234,364)	(7,500)	226,864
FY 2012 Constrained Target/Request	\$ 1,328,063	\$ 1,557,333	\$ 229,270
Change to FY 2011 Enacted	\$ (154,596)	\$ 74,674	\$ 229,270

The constrained budget submitted by the agency is \$229,270 above the target. The proposals to achieve the reductions are noted in the item described below. *The Governor's budget is \$0.2 million above the target.*

Staffing and Operations. The Commission's request reflects an increase of \$82,680, or 6.5 percent more than enacted for salary adjustments and benefit changes consistent with the FY 2012 planning values. The request includes \$506 less than enacted for all other state operations. This includes increases for records retrieval, a subscription to the Providence Journal and replacement of a printer offset by reductions for utility expenses and outside printing costs.

As part of its constrained request, the Commission proposes to reduce expenses for staff training, computers, postage, and supplies by \$7,500.

The Governor includes \$77,349 more than enacted and \$4,825 less than requested. This includes \$13,326 more than requested for salaries and benefits to accurately reflect the Commission's need, offset by a reduction of \$4,591 to reflect updated benefit rates.

The Governor recommends the reductions included in the constrained request and further reduces operating expenses by \$6,060.

Office of the Governor

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 5,190,439	\$ 4,550,775	\$ 5,531,706	\$ 4,574,107
Contracted Services	382,000	51,250	51,250	51,250
Subtotal	\$ 5,572,439	\$ 4,602,025	\$ 5,582,956	\$ 4,625,357
Other State Operations	347,135	322,789	313,705	295,522
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	250,000	250,000	250,000	250,000
Capital	11,000	20,325	11,000	11,000
Capital Debt Service	-	-	-	-
Operating Transfers	70,578	72,055	70,578	74,216
Total	\$ 6,251,152	\$ 5,267,194	\$ 6,228,239	\$ 5,256,095
Sources of Funds				
General Revenue	\$ 4,752,606	\$ 4,414,905	\$ 5,210,551	\$ 4,338,521
Federal Aid	-	132,605	139,280	139,898
Restricted Receipts	1,498,546	719,684	878,408	777,676
Other	-	-	-	-
Total	\$ 6,251,152	\$ 5,267,194	\$ 6,228,239	\$ 5,256,095
FTE Authorization	45.0	45.0	45.0	45.0

Summary. The Office of the Governor requests total expenditures of \$6.2 million from all funds and 45.0 full-time equivalent positions for FY 2012. This is \$22,913 less than enacted and staffing consistent with the authorized level. *The Governor recommends total expenditures of \$5.3 million, including \$4.3 million from general revenues. This is \$1.0 million less than enacted and is \$11,099 less than the FY 2011 revised budget. He recommends staffing consistent with the authorized level.*

Target Issues. The Budget Office provided the Office with a general revenue target of \$4.3 million. This amount includes current service adjustments of \$0.3 million and a 15.0 percent target reduction of \$0.8 million. The unconstrained request exceeds the target by \$0.9 million. The constrained budget submitted by the agency is \$0.8 million above the target. The proposals to achieve the reductions are noted among the items described below where appropriate.

FY 2012 Budget	Budget Office	Office of the Governor	Difference
FY 2011 Enacted	\$ 4,752,606	\$ 4,752,606	\$ -
Current Service Adjustments	294,710	457,945	163,235
Change to FY 2011 Enacted	\$ 294,710	\$ 457,945	\$ 163,235
FY 2012 Current Service/ Unconstrained Request	\$ 5,047,316	\$ 5,210,551	\$ 163,235
Target Reduction/Initiatives	(757,097)	(139,280)	617,817
FY 2012 Constrained Target/Request	\$ 4,290,219	\$ 5,071,271	\$ 781,052
<i>Change to FY 2011 Enacted</i>	<i>\$ (462,387)</i>	<i>\$ 318,665</i>	<i>\$ 781,052</i>

The Governor's budget is \$48,302 more than the target.

Statewide Adjustments. The Governor's FY 2012 budget includes \$20.7 million in unidentified statewide general revenue savings from applying reductions of 3.0 percent to salaries and benefits in cabinet level departments and 2.0 percent reductions to those costs in certain other agencies. He also includes a 1.0 percent reduction to operating costs in those agencies. For the Office, he assumes savings of \$120,202 primarily from personnel. The adjustments are in addition to other program changes in his recommended budget and described below.

Office of Economic Recovery and Reinvestment. The request includes expenditures of \$0.9 million or \$0.6 million less than enacted from restricted receipts to support the Office of Economic Recovery and Reinvestment within the Office of the Governor. The receipts are derived from a 0.5 percent assessment on stimulus funds and are used to cover expenses incurred in the oversight of those projects. The request includes \$0.7 million to fund salaries and benefits for 6.0 full-time positions and four interns. It assumes \$0.1 million in turnover savings and the transfer of \$70,758 to the Economic Development Corporation to fund a position that is providing services to the Office. It also includes \$50,000 for contractual services with KPMG to develop processes and procedures for monitoring and managing the federal stimulus. Consistent with the FY 2011 revised request, the request includes \$27,300 for operating expenses primarily for travel expenses, computers and office supplies.

The Governor further reduces the request by \$0.1 million primarily for additional turnover savings. The recommendation assumes full funding for 3.0 positions; however, maintains the authorized staffing level of 6.0 positions.

Contingency Fund. The request includes the enacted amount of \$250,000 from the contingency fund. The funds may be used for expenditures in any state department or agency where funding is insufficient, or where such requirements are due to unforeseen conditions or are non-recurring items of an unusual nature. *The Governor recommends the \$250,000, consistent with the enacted and the revised budgets.*

Governor's Staffing and Operations. The Office requests FY 2012 expenditures totaling \$5.2 million or \$0.6 million more from general revenues and federal stimulus funds to support staffing of 39.0 full-time positions. The request assumes \$0.2 million in turnover savings, \$0.2 million less than the amount included in the enacted budget. Adjusting for the turnover savings, the request is \$0.3 million or 6.2 percent more than enacted for cost-of-living adjustments, step increases and updated benefit rates consistent with FY 2012 planning values.

Consistent with the FY 2011 revised request, the Office requests \$0.3 million from general revenues for all other state operations, \$7,000 less than enacted for general office supplies to reflect anticipated expenditures.

As part of its constrained budget, the Office includes additional turnover savings of \$0.1 million.

The Governor recommends \$4.1 million for staffing of 39.0 full-time positions. This is \$0.8 million less than the unconstrained request primarily from additional turnover savings. The recommendation includes the statewide adjustments for retiree health and medical insurance.

Rhode Island Commission for Human Rights

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 1,116,262	\$ 1,149,290	\$ 1,268,006	\$ 1,215,932
Contracted Services	8,400	6,950	6,950	6,950
Subtotal	\$ 1,124,662	\$ 1,156,240	\$ 1,274,956	\$ 1,222,882
Other State Operations	247,005	230,674	230,674	232,688
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,371,667	\$ 1,386,914	\$ 1,505,630	\$ 1,455,570
Sources of Funds				
General Revenue	\$ 1,014,978	\$ 1,222,547	\$ 1,204,098	\$ 1,154,038
Federal Aid	356,689	164,367	301,532	301,532
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 1,371,667	\$ 1,386,914	\$ 1,505,630	\$ 1,455,570
FTE Authorization	14.5	14.5	14.5	14.5

Summary. The Commission requests \$1.5 million, which is \$133,963 more from all sources, including \$189,120 from general revenues, and \$55,157 less from federal aid, including the enacted level of authorized positions; however, to achieve the Budget Office target the Commission reduces general revenue expenditures by \$291,189. The constrained request includes 4.3 fewer positions.

The Governor recommends \$1.5 million from all sources, \$50,060 less than requested and \$133,963 more than enacted. General revenues are \$50,060 less than requested and \$139,060 more than enacted. He includes the enacted level of 14.5 positions.

Target Issues. The Budget Office provided the Commission with a general revenue target of \$912,909. The amount includes current service adjustments of \$59,033 and a 15.0 percent target reduction of \$161,102.

FY 2012 Budget	Budget Office	Human Rights	Difference
FY 2011 Enacted	\$ 1,014,978	\$ 1,014,978	\$ -
Current Service Adjustments	59,033	189,120	130,087
<i>Change to FY 2011 Enacted</i>	<i>\$ 59,033</i>	<i>\$ 189,120</i>	<i>\$ 130,087</i>
FY 2012 Current Service/ Unconstrained Request	\$ 1,074,011	\$ 1,204,098	\$ 130,087
Target Reduction/Initiatives	(161,102)	(291,189)	(130,087)
FY 2012 Constrained Target/Request	\$ 912,909	\$ 912,909	\$ -
<i>Change to FY 2011 Enacted</i>	<i>\$ (102,069)</i>	<i>\$ (102,069)</i>	<i>\$ -</i>

The constrained budget submitted by the Commission meets the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's recommendation is \$241,129 more than the target.*

Federal Receipts. The Commission's request is \$301,532 from federal sources, which is \$55,157 less than enacted. The FY 2011 federal receipts adjust for previous shortfalls by increasing general revenues. *The Governor recommends funding as requested.*

Salaries and Benefits. The Commission requests \$1.3 million from all sources, which is \$151,744 more than enacted. This includes \$130,791 from general revenues for salaries and benefits for the unconstrained budget to adjust for changes to employees' compensations, and benefit costs consistent with updated Budget Office planning values. The increase in general revenues includes \$45,654 to fund the Commission's vacant 0.5 senior compliance officer position.

As part of its constrained budget request, the Commission proposes to eliminate 4.3 positions to save \$287,083. The Commission will eliminate three full-time investigators and reduce each of the agency's two administrative aids from 2.0 full-time employees to 1.2 full-time employees. The Commission also eliminates the 0.5 vacant investigator position. The staffing reduction may affect the Commission's federal funding, which is directly linked to case production. The Commission indicates that the loss of 3.5 investigative positions would result in a 46.7 percent reduction in federal reimbursements and cases would remain backlogged for longer periods of time.

The Governor reduces requested funding by \$52,074 for the vacant 0.5 senior compliance officer position and includes statewide medical benefit rate adjustments.

Other Operations. The Commission requests \$237,624 for operating expenses and contracted services, \$17,781 less than enacted. This includes \$58,329 more from general revenues and reduces federally funded expenses by \$76,110. The Commission indicates that the request is consistent with the actual experience.

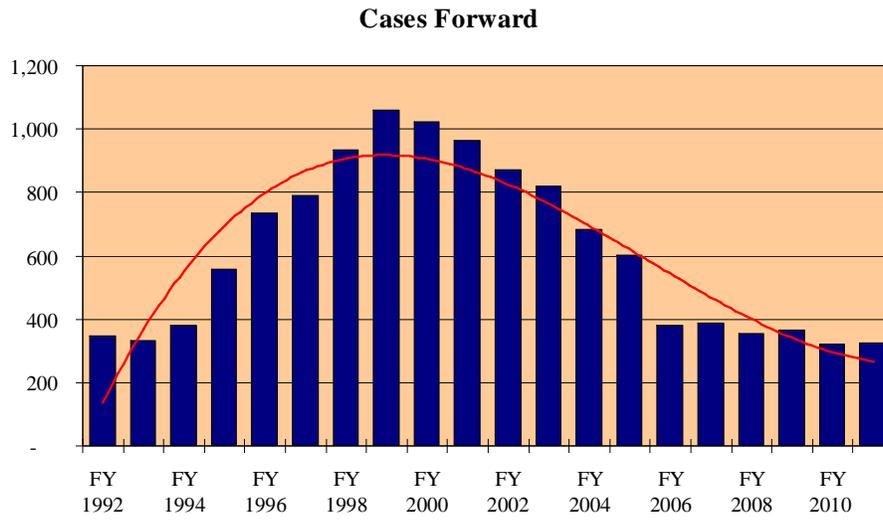
As part of the constrained budget request, the Commission proposes to reduce operating expenses, including out-of-state lodging and telecommunication systems to save \$10,338.

The Governor recommends \$2,014 more than requested to reflect federal sources that may become available.

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 in FY 1999 reached a new high of 1,061 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 intake of 409 new cases was offset by 432 closed cases with 367 cases forwarded to FY 2009. In FY 2009, the Commission intake of 356 cases was offset by 446 closed cases with 323 cases forwarded to FY 2010. In FY 2010, the Commission intake of 375 was offset by 402 cases processed with 325 cases forwarded to FY 2011. 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 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 5,011,124	\$ 5,025,688	\$ 5,785,960	\$ 5,430,597
Contracted Services	1,718,143	1,717,693	1,717,693	1,717,693
Subtotal	\$ 6,729,267	\$ 6,743,381	\$ 7,503,653	\$ 7,148,290
Other State Operations	947,052	920,741	905,718	923,379
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	337	337	337	337
Capital	50,000	50,561.00	33,000	33,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 7,726,656	\$ 7,715,020	\$ 8,442,708	\$ 8,105,006
Sources of Funds				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	296,330	296,330	309,495	309,373
Restricted Receipts	7,430,326	7,418,690	8,133,213	7,795,633
Other Funds	-	-	-	-
Total	\$ 7,726,656	\$ 7,715,020	\$ 8,442,708	\$ 8,105,006
FTE Authorization	46.0	46.0	49.0	46.0

Summary. The Public Utilities Commission requests FY 2012 expenditures of \$8.4 million, which is \$0.7 million more than enacted, including \$702,887 more from restricted receipts, and \$13,165 more 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 requests 49.0 full-time equivalent positions, which is 3.0 positions more than enacted to reflect the addition of three new legal staff.

The Commission's budget does not include any general revenues and was not subject to a Budget Office spending target. *The Governor recommends \$8.1 million, which is \$0.3 million less than requested and \$0.4 million more than enacted. This includes \$0.4 million less from restricted receipts and \$122 less from federal funds and 3.0 positions less than requested.*

New Legal Staff. The Commission requests \$0.3 million from restricted receipts for 3.0 new full-time equivalent legal positions to eliminate the need to utilize the Attorney General's legal and support staff. The Division has used that arrangement for rate cases during the last 25 years providing the resources to the Attorney General from assessments to the regulated utilities, which are estimated at \$0.6 million for FY 2012. The Division projects \$0.3 million in savings from reducing personnel as it will utilize existing staff resources and operation functions to supplement the new staff. This proposal is not included in the Attorney General's budget. *The Governor does not recommend the funding or the positions.*

Gas Pipeline Safety. The Commission requests \$109,394 from federal funds for gas pipeline safety, which is \$7,169 more than enacted. Funds are used to support 1.0 full-time equivalent position with focus on the enforcement of the Dig Safe program. State laws require that anyone who digs must notify the utility companies before starting to avoid accidents. FY 2010 expenditures were \$69,607. *The Governor recommends funding as requested.*

Stimulus Electricity Initiative. The Commission requests \$200,101 from federal stimulus funds for electricity related initiatives, which is \$5,996 more than enacted. The Commission will receive a total of \$776,783 for electricity related initiatives authorized in the American Recovery and Reinvestment Act, to be expended prior to October 31, 2013. Funds will be used to support 2.0 full-time equivalent positions, a legal counsel and special projects coordinator that will receive extensive training on behalf of the Commission 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 recommends \$122 less to reflect medical benefit adjustments.*

All Other Salaries and Benefits. The Commission requests \$5.1 million from all sources for all other salary and benefit expenses for the remaining 43.0 positions. This includes 12.0 full-time positions for the Commission and 31.0 full-time positions for the Division. This is \$416,728 more than enacted and includes a 3.0 percent cost-of-living increase and other benefit rate changes, consistent with the Budget Office planning values. The request assumes no turnover savings, which is consistent with the enacted budget. *The Governor recommends \$7,287 less than requested from restricted receipts to reflect adjustments to benefit rates.*

Energy Facilities Siting Board. The Commission requests the enacted level of \$125,000 from restricted receipts for anticipated expenditures of the energy facilities siting board. The Board regulates the issuance of licensure to construct energy facilities. All expenditures related to the investigation are billed back to the applicants. *The Governor recommends funding as requested.*

Public Utilities Reserve Account. The Commission requests the enacted level of \$1.1 million for expenses incurred for investigations and hearings related to rate case applications and other filings. Funds are used to purchase materials, contract with external legal counsel, official stenographers, engineers, accountants, economists, other expert witnesses, and for all other necessary expenses. *The Governor recommends funding as requested.*

All Other Operations. The Commission requests \$1.4 million from all sources for all other operations. The request is \$61,168 less than enacted primarily from the reduction of various office expenses. The Division's portion of expenses total \$1.1 million. While the request is consistent with the enacted budget, it does not appear that budgeted amounts are consistent with expenditure experience. FY 2010 final expenditures were \$0.8 million and FY 2009 expenditures total \$0.7 million. The most notable discrepancies include \$0.3 million for maintenance expenses, 70.0 percent more than final FY 2010 expenditures and \$0.1 million for legal services, 98.0 percent more than final FY 2010 expenditures. *The Governor recommends \$17,034 more than requested to reflect increases for temporary staff and administrative fees.*

Office of Health and Human Services

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 6,602,402	\$ 5,894,301	\$ 6,271,713	\$ 16,758,741
Contracted Services	494,200	1,832,183	-	-
Subtotal	\$ 7,096,602	\$ 7,726,484	\$ 6,271,713	\$ 16,758,741
Other State Operations	71,107	15,501	-	19,939
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 7,167,709	\$ 7,741,985	\$ 6,271,713	\$ 16,778,680
Sources of Funds				
General Revenue	\$ 3,420,163	\$ 3,541,112	\$ 3,781,529	\$ 9,623,834
Federal Aid	2,873,533	3,309,016	1,581,593	6,250,134
Restricted Receipts	874,013	891,857	908,591	904,712
Other	-	-	-	-
Total	\$ 7,167,709	\$ 7,741,985	\$ 6,271,713	\$ 16,778,680
FTE Authorization	75.6	77.6	75.6	149.0

Summary. The Office requests \$6.3 million from all sources or \$0.9 million less than enacted, including \$0.4 million more from general revenues and the authorized level of 75.6 full-time equivalent positions. The Office did not submit a constrained budget to meet the Budget Office target. The request is \$675,404 more than the Budget Office target of \$3,106,125.

The Governor adds \$10.5 million to the request and 73.4 positions to include the transfer of 80.0 administrative and policy staff from the Department of Human Services' Medicaid program.

Target Issues. The Budget Office provided the Office with a general revenue target of \$3,106,125. The amount includes current service adjustments of \$234,102 and a 15.0 percent target reduction of \$548,140.

FY 2012 Budget	Budget Office	OHHS	Difference
FY 2011 Enacted	\$ 3,420,163	\$ 3,420,163	\$ -
Current Service Adjustments	234,102	361,366	127,264
Change to FY 2011 Enacted	\$ 234,102	\$ 361,366	\$ 127,264
FY 2012 Current Service/ Unconstrained Request	\$ 3,654,265	\$ 3,781,529	\$ 127,264
Target Reduction/Initiatives	(548,140)	-	548,140
FY 2012 Constrained Target/Request	\$ 3,106,125	\$ 3,781,529	\$ 675,404
<i>Change to FY 2011 Enacted</i>	<i>\$ (314,038)</i>	<i>\$ 361,366</i>	<i>\$ 675,404</i>

The current services budget submitted by the agency is \$675,404 above the target. *The Governor's recommendation is \$6.5 million above the constrained request.*

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.

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

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

Enrollment for the aged population is slightly lower than the national average but higher than the national average percent of total expense and cost per enrollee. Expenses supporting this population are in the Departments of Human Services and Elderly Affairs.

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

Staffing Medicaid Program. Staffing for the state's Medicaid program appears in the Department of Human Services' budget for FY 2012. *The Governor transfers administrative operations of the Medicaid program and its 80.0 positions from the Department of Human Services' budget. He adds \$8.9 million for the positions, including \$4.0 million from general revenues. The eligibility and benefits functions of the Medicaid program remain with the Department of Human Services.*

All Other Staffing. The Office requests the current level of 75.6 authorized positions in its FY 2012 request; however, the FY 2011 enacted budget funds 22.0 of the Office positions through the Department of Human Services' budget. The FY 2010 budget also funded the staff, but the 22.0 positions were also transferred to the Department of Human Services budget. The positions were not transferred in the Office's FY 2011 enacted budget, but the disparity persists and the Office's FY 2012 request does not correct for this.

Excluding the Medicaid positions, the Governor adds \$1.6 million more from all sources, \$1.8 million from general revenues for all other staffing changes. He adds a deputy secretary position, 3.0 new administrative and legal positions and shifts 10.6 finance, data clerk and accounting positions out, including 5.6 to Department of Health, 3.0 the Department of Children, Youth and Families, 4.0 to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, 2.0 to the Department of Elderly Affairs, and 4.0 from the Department of Human Services to accurately reflect the staffing patterns within the departments. The following table shows the staffing changes in the departments under the umbrella of the Office of Health and Human Services.

Department	Positions			
	Medicaid	Admin.	Finance	Legal & Support
Health & Human Services	80.0	4.0	(29.6)	19.0
Behavioral Healthcare, Developmental Disabilities & Hospitals	-	-	5.0	(1.0)
Human Services	(80.0)	-	13.0	(17.0)
Children, Youth & Families	-	-	3.0	-
Health	-	-	5.6	-
Elderly Affairs	-	-	3.0	(1.0)
Total	-	4.0	-	-

All Other Salaries and Benefits. The Office requests \$6.3 million from all funds for salaries and benefits, \$0.3 million less than enacted including \$0.4 million more from general revenues, \$0.8 million less from federal funds and \$44,156 less from restricted receipts. The request accounts for federal funds that are overstated in the enacted budget and other adjustments based on Budget Office planning values to fund 52.6 positions, leaving one vacant. *The Governor recommends funding as requested.*

Medicaid Health Information Exchange Grant. The state was awarded multi-year funding through the federal Medicaid Health Information Exchange grant, which ends April 2011. The Office's FY 2012 request is \$0.5 million less from federal funds to reflect the grant's expiration. The project is in coordination with the Departments of Human Services and Health to begin building the infrastructure for the health information exchange. The responsibility for the infrastructure's maintenance has been transferred to the Rhode Island Quality Institute. *The Governor recommends funding as requested.*

All Operating Expenses. The Department's request eliminates the enacted level of \$73,307 from all sources that support the office's operating costs. This includes \$37,890 from general revenues. The Office's request assumes that any operating expenses will be supported by the Department of Human Services. *The Governor recommends \$19,393 from all sources, including \$10,315 from general revenues to support the Office's operations.*

Department of Children, Youth and Families

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Program				
Central Management	\$ 6,713,049	\$ 6,200,649	\$ 6,343,860	\$ 6,895,122
Child Welfare	168,813,418	166,373,913	175,287,143	147,980,478
Juvenile Corrections	37,325,472	34,722,648	40,013,589	32,802,323
Children's Behavioral Health	24,546,234	22,612,320	21,754,201	23,065,874
Higher Education Opportunity Grants	200,000	200,000	200,000	200,000
Total	\$ 237,598,173	\$ 230,109,530	\$ 243,598,793	\$ 210,943,797
Expenditures by Category				
Salaries and Benefits	\$ 69,253,826	\$ 65,412,342	\$ 70,550,787	\$ 66,109,163
Contracted Services	4,183,242	3,254,627	3,709,929	3,686,734
Subtotal	\$ 73,437,068	\$ 68,666,969	\$ 74,260,716	\$ 69,795,897
Other State Operations	8,633,633	8,532,854	8,588,280	8,540,692
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	150,902,492	150,799,372	154,816,277	129,388,688
Capital	4,624,980	2,110,335	5,933,520	3,218,520
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 237,598,173	\$ 230,109,530	\$ 243,598,793	\$ 210,943,797
Sources of Funds				
General Revenue	\$ 153,046,095	\$ 152,873,449	\$ 168,317,215	\$ 139,413,049
Federal Aid	77,855,163	72,769,129	66,968,900	62,869,525
Restricted Receipts	2,306,915	2,485,137	2,507,678	5,571,223
Other	4,390,000	1,981,815	5,805,000	3,090,000
Total	\$ 237,598,173	\$ 230,109,530	\$ 243,598,793	\$ 210,943,797
FTE Authorization	691.0	691.0	691.0	662.5

Summary. The Department of Children, Youth and Families' unconstrained request includes \$243.6 million from all sources, including \$168.3 million from general revenues, \$67.0 million from federal funds, \$2.5 million from restricted receipts, \$5.8 million from Rhode Island Capital Plan funds, and 691.0 full-time equivalent positions. The Department continues to move children from more expensive residential placements to community based services. The number of youth in each type of placement is noted among the items described below where appropriate. During FY 2009, there were 10,270 active youth in the Department's care. This was reduced to 9,925 in FY 2010. The Department anticipates this will continue to decline in FY 2011 and FY 2012.

The Department also submitted a constrained request that totals \$159.2 million and is \$9.1 million less from general revenues than the unconstrained request.

The Governor recommends \$210.9 million from all sources, including \$139.4 million from general revenues, \$62.9 million from federal funds, \$5.6 million from restricted receipts, and \$3.1 million from

Rhode Island Capital Plan funds. This is \$26.7 million less than enacted, including \$13.3 million less from general revenues, \$15.0 million less from federal funds, \$3.3 million more from restricted receipts, and \$1.3 million less from Rhode Island Capital Plan funds. He recommends 662.5 full-time equivalent positions, 28.5 less than enacted.

Target Issues. The Budget Office provided the Department of Children, Youth and Families with a general revenue target of \$143.1 million. The amount includes current service adjustments of \$15.3 million and a 15.0 percent target reduction of \$25.2 million.

FY 2012 Budget	Budget Office	DCYF	Difference
FY 2011 Enacted	\$ 153,046,095	\$ 153,046,095	\$ -
Current Service Adjustments	15,271,116	15,271,120	4
<i>Change to FY 2011 Enacted</i>	<i>\$ 15,271,116</i>	<i>\$ 15,271,120</i>	<i>\$ 4</i>
FY 2012 Current Service/ Unconstrained Request	\$ 168,317,211	\$ 168,317,215	\$ 4
Target Reduction/Initiatives	(25,247,582)	(9,070,952)	16,176,630
FY 2012 Constrained Target/Request	\$ 143,069,629	\$ 159,246,263	\$ 16,176,634
<i>Change to FY 2011 Enacted</i>	<i>\$ (9,976,466)</i>	<i>\$ 6,200,168</i>	<i>\$ 16,176,634</i>

The constrained budget submitted but the Department is \$16.2 million above the target, but \$9.1 million below its unconstrained request. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget is \$3.7 million below the target.*

Stimulus – Enhanced Medicaid. The enacted budget includes statewide general revenue savings of \$215.1 million, including \$7.6 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 rate expires June 30, 2011 and the Department's request backfills the loss of federal funds. *The Governor recommends funding as requested.*

Statewide Adjustments. The Governor's FY 2012 budget includes \$20.7 million in unidentified statewide general revenue savings from applying reductions of 3.0 percent to salaries and benefits in cabinet level departments and 2.0 percent reductions to those costs in certain other agencies. He also includes a 1.0 percent reduction to operating costs in those agencies. For the Department of Children, Youth and Families, he assumes savings of \$1.7 million, primarily from personnel. The adjustments are in addition to other program changes in his recommended budget and described below.

Juvenile Justice Programs

The Juvenile Corrections Division provides delinquent youth with rehabilitation services aimed at helping them to lead safe, healthy and productive lives. This division contains two programs, the training school and the probation and parole program. The training school is a highly structured, secure residential facility where youth are placed by order of the Family Court on a finding of waywardness or delinquency. Rhode Island general laws require that the population at the training school be below 160, including 148 boys and 12 girls. The probation and parole program provides community based services to youth to ensure safety and full compliance with court orders and conditions of probation. These youth are placed on probation by Family Court. As of December 23, 2010, there were 1,016 youth on probation.

The following table shows the population at the training school for the first day of each quarter since FY 2008. The population tends to be at a high in the summer months and decline in the winter months. The Department provides all youth at the training school with the services that it needs for rehabilitation, including substance abuse treatment, counseling, or medical services. During FY 2010, there was an

average of 146 filled placements at the training school. Each placement costs an average of \$144,250 per year. The FY 2012 request represents \$164,375 per placement and assumes that all 160 will be filled. *The Governor's FY 2012 recommendations assume an average cost of approximately \$149,000 per year for 160 placements, including 148 males and 12 females.*

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)
April 1, 2010	139	14	153	(7)
July 1, 2010	115	21	136	(24)
October 1, 2010	121	18	139	(21)
January 1, 2011	110	14	124	(36)
<i>*Effective March 2009</i>				

Training School - Salaries and Benefits. The Department requests \$19.7 million from all sources for salaries and benefits for staff at the training school, including \$19.5 million from general revenues and \$0.2 million from federal funds. The request is \$1.2 million more than enacted primarily from general revenues. The request includes \$4.0 million for the education program staff and \$15.7 million for all other staff, including juvenile program workers and administrators. Based on FY 2010 expenses, salaries and benefits make up approximately 70.0 percent of the total costs at the training school. The average cost for a placement at the training school is projected to be \$164,375 during FY 2012; staffing expenses account for about \$115,000.

The Department's request includes \$1.8 million in medical benefit and retirement rate adjustments, as well as a 3.0 percent cost-of-living adjustment consistent with Budget Office planning values, offset by turnover savings of \$1.6 million primarily from general revenues. The turnover savings account for approximately 16.0 positions. The enacted budget includes turnover savings of \$1.0 million or approximately 10.0 positions.

The request also includes \$2.7 million primarily from general revenues for overtime expenditures at the training school. This is \$1.0 million more than enacted. The Department indicates that due to staff vacancies the overtime savings included in the enacted budget will not be achieved. The Department spent \$2.6 million for overtime in FY 2010.

The Governor recommends \$1.6 million less than requested primarily from general revenues. He reduces overtime expenses by \$0.1 million and includes savings of \$1.5 million from the consolidation of the girl's training school into the boy's facility. The girls temporarily reside in the Mathias Building; however, the approved capital plan assumes renovating the Adolph Meyer building for this population. The Governor does not recommend the renovations and includes a plan for the girls to move into one of the four residential pods in the Youth Development Center. The savings are based on the elimination of 11 Juvenile Program Workers, three teachers, and one cottage manager.

Training School - Operations and Services. The Department's request includes \$6.6 million from all sources, including \$4.8 million from general revenues and \$1.8 million from federal funds for all other expenses for adjudicated juveniles at the training school. This includes the cost of food, counseling services, medical expenses, and education expenses. The request is \$1.3 million less than enacted and includes \$0.5 million less from general revenues and \$0.8 million less from federal funds. This is consistent with the Department's FY 2011 revised request and actual FY 2010 expenditures. The Department indicates that the population at the training school continues to decline. As of July 1, 2010, there were 115 males and 21 females at the training school. Based on FY 2010 expenses, services make up approximately 30 percent of the total costs at the training school. The average cost for a placement at the training school is projected to be \$164,375 during FY 2012; services account for about \$50,000.

The Governor further reduces operating expenses by \$0.2 million to include savings from re-procuring contracts, which provide mental health and substance abuse treatment, youth correctional rehabilitation services, dental and other medical services.

Target – Training School Education. As part of its constrained budget, the Department requests to further reduce general revenue expenditures by \$2.1 million to reflect savings from requiring cities and towns to pay for the education of juveniles at the training school, Camp E-Hun-Tee, and Ocean Tides. Based on FY 2012 projections, this proposal would save approximately 8.0 percent of the total costs at the training school or about \$13,000 per placement. Education expenses are primarily salaries and benefits; operating expenses account for approximately \$0.3 million of total expenses. *The Governor recommends funding as requested.*

Probation and Parole - Salaries and Benefits. The Department requests \$4.9 million from general revenues for salaries and benefits for probation and parole staff. The Department's request includes \$0.5 million in medical benefit and retirement rate adjustments, as well as a 3.0 percent cost-of-living adjustment consistent with Budget Office planning values, offset by turnover savings of \$0.5 million primarily from general revenues. The turnover savings account for approximately 5.0 positions. The enacted budget includes turnover savings of \$0.3 million or approximately 3.0 positions. *The Governor further reduces funding by \$166,558 to reflect adjustments to retiree health costs and medical benefit rates.*

Probation and Parole – Operations and Services. The Department requests \$4.7 million from all sources, including \$4.3 million from general revenues and \$0.4 million from federal funds. This is \$1.3 million more than enacted from all sources, including \$1.1 million from general revenues and \$0.2 million from federal funds for youth that are released from the training school and require some period of supervision in a community based program. The Department indicates that the cost of treating juveniles in the community is significantly less than keeping them in a residential placement; however, as youth move from the training school to community based settings the cost will increase. These services include day programs, youth diversionary programs, and community-based residential placements. This is consistent with the Department's FY 2011 revised request.

The Governor further reduces expenses by \$0.6 million to include several savings initiatives. He proposes to establish an electronic monitoring program to keep youth out of the training school and in the community. He also proposes to reduce the contract with Tides Family Services to eliminate duplicated services, such as tracking and youth tutoring.

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.

Contract and Provider Rate Reductions. Subsequent to its budget submission, the Department determined that it could achieve savings of \$3.9 million from all sources, including \$3.4 million from general revenues from modifying certain contracts and provider rates within the Behavioral Health and Child Welfare programs. This includes eliminating contracts that evaluate the success of programs and initiatives, reducing several contracts including Family Care Community Partnerships and the Nurse-Partnership program, eliminating funding for the after school day treatment program at the Groden Center, reducing its contract with Hasbro Hospital for examinations of youth brought in after protective services removes him or her from the home, consolidating foster care and adoption training, as opposed to including training in each provider's contract, and several other reductions to eliminate services that are duplicated.

It also includes a 10.0 percent provider rate reduction to independent living programs for youth over age 18 and reducing all provider rates that are higher than the average compared to similar programs. *The Governor recommends the savings.*

Assessment of Fees. Subsequent to its budget submission, the Department determined that it could achieve savings of \$0.2 million from general revenues from assessing a fee to the Social Security Administration for processing applications for youth beneficiaries. The fee is up to 10.0 percent of the total monthly benefit a child receives, but not more than \$37 per month. It will be used to offset Department expenses and is in addition to the benefits that the child receives. The Department of Human Services collects a similar fee. Additionally, it proposes to collect revenues of \$110,000 from instituting a \$10 fee for background checks on adults that wish to care for a child. *The Governor recommends the savings.*

18 to 21 Year Olds. The Department requests \$14.9 million for services provided to youth between the ages of 18 and 21 years old. This is \$0.7 million more than enacted, including \$3.3 million more from general revenues and \$2.6 million less from federal funds. This increase is consistent with the FY 2011 revised request; however, there is a shift from federal funds to general revenues to reflect the elimination of the enhanced Medicaid match rate. At the end of the first quarter of FY 2011, 225 youth in this population were being served. At the close of FY 2009, the Department was providing services to approximately 276 youth in this age group; 267 youth were being served at the start of FY 2008. *The Governor recommends funding as requested.*

Purchased Placements. The Department requests \$22.4 million from all sources, including \$16.7 million from general revenues and \$5.7 million from federal funds. This is \$4.3 million less than enacted, including \$2.6 million less from general revenues and \$1.7 million less from federal funds. The request is consistent with the FY 2011 revised request; however, there is a shift from federal funds to general revenues for the elimination of the enhanced Medicaid match rate. The number of purchased placements has decreased from an average of 337 in FY 2010 to 308 at the end of the first quarter in FY 2011. Purchased placements include in-state and out-of-state residential placements, as well as specialized foster care.

The Governor recommends \$7.1 million less than enacted from all sources, including \$3.5 million less from general revenues and \$2.8 million less than requested from caseload reductions.

Average Annual Purchased Placements							
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011*
Specialized Foster Care	113	129	167	184	179	127	119
In-State	138	142	136	167	158	140	126
Nearby Out-of-State	74	83	116	113	82	53	46
Out-of-State	28	12	38	36	20	17	17
Total	353	366	457	500	439	337	308

*Average, first quarter of FY 2011

Foster Care and Adoption. The Department requests \$22.7 million from all sources, including \$16.1 million from general revenues and \$6.6 million from federal funds for foster care and adoption services. This is \$0.5 million less than enacted primarily from federal funds. The Department projects a decline in state only services; however, savings are offset by the loss of stimulus funds. This is consistent with the FY 2011 revised request and with actual FY 2010 expenses. Foster care placements average 1,081 at the end of the first quarter in FY 2011. The average placements for FY 2010 and FY 2009 were 1,077 and 1,160 respectively. *The Governor recommends funding as requested.*

Average Annual Children Foster Care					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011*
Court Ordered Non-Relative	9	6	4	1	1
Court Ordered Relative	72	54	47	29	21
Non-Relative	561	511	498	433	442
Private Agency	171	159	163	178	162
Relative	682	546	449	436	455
Total	1,495	1,276	1,160	1,077	1,081

*Average, first quarter of FY 2011

Family Service Regions/Child Protective Services. The Department requests \$1.7 million from general revenues or \$45,886 less than enacted for the four family service regions 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. The spending request is consistent with the FY 2011 revised request and with actual FY 2010 expenses. *The Governor recommends funding as requested.*

Independent Living Program. The Department requests \$1.3 million from federal funds or \$0.6 million more than enacted for the Independent Living Program. This program provides services to youth ages 16 to 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 an anticipated carry forward balance from FY 2011. It is important to note that this is the same anticipated carry forward balance as FY 2010 and that these funds were used in lieu of general revenues in FY 2010. *The Governor recommends funding as requested.*

Other Child Welfare Community Based Services. The Department's current service request includes \$9.2 million from all sources, including \$2.6 million from general revenues, \$4.3 million from federal funds, and \$2.2 million from restricted receipts. This is \$14,088 more than enacted, including \$0.4 million less from general revenues and \$0.2 million more in both federal funds and restricted receipts. General revenue savings are the result of many of the services being duplicated in the Family Care and Community Partnership program, which is included in the Child Welfare residential placements item. The increase in

federal funds and restricted receipts are 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. This is consistent with the Department's revised request.

The Governor recommends \$0.1 million more than enacted from all sources, including \$0.3 million less from general revenues. He includes a shift of \$135,843 to federal funds to leverage Medicaid available for previously state only services through the Rhode Island Consumer Choice Global Waiver. He also includes various adjustments to federal grants.

Target – Child Support Transformation. As part of its constrained budget request, the Department requests to change the child support collection process for general revenue savings of \$442,000. It believes that if it becomes an administrative process rather than a judicial process then child support orders would be expedited and collections would increase. Another method that the Department is exploring is to include the child support language in the court order that removes a child from its home. *The Governor recommends funding as requested.*

Residential Placements. Residential placements include emergency shelters, group homes, residential placements for youth needing intensive services, 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.

At the end of the first quarter, the Department had an average of 721 placements. During FY 2010, there was an average of 760 placements. During FY 2008 and FY 2009, there was an average of 895 and 825 placements, respectively. 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.

Child Welfare Residential Placements. The Department's current service request includes \$57.8 million from all sources, including \$37.3 million from general revenues and \$17.4 million from federal funds for child welfare residential placements. This is \$9.8 million more from all sources, including \$11.6 million more from general revenues, offset by \$1.8 million less from federal funds. The enacted budget includes savings from 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. The Department does not believe it will achieve all of the proposed savings. It is also important to note that the FY 2012 request includes a shift of \$2.8 million from federal funds to general revenues to reflect the elimination of the enhanced Medicaid match rate.

The Governor recommends \$4.1 million less than enacted from all sources, including \$2.6 million less from general revenues. His recommendation reduces the Department's general revenue request by \$13.7 million to reflect additional caseload reductions. The Department plans to implement phase two of the system of care transformation by January 1, 2012. The Governor also includes Article 31 of 2011-H 5894, which will amend the Department's standards for child removals to be consistent with the definition of child abuse and neglect as codified in Child Abuse and Prevention Act. He includes general revenue savings of \$0.5 million from reduced investigations and fewer children removed from the home.

Behavioral Health Residential Placements. The Department’s current service request includes \$12.8 million from all sources, including \$7.5 million from general revenues and \$5.3 million from federal funds for behavioral health residential placements. This is \$1.5 million less than enacted primarily from federal funds based on redesigned 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 recommends funding essentially as requested; however, he includes an additional \$0.6 million to reflect funding for the Kids Link hotline that was excluded from the request. This is a 24 hour, seven days a week emergency hotline. The intent of the hotline is to reduce psychiatric hospital admissions.*

Target - Residential Placement Reductions. As part of its constrained budget, the Department requests reducing residential placements in both the Child Welfare and the Behavioral Health programs by \$8.2 million from all sources, \$5.5 million from general revenues. Effective January 15, 2011, the department will only be approving residential placements for a period of 90 days, with a 30 day extension for just cause. In doing so, the Department will be working closely with providers to ensure that discharge planning and implementation begins on day one with a full discharge plan in place no later than 60 days into the placement. *The Governor recommends this initiative; however, he includes savings of \$4.2 million from all sources. This is \$4.0 million less than requested. The difference is offset by the savings initiatives described in the child welfare residential placements item.*

Average Annual Residential Placements					
Placements	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011*
Diagnostic Assessment Services	3	3	1	0	0
Emergency Shelter	110	111	93	73	70
Group Homes	351	330	321	298	285
High End Residential Treatment	294	274	229	170	153
Independent Living Contracted	116	33	36	27	27
Semi-Independent Living	63	56	55	98	51
Residential Treatment Center	75	89	92	54	99
Total	1,012	896	826	720	685

**Average, first quarter of FY 2011*

Target – Emergency Shelters Closed. As part of its constrained budget, the Department requests to close 3 emergency shelters on January 15, 2011 for savings of \$1.6 million from all sources, \$1.1 million from general revenues. These providers have been notified of the conclusion of the contracts. The youth in these placements will be transitioned into foster care placements. Subsequent to its budget submission, the Department delayed the closing date to February 28, 2011 to allow the Department’s acting director time to meet with the providers and determine if closing the shelters is the best option. *The Governor does not recommend closing any emergency shelters.*

Behavioral Health Community Based Services. The Department requests \$3.9 million from all sources for community based services in the Behavioral Health program. This is \$1.8 million less than enacted, including \$0.9 million from both general revenues and federal funds. This includes funding for Project Hope and Project Reach. 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 since FY 2010 because many of the services that the program provides have been duplicated in the Family Care and Community Partnership program, which is included in the Child Welfare residential programs

item. *The Governor further reduces the request by \$0.3 million to reflect several contract reductions to community based programs to eliminate duplicated services.*

Positive Education Partnerships. The Department requests \$1.7 million or an additional \$0.8 million from federal funds for the Positive Education Partnership grant. This increase represents anticipated funds to be carried forward from FY 2011. It is important to note that the same carry forward balance is requested in the FY 2011 revised request. 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 recommends funding as requested.*

All Other Staffing

Child Welfare – Salaries and Benefits. The Department requests \$40.6 million from all sources for salaries and benefits in the Child Welfare program. This is \$0.4 million more than enacted, including \$2.2 million more from general revenues and \$1.8 million less from federal funds. The Department's request includes an additional \$4.1 million from medical benefit and retirement rate adjustments, as well a 3.0 percent cost-of-living adjustment consistent with Budget Office planning values, offset by turnover savings of \$2.3 million and \$1.9 million in savings from hiring a class of social workers at a lower rate. This program has 38.0 vacant positions; the turnover savings account for approximately 14.0 positions. The enacted budget includes turnover savings of \$1.5 million or approximately 15 positions.

The Governor recommends \$1.9 million less than requested from all sources, including \$1.2 million less from general revenues. This includes \$1.1 million less from the elimination of 15.5 full-time equivalent positions, an additional \$0.5 million from turnover savings, and \$0.3 million from statewide benefit rate adjustments.

Behavioral Health – Salaries and Benefits. The Department requests \$1.8 million from all sources for salaries and benefits in the Behavioral Health program, including \$1.4 million from general revenues and \$0.4 million from federal funds. This is \$0.2 million less than enacted from all sources, including \$132,177 less from general revenues and \$80,374 less from federal funds. The Department's request includes an additional \$0.2 million from medical benefit and retirement rate adjustments, as well as a 3.0 percent cost-of-living adjustment consistent with Budget Office planning values, offset by \$0.2 million from turnover savings and \$0.2 million from filling positions at lower rates. This program has 1.0 vacant position; the turnover savings account for less than 1.0 position. The enacted budget includes turnover savings of \$0.1 million or approximately 1.0 position.

The Governor recommends \$0.2 million more than requested from all sources, including \$0.1 million more from general revenues to reduce turnover savings and include statewide benefit rate adjustments.

Central Management – Salaries and Benefits. The Department requests \$3.5 million from all sources for salaries and benefits in the Central Management program, including \$2.3 million from general revenues and \$1.2 million from federal funds. This is \$60,746 less than enacted, including \$0.1 million more from general revenues and \$0.2 million less from federal funds. The Department's request includes medical benefit and retirement rate adjustments, as well as a 3.0 percent cost-of-living adjustment consistent with Budget Office planning values totaling \$370,001 from all sources and an additional \$101,882 in longevity and step increases, offset by \$532,630 from turnover savings. The turnover savings account for approximately 5.8 positions. The enacted budget includes turnover savings of \$0.2 million or approximately 2.0 positions.

The Governor recommends \$0.7 million more than requested from all sources, including \$0.5 million from general revenues. He restores \$0.3 million from turnover savings and \$0.2 million for 2.0 positions shifted from the Office of Health and Human Services, offset by statewide adjustments.

Other Operating Expenses

Accreditation Expenses. The Department requests \$0.4 million from general revenues to begin the process of achieving accreditation from the Council on Accreditation. Legislation was passed by the 2010 Assembly to require the Department to submit an accreditation plan to the governor, the speaker of the house of representatives, the president of the senate, the chairperson of the house committee on health, education, and welfare, the chairperson of the senate committee on health and human services, the chairpersons of the house and senate finance committees, and the chairpersons of the house and senate judiciary committee no later than July 1, 2012. *The Governor recommends funding as requested.*

Capital Projects. The Department requests \$5.8 million from Rhode Island Capital Plan funds for five projects, including a new girl's training school. This is \$1.4 million more than enacted. Additional information is included in the Capital Budget section of this report. *The Governor recommends \$2.7 million less than requested. He does not include the new girl's training school project, and he makes various adjustments to other projects based on revised schedules and delays.*

Indirect Cost Recovery. 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. The Department's request includes the enacted savings of \$0.3 million from assuming an indirect cost recovery rate of not less than 5.0 percent and shifts the grant funded expenditures from federal to restricted sources consistent with current practice for accounting for indirect cost recovery resources. These savings were also included in FY 2010; however, the Department did not achieve them. *The Governor recommends funding as requested.*

All Other Operating. The Department requests \$9.5 million from all sources, including \$7.3 million from general revenues and \$2.3 million from federal funds, for operating expenses not previously noted. This is \$1.0 million less than enacted from all sources, including \$0.2 million from general revenues and \$0.8 million from federal funds. The adjustment is the result of revised spending projections based on actual experiences for the past two years for financial services, maintenance and repairs of the Department's buildings and equipment, training of social workers at Rhode Island College, rental and lease costs of Department buildings, and various other operating expenses. *The Governor further reduces general revenues by \$22,712 to reflect a 15.0 percent reduction to legal expenses.*

Department of Elderly Affairs

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 2,530,924	\$ 2,835,670	\$ 3,302,719	\$ 3,025,158
Contracted Services	184,121	186,486	196,121	45,300
Subtotal	\$ 2,715,045	\$ 3,022,156	\$ 3,498,840	\$ 3,070,458
Other State Operations	738,809	751,472	744,538	748,216
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	23,160,239	28,341,617	24,750,399	23,568,971
Capital	98,503	98,503	98,503	98,503
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 26,712,596	\$ 32,213,748	\$ 29,092,280	\$ 27,486,148
Sources of Funds				
General Revenue	10,100,599	\$ 9,648,239	\$ 12,040,293	\$ 9,319,591
Federal Aid	15,936,066	21,820,418	16,376,056	17,769,466
Restricted Receipts	675,931	745,091	675,931	397,091
Other	-	-	-	-
Total	\$ 26,712,596	\$ 32,213,748	\$ 29,092,280	\$ 27,486,148
FTE Authorization	31.0	31.0	31.0	32.0

Summary. The Department of Elderly Affairs' unconstrained request includes \$29.1 million from all sources, including \$12.0 million from general revenues, \$16.4 million from federal funds, \$0.7 million from restricted receipts, and 31.0 full-time equivalent positions. The Department also submitted a constrained request that totals \$10.2 million and is \$1.8 million less than the unconstrained request.

The Governor recommends \$27.5 million from all sources, \$0.8 million more than enacted, including \$0.8 million less from general revenues, \$1.8 million more from federal funds, and \$0.3 million less from restricted receipts. He also recommends 32.0 full-time equivalent positions, 1.0 more than enacted.

Target Issues. The Budget Office provided the Department of Elderly Affairs with a general revenue target of \$10.2 million. The amount includes current service adjustments of \$1.9 million and a 15.0 percent target reduction of \$1.8 million.

FY 2012 Budget	Budget Office	Elderly Affairs	Difference
FY 2011 Enacted	\$ 10,100,599	\$ 10,100,599	\$ -
Current Service Adjustments	1,940,063	1,939,694	(369)
Change to FY 2011 Enacted	\$ 1,940,063	\$ 1,939,694	\$ (369)
FY 2012 Current Service/ Unconstrained Request	\$ 12,040,662	\$ 12,040,293	\$ (369)
Target Reduction/Initiatives	(1,806,099)	(1,805,968)	131
FY 2012 Constrained Target/Request	\$ 10,234,563	\$ 10,234,325	\$ (238)
<i>Change to FY 2011 Enacted</i>	<i>\$ 133,964</i>	<i>\$ 133,726</i>	<i>\$ (238)</i>

The constrained budget submitted by the Department is \$238 below that. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget is \$0.9 million below the target.*

Stimulus – Enhanced Medicaid. The enacted budget includes statewide general revenue savings of \$215.1 million, including \$0.8 million for the Department of Elderly Affairs, from the enhanced Medicaid rate included in the American Recovery and Reinvestment Act of 2009. The rate expires June 30, 2011 and the Department's request backfills the loss of federal funds. *The Governor recommends funding as requested.*

Statewide Adjustments. The Governor's FY 2012 budget includes \$20.7 million in unidentified statewide general revenue savings from applying reductions of 3.0 percent to salaries and benefits in cabinet level departments and 2.0 percent reductions to those costs in certain other agencies. He also includes a 1.0 percent reduction to operating costs in those agencies. For the Department of Elderly Affairs, he assumes savings of \$20,478 primarily from personnel. The adjustments are in addition to other program changes in his recommended budget and described below.

Salaries and Benefits. The Department's current service request includes \$2.7 million from all sources, including \$1.4 million from general revenues and \$1.3 million from federal funds for all salaries and benefits for 31.0 full-time equivalent positions. This is \$0.5 million more than enacted, including \$0.3 million more from general revenues and \$0.1 million more from federal funds. The Department indicates that there are 2.0 employees that are on the Office of Health and Human Services employee roster that are paid from Elderly Affairs and 2.0 employees on the Elderly Affairs roster that are paid from the Office of Health and Human Services. The request includes funding for the additional 2.0 positions, and \$0.1 million for a 3.0 percent cost-of-living increase and adjustments to medical benefits and retirement rates consistent with Budget Office planning values.

The Department's constrained request includes a personnel realignment to correct the employee rosters to truly reflect where the employees are paid from. The Department will be able to leverage federal funds for its employees and save \$0.3 million from general revenues. Neither the request nor the enacted budget include any turnover savings.

The Governor shifts \$0.3 million from general revenues to federal funds available through Title III of the Older Americans Act. He shifts 1.0 Associate Director to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals and 1.0 Health Program Evaluator to the Office of Health and Human Services. He also shifts 1.0 Chief of Program Development, 1.0 Chief Human Services Business Officer, and 1.0 Fiscal Management Officer from the Office of Health and Human Services to Elderly Affairs.

Pharmaceutical Assistance to the Elderly. The Department's current service request includes \$1.4 million from general revenues and \$0.3 million from restricted receipts for the pharmaceutical assistance program for FY 2012. This includes an additional \$90,177 to reflect drug inflation consistent with Budget Office planning values and \$12,000 to reflect anticipated claims activities.

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 category limits and individuals between the ages of 55 and 64 receiving Social Security Disability Insurance.

The Department's constrained request excludes the additional \$12,000 from general revenues for claims activities, which is consistent with the amount spent in FY 2010.

The Governor includes Article 27 of 2011-H 5894 to eliminate the Pharmaceutical Assistance to the Elderly program and create the Supplemental Prescription Assistance Program, which will assist individuals who will be adversely impacted by the elimination of the program. Federal reform will eliminate the Medicare Part D "donut hole" and the need for supplemental coverage by 2020. The Budget includes \$0.3 million for the new program, \$1.7 million less than enacted, including \$1.4 million less from general revenues.

Home Care Services. The Department's current service request includes \$2.7 million from all sources, \$1.3 million from general revenues and \$1.4 million from federal funds for the Adult Day Care Services program. This is \$0.2 million more than enacted to reflect a 10.2 percent increase in program utilization. The Department is projecting that it will pay for 161,598 hours of service in FY 2012, which is 15,024 hours more than paid for in FY 2010 and 7,695 more than its estimate for FY 2011.

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 Department's constrained request includes \$22,000 less from general revenues. It does not have a plan in place to meet this reduction, such as instituting a waiting list or increasing co-payments.

The Governor recommends \$0.2 million more than enacted from all sources, including \$0.1 million from both general revenues and federal funds. He also shifts general revenues to federal funds to correct the Medicaid match rate.

Adult Day Care Services. The Department's current service request includes \$2.3 million from all sources, \$1.2 million from general revenues and \$1.1 million from federal funds for the Adult Day Care Services program. This is \$0.3 million more than enacted to reflect an 8.0 percent increase in program utilization. The Department is projecting that it will pay for 41,107 days of service in FY 2012, which is 3,101 days more than paid for in FY 2010 and 1,644 more than its estimate for FY 2011.

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 Department's constrained request includes \$0.1 million less from general revenues. It does not have a plan in place to meet this reduction, such as instituting a waiting list or increasing co-payments.

The Governor recommends \$142,799 more than enacted, including \$33,457 more from general revenues. He also shifts general revenues to federal funds to correct the Medicaid match rate.

Home and Community Care Medicaid Waiver Services. The Department's current service request includes \$8.4 million from all sources, \$4.1 million from general revenues and \$4.3 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 \$110,034 more than enacted, including \$1.0 million more from general revenues to reflect the elimination of stimulus funding and an increase in home and community care services. This program funds eligible individuals who have been accepted into the assisted living waiver home and community care program, do not have a bed in a facility but continue to require nursing home level of care. The Department indicates that the program has grown by 10.4 percent since FY 2009 as a result of the Global Waiver, specifically the initiative to move individuals from long term care facilities to assisted living facilities.

The Governor recommends \$0.7 million more than enacted from all sources, including \$1.1 million more from general revenues, offset by \$0.4 million less from federal funds. Excluding the loss of Medicaid funding, the Governor adds \$0.3 million from general revenues and \$0.4 million from federal funds for increased services.

Case Management Services. The Department's current service request includes \$1.4 million from all sources, including \$0.7 million from general revenues for elder case management. The request is \$0.2 million more than enacted to reflect a projected increase in the program. These services were previously funded only from state funds; however, the Department is now able to leverage Medicaid 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 remain at home as long as possible.

The Department's constrained request includes \$113,000 less from general revenues than the unconstrained request; however, it does not have a plan in place to meet this reduction, such as instituting a waiting list. It is worth noting that the Department spent \$465,895 from all sources on this expense in FY 2010. It has moved to a fee-for-service billing method and considerably reduced the cost of the program. FY 2009 expenditures totaled \$295,305.

The Governor recommends \$55,802 less than enacted, including \$18,253 more from general revenues and \$74,055 less from federal funds. He also shifts federal funds to general revenues to correct the Medicaid match rate.

Ombudsman. The Department's current service request includes the enacted amount of \$86,750 from general revenues for Ombudsman services. As part of its constrained request, the Department requests to eliminate the program. An Ombudsman serves as an advocate, mediator, and problem-solver for elders receiving services from licensed home health care agencies and/or hospice services. He/she also investigates complaints of abuse or inadequate or poor services in the areas of care which seniors or their families have not been able to resolve with the provider agency. If funding for this program is eliminated, the function will have to be performed by an advocacy group. *The Governor recommends the enacted level of funding.*

After Hours Emergency Response. The Department's current service request includes the enacted amount of \$0.2 million from general revenues for the After Hours Emergency Response program, which provides protective services to vulnerable elders 24 hours a day, seven days a week. *The Governor recommends funding as requested; however, he shifts \$0.2 million from general revenues to federal funds available through Title III of the Older Americans Act.*

Title III B Older Americans Act Grants. The Department's request includes \$2.0 million or \$523,650 more than enacted for the Older Americans Act Title III Part B grants due to anticipated carry forward funds from FY 2011. 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. It is important to note that the Department has consistently carried forward a large balance and is able to utilize these funds for otherwise general revenue funded expenses, such as salaries of staff members who provide direct services to elders.

The Governor includes an additional \$1.2 million from federal funds. The Department is currently spending its federal fiscal year 2010 grant award and will be eligible to begin spending its federal fiscal year 2012 grant award on October 1, 2011. The federal fiscal year 2011 grant award will be drawn down in increments of \$1.2 million over the next five fiscal years.

Home Delivered Meals – Meals on Wheels. The Department's current service request includes \$0.8 million from federal funds, which is \$53,429 less than included in the FY 2011 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 services meals as well as for the congregate meal sites and senior nutrition programs. The Department's current request includes the enacted level of \$201,400 from general revenues from a community service grant; however, the general revenue funding is not considered a federal match.

As part of its constrained request, the Department requests that all community service grants are eliminated, thereby reducing state funding for the Meals on Wheels program by \$0.2 million. *The Governor recommends funding consistent with the unconstrained request. He does not recommend eliminating any community service grants.*

Nutrition Services. The Department's request includes \$2.3 million from federal funds for congregate meal sites. The request is \$0.3 million more than enacted because of an anticipated carry forward balance from FY 2011. This funding 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 through the Older Americans Act of 1965. *The Governor recommends funding as requested.*

Medicare Outreach and Enrollment Assistance Grants. The Department's request includes \$155,708 from federal funds or \$7,163 more than enacted 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 \$65,771 and the Medicare Enrollment Assistance grant is for \$89,937. 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 recommends funding as requested.*

Aging and Disability Resource Center. The Department's request includes \$368,841 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 about and referral 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 request is \$0.2 million more than the enacted budget to reflect an additional grant that has recently been awarded. *The Governor recommends funding as requested.*

Indirect Cost Recovery. 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. The Department requests the enacted savings of \$0.4 million from assuming an indirect cost recovery rate of not less than 5.0 percent and shifts the grant funded expenditures from federal to restricted sources consistent with current practice for accounting for indirect cost recovery resources. These savings were also included in FY 2010; however, the Department did not achieve them. In its FY 2012 request, the Department requests an additional \$1.2 million from federal grants. Using an indirect rate of 5.0 percent, there is an additional \$0.1 million in savings available. *The Governor recommends funding as requested.*

Housing Security Grant. The Department's request includes \$0.1 million from general revenues or \$10,537 more than enacted for the elderly housing security grant. As part of its constrained request, the Department requests to eliminate this grant. This grant is used to ensure the health, safety, and welfare of older individuals in public or private housing. It is important to note that actual FY 2010 expenses total \$5,919. *The Governor recommends eliminating general revenues for this grant and using federal funds available through the Older Americans Act.*

Community Service Grants. The Department's current service request includes the enacted amount of \$1.1 million from general revenues for community service grants to 59 agencies.

The Department's constrained request eliminates all community service grants. *The Governor includes \$1.1 million from general revenues for community service grants.*

Other Program Grants. The Department's request includes \$1.8 million from federal funds for other grant awards, which is \$151,641 more than enacted. The FY 2012 request includes slight adjustments to the disease prevention grant, the family caregiver support grant, the senior Medicare patrol project, as well as various other federal grants. These adjustments are based on revisions to projected expenses and anticipated carry forward balances from FY 2011. *The Governor recommends funding as requested.*

Other State Operations. The Department's request is \$489,751 from all sources for operating expenses, which is \$5,729 more than enacted. This includes adjustments primarily related to mileage reimbursements for case workers traveling to elders within the state. It is worth noting that the Department spent \$255,901 on these expenses in FY 2010. *The Governor recommends \$11,784 more than enacted from federal funds to reflect additional mileage reimbursements.*

Department of Health

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Program				
Central Management	\$ 13,434,583	\$ 17,345,619	\$ 16,272,088	\$ 15,949,335
Comm. & Family Health & Equity	67,797,136	101,827,102	99,757,382	99,484,393
Environmental & Health Service Reg.	16,507,916	18,133,042	20,338,285	17,400,511
Health Laboratories	8,237,036	8,506,874	9,255,497	7,948,040
Infectious Disease and Epidemiology	4,420,840	4,574,341	5,184,198	4,923,566
Public Health Information	3,480,415	4,140,899	4,102,118	3,511,731
State Medical Examiner	2,268,882	2,333,997	2,937,815	2,250,120
Total	\$ 116,146,808	\$ 156,861,874	\$ 157,847,383	\$ 151,467,696
Expenditures by Category				
Salaries and Benefits	\$ 40,831,392	\$ 44,280,227	\$ 52,223,312	\$ 46,047,556
Contracted Services	14,711,083	18,793,507	15,101,266	15,092,798
Subtotal	\$ 55,542,475	\$ 63,073,734	\$ 67,324,578	\$ 61,140,354
Other State Operations	34,103,102	42,716,409	41,320,389	41,244,693
Aid to Local Units of Government	-	-	200,000	-
Assistance, Grants, and Benefits	25,257,976	49,398,576	47,994,135	48,060,368
Capital	1,243,255	1,673,155	1,008,281	1,022,281
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 116,146,808	\$ 156,861,874	\$ 157,847,383	\$ 151,467,696
Sources of Funds				
General Revenue	\$ 27,624,903	\$ 28,322,576	\$ 32,907,714	\$ 26,748,244
Federal Aid	63,259,111	102,553,414	98,482,159	97,985,313
Restricted Receipts	25,082,953	25,869,684	26,394,110	26,670,739
Other	179,841	116,200	63,400	63,400
Total	\$ 116,146,808	\$ 156,861,874	\$ 157,847,383	\$ 151,467,696
FTE Authorization	410.7	468.7	483.1	473.3

Summary. The Department of Health's unconstrained request includes \$157.8 million or \$41.7 million more than the enacted budget. The request includes increases of \$5.3 million from general revenues, \$35.2 million from federal funds and \$1.3 million from restricted receipts offset by \$0.1 million less from other funds. The Department requests 483.1 full-time equivalent positions, 72.4 more than enacted. The Department did not submit a general revenue constrained request; however, it does include a reduction of \$32,320 from federal funds in its constrained request that appears to be in error.

The Governor recommends total funding of \$151.5 million, \$6.4 million less than requested and \$35.3 million more than enacted and 62.6 new positions. This is \$6.2 million less from general revenues. He includes an initiative to provide only the required state match for federal funds and reduces general revenues by \$1.4 million to adjust for the excess funding above that requirement. He also includes \$0.5

million less from federal funds and \$0.3 million more from restricted receipts than requested, and the enacted level of other funds.

Target Issues. The Budget Office provided the Department of Health with a general revenue target of \$24,773,955. The amount includes current service adjustments of \$1.5 million and a 15.0 percent target reduction of \$4.4 million.

FY 2012 Budget	Budget Office	Health	Difference
FY 2011 Enacted	\$ 27,624,903	\$ 27,624,903	\$ -
Current Service Adjustments	1,520,927	5,282,993	3,762,066
Change to FY 2011 Enacted	\$ 1,520,927	\$ 5,282,993	\$ 3,762,066
FY 2012 Current Service/ Unconstrained Request	\$ 29,145,830	\$ 32,907,896	\$ 3,762,066
Target Reduction/Initiatives	(4,371,875)	-	4,371,875
FY 2012 Constrained Target/Request	\$ 24,773,955	\$ 32,907,896	\$ 8,133,941
Change to FY 2011 Enacted	\$ (2,850,948)	\$ 5,282,993	\$ 8,133,941

The Department of Health did not submit a constrained budget. *The Governor's budget is \$2.0 million above the target.*

Staffing. The Department requests 483.1 full-time equivalent positions, 72.4 more than enacted. The 2010 Assembly reduced positions by 5.0, which was equivalent to 10.0 percent of the vacancies. The request includes the restoration of the 5.0 positions.

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. It is important to note that the chart below reflects the staffing patterns assumed at the time of the budget submission; however, it does not accurately reflect current staffing because of the Department's practice of shifting staff frequently depending on the needs of the individual programs.

The Governor recommends 473.3 full-time equivalent positions, 62.6 more than enacted and 9.8 less than requested. He includes the transfer of 12.0 positions from the Department of Human Services to the Department of Health for the Women, Infants and Children nutrition program. He adds 17.0 new administrator positions, 1.0 engineer, 13.4 specialists, 5.0 evaluators, 3.4 analysts, 5.1 epidemiologists, 2.1 scientists and 3.6 administrative support positions.

Programs	FY 2011 Enacted	FY 2012 Request	Change to Enacted	FY 2012 Recommended	Change to Enacted	Change to Request
Central Management	47.2	59.6	12.4	62.1	14.9	2.5
Community Family Health & Equity	123.0	148.5	25.5	148.0	25.0	(0.5)
Environmental & Health Service Reg.	120.9	142.3	21.4	137.4	16.5	(4.9)
Health Laboratories	61.5	64.6	3.1	62.1	0.6	(2.5)
Infectious Disease and Epidemiology	24.1	25.5	1.4	24.0	(0.1)	(1.5)
Public Health Information	22.6	26.2	3.6	23.1	0.5	(3.1)
State Medical Examiner	16.4	16.5	0.1	16.6	0.2	0.2
Vacancy Reductions	(5.0)	-	5.0	-	5.0	-
Changes to Enacted	410.7	483.1	72.4	473.3	62.6	(9.8)

Statewide Adjustments. The Governor's FY 2012 budget includes \$20.7 million in unidentified statewide general revenue savings from applying reductions of 3.0 percent to salaries and benefits in cabinet level departments and 2.0 percent reductions to those costs in certain other agencies. He also includes a 1.0 percent reduction to operating costs in those agencies. For the Department of Health, he assumes savings

of \$0.6 million primarily from personnel with a slight reduction to operating. The adjustments are in addition to other program changes in his recommended budget and described below.

Central Management

New Staff. The Department requests \$0.3 million from all sources for 12.4 new full-time equivalent staff for Central Management, including \$0.3 million from general revenues. The Department indicates that it has a significant increase in federal grants and these positions would primarily be funded from indirect cost recovery resources generated from the new federal grants. It is unclear if the Department has yet received the federal grant awards that it intends to use to support these positions.

The new positions include managers, analysts, business officers, epidemiologists and other support staff. The Department indicates that the new staff are necessary to address the administrative and core departmental functions required to meet the standards dictated by federal grants received; however, other than the position titles, no further details regarding responsibilities is included in the Department's request. Staff's inquiries for further information have not been successful. The request for additional staff is consistent with the FY 2011 revised request.

The Governor recommends funding essentially as requested for 13.0 new positions. Positions include 5.0 administrators, 1.0 analyst, 1.0 epidemiologist, 2.0 scientists and a clerk consistent with the FY 2011 recommendation in addition to 2.0 more officer positions and a specialist position transferred from the Office of Health and Human Services.

All Other Salaries and Benefits. The Department requests \$4.5 million from all sources for all other salaries and benefits for the remaining 47.2 full-time equivalent positions in Central Management. The request is \$0.4 million more than enacted from all sources for medical benefits and retirement rate changes, as well as a 3.0 percent cost-of-living increase consistent with Budget Office planning values and \$26,444 to reduce turnover savings. *The Governor recommends \$0.3 million more from all sources to reflect adjustments to benefit rates offset by additional turnover savings.*

Bioterrorism. The Department requests \$5.3 million from federal funds for bioterrorism preparedness. This is \$1.0 million more than enacted to reflect new and adjusted grant awards used to augment hospitals and healthcare entities to plan for, respond to and recover from mass casualty events. It also provides for grants to cities and towns for enhanced emergency response preparedness. *The Governor recommends \$9,881 more than requested to reflect adjusted grant awards.*

Pandemic Flu. The Department requests \$2.4 million from federal funds for pandemic flu responses, including H1N1 activities. This is \$0.1 million more than enacted and reflects new grant awards, including increases available for city and town preparedness. *The Governor recommends funding as requested.*

Community Service Grants. The Department requests 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 recommends funding as requested.*

All Other Operations. The Department requests \$1.6 million from all sources, \$80,057 less than enacted for all other Central Management operations. This includes \$67,400 less from general revenues and \$12,657 less from restricted receipts. This reflects reductions for staff training, administrative fees and legal expenses offset by a similar increase for temporary staff that was previously supported in other Department programs. *The Governor recommends \$11,103 more than requested from all sources to*

reflect available indirect cost recovery resources offset by \$300 less from general revenues to reflect a 15.0 percent reduction to legal expenses.

Community, Family Health, and Equity

New Staff. The Department requests \$1.4 million from all sources for 25.5 new full-time equivalent staff in the Community, Family Health, and Equity program. Of the new positions, 12.0 are administrative and managerial in nature, while the remaining 13.5 consist of liaisons, specialists, scientists and technicians that will work more directly with external programs that provide direct services to the community. The Department indicates that the new staff are necessary to utilize the new federal funds awarded and to fill vacancies that are deemed critical positions in order to meet the mission of the program; however, other than the position titles, no further details regarding responsibilities is included in the Department's request. Staff's inquiries for further information have not been successful. The request for additional staff is consistent with the FY 2011 revised request.

The Governor recommends \$1.5 million from all sources for 18.0 new full-time positions, 7.5 positions less than requested. New positions include 6.0 specialists, 5.0 administrators, 2.0 analysts, 2.0 liaison workers, 1.0 epidemiologist, 1.0 nutritionist and 1.0 clerk. This also includes \$0.9 million for the shift of 12.0 positions for the Women, Infants and Children nutrition program from the Department of Human Services back to the Department of Health.

All Other Salaries and Benefits. Excluding new staff and all HIV/AIDS treatment programs, the Department requests \$10.7 million from all sources for all other salaries and benefits for the remaining 111.0 full-time equivalent positions in the Community, Family Health, and Equity program. The request is \$0.6 million more than enacted from all sources including \$0.1 million more from general revenues. This reflects \$0.6 million from all sources for medical benefits and retirement rate changes, as well as a 3.0 percent cost-of-living adjustment consistent with Budget Office planning values, step and longevity increases and \$58,965 to reduce turnover savings.

The Governor recommends \$0.8 million more from all sources. This reflects benefit rate adjustments consistent with planning values and additional turnover savings.

HIV/AIDS Drugs and Supportive Services. The Department requests \$10.8 million from all sources including \$2.5 million from general revenues for HIV/AIDS drugs and related supportive services. This is \$1.9 million more than enacted, including \$1.2 million more from general revenues. The enacted budget includes funds to support the program based on estimates that were provided by the Department in May 2010. In September 2010, the Department provided new projections that reflected a \$3.5 million program deficit in FY 2011. The Department indicates that the May estimates did not include anticipated caseload and drug cost increases.

As part of its cost containment strategies, the Department implemented a waiting list for services on October 15, 2010, and subsequently eliminated the waiting list for the HIV drug program on December 1, 2010. Upon further discussions and data collection, the Department reported that the current year deficit would require \$1.2 million more from general revenues assuming the Department leverages Medicaid for previously state-only services as allowed under the Global Medicaid waiver. It also assumes other measures suggested by the Department will be implemented. For example, employing a new federal program related to coordination of Medicare prescription benefits (TrOOP), revise the medication formulary, buying commercial insurance for the Aids Drug Assistance Program clients, decreasing eligibility from 400 percent to 200 percent of the federal poverty level and reorganizing the manner in which drug rebates are used to maximize funds.

Supportive services include community based case management to those affected by AIDS or HIV for monitoring, education, support and referral services as needed. Other reported expenses include medications to all active patients, clinical services which include dental services, drug adherence, screening and testing, mental health services, nutrition assistance, outpatient and ambulatory health services, health insurance premiums and cost-sharing assistance. The state also provided individuals with home health care, hospice care, community-based health services, substance abuse outpatient care, and medical case management, including treatment adherence services and support services which include case management, social services and emergency assistance for housing and basic needs.

[Staff Note: It is important to note that the Department of Health's FY 2012 budget request for the HIV/AIDS program is equal to the amount requested for the current year and does not include any growth estimates for caseload and drug costs despite its representation regarding the program's growth. Consistent with the FY 2011 revised request, the FY 2012 request does not appear to include the cost containment measures that the Department indicated it would institute.]

The Governor recommends \$10.8 million, including \$2.6 million from general revenues. This is \$1.3 million more than enacted from general revenues and \$73,722 more than requested to reflect increased drug and caseload costs.

HIV/AIDS Prevention. The Department requests \$1.1 million from federal funds for HIV/AIDS prevention. This is \$0.2 million less than enacted. This reflects a reduction to the actual grant award, training expenses and other various office expenses. Services include early detection, which encompasses 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 recommends \$4,312 more than requested to reflect adjusted grant awards.*

HIV/AIDS Monitoring. The Department requests \$73,649 from federal funds, \$20,462 less than enacted. This reflects an increase in the grant award offset by reductions to information technology services and other various 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 recommends \$214 more than requested to reflect adjusted grant awards.*

HIV Staff. The Department requests \$1.4 million from federal funds for 12.0 full-time equivalent positions that work in the three HIV/AIDS programs. This is \$0.3 million more than enacted. This reflects \$0.1 million for medical benefit and retirement rate changes, as well as a 3.0 percent cost-of-living adjustment consistent with Budget Office planning values and step and longevity increases. *The Governor recommends \$7,828 less to reflect available resources from adjusted grant awards.*

Infant and Early Childhood Home Visit. The Department requests \$0.4 million from federal funds for a new initiative beginning in FY 2011, that focuses on promoting good health habits primarily for low income pregnant women, mothers, infants, and children, children with special health care needs and families. It also includes provisions for providing health services for maternal and child health populations who do not have access to adequate health care. *The Governor recommends funding as requested.*

Women, Infant and Children Administration and Benefits. The 2010 Assembly passed legislation included in Article 7 of 2010-H 7397, Substitute A, as amended that transferred the Women, Infants and

Children administration and benefits program from the Department of Health to the Department of Human Services effective October 2010. The Department's enacted budget includes \$6.3 million to reflect the program's operations during the first quarter of the fiscal year with 12.1 positions and the balance of the funds in the Department of Human Service's budget. It was later determined by the United States Department of Agriculture that the program must remain within the Department of Health in order to meet certain guidelines. The Department's FY 2011 revised request includes full annual funding for the Women, Infants and Children administration and benefits program of \$25.2 million from federal funds. *The Governor recommends \$2,929 more than requested and includes Sections 2 and 3 of Article 9 2011-H 5894 to reverse the previous shift.*

Women's Cancer Screening. The Department requests \$1.9 million from all sources, including \$1.8 million from federal funds and \$0.1 million from general revenues. This is \$32,848 less than enacted, including \$40,000 less from general revenues for women's cancer screening. It appears that the request does not include a Medicaid match of \$117,053 from general revenues for the services provided under the Global Medicaid Waiver. In March 2010, the Department had exhausted all funds for the breast and cervical cancer early detection screening portion of the program and had suspended these services for the remainder of the fiscal year. Subsequently, the Department of Health received \$110,000 from anonymous donations which the Department planned to use to match Medicaid to allow for up to \$0.2 million more in additional expenses. While these funds were not able to be leveraged in that way, the Department's FY 2010 final general revenues for this program exceeded the final appropriation, which included the donated funds by \$9,681.

The Governor recommends \$0.1 million less than requested from all sources, including \$716 less from general revenues. He includes a minor reduction to medical testing supplies and based on updated information assumes that fewer services than what was included in the Department's initial request will be eligible to be matched by Medicaid.

Tobacco Prevention. The Department requests \$1.7 million from all sources for tobacco prevention activities. This is \$0.6 million less than enacted, including \$101,394 less from general revenues, the elimination of \$6,100 from restricted receipts and \$523,350 less from federal funds. The Department assumes use of all funds in the current year. This reflects the reduction of stimulus funds that were added in FY 2011 and are used to address the promotion of cessation among adults and young people who use tobacco quit lines and supports the City of Providence's Substance Abuse Task force that focuses on prevention initiatives. The decrease in general revenues reflects the elimination of advertising. *The Governor recommends funding as requested.*

Autism. The Department requests \$0.3 million from newly available federal funds for a new autism initiative that will focus on training teachers, physicians and other community providers on early detection, education and intervention activities. The Department will contract with an outside source to provide this training. Funds will also be used to support family to family health information centers that assist families with children with disabilities or special health care needs to make informed choices about health care in order to promote good treatment decisions, cost effectiveness, and improved health outcomes for such families. *The Governor recommends funding as requested.*

RI Launch. The Department requests \$1.1 million from federal funds for the RI Launch program, which is \$0.3 million more than enacted. The increase reflects a year of available funding. The Department expects to expend all available funding in FY 2012. 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 Governor recommends funding as requested.*

Immunizations. The Department requests expenditures of \$27.1 million from all sources for immunization expenses, which is \$9.6 million more than enacted. The increase reflects the directive from the Budget Office to include the value of the free vaccine received from the federal government so that there is an accurate accounting of all government services received in Rhode Island. In FY 2009, the Auditor General's office made a journal entry at the close of the year to account for the value of the vaccine. In FY 2010, the Department made quarterly adjustments for the value through an administrative process. The Department of Health is the purchasing entity; however, serum stock is then disbursed to community health providers to provide vaccines to prevent and control vaccine-preventable diseases in Rhode Island by maximizing the number of residents who are fully immunized. *The Governor recommends funding as requested.*

Maternal and Child Health. The Department requests \$2.4 million from all sources for children and families supportive services. This is \$736,864 more than enacted including \$1,912 more from general revenues. The federal increase reflects the actual federal grant award total and the general revenue increase supports the cost of supplying necessary medications to prevent complications during future pregnancies when blood types between pregnant women and babies are incompatible. Federal funds are used to implement the planning, promoting, coordinating, evaluating and providing health care options for populations who do not have access to adequate health care. This includes pregnant women, mothers, infants, children, families and children with special health care needs. *The Governor recommends funding as requested.*

Obesity and Nutrition. The Department requests \$1.3 million from federal funds for obesity and nutrition related activities. This is \$0.4 million less than enacted to reflect the current year of available funds. Funds support statewide efforts to promote environmental and policy changes, which support physical activity and healthy eating habits to prevent obesity. *The Governor recommends funding as requested.*

Family Planning. The Department requests \$1.3 million from federal funds, \$0.2 million less than enacted to reflect available funds for family planning. Funds are used to provide family planning services to low income individuals and are provided through contracts with twelve community based agencies. *The Governor recommends \$0.3 million more than requested for increased training expenses.*

Preventive Block Grant. The Department requests \$0.3 million from federal funds, \$0.2 million less than enacted to reflect actual available funds for the preventative block grant. The Department utilizes funds to support health prevention programs that are community based and included in the Healthy People 2010 national initiative to promote healthy lifestyles through exercise and nutrition and to increase community awareness. *The Governor recommends funding as requested.*

Newborn Screening. The Department requests \$1.7 million, or \$0.1 million less than enacted from all sources for newborn hearing and screening activities. The Department indicates that births have declined which impacts the number of tests performed offset by a small increase of \$38,634 from federal funds to reflect the actual grant award. *The Governor recommends funding as requested.*

Lead Poisoning Prevention. The Department requests \$0.8 million from all sources for lead prevention activities. This is \$0.2 million less than enacted to reflect a decrease in federal grant awards. Funds are used to focus on educating professionals and the general public on the dangers of lead poisoning by meeting with the Housing Resources Commission, educating landlords and enhancing screening activities. *The Governor recommends \$1,856 more than requested from all sources for adjusted grant awards, including \$2,622 more from general revenues for increased administrative processing fees.*

Oral Disease. The Department requests \$0.7 million from federal funds for oral disease health and prevention. This is \$0.1 million more than enacted to reflect increased grant awards. The program provides support to community programs and contracts with community resources to provide education and evaluation of dental hygiene to school aged children. *The Governor recommends funding as requested.*

Children with Special Needs. The Department's FY 2012 request eliminates \$0.3 million from federal funds for children with special needs activities as funding was not reissued. The Department had contracted with local visiting nurse associations to provide medically based nursing with focuses on therapy skills and home care services. *The Governor recommends funding as requested.*

All Other Operations. The Department requests \$6.3 million from all sources for all other Community, Family Health and Equity program operations. The request is \$503,977 less than enacted, including \$85,696 less from general revenues. The change reflects an increase in grant awards, administrative fees and other general administrative expenses offset by reductions to staff training, information technology services, advertising and other various office expenses.

The Governor recommends \$24,430 more than requested from all sources, including \$4,555 less from general revenues. This reflects increases for various office expenses offset by the elimination of a family health grant.

Environmental and Health Services Regulations

New Staff. The Department requests \$3.3 million from all sources including \$1.0 million from general revenues for 21.4 new full-time equivalent staff for the Environmental and Health Services Regulations program. Of the new positions, 4.0 are administrative and managerial, while the remaining 17.4 consist of licensing aids, technicians, inspectors and nursing evaluators that will work more directly with external programs that provide direct care and services to the community.

The Department indicates that the new staff are necessary to utilize the new federal funds awarded and to fill vacancies that are deemed critical positions in order to meet the mission of the program; however, other than the position titles, no further details regarding responsibilities is included in the Department request. Staff's inquiries for further information have not been successful. The request for additional staff is consistent with the FY 2011 revised request. The request also includes \$0.3 million less from all sources primarily for reductions for temporary staff and \$0.2 million more from all sources primarily for travel, supplies, advertising and other various office expenses resulting from the addition of new full-time positions.

The Governor recommends \$1.5 million from all sources to fund 17.0 new full time positions. Positions include 5.0 evaluators, 1.0 analyst, 2.0 specialists, 4.0 administrators, 1.0 social worker, 2.0 food inspectors, and 2.0 licensing aides. He also reduces temporary staff and various operating expenses by \$0.6 million from all sources.

All Other Salaries and Benefits. The Department requests \$8.5 million from all sources for all other salaries and benefits for the remaining 120.9 full-time equivalent positions in the Environmental and Health Service Regulations program. The request is \$1.0 million more than enacted from all sources including \$0.7 million more from general revenues. This reflects \$0.5 million more from all sources for medical benefits and retirement rate changes, as well as a 3.0 percent cost-of-living adjustment consistent with Budget Office planning values, step and longevity increases and \$0.2 million to reduce turnover savings.

The Governor recommends \$2.5 million less from all sources, including \$1.4 million less from general revenues for the remaining 120.4 full-time equivalent positions. This includes \$0.4 million from adjustments to medical benefit rates consistent with planning values offset by \$0.7 million from additional turnover.

Health Services Council. The enacted budget includes \$262,515 for Health Services Council activities. The Department requests \$397,515 from all sources, which includes the addition of \$135,000 for legal expenses not included in the enacted budget. This includes the initial licensure, certificate of need program and changes in effective control program. These programs are supported by 2.0 full-time equivalent staff and are designed to prevent unnecessary duplication of expensive medical services and equipment.

The Governor includes Article 29 of 2011-H 5894 to eliminate the Health Services Council and \$397,515 from all sources. Compared to the enacted, savings would be \$262,515 from all funds, including \$245,515 from general revenues. Revenues from these actions are also reduced by \$371,320.

All Other Operations. Excluding all other changes, the Department requests \$731,397 for all other Environmental and Health Services Regulation operations. This is \$248,595 less than enacted from all sources including \$67,473 less from general revenues. This primarily reflects reductions for software licenses for the Health Professionals Regulations program. *The Governor further reduces operations by \$0.2 million from all sources, including \$0.5 million less from general revenues. This primarily reflects reduction for various computer expenses including software maintenance contracts.*

Health Laboratory

Staffing. The Department requests \$6.7 million from all sources for salaries and benefits expenses for 64.6 full-time equivalent positions for the Health Laboratory. This is \$0.8 million more than enacted, including \$0.7 million more from general revenues. The request includes 3.1 new positions, an administrator, scientist and a technician and other than the position titles, no further details regarding responsibilities is included in the Department's request. Staff's inquiries for further information have not been successful. The request for additional staff is consistent with the FY 2011 revised request. The remaining changes include \$0.2 million more from all sources for medical benefits and retirement rate changes, as well as a 3.0 percent cost-of-living adjustment consistent with Budget Office planning values, step and longevity increases and \$0.2 million to reduce turnover savings.

The Governor recommends \$1.1 million more than enacted from all sources, including \$0.7 million more from general revenues to reflect benefit rate adjustments consistent with planning values offset by additional turnover savings. He recommends 62.1 full-time equivalent positions, 2.5 less than requested.

State Crime Lab. The Department eliminates the enacted level of \$775,000 from general revenues for the State Crime Lab. The Department indicates that it has an agreement from the University of Rhode Island to include the Crime Lab in the University's budget; however, the Crime Lab is not included in the University of Rhode Island's FY 2012 request. The FY 2011 enacted budget includes \$100,000 more from general revenues than FY 2010. It also includes \$100,000 in the Department of Administration's budget to conduct a feasibility study on integrating all state lab functions that was to be completed and submitted by December 1, 2010. The request for proposal was issued and no applications were received. *The Governor recommends funding as requested and includes Section 4 of Article 9 of 2011-H 5894 to shift the funding from the Department of Health's budget to the University's budget.*

Lab Capacity for Infectious Disease. The Department requests \$0.3 million from federal stimulus funds to develop and implement a new electronic reporting and tracking database that meets federal requirements

for documenting all immunizations provided so that information can be easily shared between health care providers. This is also included in the Department's FY 2011 revised request. *The Governor recommends funding as requested.*

All Other Operations. The Department requests revised expenditures of \$2.2 million from all sources for all other Health Laboratory operations. This is \$0.2 million more than enacted, including \$0.1 million more from general revenues. The changes reflect increases for administrative fees, unbudgeted temporary staff expenses and outsourcing of lab specimens for specialized DNA cases. The Department of Health lab has experienced an increase in the need for specialized testing and does not have the necessary equipment to perform these specialized tests as well as staff specialists to interpret the test results. *The Governor recommends the requested level of general revenues and \$3,723 more than requested from federal funds to reflect adjusted grant awards.*

Infectious Disease and Epidemiology

Staffing. The Department requests \$2.7 million from all sources for salary and benefit expenses for 25.5 full-time equivalent positions for Infectious Disease and Epidemiology. This is \$0.3 million more than enacted from all sources for 1.4 new positions. New positions include epidemiologists and a disease specialist and other than position titles, no further details regarding responsibilities is included in the Department's request. Staff's inquiries for further information have not been successful. The request for additional staff is consistent with the FY 2011 revised request. The remaining change includes \$0.1 million more from all sources for medical benefits and retirement rate changes, as well as a 3.0 percent cost-of-living adjustment consistent with Budget Office planning values, step and longevity increases and \$49,596 to reduce turnover savings.

The Governor recommends 24.0 full-time equivalent positions, 0.1 position less than enacted and 1.5 positions less than requested. He includes \$0.3 million more than enacted from all sources to reflect benefit rate adjustments offset by additional turnover savings.

Disease Surveillance. The Department requests \$0.8 million from federal funds for disease surveillance activities. This is \$0.3 million more than enacted to reflect an increased grant award. Funds are used for training staff on the national electronic disease surveillance system which is used to collect data, trending and tracking the West Nile Virus in Rhode Island and for a new federal requirement to provide all data electronically via the national electronic disease surveillance system. *The Governor recommends \$39,883 more than requested to reflect adjusted grant awards.*

All Other Operations. The Department requests \$1.7 million from all sources, \$0.2 million more than enacted for all other Infectious Disease and Epidemiology operations. This includes \$93,684 more from general revenues and \$96,576 more from federal funds. This reflects additional expenses for staff training, doctor services and \$89,293 of new federal funds that will be used to teach hospitals how to use a new computer program that tracks infections that patients receive while hospitalized. *The Governor reduces operations by \$56,996 less from all funds including \$60,000 less from general revenues to reflect reduced doctor and dentist expenses.*

Public Health Information

Staffing. The Department requests \$2.5 million from all sources for salary and benefit expenses for 26.2 full-time equivalent positions for the Public Health Information program. This is \$0.6 million more than enacted and includes 3.6 new positions. New positions include an analyst, specialists and a clerk and other than the position titles, no further details regarding responsibilities is included in the Department's request.

Staff's inquiries for further information have not been successful. The request for additional staffing is consistent with the FY 2011 revised request. The remaining changes include \$0.1 million more from all sources for medical benefits and retirement rate changes, as well as a 3.0 percent cost-of-living adjustment consistent with Budget Office planning values, step and longevity increases and \$38,942 to reduce turnover savings.

The Governor recommends 23.1 full-time equivalent positions, 0.5 positions more than enacted and 3.1 positions less than requested. He recommends funding essentially as requested which includes benefit rate adjustments and additional turnover savings.

All Other Operations. The Department request \$1.6 million from all sources, which is \$8,797 less than enacted for all other Public Health Information program operations. This includes \$16,120 less from general revenues. This reflects reductions for staff training and other general office supplies. *The Governor recommends the requested level of general revenues and \$8,514 more from all sources to reflect an increase for staff training.*

Medical Examiner's Office

Staffing. The Department requests \$2.3 million from all sources for salary and benefit expenses for 16.5 full-time equivalent positions for the Medical Examiner's Office. This is \$0.5 million more than enacted primarily from general revenues. The Office is adding an executive assistant position and other than the position title, no further details regarding responsibilities is included in the Department's request. Staff's inquiries for further information have not been successful. The request for additional staff is consistent with the FY 2011 revised request. The remaining changes include \$0.1 million more from all sources for medical benefits and retirement rate changes, as well as a 3.0 percent cost-of-living adjustment consistent with Budget Office planning values, step and longevity increases and \$57,637 to reduce turnover savings. *The Governor recommends \$0.4 million more than enacted primarily from general revenues to reflect benefit rate adjustments offset by additional turnover savings.*

Contract Medical Examiners. The Department requests \$0.4 million from all sources, \$0.2 million more than enacted for contract medical examiner expenses. This includes \$0.2 million more from general revenues. The Department continues to be unsuccessful in filling two vacant medical examiner positions resulting in the need to utilize contract staff to address the workload. The enacted budget includes funds for the 2.0 full-time positions resulting in insufficient funds for 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 recommends funding as requested.*

All Other Operations. The Department requests \$0.3 million from all sources or \$26,110 more than enacted for all other Medical Examiner Office operations. This includes \$6,670 more from general revenues primarily for various office expenses. *The Governor adds \$355 more from federal funds available from statewide operating savings.*

Department of Human Services

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Program				
Central Management	\$ 14,884,479	\$ 15,979,449	\$ 12,984,535	\$ 11,817,073
Child Support Enforcement	9,244,629	9,453,985	8,649,601	8,355,622
Individual and Family Support	143,162,863	94,411,803	89,323,014	87,766,179
Veterans' Affairs	27,611,621	30,752,602	31,235,162	-
Health Care Quality, Financing and Purchasing	66,133,758	71,024,470	71,010,820	59,173,561
Medical Benefits	1,637,408,400	1,615,764,037	1,688,905,654	1,662,585,016
Supplemental Security Income	19,310,887	20,637,400	18,912,600	18,912,600
Family Independence Program	87,516,116	89,805,652	89,375,452	89,375,452
State Funded Programs	280,032,797	274,805,667	302,166,558	302,007,582
Total	\$2,285,305,550	\$2,222,635,065	\$2,312,563,396	\$2,239,993,085
Expenditures by Category				
Salaries and Benefits	\$ 85,881,969	\$ 86,768,594	\$ 94,849,323	\$ 58,712,605
Contracted Services	52,039,292	57,186,150	54,194,192	49,588,324
Subtotal	\$ 137,921,261	\$ 143,954,744	\$ 149,043,515	\$ 108,300,929
Other State Operations	19,786,267	17,585,873	17,641,535	14,335,068
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,120,136,335	2,050,419,308	2,137,444,691	2,111,023,076
Capital	2,056,950	4,832,718	2,648,918	468,918
Capital Debt Service	-	-	-	-
Operating Transfers	5,404,737	5,842,422	5,784,737	5,865,094
Total	\$2,285,305,550	\$2,222,635,065	\$2,312,563,396	\$2,239,993,085
Sources of Funds				
General Revenue	\$ 715,328,654	\$ 736,566,357	\$ 915,411,424	\$ 864,108,853
Federal Aid	1,556,245,695	1,470,449,888	1,383,390,021	1,359,554,881
Restricted Receipts	9,446,201	10,587,200	9,401,951	11,873,994
Other	4,285,000	5,031,620	4,360,000	4,455,357
Total	\$2,285,305,550	\$2,222,635,065	\$2,312,563,396	\$2,239,993,085
FTE Authorization	963.6	988.2	1,081.2	674.0

Summary. The Department of Human Services requests \$2,312.6 million or \$27.3 million more than enacted, including \$200.1 million more from general revenues, \$172.9 million less from federal funds, \$44,250 less from restricted receipts, and \$75,000 more from Rhode Island Capital Plan funds. The Department also requests 1,081.2 full-time-equivalent positions, 117.6 more than enacted. The request is \$5.9 million less than the Budget Office's general revenue current services target of \$921.3 million. The Department also submitted a constrained request that totals \$897.7 million and includes \$17.7 million less from general revenues than the unconstrained request.

The Governor recommends \$2,240.0 million, \$72.6 million less than requested and provides 674.0 full-time equivalent positions, which is 407.2 fewer positions than requested and 289.6 fewer than enacted. His budget includes the creation of the Department of Veterans' Affairs, which causes a reduction of \$31.2 million in expenses from all sources and 229.2 fewer positions.

Target Issues. The Budget Office provided the Department with a general revenue target of \$783.1 million. The amount includes current service adjustments of \$206.0 million and a 15.0 percent target reduction of \$138.2 million.

FY 2012 Budget	Budget Office	Human Services	Difference
FY 2011 Enacted	\$ 715,328,654	\$ 715,328,654	\$ -
Current Service Adjustments	205,972,483	200,082,770	(5,889,713)
Change to FY 2011 Enacted	\$ 205,972,483	\$ 200,082,770	\$ (5,889,713)
FY 2012 Current Service/ Unconstrained Request	\$ 921,301,137	\$ 915,411,424	\$ (5,889,713)
Target Reduction/Initiatives	(138,195,171)	(17,704,536)	120,490,635
FY 2012 Constrained Target/Request	\$ 783,105,966	\$ 897,706,888	\$ 114,600,922
<i>Change to FY 2011 Enacted</i>	\$ 67,777,312	\$ 182,378,234	\$ 114,600,922

The constrained budget submitted by the agency is \$114.6 million above that. The Department subsequently submitted updated information for its savings proposals that reduces the general revenue savings estimate by \$4.2 million. The proposals to achieve the reductions are noted among the items described where appropriate. *The Governor's recommendation is \$81.0 million more than the target.*

Statewide Adjustments. The Governor's FY 2012 budget includes \$20.7 million in unidentified statewide general revenue savings from applying reductions of 3.0 percent to salaries and benefits in cabinet level departments and 2.0 percent reductions to those costs in certain other agencies. He also includes a 1.0 percent reduction to operating costs in those agencies. For the Department of Human Services, he assumes savings of \$697,821, primarily from personnel. The adjustments are in addition to other program changes in his recommended budget and described below.

New Positions. The Department's unconstrained request includes the authority for 91.0 new full-time equivalent positions department-wide and the funding request assumes that approximately 10 percent of the positions will be filled. The Department's constrained request excludes the authorization and funding for these positions. The positions are discussed separately in the relevant sections. *The Governor's recommendation does not include the authorization or the funding for these positions.*

Staffing. Excluding the new positions, the Department requests 990.2 full-time equivalent positions in FY 2012, which is 26.6 more than enacted. This includes the addition of 22.0 supplemental nutrition assistance positions through September 30, 2011, 10.0 disabilities determination unit positions, 4.0 supplemental security income program positions, 2.0 positions in central management and 5.0 new positions for the division of Veterans' Affairs. The request also includes reductions of 12.0 women, infant and children's nutrition positions transferred to the Department of Health, 4.0 emergency temporary assistance to needy families positions and 0.4 positions for the division of Veterans' Affairs.

The FY 2011 enacted budget funds 22.0 of the Office of Health and Human Services' positions through the Department of Human Services' budget. The FY 2010 budget funded the staff in the Office's budget, but the 22.0 positions were transferred to the Department of Human Services budget. The positions were not transferred in the Department's FY 2011 enacted budget, but the disparity persists and the Department's FY 2012 request does not correct for this.

The Governor includes 674.0 positions, transfers 229.2 to the new Department of Veterans' Affairs and transfers 84.0 from the Department of Human Services' including 80.0 from the Medicaid program to the Office of Health and Human Services.

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

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

Enrollment and expenses for the aged population is slightly lower than the national average when comparing enrollment, but higher than the national average when comparing percent of enrollment to total enrollment and higher than the national average for cost per enrollee. Expenses supporting this population are in the Departments of Human Services and Elderly Affairs.

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

Stimulus - Enhanced Medicaid. The enacted budget includes general revenue savings of \$215.1 million from the enhanced Medicaid rate included in the American Recovery and Reinvestment Act of 2009. Of the total savings, \$107.6 million, including \$83.0 million in the Department of Human Services' budget, is based on the assumption that the same rate would be extended six months until June 30, 2011. The federal government authorized the extension but at a lower rate. On July 1, 2011, the state will be reimbursed for medical services at its regular Medicaid rate. The Department's request backfills the loss of federal funds.

The current service adjustments provided by the Budget Office include \$165.2 million in additional general revenues to adjust for the lower Medicaid match in the Department of Human Services' budget. *The Governor's recommendation adjusts for the rate change.*

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 as follows.

Family Size	Percent of Federal Poverty Level based on Annual Income								
	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.

Emergency Temporary Assistance to Needy Families Funds. The state was 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 through September 30, 2010. The FY 2011 enacted budget includes \$37.0 million in the Departments of Human Services, Labor and Training, and Revenue for employment and other eligible activities, including \$35.2 million in the Department of Human Services for the disbursement of subsidized wages to participating employers, other short term activities and 4.0 time-limited positions. The Department's FY 2012 request does not include these funds. *The Governor's recommendation is consistent with the request.*

Medical Assistance

The Caseload Estimating Conference met on November 8, 2010 and based on current law, set the FY 2012 medical assistance expenditures at \$1,668.1 million including \$806.0 million from general revenues, which is \$56.0 million more than enacted from all funds and \$191.6 million more from general revenues. A total of \$165.2 million of this adjusts for the enhanced Medicaid rate that will sunset on June 30, 2011, after which states will be reimbursed for medical services at their regular Medicaid rate.

The Department also submitted a constrained budget request, which reduces medical assistance expenditures by \$25.9 million from all sources, including \$16.3 million from general revenues. Each initiative is discussed in the relevant sections.

The Department subsequently submitted updated information for its savings proposals that adds back \$6.4 million of the original savings to the medical assistance programs, including \$3.6 million from general revenues.

The Governor recommends \$1,641.7 million, including \$785.6 million from general revenues and \$26.4 million less than the Department's request and the caseload estimate. He recommends a number of changes to the state's Medicaid program; the changes are discussed separately.

The following table itemizes medical assistance expenditures spent in FY 2009 and FY 2010, as enacted by the 2010 Assembly, adopted by the caseload estimators and recommended by the Governor. Each category is discussed separately.

Medical Assistance	FY 2009 Spent	FY 2010 Spent	FY 2011 Enacted	FY 2011 Gov. Rec.	FY 2012 CEC	FY 2012 Gov. Rec.
Hospitals						
Regular Payments	\$ 126.8	\$ 120.9	\$ 124.0	\$ 122.2	\$ 92.6	\$ 92.6
DSH Payments	105.6	121.7	124.8	122.0	129.8	129.8
Total	\$ 232.4	\$ 242.6	\$ 248.8	\$ 244.2	\$ 222.4	\$ 222.4
Long Term Care						
Nursing and Hospice Care	\$ 286.6	\$ 334.7	\$ 321.7	\$ 336.0	\$ 343.3	\$ 330.5
Home and Community Care	37.9	60.3	70.0	71.9	79.0	78.6
Total	\$ 324.5	\$ 395.0	\$ 391.7	\$ 407.9	\$ 422.3	\$ 409.1
Managed Care						
RItE Care	\$ 414.3	\$ 443.9	\$ 512.0	\$ 497.9	\$ 549.8	\$ 549.8
RItE Share	12.9	17.3	17.4	19.6	22.3	22.3
Fee For Service	72.5	85.4	92.5	84.5	87.9	82.2
Total	\$ 499.7	\$ 546.5	\$ 622.0	\$ 602.0	\$ 660.0	\$ 654.3
Rhody Health	\$ 100.9	\$ 155.6	\$ 180.6	\$ 175.6	\$ 187.1	\$ 186.2
Pharmacy	\$ 14.6	\$ 12.9	\$ 11.2	\$ 10.9	\$ 11.3	\$ 11.3
Pharmacy Part D Clawback	\$ 41.6	\$ 26.4	\$ 35.2	\$ 36.4	\$ 46.5	\$ 46.5
Other Medical Services	\$ 149.1	\$ 108.8	\$ 122.8	\$ 113.5	\$ 118.5	\$ 112.0
Federal Funds	\$ 800.9	\$ 922.7	\$ 990.8	\$ 951.7	\$ 855.2	\$ 845.0
General Revenues	557.5	558.7	614.4	631.8	806.0	785.6
Restricted Receipts	4.4	6.3	6.9	6.9	6.9	11.1
Total	\$ 1,362.8	\$ 1,487.7	\$ 1,612.1	\$ 1,590.5	\$ 1,668.1	\$ 1,641.7

**Expenditures in millions*

Hospitals

The November Caseload Estimating Conference estimate includes hospital expenses totaling \$222.4 million, \$105.2 million from general revenues. It includes \$92.6 million for direct medical services and \$129.8 million for uncompensated care payments to community hospitals. The Department's current services request is consistent with the caseload estimate, which is \$26.4 million less than enacted. However, the Department includes savings of \$2.8 million from all funds, \$1.3 million from general revenues from two initiatives in the constrained request; each initiative is discussed separately. The Department subsequently submitted updated information for its savings proposals that adds back \$1.6 million of the original savings, \$0.8 million from general revenues.

The Governor recommends \$222.4 million, including \$105.2 million from general revenues, consistent with the Department's request and the caseload estimate. He does not recommend the proposals included in the Department's constrained request.

Hospitals. The November Caseload Estimating Conference estimate includes FY 2012 expenditures at \$92.6 million, of which \$44.1 million is from general revenues for the state's community hospitals. The expenditures included in the estimate are \$31.4 million less than enacted, including \$5.7 million less from general revenues. The estimate does not include the \$18.1 million upper payment limit reimbursement or the \$8.4 million state only payment to acute care hospitals since there is no current law for the state to make those payments in FY 2012. The Department's request reflects the conference estimate, which also excludes these payments.

Excluding these payments, expenditures for hospitals are \$5.3 million less from all sources, including \$9.2 million more from general revenues, reflecting the updated Medicaid rate. The estimate restores \$0.1 million of the savings based on testimony from the Department that the savings related to limiting emergency room visits could not be achieved. The Department's request reflects the conference estimate.

The Governor recommends \$92.6 million, including \$44.1 million from general revenues, consistent with the caseload estimate and the Department's request.

Hospital Reimbursement Rates. The Department implemented a rate reduction to the new inpatient reimbursement system utilizing the diagnostic related group model on July 1, 2010 and the enacted budget assumes savings of \$8.2 million from this rate reduction. Payments are to be made to hospitals based on diagnoses, procedures and patient age. The caseload estimate assumes these savings and the Department's request is consistent with the estimate.

The Assembly established an independent study commission to address the issues of concern and priorities in the community hospital system as they relate to the Medicaid program. The Commission did not submit the required report to the chairpersons of the House and Senate finance committees by December 31, 2010.

The Governor's recommendation is consistent with the caseload estimate. He includes Article 33 of 2011-H 5894 to limit the increase in the rates paid to the hospitals for services through the managed care plans to the Center for Medicare and Medicaid Services' prospective payment index rates. He also assumes savings of \$5.6 million from capping the increase in the outpatient rates by the outpatient prospective payment system market basket index, beginning January 1, 2012. This proposal is discussed in the managed care section of this analysis.

Emergency Room Visits. The enacted budget includes savings of \$0.5 million, \$0.2 million from general revenues from monitoring and verifying that the emergency room reimbursements for elderly and disabled clients reflect the patient's treatment and condition and higher payments are not being made for less serious diagnoses. 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 estimate restores \$0.1 million of the savings based on testimony from the Department that they could not be achieved. The Department's request is consistent with the caseload estimate. *The Governor recommends funding consistent with the Department's request and the caseload estimate.*

Hospital License Fee. The 2010 Assembly included Section 9 of Article 9 of 2010-H 7397, Substitute A, as amended, which set the FY 2011 licensing fee at 5.465 percent of net patient services revenue for the year ending January 1, 2009 and included revenues totaling \$141.8 million.

The Governor includes Article 19 of 2011-H 5894, which extends the hospital licensing fee in FY 2012 consistent with the enacted rate. The licensing fee appears annually in the Appropriations Act.

Target - High Cost Case Review. The FY 2011 enacted budget assumes savings of \$2.0 million from all sources from monitoring higher cost populations and providing appropriate care. As part of the Department's constrained request, it includes additional savings of \$1.0 million from all funds, \$0.5 million from general revenues from an additional high cost case review initiative. There are three components to the initiative, developing a behavioral health network and reducing out-of-state acute care hospital stays along with a re-evaluation of Katie Beckett clients, which is discussed separately.

The initiative includes developing an alternative behavioral health network from the existing Connect Care Choice to integrate behavioral health and primary care and efforts to reduce the use of out-of-state hospitals for acute care or rehabilitation treatments. There are no specific savings attached to each aspect of the initiative, but the Department assumes that combined all three, including the Katie Beckett piece, will achieve \$1.0 million in savings in FY 2012, beginning July 1, 2011.

The Department indicates that this initiative is different from previous high cost case review initiatives in the focus of the cases; the Department has not specifically focused on these services in the previous high cost case review initiatives. However, most of the aspects of the initiative are not funded in the hospital program, but in managed care and other medical services, yet the request includes the entire savings amount as a savings in the hospital program. *The Governor does not recommend this initiative and does not include the savings in his budget.*

Target - High Cost Case Review – Katie Beckett. The state provides home and community care services to children under 19 through the Katie Beckett Medicaid provision. Children eligible for the Katie Beckett option have special health care needs requiring an institutional level of care who receive home and community care services, to remain at home.

As part of its constrained request, the Department proposes to include intensive re-evaluation of current Katie Beckett option members for clinical re-determination and identifying opportunities to transition members to other less expensive programs and services. The Department includes savings of \$1.0 million from all funds, \$0.5 million from general revenues from an additional high cost case review initiative. There are three components to the initiative; developing a behavioral health network and reducing out-of-state acute care hospital stays, discussed above and a re-evaluation of Katie Beckett clients. There are no specific savings attached to each aspect of the initiative, but the Department assumes that combined all three aspects will achieve \$1.0 million in savings in FY 2012, beginning July 1, 2011. *The Governor does not recommend this initiative.*

Target - Integration of Medicare and Medicaid. As part of the Department's constrained request, it includes savings of \$3.5 million from all funds, \$1.7 million from general revenues from an initiative to integrate Medicare and Medicaid into one pool of funding by April 1, 2012. Of the \$3.5 million in total estimated savings, \$1.8 million will be in both hospital costs and other medical services costs, including \$0.8 million from general revenues in each program.

The proposal is to enter into a savings agreement with the Centers for Medicare and Medicaid in order for the state to recover a portion of the savings that would occur when the state provides services covered under Medicare to clients eligible for both Medicare and Medicaid, called dual eligibles. A separate waiver from the Centers for Medicare and Medicaid may be required unless additional flexibility is determined when additional guidance is issued relating to the Affordable Care Act. Modifications to current departmental rules and regulations will also be needed.

Subsequently, the Department submitted revised information, which reduces the savings by \$3.3 million to \$0.2 million from all funds, \$0.1 million from general revenues for both aspects of the initiative for the final quarter of FY 2012. Revised savings total \$166,465, including \$79,350 from general revenues from both the hospital and other medical services programs. *The Governor does not recommend this initiative.*

Disproportionate Share Payments to Hospitals. The Caseload Estimating Conference adds \$5.0 million for a total of \$129.8 million from all sources for the disproportionate share payments for uncompensated care costs to the hospitals. This includes \$61.1 million from general revenues and \$68.7 million from federal funds. Funding is provided to Eleanor Slater Hospital and the state's community hospitals through the Department of Human Services. The Department's request reflects the conference estimate. Uncompensated care costs are defined as costs incurred by a hospital attributable to charity care and bad debt for which the patient has no health insurance or third-party liability coverage. The costs are then subtracted from any payments received for medical care and attributable to Medicaid clients and Medicaid reimbursements.

Hospitals provide two forms of charitable care: free care for patients up to 200 percent of poverty and care for patients on a sliding scale for patients between 200 and 300 percent of poverty. Bad debt is considered to be unpaid medical expenses for a person above 300 percent of poverty who has no insurance and cannot afford to pay their medical bill.

The Governor recommends \$129.8 million, including \$61.1 million from general revenues for the uncompensated care payment, which is consistent with the caseload estimate. He also includes Article 18 of 2011-H 5894 to provide an FY 2013 payment not to exceed \$125.4 million.

FY 2011 Uncompensated Care	FY 2011 Enacted	FY 2011 Gov. Rev.	FY 2012 Request	FY 2012 Gov. Rec.	Change to Enacted
Community Hospitals					
State	\$ 55,387,985	\$ 55,744,952	\$ 58,971,393	\$ 58,971,393	\$ 3,583,408
Federal	62,383,618	61,967,532	66,341,869	66,341,869	3,958,251
Subtotal	\$ 117,771,603	\$ 117,712,484	\$ 125,313,262	\$ 125,313,262	\$ 7,541,659
Eleanor Slater Hospital					
State	\$ 3,358,043	\$ 2,109,624	\$ 2,096,362	\$ 2,096,362	\$ (1,261,681)
Federal	3,667,517	2,345,112	2,358,374	2,358,374	(1,309,143)
Subtotal	\$ 7,025,560	\$ 4,454,736	\$ 4,454,736	\$ 4,454,736	\$ (2,570,824)
Upper Payment Limit					
State	\$ 6,467,559	\$ 6,467,559	\$ -	\$ -	\$ (6,467,559)
Federal	11,593,202	11,593,202	-	-	(11,593,202)
Subtotal	\$ 18,060,761	\$ 18,060,761	\$ -	\$ -	\$ (18,060,761)
Unqualified Expenses					
State*	\$ 8,400,000	\$ 8,400,000	\$ -	\$ -	\$ (8,400,000)
Federal	-	-	-	-	-
Subtotal	\$ 8,400,000	\$ 8,400,000	\$ -	\$ -	\$ (8,400,000)
Total	\$ 151,257,924	\$ 148,627,981	\$ 129,767,998	\$ 129,767,998	\$ (21,489,926)

**Shifted payment made to the four community hospitals to FY 2011.*

Upper Payment Limit Reimbursements. The Assembly adopted Article 15 of 2010-H 7397, Substitute A, as amended to make the upper payment limit reimbursements to the state's community hospitals totaling \$18.1 million from all sources, including \$6.5 million from general revenues in FY 2011. Since there is no current law to make that payment in FY 2012, the caseload conference does 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 Medicare 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. These 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 does not include the enacted level of \$18.1 million from general revenues to reimburse the community hospitals for the outpatient upper payment limit in FY 2012.

State Only Acute Care Payments. The Caseload Conference estimate includes \$8.4 million for state only payments to be made for additional acute care costs in FY 2011. Of this amount, \$3.65 million was paid by September 1, 2010, state fiscal year 2011 to replace a payment that had originally been enacted for FY 2010. 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. Since there is no current law to make the payment in FY 2012, the caseload conference does not include the payment. The Department's request is consistent with the caseload estimate. *The Governor's budget is consistent with the caseload estimate, which does not include this payment.*

Long Term Care

Long Term Care. The Caseload Estimating Conference estimate includes long term care expenses at \$422.3 million, of which \$201.3 million is from general revenues. This includes \$343.3 million for nursing facilities and hospice care and \$79.0 million for home and community care. This is \$30.6 million more than included in the enacted budget. The request is consistent with the caseload estimate; however, the Department submits a constrained request, which reduces expenditures by \$1.2 million from all funds by establishing nursing home reimbursement rates based upon licensed bed capacity. This initiative is discussed separately.

The Governor recommends \$330.5 million for nursing facilities and \$78.6 million for home and community care and includes several proposals related to the global waiver as well as other program changes. Each is discussed separately.

Nursing Facilities and Hospice Care. The Caseload Estimating Conference estimate includes FY 2012 expenditures of \$343.3 million, of which \$163.7 million is from general revenues for the state's 84 nursing facilities, \$9.4 million more than enacted, including \$44.1 million more from general revenues reflecting the updated Medicaid rate. The estimate restores unachieved savings of \$12.3 million from all sources, \$4.4 million from general revenues for two initiatives that will not be implemented, each is discussed separately. The Department's request reflects the conference estimate; however, the Department includes savings of \$1.2 million from all sources in its constrained request from an initiative to establish nursing home reimbursement rates on licensed bed capacity, which is discussed separately.

The Governor recommends \$330.5 million, including \$157.6 million from general revenues, which is \$12.8 million less than requested from a proposal to reduce nursing home reimbursement rates, discussed separately.

Nursing Home Rate Reduction. Currently, the state's 84 nursing facilities are reimbursed through four separate cost centers included in the Rhode Island General Laws. The centers are as follows: the direct labor cost center; other operating expenses; pass through items; and the fair rental value system.

The Governor recommends \$12.8 million less from all sources, including \$6.1 million from general revenues from implementing a rate reduction of 5.0 percent to the nursing home reimbursement rate for the final nine months of FY 2012 and replacing the current principles of reimbursement with a methodology to pay a base rate to each nursing home, continuing to recognize patient acuity and the minimum occupancy requirements. He includes Article 16 of 2011-H 5894 to make these changes.

Unachieved Savings - Managed Care for Long Term Care Residents. The enacted budget assumes savings of \$12.0 million in nursing home costs from allowing the state to enter into a managed care contract to provide medical benefits for long term care residents through a capitated payment. Currently, residents in long term care settings, such as nursing facilities, intermediate care facilities and hospitals receive medical benefits through Medicare and may also be eligible for Medicaid. Medicare is the primary payer for hospital, physician and pharmacy benefits. The state pays for additional medical benefits not covered by

covered by Medicare through the fee-for-service reimbursement system. The savings were restored at the November Caseload Estimating Conference based on testimony from the Department that they could not be achieved. The Department's request is consistent with the caseload estimate. *The Governor recommends funding consistent with the caseload estimate.*

Hospice Cost Reduction. The enacted budget includes savings of \$0.4 million from all funds, \$0.1 million from general revenues from an initiative to develop a prior authorization processes 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 November Caseload Estimating Conference restores \$0.3 million of the savings based on testimony from the Department that they could not be achieved. The Department's request is consistent with the caseload estimate. *The Governor recommends funding consistent with the caseload estimate.*

Target - Nursing Home Rates for Out of Service Beds. Nursing homes are reimbursed through the four cost centers contained in the principles of reimbursement. The facilities are required to meet the statewide minimum occupancy rate based on the number of licensed beds that are filled, calculated by the state's Department of Health, in order to be fully reimbursed for the Medicaid days. If a facility is not able to meet the minimum occupancy rate, the Medicaid bed day reimbursement is reduced. A facility may petition to the Department of Health to have some of its beds taken out of service at which time these beds would not be part of the minimum occupancy rate calculation. Because the beds are empty, a facility would not receive reimbursement under all the cost centers; however, the Department of Human Services does pay a daily rate to the 23 for-profit homes that have the 403 beds that are out of service. Currently, there are no non-profit nursing homes being reimbursed for out of service beds.

The Department proposes to eliminate the out of service bed provision for savings of \$1.2 million in FY 2012; however, savings may be higher because the out of service beds would now become part of the overall calculation to establish the minimum occupancy rate. There may be an increase in the number of facilities that do not meet the minimum occupancy rate and would realize a reduction in the daily reimbursement for the Medicaid reimbursed nursing home bed days. *The Governor does not recommend this initiative and his budget does not include the savings.*

Home and Community Care. The November Caseload Estimating Conference estimate includes \$79.0 million for home and community care expenses, including \$37.7 million from general revenues in the FY 2012 estimate. This includes \$8.3 million more from all funds, \$12.3 million from general revenues. The estimate restores \$0.7 million from all funds, including \$0.3 million from general revenues, based on testimony from the Department that the savings related to the selective contracting for assisted living services initiative could not be achieved. The Department's request reflects the conference estimate.

The caseload estimate does not add any funds to home and community care services in FY 2012 for the long term care financing reform because the state experienced an increase in nursing home days when comparing FY 2010 to FY 2009. The intent of the reform is to add funds to the services when there is a decrease in days.

The Governor recommends \$78.6 million, including \$37.5 million from general revenues. This is \$0.4 million less than the request, including \$0.2 million less from general revenues from an initiative to use selective contracting for the provision of home health services. He also includes savings of \$2.5 million from shifting general revenue expenses to a new money follows the person federal grant in the other services program, though the savings will occur in the home and community care program. Each is discussed separately.

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. The savings were restored at the November Caseload Estimating Conference based on testimony from the Department that it cannot make this change while the state transitions to making the state supplemental security income payment and the savings could not be achieved. The Department's request is consistent with the caseload estimate. It should be noted that this proposal was also part of the FY 2009 and FY 2010 enacted budgets and funding was restored at the following November 2008 and 2009 Caseload Conferences. *The Governor recommends funding consistent with the caseload estimate.*

Home Health Services. Currently, the state provides personal care attendants and homemaker services for patients who would otherwise need an institutional level of care because of their difficulty in performing activities of daily living.

The Governor recommends \$0.4 million less from all sources, including \$0.2 million from general revenues from using selective contracting for the provision of home health services, beginning the final quarter of FY 2012. He assumes a 3.0 percent rate reduction, selectively contracting with fewer home care agencies to offer greater volume in exchange for lower rates, requiring providers to be Medicare certified to avoid costs that would be Medicare eligible, and restructuring the rates and authorization standards to achieve the savings. The Governor includes Article 16 of 2011-H 5894 to allow the Department to make these changes.

Money Follows the Person. The state was awarded a new federal Money Follows the Person Rebalancing Demonstration grant, which is designed to provide assistance to the state in balancing its long term care system by allowing the state to avoid having Medicaid eligible individuals remain in long term facilities by using community based services instead. Rhode Island was awarded \$24.6 million through FY 2016 and the FY 2012 award is \$2.5 million. Under this program, certain administrative costs are matched with 100 percent federal funds and specified home and community based services will receive a 76.0 percent federal match. The Governor recommends shifting \$2.5 million from general revenue expenditures to the federal grant and includes the savings in the other medical services program, though the savings will occur in the home and community care program.

Managed Care

The Caseload Estimating Conference estimate includes managed care expenses of \$660.0 million, which is \$38.0 million more than enacted. This includes \$308.7 million from general revenues and \$351.3 million from federal funds and includes RItE Care expenses at \$549.8 million, RItE Share at \$22.3 million and fee-for-service expenses at \$87.9 million; a discussion of each follows. The Department's request reflects the conference estimate; however, the Department's constrained request further reduces expenditures by \$8.7 million from all sources, including \$5.1 million from general revenues through eight initiatives. The Department subsequently submitted updated information for its savings proposals that adds back \$2.3 million of the original savings, \$1.6 million from general revenues. Each initiative is discussed separately.

The Governor recommends \$654.3 million, including \$305.5 million from general revenues. This is \$5.7 million less than the caseload estimate from proposals to shift general revenue early intervention expenses to available federal funds, limit hospital rate increases for managed care patients and include a pain management benefit for Medicaid beneficiaries with high utilization of hospitals and pharmaceuticals.

RItE Care. The Caseload Estimating Conference estimated RItE Care expenditures at \$549.8 million

including \$256.2 million from general revenues. This is \$37.8 million more than enacted, including \$70.0 million more from general revenues based on increased caseload, updated cost projections and adjusting for the updated Medicaid rate. The Department's request reflects the conference estimate.

Currently, children up to age 19 are eligible for RItE Care if their household income is at or below 250 percent of poverty. 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 average numbers of enrollees in RItE Care in FY 2011 through December 2010 is 119,726. *The Governor recommends funding consistent with the caseload estimate.*

State Only Costs. The Department's request is consistent with the caseload estimate, which includes \$1.2 million from general revenues, \$18,166 more than enacted for state only expenses for medical benefits provided to certain managed care populations, including legal permanent residents who have not met the five-year residency requirement necessary to be eligible for Medicaid and pregnant women with income up to 350 percent of poverty, which totals \$50,995 for a family of two. The enacted budget assumes savings of \$0.6 million from general revenues and assumes the ability to leverage Medicaid for some of the expenses for these legal permanent residents and assumes 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 Governor recommends funding consistent with the caseload estimate.*

RItE Share. The Caseload Estimating Conference estimate includes RItE Share expenditures of \$22.3 million, including \$10.6 million from general revenues. This is \$4.9 million more than enacted, including \$2.8 million more from general revenues, adjusting for the updated Medicaid rate. The Department's request reflects the conference estimate.

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 average number of enrollees in RItE Share in FY 2011 through December 2010 is 11,550. *The Governor recommends funding consistent with the caseload estimate.*

Fee-Based Managed Care. The Caseload Estimating Conference estimate includes FY 2011 fee-based managed care expenditures of \$87.9 million from all sources, of which \$41.9 million is general revenues. The estimate is \$4.6 million less than enacted from all sources, including \$11.2 million more from general revenues to adjust for the updated Medicaid rate. Fee-based managed care provides additional services to those in the contracted managed care system.

The Governor recommends \$5.7 million less than the caseload estimate from shifting general revenue early intervention expenses to available federal funds, limit hospital rate increases for managed care recipients and include a pain management benefit for Medicaid beneficiaries with high utilization of hospitals and pharmaceuticals. Each proposal is discussed separately.

Target - Early Intervention Funds. The state is eligible to receive a \$3.2 million two-year federal grant to provide early intervention services and can also leverage Medicaid funds for early intervention expenses that were previously state only. The Department requested virtually no funding for the grant for FY 2011

nor does it request the funding in its FY 2012 request. However, it does request the funding in its constrained budget and shifts \$1.1 million of expenditures funded from Medicaid and \$1.0 million from general revenues to the grant, which uses full federal funding.

The Department subsequently submitted revised information that reduces the general revenue savings to \$0.5 million and also submitted a lower revised savings estimate for FY 2011, though it later indicated that the savings will not be achieved in FY 2011. *The Governor recommends shifting \$0.5 million from general revenues to the federal grant.*

Target - Hospital Outpatient Rates in Managed Care. The enacted budget includes a provision in Article 20 of 2010-H 7397, Substitute A, as amended that states that from January 1, 2011 through December 31, 2011, the Medicaid managed care outpatient payment rates between each hospital and each plan shall not exceed 100 percent of the rate in effect June 30, 2010. The Article also includes payment limits for inpatient services for the period January 1, 2011 through December 31, 2012.

As part of its constrained request, the Department proposes to achieve savings of \$5.6 million from all sources, including \$2.7 million from general revenues by capping the increase in outpatient rates paid to hospitals by not more than the Centers for Medicare and Medicaid Services outpatient prospective payment system index, beginning January 1, 2012.

The Governor's recommendation assumes savings of \$5.6 million from implementation of this proposal in FY 2012 and he includes Articles 16 and 33 of 2011-H 5894 to make the required changes to cap the hospital rate increases.

Target - Alternative Rehabilitative Services. Currently, the Department provides coverage for physical therapy and rehabilitation services for managed care recipients, including RItE Care members. As part of its constrained request, the Department proposes expanding coverage for chiropractic care, therapeutic massage and acupuncture for RItE Care, Rhody Health and Connect Care Choice members with a high number of emergency room visits to reduce that utilization. The request assumes total savings of \$1.8 million from all funds, \$0.9 million from general revenues from the proposal, including all three programs, of which \$1.2 million is in the RItE Care program, including \$0.6 million from general revenues. This requires a category II change under the conditions of the Medicaid global waiver and the Department indicates an implementation date of January 1, 2012.

Subsequently, the Department submitted revised savings estimates, which reduce the total savings by \$1.5 million from all funds to \$0.3 million from all funds, including \$0.2 million from general revenues, of which \$0.2 million, including \$0.1 million from general revenues, is for the RItE Care program.

The Governor includes savings of \$0.1 million, including \$49,098 from general revenues from allowing the use of pain management specialists or centers to reduce the client's utilization of pharmaceuticals and hospital visits. He also adds injections, nutrition counseling, behavioral health and care management services to the list of services covered and included. He includes Article 16 of 2011-H 5894 to make these changes for the final three months of FY 2012. There are no savings from this initiative included in the Rhody Health or other medical services programs in the Governor's budget.

Target - Substance Abuse Treatment for RItE Care Members. Under the current managed care plans, substance abuse treatment services are provided on a fee-for-service basis for RItE Care clients who suffer from or are at risk of substance abuse disorders. As part of its constrained request, the Department proposes an initiative to include these screenings, brief intervention and referral to treatment services within the managed care plans and assumes savings of \$1.1 million from all funds, including \$0.5 million from

general revenues. The proposal requires a category I change under the conditions of the Medicaid global waiver and assumes an implementation date of January 1, 2012, though the program could start July 1, 2011. Savings will be achieved through averted emergency room visits and reduced inpatient stays by adults and averted neonatal intensive care services.

Subsequent to the request, the Department submitted revised information which reduces the estimated savings by \$0.6 million to \$0.5 million from all funds, including \$0.2 million from general revenues for the final six months of FY 2012. *The Governor does not recommend this initiative.*

Target - RItE Smiles Expansion. The Department provides dental coverage to all children and adolescents enrolled in Medicaid, covering orthodontic and dental services. Children under age 11 are eligible for the RItE Smiles managed care program and children and adolescents ages 11 through 20 receive services through the fee-for-service program. As part of its constrained request, the Department proposes to achieve savings of \$0.3 million from all sources by expanding the RItE Smiles program to cover children and adolescents who are 11 years to 20 years, up to their 21st birthday. The Department proposes expanding coverage to children 11 through 13 in FY 2012, children 14 through 17 in FY 2013 and adolescents 18 through 20 in FY 2014.

The savings will be achieved through a reduction in the number of high cost procedures over time as a result of children having greater access to preventative dental services. This initiative requires a category II change under the conditions of the Medicaid global waiver and the Department indicates a July 1, 2011 start date to enroll children ages 11 through 13. Subsequent to the request, the Department submitted revised information which reduces the estimated savings by \$234,000 to total savings of \$66,000 from all funds, \$28,601 from general revenues. *The Governor does not recommend this initiative.*

Target - Dentists Billing for Tobacco Cessation Counseling. The Department assumes savings of \$0.2 million in its constrained request from a proposal to provide coverage for tobacco cessation counseling to Medicaid clients when provided by a dentist who is a certified tobacco cessation counselor. This initiative would require coordination with the Department of Health to create an appropriate qualification for dentists as tobacco cessation counselors, which is not included in the estimated costs. Anticipated short term savings are from asthma related cost avoidance and savings are expected in the future for reductions in oral cancer related treatment costs.

Subsequent to the request, the Department submitted revised information which reduces the estimated savings by \$140,000 to \$60,000 from all sources, \$28,601 from general revenues and also transfers the initiative to the other medical services program; however, it does not include any costs related to the Department of Health certification program. *The Governor does not recommend this initiative.*

Target - Root Canal Coverage for Adults. Currently, root canals on back teeth are not covered for Medicaid eligible adults. The alternative to a root canal is to remove or extract the tooth and replace it with either a removable appliance, such as a partial plate or dentures which are covered by Medicaid or a fixed appliance, such as a bridge or crown, which are not covered by Medicaid.

As part of its constrained request, the Department proposes to achieve savings of \$0.3 million from all sources, \$0.1 million from general revenues by providing coverage for root canals for adults. This initiative will provide coverage for the root canal only; the subsequent bridge or crown would remain the responsibility of the patient. The Department anticipates out year savings from a reduction in more costly procedures. This initiative requires a category II change under the conditions of the Medicaid global waiver.

Subsequent to the request, the Department submitted revised information which reduces the estimated savings by \$185,000 to \$115,000 from all sources, including \$54,818 from general revenues and also transfers the initiative to the other medical services program. *The Governor does not recommend this initiative.*

Rhody Health

Rhody Health. The Caseload Estimating Conference estimate includes expenditures of \$187.1 million from all sources, including \$89.2 million from general revenues for the program for FY 2012. This is \$6.5 million more than enacted, including \$24.5 million more from general revenues, due in part to the expiration of \$20.4 million from federal stimulus funds included in the enacted budget. The estimators included \$1.1 million to reflect additional costs from caseload growth and \$3.0 million for a Medicaid cost inflator and included \$10.0 million for drug rebates, consistent with the enacted budget.

The Department's request reflects the conference estimate; however, the Department also submits a constrained request which reduces expenditures by \$1.4 million from three proposals, each discussed separately. They include savings of \$0.7 million from general revenues by including residential substance abuse as an in-plan benefit, providing coverage for alternative rehabilitative services, such as chiropractic care, therapeutic massage and acupuncture services in-plan and reducing the mileage paid for non-emergency medical transportation from \$1.75 per mile to \$0.51 per mile. The Department subsequently submitted updated information for its savings proposals that adds back \$0.3 million of the original savings, \$0.1 million from general revenues. Each initiative is discussed separately.

The Department indicates that there were 11,919 individuals enrolled on average each month in FY 2010. 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 are not enrolled in Rhody Health include those individuals who are also eligible for Medicare. This 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 recommends funding of \$186.2 million, including \$88.8 million from general revenues. This is \$0.9 million less than the Department's request and caseload estimate from a proposal to reduce non-emergency transportation reimbursement rates, discussed separately.

Target - Residential Substance Abuse. Rhody Health members currently receive residential substance abuse services as an out-of-plan benefit. In addition to the lack of capacity at residential facilities, Medicaid will only pay for admittances into facilities with less than 16 beds. The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals has oversight and contracting responsibility for the substance abuse providers and treatment services that are paid from its budget.

As part of its constrained request, the Department proposes to achieve savings of \$0.4 million from all sources, including \$0.2 million from general revenues from including residential substance abuse treatment as an in-plan benefit for Rhody Health participants. This initiative requires a category I change under the conditions of the Medicaid global waiver in addition to contract changes and assumes a start date of July 1, 2011.

Subsequent to the request, the Department provided updated information, which reduces the estimated savings by \$25,000 from all sources, for total savings of \$375,000, \$178,753 from general revenues. The request also includes \$25,000 in administrative expenses for an actuary to develop and provide certification of the rates, which was not included in the original savings estimate. *The Governor does not recommend this initiative.*

Target - Alternative Rehabilitative Services. Currently, the Department provides coverage for physical therapy and rehabilitation services for managed care recipients, including Rhody Health members. As part of its constrained request, the Department proposes expanding coverage for chiropractic care, therapeutic massage and acupuncture for RIte Care, Rhody Health and Connect Care Choice members with a high number of emergency room visits to reduce that utilization. The request assumes total savings of \$1.8 million from all sources, \$0.9 million from general revenues from the proposal, including all three programs, of which \$0.3 million is in the Rhody Health program, including \$0.2 million from general revenues. This requires a category II change under the conditions of the Medicaid global waiver and the Department indicates an implementation date of January 1, 2012.

Subsequently, the Department submitted revised savings estimates, which reduce the total savings by \$1.5 million from all sources to \$0.3 million from all sources, \$0.2 million from general revenues, of which \$62,244 from all funds, \$29,670 from general revenues is for the Rhody Health program. *The Governor includes savings of \$0.1 million from this proposal; however, the budget includes the savings solely in the managed care program.*

Target - Non-Emergency Medical Transportation. Currently the state reimburses wheelchair van providers \$25.65 per one-way trip in addition to \$1.75 per mile for non-emergency medical transportation to Medicaid recipients, including Rhody Health clients, who have no other form of transportation available to them. The Department's constrained request includes a proposal to reduce the mileage reimbursement rate to non-emergency wheelchair van providers from \$1.75 per mile to \$0.51 per mile, consistent with the Internal Revenue Service's 2011 business miles reimbursement rate for passenger vehicles.

The Department assumes a January 1, 2011 start date and total savings of \$3.4 million from all sources. This includes \$0.7 million from all sources, of which \$0.3 million is from general revenues for the Rhody Health program and the remaining \$2.7 million in savings in the other medical services section of this analysis. The Department subsequently submitted updated information, which increases the savings by \$1.1 million from all sources by reducing the current reimbursement of \$25.65 per trip plus \$1.75 per mile for non-wheelchair van transportation to a flat rate of \$22.00 per trip and providing the \$0.51 mileage reimbursement for out-of-state trips only. The Department confirms that both rate reductions began February 1, 2011.

The Governor includes savings of \$0.9 million from all sources, including \$0.4 million from general revenues for the Rhody Health program from this initiative. He also includes savings of \$3.6 million in the other medical services program.

Pharmacy

The Caseload Estimating Conference estimate includes pharmacy expenses of \$57.8 million; this is \$11.4 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 Behavioral Healthcare, Developmental Disabilities and Hospitals' Medicaid eligible behavioral health clients.

The Governor provides \$57.8 million, including \$51.9 million from general revenues for pharmacy costs, consistent with the caseload estimate.

Pharmacy. The Caseload Estimating Conference estimate includes FY 2012 pharmacy expenditures of

\$11.3 million, of which \$5.4 million is from general revenues. The request is \$0.2 million less than enacted, including \$1.3 million more from general revenues, reflecting the adjustment in the Medicaid rate and restores \$250,000 from all sources for the state maximum allowable cost program, discussed separately.

Elderly and disabled individuals who are not enrolled in Rhody Health receive this fee-for-service pharmacy benefit. The Department's request reflects the conference estimate, which adds \$0.5 million for a Medicaid inflator. Those individuals not enrolled in Rhody Health will continue to receive their drug benefits through the fee-for-service pharmacy program. 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 recommends funding consistent with the caseload estimate.*

State Maximum Allowable Cost Program. The enacted budget assumes 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. Savings of \$250,000 from all sources, including \$89,525 from general revenues 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 is consistent with the adopted estimate. *The Governor recommends funding consistent with the caseload estimate.*

Medicare Drug Benefit - Part D Clawback. The Caseload Estimating Conference estimate includes the state payment for the Medicare Part D clawback provision at \$46.5 million, \$11.3 million more than enacted. 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 enacted budget assumes savings of \$11.0 million to account for the state's ability to realize general revenue savings from applying the enhanced Medicaid rate to the drug expenses. The enhanced rate will expire on June 30, 2011 and the state will be reimbursed at the regular rate, resulting in the restoration of \$11.0 million in FY 2012, in addition to estimates for increased pharmacy costs. The Department's request reflects the conference estimate. *The Governor recommends funding consistent with the caseload estimate.*

Other Medical Services

The Caseload Estimating Conference estimate includes 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 Behavioral Healthcare, Developmental Disabilities and Hospitals' adults with developmental disabilities and behavioral health clients are eligible for other medical services.

Other Medical Services. The Caseload Estimating Conference estimate includes expenditures for other medical services at \$118.5 million, which includes \$49.7 million from general revenues. The estimate is \$4.3 million less than the enacted budget, including \$12.6 million more from general revenues. The conference estimate adjusts for the updated Medicaid rate and decreases the caseload for those who cannot

enroll in the managed care plans. The conference restores \$2.5 million from all sources to backfill unachieved savings for the program monitoring through the Division of Motor Vehicles and the estate recoveries initiatives, discussed separately.

The Department's request reflects the conference estimate; however, the Department submits a constrained request which further reduces expenditures by \$11.8 million from all sources, including \$8.6 million from general revenues through eight initiatives. The Department subsequently submitted updated information for its savings proposals that adds back \$2.1 million of the original savings, including \$1.0 million from general revenues, and also transfers two initiatives from the managed care program for additional savings of \$175,000 from all sources, including \$83,419 from general revenues for this program. Each initiative is discussed separately.

The Governor recommends expenditures of \$112.0 million, including \$39.2 million from general revenues. This is \$6.5 million less than the conference estimate and the Department's request. The proposed changes are described further below.

Unachieved Savings - Division of Motor Vehicles Monitoring. The enacted budget assumes 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. The Department monitors program eligibility through its front end detection unit for medical benefits and cash assistance programs. An eligibility requirement for all assistance programs is Rhode Island residency. The FY 2011 savings were restored at the November Caseload Estimating Conference based on testimony from the Department that they could not be achieved because of delays at the Division of Motor Vehicles. The FY 2012 estimate includes savings of \$0.8 million from all sources for both medical and cash assistance from this initiative.

As part of the constrained request, the Department proposes to achieve savings of \$1.8 million from all sources, including \$0.4 million from general revenues for both medical and cash assistance from this initiative, which double counts the savings and is more than the savings included in the estimate. Subsequently, the Department submitted revised information and removed this initiative from the request. *The Governor recommends funding consistent with the caseload estimate.*

Connect Care Choice. Currently, the Department provides coverage to adults who have medical assistance through the Connect Care Choice program. Eligible adults must be 21 years or older, have Medicaid coverage, but not Medicare, and must live in the community, at home, in an assisted living facility or in a group home. Client's cases are reviewed more frequently than in other programs, but it is not uncommon that a client becomes Medicare eligible after enrollment and the Department does not immediately notice this eligibility change. When a client's case is reviewed and the client is determined eligible for Medicare, then they are dis-enrolled from the Connect Care Choice Program and enrolled in a fee-for-service program.

The Governor's budget assumes savings of \$67,200 from all funds, including \$32,033 from general revenues from dis-enrolling clients who are eligible for both Medicare and Medicaid, often called dual eligibles, from the Connect Care Choice program beginning April 1, 2011. There are 400 dual eligibles currently enrolled in the Connect Care Choice program. This will not likely affect the clients, but will eliminate the monthly case management payment made to the primary care providers and the per person per month payment for nurse care managers. It is not clear why this is an initiative; it is common practice of the Department to dis-enroll those deemed dual eligibles, but there appears to be a significant lag in executing this.

Children’s Health Account. Currently, every insurance provider that delivers certain services to children with special health care needs receives an assessment equivalent to the amount paid by the Department of Human Services for those services, not to exceed \$6,000 per service per child per year. The payments for these assessments are paid from and collected in the children’s health account. The Department currently assesses program expenses in three categories; comprehensive, evaluation, diagnosis, assessment, referral and re-evaluation services; home health services; and child and adolescent intensive treatment services and each category has a number of specific components within it. The 2010 Assembly changed the maximum per service per child per year assessment from \$5,000 to \$6,000, effective July 1, 2010.

The Department’s constrained request includes generating an additional \$2.8 million in restricted receipts, offsetting general revenue expenditures, by changing how assessments on insurers are determined, by charging for each specific service within each of the three categories.

The Governor’s budget includes general revenue savings of \$4.2 million from adopting the proposal in the Department’s constrained request and increasing the assessment ceiling from \$6,000 to \$7,500 per child per service, and he includes Article 11 of 2011-H 5894 to achieve these changes.

Health Homes Phase I – CEDARR. The Affordable Care Act provides for states to receive 90 percent federal match for two years for a set of home and community services defined in the Act as a “health home,” including those provided to disabled children. These services include comprehensive case management, care coordination, health promotion, transitional care from an inpatient setting to other settings, individual and family support, referral to community and social services and the use of health information technology to link services.

The Governor includes general revenue savings of \$1.3 million from providing these home and community based treatment services through a new health home model with the federal government paying 90.0 percent of the costs of Medicaid covered services. His recommendation inadvertently omitted the corresponding federal fund increase.

Non-Emergency Transportation. Currently the state reimburses wheelchair van providers \$25.65 per one-way trip in addition to \$1.75 per mile for non-emergency medical transportation of to managed care recipients, including Rhody Health clients, who have no other form of transportation available to them. The Department’s constrained request includes a proposal to reduce the mileage reimbursement rate for non-emergency wheelchair van providers from \$1.75 per mile to \$0.51 per mile, consistent with the Internal Revenue Service’s 2011 business miles reimbursement rate for passenger vehicles.

The Department assumes a January 1, 2011 start date and total savings of \$3.4 million from all sources. This includes \$2.7 million from all sources, of which \$1.3 million is from general revenues for the other medical services program and the remaining \$0.7 million in savings is for the Rhody Health program discussed in that section of this analysis. The Department subsequently submitted updated information which increases the savings by \$1.1 million from all funds by reducing the current reimbursement of \$25.65 one way plus \$1.75 per mile for non-wheelchair van transportation to a flat rate of \$22.00 per trip and providing the \$0.51 mileage reimbursement for out-of-state trips only. The Department confirms that both rate reductions began February 1, 2011.

The Governor includes savings of \$3.6 million from all sources, including \$1.7 million from general revenues for the other medical services program from this initiative. He also includes savings of \$0.9 million in the Rhody Health program.

Target - Medical Benefits Verification for Veterans. As part of the constrained request, the Department proposes to achieve savings of \$1.5 million from all funds, including \$0.7 million from general revenues from using an electronic data match program to identify any third party payers to pay for medical benefits provided to veterans that would produce savings to the Medicaid program.

Rhode Island currently receives quarterly information from the federal Veterans Administration public assistance reporting information system which includes information about the income of Rhode Island's veterans; however, it does not include any medical assistance information. The savings estimate assumes minimal costs for any software or contract upgrades to a system that can track disability pensions or medical insurance. *The Governor recommends this initiative and includes the savings in the budget.*

Medicaid Recovery Estate Liens. The enacted budget includes savings of \$2.8 million from all sources, \$1.3 million from general revenues from the Department's increased ability to conduct estate recoveries under current law with the addition of 3.0 full-time equivalent positions. The caseload estimate restored \$2.1 million, including \$0.8 million from general revenues, consistent with the testimony from the Department that delays in hiring the additional staff reduced the achievable savings.

The Governor's FY 2011 recommendation included a proposal to strengthen the state's ability to recover estate liens, including placing a lifetime lien on the assets of certain individuals only under very specific circumstances and expanding the state's recovery ability upon the death of an individual and included administrative and legal services to conduct the collections. The 2010 Assembly did not concur with the Governor's proposal; it provided the authorization and funding for 3.0 positions to increase recoveries under the current law.

As part of its constrained request, the Department proposes additional savings of \$4.9 million from all sources, \$2.3 million from general revenues in FY 2012 from proposing the same changes as the Governor's FY 2011 recommendation in addition to proposing to assess interest, at a rate of 12.0 percent per year, on estate claims still outstanding nine months after the date of death. This proposal has a start date of July 1, 2011 and requires legislative changes.

The Governor recommends funding consistent with the caseload estimate and does not include the estate recovery changes proposed in the Department's constrained request.

Target - Alternative Rehabilitative Services. Currently, the Department provides coverage for physical therapy and rehabilitation services for managed care recipients, including Connect Care Choice members. As part of its constrained request, the Department proposes expanding coverage for chiropractic care, therapeutic massage and acupuncture for RIte Care, Rhody Health and Connect Care Choice members with a high number of emergency room visits to reduce that utilization. The request assumes total savings of \$1.8 million from all sources, including \$0.9 million from general revenues from the proposal, including all three programs, of which \$0.3 million is in the Connect Care Choice program, including \$0.1 million from general revenues. This requires a category II change under the conditions of the Medicaid global waiver and the Department indicates an implementation date of January 1, 2012.

Subsequently, the Department submitted revised savings estimates, which reduce the total savings by \$1.5 million from all sources to \$0.3 million from all sources, \$0.2 million from general revenues, of which \$45,864, including \$21,862 from general revenues, is for the Connect Care Choice population. *The Governor includes savings of \$0.1 million from this proposal in his recommendation; however, the budget includes the savings solely in the managed care program.*

Target - Medicaid Provider Application Fee. All Medicaid providers paid by the state are currently enrolled in a provider network payment system and register with the state at no charge; providers must be registered with the state to receive state payment for services provided. As part of its constrained request, the Department proposes to implement a \$50 application fee for initial enrollment and re-enrollment every five years for all Medicaid providers when they enroll in the new electronic provider network payment system and includes general revenue savings of \$375,000. This assumes that 10,000 providers will enroll from March 2011 through June 2012 and that one quarter will enroll in FY 2011 for general revenue savings of \$125,000 and three quarters will enroll in FY 2012 for savings of \$375,000.

This initiative requires a category II change under the conditions of the Medicaid global waiver. The Department's request includes this fee as a reduction to expenditures, though federal approval may be contingent upon the fee being treated as state revenue. The Department subsequently indicated that it intends to regard the fee as revenue. *The Governor does not recommend this initiative.*

Target - Integration of Medicare and Medicaid. As part of the Department's constrained request, it includes savings of \$3.5 million from all funds, \$1.7 million from general revenues from an initiative to integrate Medicare and Medicaid into one pool of funding by April 1, 2012. Of the \$3.5 million in total estimated savings, \$1.75 million will be in both hospital costs and other medical services costs, including \$0.8 million from general revenues in each program.

The proposal is to enter into a savings agreement with the Centers for Medicare and Medicaid in order for the state to recover a portion of the savings that would occur when the state provides services covered under Medicare to clients eligible for both Medicare and Medicaid, called dual eligibles. A separate waiver from the Centers for Medicare and Medicaid may be required, unless additional flexibility is determined when guidance is issued relating to the Affordable Care Act. Modifications to current departmental rules and regulations will also be needed.

Subsequently, the Department submitted revised information which reduces the savings by \$3.3 million to \$0.2 million from all sources, \$0.1 million from general revenues for both aspects of the initiative for the final quarter of FY 2012. Revised savings total \$166,465, \$79,350 from general revenues from both the hospital and other medical services programs. *The Governor does not recommend this initiative.*

Medical Assistance Administration

Rite Care Administration - Staffing. The Department requests \$1.1 million from all funds for salaries and benefits for 14.0 full-time equivalent positions. This includes \$0.6 million from both general revenues and federal funds, and is \$25,200 more than enacted from all sources and includes 2.0 new positions, consistent with the revised request. One position is currently vacant and the request assumes it will remain vacant in FY 2012. The request includes a 3.0 cost-of-living adjustment, step increases and updated benefit rates consistent with FY 2012 planning values. Salary and benefit expenses are funded 50.0 percent from federal funds and 50.0 percent from general revenues.

As part of its constrained request, the Department requests an additional \$60,700 for salary and benefit expenses, including \$30,350 from both general revenues and federal funds for filling the one vacant position. *The Governor provides no funding and recommends transferring the 14.0 positions and staffing expenses to the Office of Health and Human Services.*

RIte Care Administration – All Other Operations. The Department requests \$5.0 million from all sources for RIte Care administration expenditures, which is \$158,496 more than enacted. The Department assigns both full-time equivalent positions and administrative consultants to the RIte Care program, specifically through Allied Computer Services, who perform such functions as research, negotiations for existing contracts, data processing and program implementation. The request includes \$4.9 million for these consultants, which is \$182,305 more than enacted, representing a 3.8 percent increase from the enacted level.

The operating expenses include \$10,800 for printing, which is \$12,839 less than enacted. This also includes \$4,800 for rental and lease costs, \$3,282 for maintenance and repairs of office equipment, \$2,700 for computer equipment and supplies, \$2,476 for postal services and \$9,150 for all other miscellaneous operating expenses, which is \$10,970 less than enacted. *The Governor recommends funding as requested.*

RIte Share Administration. The Department requests \$1.7 million, which is \$58,893 more than enacted from all sources for RIte Share administration expenditures. The request includes \$1.6 million, which is a four percent increase for contracted RIte Share administrative costs, specifically with Allied Computer Services. Other operating expenses include \$65,630 for postal services, \$2,814 for printing, \$2,438 for maintenance contracts and \$5,876 for all other expenses. *The Governor recommends funding as requested.*

Early Intervention Administrative Operations. The Department requests \$2.9 million from all funds, including \$0.5 million from general revenues for operating expenses for the Early Intervention program, excluding salaries and benefits. The request is \$0.6 million more than enacted from all sources, including \$18,397 more from general revenues. The request includes \$2.2 million from the federal grant the state receives annually for children who are not Medicaid eligible, including \$0.5 million carried forward from the FY 2011 grant and \$0.6 million for administrative costs for Medicaid eligible children.

The request includes \$2.7 million for contracts the state has with the 13 providers; this is \$392,846 more than enacted and reflects carry forward funds the Department anticipates having since it has stimulus funds that will be used prior to these funds. The request also includes \$96,000 more for new computers, equipment, and desks, \$60,094 for office and program supplies, \$28,750 for printing and \$9,969 for all other operating expenses. *The Governor recommends funding as requested.*

Disability Determination Unit – New Positions. The Department requests \$1.3 million from federal funds and authorization for 10.0 new full-time equivalent positions for the disability determination unit, including 9.0 rehabilitation counselors and 1.0 administrator. The request includes a full year of funding for all positions. The Federal Social Security Administration requests that the state hire additional staff to address the backlog of claims that are resulting from increasing numbers of applications for supplemental security insurance and disability benefits. *The Governor recommends \$18,764 less than requested, providing for adjustments to benefit calculations.*

Office of Rehabilitative Services – New Positions. The Department's unconstrained request includes the authority for 91.0 new full-time equivalent positions department-wide and the funding request assumes that approximately 10 percent of the positions will be filled. For the Office of Rehabilitative Services, the Department requests authorization for 8.0 new full-time equivalent positions, including 3.0 counselors and 5.0 support positions. The request assumes that approximately 0.8 full-time equivalent positions will be filled and includes \$54,192 for the positions, \$17,883 from general revenues.

As part of its constrained request, the Department excludes the authorization and funding for these 8.0 positions. *The Governor's recommendation does not include the authorization or the funding for these*

positions.

Office of Rehabilitative Services – All Other Staffing. The Department requests \$12.0 million for personnel costs for 142.1 full-time equivalent positions, which is \$0.3 million more than enacted including \$34,807 more from general revenues. This includes \$1.9 million from general revenues and \$10.1 million from federal funds. This includes adjustments for a 3.0 percent cost-of-living adjustment, step increases and updated benefit rates consistent with FY 2012 planning values.

As part of its constrained budget request, the Department requests an additional \$0.1 million, primarily from general revenues for filling one vacant position, in lieu of the 8.0 new positions included in the unconstrained request.

The Governor recommends \$29,080 less than the unconstrained request, including \$7,571 less from general revenues. He includes funding the vacant position included in the constrained request, adjustments to benefit calculations and shifting part of a position and funding to the Office of Health and Human Services.

Office of Rehabilitative Services - Other Operations. The Department requests \$19.1 million, \$0.5 million less than enacted to support operations in the Office of Rehabilitative Services. This includes \$2.6 million from general revenues, \$0.2 million more than enacted and \$16.5 million from federal funds, \$0.7 million less than enacted. The request includes \$8.3 million for rehabilitation services and \$1.6 million for education and training programs, primarily in the vocational rehabilitation program in addition to \$2.2 million, primarily from federal funds to provide medical services to individuals applying for disability, \$0.3 million less than enacted and \$0.3 million for contracted temporary clerical services in the disabilities determination unit to assist with processing applications.

It also includes \$1.0 million for rental and lease costs, which is \$0.1 million less than enacted in addition to the enacted level of \$0.8 million for home modification, personal care services and social services for the blind. The request contains \$0.2 million for medical supplies for the vocational rehabilitation unit, \$0.2 million for interpreters and translators, \$0.5 million for building and general maintenance and plumbing repairs, and \$0.3 million for travel and transportation expenses, primarily related to the transport of clients. It also includes expenditures of \$0.6 million for centralized state services, \$0.7 million for miscellaneous fees and audit expenses, \$0.6 million for all other operating expenses and \$0.2 million less from the termination of federal stimulus funds for vocational rehabilitation.

The Governor adds \$40,273 to reflect federal funds that may become available from the statewide personnel savings.

Medical Services Operations - New Positions. The Department's unconstrained request includes the authority for 91.0 new full-time equivalent positions department-wide and the funding request assumes that approximately 10 percent of the positions will be filled. For medical services operations, the request includes 6.0 new full-time equivalent positions, including 1.0 eligibility technician, 2.0 supervising eligibility technicians, 1.0 medical case specialist and 2.0 social case workers. The request assumes that approximately 0.6 full-time equivalent positions will be filled and includes \$52,084 for the positions, \$26,043 from general revenues.

As part of its constrained request, the Department excludes the authorization and funding for these 6.0 positions. *The Governor's recommendation does not include the authorization or the funding for these positions.*

Medical Services Operations – Other Staffing. The Department requests \$22.0 million from all sources for salaries and benefits for medical services operations. This includes \$10.3 million from general revenues and \$11.7 million from federal funds and is \$2.4 million more than enacted for 237.1 full-time equivalent positions. The request includes a 3.0 percent cost-of-living adjustment, step increases and updated benefit rates consistent with FY 2012 planning values. The request also reflects shifting funds for one position from the RItE Care administration program.

As part of its constrained budget request, the Department requests \$60,700 less from all sources for salaries and benefits, including \$30,350 less from general revenues to reflect shifting funds for two positions to the RItE Care administration program.

The Governor recommends \$8.4 million less than requested, including \$3.7 million from general revenues. This includes \$7.3 million, of which \$3.6 million is from general revenues from shifting 66.0 positions to the Office of Health and Human Services. Besides this transfer, his budget is \$1.1 million less from all sources, including \$0.1 million from general revenues, reflecting adjustments to benefit calculations and other staffing adjustments.

Medical Services Operations – Other Operations. The Department requests \$33.8 million from all sources, or \$1.6 million more than enacted for expenditures related to the operations of the medical benefits program. This includes \$8.6 million from general revenues, or \$0.8 million more than enacted and \$29.7 million from federal funds, \$0.8 million more than enacted and \$60,000 from restricted receipts, consistent with the enacted budget. The request includes \$17.1 million for administrative services provided by HP Enterprise to maintain and operate the state's Medicaid billing system, referred to as MMIS, and to pay the Medicaid claims, \$1.5 million more than enacted; the state pays \$0.27 per claim. It also includes \$9.2 million, \$1.4 million less than enacted for administrative services to operate and maintain the state's Medicaid billing system. The request shifts \$1.2 million from all sources for several grants from FY 2011 to FY 2012, consistent with the revised request.

The request includes \$5.9 million for the InRhodes eligibility system contract for processing applications or medical benefits and cash assistance programs, of which \$1.5 million is for medical assistance, \$0.1 million more than enacted, reflecting regular contractual increases. It includes \$50,000 from a new Money Follows the Person grant, designed to provide assistance to balance the long term care system and help Medicaid enrollees transition from institutions to the community. It also includes \$50,000 from a new federal grant that allows the Department to work in conjunction with the Office of the Attorney General to conduct criminal background checks on health care workers from out-of-state; the current process only allows for verification of a Rhode Island record.

The request does not include any funding for the emergency room diversion grant, reflecting the exhaustion of the funds; the enacted budget contains \$1.2 million from federal funds.

The Governor recommends \$2.0 million less than requested, including \$0.2 million from general revenues from funding that was requested with a 90.0 percent federal match for unspecified Affordable Care Act related services included in the request for potential expenses related to federal health care reform.

Office of Health and Human Services Audit. The Department's request includes a proposal that utilizes a private company to conduct an audit of all of the Departments under the umbrella of the Office of Health and Human Services. The contracted firm would help the state recover overpayments, correct improper billings and improve collections. The savings estimate for all of the human services agencies is \$41.4 million from all funds and \$14.9 million from general revenues; the savings estimate for the Department of Human Services is \$23.7 million from all funds, including \$10.7 million from general revenues. This

initiative has a start date of July 1, 2011. The proposal was included as part of the request; however, the savings are not reflected in the constrained budget request. *The Governor does not include the audit or the savings in his recommendation.*

Cash Assistance Programs

The Caseload Estimating Conference estimate includes \$111.5 million from all sources, including \$31.9 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; however, the Department also includes a constrained budget request, which reduces cash assistance expenditures by \$1.3 million from all sources, including \$0.2 million from general revenues. The Department subsequently submitted updated information for its savings proposals that adds back \$1.4 million of the original savings to the cash assistance programs, including \$0.2 million from general revenues. Each initiative is discussed in the relevant sections.

The Governor recommends \$111.5 million from all funds, including \$31.9 million from general revenues, which is consistent with the caseload estimate and the Department's request.

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 Department's request assumes that the requirement will be met. *The Governor's budget assumes the state meets its maintenance of effort requirement for the block grant funding.*

The following table 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 2009 and FY 2010. Each category is discussed separately.

Cash Assistance	FY 2009 Actual	FY 2010 Reported	FY 2011 Enacted	FY 2011 Gov. Rev.	FY 2012 CEC	FY 2012 Gov. Rec.
Rhode Island Works						
Persons	24,389	18,197	17,075	16,255	16,100	16,100
Monthly Cost per Person	\$ 177.93	\$ 184.97	\$ 188.00	\$ 186.00	\$ 186.50	\$ 186.50
General Revenue	\$ 3.4	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	54.9	43.8	41.8	39.8	39.5	39.5
Total Costs*	\$ 58.3	\$ 43.8	\$ 41.8	\$ 39.8	\$ 39.5	\$ 39.5
Child Care						
Subsidies	6,833	6,499	6,480	7,000	6,978	6,978
Annual Cost per Subsidy	\$ 7,160	\$ 7,120	\$ 7,200	\$ 7,150	\$ 7,150	\$ 7,150
General Revenue	\$ 6.5	\$ 7.1	\$ 8.8	\$ 11.1	\$ 10.6	\$ 10.6
Federal Funds	42.4	39.7	37.0	39.0	39.3	39.3
Total Costs*	\$ 48.9	\$ 46.8	\$ 45.7	\$ 50.1	\$ 49.9	\$ 49.9
Child Care Development Block Grant						
Federal Stimulus	\$ 0.5	\$ -	\$ -	\$ -	\$ -	\$ -
Total Costs	\$ 0.5	\$ -	\$ -	\$ -	\$ -	\$ -
SSI						
Persons	31,850	32,050	32,600	32,850	33,400	33,400
Monthly Cost per Person	\$ 55.22	\$ 47.37	\$ 47.09	\$ 47.00	\$ 47.00	\$ 47.00
Total Costs/General Revenue*	\$ 25.1	\$ 22.2	\$ 19.3	\$ 20.6	\$ 18.9	\$ 18.9
SSI Transition/Bridge						
Persons	440	538	550	573	580	580
Monthly Cost per Person	\$ 118.70	\$ 119.89	\$ 119.00	\$ 122.00	\$ 120.50	\$ 120.50
General Revenues	\$ 2.4	\$ 1.9	\$ 2.2	\$ 2.2	\$ 2.3	\$ 2.3
Federal Funds	0.5	0.9	0.8	0.8	0.9	0.9
Total Costs*	\$ 2.9	\$ 2.8	\$ 3.0	\$ 3.0	\$ 3.3	\$ 3.3
General Revenue	37.3	31.3	30.3	33.9	31.9	31.9
Federal Funds	97.8	84.3	79.6	79.6	79.6	79.6
Total Cash Assistance*	\$ 135.1	\$ 115.6	\$ 109.8	\$ 113.4	\$ 111.5	\$ 111.5

*Expenditures in millions

Unachieved Savings - Division of Motor Vehicles Monitoring. The enacted budget assumes savings of \$1.8 million from all sources, including \$1.3 million in the cash assistance program from verifying an individual's residential information with the data available through the Division of Motor Vehicles. 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 FY 2011 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 due to delays at the Division of Motor Vehicles. This includes \$0.4 million in Rhode Island Works and \$0.9 million for child care.

As part of the constrained request, the Department proposes to achieve savings of \$1.8 million from all funds, \$0.4 million from general revenues from both medical and cash assistance from this initiative, which double counts the savings and is more than the savings included in the FY 2012 estimate. Subsequently, the Department removed this initiative and the corresponding savings. *The Governor recommends funding consistent with the conference estimate and does not include the additional savings.*

Rhode Island Works. The Caseload Estimating Conference estimate includes program expenditures of \$39.5 million entirely from federal funds. The estimate decreases the monthly caseload estimate by 975 cases to a level of 16,100. The cost per case is estimated to decrease by \$1.50 to a \$186.50 monthly cost per person. The estimated program expenditures are \$2.3 million less than the enacted budget, including \$2.5 million from the

reduced caseload and cost per case, \$0.2 million less for transportation expenses, partially offset by the restoration of \$0.4 million for the savings initiative through the Division of Motor Vehicles, which will not be achieved. The Department's request reflects the conference estimates. *The Governor recommends funding consistent with the caseload estimate.*

Child Care. The Caseload Estimating Conference estimate includes caseload child care expenditures of \$49.9 million, of which \$10.6 million is from general revenues. This is \$4.1 million more than enacted, including \$1.9 million more from general revenues, reflecting 498 more child care subsidies for a monthly level of 6,978 and decreased the annual cost by \$50 to \$7,150 for FY 2012. This also accounts for \$0.6 million from stimulus funds for subsidized child care that is available in FY 2011, which is not available in FY 2012, requiring general revenues instead in addition to the restoration of \$0.9 million for the savings initiative through the Division of Motor Vehicles, which will not be achieved. The Department's request reflects the conference estimates.

A family is eligible for child care assistance either through the family independence program (if they qualify for the program they are automatically eligible for assistance) or if they qualify as low income, which is at or below 225 percent of the federal poverty level. *The Governor recommends funding consistent with the caseload estimate.*

Supplemental Security Income. The Caseload Estimating Conference estimate includes FY 2012 direct supplemental security income expenditures at \$18.8 million from general revenues, or \$0.5 million more than enacted. The caseload increased by 750 persons to a monthly level of 33,400. Estimators also decreased the monthly cost per person by \$0.09 to \$47.00. The estimate restores \$0.2 million from all sources for the unachieved initiative from a new benefit category for individuals living in state licensed residential care settings, discussed below. The Department's request reflects the conference estimates. *The Governor recommends funding consistent with the caseload estimate.*

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 supportive residential care settings, passed in the FY 2010 Appropriations Act. The individuals will receive a state payment of \$300, which is \$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.

The FY 2011 savings were restored at the November Caseload Estimating Conference based on testimony from the Department that the federal Social Security Administration will not allow the state to implement this payment change while the state transitions to making the state supplemental security payment and that savings included in the enacted budget would not be achieved in either FY 2011 or FY 2012. The Department's revised request is consistent with the estimate. *The Governor recommends funding consistent with the caseload estimate.*

The following table 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 Transaction Fees. The state chooses to supplement the federal program and it transfers funds to the federal government so the recipient receives one check. The state pays transaction fees for the service, which would total \$4.2 million for all of FY 2011 for all categories of recipients. The 2010 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 and included savings of \$3.2 million from general revenues. This was to take effect September 1, 2010.

The Department later indicated that this could not occur until January 1, 2011 for most groups of recipients and the caseload estimators restored \$0.9 million from general revenues for the delay. The caseload estimate includes \$75,000 for the payment of transaction fees in FY 2012. The Department's request is consistent with the caseload estimate. *The Governor recommends funding consistent with the caseload estimate.*

Supplemental Security Income Transition/Bridge Program. The Caseload Estimating Conference estimated expenditures for the supplemental security income transition/bridge program at \$3.3 million, including \$2.3 million from general revenues. This is \$0.3 million more than enacted from all sources, including \$0.1 million more from general revenues. The estimate includes \$0.8 million for payments, \$1.8 million for medical expenses and \$0.6 million for burials. The estimate increases the projected number of persons by 30 for a level of 580 and increases the monthly cost per person from \$119.00 to \$120.50. These increases were offset by a reduction of \$40,000 for burial costs. The Department's request reflects the November conference estimate. This program is designed for individuals who maintain an active application for the supplemental security income program. *The Governor recommends funding consistent with the caseload estimate.*

Hardship Payments. The Department requests \$58,000 less than enacted from general revenues for hardship contingency payments. The enacted budget includes \$478,000 from general revenues that the Director of the Department may provide for these payments for FY 2011. *The Governor recommends funding as requested and includes Article 17 of 2011-H 5894 to provide for the payments.*

Cash Assistance Administration

Rhode Island Works Program Administration – New Positions. The Department's unconstrained request includes the authority for 91.0 new full-time equivalent positions department-wide and the funding request assumes that approximately 10 percent of the positions will be filled. For the Rhode Island Works program, the request includes 16.9 new full-time equivalent positions. The request assumes that approximately 1.7 positions will be filled and includes \$0.5 million from general revenues for the positions. As part of its constrained request, the Department excludes the authorization and funding for these 16.9 positions. *The Governor's recommendation does not include the authorization or the funding for these positions.*

Rhode Island Works Program Administration – All Other Staffing. The Department requests \$11.2 million for salary and benefit expenses for Rhode Island Works administration. This includes \$4.0 million from general revenues and \$7.2 million from federal funds. This is \$0.5 million less than enacted, including \$0.6 million less from general revenues and \$0.1 million more from federal funds for 100.6 full-time equivalent positions and includes a 3.0 cost-of-living adjustment, step increases and benefit rates consistent with FY 2012 planning values in addition to shifting the cost of several eligibility technicians to other programs, including child care. *The Governor recommends \$0.5 million less than requested, including \$0.4 million less from general revenues, reflecting adjusted benefit calculations and shifting positions and funding for them to the Office of Health and Human Services.*

Rhode Island Works Grants. The Department requests grant expenditures of \$5.9 million from all sources for training and work activities for program recipients, this is \$59,816 more than enacted. This includes \$0.7 million from general revenues and \$5.2 million from federal funds.

The request includes \$5.3 million for work and support programs for program recipients and includes the enacted level of \$579,950 for the New Opportunity Homes grant, which provides housing for pregnant and parenting women up to 18½ years of age. There are two houses in the state providing residential services for 10 to 12 women and their children.

The Governor recommends shifting expenses of \$0.7 million from general revenues to the federal temporary assistance to needy families block grant.

Rhode Island Works Program Administration – Other Operations. The Department requests \$5.5 million for Rhode Island Works program administration expenses, which is \$0.1 million less than enacted. This includes \$1.6 million from general revenues, \$0.1 million less than enacted and \$3.9 million from federal funds, \$0.1 million less than enacted.

Other operating expenses include \$1.4 million for the contract reduction to the InRhodes eligibility system, \$0.3 million less than enacted, \$1.4 million for the rental costs for the satellite offices, \$0.2 million for communication expenses, \$0.6 million for postal and printing expenses, \$0.1 million for maintenance and repairs, \$0.1 million for computer equipment and system upgrades, and \$0.7 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 also 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, \$0.2 million for interpreters and translators and \$0.2 million for security services at the satellite offices.

The Governor recommends \$36,016 more than requested. This includes shifting expenses of \$0.9 million from general revenues to the federal temporary assistance to needy families block grant and adding \$36,016 from federal funds to reflect additional funding that may become available from statewide personnel savings.

Child Care Administration – New Positions. The Department's unconstrained request includes the authority for 91.0 new full-time equivalent positions department-wide and the funding request assumes that approximately 10 percent of the positions will be filled. For the child care program, the request includes 1.3 new full-time equivalent positions, assumes that approximately 0.1 positions will be filled and includes \$0.1 million from all funds for the positions.

As part of its constrained request, the Department excludes the authorization and funding for these 1.3 positions. *The Governor's recommendation does not include the authorization or the funding for these positions.*

Child Care Administration – All Other Staffing. The Department requests \$1.6 million from all funds for salary and benefit expenses for child care administration for 13.5 full-time equivalent positions. The request includes \$0.8 million from general revenues, and \$0.8 million from federal funds, and is \$0.3 million more than enacted, including \$0.1 million less from general revenues. The request provides for a 3.0 percent cost-of-living adjustment, step increases and updated benefit rates consistent with FY 2012 planning values and maintains the turnover savings for 2.0 vacant positions that are funded in the enacted budget. *The Governor recommends \$9,899 less, including \$4,494 less from general revenues, reflecting adjusted benefit calculations.*

Child Care Administration – Other Operations. The Department requests \$2.4 million for child care administration expenditures, which is \$48,787 more than enacted and contains \$0.2 million from general revenues and \$2.2 million from federal funds. The request includes \$0.6 million for the InRhodes contract, \$0.1 million more than enacted, and \$0.1 for other contracted management consultants. The request also includes \$0.1 million for all other administrative expenses, which is \$53,454 less than enacted. Grant expenditures of \$1.7 million are consistent with the enacted budget and include: supporting the licensing function of 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 recommends \$5,405 more from federal funds than requested, reflecting additional federal funds that may become available from statewide personnel savings.*

Supplemental Security Income Program Administration. The Department requests \$692,638 from general revenues for staffing and operational expenditures related to administering the state supplemental security income program for individuals whose income is too high to meet the eligibility criteria for the federal supplemental security income program. This includes \$369,138 for 4.0 positions and \$323,500 for programming expenses into the InRhodes system, banking and mailing expenses and other operating expenditures. The 4.0 positions include 2.0 social case workers, 1.0 caseworker supervisor and 1.0 public health nurse. The request assumes four months of vacancy for the nurse position and the rest of the positions will be filled for the full year. *The Governor recommends \$1,835 less from general revenues to reflect updated benefit rates for the 4.0 positions.*

Veterans' Affairs

Department of Veterans' Affairs. The 2010 Assembly included Section 8 of Article 7 of 2010-H 7397, Substitute A, as amended to delay the creation of the new Department of Veterans' Affairs until July 1, 2011 and delayed the required transition recommendations until October 31, 2010. The Department of Human Services was to provide recommendations for implementation to the chairs of the House and Senate Finance Committees regarding how to transition the division into its own Department. As of January 7, 2011, the House and Senate Finance Committees have not received the recommendations. The division of Veterans' Affairs remains in the Department of Human Services' FY 2012 budget request. *The Governor recommends the creation of the Department of Veterans' Affairs, effective July 1, 2011. There is also a separate analysis for the new Department in this publication. There is no funding for the division of Veterans' Affairs in the Department of Human Services' budget in FY 2012; the Governor's recommendation shifts the expenditures to the new Department.*

New Department of Veterans' Affairs Staffing. The Department requests \$0.5 million from all funds, \$0.4 million from general revenues for 5.0 new positions for the Department of Veterans' Affairs, including 1.0 director and 4.0 benefit claims specialists. The request assumes that these positions will be filled in September since upon the creation of the Department, a director will need to be appointed and staff interviewed and hired. *The Governor includes \$471,855 from general revenues and authorization for these five positions for the full year, which is \$36,899 less than requested.*

Veterans' Affairs – New Positions. The Department's unconstrained request includes the authority for 91.0 new full-time equivalent positions department-wide and the funding request assumes that approximately 10 percent of the positions will be filled. For the division of Veterans' Affairs, the request includes 22.0 new full-time equivalent positions, including 15.0 nurses, 6.0 institutional attendants, 1.0 chief of family health systems, 1.0 typist and 1.0 cook's helper. The request assumes that approximately 2.2 full-time equivalent positions will be filled and includes \$0.4 million from general revenues for the positions.

As part of its constrained request, the Department excludes authorization and funding for these 22.0 positions. *The Governor does not include the authorization or the funding for these positions in his recommendation, consistent with the constrained request.*

Veterans' Affairs – All Other Staffing. The Department requests \$22.9 million from all funds for salaries and benefits for 258.2 positions, including \$16.3 million from general revenues and \$6.5 million from federal funds. The request is \$1.6 million more than enacted, including \$0.8 million from general revenues and reduces the authorization by 0.4 full-time equivalent positions to more accurately reflect the hours worked by several staff members. The request provides for a 3.0 percent cost-of-living adjustment, step increases and benefit rates consistent with FY 2012 planning values and includes shifting general revenue expenditures to available federal funds.

The Governor recommends \$21.7 million, including \$15.2 million from general revenues for all other salary and benefit expenses, after adjusting for \$0.5 million in statewide personnel savings. This is \$1.2 million less than requested, primarily from general revenues from several changes. He includes authorization for 35.0 new positions in the final four months of FY 2012 and provides \$679,880 from general revenues for the positions. He also includes savings of \$1.0 million from reduced overtime expenses from limiting the Veterans' Home census in FY 2012 to the current census of 190, closing two wings for FY 2012 and consolidating the current staff over the remaining five wings. The Governor recommends 263.2 full-time equivalent positions, including the transfer of 229.2 included in the enacted budget of the Department of Human Services, the addition of the 35.0 positions and the elimination of the associate director position.

Veterans' Affairs – Medical and Operational Expenses. The Department requests \$5.9 million from all sources for operating expenses at the Veterans' Home, including \$5.0 million from general revenues, \$26,536 from federal funds and \$0.8 million from restricted receipts. The request is \$0.6 million more than enacted, including \$0.7 million more from general revenues.

The request includes \$1.6 million for contracts for doctors, dentists and nurses, \$0.5 million for pharmaceuticals and \$60,000 for laboratory testing, all from general revenues and includes \$0.8 million for medical services, of which \$0.5 million is from general revenues, combined this is \$0.7 million more than enacted. The Division has increased its reliance on contracted services to perform duties that full-time positions can do, while maintaining vacancies in the Veterans' Affairs division. The division has not requested sufficient staff to reduce the dependence on contracted nurses, though there is turnover savings in the enacted budget and the revised request, which also contributes to increases in overtime.

The request contains \$0.9 million for food and food service contracts, \$0.5 million from general revenues for janitorial contracts and supplies, \$0.4 million for maintenance and repairs of the building and equipment, \$0.3 million for laundry services, \$0.1 million for internal service and utility expenses, \$0.1 million for information technology expenditures and \$0.6 million for all other expenses related to operations at the Veterans' Home. It also includes \$20,000 from federal funds for a new homeless veterans transition assistance grant.

The Governor recommends \$4.6 million from all sources, including \$3.8 million from general revenues. This is \$1.3 million less than requested, primarily from general revenues. This includes \$1.1 million less from general revenues from reduced nursing pool expenses from consolidating from seven wings to five in FY 2012, \$0.2 million less for reduced doctor and dentist expenses, pharmaceuticals, and other medical services and supplies based on year to date expenses and maintaining the current census through FY 2012. He also includes \$1,050 less from general revenues from a 15.0 percent reduction to legal expenses.

Veterans' Home Maintenance Fee. Currently, residents at the Rhode Island Veterans' Home are allowed to keep the first \$150.00 of income as a personal allowance in addition to 50.0 percent of any income received from wounds or the receipt of a Purple Heart award. The resident can also keep sufficient funds to cover costs needed for the support of a spouse, minor child or blind or permanently disabled child. A maintenance fee of 80.0 percent is assessed on the resident's remaining income. An amount equal to 20.0 percent of this assessment is deposited into a restricted receipt account for use towards the cost of care and maintenance at the Home and 80.0 percent is deposited into the State's General Fund as departmental revenues.

The Governor recommends increasing the fee on the veterans' remaining income from 80.0 percent to 100 percent for additional revenues of \$982,810 in FY 2012, including \$786,248 from general revenues and \$196,562 from restricted receipts. The veteran would still retain the first \$150.00 of income per month, plus any disregards. He includes Article 28 of 2011-H 5894 to make the change. This increase is intended to help finance the additional staffing that is required in the final four months of FY 2012 to increase the total census from 190 currently to 245 in FY 2013.

Veterans' Cemetery. The Department requests \$785,000 from all funds, including \$0.7 million from federal funds and \$85,000 from restricted receipts for capital costs at the Veterans' Cemetery. The Department requests \$0.7 million more federal funds from a new grant from the National Cemetery Administration to improve the areas around the Memorial Circle and World War II Memorial at the Veterans' Cemetery in Exeter. The grant award totals \$2.1 million to be spread equally over three years. Projects include re-grading the area to eliminate settlements, ensuring that all rows and aisles are clearly marked, and planting and establishing suitable grass cover for the reduction of weeds and greater overall appearance. The request also includes the enacted level of \$85,000 from restricted receipts for the purchase of four lawn mowers and two utility vehicles for maintenance services at the Veterans' Cemetery through the Memorial Fund. *The Governor recommends funding as requested in the budget of the new Department.*

Veterans' Home Capital Projects. The Department requests \$1.4 million from all sources, including \$749,250 from federal funds and \$615,750 from restricted receipts for capital projects at the Veterans' Home. This is \$244,000 less than enacted and includes \$225,750 less from federal funds and \$18,250 less from restricted receipts from fewer projects planned in FY 2012. All projects are described in the Capital Budget Section of this publication. *The Governor recommends funding as requested in the budget of the new Department.*

Other Programs

Child Support Enforcement – New Positions. The Department’s unconstrained request includes the authority for 91.0 new full-time equivalent positions department-wide and the funding request assumes that approximately 10 percent of the positions will be filled. For the child support program the request includes 2.0 new full-time equivalent positions, including 1.0 senior human services business officer and 1.0 data entry operator. The request assumes that approximately 0.2 full-time equivalent positions will be filled and includes \$22,236 for the positions, including \$7,560 from general revenues

As part of its constrained request, the Department excludes the authorization and funding for these 2.0 positions. *The Governor’s recommendation does not include the authorization or the funding for these positions.*

Child Support Enforcement – All Other Staffing. The request includes \$4.9 million from all sources for salaries and benefits for 61.3 positions. This is \$0.1 million more than enacted and includes \$1.7 million from general revenues and \$3.5 million from federal funds and includes a 3.0 percent cost-of-living adjustment, step increases and benefit rates consistent with FY 2012 planning values. This also includes additional turnover savings of \$0.2 million from maintaining approximately 2.0 full-time equivalent positions vacant. *Besides the transfer of \$0.1 million to the Office of Health and Human Services, the Governor recommends \$0.1 million less than requested, including \$5,962 from general revenues, including adjusted benefit calculations.*

Child Support Enforcement Program - Other Operations. The Department requests \$3.7 million for all operating expenses of the child support enforcement program, including \$0.7 million from general revenues and \$3.0 million from federal funds. The request is \$0.7 million less than enacted, including \$6,164 more from general revenues and \$0.7 million less from federal funds. The request does not include \$0.8 million from federal stimulus incentive funds or \$0.2 million from the federal Project Restore grant, due to their expiration in FY 2011.

The request includes \$1.7 million for the InRhodes eligibility and benefit payment systems, which is \$0.6 million more than enacted, \$0.6 million for constable and legal services, \$0.6 million for rental and lease costs, \$0.4 million for postage and printing, \$0.1 million for security services, \$0.1 million for various utilities and \$0.3 million for all other operating expenditures. The request includes \$0.2 million less for computers and \$0.1 million less for centralized state services.

The Governor includes \$54,321 less from all fund sources than requested, including \$74,060 less from general revenues. This includes \$0.2 million less from all sources, including \$83,640 less from general revenues by substituting the use of constable services with regular mail for notification of parties to appear at court when possible. It also includes \$0.2 million more, primarily from federal funds for the completion of Project Restore, reflecting carry forward funding that will be spent in FY 2012 since the Department received a one-year extension. He also includes a reduction of \$4 from general revenues from a 15.0 percent reduction to certain legal expenses.

Food and Nutrition Program Transfer. The 2010 Assembly passed legislation included in Sections 1 through 3 of Article 7, 2010-H 7397, Substitute A, as amended that transferred the Women, Infants and Children administration and benefits program from the Department of Health to the Department of Human Services effective October 1, 2010. It was later determined by the Federal Food and Drug Administration that the program must remain within the Department of Health in order to meet federal guidelines. The Department’s request transfers the Women, Infants and Children administration and benefits program, the

\$19.8 million from federal funds and 12.0 full-time equivalent positions back to the Department of Health. *The Governor recommends shifting \$19.8 million and 12.0 positions back to the Department of Health, consistent with the request.*

Supplemental Nutrition Assistance Program - Benefits. The Department requests \$298.4 million from federal funds for direct benefit payments for the Supplemental Nutrition Assistance program, \$21.9 million more than enacted. Under the American Recovery and Reinvestment Act, benefits were increased to all recipients, but unlike other stimulus programs the benefit increase will remain, after the stimulus funds are no longer available. Benefit recipients will continue to receive the increased benefits after the stimulus funding has ended. The Department's request reflects actual and anticipated increases in utilization.

As part of its constrained budget request, the Department requests a reduction of \$158,976 from federal funds from the Division of Motor Vehicles monitoring initiative, also included in the medical assistance and cash assistance programs. Subsequently, the Department removed this initiative from the request.

The Governor recommends \$158,796 less than requested for the payment of benefits from assuming the Department will pursue the Division of Motor Vehicles monitoring initiative.

Supplemental Nutrition Assistance Program – Time-Limited Positions. The Department requests \$369,714 from federal funds and authorization for 22.0 new positions, including 20 senior clerk typists and 2.0 clinical training specialists through September 30, 2011. The federal government provided funding for the state to hire additional staff through September 30, 2011, to handle the increasing number of program applications. The request assumes that all positions will be filled in FY 2011; as of January 10, 2011 the Department has filled 20.0 of these positions and is in the process of filling the remaining 2.0 positions. *The Governor recommends \$3,173 less than requested, reflecting adjustments to benefit calculations.*

Supplemental Nutrition Assistance Program – New Positions. The Department's unconstrained request includes the authority for 91.0 new full-time equivalent positions department-wide and the funding request assumes that approximately 10 percent of the positions will be filled. For the Supplemental Nutrition Assistance Program, the request includes 14.4 new full-time equivalent positions. The request assumes that approximately 1.4 positions will be filled and includes \$0.1 million for the positions, including \$57,200 from both general revenues and federal funds.

As part of its constrained request, the Department excludes the authorization and funding for these 14.4 positions. *The Governor's recommendation does not include the authorization or the funding for these positions.*

Supplemental Nutrition Assistance Program – All Other Staffing. The Department requests \$11.3 million from all funds for salaries and benefits for 120.6 full-time equivalent positions. This is \$1.0 million more than enacted and includes \$5.6 million from both general revenues and federal funds. The request includes a 3.0 percent cost-of-living adjustment, step increases and benefit rates consistent with FY 2012 planning values and includes filling all vacant positions. *The Governor recommends a reduction of \$53,586 less from all sources, including \$26,793 less from both general revenues and federal funds, reflecting adjustments to benefit calculations and assumes filling all vacant positions.*

Supplemental Nutrition Assistance Program - Other Operations. The Department requests \$6.1 million from all sources for expenditures related to the Supplemental Nutrition Assistance Program, formerly called the food stamp program, excluding salaries and benefits. The request is \$0.9 million less than enacted, including \$0.1 million more from general revenues and \$1.0 million less from federal funds, primarily from the expiration of federal stimulus funding, which the enacted budget includes \$0.9 million for program

for program operations. The request includes \$2.1 million for administrative grants, including \$0.1 million provided to the University of Rhode Island Feinstein outreach program, consistent with the enacted budget, \$1.4 million, \$0.1 million more than enacted for the InRhodes eligibility system and \$1.2 million, \$0.2 million more than enacted for the electronic benefit cards. It also includes \$0.5 million for rental costs, \$0.4 million for printing and postage expenses, \$0.3 million for centralized state services, \$0.1 million for required audit expenses, and \$0.2 million for all other operating expenditures.

The Governor recommends \$100,000 less than requested from general revenues, reflecting the elimination of the grant provided to the University of Rhode Island Feinstein outreach program. University students visit local soup kitchens, housing sites, senior centers, food pantries and shelters informing those in need of nutritional assistance on how to access benefits. The University program has used these funds to secure a like amount of federal funds in the past. It is likely that the University will only have access to these federal funds if it can secure the additional funds required for the match.

Special Education. The Department's request includes \$25.3 million for the federal portion of special education expenditures, including benefits and administration expenses. The state match is provided by the local school districts. This is \$4.5 million less than enacted due to the expiration of the federal stimulus funding, for which \$4.5 million was included in the enacted budget. *The Governor recommends funding as requested.*

Paratransit Services for the Elderly. The Department requests \$6.2 million from all sources for elderly transportation services. This is \$0.4 million less than enacted, including \$2,056 more from general revenues and \$0.4 million less from federal funds. The request is \$0.4 million less from Medicaid funds than enacted and shifts the costs to general revenues. The state leverages Medicaid funds under the global waiver for certain transportation expenses that were previously state only; however, there are fewer eligible paratransit riders in FY 2011 for whom the state can access the Medicaid funds and an increase in the number of elderly riders who are not Medicaid eligible. The Department does not expect this to change in FY 2012.

The request also includes \$4.2 million from the Department's one-cent share of the motor fuel tax, which was 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 and FY 2012.

The Governor recommends \$80,357 more than requested from the one-cent share of the motor fuel tax, based on updated estimates provided by the Department of Revenue in November 2010.

Community Services Block Grant. The Department requests \$4.4 million from federal funds for expenses related to the community service block grant, including salaries and benefits. This is \$3.7 million less than enacted, primarily due to the exhaustion of the federal stimulus funds. The request includes \$4.3 million for direct grants awarded to the state's nine community action agencies, \$648 less than enacted. It also includes \$108,098 for salaries and benefits; there are no personnel costs in the enacted budget. *The Governor recommends \$520 less from federal funds to reflect updated medical and retiree health benefit rates.*

Head Start. The Department requests \$0.8 million from general revenues to support the local head start agencies, consistent with the enacted budget. 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 recommends funding as requested.*

Community Service Grants. The Department requests \$2.7 million from general revenues to support 95 social service agencies. This is \$16,741 less than enacted. The Department was notified that two recipient agencies, Focus and Options for Working Families, were no longer operating and the request was reduced accordingly. Funding supports social service agencies and community organizations throughout the state. *The Governor recommends funding as requested.*

Community Health Centers. The Department requests \$1.2 million to support uncompensated care expenses at the 12 community health centers. The total is consistent with the enacted budget, but the request shifts expenditures of \$28,164 from general revenues to federal funds. The funding is distributed among the health centers that provide medical services at 24 clinics throughout Rhode Island. The state is able to leverage Medicaid for this activity through the global waiver. *The Governor recommends funding as requested.*

Crossroads Rhode Island. The Department requests \$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. Crossroads Rhode Island is the largest homeless services organization in Rhode Island that provides 24-hour assistance, seven days a week. *The Governor recommends funding as requested.*

Central Management - New Positions. The Department's unconstrained request includes the authority for 91.0 new full-time equivalent positions department-wide and the funding request assumes that approximately 10 percent of the positions will be filled. For the central management program the request includes 6.0 new full-time equivalent positions, including 3.0 administrators, 1.0 senior auditor, 1.0 quality control review specialist, and 1.0 policy and service specialist. The request assumes that approximately 0.6 full-time equivalent positions will be filled and includes \$76,033 for the positions, including \$76,031 from general revenues. As part of its constrained request, the Department excludes the authorization and funding for these 6.0 positions.

The Department also requests 2.0 additional positions. This includes \$0.1 million from general revenues for 1.0 assistant coordinator of community relations position, which was filled in June 2010. The United States Department of Health and Human Services requires that a single individual be assigned to these duties. The position became vacant at the end of FY 2008, was eliminated in FY 2009, and the duties were spread among other staff. It also includes \$0.1 million, primarily from general revenues for 1.0 deputy director position. This position has been vacant since February 2009 and the Department does not expect the position to be filled until January 2012. These two positions are also included in both the request and constrained request.

The Governor provides authorization and funding as requested for the deputy director and assistant coordinator of community relations position and he recommends \$76,033 less than requested from not including the authorization or the funding for the other 6.0 positions, consistent with the constrained request.

Central Management - All Other Staffing. The Department requests \$2.9 million for salary and benefit expenses for 15.0 full-time equivalent positions for the central management program. The request is \$1.6 million more than enacted, primarily from general revenues and includes \$2.1 million from general revenues and \$0.8 million from federal funds. The request includes a 3.0 percent cost-of-living adjustment and benefit rates consistent with FY 2012 planning values in addition to \$0.7 million from reduced turnover savings by filling vacant positions and shifting funding for positions among the programs, primarily from individual and family support.

The Governor recommends \$1.1 million less from all funds than requested, including \$0.9 million less from general revenues. This includes the transfer of \$1.4 million, of which \$0.7 million is from general revenues for 4.0 positions to the Office of Health and Human Services. He also transfers 4.0 positions into central management from the Office and reduces turnover expectancy.

Central Management - Other Operations. The Department requests \$316,846 from all funds, including \$109,711 from general revenues for all other state operations in central management. The request is \$11,236 less than enacted, including \$5,456 less from general revenues and \$5,780 less from restricted receipts. The request includes the enacted funding of \$0.2 million from federal funds for the emergency food assistance program and \$50,000 from general revenues for legal expenses, \$11,251 for dues and fees, \$6,081 for insurance costs, \$3,200 for rental and lease costs and \$39,179 for all other operating expenses.

The Governor recommends \$13,563 more than requested, including \$7,500 less from general revenues from a 15.0 percent reduction to legal expenses and \$21,063 more from restricted receipts reflecting increases in centralized state services expenses and additional funding that may become available from the reduction to statewide personnel costs.

Individual and Family Support - New Positions. The Department's unconstrained request includes the authority for 91.0 new full-time equivalent positions department-wide and the funding request assumes that approximately 10 percent of the positions will be filled. For the individual and family support program, the request includes authorization for 3.8 new full-time equivalent positions and assumes that approximately 0.4 positions will be filled. The request includes \$20,906 from federal funds for these positions.

As part of its constrained request, the Department excludes the authorization and funding for these 3.8 positions. *The Governor's recommendation does not include the authorization or the funding for these positions.*

Individual and Family Support - All Other Staffing. The Department requests \$1.4 million for salary and benefit expenses for 33.6 full-time equivalent positions, \$1.1 million less than enacted, primarily from general revenues. This includes expenditures of \$0.3 million from general revenues and \$1.1 million from federal funds. The request includes a 3.0 cost-of-living adjustment, step increases and benefit rates consistent with FY 2012 planning values and an additional \$0.3 million in turnover savings from maintaining and delaying the filling of 4.0 vacant positions.

As part of its constrained request, the Department requests additional federal funding of \$20,906, which reflects filling one vacant position for three months. *The Governor recommends \$36,182 more than requested, including \$30 less from general revenues, reflecting adjustments to benefit calculations.*

Individual and Family Support - Other Operations. The Department requests \$3.5 million, including \$0.2 million from general revenues, \$3.1 million from federal funds and \$0.2 million from restricted receipts for all other expenditures in the individual and family support program. The request is \$0.1 million less than enacted, primarily from federal funds. The request includes \$0.9 million for grants for family violence prevention, \$0.8 million for family and adult services, \$0.7 million for social security administration reimbursements, \$0.5 million for grants for emergency shelters, and \$0.3 million for refugee services and administration. It also includes \$1,125 for the toy lending library. The request includes the enacted level of \$180,000 from restricted receipts for expenditures from vending stand proceeds and does not include the \$55,000 from federal stimulus funds that was available in FY 2011 for emergency food services. *The Governor recommends \$5,600 more from federal funds than requested, reflecting additional funding that may become available from statewide personnel savings.*

Capital - Blind Vending Facilities. The Department requests \$150,000 from Rhode Island Capital Plan funds, \$75,000 more than enacted for the ongoing construction and renovation of statewide vending facilities. *The Governor recommends \$15,000 more than requested.*

2011-H 5894

The Governor recommends legislation that affects implementation and operation for some of the Department's programs. These are included as articles in the Governor's FY 2012 recommended budget and are summarized below.

Article 11 - Children's Health Account. The article changes the method of the annual assessment applied to all insurers for home health services, children and adolescent intensive treatment services and Comprehensive Evaluation, Diagnosis, Assessment, Referral and Re-evaluation services by charging the assessment for each individual service provided. Currently, the assessment is charged on the aggregate costs of services within one of the three expense categories. The Article also increases the maximum assessment from \$6,000 to \$7,500 per child per service per year.

Article 16 - Medicaid Reform Resolution. Article 16 is a resolution to notify the Assembly and seek approval to make nine changes to the Medicaid global waiver for programs through the Department of Human Services, the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, and the Department of Children, Youth and Families. The changes affect reimbursement methodologies for services provided by nursing homes, hospitals, and agencies serving adults with developmental disabilities. The article also makes changes to programs provided to adults with mental health and substance abuse issues and children through the Department of Children, Youth and Families. These changes are considered category 2 and assumes requiring statutory changes or changes to the state's rules and regulations. The Governor's budget assumes savings of \$21.4 million from all funds, \$12.9 million from general revenues.

Article 17 - Hardship Payments. This article provides \$420,000 from general revenues that the Director of the Department of Human Services may provide for hardship contingency payments for FY 2012. This is \$58,000 less than the enacted level.

Article 18 - Hospital Uncompensated Care Payments. This article extends the uncompensated care payments to the community hospitals with the state making a payment for FY 2013 that does not exceed \$125.4 million.

Article 19 - Hospital Licensing Fee. This article extends the hospital licensing fee in FY 2012 at a rate of 5.465 percent of hospitals' net patient services revenue for the hospital fiscal year ending on or after September 30, 2009. It also includes the due date for the filing of hospital returns with the Division of Taxation to be before June 18, 2012 and for hospital payments of the fee to be on or before July 16, 2012. The budget includes \$141.8 million in revenue for FY 2012.

Article 28 - Veterans' Affairs Residential Assessment. This article provides for an increase in the monthly maintenance fee assessed to all residents of the Veterans' Home from 80.0 to 100 percent of the resident's income, after discounting the \$150.00 per month personal needs allowance and other income disregards in the current law. The article assumes an additional \$1.0 million in revenues, including \$0.8 million in general revenues into the general fund and \$0.2 million into the restricted receipt account for operating expenses at the Home.

Article 30 - Nursing Home Rates. This article eliminates the nursing home principles of reimbursement and

and replaces it with a methodology to pay a base rate to each nursing home continuing to recognize patient acuity and the minimum occupancy requirements. The methodology to calculate the base rates has not been determined.

Article 33 - Hospital Payment Rates. Article 33 requires that rates used by the Department of Human Services by the managed care plans to pay hospitals for both inpatient and outpatient services cannot be higher than national growth rates set by the Centers for Medicare and Medicaid Services. This article also specifies that fee-for-service outpatient rates will be equal to what Medicare pays for similar services and is effective upon passage. The budget includes savings of \$5.6 million, of which \$2.7 million is general revenues.

Dept. of Behavioral Healthcare, Developmental Disabilities & Hospitals

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Program				
Central Management	\$ 1,559,450	\$ 992,521	\$ 1,568,553	\$ 1,149,644
Services for the Dev. Disabled	232,150,971	238,234,965	253,619,150	224,455,968
Hosp. & Comm. System Support	4,851,766	4,902,292	5,537,054	4,015,655
Hospital & Comm. Rehab. Services	101,480,369	103,168,137	124,726,831	116,251,203
Behavioral Health	106,707,771	107,966,906	122,232,033	96,080,155
Total	\$ 446,750,327	\$ 455,264,821	\$ 507,683,621	\$ 441,952,625
Expenditures by Category				
Salaries and Benefits	\$ 114,200,222	\$ 117,428,758	\$ 125,986,832	\$ 115,684,586
Contracted Services	1,374,855	1,748,615	1,456,010	1,141,046
Subtotal	\$ 115,575,077	\$ 119,177,373	\$ 127,442,842	\$ 116,825,632
Other State Operations	15,022,266	12,833,554	13,436,383	12,030,285
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	301,432,545	309,587,221	337,239,894	287,707,915
Capital	14,720,439	13,666,673	29,564,502	25,388,793
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 446,750,327	\$ 455,264,821	\$ 507,683,621	\$ 441,952,625
Sources of Funds				
General Revenue	\$ 163,684,244	\$ 170,929,040	\$ 233,627,093	\$ 190,519,884
Federal Aid	259,918,758	264,422,374	239,530,982	220,049,930
Restricted Receipts	10,688,634	8,049,478	8,000,421	7,997,979
Other	12,458,691	11,863,929	26,525,125	23,384,832
Total	\$ 446,750,327	\$ 455,264,821	\$ 507,683,621	\$ 441,952,625
FTE Authorization	1,372.2	1,372.2	1,432.2	1,376.2

Summary. The Department requests \$507.7 million or \$60.9 million more than the FY 2011 enacted budget in its current services request, including \$69.9 million more from general revenues, \$20.4 million less from federal funds, \$14.1 million more from Rhode Island Capital Plan funds and \$2.7 million less from restricted receipts.

The request adds \$40.9 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 June 30, 2011. The Department requests 1,432.2 positions in its current services request, 60.0 more positions compared to the current authorized level. It eliminates the new positions in the constrained budget request.

The Governor recommends \$442.0 million from all sources, \$4.7 million less than enacted and 1,376.2 full-time equivalent positions, 4.0 more than currently authorized. His recommendation is \$65.7 million less than requested and \$27.4 million less than the constrained request. He includes \$190.5 million from general revenues, \$26.8 million more than enacted and \$19.9 million less than the constrained request.

He includes a proposal to shift \$12.6 million in general revenue expenses for mental health service to federal funds through federal health care reform; however, he inadvertently excludes the federal fund adjustment.

Target Issues. The Budget Office provided the Department with a general revenue target of \$180.9 million. The amount includes current service adjustments of \$49.1 million and a 15.0 percent target reduction of \$31.9 million.

FY 2012 Budget	Budget Office	BHDDH	Difference
FY 2011 Enacted	\$ 163,684,244	\$ 163,684,244	\$ -
Current Service Adjustments	49,108,647	69,942,849	20,834,202
Change to FY 2011 Enacted	\$ 49,108,647	\$ 69,942,849	\$ 20,834,202
FY 2012 Current Service/ Unconstrained Request	\$ 212,792,891	\$ 233,627,093	\$ 20,834,202
Target Reduction/Initiatives	(31,918,934)	(23,183,384)	8,735,550
FY 2012 Constrained Target/Request	\$ 180,873,957	\$ 210,443,709	\$ 29,569,752
<i>Change to FY 2011 Enacted</i>	<i>\$ 17,189,713</i>	<i>\$ 46,759,465</i>	<i>\$ 29,569,752</i>

The constrained budget submitted by the agency is \$29.6 million above the target but \$23.2 million below its unconstrained request. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's recommendation is \$18.3 million below the constrained request.*

Statewide Adjustments. The Governor recommends a three percent statewide reduction, two percent to personnel and one percent to operating costs, in the budgets of cabinet level agencies, elected officials, the Judiciary and Legislature. He also reduces legal fees by 15 percent in certain agencies. For the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, he includes statewide savings of \$1,816,015 from general revenues and includes \$30 in reduced legal fees.

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

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

Enrollment and expenses for the aged population is slightly lower than the national average when comparing enrollment but higher than the national average when comparing percent of enrollment to total enrollment and higher than the national average for cost per enrollee. Expenses supporting this population are in the Department of Human Services and Elderly Affairs.

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

**in millions*

Department Populations – Medical Benefits and Other Programs. The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals’ budget supports programs for the disabled including residential care for adults with developmental disabilities and behavioral health issues as well as inpatient and outpatient treatment services for those with behavioral health issues. The Department also operates the Eleanor Slater hospital system, the state’s only public hospital that provides long-term care services with the support of acute medical services. The 495 bed facility is a two-campus hospital that has acute care medical, psychiatric and respiratory units.

Medical benefits for these populations including doctor visits, prescriptions, rehabilitation services and community hospital stays are provided either through the Rhody Health managed care plans or on a fee-for-service basis through the Department of Human Services.

Department-wide

Stimulus – Enhanced Medicaid. The enacted budget includes statewide general revenue savings of \$215.1 million, including \$40.9 million for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, from the enhanced Medicaid rate included in the American Recovery and Reinvestment Act of 2009. The rate expires June 30, 2011 and the Department’s request backfills the loss of federal funds. *The Governor’s recommendation adjusts for the updated Medicaid rate.*

New Positions. The Department request 60.0 new positions in its current services request but does not include the new positions in its constrained budget request. The 60.0 new positions include 35.0 at Eleanor Slater Hospital, 12.0 in the Division of Behavioral Health, 11.0 in the Division of Developmental Disabilities, and 2.0 in Hospital and Community Support. The positions are discussed separately by program. *The Governor does not recommend the new positions. He does provide funding for additional positions at the state hospital; however, within the existing staffing authority and transfers 4.0 positions from the Office of Health and Human Services.*

Indirect Cost Recovery Rate for Federal Grants. The enacted budget includes \$0.6 million in restricted receipts from the Department applying and receiving an approved indirect cost rate for its federal grants. The restricted receipts allow the Department to offset general revenue supported personnel in the central management and hospital and community support programs.

Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, through the application of a negotiated indirect cost rate. Current law mandates that all state agencies shall apply for the rate when it is allowed under the particular federal grant. The Department’s request includes \$0.4 million from restricted receipts, \$0.2 million less than enacted to offset general revenue administrative costs. As of the January 13, 2011, the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals had not applied for an indirect cost rate for its federal grants. *The Governor recommends funding essentially as requested.*

Capital Projects. The Department requests \$26.5 million from Rhode Island Capital Plan funds for capital projects in both its current services and constrained budget, which is \$14.0 million more than enacted. The Capital Budget section of this analysis includes project descriptions. *The Governor recommends \$3.3 million less than requested including \$2.0 million less for upgrades to the Department's administrative buildings.*

Division of Developmental Disabilities

Summary. The state provides residential, day programming, family supports and/or medical services to support adults with developmental disabilities. There are currently 4,400 individuals receiving services through either the state run system or through community based providers. The Department's request includes \$254.5 million from all sources, including \$117.7 million from general revenues for the programs to support adults with developmental disabilities in its budget request. The Department's constrained budget is \$232.9 million from all sources, \$21.6 million less than its unconstrained request.

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, and 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 Divisions provides the services through four separate programs: privately operated and state-run residential, day and supportive services funded by Medicaid, day program and supportive services Medicaid services through the rehabilitation option, day program and supportive services that are Medicaid funded through the Rhode Island Consumer Global Waiver and state only services. Each is discussed separately.

Funding through the Medicaid global waiver supports community based residential support programs in the state-run system which is comprised of 34 homes, has a capacity to hold 259 patients and represents 7.0 percent of the residential caseload. Three of the 34 homes are considered nursing facilities or special care facilities, since the homes allow and accommodate 24-hour care for special care patients and can serve as a transition from the hospital or nursing home back to a community setting. The private provider system is comprised of 339 homes, has a capacity to offer residential supports to 1,741 clients, and represents 93.0 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 Department is required by Rhode Island General Law 22.1-22-39 to submit monthly developmental disabilities caseload and expense reports to the House and Senate finance committee chairpersons, budget office and fiscal advisors by the 15th of each month. The report format is in any form required by the house and senate fiscal advisors.

The Governor recommends \$224.5 million from all sources, \$7.7 million less than enacted and \$8.4 million less than the constrained request.

Developmental Disabilities Program Savings. The Assembly passed Article 21 of 2010-H 7397 Substitute A, as amended to establish one or more networks of developmental disability 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 and changes in the rate structure. The Department will not establish the lead agency network but will instead continue to make two changes in

in the reimbursement rates, discussed separately. The Department made the decision not to use the lead agency model in early June 2010, before the final budget was passed by the Assembly. It informed providers of this decision in early June; however, the Department did not notify the Assembly. It instead informed fiscal staff from house, senate and budget office in early August. *The Governor's budget assumes the rate changes.*

Privately Operated Community Programs - Unachieved Savings. The enacted budget includes \$7.0 million in savings from all sources for the Department, for Project Sustainability, to establish one or more networks of developmental disability providers and rate restructuring. The Department will make two rate changes to meet the \$7.0 million savings in the enacted budget. Those changes are discussed separately. *The Governor's budget assumes the rate changes.*

Project Sustainability Rate Reform. The Department pays two separate rates for residential care: a "daily" reimbursement paid to certain providers for 771 residential placements with the highest rate equating to \$177,251 annually for 25 clients or an "annual" rate for the remaining community placements with the maximum amount of \$94,188 for overnight care. As of September 1, 2010, the Department eliminated the use of daily rates, reassessed clients' needs and now provides reimbursement through the annual rates.

For its FY 2012 budget request, the Department assumes the \$7.0 million savings from Project Sustainability included in the enacted budget from a second and permanent rate adjustment that is to be implemented in April 2011. *The Governor's budget assumes the rate changes.*

The following table 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 3,983 is as of July 1, 2010. 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

Community Based Programs - Medicaid. The Department requests \$201.6 million, \$96.1 million from general revenues for privately provided residential, day and family support programs provided through the state's Medicaid global waiver in FY 2012. The request is \$23.6 million more than enacted from all

sources and adjusts the Medicaid match. The request includes the new rate reimbursement system that will take effect April 2010.

As with its FY 2011 revised request, the Department reports that its request will fully fund the system however has not provided the information about the number of individuals who will receive services and at what level those services will be provided.

The Department's constrained budget proposes \$18.6 million in reductions related to community based services, discussed separately. *The Governor recommends \$4.6 million less than the constrained request, including \$2.2 million less from general revenues for continued program changes under Project Sustainability.*

Target - Community Based Programs Reduction. The Department's constrained budget request reduces current services by \$18.4 million from all sources; however, it has also not provided any information as to how it will reach this target.

In order to reach the target, it appears reductions to reimbursement rates or reductions to services for its clients would have to be imposed. According to information provided for FY 2011, there were 3,317 clients who receive residential and day programming, or 84.3 percent of the caseload. If individuals residing in a community setting were to have the day programming level reduced (for example from five days to three) there would be a cost associated with providing additional staff at the residential site since the residential rates reimburse staff for two shifts, an afternoon and overnight shift and the client is either at another site during the day or if someone is at the residential site during the day another staff member is brought in for that time period. *The Governor's budget further reduces funding by \$4.6 million, including \$2.2 million from general revenues to continue program changes under Project Sustainability.*

Privately Operated Community Programs Management Contract. The enacted budget includes \$300,000 from all sources to hire a consultant to prepare a management contract for the lead agency network proposal that was recommended by the Governor and approved by the Assembly in Article 20 of 2010-H 7397 Substitute A, as amended. The Department will not be implementing this change but requests \$0.6 million more than enacted for contracted services in its FY 2011 revised request and has hired Burns and Associates to design a new rate reimbursement system for the community based private providers as well as the new assessment tool, and service definitions.

The Department continues to request funding in its FY 2012 budget which is \$0.2 million more than enacted from all sources for the management contract. It reduces this funding to \$0.2 million in its constrained budget, \$0.3 million less than its current services and \$0.1 million less than enacted. The continued funding is for anticipated annual re-evaluations of the new rate system. *The Governor provides \$0.2 million consistent with the constrained request.*

Residential Services. The Department provides residential services in several different community settings including group homes, apartments and shared living arrangements. The options can include an individual requiring overnight supervision or supervision during the day. Each residential service is reimbursed at a rate that addresses an individual's level of need. The residential types and costs related to the level of care are discussed separately.

Daily Rates - Overnight Care. The enacted budget assumes that the state would continue to pay 17 community providers, operating 160 group homes for 771 clients a daily rate for individuals who require supervision overnight. 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. As of September 1, 2010 the Department eliminated this payment structure and substitutes the annual payment system until the new rates are developed and applied to all residential services. The Department anticipates an April 1, 2011 start date for the new rates. The new rates may change the reimbursements at each level of care.

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. *The Governor's budget does not separate the payments.*

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.

The Department's request does not separately identify the total payments related to the 24 hour care. 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 Department is in the process of developing new rates that should be implemented in April 2011. The new rates may change the reimbursements at each level of care. *The Governor's budget does not separate the payments.*

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. The Department's request does not separately identify the total payments related to the residential care.

The Department is in the process of developing new rates that should be implemented in April 2011. The new rates may change the reimbursements at each level of care. *The Governor's budget does not separate the payments.*

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. The Department's request does not separately identify the total payments related to the shared living arrangements.

The Department is in the process of developing new rates that should be implemented in April 2011. The new rates may change the reimbursements at each level of care. *The Governor's budget does not separate the payments.*

Medical Benefits. The state provides subsidized medical benefits through the Medicaid program to certain populations if eligibility criteria are met. The populations include children and their parents, elderly and disabled. Medicaid eligible individuals enrolled in the residential, day and family support programs provided by the Division of Developmental Disabilities, will receive medical benefits including physician and rehabilitation services, pharmacy benefits and hospital stays that are paid for through the Department of Human Services' budget.

Transportation. Transportation to and from a medically necessary trip is a Medicaid covered activity. An individual has access to either RIDE paratransit vans, ambulance or wheelchair vans, taxi, other forms of public transportation, or a community agency may have its own van. Trips can include a doctor's appointment, attending a meal site or day program but the individual must have no other form of transportation available to them.

For individuals receiving community based services, agencies provide transportation from a residential setting, a group home, shared living arrangement or if an individual lives with a relative, to a day programming site, supported employment or a medical appointment. The community agencies may have their own transportation or use the RIDE program which is paid for through the reimbursement rates. The Department reports that the reimbursement rates paid to the community based providers cannot be separated by the individual costs for administrative services, direct care and other costs, such as transportation. Transportation expenses for this population also appear in the Department of Human Services' budget.

If an individual uses the wheelchair van, the state reimburses ambulance companies \$25.65 for each trip and \$1.75 for each mile through the Department of Human Services' budget. As of February 1, 2011, the Department of Human Services reduced the current reimbursement to \$22.00 per trip and eliminated the mileage reimbursement for non-wheelchair accessible van transportation.

The November Caseload Conference estimate includes \$7.7 million from all sources for updated transportation costs for adults with developmental disabilities receiving community based services. Total FY 2010 expenses of \$16.1 million include \$5.1 million for services provided to adults with developmental disabilities. There were 594 individuals who received transportation services for which expenditures appear in the Department of Human Services' budget. Of that total, 77 individuals had over 365 round trips in one year. The state spent \$5.1 million in FY 2010 on transportation services for this population.

Total state spending for medically necessary transportation services to Medicaid eligible individuals includes a range of \$2.7 million in FY 2005 to \$16.1 million in FY 2010, an over fivefold increase.

As of February 1, 2011, the Department of Human Services reduced the current reimbursement rate of \$25.65 plus \$1.75 per mile to a flat rate of \$22.00 per trip and eliminating the mileage reimbursement for non-wheelchair accessible van transportation. *The Governor's includes a reduction in transportation rates for wheelchair vans in the Department of Human Services' budget.*

Rhode Island Community Living and Supports Program. There are 34 state run group homes which provide overnight care, of which three are special needs facilities that have the capacity to provide residential services to 259 clients. As of November 2010, there were 241 clients in the state run facility with 21 vacancies. The Department has established a policy that clients would be admitted into the state-run system in emergency situations only.

The Department's request includes \$32.8 million for these clients from all funds, which equates to a daily rate of \$389.02, or \$141,200 annually in the FY 2012 request. The request is \$3.8 million less from all funds, adding \$3.4 million from general revenues to adjust for the reduced Medicaid rate.

The Department's request, excluding new positions and contracted medical services, including dental clinic expenses which are discussed separately, includes \$29.8 million from all funds for 415.0 positions, holding 11.0 more positions vacant than included in the enacted budget. The program adjustments include \$2.3 million less in salaries and benefits, primarily for state employees who staff the group homes. This includes \$0.6 million less for the staff vacancies and \$0.4 million more for other benefit rate changes. The personnel savings also include \$2.4 million less in overtime costs for staffing for the community residences in the state

in the state run program and \$0.2 million less for temporary staffing at the group homes. The request also includes \$0.6 million less for various maintenance and operating costs.

The Department's constrained budget further reduces salaries and benefits by \$0.7 million by keeping approximately eight positions vacant. It also reduces operating expenses by \$0.4 million to provide \$0.7 million from all sources for these expenses; however, the Department spent \$1.2 million in FY 2010 on operating costs within the state-run system.

The Governor includes \$29.2 million for the state run program, including \$12.0 million from general revenues. He includes \$1.7 million less from closing and/or consolidating six residences affecting approximately 30 individuals along with the program adjustments. The Department has not yet determined which group homes or apartments will be closed.

State Operated Program – New Positions. The Department requests \$0.8 million from all sources, including \$0.3 million from general revenues, for 11.0 new positions in the developmental disabilities division. This includes 7.0 administrative positions and 4.0 social workers. The Department does not request the new positions in its constrained budget request. The positions were also included in the revised request with the Department assuming an April 1, 2011 start date if approved. *The Governor does not recommend the new positions.*

State Operated System Contracted Medical Services. The Department requests \$475,000 from all sources, \$25,010 more than enacted, for contracted medical services in the state operated system. The request includes \$0.3 million for a contract with the University of Rhode Island for rehabilitation services and \$0.1 million to support the dental clinic located at the Virks building. The individuals receiving medical care through the clinic and the University of Rhode Island 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 reduces funding by \$185,833, including \$83,846 from general revenues. This includes \$84,620 less for the contract with the University of Rhode Island.*

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 reduces this by \$978 based on updated projections. *The Governor recommends funding as requested.*

Other Medicaid and State Funded Supports. The Department also provides family supports and day programming services funded through either the Medicaid global waiver or general revenues, each is discussed separately.

Family Supports. The state provides family support services through the Medicaid global waiver, including respite care and annual 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 either residential or day support services. The Department has not submitted the information that separates these payments in its request.

The Department is in the process of developing new rates that should be implemented in April 2011. The new rates may change the reimbursements at each level of care. *The Governor's budget does not separate the payments.*

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. The Department's budget does not separate the total value of these costs.

The Department is in the process of developing new rates that should be implemented in April 2011. The new rates may change the reimbursements at each level of care. *The Governor's budget does not separate the payments.*

Day Programs - Rehabilitation Option. The Department requests \$1.6 million from all sources, \$0.4 million more than enacted and adjusts for the enhanced Medicaid rate. The Department chooses to provide additional day program services to 200 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. Services are provided by the same community based agencies for those individuals who receive day programming services through the Medicaid waiver.

The Department requests \$1.4 million in its constrained budget, \$0.1 million less than the current services request; however, it has not identified what changes will be made to realize the savings. *The Governor recommends \$0.2 million more than enacted which is consistent with the constrained request.*

Other Day Services. The Department requests \$1.8 million from all sources for day programs through the Medicaid global waiver for services provided to individuals who are not otherwise eligible for Medicaid. This is \$0.6 million more than enacted, including \$0.3 million from general revenues. The Department has not provided the caseload information for this increase.

For individuals who are not eligible for Medicaid, the state provides day programming services to approximately 300 individuals funded by Medicaid through the global waiver or through the state only program, included in the next section. *The Governor recommends funding essentially as requested; however, he reduces federal funds by \$9,636.*

Other State Services. The Department requests \$5.6 million from general revenues for other state services for day programs. This is \$0.7 million less than enacted, \$0.5 million less from general revenues. The Department further reduces expenses by \$1.9 million in its constrained request. Direct services are provided to individuals who are not eligible for Medicaid funded services through any of the Medicaid waiver programs and includes two out-of-state placements. *The Governor recommends funding essentially as request in the constrained request.*

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 Rehabilitation Services - Rehab Option. The Department requests \$68.0 million from all sources for mental health services provided through the Medicaid rehabilitation option,

which allows the state to provide mental health treatment services that are not otherwise eligible under Medicaid. The request is \$4.7 million more than enacted from all sources and includes general revenues based on the updated Medicaid rate.

The Department reports a population growth between 2005 and 2009 of 1,662 clients, from 7,695 to 9,357 or 21.5 percent for mental health services. For FY 2010, the rehabilitation program supported 8,041 clients at an average annually cost of \$7,987.

The Department reduces program costs by \$3.7 million from all funds for total funding of \$64.3 million in its constrained budget but has not provided the information as to how it would meet the reduced program costs. The Department's request is \$0.3 million less than actual program expenses of \$64.6 million in both FY 2009 and FY 2010. Of the savings the Department has identified \$1.8 million from changes to the services but has not yet specified them.

The Governor includes \$51.6 million for the treatment services, including \$17.9 million from general revenues. The recommendation is \$12.7 million less than the request to include \$12.7 million in general revenues savings from the state taking advantage of opportunities under federal health care reform.

Through the Patient Protection and Affordable Health Care Act, states can chose to provide medical benefits, including community based mental health treatment services, through a new health home model with the federal government paying 90 percent of the costs of Medicaid funded services for two years. The Department will use the new health home model to provide community based mental health treatment services, with the federal government paying 90 percent of the costs of Medicaid funded services for two years. The Governor's recommendation however inadvertently kept the federal funds at the requested constrained level instead of increasing the federal resources to offset the general revenue savings, understating the actual cost of the program.

Mental Health Treatment Services – Unachieved Savings. The Assembly passed Article 21 of 2010-H 7397 Substitute A, as amended to allow the Department to enter into a contract with the state's ten community agencies, including seven mental health centers, to provide mental health treatment services as originally proposed by the Department and recommended by the Governor. The enacted budget includes savings of \$4.0 million from this proposal, which the Department did not implement. It opted to institute an across the board rate reduction instead, which is discussed separately.

The Department indicates that it did not receive the necessary claims information from the state's Department of Human Services that it would need to establish the rates under the new contract and did not proceed with the initiative. The claims data is required by the Centers for Medicare and Medicaid Services to receive approval to enter into this type of contract arrangement. The Department indicates that it is currently in the process of receiving a portion of that data but has not renewed the proposal to enter into a statewide contract arrangement with the mental health providers in the future. *The Governor's budget recognizes that the original savings proposal was not implemented.*

Community Mental Health Centers – Rate Reduction. On July 1, 2010 the Department imposed a 25.0 percent rate reduction to the state's eleven centers providing community-based mental health services to generate the \$4.0 million in savings to substitute for the initiative to have the mental health centers enter into a statewide contract. The Department has not provided information as to the impact on each mental health center. *The Governor's budget includes the rate reduction.*

Supportive Employment and Day Programs. The state provides supportive employment and therapeutic day programs for individuals with mental health issues. Individuals can be enrolled in group day activities such as the movies, the library or bowling. The Governor recommended savings of \$1.0 million, \$0.4

million from general revenues in the enacted budget, from engaging individuals in more individualized supportive employment programs and reimbursing at a lower rate, instead of group activities. The Assembly did not concur and restored the funding. The Department subsequently reduced the psychiatric rates including those paid for the group activities by 15.0 percent to generate savings to meet other budget shortfalls in FY 2011 and its FY 2012 request also includes this reduction. *The Governor's budget includes the rate reduction.*

Substance Abuse Treatment Services – Medicaid Rehab Option. The Department requests \$6.0 million from all funds, \$0.3 million more than enacted for substance abuse treatment services provided through the Medicaid rehabilitation option, which allows the state to provide mental health treatment services to Medicaid eligible individuals.

The Department spent \$6.1 million for FY 2007, \$5.9 million for FY 2008 and \$4.4 million for FY 2009 and \$4.2 million in FY 2010 on the treatment services. *The Governor recommends funding as requested.*

Other Community Mental Health Treatment Programs - Medicaid. The Department requests \$0.6 million more from all sources for community mental health treatment programs for total funding of \$7.0 million in its request. The Department continues to assume the ability to leverage Medicaid through the global waiver. The Department reports that the requested increase will fully fund the program but has not provided the reason for the projected increase in program expenses. *The Governor recommends funding as requested.*

State Only Mental Health Treatment Services. The Department requests \$2.2 million for state only mental health treatment services, which is \$1.3 million more than enacted. Services support individuals who are not eligible for Medicaid but can receive outpatient and residential treatment services.

The Department's constrained request includes \$1.6 million less than current services. The Department has not indicated how it would reduce program expenses to meet this reduction. *The Governor recommends \$0.6 million, which is \$0.2 million less than enacted and \$32,000 more than the constrained request*

Other Substance Abuse Treatment Services – Medicaid. The Department requests \$3.0 million from all sources for other Medicaid funded substance abuse treatment services. The request is \$0.4 million less from general revenues and \$0.4 million less from federal funds. The Department has not provided its projected caseload or an explanation for the decrease in expenses

The Departments further reduces expenses by \$0.1 million in its constrained budget requests however does not provide an explanation for the change. *The Governor recommends \$0.1 million less than the constrained request and provides \$2.2 million from all sources for the treatment services.*

State Only Substance Abuse Treatment Services. The Department requests \$4.4 million more from general revenues for total funding of \$10.4 million for state only substance abuse treatment services. The Department reports the unconstrained budget assumed fully funding existing programs but does not provide any additional information. This is a 56.8 percent increase above the enacted budget and appears to overstate the Department's needs. Funding supports detoxification, adolescent residential services and prevention and training.

The Department reduces funding by \$4.3 million in its constrained budget; however, it has not identified any specific proposals. *The Governor recommends \$4.3 million, \$1.7 million less than the constrained budget and \$6.0 million less than enacted. He assumes a \$1.0 million reduction to the Stanley Street Treatment and Resources (SSTAR) and savings from requiring providers to bill third-party payors for state only residential treatment services provided to adolescents.*

Community Medication Assistance Program Drug Expenses. The Department requests \$2.6 million from all sources, \$0.2 million more than enacted for the community medication assistance program in both its current services and constrained budget requests. This program pays the drug expenses for individuals who are not eligible for Medicaid because they are not disabled or not eligible for medical benefits through the RItE Care program. Individuals must be at least 18 years old, a Rhode Island resident and have at least one hospitalization at one point in their lives or be at risk of psychiatric hospitalization. This includes individuals who are currently stable but who, in the opinion of the physician or other licensed provider, would be at risk of hospitalization without continued psychiatric medication. The Department increases 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, \$3.5 million in FY 2010 and requests \$2.6 million in its current service request.

The Governor recommends \$1.3 million from all sources, which is \$1.3 million less than requested, including \$0.6 million less from general revenues. He assumes the Department will restrict new clients entering the program to only those who have been discharged from a psychiatric unit or hospital, an acute services unit or the Stanley Street Treatment and Resource program in the previous 30 days. He also assumed the Department will institute a prior authorization process and other restrictions for some of the drugs in the formulary. The Department will also reassess existing clients and disenroll those clients who are not classified as severely, persistently mentally ill.

Methadone Treatment Services. The Department requests \$2.1 million from all sources. \$1.1 million more than enacted for methadone maintenance treatment services matched by Medicaid under the global waiver. *The Governor recommends funding as requested.*

Community Service Grants. The Department requests the enacted level of \$241,175 from general revenues for the Department's six community services grants. *The Governor recommends funding as requested.*

Substance Abuse Capacity Beds. The Department includes the enacted level of \$1.0 million from general revenues for the transition from the prison to community programs, expanding the number of substance abuse beds for prisoners recently paroled but remain incarcerated from a lack of treatment beds. As of December 2010, there have been 589 assessments, 469 admissions with 295 completing treatment, 46 currently enrolled, 128 leaving the program and 120 who are either waiting for placement, have sought alternative programming or have refused to enroll. *The Governor recommends funding as requested.*

Substance Abuse Treatment Block Grant. The Department requests the \$6.2 million from federal funds for the substance abuse treatment block grant, which is \$33,868 less than enacted. However, the Department requests \$0.3 million more from federal funds in its constrained budget but has not responded to whether this is an error since it appears that there is \$6.7 million in available funding through the block grant. Funding is awarded to community agencies to support local programs. *The Governor recommends \$6.5 million from federal funds, consistent with the constrained request.*

Access to Recovery Grant. The Department requests \$2.6 million more from federal funds for the access to recovery grant. 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 guideline of at or below 200 percent of the federal poverty level. *The Governor recommends funding as requested.*

State Incentive Grant. The Department requests \$475,000 less than enacted for the expiration of the federally funded five year state incentive grant. The goals of the state incentive grant were to: prevent the onset and reduce the progression of substance abuse, including childhood and underage drinking; reduce substance abuse-related problems in the communities, and build prevention capacity and infrastructure at the state and community levels. *The Governor recommends funding as requested.*

New Positions. The Department adds \$1.0 million from general revenues for 12.0 new positions in the behavioral health program; however, excludes these positions in its constrained budget request. This includes 6.0 public health promotion specialists, 3.0 clerks, 1.0 administrator, 1.0 associate administrator, and 1.0 program services officer. *The Governor does not recommend the new positions.*

Other Salaries and Benefits. Excluding the new positions, the Department requests \$3.1 million from all funds, \$0.6 million more than enacted for salaries and benefits to fully fund 28.0 positions in the Division of Behavioral Health. This also includes cost-of-living and other benefit rate adjustments based on Budget Office planning values. *The Governor recommends \$0.2 million more than requested from general revenues for two positions transferred from the Office of Health and Human Services.*

All Other Operations. Excluding all other adjustments in the behavioral health program, the Department requests \$228,547 from all sources for all other operations, \$84,615 more from general revenues and in both its current services request and constrained budget requests. *The Governor recommends funding as requested.*

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-campuses: 306 beds at the main Pastore campus in Cranston, of which 156 are occupied and 189 beds of which 123 are occupied at the Zambarano unit in Burrillville. The FY 2012 budget is based on a census of 279 patients. *The Governor's budget continues to assume the 279 patient census.*

Hospital Licensing Fee. The enacted budget includes \$6.0 million from all sources to pay the 5.465 percent fee assessed on state and community hospitals' gross patient services revenue for the hospital year ending September 30, 2009, including \$2.3 million from general revenues in FY 2011. The request adds \$0.6 million from general revenues based on the new Medicaid rate. The enacted budget assumes state hospital revenues of \$109.8 million for the 2009 hospital year, which is incorrect. The actual FY 2009 revenues are \$104.7 million for a licensing fee of \$5.7 million, \$0.3 million less than enacted. *The Governor recommends funding as requested.*

Hospital Administrative Restricted Receipts. The enacted budget includes restricted receipts from all non-third party payor receipts, including Medicare collected on behalf of patients at Eleanor Slater Hospital totaling \$3.1 million. The enacted budget also incorrectly includes \$2.5 million for a second restricted receipt account for Medicaid administrative costs that were determined to be an inappropriate use of a restricted receipt account. The Department's request corrects for this. *The Governor recommends funding as requested.*

New Positions. The Department adds \$1.9 million from all sources for 35.0 new positions at the state hospital, including 20.0 at the Zambarano campus and 15.0 at the Cranston campus. The Department reports that it is understaffed and requests additional positions to address that issue.

The new positions include 20.0 positions at the Zambarano unit and 15.0 positions at the Cranston campus. The positions include 21 direct medical staff and 14 administrative and support staff. This is offset by a \$0.4 million reduction in contracted medical services.

The Department's constrained request excludes the new positions and increases contracted services. *The Governor does not recommend the new positions.*

Contracted Medical Services. Excluding the reduction to the enacted level of \$0.4 million for contracted medical services for the new hospital positions, the Department requests \$6.5 million from all sources for contracted medical services. The request includes funding for medical personnel including physicians, dentists, nurses, speech and physical therapy and other rehabilitative services. *The Governor recommends funding as requested.*

Overtime Expenses. The Department requests \$4.0 million from all sources for overtime expenses, which is \$0.5 million more than enacted. The request is \$6.2 million less than the Department revised request of \$10.2 million from all sources. The Department spent \$11.1 million in FY 2010 and \$10.3 million in FY 2009 on overtime; however, it anticipates a decrease in the need for overtime with the new positions.

The Department's constrained budget reduces overtime by \$1.5 million but it did not request any new positions so it appears that the Department may continue to use the existing hospital personnel to fill staffing needs and its request for overtime expenses in its constrained budget could be underfunded.

The Governor includes \$2.4 million from all sources, \$1.1 million less than enacted and \$40.914 less than the constrained request. He adds funding to increase personnel and assumes the need for less overtime to fill staffing needs.

All Other Staffing. Excluding the adjustment for the new positions, the Department requests \$78.7 million from all sources, including \$39.6 million from general revenues for all other staffing requirements. The request is \$10.3 million more than enacted. It adds back \$3.0 million from all sources to backfill a portion of the \$5.0 million in turnover savings included in the enacted budget equivalent to approximately 60 vacant positions. The request would add back funding to support 34.0 positions at the state hospital. The request also includes \$2.4 million for cost-of-living and other salary adjustments, \$2.5 million for updated medical benefits and \$1.3 million for other benefit changes and \$1.2 million for temporary staffing. The Department's constrained request further reduces staffing by \$2.3 million from all sources from keeping 20.0 hospital positions vacant.

The Governor recommends \$75.7 million from all sources, \$5.2 million more than enacted and \$0.2 million less than the constrained request. He adds two positions transferred from the Office of Health and Human Services and includes funding the positions at the state hospital that are currently vacant.

All Other Expenses. The Department requests \$13.0 million from all sources, which is \$0.5 million less than enacted, for all other hospital expenses, including \$0.2 million more from general revenues. The request includes \$1.0 million less for medical supplies, including pharmaceuticals and \$0.6 million less for janitorial and other hospital supplies offset by increases of \$0.9 million for furniture and \$0.3 million for food.

The Department's constrained budget request reduces hospital expenses to \$11.7 million. This is \$1.7 million from all sources, less than the unconstrained request, of which \$0.9 million is from general revenues. The request includes \$0.8 million less for furniture and further reduces operating expenses by

\$0.9 million, including medical supplies. The Department spent \$13.4 million in FY 2010 for the expenses. *The Governor recommends funding essentially as requested.*

Hospital and Community System Support

Indirect Cost Recovery Rate. The enacted budget assumes salary and benefit savings of \$271,208 from general revenues in the hospital and community support program from the Department negotiating a federal indirect cost recovery rate that will offset state funded program costs. The Department continues to assume the savings but has not yet applied for the rate. *The Governor recommends funding as requested.*

New Positions. The Department adds \$153,137 from general revenues for two new positions in the hospital and community support program. The positions include a rate analyst and a medical billing specialist.

The Department excludes this request from its constrained budget. *The Governor does not recommend the new positions.*

Other Salaries and Benefits. The Department requests \$2.1 million from general revenues, \$0.3 million more than enacted for salaries and benefits and includes adjustments based on Budget Office planning values. The request adds back \$0.1 million in savings assumed from leaving positions vacant to fully fund 22.0 positions. *The Governor recommends funding as requested.*

All Other Operations. The Department requests \$75,791 from general revenues, \$40,744 less than enacted for all other operations in the home and community system support program. The Department reduces contracted services by \$21,323 and operating expenses by \$19,418 including office supplies and computer expenses.

The Department reduces its request by \$18,661 in its constrained budget. It includes reducing funding for computer and furniture purchases, staff training and office supplies. *The Governor recommends funding essentially as requested.*

Central Management

Indirect Cost Recovery Rate. The enacted budget assumes salary and benefit savings of \$134,257 from general revenues in the central management program from the Department negotiating a federal indirect cost recovery rate that will offset state funded program costs. The Department has not applied for the rate and adds back general revenues in it FY 2012 current services request and constrained budget request. *The Governor recommends funding as requested.*

Information Technology Funds. The Department requests \$259,851 more from federal funds for total funding of \$403,421 from all sources to upgrade its current technology. The expenses are Medicaid matched. The Department includes \$135,507 from federal funds for salary and benefit expenses but has not provided the information as to whether this is a transfer of costs for existing personnel or new staff, and if new, whether or not the new staff has been hired. Since the purchases are Medicaid, a state match is required however in prior fiscal years the Department has spent the general revenues but the actual expenses do not reflect spending the federal funds.

As part of its constrained request, the Department proposes \$161,613 less from all sources, including \$91,888 less from general revenues for total funding of \$241,808 for the technology project. It has not provided the information to explain the reduction. *The Governor recommends \$1,336 less than the constrained request, including \$372 less from general revenues.*

Other Salaries and Benefits. Excluding all other adjustments, the Department requests \$0.7 million from general revenues, \$0.2 million more than enacted to include adjustments based on Budget Office planning values to fully fund six positions. *The Governor recommends \$0.1 million less than requested to fund five positions.*

All Other Operations. The Department requests \$210,113 from general revenues for all other program operations, which is \$38,626 more than enacted. The request includes \$40,000 to partially support a discharge planner at the Department of Corrections.

The Department reduces its request by \$51,082 in its constrained budget. It includes reducing funding for computer and furniture purchases, office supplies and other miscellaneous expenses. *The Governor further reducing funding by \$37,284 from general revenues. He further reduces legal services by \$5,330 above the Department's 15.0 percent statewide reduction to legal services of \$30. He further reduces support for building maintenance and office support.*

Department of Veterans' Affairs

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Category				
Salaries and Benefits	\$ -	\$ -	\$ -	\$ 22,201,175
Contracted Services	-	-	-	864,314
Subtotal	\$ -	\$ -	\$ -	\$ 23,065,489
Other State Operations	-	-	-	3,403,523
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	24,100
Capital	-	-	-	2,195,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ 28,688,112
Sources of Funds				
General Revenue	\$ -	\$ -	\$ -	\$ 19,039,528
Federal Aid	-	-	-	8,005,072
Restricted Receipts	-	-	-	1,643,512
Other	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ 28,688,112
FTE Authorization	-	-	-	268.2

Summary. The division of Veterans' Affairs is a program within the Department of Human Services' FY 2011 enacted budget. The Department requests \$31.2 million from all sources, including \$21.8 million from general revenues for the division in FY 2012. The Department requests 258.2 full-time equivalent positions for the division, which is 28.4 positions more than the enacted level of 229.8. The Department also submitted a constrained request that totals \$30.8 million and includes \$0.4 million less from general revenues and 29.0 fewer positions than the unconstrained request.

The Governor recommends a new Department of Veterans' Affairs, effective July 1, 2011. It is currently a division within the Department of Human Services. He includes \$28.7 million from all sources, including \$19.0 million from general revenues and 268.2 positions. This is \$2.5 million less from all sources, including \$2.7 million less from general revenues, and \$0.2 million more from restricted receipts and 10.0 fewer positions than requested.

Statewide Adjustments. The Governor's FY 2012 budget includes \$20.7 million in unidentified statewide general revenue savings from applying reductions of 3.0 percent to salaries and benefits in cabinet level departments and 2.0 percent reductions to those costs in certain other agencies. He also includes a 1.0 percent reduction to operating costs in those agencies. For the Department of Veterans' Affairs, he assumes savings of \$510,720, primarily from personnel. The adjustments are in addition to other program changes in his recommended budget and described below.

Department of Veterans' Affairs. The 2010 Assembly included Section 8 of Article 7 of 2010-H 7397, Substitute A, as amended to delay the creation of the new Department of Veterans' Affairs until July 1, 2011 and delayed the required transition recommendations until October 31, 2010. The Department of Human Services was to provide recommendations for implementation to the chairs of the House and Senate Finance Committees regarding how to transition the division into its own Department. As of January 7, 2011, the House and Senate Finance Committees have not received the recommendations. The division of Veterans' Affairs remains in the Department of Human Services' FY 2012 budget request. *The Governor includes the new Department of Veterans' Affairs, effective July 1, 2011.*

Veterans' Home Census. The Rhode Island Veterans' Home is a 260-bed licensed nursing facility located in Bristol, including a 36-bed special needs unit for veterans coping with the effects of dementia-related illnesses and conditions in addition to two dormitory care units with 79 beds. The FY 2010 average number of nursing care and dormitory care beds utilized were 189 and 32, respectively and there were 157 nursing care and 34 dormitory care beds being used on March 15, 2011.

The Governor proposes to limit the FY 2012 census to the current rate, close two of the seven wings, and consolidate the residents and the current staff into the remaining five wings to reduce the cost of the contracted nursing pool and staff overtime expenses. He recommends opening all wings in FY 2013, increasing the census to 245 to eliminate the waiting list and recommends 35.0 new positions to staff the home in the final four months of FY 2012 in preparation of increasing the census in FY 2013.

Veterans' Home Maintenance Fee. Currently, residents at the Rhode Island Veterans' Home are allowed to keep the first \$150 of income as a personal allowance in addition to 50.0 percent of any income received from wounds or the receipt of a Purple Heart award. The resident can also keep sufficient funds to cover costs needed for the support of a spouse, minor child or blind or permanently disabled child. A maintenance fee of 80.0 percent is assessed on the resident's remaining income. An amount equal to 20.0 percent of this assessment is deposited into a restricted receipt account for use towards the cost of care and maintenance at the home and 80.0 percent is deposited into the state's general fund as revenues.

The Governor recommends increasing the fee on the veterans' remaining income from 80.0 percent to 100 percent for additional revenues of \$982,810 in FY 2012, including \$786,248 from general revenues and \$196,562 from restricted receipts. The veteran would still retain the first \$150 of income per month, plus any disregards. He includes Article 28 of 2011-H 5894 to make the change. This increase is intended to help finance the additional staffing that is required to increase the census in FY 2013 in order to eliminate the current waiting list.

Veterans' Affairs – New Positions. The Department of Human Services' unconstrained request includes \$0.9 million, primarily from general revenues and the authority for 29.0 new full-time equivalent positions in the division of Veterans' Affairs. The request includes 5.0 positions with an estimated start date of September 2011, including 1.0 director, 4.0 benefit claims specialists and 24.0 positions, which include 22.0 clinical positions and 2.0 support positions, though the request assumes that approximately 2.4 of these positions will be filled in FY 2012. As part of its constrained request, the Department excludes authorization and funding for the 24.0 positions.

The Governor recommends \$1.2 million from general revenues and authorization for 40.0 new positions. This includes \$0.5 million for the 1.0 director and 4.0 benefit claims specialist positions for the full year and \$0.7 million for 35.0 nursing, clinical and support positions for the final four months of FY 2012 in preparation of increasing the census in FY 2013.

Veterans' Affairs – All Other Staffing. The Department requests \$22.9 million from all funds for salaries and benefits for 229.2 positions, including \$16.3 million from general revenues and \$6.5 million from federal funds. The request is \$1.6 million more than enacted, including \$0.8 million from general revenues and reduces the authorization by 0.4 full-time equivalent positions to more accurately reflect the hours worked by several staff members. The request provides for a 3.0 percent cost-of-living adjustment, step increases and benefit rates consistent with FY 2012 planning values and includes shifting general revenue expenditures to available federal funds.

The Governor recommends \$21.5 million from all sources, including \$15.0 million from general revenues for 228.2 positions, which is \$0.8 million more than enacted, primarily from federal funds. The recommendation reduces the authorization by 0.4 positions, consistent with the request and eliminates the associate director position. He also assumes savings of \$1.0 million from reduced overtime expenses from limiting the Veterans' Home census in FY 2012.

Veterans' Affairs – Medical and Operational Expenses. The Department of Human Services requests \$5.9 million from all funds for operating expenses at the Veterans' Home, including \$5.0 million from general revenues, \$26,536 from federal funds and \$0.8 million from restricted receipts. The request is \$0.6 million more than enacted, including \$0.7 million more from general revenues.

The request includes \$1.6 million for contracts for doctors, dentists and nurses, \$0.5 million for pharmaceuticals and \$60,000 for laboratory testing, all from general revenues and includes \$0.8 million for medical services, of which \$0.5 million is from general revenues, combined this is \$0.7 million more than enacted. The division has increased its reliance on contracted services to perform duties that full-time positions can do, while maintaining vacancies in the Veterans' Affairs division. The division has not requested sufficient additional staff to reduce the dependence on contracted nurses, though there is turnover savings in the enacted budget and the revised request, which also contributes to increases in overtime.

The request contains \$0.9 million for food and food service contracts, \$0.5 million from general revenues for janitorial contracts and supplies, \$0.4 million for maintenance and repairs of the building and equipment, \$0.3 million for laundry services, \$0.1 million for internal service and utility expenses, \$0.1 million for information technology expenditures and \$0.6 million for all other expenses related to operations at the Veterans' Home. It also includes \$20,000 from federal funds for a new homeless veterans transition assistance grant.

The Governor recommends \$4.4 million from all sources, including \$3.4 million from general revenues. This is \$1.5 million less than requested, primarily from general revenues. This includes \$1.1 million less from general revenues from reduced nursing pool expenses from consolidating from seven wings to five in FY 2012, \$0.2 million less for reduced doctor and dentist expenses, pharmaceuticals, and other medical services and supplies based on year-to-date expenses and maintaining the current census through FY 2012. He also includes \$1,050 less from general revenues from a 15.0 percent reduction to legal expenses.

Veterans' Cemetery. The Department of Human Services requests \$785,000 from all funds, including \$0.7 million from federal funds and \$85,000 from restricted receipts for capital costs at the Veterans' Cemetery. The Department requests \$0.7 million more federal funds from a new grant from the National Cemetery Administration to improve the areas around the Memorial Circle and World War II Memorial at the Veterans' Cemetery in Exeter. The grant award totals \$2.1 million to be spread equally over three years. Projects include re-grading the area to eliminate settlements, ensuring that all rows and aisles are clearly marked, and planting and establishing suitable grass cover for the reduction of weeds and greater overall appearance. The request also includes the enacted level of \$85,000 from restricted receipts for the

purchase of four lawn mowers and two utility vehicles for maintenance services at the Veterans' Cemetery through the Memorial Fund. *The Governor recommends funding as requested in the budget of the new Department.*

Veterans' Home Capital Projects. The Department of Human Services requests \$1.4 million from all sources, including \$749,250 from federal funds and \$615,750 from restricted receipts for capital projects at the Veterans' Home. This is \$244,000 less than enacted and includes \$225,750 less from federal funds and \$18,250 less from restricted receipts from fewer projects planned in FY 2012. All projects are described in the Capital Budget section of this publication. *The Governor recommends funding as requested in the budget of the new Department.*

Office of the Child Advocate

	FY 2011		FY 2011		FY 2012		FY 2012
	Enacted		Revised		Request		Recommended
Expenditures by Category							
Salaries and Benefits	\$ 574,966	\$	592,792	\$	643,785	\$	642,174
Contracted Services	-		-		-		-
Subtotal	\$ 574,966	\$	592,792	\$	643,785	\$	642,174
Other State Operations	14,661		9,957		18,041		10,258
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	-		-		-		-
Capital	-		-		-		-
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
Total	\$ 589,627	\$	602,749	\$	661,826	\$	652,432
Sources of Funds							
General Revenue	\$ 543,822	\$	556,047	\$	612,778	\$	603,384
Federal Aid	45,805		46,702		49,048		49,048
Restricted Receipts	-		-		-		-
Other	-		-		-		-
Total	\$ 589,627	\$	602,749	\$	661,826	\$	652,432
FTE Authorization	5.8		5.8		5.8		5.8

Summary. The Office of the Child Advocate's unconstrained request includes \$661,826, or \$72,199 more than enacted from all sources. The request includes \$68,956 more from general revenues, \$3,243 more from federal funds, and the enacted level of 5.8 full-time equivalent positions. The Office also submitted a constrained request that totals \$491,746 and includes \$52,076 less from general revenues than the unconstrained request. *The Governor recommends \$652,432 from all sources, including \$603,384 from general revenues, and 5.8 full-time equivalent positions. This is \$62,805 more than enacted, including \$59,562 more from general revenues.*

Target Issues. The Budget Office provided the Office of the Child Advocate with a general revenue target of \$491,746. The amount includes current service adjustments of \$34,703 and a 15.0 percent target reduction of \$86,779.

FY 2012 Budget	Budget Office	Child Advocate	Difference
FY 2011 Enacted	\$ 543,822	\$ 543,822	\$ -
Current Service Adjustments	34,703	68,956	34,253
Change to FY 2011 Enacted	\$ 34,703	\$ 68,956	\$ 34,253
FY 2012 Current Service/ Unconstrained Request	\$ 578,525	\$ 612,778	\$ 34,253
Target Reduction/Initiatives	(86,779)	(121,032)	(34,253)
FY 2012 Constrained Target/Request	\$ 491,746	\$ 491,746	\$ -
<i>Change to FY 2011 Enacted</i>	<i>\$(52,076)</i>	<i>\$(52,076)</i>	<i>\$ -</i>

The constrained budget submitted by the Office meets the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget is \$0.1 million above the target.*

Salaries and Benefits. The Office's current service request includes \$643,785 from all sources for salaries and benefits, including \$594,778 from general revenues and \$49,007 from federal funds. This is an increase of \$68,819 from a 3.0 percent cost of living increase, various salary adjustments, and medical benefit and retirement rate adjustments consistent with Budget Office planning values.

As part of its constrained request, the Office proposes to eliminate the Assistant Child Advocate position for savings of \$115,938.

The Governor recommends \$642,174 from all sources, including \$593,468 from general revenues. This is \$67,208 more than enacted and \$1,611 less than requested to account for adjustments to retiree health costs and medical benefit rates. He does not recommend eliminating the Assistant Child Advocate position.

Operating Expenses. The Office requests \$18,041 from all sources for operating expenses, including \$18,000 from general revenues and \$41 from federal funds. This is \$3,380 more than enacted to reflect increased mileage reimbursement for case workers visiting children.

As part of its constrained request, the Office proposes to reduce various operating expenses by \$5,094.

The Governor recommends \$10,258 from all sources, including \$9,916 from general revenues. This is \$4,403 less than enacted and \$691 more than the Office's constrained request to reflect further reductions to various operating expenses, including mileage reimbursements and office supplies.

Commission on Deaf and Hard of Hearing

	FY 2011		FY 2011		FY 2012		FY 2012
	Enacted		Revised		Request		Recommended
Expenditures by Category							
Salaries and Benefits	\$ 304,744	\$	307,672	\$	332,903	\$	330,855
Contracted Services	48,950		48,950		56,000		48,950
Subtotal	\$ 353,694	\$	356,622	\$	388,903	\$	379,805
Other State Operations	9,130		8,180		9,130		8,180
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	-		-		-		-
Capital	-		-		-		-
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
Total	\$ 362,824	\$	364,802	\$	398,033	\$	387,985
Sources of Funds							
General Revenue	\$ 362,824	\$	364,802	\$	398,033	\$	387,985
Federal Aid	-		-		-		-
Restricted Receipts	-		-		-		-
Other Funds	-		-		-		-
Total	\$ 362,824	\$	364,802	\$	398,033	\$	387,985
FTE Authorization	3.0		3.0		3.0		3.0

Summary. The Commission on the Deaf and Hard of Hearing's unconstrained request includes \$398,033 from general revenues, which is \$35,209 more than enacted. It also requests 3.0 full-time equivalent positions for FY 2012. The Commission also submitted a constrained request that totals \$326,476, which is \$71,557 less than the unconstrained request. *The Governor recommends \$387,985, from general revenues, which is \$25,161 more than enacted and \$10,048 less than requested. The Governor recommends 3.0 full-time equivalent positions.*

Target Issues. The Budget Office provided the Commission on the Deaf and Hard of Hearing with a general revenue target of \$326,476. The amount includes current service adjustments of \$21,265 and a 15.0 percent target reduction of \$57,613.

			Deaf and Hard		Difference
FY 2012 Budget	Budget Office	of Hearing			
FY 2011 Enacted	\$ 362,824	\$	362,824	\$	-
Current Service Adjustments	21,265		35,209		13,944
Change to FY 2011 Enacted	21,265	\$	35,209	\$	13,944
FY 2012 Current Service/ Unconstrained Request	\$ 384,089	\$	398,033	\$	13,944
Target Reduction/Initiatives	(57,613)		(71,557)		(13,944)
FY 2012 Constrained Target/Request	\$ 326,476	\$	326,476	\$	-
Change to FY 2011 Enacted	36,348	\$	(36,348)	\$	-

The constrained budget submitted by the Commission meets the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget is \$61,509 above the target.*

Salaries and Benefits. The Commission's current service request includes \$332,903 from general revenues for salaries and benefits for its 3.0 full-time equivalent positions. This is \$28,159 more than enacted and assumes no turnover savings. This includes a 3.0 percent cost of living increase, step and longevity increases and medical benefit and retirement rate changes consistent with Budget Office planning values for FY 2012.

As part of its constrained budget, the Commission requests \$15,557 less from general revenues to reflect a 50.0 percent reduction in hours for the emergency interpreter referral staff. The Commission would also consider either a reduction to part-time or six months of not providing this function. *The Governor recommends \$2,048 less than requested based on statewide medical benefit adjustments.*

Interpreter and CART Services. The Commission's current service request includes \$56,000 from general revenues for contracted services, which is \$7,050 more than enacted. The Commission utilizes contracted services primarily for all facets of interpreter services, the 24 hours emergency on call service, communication access realtime translator service, as well as temporary staff.

The Commission's constrained request eliminates \$56,000 for interpreter services. *The Governor recommends the enacted level of general revenues, or \$7,050 less than requested consistent with historical spending.*

All Other Operations. The Commission requests the enacted level of \$9,130 from general revenues for all other operations. *The Governor recommends \$950 less than requested to be more consistent with historical spending.*

Governor's Commission on Disabilities

	FY 2011		FY 2011		FY 2012		FY 2012
	Enacted		Revised		Request		Recommended
Expenditures by Category							
Salaries and Benefits	\$ 379,166	\$	380,455	\$	410,273	\$	409,793
Contracted Services	7,109		8,973		11,127		9,652
Subtotal	\$ 386,275	\$	389,428	\$	421,400	\$	419,445
Other State Operations	31,376		50,070		26,311		24,812
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	154,921		127,250		133,616		133,754
Capital	251,881		226,881		251,881		226,881
Capital Debt Service	-		-		-		-
Operating Transfers	-		25,000		-		25,000
Total	\$ 824,453	\$	818,629	\$	833,208	\$	829,892
Sources of Funds							
General Revenue	\$ 367,229	\$	363,308	\$	389,496	\$	388,786
Federal Aid	193,598		196,213		184,448		181,842
Restricted Receipts	13,626		9,108		9,264		9,264
Other Funds	250,000		250,000		250,000		250,000
Total	\$ 824,453	\$	818,629	\$	833,208	\$	829,892
FTE Authorization	4.0		4.0		4.0		4.0

Summary. The Governor's Commission on Disabilities' unconstrained request for \$0.8 million is \$8,755 more than enacted from all sources. The request includes \$22,267 more from general revenues, \$9,150 less from federal funds, \$4,362 less from restricted receipts and the enacted level of Rhode Island Capital Plan funds and full-time equivalent positions. The Commission also submitted a constrained request that totals \$774,875 and includes \$58,335 less from general revenues than the unconstrained request. *The Governor recommends \$829,892, which is \$5,439 more than enacted and \$3,316 more than requested, including \$2,606 less from general revenues. He recommends the 4.0 full-time equivalent positions.*

Target Issues. The Budget Office provided the Governor's Commission on Disabilities with a general revenue target of \$330,557. The amount includes current service adjustments of \$21,662 and a 15.0 percent target reduction of \$58,334.

			Commission on	
FY 2012 Budget	Budget Office		Disabilities	Difference
FY 2011 Enacted	\$ 367,229	\$	367,229	\$ -
Current Service Adjustments	21,662		22,267	605
Change to FY 2011 Enacted	\$ 21,662	\$	22,267	\$ 605
FY 2012 Current Service/ Unconstrained Request	\$ 388,891	\$	389,496	\$ 605
Target Reduction/Initiatives	(58,334)		(58,335)	(1)
FY 2012 Constrained Target/Request	\$ 330,557	\$	331,161	\$ 604
Change to FY 2011 Enacted	\$ (36,672)	\$	(36,068)	\$ 604

The constrained budget submitted by the Commission is \$1 below the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget is \$58,229 above the target.*

Salaries and Benefits. The Commission's current service request includes \$410,273 from all sources for salaries and benefits, including \$362,328 from general revenues and \$47,945 from federal funds. This is an increase of \$31,107 from a 3.0 percent cost-of-living adjustment, step and longevity increases, and benefit adjustments consistent with FY 2012 Budget Office planning values. The Commission does not assume any turnover savings, which is consistent with the enacted budget.

As part of its constrained request the Commission reduces all positions to part-time for savings of \$51,977, \$54,524 from general revenues. *The Governor recommends unconstrained funding essentially as requested and adds \$374 more from general revenues to reflect minor benefit rate adjustments.*

Programming. The Commission requests \$133,616 from all sources for programming adjustments, including \$10,212 from general revenues and \$123,404 from federal funds. This is \$21,305 less than enacted, including \$7,809 less from general revenues. The general revenue change includes \$7,671 less for the Disability Business Enterprise program, which reflects a shift in the program's workload to other areas and \$138 less for the spring semester intern from the Mary Brennan Fellowship program. The federal funds change of \$13,496 reflects adjustments to available grant awards, \$10,046 less for Help America Vote Act and \$3,450 less for the New England Americans with Disabilities Act funds to reflect adjusted available resources. These grants are used to assist, educate and ensure that the community and businesses are knowledgeable and are complying with the Americans with Disabilities Act standards. The Mary Brennan Fellowship program provides college students with disabilities a semester long part-time placement with the Commission to do research and learn about disability policy.

The Commission's constrained request proposes to reduce the Mary Brennan Fellowship fund to \$8,680 for savings of \$1,532 from the unconstrained request. *The Governor essentially recommends unconstrained funding as requested and adds \$138 from general revenues to fully fund the Mary Brennan Scholarship fund.*

Other Operations. The Commission requests \$37,438 from all sources for all other Commission operations. This is \$1,047 less than enacted, including \$75 more from general revenues, \$3,240 more from federal funds and \$4,362 less from restricted receipts. The changes include reductions to various office expenses offset by an increase in interpreter expenses.

The Commission's constrained request proposes to reduce various operating expenses for savings of \$2,279, which includes the elimination of the online search engine. Final FY 2010 expenditures were \$25,824, which is \$7,025 less than the FY 2012 constrained request.

The Governor recommends \$1,615 more than the constrained request, including \$1,057 more from general revenues, which assumes the operating reductions can be achieved except for the search engine elimination.

Office of the Mental Health Advocate

	FY 2011		FY 2011		FY 2012		FY 2012
	Enacted		Revised		Request		Recommended
Expenditures by Category							
Salaries and Benefits	\$ 423,969	\$	423,596	\$	460,088	\$	457,606
Contracted Services	4,500		4,050		4,500		1,800
Subtotal	\$ 428,469	\$	427,646	\$	464,588	\$	459,406
Other State Operations	12,481		11,087		12,211		9,312
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	-		-		-		-
Capital	-		-		-		-
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
Total	\$ 440,950	\$	438,733	\$	476,799	\$	468,718
Sources of Funds							
General Revenue	\$ 440,950	\$	438,733	\$	476,799	\$	468,718
Federal Aid	-		-		-		-
Restricted Receipts	-		-		-		-
Other	-		-		-		-
Total	\$ 440,950	\$	438,733	\$	476,799	\$	468,718
FTE Authorization	3.7		3.7		3.7		3.7

Summary. The Office of the Mental Health Advocate requests \$476,799 from general revenues, \$35,849 more than enacted in its unconstrained, current services request. The Office submitted a constrained request that totals \$398,578 and includes \$78,221 less from general revenues than the unconstrained request. *The Governor recommends \$468,718 and the enacted level of 3.7 positions. This is \$27,768 more than enacted, \$8,081 less than requested and \$70,140 more than the constrained request.*

Target Issues. The Budget Office provided the Office with a general revenue target of \$398,578. The amount includes current service adjustments of \$27,965 and a 15.0 percent target reduction of \$70,337.

	Mental Health		
FY 2012 Budget	Budget Office	Advocate	Difference
FY 2011 Enacted	\$ 440,950	\$ 440,950	\$ -
Current Service Adjustments	27,965	27,965	-
Change to FY 2011 Enacted	\$ 27,965	\$ 27,965	\$ -
FY 2012 Current Service/ Unconstrained Request	\$ 468,915	\$ 468,915	\$ -
Target Reduction/Initiatives	(70,337)	(70,337)	-
FY 2012 Constrained Target/Request	\$ 398,578	\$ 398,578	\$ -
<i>Change to FY 2011 Enacted</i>	<i>\$(42,372)</i>	<i>\$(42,372)</i>	<i>\$ -</i>

The constrained budget submitted by the agency meets the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's recommendation is \$70,140 above the target.*

Salaries and Benefits. The Office requests \$460,088 for salary and benefit expenses to fully fund its current level of 3.7 positions, \$36,119 more than enacted. The request includes adjustments consistent with the Budget Office planning values.

The Office proposes 45 pay reduction days in its FY 2012 constrained request for savings of \$72,951 to meet the Budget Office general revenue target. *The Governor recommends \$33,637 more than enacted and \$2,482 less than the unconstrained request to reflect statewide medical benefit adjustments. He does not include the pay reduction days.*

Other Operations. The Office requests \$16,721 from general revenues for all other operations. The request includes the enacted level of \$4,500 for various contracted psychiatric evaluations, transcriptions services for court cases and interpreter services. It includes a reduction of \$270 to adjust for various expenses, including the new copy machine rental contract consistent with the revised request.

The Office's constrained request includes \$5,270 less than its current services request for all other operations. This includes \$2,700 less for psychiatric evaluation services and \$2,570 less for office supplies and other expenses. *The Governor further reduces the constrained request by \$329.*

Department of Elementary and Secondary Education

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Program				
State Aid	\$ 648,829,028	\$ 650,004,758	\$ 679,043,433	\$ 646,319,288
School Housing Aid	70,774,727	68,023,009	72,507,180	72,507,180
Teachers' Retirement	75,598,212	69,653,293	79,000,132	82,671,070
RI School for the Deaf	7,328,747	7,499,008	7,471,742	6,883,709
Central Falls School District	43,047,138	43,047,138	43,161,042	39,757,786
Davies Career & Technical School	18,337,958	19,974,762	19,146,624	17,390,676
Metropolitan Career & Technical School	17,083,219	13,710,906	19,544,892	15,571,987
Administration	247,733,840	301,317,969	260,897,179	257,499,698
Total	\$1,128,732,869	\$1,173,230,843	\$1,180,772,224	\$1,138,601,394
Expenditures by Category				
Salaries and Benefits	\$ 36,856,092	\$ 37,638,399	\$ 40,699,591	\$ 38,873,156
Contracted Services	32,852,959	39,353,599	46,233,063	46,156,663
Subtotal	\$ 69,709,051	\$ 76,991,998	\$ 86,932,654	\$ 85,029,819
Other State Operations	13,026,731	12,247,540	11,663,783	11,103,234
Aid to Local Units of Government	992,756,124	1,037,638,808	1,047,654,367	1,011,305,596
Assistance, Grants, and Benefits	44,555,797	38,922,064	24,439,519	23,689,519
Capital	8,685,166	7,430,433	10,081,901	7,473,226
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$1,128,732,869	\$1,173,230,843	\$1,180,772,224	\$1,138,601,394
Sources of Funds				
General Revenue	\$ 856,068,541	\$ 847,414,195	\$ 903,926,435	\$ 869,014,643
Federal Aid	239,980,896	299,418,836	238,157,737	238,146,015
Restricted Receipts	23,930,750	19,019,883	24,049,421	24,039,421
Other	8,752,682	7,377,929	14,638,631	7,401,315
Total	\$1,128,732,869	\$1,173,230,843	\$1,180,772,224	\$1,138,601,394
FTE Authorization				
Administration	133.4	156.4	157.9	156.4
Davies	132.0	132.0	123.0	132.0
School for the Deaf	60.0	60.0	60.0	60.0
Total Authorized Positions	325.4	348.4	340.9	348.4

Summary. The Board of Regents requests \$1,180.8 million from all sources of funds as part of its unconstrained request and 340.9 full-time equivalent positions. The staffing request is 15.5 positions more than enacted. General revenues total \$903.9 million, which is \$47.9 million over the FY 2011 enacted level. The Department submitted a constrained request that totals \$901.6 million and includes \$2.4 million less from general revenues than the unconstrained request.

The Regents request \$238.2 million in federal spending, which is \$1.8 million less than the enacted budget and reflects the end of stimulus funding offset by new education jobs funds. The budget request also includes \$24.0 million from restricted receipts, \$14.5 million from Rhode Island Capital Plan funds and \$0.2 million from duties paid by auctioneers.

The Budget Office instructed the Department to submit a budget of \$760.2 million from general revenues. The Department submitted a constrained budget of \$901.6 million from general revenues which is \$141.4 million more than the target. It proposes to achieve \$2.4 million in reductions by eliminating funding for the physics first and textbook reimbursement programs, reducing the administrative cost reimbursement for the school breakfast program and eliminating general revenue support for the education telecommunications access fund. It eliminates funding for all community service grants and funding for science kits (KITES) provided to districts. It also withdraws its request for several initiatives in the unconstrained budget request including emergency repairs for the career and technical centers, vision services, uniform chart of accounts, and new staff.

The Governor recommends \$1,138.6 million, \$9.9 million more than enacted and \$42.2 million less than requested. He recommends \$869.0 million from general revenues, \$12.9 million more than enacted and \$34.9 million less than requested. He funds the first year of the funding formula adopted by the 2010 Assembly, but he assumes use of \$32.3 million from federal education jobs funds that districts will receive during FY 2011 in lieu of general revenues.

Federal funds are \$1.8 million less than enacted. Restricted receipts are \$0.1 million more than enacted to reflect a reduction in the education telecommunications access fund offset by new restricted receipts to reflect the local contributions from districts that send students to Davies pursuant to the new funding formula. Rhode Island Capital Plan funds are \$1.2 million less than enacted. He recommends 348.4 full-time equivalent positions, which is 23.0 more than authorized and includes 22.0 new positions to work on the Race to the Top grant and 1.0 position to work on the uniform chart of accounts initiative.

Target Issues. The Budget Office provided the Department of Elementary and Secondary Education with a general revenue target of \$760.2 million. The amount includes current service adjustments of \$22.8 million, \$15.5 million in funding for the new education funding formula and a 15.0 percent target reduction adjusted for certain exclusions of \$134.1 million.

FY 2012 Budget	Budget Office	ELSEC	Difference
FY 2011 Enacted	\$ 856,068,541	\$ 856,068,541	\$ -
Current Service Adjustments	38,254,791	47,857,894	9,603,103
Change to FY 2011 Enacted	\$ 38,254,791	\$ 47,857,894	\$ 9,603,103
FY 2012 Current Service/ Unconstrained Request	\$ 894,323,332	\$ 903,926,435	\$ 9,603,103
Target Reduction/Initiatives	(134,148,500)	(2,352,889)	131,795,611
FY 2012 Constrained Target/Request	\$ 760,174,832	\$ 901,573,546	\$ 141,398,714
<i>Change to FY 2011 Enacted</i>	<i>\$ (95,893,709)</i>	<i>\$ 45,505,005</i>	<i>\$ 141,398,714</i>

The constrained budget submitted by the Department is \$141.4 million above the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget is \$108.8 million above the target.*

Statewide Adjustments. The Governor's FY 2012 budget includes \$20.7 million in unidentified statewide general revenue savings from applying reductions of 3.0 percent to salaries and benefits in cabinet level departments and 2.0 percent reductions to those costs in certain other agencies. He also includes a 1.0 percent reduction to operating costs in those agencies. For the Department of Elementary and Secondary

Education he assumes savings of \$0.9 million. The adjustments are in addition to other program changes in his recommended budget and described below.

Education Aid. The Regents request \$641.6 million for state aid to local school districts and charter schools, not including Central Falls School District, Davies Career and Technical School and the Met School. This represents the first year of funding under the new education funding formula adopted by the 2010 Assembly. The request is \$23.1 million more than the enacted level and includes \$16.0 million from general revenues to backfill a loss of fiscal stabilization funds and \$19.9 million for aid under the new formula based on updated data including enrollment and poverty. This is \$10.3 million more than the Budget Office current service calculation.

In its target calculations the Budget Office included \$15.8 million from general revenues to backfill fiscal stabilization funds and \$9.6 million for aid under the new formula. This was based on FY 2009 data that was used to simulate what aid under the new funding formula would be for FY 2011.

The 2010 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. These are discussed in the paragraphs below. Group home aid will continue to be paid pursuant to current law, in addition to aid paid through the new funding formula.

The Regents budget assumes the same transition plan that the General Assembly had used in its simulations in June. Therefore, overfunded districts will have a level decrease over a ten year period while underfunded districts will have a level increase over a seven year period. In accordance with RIGL 16-7-16(11) which requires the reference year for the formula to be one year prior to the year in which aid is paid, the department will update data early in 2011 for the final aid calculation.

The American Recovery and Reinvestment Act of 2009 included an allocation for elementary and secondary education of \$107.6 million out of the \$134.9 million available for Rhode Island. FY 2011 is the third and final year of the federal stabilization funds, per the American Recovery and Reinvestment Act. Districts have until September 30, 2011 to obligate their funds, so \$3.5 million is added to FY 2011 and \$4.9 million is added to FY 2012 to account for potential carry-forward dollars. The FY 2012 budget report includes \$16.0 million from general revenues in lieu of fiscal stabilization funds no longer available.

	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
Balance	11,966,783	17,915,857	29,882,640
Total	\$ 28,073,678	\$ 106,838,464	\$ 134,912,142

The Governor recommends funding the first year of the formula. The funding formula calculation for FY 2012 uses June 30, 2010 student enrollment data adjusted for FY 2012 projected charter school

enrollments, a per pupil core instruction amount of \$8,333 and census data released in December 2010. It assumes that districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years. His budget uses \$32.0 million from federal education jobs funds that appear in the FY 2011 budget but are for use in FY 2011 and FY 2012 in lieu of a like amount from general revenue. The calculations and distributions by district, charter and state schools, are located in the Education Aid report in the Special Reports section of this analysis.

The Governor recommends stabilization funds as requested. Based on the final allocation of federal stabilization funds between elementary and secondary education and higher education, elementary and secondary education's share of the total will be \$106.8 million or \$0.7 million less than originally estimated. The Governor's FY 2011 revised education aid proposal reduces this amount from districts' aid.

Central Falls School District. The budget includes \$43.2 million to support the Central Falls School district for FY 2012. This includes \$44.9 million from general revenues, \$1.1 million from fiscal stabilization funds available from previous years and \$0.2 million from the Permanent School Fund. This is \$0.1 million more from general revenues than the enacted budget. FY 2012 is the first year of funding pursuant to the new funding formula. The legislation includes a transition fund to stabilize the Central Falls school district until the city can begin paying its local share. For FY 2012, that amount is \$931,688. The Regents' request also includes \$0.2 million from the Permanent School Fund for FY 2012. This is money received into the Permanent School fund from duties paid to the state by auctioneers.

Central Falls				
	Request	Governor	Difference	
FY 2011 Enacted	\$ 42,865,645	\$ 42,865,645	\$	-
Department Target Adjustment	(45,934)	(45,934)		-
FY 2012 State Share under formula	24,185,942	24,514,324		328,382
Total Change	(18,633,769)	(18,305,387)		328,382
FY 2012 Transition Amount	(1,863,377)	(2,365,326)		(501,949)
FY 2012 State Aid	\$ 40,956,334	\$ 40,454,385	\$	(501,949)
Transition Fund*	931,688	-		(931,688)
Education Jobs Fund Adjustment	-	(1,969,619)		(1,969,619)
FY 2012 Total State General Revenue Contribution	\$ 41,888,022	\$ 38,484,766	\$	(3,403,256)

*The Department assumes that the state will pay 50.0 percent of the loss as part of the Central Falls stabilization fund.

The Governor recommends \$3.4 million less than requested. Of this, \$2.0 million reflects use of federal education jobs funds that appear in the FY 2011 budget but are for use in FY 2011 and FY 2012 in lieu of a like amount from general revenue. Additionally, the Governor does not recommend the \$0.9 million that was requested for the transition fund. Because the transition funds are paid upon verification that the city has paid its share of the local contribution and the Governor assumes that Central Falls will be unable to contribute any funds towards education for FY 2012, he does not include any funds for the state's transition payment.

Metropolitan Career and Technical School. The budget includes \$19.5 million for the operation of the Metropolitan Career and Technical School for FY 2012. This includes \$0.5 million less from general revenues for the first year of the new education funding formula, \$0.5 million less from fiscal stabilization funds and \$3.4 million more from Rhode Island Capital Plan funds for the East Bay Campus. For FY 2012 the Met School will be funded pursuant to the new funding formula with the state paying a state share for each student and the sending districts contributing a local share. The request assumes that the Met School

School will receive \$4.6 million from districts that send students to the Met once the formula is fully phased in.

The Governor's recommendation is \$0.6 million from general revenues less than the request. This reflects use of federal education jobs funds that appear in the FY 2011 budget but are for use in FY 2011 and FY 2012 in lieu of a like amount from general revenue. He also recommends \$3.4 million less from Rhode Island Capital Plan funds for the East Bay Campus project.

Career and Technical Education Categorical Funding. The Regents request \$3.0 million for career and technical education categorical funding for FY 2012. The new formula allows for additional funding from the state to districts for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. Funding will be used to help meet the initial capital investment needs to transform existing or create new comprehensive career and technical education programs and career pathways in critical and emerging industries and to help offset the higher than average costs associated with facilities, equipment, maintenance, repair and supplies necessary for maintaining the quality of highly specialized programs.

The Department of Elementary and Secondary Education will recommend criteria for the purpose of allocating funds provided by the Assembly each year and shall prorate the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. *The Governor does not recommend funding for FY 2012.*

Early Childhood Categorical Funding. The Regents request \$1.5 million for early childhood categorical funding as part of the new education funding formula. The new formula allows for additional funding from the state to districts for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. Funding will be used to increase access to voluntary, free, high-quality pre-kindergarten programs. This pilot program began in FY 2010 with \$700,000. The funding formula expands this initiative by requesting an additional \$750,000. *The Governor recommends the enacted level of \$0.7 million.*

High Cost Special Education. The Regents request \$0.5 million for high cost special education students as part of the new education funding formula. The new formula allows for additional funding from the state to districts for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. The state will assume the costs related to high cost special education students when those costs exceed five times the district's combined per pupil core instruction amount and student success factor amount. The Department of Elementary and Secondary Education will prorate the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. *The Governor does not recommend funding for FY 2012.*

Regionalization Bonus Categorical Funding. The Regents request \$0.9 million for the regionalization bonus. The new formula allows for additional funding from the state to districts for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. The state will provide a limited two-year bonus for regionalized districts. The bonus in the first year shall be 2.0 percent of the state's share of the foundation education aid for the regionalized districts in that fiscal year. The second year bonus shall be 1.0 percent of

of the state's share of the foundation education aid for the regionalized districts in that fiscal year. This bonus applies to districts that are currently regionalized as well as any districts that regionalize in the future.

The new formula directs the Department of Elementary and Secondary Education to prorate the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. *The Governor recommends funding as requested.*

Transportation Categorical Funding. The Regents request \$1.1 million for transportation categorical funding. The new formula allows for additional funding from the state to districts for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. The state will provide funding to mitigate the excess costs associated with transporting students to out-of-district non-public schools and within regional school districts. The state will assume the costs of non-public out-of-district transportation for those districts participating in the statewide transportation system. The state will share in the cost associated with transporting students within regional school districts. The state and regional school district will share equally the student transportation costs net any federal sources of revenue for these expenditures.

The Department of Elementary and Secondary Education will prorate the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. *The Governor recommends funding as requested.*

Teachers' Retirement. The Regents request \$79.0 million to fund the state's share of the employer contribution for teacher retirement costs, an increase of \$3.4 million to the FY 2011 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 2012 that rate is 9.09 percent or 133 basis points higher than FY 2011.

The Governor recommends an additional \$3.7 million based on an assumed 2.0 percent growth in payroll each year. He also proposes that effective July 1, 2011 teachers contribute 11.75 percent towards pension benefits. The additional funds will be used to pay down the unfunded liability in the system; there would be no reduction in the employer share and the budget assumes no savings from this proposal. His budget assumes that teachers will pay an additional \$20.5 million to the system.

School Housing Aid. The Regents request \$72.5 million from general revenues for school housing aid. This is \$1.7 million more than the FY 2011 enacted level and assumes 25.0 percent of the projects in the pipeline complete each year. The Department calculates the actual costs for FY 2012 at the close of FY 2011 because reimbursement begins after projects have been completed. 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 new education funding formula legislation adopted by the 2010 Assembly 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. For FY 2012, the minimum is 35.0 percent. The Department estimates that of the \$1.7 million increase, \$732,453 is related to the 5.0 percent increase in the minimum share ratio.

The increase from FY 2011 to FY 2012 is primarily attributable to the fact that Bristol-Warren, Chariho, and Providence are projected to complete significant projects, including approximately \$5.5 million of district wide renovations in Bristol-Warren, \$20.0 million of middle and high school renovations at Chariho, and \$22.0 million of district-wide renovations in Providence.

The Governor recommends funding as requested. He also proposes legislation to set the state reimbursement for charter school construction projects at the average share ratio of the sending district. Unless sponsored by a school district, charter schools are currently eligible for a 30.0 percent reimbursement. There is no impact on the FY 2012 budget and the supporting documents do not estimate the impact of this change on future budgets.

Group Homes. The Regents request \$8.6 million to fund beds for communities hosting group homes. This is \$255,000 less than enacted and reflects 11 fewer beds in Pawtucket and eight fewer beds in Woonsocket offset by one additional bed in each Portsmouth and Providence. 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 uses the count of beds that are open as of December 31 for the budget year's aid. Group home aid will continue to be provided this way, in addition to aid paid through the new funding formula. *The Governor recommends funding as requested.*

Physics First. The Regents' unconstrained request includes the enacted level of \$250,000 used to support the physics first program as part of its constrained budget request. The physics first program teaches physics in the freshman year. Funding provides technology kits and equipment such as "Computers on Wheels" printers, presentation devices, digital video, scanners, handheld devices or additional wiring for classrooms.

As part of its constrained request, the Regents would eliminate the program. *The Governor recommends eliminating the program for savings of \$250,000.*

School Breakfast. The Regents' unconstrained request includes the enacted level of \$300,000 for the administrative cost reimbursement to districts for the school breakfast program. Food is paid from federal sources. The 2005 Assembly passed legislation, effective July 1, 2005, that would provide a per breakfast subsidy, subject to appropriation, to school districts 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 part of its constrained request, the Regents would reduce the program by \$30,000 or 10.0 percent. *The Governor concurs with the constrained request and reduces funding by \$30,000.*

Textbook Reimbursement. The Regents' unconstrained request includes the enacted level of \$240,000 from general revenues for textbook reimbursement. The state reimburses districts from 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. This would require a statutory change.

As part of its constrained request, the Regents would eliminate the program. *The Governor recommends eliminating the requirement that the state reimburse certain costs allowed under the textbook loan program for savings of \$240,000.*

Science Kits (KITES). The Regents' unconstrained request includes the enacted level of \$98,000 for the KITES (kits in teaching elementary science) kits. The KITES kits provide teachers with instructional science units that include hands-on tasks for students to build their knowledge and skills. The Department notes concern

in eliminating these kits in light of student achievement data that indicates room for improvement in the area of science.

As part of its constrained request, the Regents would eliminate the program. *The Governor does not recommend eliminating the program and provides the enacted level of funding.*

Statewide Transportation System. The Regents request \$16.6 million from restricted receipts to fund the statewide transportation system, which is \$1.0 million more than the enacted budget. This reflects Providence and Pawtucket joining the system in FY 2012 as well as an automatic consumer price index increase of not less than 1.0 percent and not more than 4.0 percent per the contract. 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. All fees paid for transportation services under the statewide system are paid into this new restricted receipt account.

The 2010 Assembly created a restricted receipt account as part of the FY 2010 revised budget and exempted it from the 10.0 percent indirect cost recovery. The legislation 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 has indicated that some districts are able to transport their non-public students at a cheaper cost than through the statewide system. *The Governor recommends funding as requested.*

Education Telecommunication Fund/Surcharge Increase. The Department requests a decrease of \$0.5 million from restricted receipts from the education telecommunications access fund based on estimated available funds, which were inadvertently overstated in the enacted budget. 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.

As part of its constrained budget request, the Regents request eliminating the general revenue support for the program and lowering the surcharge from \$0.26 to \$0.15 on land phone lines and imposing the same fee on wireless phones. Currently only land lines are assessed the surcharge. This was proposed by the Governor as part of his revised FY 2010 budget but the Assembly did not increase the surcharge and provided \$350,000 from general revenues for FY 2011. Since wireless customers already pay a \$0.26 surcharge for public safety, this change would have resulted in an increase of \$0.24 from \$1.26 to \$1.50 per line, per month.

The Governor recommends legislation to reduce the assessment from \$0.26 to \$0.15 per line effective July 1, 2011 and expand it to include wireless lines as requested and as proposed as part of the Governor's FY 2010 revised budget. This is expected to generate an additional \$0.7 million in revenue. He eliminates the \$350,000 from general revenues as requested.

I-Plan. Consistent with its FY 2011 revised request, the Department's FY 2012 request eliminates funding for expenditures associated with the I-Plan teacher certification process for which the enacted budget included \$200,000 from general revenues. This includes \$100,000 in the educator quality program by shifting a Regents Fellow to federal Title II grant funds. This Fellow position supports the design, development and implementation of the Rhode Island educator evaluation system. Additional savings of \$100,000 are achieved by eliminating the consultants that worked on the I-Plan. These consultants are no longer necessary because the Department is now working on the development of new educator certification and evaluation systems. Since the new system is not developed it is unclear if at this point if additional

resources will be needed. The Department has suspended issuance of the five-year professional certificate and replaced it with a one-year transitional professional certificate. *The Governor recommends funding as requested.*

Career and Technical Schools Maintenance. Consistent with the revised request, the Regents FY 2012 request includes an additional \$95,000 from general revenues to fund emergency repairs at the state's career and technical centers. The state is currently in the process of completing major renovations at the centers in order for the districts to consider taking ownership of the facilities. Chariho has already been returned to the district. The enacted budget includes \$30,000.

The Regents withdraw the request for additional funding as part of its constrained budget request. *The Governor recommends the additional \$95,000.*

Vision Services. The Regents request an additional \$150,000 from general revenues for the Rhode Island Vision Services Education Program at the Paul Sherlock Center to fund existing personnel costs including negotiated salary and benefit increases. 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 Regents withdraw the request for additional funding as part of its constrained budget request, plus an additional \$50,000 reduction to the program. *The Governor recommends the additional \$150,000.*

Uniform Chart of Accounts. The FY 2012 request includes an additional \$50,000 for the uniform chart of accounts initiative for total funding of \$250,000 for FY 2012. While districts began using the new chart on July 1, 2009, 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. The additional funding would fund a consultant to work in the quality assurance on data submitted to assure accountability and to provide technical assistance to school districts.

The Regents withdraw the request for additional funding as part of its constrained budget request plus an additional \$50,000 reduction to the program. *The Governor recommends the additional \$50,000.*

Community Service Grants. The enacted budget includes \$0.7 million for approximately 50 community service grants to community organizations.

As part of its constrained budget request the Regents request eliminating funding for all grants. *The Governor fully funds all community service grants.*

Race To The Top. The Regents request \$22.3 million and 22.0 new full-time equivalent positions to work on education reforms funded by the Race to the Top grant. The new positions are also included in the Regents' revised budget request. On August 24, 2010, Rhode Island was notified it would be awarded Race to the Top grant funds. The Department's total award of \$75.0 million will be spent over the next four years. 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.

These personnel will include transformation specialists, multiple pathway specialists, data managers/analysts, grants management, and clerical support. The new positions will work on a variety of education reforms including working with school districts to develop budgets and work plans, overseeing the Department's performance management process, data collection and analysis, and administrative support. The reform efforts are focused on six main areas: building state and local capacity, standards and curriculum, instructional

improvement, educator effectiveness, human capital development that will center on building the leadership of principals, and school transformation and innovation for struggling schools. *The Governor recommends \$8,954 less than requested and 22.0 new positions for FY 2011 and FY 2012.*

Education Jobs Fund. The Regents request \$5.2 million from federal education jobs funds for FY 2012. The state has been awarded \$32.9 million in federal Education Jobs funds to retain and rehire school-based personnel in local education agencies. Funding will be distributed to districts based on their share of FY 2011 enacted state aid. The money can only be used for compensation costs for school-based personnel. The funds are intended to be used in the 2010-2011 school year; however, funds are available through September 30, 2012. As of December 2010, only two districts and two charter schools have requested funding totaling \$0.4 million; the Department believes many districts will delay using these funds until next year. *The Governor recommends \$673 less than requested.*

Stimulus Grants. The FY 2012 request includes \$16.3 million less from federal stimulus funds for distribution to local school districts including Title I and special education funds. This represents the last year stimulus funding will be available. All funds must be encumbered by September 30, 2011. 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.

FY 2012 is the last year that funding is available through these sources. All funds must be encumbered by September 30, 2011. The FY 2011 enacted budget included \$28.3 million for distribution by the Department. This includes \$11.2 million in special education funding and \$14.5 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 \$2.6 million in competitive grants funds administered by the Department. *The Governor recommends \$644 more than requested.*

Nutrition Grants. The Regents request authorization to spend \$46.1 million from federal nutrition program funds. This is \$1.1 million more than the enacted level to reflect an increased estimate of meal participation. *The Governor recommends \$1,109 more than requested.*

Special Education Grants. The Regents request authorization to spend \$44.0 million, \$1.6 million more than enacted, from federal special education funds to reflect a higher than expected federal award. The funds are distributed to school districts and provide administrative support. 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. *The Governor recommends \$4,422 more than requested.*

Title I Grants. The Regents request \$52.2 million in federal fund expenditures from Title I funds. This is \$3.2 million more than the enacted level based on a revised grant award. Title I funds go directly to local schools, where they are used to provide extra help to low-achieving students.

Funding is distributed through four formulas, based on census poverty estimates and per pupil expenditures for each state. Title I fund distributions to states are calculated through four distinct formulas based upon different levels of poverty; however, funds are allocated to districts as one amount. *The Governor recommends \$1,935 more than requested.*

Vocational Education Grants. The Regents request \$5.9 million from federal vocational education grants.

grants. This is \$0.1 million more than the FY 2011 level. These funds are used to improve vocational educational programs throughout the state. *The Governor recommends \$1,965 more than requested.*

Teacher Quality/Professional Development Grants. The Regents request \$17.0 million from federal funds that support teacher quality and professional development. This is \$0.2 million less than enacted based on the federal program budget reduction. *The Governor recommends \$1,121 more than requested.*

Charter School Grants. The request reflects \$3.1 million from a new federal program that is being implemented in FY 2011. This program provides financial assistance for the planning, program design, and initial implementation of charter schools. These competitive grants are available to states that have charter school laws. The Department will make subgrants to developers of charter schools who have applied for a charter. There is currently one charter school that has preliminary approval from the Regents to open for the 2011-2012 school year.

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 15 charter schools. *The Governor recommends funding as requested.*

HRIC Adult Education Grants. The budget includes \$1.1 million less from Human Resource Investment Council funds for adult education grants. This would provide \$3.5 million from Human Resource Investment Council funds for FY 2012 consistent with the Department's revised request. The Department of Labor and Training indicates that this reduction was determined by the Human Resource Investment Council Board after looking at the overall financial position of the fund. *The Governor recommends funding as requested.*

New Staffing. The Regents request \$0.3 million and 3.0 new full-time equivalent positions to help support activities of the Department's new strategic plan. This includes 1.0 position to work on the creation of multiple pathways for students to become college and career ready, 1.0 position to do data analysis, and 1.0 to work on the uniform chart of accounts initiative.

The Regents do not include this proposal as part of the constrained budget request. *Consistent with his revised request the Governor recommends only one of the positions. He includes \$0.1 million for a position to work on the uniform chart of accounts initiative.*

Other Salaries and Benefits. Excluding all previously mentioned personnel items, the Department's budget includes \$17.4 million for all other salaries and benefits which is an increase of \$0.9 million from all funds for all other salaries and benefits, including an additional \$0.7 million from general revenues. This assumes Budget Office planning values for benefits including a 3.0 percent cost-of-living increase and \$0.2 million more in turnover savings than the enacted budget. *The Governor recommends \$54,382 less than requested including \$35,009 less from general revenues based on adjustments to retiree health costs.*

Capital. The Regents request an additional \$2.6 million from Rhode Island Capital Plan funds for capital projects at the states regional career and technical centers based on revised project estimates and construction schedules. The Department is making significant renovations and repairs to the career and technical centers for the districts to consider taking ownership of the facilities.

The Governor recommends \$0.2 million less from Rhode Island Capital Plan funds than requested. This is \$2.8 million less than enacted and reflects project schedule changes for the state career and technical center projects. Capital projects are discussed in detail in the Capital Budget section of this analysis.

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 \$2.7 million, including a decrease of \$64,000 from general revenues. Federal funds for all other grants, not noted previously, decrease \$2.4 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 recommends \$1,710 more than requested including \$7,650 less from general revenues to reflect a 15.0 percent reduction in outside legal expenses based on a directive from the Department of Administration to reduce legal expenses.*

Davies Career and Technical School

Beginning with FY 2012, Davies falls under the new education funding formula and its state aid will be determined by the funding formula calculation. At the same time it will receive a local share of funding from the individual districts that send students to the school. These will flow into a restricted receipt account, which will partially offset the loss of state aid. These dollars are also determined by the funding formula. The final figures for both will be set based upon the projected enrollments from the Davies lottery held early in calendar year 2011 and a data collection of local district average daily membership to take place in April 2011. The FY 2012 budget request assumes that Davies will receive \$0.7 million from districts that send students to the school.

School Based Coordinators. The school eliminated 6.0 federally funded school-based coordinators and transferred them to the districts during FY 2011. These positions were funded from federal Perkins grant funding and were state employees. There are no savings as the school still pays for the positions but there is a reduction in the state workforce of 6.0 full-time equivalent positions. The employees are now district employees. The Regents had proposed this as part of the FY 2009 budget but neither the Governor nor the Assembly approved it. The \$0.3 million to support these 6.0 positions has been shifted from salaries and benefits to assistance grants and benefits and the full-time equivalent positions are eliminated. *The Governor recommends funding as requested; however, he does not eliminate the authorization for 6.0 positions.*

Salaries and Benefits. The Regents request \$14.2 million from all sources of funds for 123.0 positions. This is \$0.7 million more than enacted including \$0.3 million more from general revenues to backfill the elimination of \$0.4 million in federal fiscal stabilization funds. The request also includes \$0.7 million in new federal Education Jobs funds to rehire and train teachers. The budget also eliminates authorization for 3.0 full-time equivalent positions, although Davies has indicated that this is an error.

The Governor recommends \$0.3 million less than requested from general revenues based on his decision to reduce education aid in FY 2012 by the amount of federal education jobs funds that districts, charters and state schools will receive in FY 2011 for use in FY 2011 and FY 2012. The additional education jobs funds appear in the schools FY 2011 revised budget.

Other Operating Adjustments. The request includes \$2.3 million from all funds for all other operating adjustments. This is \$0.1 million more than enacted including \$0.7 million less from general revenues offset by \$0.7 million more from restricted receipts to reflect the new funding structure under the funding formula.

The Governor recommends \$46,578 more than requested including \$43,885 from general revenues for program supplies and equipment. This includes a decrease of \$8,250 from general revenues which represents a 15.0 percent reduction in outside legal expenses based on a Department of Administration directive to reduce legal expenses.

Capital. The Regents' request reflects an additional \$78,175 from Rhode Island Capital Plan funds. This includes \$0.4 million less from Rhode Island Capital Plan funds than enacted for the roof project and \$0.5 million more for the HVAC project based on revised project schedules.

The Governor recommends \$1.0 million less than enacted and \$1.1 million less than requested. Capital projects are discussed in detail in the Capital Budget section of this analysis.

Rhode Island School for the Deaf

Unlike the other state schools, the Rhode Island School for the Deaf will not be funded pursuant to the new education funding formula. The state will continue to support the school's core program that supports the needs of all students with hearing loss and deaf or hard of hearing. Sending districts will be billed for services that fall outside the core program.

Salaries and Benefits. The Regent's budget contains \$6.6 million in salary and benefit expenditures for 60.0 full-time equivalent positions. This is \$49,350 more than enacted, including \$0.4 million more from general revenues offset by \$0.2 million less from federal funds and restricted receipts. The FY 2011 enacted budget included 3.0 special education teachers funded from state fiscal stabilization funding that is not available for FY 2012. While the funding has been eliminated from the request, authorization for the positions is still in the request.

The Governor recommends \$0.3 million less than requested from general revenues. Similar to his treatment of school districts, charter and state schools, he recommends using federal education jobs funds that will be received for use in FY 2011 and FY 2012 in lieu of general revenues for FY 2012.

Other Operating Adjustments. The Regents request \$0.9 million for all other operating expenditures, which is \$71,340 more than enacted from general revenues. Savings in legal and interpreters partially offset additional expenditures associated with moving into the new building including utilities, insurance, security services and computer purchases.

Consistent with his FY 2011 revised request, the Governor recommends \$0.1 million less than enacted. The majority of this is for interpreter services based on prior years' spending. It also reflects a decrease of \$10,500 from general revenues which represents a 15.0 percent reduction in outside legal expenses based on a Department of Administration directive to reduce legal expenses.

Board of Governors for Higher Education

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Program				
Board of Governors/Higher Ed.	\$ 10,707,178	\$ 11,557,177	\$ 11,058,737	\$ 11,687,899
University of Rhode Island	639,058,662	684,244,113	712,422,800	687,096,453
Rhode Island College	155,399,790	162,067,160	159,698,188	155,044,257
Community College of RI	132,636,759	138,212,102	143,155,518	140,354,652
State Forensics Lab	-	-	-	775,000
Total	\$ 937,802,389	\$ 996,080,552	\$1,026,335,243	\$ 994,958,261
Expenditures by Category				
Salaries and Benefits	\$ 426,081,057	\$ 426,824,453	\$ 454,333,434	\$ 433,835,402
Contracted Services	16,476,186	18,647,371	17,806,872	18,508,752
Subtotal	\$ 442,557,243	\$ 445,471,824	\$ 472,140,306	\$ 452,344,154
Other State Operations	186,374,197	194,895,151	201,293,150	202,701,417
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	221,286,195	246,840,861	271,543,269	271,604,004
Capital	41,760,888	66,240,008	38,689,087	24,451,140
Capital Debt Service	42,806,975	40,399,246	40,129,026	41,317,141
Operating Transfers	3,016,891	2,233,462	2,540,405	2,540,405
Total	\$ 937,802,389	\$ 996,080,552	\$1,026,335,243	\$ 994,958,261
Sources of Funds				
General Revenue	\$ 163,606,843	\$ 162,573,194	\$ 192,524,933	\$ 173,400,638
Federal Aid	15,004,667	32,657,457	3,788,294	4,594,756
Restricted Receipts	930,000	930,000	943,666	941,338
Other	758,260,879	799,919,901	829,078,350	816,021,529
Total	\$ 937,802,389	\$ 996,080,552	\$1,026,335,243	\$ 994,958,261
Uses of Funds				
Unrestricted Use Funds	\$ 545,616,341	\$ 547,901,115	\$ 584,764,571	\$ 565,640,276
Restricted Use Funds	392,186,048	448,179,437	441,570,672	429,317,985
Total	\$ 937,802,389	\$ 996,080,552	\$1,026,335,243	\$ 994,958,261
FTE Authorization	3,367.1	3,432.1	3,446.0	3,449.6
<i>Limited to Third Party Funds</i>	<i>785.0</i>	<i>785.0</i>	<i>785.0</i>	<i>785.0</i>
Total Authorized Positions	4,152.1	4,217.1	4,231.0	4,234.6

Summary. The Board requests \$88.5 million of new spending above the FY 2011 enacted budget for FY 2012 including \$28.9 million more in general revenue support, \$10.3 million more from other unrestricted sources, and \$49.4 million more from restricted sources. The Board requests total funding from all sources of \$1,026.3 million for FY 2012, which is 9.4 percent growth over the FY 2011 enacted budget. The Board requests \$584.8 million from unrestricted use funds and \$441.6 million from restricted use funds. The unrestricted request represents 3.8 percent growth over FY 2011 revised expenditure projections.

The Governor recommends \$995.0 million from all sources, which is 5.7 percent growth over the FY 2011 enacted budget. He includes \$565.6 million in unrestricted use fund expenditures and \$429.3 million in restricted use fund expenditures. The Governor recommends \$173.4 million from general revenues, which is \$9.8 million more than enacted and \$19.1 million less than requested. The Governor's intent is that the Community College not raise tuition; the University and College will either have marginal tuition and fee increases or expenditure reductions. The Governor recommends 4,234.6 full-time equivalent positions, which is 82.5 more positions than enacted.

Target Issues. The Budget Office provided Public Higher Education with a general revenue target of \$144.8 million. The amount includes current service adjustments of \$3.3 million and a 15.0 percent target reduction adjusted for certain exclusions.

FY 2012 Budget	Budget Office	Public Higher Education	Difference
FY 2011 Enacted	\$ 163,606,843	\$ 163,606,843	\$ -
Current Service Adjustments	3,260,216	28,918,090	25,657,874
Change to FY 2011 Enacted	\$ 3,260,216	\$ 28,918,090	\$ 25,657,874
FY 2012 Current Service/ Unconstrained Request	\$ 166,867,059	\$ 192,524,933	\$ 25,657,874
Target Reduction/Initiatives	(22,095,619)	(1,290,812)	20,804,807
FY 2012 Constrained Target/Request	\$ 144,771,440	\$ 191,234,121	\$ 46,462,681

The constrained budget submitted by the agency is \$46.5 million above the target. The Office for Higher Education submitted a constrained budget that reduced spending by \$1.3 million. The University, College, and Community College did not submit a constrained budget. *The Governor's recommendation is \$28.7 million more than the Budget Office target.*

Full-Time Equivalent Positions. The FY 2012 request includes authority to fill 4,231.0 full-time equivalent positions, provided that 785.0 of those positions would be limited to third-party sources. This is 79.0 more than the enacted level, including 62.0 positions at the Community College and 16.9 positions at the College, though the Community College indicates it inadvertently excluded 3.0 full-time positions from its request. 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 recommends 4,234.6 full-time equivalent positions, which is 82.5 more positions than enacted. The Governor recommends 17.5 more positions at the College and 65.0 more positions at the Community College.

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 the system to submit a constrained budget of \$144.8 million. The Board of Governors did not submit a budget request that met the target but did offer reductions to the Office of Higher Education in its constrained budget. *The Governor's recommendation is \$30.1 million less than the Budget Office target.*

Current Year Revisions. Historically, the 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

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 reduces current year expenditures by \$1.0 million from general revenues compared to the request to reflect updated debt service expenditures.*

Higher Education Funding. Expenditures in Public Higher Education increased 88.6 percent during the period FY 2001 through FY 2011, which is an annual rate of 8.7 percent. Public Higher Education would grow 83.8 percent if the Board's FY 2012 request were funded, which is an annual rate of 7.0 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 from 2000 through 2006, are shown in Higher Education's budget.

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. *The Governor's FY 2012 recommendation represents 83.5 percent growth during the period of FY 2001 through FY 2012, which is annual rate of 7.6 percent.*

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 \$584.8 million, of which \$192.5 million is from general revenues. The general revenue portion is \$28.9 million more than the enacted FY 2011 budget; other unrestricted sources increase \$10.3 million.

The Governor recommends \$565.6 million from unrestricted sources or 3.5 percent more than the enacted budget. The recommendation includes \$19.1 million less general revenues than requested. The majority of the change to the request is in salaries and benefits.

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 requests restricted budgets of \$441.6 million for FY 2012. This is an increase of \$49.4 million, or 12.6 percent over the enacted FY 2011 level. Compared to the revised allocation, the request is \$3.2 million, or 1.0 percent greater. *The Governor recommends \$429.3 million, which is \$37.1 million more than enacted and \$12.2 million less than requested. Rhode Island Capital Plan funds are \$14.2 million less than requested. This is offset by a \$2.0 million increase in debt service expenditures.*

Salaries and Benefits. The Board requests \$454.3 million for salary and benefit expenditures, of which \$355.8 million is from unrestricted sources and \$98.5 million is from restricted sources. The request

represents a \$23.0 million or 6.0 percent increase from the FY 2011 enacted level in unrestricted funding, and a \$5.1 million increase in restricted funding, or 4.9 percent. Compared to the institutions' FY 2011 revised projections, the unrestricted increase is \$21.2 million or 6.3 percent and a \$4.7 million increase in restricted funding, or 5.1 percent. *The Governor recommends \$7.7 million more than enacted and \$20.5 million less than requested. The unrestricted recommendation is \$3.4 million more than enacted and \$19.1 million less than requested. This includes savings of \$0.3 million in medical benefit savings.*

Alternate Retiree Health Benefits. In 2003, the Board commissioned an actuarial study of the program. The report identified \$36.2 million in unfunded liability as of June 30, 2004 and indicated that the current funding of 0.25 percent of pay is far below the necessary contributions required to fund the benefits. 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. By June 30, 2006, the estimated unfunded liability was \$54.6 million requiring a contribution of 2.81 percent of salaries.

At its May 12, 2008 meeting, the Board of Governors voted unanimously to revise the retiree health benefit effective July 1, 2008, increasing rates and decreasing coverage eligibility to age 65. As of July 1, 2008, the plan is only a post-65 plan. As of July 1, 2009, employees are paying 50.0 percent of the cost. The rate for FY 2011 is 2.69 percent of applicable payroll and will remain so until the next actuarial study. The Office indicates that an actuarial study will be completed annually. For FY 2011, the total amount budgeted is \$3.6 million. The Board's approved request for FY 2012 is \$3.3 million. *The Governor recommends funding as requested.*

Contracted Services. The Board requests \$17.8 million for contracted services for FY 2012, of which \$11.0 million is from unrestricted sources and \$6.8 million is from restricted sources. This is \$1.3 million more than the FY 2011 enacted budget and \$0.1 million less than the FY 2011 revised allocation. Compared to the revised allocation, unrestricted sources decrease \$0.3 million or 2.3 percent and restricted sources increase \$0.2 million or 2.0 percent. *The Governor recommends \$2.0 million more than the enacted and \$0.8 million more than requested.*

Other Operating Expenses. The Board requests \$201.3 million for other operating expenditures in FY 2012, of which \$90.6 million is from unrestricted sources and \$110.7 million is from restricted sources. This is \$14.9 million over FY 2011 enacted operating expenses. Compared to the institutions' FY 2011 revised projections, the unrestricted increase is \$4.3 million, or 3.0 percent. *The Governor's recommendation is \$16.3 million more than enacted and \$1.4 million more than requested.*

Grants and Scholarships. The Board requests \$271.5 million for total grants and benefit expenditures for FY 2012, an increase of \$50.3 million, or 22.0 percent over the enacted FY 2011 budget. The unrestricted budget accounts for \$99.3 million, an increase of \$17.2 million, or 20.0 percent. The restricted budget includes \$172.2 million, a 23.0 percent increase of \$33.0 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 \$149.6 million for FY 2012. The unrestricted portion is \$94.7 million. The restricted portion is \$54.9 million. All federal sources, including Pell grants, account for approximately 33.9 percent of the total.

Total scholarships, grants, waivers and other aid from the three institutions would provide aid equal to 41.8 percent of the tuition and mandatory fees based on the Board's target budget. Revised FY 2011 estimates are for 37.5 percent. For FY 2010, that share was 37.4 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 \$110.0 million for FY 2012. It began the program in FY 1996 with loans of \$33.8 million. *The Governor's recommendation is \$0.1 million more than requested.*

Capital. The Board requests \$38.7 million in total expenditures for capital outlays and improvements for FY 2012. The request includes \$24.7 million from Rhode Island Capital Plan funds of which \$13.7 million is for asset protection. Requested Rhode Island Capital Plan fund expenditures at the University include \$11.0 million for various ongoing projects and \$3.5 million for five new projects. These and all other capital projects are described separately in the Capital Budget Section of this analysis. It should be noted that the Rhode Island Capital Plan funds request is inconsistent with the Board's Capital Improvement Plan request. The Community College did not include \$3.8 million for the Knight Campus Residence Hall, wind turbine, and fire and HVAC improvements to the Flanagan campus. *The Governor recommends \$10.5 million from Rhode Island Capital Plan funds, which is \$14.2 million less than requested and \$9.2 million less than enacted.*

Enrollment. FY 2012 enrollment, based on revised estimates, would be 32,332 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 2011 revised budget estimates is an increase of 3.5 percent at the University that includes 502 more students. *The Governor's recommendation appears to reflect the Board's enrollment projections.*

Tuition and Fees. The Board's FY 2012 request includes \$358.0 million from tuition and fees. This represents a \$10.3 million, or 2.8 percent increase in revenues over the FY 2011 enacted level and is \$8.0 million or 2.2 percent more than the revised allocation. The Board of Governors did not increase tuition for the 2011-2012 school year. The Board of Governors approved an \$80.00 increase at the University for a new technology fee. At the Community College, there will be a \$24 parking fee annually charged to students that will assist in funding for the discounted Rhode Island Public Transportation Authority fare.

The Governor recommends funding as requested; however, he includes \$9.8 million more than enacted and \$19.1 million less than requested from general revenues. The Governor's intent is that the Community College not raise tuition; the University and College will either have marginal tuition and fee increases or expenditure reductions.

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 reports 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 time frame.

At the August 30, 2010 Board of Governors' meeting, the Board reported since 2008, it reviewed 91 programs; 54 programs have been retained, 24 programs have been consolidated into new or existing programs and 13 programs have been eliminated.

Office of Higher Education and Public Higher Education System

Office of Higher Education	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 2,054,710	\$ 2,294,157	\$ 2,673,292	\$ 2,662,149
Contracted Services	-	-	-	-
Subtotal	\$ 2,505,191	\$ 3,273,335	\$ 2,928,268	\$ 3,619,005
Other State Operating	3,524,143	3,459,931	3,399,701	3,307,391
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	4,080,641	4,806,244	4,700,768	4,761,503
Capital	69,000	17,670	30,000	-
Capital Debt Service	-	-	-	-
Operating Transfers	528,203	-	-	-
Total	\$ 10,707,178	\$ 11,557,180	\$ 11,058,737	\$ 11,687,899
Sources of Funds				
General Revenue	\$ 6,973,398	\$ 6,973,398	\$ 7,270,443	\$ 7,099,605
Tuition and Fees	-	-	-	-
Other Unrestricted	-	-	-	-
Total Unrestricted	\$ 6,973,398	\$ 6,973,398	\$ 7,270,443	\$ 7,099,605
Restricted	3,733,780	4,583,779	3,788,294	4,588,294
All Sources	\$ 10,707,178	\$ 11,557,177	\$ 11,058,737	\$ 11,687,899
FTE Authorizations				
	18.4	18.4	18.4	18.4
Third-Party Funded Positions	1.0	1.0	1.0	1.0
Total Positions	19.4	19.4	19.4	19.4

Summary. The Board requests \$11.1 million for FY 2012 expenditures from all sources and 19.4 full-time equivalent positions for operations of the Office of Higher Education and funding for system-wide applications. This is \$0.4 million more than FY 2011 and includes \$0.7 million more from general revenues and \$95,485 less from restricted sources. Staffing is consistent with the enacted level. The Board's constrained budget is \$1.3 million less than its current service request all from general revenues.

The Governor recommends \$11.7 million, including \$7.1 million from general revenues. This is \$1.0 million more than enacted including \$0.1 million from general revenues. The Governor recommends the enacted level of 19.4 full-time positions.

Unrestricted Budget. The unrestricted budget accounts for \$7.3 million and 18.4 full-time equivalent positions, which is an increase of \$0.4 million or 5.6 percent to the revised budget request. The funding source is general revenues. Compared to the FY 2011 enacted budget, the request is \$0.3 million or 4.2 percent more.

The constrained request includes a \$1.3 million or 21.6 percent reduction from the FY 2012 request. *The Governor recommends \$7.1 million, which is \$0.1 million more than enacted and \$2.0 million less than requested.*

Full-Time Equivalent Positions. The Office requests 19.4 full-time equivalent positions, which is consistent with the FY 2011 enacted budget. As of the pay period ending December 8, 2010, the Office has 12.0 of its 18.4 unrestricted positions filled. *The Governor recommends 19.4 full-time equivalent positions of which 1.0 is from third party sources consistent with the enacted budget.*

Office of Higher Education			
Changes to Enacted	Request	Governor	Difference
Salaries and Benefits	\$ 136,157	366,851	\$ 230,694
Shepard Building	62,172	(122,708)	(184,880)
Dual Enrollment	27,600	(145,819)	(173,419)
Bachelor Degree in Three	-	-	-
College Crusade	15,846	-	(15,846)
Community Service Grants	-	-	-
PeopleSoft Implementation	27,457	-	(27,457)
Other Operating	27,813	27,883	70
Total	\$ 297,045	\$ 126,207	\$ (170,838)

Salaries and Benefits. The unrestricted budget request includes \$2.4 million for salaries and benefits, which is \$0.1 more than the revised allocation. The request includes a 3.0 percent cost of living increase and benefit rate adjustments consistent with Budget Office instructions and no turnover savings. The enacted budget included turnover savings of \$0.3 million. As of December 8, 2010; the Office has 12.0 positions filled; 19.4 are authorized.

The constrained budget includes additional turnover savings of \$0.7 million which is equal to approximately seven positions.

The Governor recommends \$0.2 million more than requested to fund vacant positions at the Office.

Shepard Building. 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. This represents a \$62,172 increase.

As part of its constrained budget request, the Board reduces Shepard building expenses by \$92,258. If the Board reduces funding for the Shepard Building, the University will incur the additional costs. *The Governor recommends \$2.1 million, which includes the reduction of \$0.1 million included in the constrained request.*

Dual Enrollment. The unconstrained request includes \$375,000 or \$27,600 more than the FY 2011 allocation for the Dual Enrollment program. 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.

As part of its constrained budget request, the Board reduces funding by \$0.2 million to \$201,581. *The Governor recommends \$201,581 consistent with the constrained request.*

Bachelor Degree in Three. The General Assembly adopted legislation in 2009 that requires the Rhode Island Board of Governors for Higher Education to develop a pilot program by February 1, 2011 that would allow high school students to earn enough college credits while still enrolled in high school to be able to graduate in three years. The Board of Governors submitted the program on February 1, 2011 and the Office indicated it proposed the use of Dual Enrollment funds to support this pilot program. The program would be funded from FY 2012 through FY 2014. *The Governor does not appear to recommend funding for this project.*

College Crusade. The Board's request includes \$0.5 million from general revenues for the College Crusade, previously called the Children's Crusade. This is \$15,846 more than enacted. 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.

As part of its constrained request, the Board would reduce funding by \$15,846. *The Governor recommends funding as enacted.*

Community Service Grants. The Board requests \$311,383, for its community service grants consistent with the enacted. Community service grants fund various programs that support or promote higher education. These include the College Readiness and the Best Buddies Programs, the Portuguese Modern Languages, Opportunities Industrialization Center of Rhode Island and the Institute for Labor Studies and Research.

As part of its constrained budget request, the Board proposes to eliminate funding for all grants. *The Governor recommends funding as enacted.*

PeopleSoft Implementation. The Board requests \$0.9 million for PeopleSoft implementation expenditures. This is \$27,457 more than the revised allocation, and \$40,374 less than enacted. The expenditures are for assistance to the institutions in reviewing and revising business practices consistent with the new software. Each year the Office allocates the appropriation and in FY 2011, \$0.4 million is for the University, \$0.3 million is for the Community College and \$0.2 million is for the College. The allocation of FY 2012 funding has not been determined yet. This is the thirteenth year of an ongoing request.

As part of its constrained request, the Board would reduce funding by \$27,457. *The Governor recommends \$915,224 consistent with constrained request.*

Other Operating. Excluding the items noted previously, the request includes \$0.5 million for all other operating expenditures, which is \$27,813 more than the revised allocation. The increases are for contracted services for assistance in the internal audit function, clerical staff to work on special projects and the data warehouse project.

The data warehouse project collects and stores data on student enrollment and academic performance including demographic, Scholastic Aptitude Test (SAT), and other test scores, grades and credits. The data warehouse also collects the performance and persistence of Rhode Island high school graduates who enroll at the state's public institutions.

As part of its constrained request, the Board would reduce funding by \$8,500. *The Governor recommends \$0.5 million, which is \$70 more than the unconstrained request.*

Restricted Budget. The restricted budget request is for \$3.8 million, which is \$54,514 more than the FY 2011 enacted budget. 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 3.1 million from the GEAR-UP grant. The Crusade uses these funds, which are \$91,006 more than the FY 2011 enacted budget, for operating and scholarship support. The request reflects a reduction of \$50,000 in funding for the Longitudinal data system grant to design, develop and implement a statewide system. The data system is intended to provide districts, schools, and teachers the ability to make data-driven decisions to improve student learning, as well as facilitate research to increase student achievement.

The All Volunteer Force Education Assistance grant assists servicepersons to readjust to civilian life after their separation from military service by providing education benefits. The budget request includes \$60,804; this is \$1,770 more than the enacted level. The Higher Education Partnership grant request is \$0.4 million; this is \$11,738 more than the enacted level. The grant provides state educational agencies, local educational agencies, state agencies for higher education and eligible partnerships funding to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom.

The Governor recommends \$0.8 million more than requested to reflect funding from a newly awarded College Access Challenge Grant. This includes \$0.3 million for scholarships, \$0.5 million for contracted service including a needs analysis and the data warehouse contract, \$42,500 for salaries and benefits for one staff position and \$57,500 for operating expenses.

During the summer, the Office of Higher Education was notified it would be awarded a federal College Access Challenge Grant. The grant is intended to increase the number of low-income students who are prepared to enter post-secondary education. The grant funds outreach to students and families on college opportunities and financing options; tutoring and mentoring services to increase students' ability to successfully complete the coursework required for a postsecondary degree; professional development activities for school guidance counselors and admissions counselors; need-based grant aid to students; and data-driven evaluations.

University of Rhode Island

University of Rhode Island	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 255,608,301	\$ 255,343,870	\$ 269,957,080	\$ 256,815,795
Contracted Services	12,122,330	13,325,288	13,426,250	13,406,250
Subtotal	\$ 267,730,631	\$ 268,669,158	\$ 283,383,330	\$ 270,222,045
Other State Operating	136,620,234	144,420,124	150,168,648	151,090,993
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	174,673,792	199,043,235	214,516,021	214,516,021
Capital	23,579,397	38,379,431	31,178,933	16,962,274
Capital Debt Service	36,454,608	33,732,165	33,175,868	34,305,120
Operating Transfers	-	-	-	-
Total	\$ 639,058,662	\$ 684,244,113	\$ 712,422,800	\$ 687,096,453
Sources of Funds				
General Revenue	\$ 72,586,223	\$ 71,625,646	\$ 87,205,254	\$ 74,865,676
Tuition and Fees	236,224,854	239,537,882	245,611,495	245,611,495
Other Unrestricted	23,677,524	23,532,464	23,541,384	23,541,384
Total Unrestricted	\$ 332,488,601	\$ 334,695,992	\$ 356,358,133	\$ 344,018,555
Restricted	306,570,061	349,548,121	356,064,667	343,077,898
All Sources	\$ 639,058,662	\$ 684,244,113	\$ 712,422,800	\$ 687,096,453
FTE Authorizations				
	1,834.5	1,834.5	1,834.5	1,827.5
<i>Limited to Third-Party Funds</i>	602.0	602.0	602.0	602.0
Total	2,436.5	2,436.5	2,436.5	2,429.5

Summary. The University requests \$712.4 million and 2,436.5 full-time equivalent positions for FY 2012, an increase of \$73.3 million or 11.5 percent to the FY 2011 enacted budget and an increase of \$36.2 million or 5.3 percent to the revised allocation. General revenues, requested at \$87.2 million, are \$14.6 million more than enacted and the revised allocation. The staffing request is consistent with the enacted budget assuming that 602.0 of the total positions would be limited to funding from third party sources.

The Governor recommends \$687.1 million, which is \$48.0 million more than enacted and \$25.3 million less than requested. The recommendation includes \$74.9 million from general revenues, which is \$2.2 million more than enacted and \$12.3 million less than requested. The Governor recommends 2,429.5 full-time equivalent positions, which is 7.0 less than enacted to reflect the 7.0 full-time equivalent positions that staff the State Forensics Lab, which he proposes be shown as a separate program in Higher Education's budget.

Tuition and Enrollment. The FY 2012 budget assumes that fees would increase 0.8 percent or \$80 for resident and nonresident undergraduates and that room and board would increase 2.0 percent or \$223. In-state enrollment is projected to increase 0.3 percent or 25 full-time equivalent students and out-of-state enrollment is projected to increase 2.9 percent or 168 full-time equivalent students for a total increase of 1.3 percent or 193 full-time equivalent students. For FY 2012, the University is projecting that of 14,643 full-time equivalent students, 8,648 will be in-state and 5,995 or 40.9 percent will be out-of-state.

The Governor recommends funding as requested; however, he includes \$2.3 million more than enacted and \$12.3 million less than requested from general revenues. The Governor's intent is that the Community College not raise tuition; the University and College will either have marginal tuition and fee increases or expenditure reductions.

University Undergraduate			Change to	
Tuition and Fees	FY 2011	FY 2012	FY 2011	
Resident				
Tuition	\$ 9,014	\$ 9,014	\$ -	0.0%
Fees	1,462	1,542	80	5.5%
Total	\$ 10,476	\$ 10,556	\$ 80	0.8%
Nonresident				
Tuition	\$ 25,720	\$ 25,720	\$ -	0.0%
Fees	1,462	1,542	80	5.5%
Total	\$ 27,182	\$ 27,262	\$ 80	0.3%
Room and Board				
Average Room	\$ 7,223	\$ 7,308	\$ 85	1.2%
Average Board	3,860	3,998	138	3.6%
Average Room and Board	\$ 11,083	\$ 11,306	\$ 223	2.0%
Undergraduate and Graduate Enrollment				
In-State	8,623	8,648	25	0.3%
Out-of-State	5,827	5,995	168	2.9%
Total	14,450	14,643	193	1.3%

Program Consolidations and Efficiencies. The University reports that since 2008, it has eliminated 7 programs, and has consolidated 21 programs into other majors.

Staffing. The FY 2011 enacted budget includes authority to fill 2,436.5 full-time equivalent positions, provided that 602.0 of those positions would be limited to third-party sources. The FY 2012 request is consistent with the authorized level. As of the pay period ending December 18, 2010, the University had 2,274.1 of its 2,436.5 authorized positions filled including 484.1 of the 602.0 third-party funded positions.

The Governor recommends 2,429.5 full-time equivalent positions, which is 7.0 less than enacted to reflect the 7.0 full-time equivalent positions that staff the State Forensics Lab, which he proposes to be shown as a separate program in Higher Education's budget.

Unrestricted Budget Summary. The unrestricted budget accounts for \$356.4 million, which is an increase of \$23.9 million or 7.2 percent to the FY 2011 enacted budget and \$20.7 million or 6.2 percent to the revised allocation. Sources of funds for the increase from the revised budget include \$14.6 million more general revenues, \$6.1 million more from tuition and fees and \$8,920 more from other institutional resources. Historically the Board submits a current service budget in addition to the target budget required by the Budget Office. Although the Budget Office instructed departments and agencies to submit a constrained budget, the Board did not do so for the University. *The Governor recommends \$344.0 million in unrestricted expenditures. This is \$11.5 million less than enacted and \$12.2 million less than requested.*

University of Rhode Island			
Changes to Enacted	Request	Governor	Difference
Current Year Revisions	\$ 3,167,968	\$ 2,207,391	\$ (960,577)
Salaries and Benefits	9,272,946	(1,956,088)	(11,229,034)
Student Aid	10,514,968	9,978,306	(536,662)
Meade Stadium	(200,000)	(200,000)	-
Debt Service	261,420	418,911	157,491
Fundraising	(436,794)	(436,794)	-
Communication Services	(722,143)	(722,143)	-
Technology Fee	1,132,964	1,132,964	-
Utilities	1,230,886	1,047,037	(183,849)
Other Operating Adjustments	(352,683)	60,370	413,053
Total	\$ 23,869,532	\$ 11,529,954	\$ (12,339,578)

Current Year Revisions. The University requests \$3.2 million more than enacted from tuition and fees including the enacted level of general revenues. The tuition and fee increase reflects the enrollment of 502 additional students. The increases are mostly in student aid and salaries and benefits offset by reductions for general operating expenditures including utilities. The University indicates the request for \$10.4 million, which is a \$0.6 million decrease, better reflects anticipated expenditures. *The Governor reduces current year expenditures by \$1.0 million compared to the request to reflect updated debt service expenditures.*

Salaries and Benefits. The unrestricted budget includes \$192.2 million for all salary and benefit expenditures. This is \$9.3 million or 5.1 percent more than the revised allocation. The request assumes that most of the positions left vacant in FY 2011 will be filled. Of the 1,834.5 authorized positions, the University had 44.5 vacant positions as of the December 18, 2010 pay period. The request also includes a 3.0 percent cost of living increase for all employees, faculty promotions and benefit rate adjustments consistent with Budget Office instructions. For FY 2010, the University averaged 1,786.4 filled positions and 1,807.0 filled positions for FY 2009.

The Governor recommends \$180.0 million for salary and benefit expenditures, which is \$11.2 million less than requested. The Governor's intent is that the University will either have marginal tuition and fee increases or expenditure reductions to account for not recommending the requested general revenue increase.

Student Aid. The unrestricted budget includes \$81.2 million for student aid, which is \$10.5 million or 12.9 percent greater than the FY 2011 allocation and 36.7 percent greater than FY 2010 expenditures. The University indicates that it is providing the additional student aid in order to increase scholarship programs and to correspond with enrollment increases. The University requests additional funding to become more competitive with regard to financial aid and to enhance student retention. Unrestricted student aid and waivers represents 33.1 percent of tuition and fee revenues. Student aid increased 99.0 percent and waivers increased 1.0 percent. Student aid and waivers represented 29.5 percent of tuition and fee revenues for FY 2011, 26.7 percent for FY 2010, and 26.5 percent for FY 2009.

The Governor recommends funding as requested. It should be noted the Governor made changes among categories in his revised recommendation causing a discrepancy when comparing the FY 2012 recommendation to the FY 2011 revised recommendation.

Meade Stadium. The unrestricted budget includes savings of \$0.2 million from a one-time investment in FY 2011 for Meade Stadium. The University made repairs to the press box as it had been condemned and to the east stands that needed to be reinforced for safety issues. The University indicates that it funded

these repairs from unrestricted sources because asset protection Rhode Island Capital Plan funds were spent and the safety issues needed to be addressed immediately. *The Governor recommends funding as requested.*

Debt Service. The unrestricted budget includes \$19.3 million for debt service costs, which is \$0.3 million more than the revised allocation primarily for new bond administrative charges and for the repaving and road construction project. The 2009 Assembly authorized the University to issue \$15.2 million for this project. The University indicates FY 2011 was an interest payment and FY 2012 will be an interest and principal payment. *The Governor recommends \$0.4 million more than requested for debt service updated estimates for general obligation bonds.*

Fundraising. The unrestricted budget includes \$3.2 million for FY 2012, which is \$0.4 million less for fundraising services provided by the University of Rhode Island Foundation. The Foundation is a nonprofit organization, separate and distinct from the University. The University has a fee-for-service contract with the Foundation to provide fundraising services. The University indicates the request was submitted before the contract with the Foundation was signed and the new contract includes \$3.2 million for FY 2012. *The Governor recommends funding as requested.*

Communication Services. The unrestricted budget includes \$1.7 million for communication services, which is \$0.7 million or 42.4 percent less than the FY 2011 allocation for video and data services provided to all dorm students. Prior to FY 2012, the service included phone services for each student, which is now discontinued. The students are billed for this service and the fee is deposited into the unrestricted budget because the information technology department administers these services. The fee charged to dorm students was \$442.00 in FY 2011 and is being reduced by \$170.00 or 38.0 percent to \$272.00 in FY 2012. *The Governor recommends funding as requested.*

Technology Fee. The unrestricted budget includes \$6.5 million for costs supported by a new technology fee, which is \$1.1 million or 21.3 percent more than the FY 2011 allocation. The University indicates this is a new \$80.00 fee charged to all students for the following purposes: to maintain the current level of journals in the Library, annual classroom technology upgrades, and strategic investment in information technology activities. The University indicates prior to the fee, these investments were not possible. Each year, some journals were dropped; annual classroom upgrades consisted of upgrading one classroom and there were not any identified funds for strategic investment in information technology. *The Governor recommends funding as requested.*

Utilities. The unrestricted budget includes \$11.6 million for utility expenditures. This is \$1.2 million or 12.1 percent more than the FY 2011 revised allocation. The University indicates that the budget reflects rate changes and projected usage for three new buildings coming online for FY 2012 including the College of Pharmacy, Rodos Hellenic Center and the Roger Williams Wellness Center.

The Governor recommends funding as requested. It should be noted the Governor made changes among categories in his revised recommendation causing a discrepancy when comparing the FY 2012 recommendation to the FY 2011 revised recommendation.

Other Operating Adjustments. Excluding the items noted previously, the unrestricted budget includes \$39.7 million for all other operating and contracted services expenditures. This is a \$0.4 million decrease from the revised allocation. Minor decreases were made in advertising services and in the payment schedule of the Tibbitts land purchase offset by a minor increase in the premium for the University's insurance policy. The FY 2012 budget includes \$140,000 for the Tibbitts payment. The land was purchased as adjacent property for future use. *The Governor recommends \$0.4 million more than requested for other*

requested for other operating expenses. This appears to be an error.

Restricted Budget. The restricted budget request is for \$356.0 million, which is a 13.9 percent increase of \$49.4 million over the FY 2011 enacted budget. Compared to the revised allocation, the request is \$15.5 million or 4.3 percent more. The increase includes \$4.0 million more for salaries and benefits including a 3.0 percent cost-of-living increase for all employees and benefit rate adjustments consistent with Budget Office instructions and three new positions for University parking services, \$15.0 million more for operating expenditures, \$24.5 million more in student assistance and grants, \$0.9 million more for contracted services, and \$2.1 million less for debt service.

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 \$24.5 million or 18.8 percent over the enacted budget and \$4.7 million or 3.6 percent over the revised allocation. The increase is attributable to additional students applying for aid during FY 2011.

Sponsored research programs including department overhead is projected at \$109.0 million for FY 2011. This is \$21.8 million or 20.1 percent more than enacted and \$8.5 million or 7.9 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 2012.

The restricted request includes upgrades for existing fire detection and emergency lighting systems and renovations to resident bathrooms and carpet installation in several dorms. For the Bookstore, the University requests upgrades for store fixtures at the Kingston and Providence campus bookstores and digital sign-making equipment.

Other operating changes include the purchase of a vehicle, one new gate, and blue light phones for parking services. For dining services, the University requests a sprinkler project for Memorial Union.

Rhode Island Capital Plan funds are estimated at \$20.4 million for FY 2012. This is \$8.1 million over the enacted level, entirely for new projects and approved projects with a FY 2012 start. These projects are described in detail in the capital budget section of this analysis and include renovations to Woodward Hall, Classroom and Instructional Lab improvements, exterior renovations to Roosevelt Hall, and Fire Safety and protection for academic and administrative buildings. The request does not include \$5.0 million for Higher Education Stabilization funds for fire safety projects at the University that will be completed in FY 2011.

The Governor's recommendation is \$14.2 million less from Rhode Island Capital Plan funds than requested. These projects include Woodward Hall, Fire Safety projects to Academic Buildings, Public Safety building and exterior renovations to Washburn Hall. The Governor's recommendation also includes \$1.9 million more in debt service for the Energy Conservation project and \$0.9 million for turnover savings offset by \$0.2 million in operating expenditures.

Rhode Island College

Rhode Island College	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 89,336,315	\$ 89,855,150	\$ 95,542,616	\$ 90,666,209
Contracted Services	2,633,917	2,817,877	2,553,207	2,553,207
Subtotal	\$ 91,970,232	\$ 92,673,027	\$ 98,095,823	\$ 93,219,416
Other State Operating	23,786,245	24,371,125	24,930,516	25,210,673
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	22,314,811	22,698,777	25,449,849	25,449,849
Capital	10,333,287	15,231,983	3,578,299	3,514,459
Capital Debt Service	4,703,523	5,055,782	5,304,914	5,311,073
Operating Transfers	2,291,692	2,036,466	2,338,787	2,338,787
Total	\$ 155,399,790	\$ 162,067,160	\$ 159,698,188	\$ 155,044,257
Sources of Funds				
General Revenue	\$ 39,539,730	\$ 39,504,203	\$ 46,190,252	\$ 41,600,161
Tuition and Fees	62,426,564	62,426,564	62,486,385	62,486,385
Other Unrestricted	6,061,679	6,212,134	6,276,930	6,276,930
Total Unrestricted	\$ 108,027,973	\$ 108,142,901	\$ 114,953,567	\$ 110,363,476
Restricted	47,371,817	53,924,259	44,744,621	44,680,781
All Sources	\$ 155,399,790	\$ 162,067,160	\$ 159,698,188	\$ 155,044,257
FTE Authorizations				
	810.1	810.1	827.0	827.6
<i>Limited to Third-Party Funds</i>	82.0	82.0	82.0	82.0
Total	892.1	892.1	909.0	909.6

Summary. Rhode Island College requests \$159.7 million from all sources and 909.0 full-time equivalent positions, of which 82.0 would be limited to third party sources. This is an increase of \$4.3 million or 2.7 percent to the FY 2011 enacted budget and a decrease of \$2.3 million or 1.3 percent to the revised budget allocation. The staffing request is 16.9 more full-time equivalent positions than the enacted level.

The Governor recommends \$155.0 million, \$0.4 million less than enacted and \$4.5 million less than requested. The recommendation includes \$41.6 million from general revenues, which is \$2.1 million more than enacted and \$4.6 million less than requested. The Governor recommends 909.6 full-time positions, which is 17.5 more than the enacted level.

Tuition and Enrollment. The FY 2012 budget assumes no tuition or fee increases. In-state enrollment is projected to increase 1.0 percent or 60 full-time equivalent students and out-of-state enrollment is projected to increase 0.6 percent or 5 full-time equivalent students for a total increase of 0.9 percent or 65 full-time equivalent students. The College projects that out of 7,145 full-time equivalent students for FY 2012, 6,280 will be in-state and 865 or 12.1 percent will be out-of-state. The Governor recommends funding as requested; however, he includes \$2.1 million more than enacted and \$4.6 million less than requested from general revenues. *The Governor's intent is that the Community College not raise tuition; the University and College will either have marginal tuition and fee increases or expenditure reductions.*

College Undergraduate				
Tuition and Fees	FY 2011	FY 2012	Change to FY 2011	
Resident				
Tuition	\$ 5,988	\$ 5,988	\$ -	0.0%
Fees	998	998	-	0.0%
Total	\$ 6,986	\$ 6,986	\$ -	0.0%
Nonresident				
Tuition	\$ 15,880	\$ 15,880	\$ -	0.0%
Fees	998	998	-	0.0%
Total	\$ 16,878	\$ 16,878	\$ -	0.0%
Room and Board				
Average Room	\$ 5,554	\$ 5,554	\$ -	0.0%
Average Board	3,990	3,990	-	0.0%
Average Room and Board	\$ 9,544	\$ 9,544	\$ -	0.0%
Undergraduate and Graduate Enrollment				
In-State	6,220	6,280	60	1.0%
Out-of-State	860	865	5	0.6%
Total	7,080	7,145	65	0.9%

Program Consolidations and Efficiencies. The College reports that since 2008, it has eliminated 4 programs, and have consolidated three programs into other majors. In the past year, the College has added several new programs. These include the certificate of graduate study in Mathematics Content Specialist: elementary, the certificate of graduate study in Health Psychology, and the certificate of undergraduate study in Insurance and Risk Management.

Staffing. The FY 2011 enacted budget includes authority to fill 892.1 full-time equivalent positions, provided that 82.0 of those positions would be limited to third-party sources. The FY 2012 request is for 909.0 positions, which is 16.9 more than the enacted authorization for new faculty positions across all disciplines; however, the College indicates it would like authorization for 17.0 new positions. As of the pay period ending December 18, 2010, the College had 26.8 vacant non-third-party funded positions. *The Governor recommends 909.6 full-time positions, which is 17.5 more than enacted based on the College's request for new faculty positions across all disciplines.*

Unrestricted Budget Summary. The unrestricted budget accounts for \$115.0 million, which is an increase of \$6.9 million, or 6.0 percent to the enacted budget and \$6.8 million or 5.9 percent to the revised allocation. Sources of funds for the increase to the revised allocation include \$6.8 million more from general revenues, \$59,821 more from tuition and fees and \$64,796 more from other unrestricted sources. Historically, the Board submits a current service budget in addition to the target budget required by the Budget Office. Although the Budget Office instructed departments and agencies to submit a constrained budget, the Board did not do so for the College.

The Governor recommends \$344.0 million in unrestricted expenditures. This is \$2.2 million more than enacted and \$4.5 million less than requested. The Governor's intent is that the College will either have marginal tuition and fee increases or expenditure reductions.

College Changes to Enacted	Request	Governor	Difference
Current Year Revisions	\$ 150,455	\$ 114,928	\$ (35,527)
New Staff	1,799,283	1,400,000	(399,283)
Other Salaries and Benefits	3,157,517	(1,150,286)	(4,307,803)
Debt Service	595,682	637,368	41,686
Student Aid	876,538	517,572	(358,966)
Building Maintenance and Repairs	119,748	212,004	92,256
Other Operating Adjustments	226,371	603,917	377,546
Total	\$ 6,925,594	\$ 2,335,503	\$ (4,590,091)

Current Year Revisions. The College requests \$108.2 million, or \$150,455 more than enacted from all sources including the enacted level of general revenues. The College requests an additional \$0.8 million for benefit adjustments including \$0.1 million to fund retiree health on an actuarial basis. These additional costs are offset by the decrease in furniture and services to be more reflective of the actual experience. *The Governor reduces current year expenditures by \$35,527 compared to the request for debt service expenditures.*

New Staff. Unrestricted expenditures increase \$1.8 million to fund 16.9 new faculty positions across all disciplines; however, the College indicates it would like authorization for 17.0 new positions. The positions will be utilized across the five schools within Academic Affairs; Faculty of Arts and Sciences, Feinstein School of Education and Human Development, School of Management, School of Nursing and School of Social Work. *The Governor recommends \$0.4 million less than requested but provides the addition of 17.5 full-time positions.*

Other Salaries and Benefits. Unrestricted expenditures for salaries and benefits total \$78.5 million and are \$3.2 million or 4.0 percent greater than the FY 2011 allocation. The request includes a 3.0 percent cost-of-living increase for all employees, and benefit rate adjustments consistent with Budget Office instructions.

The Governor recommends \$4.3 million less than requested for all other salaries and benefits. The Governor's intent is that the College will either have marginal tuition and fee increases or expenditure reductions to account for not recommending the requested general revenue increase.

Debt Service. The unrestricted budget includes \$2.9 million for debt service expenditures. This is \$0.6 million or 26.0 percent more than the revised allocation to include debt service for the recreation center approved by the 2010 Assembly.

The Governor recommends funding essentially as requested. It should be noted the Governor made changes among categories in his revised recommendation causing a discrepancy when comparing the FY 2012 recommendation to the FY 2011 revised recommendation.

Student Aid. The budget includes \$13.4 million for student aid, which is \$0.9 million or 6.9 percent greater than the FY 2011 allocation and \$1.7 million or 14.0 percent greater than FY 2010 expenditures to reflect an increase in enrollment.

Approximately \$0.4 million of the increase is for Rhode Island College grants and the Preparatory Enrollment program. Rhode Island College grants are college grants ranging from \$100 to \$10,000 that are awarded by the Office of Student Financial Aid to students with demonstrated financial need. The Preparatory Enrollment Program is a program that encourages and supports students from a variety of

racial and ethnic backgrounds in their pursuit of a Rhode Island College education. The purposes of this program are to aid, and assist students that are the first in their family to graduate from a four year college, whose family income is considered low based on federal poverty guidelines and can benefit from academic support and have a documented disability.

The Governor recommends funding as requested. It should be noted the Governor made changes among categories in his revised recommendation causing a discrepancy when comparing the FY 2012 recommendation to the FY 2011 revised recommendation.

Building Maintenance and Repairs. The unrestricted budget includes \$1.8 million for building maintenance and repairs. This is \$0.1 million or 7.0 percent more than the revised allocation to reflect anticipated expenditures. The College indicates the increase is to continue with routine repairs to the campus.

The Governor recommends funding as requested. It should be noted the Governor made changes among categories in his revised recommendation causing a discrepancy when comparing the FY 2012 recommendation to the FY 2011 revised recommendation.

Other Operating Adjustments. Excluding the items noted previously, the unrestricted budget includes \$15.3 million for all other operating and contracted service expenditures, which includes an increase of \$226,371 compared to the revised allocation. The majority of the increase is in operating adjustments for refund processing, credit card processing, and on-line payment processing and miscellaneous expenses for commencement and high school students participating in the preparatory enrollment program. The increase includes \$0.1 million for contractual services for audit and medical services. The College indicates that the request is consistent with projected expenditures. *The Governor recommends \$0.4 million more than requested for other operating expenses. This appears to be an error.*

Restricted Budget. The restricted budget request is for \$44.8 million, which is \$2.6 million or 5.8 percent less than the enacted FY 2011 budget. It is \$9.1 million less or 20.3 percent less than the FY 2011 revised allocation. The increase includes \$0.5 million more for salaries and benefits, \$0.2 million more for operating expenditures, \$2.1 million more for grants, \$5.4 million less for capital expenditures and \$0.1 million less for contracted services.

The request includes a 3.0 percent cost-of-living increase for all employees, and benefit rate adjustments consistent with Budget Office instructions. The request also includes a \$2.1 million increase in Pell grant awards. The College reports that it has more eligible students resulting from current economic conditions and a 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 College requests \$0.2 million more for student dining services to reflect an increase in food, cleaning and utilities. The student union increase of \$0.1 million reflects the expenditures for various student programs. Some of these programs include movie nights, speakers on health, finances, social issues, cultural trips to Philadelphia, and webinars on raising awareness of ecological issues and encourage environmentally responsible behavior. The College bookstore is projecting a 5.3 percent decrease in expenditures over the current year to be more in line with actual spending for FY 2010.

The request does not include \$9.6 million for Higher Education Stabilization funds for fire safety projects at the College that will be completed in FY 2011 and also excludes \$1.7 million for the new art center planning that was included in the enacted budget.

The College requests total funding of \$2.6 million from Rhode Island Capital Plan funds, which is \$0.3 million more for asset protection projects. The approved capital plan includes \$2.5 million for FY 2012. The College indicates that it intended to request funding consistent with the approved capital plan. This increase reflects an inadvertent inclusion of \$63,840.

The Governor's recommendation is \$63,840 less Rhode Island Capital Plan funds than requested and he concurs with the remainder of the recommendation.

Community College of Rhode Island

Community College of Rhode Island	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 79,081,731	\$ 79,331,276	\$ 86,160,446	\$ 83,071,801
Contracted Services	1,269,458	1,525,028	1,572,439	1,572,439
Subtotal	\$ 80,351,189	\$ 80,856,304	\$ 87,732,885	\$ 84,644,240
Other State Operating	22,443,575	22,643,974	22,794,285	23,029,360
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	20,216,951	20,292,605	26,876,631	26,876,631
Capital	7,779,204	12,610,924	3,901,855	3,901,855
Capital Debt Service	1,648,844	1,611,299	1,648,244	1,700,948
Operating Transfers	196,996	196,996	201,618	201,618
Total	\$ 132,636,759	\$ 138,212,102	\$ 143,155,518	\$ 140,354,652
Sources of Funds				
General Revenue	\$ 44,507,492	\$ 44,469,947	\$ 51,858,984	\$ 49,060,196
Tuition and Fees	48,955,385	48,955,385	49,821,341	49,821,341
Other Unrestricted	4,663,492	4,663,492	4,502,103	4,502,103
Total Unrestricted	\$ 98,126,369	\$ 98,088,824	\$ 106,182,428	\$ 103,383,640
Restricted	34,510,390	40,123,278	36,973,090	36,971,012
All Sources	\$ 132,636,759	\$ 138,212,102	\$ 143,155,518	\$ 140,354,652
FTE Authorizations	704.1	766.1	766.1	769.1
<i>Limited to Third-Party Funds</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>
Total	804.1	866.1	866.1	869.1

Summary. The Community College requests \$143.2 million from all sources and 866.1 full-time equivalent positions for FY 2012. This is an increase of \$10.5 million or 7.9 percent over the FY 2011 enacted budget and \$5.1 million or 3.6 percent more than the FY 2011 revised allocation. The request also assumes 866.1 full-time equivalent positions and of those, 100.0 positions would be limited to funding from third party sources. The Community College indicates it requests 869.1 full-time equivalent positions. It inadvertently excluded 3.0 full-time positions from the request.

The Governor recommends \$140.4 million, which is \$7.7 million more than enacted and \$2.8 million less than requested. The recommendation includes \$49.1 million from general revenues, which is \$4.6 million more than enacted and \$2.8 million less than requested. The Governor recommends 869.1 full-time equivalent positions, which includes the requested 65 new positions.

Tuition and Enrollment. The FY 2012 budget assumes that fees would increase 0.7 percent or \$24 for resident and nonresident students for a parking fee annually charged to students that will assist in funding for the discounted Rhode Island Public Transit Authority fare. Enrollment is projected to be 10,544 full-time equivalent students, 214 more than FY 2011. The Governor recommends funding as requested; however, he includes \$9.8 million more than enacted and \$18.9 million less than requested from general revenues. *The Governor's intent is that the Community College not raise tuition; the University and College will either have marginal tuition and fee increases or expenditure reductions.*

Community College				
Tuition and Fees	FY 2011	FY 2012	Change to	
			FY 2011	
Resident				
Tuition	\$ 3,356	\$ 3,356	\$ -	0.0%
Fees	296	320	24	8.1%
Total	\$ 3,652	\$ 3,676	\$ 24	0.7%
Nonresident				
Tuition	\$ 9,496	\$ 9,496	\$ -	0.0%
Fees	296	320	24	8.1%
Total	\$ 9,792	\$ 9,816	\$ 24	0.2%
Enrollment	10,330	10,544	214	2.1%

Program Consolidations and Eliminations. The Community College reports that since 2008, it has eliminated two programs. In the past year, the Community College has begun a new certificate program aimed at workers in transition.

Staffing. The FY 2011 enacted budget includes authority to fill 804.1 full-time equivalent positions, provided that 100.0 of those positions would be limited to third-party sources. The FY 2012 request is for 866.1 positions, which are 62.0 more than the enacted authorization; however, the Community College indicates it would like authorization for 65.0 new positions. It has identified developmental english and math classes as an area of need. The Community College reports 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. As of the pay period ending December 18, 2010, the Community College had 2.7 vacant positions and 77.0 vacant third-party funded positions. *The Governor recommends the 65.0 requested new positions.*

Unrestricted Budget Summary. The unrestricted budget accounts for \$106.2 million, which is \$8.0 million or 8.2 percent more than the enacted budget and revised allocation. Sources of funds for the increase to the revised allocation include \$7.4 million more from general revenues and \$0.9 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. Although the Budget Office instructed departments and agencies to submit a constrained budget, the Board did not do so for the Community College. *The Governor recommends \$103.4 million in unrestricted expenditures. This is \$5.2 million more than enacted and \$2.8 million less than requested.*

Community College			
Changes to Enacted	Request	Governor	Difference
Salaries and Benefits	\$ 6,854,932	\$ 3,799,609	\$ (3,055,323)
Vehicle Maintenance	255,000	255,000	-
Student Aid	524,500	449,026	(75,474)
RIPTA Upass	202,426	202,426	-
Other Operating Adjustments	219,201	588,755	369,554
Total	\$ 8,056,059	\$ 5,294,816	\$ (2,761,243)

Current Year Revisions. The revised unrestricted budget is consistent with the enacted budget. The Community College includes additional turnover savings and a reduction in utilities to increase operating and contracted services. The request includes 866.1 full-time employees, which are 62.0 more than the enacted authorization; however, the Community College indicates it would like authorization for 65.0 new

positions. *The Governor reduces current year expenditures by \$37,545 compared to the request for debt service expenditures.*

Salaries and Benefits. Unrestricted expenditures for salaries and benefits total \$80.8 million, which is \$6.9 million or 9.2 percent more than the FY 2011 allocation. The Community College has not identified all of the new positions but has indicated that 10 would be faculty, 35 for non-classified positions and 20 for classified positions. The request also assumes a 3.0 percent cost-of-living adjustment and benefit rate adjustments consistent with Budget Office instructions for all employees.

The Governor recommends \$77.8 million for salaries and benefits. This is \$3.5 million or 4.5 percent more than enacted for the funding of 65.0 new positions.

Vehicle Maintenance. The Board requests \$0.4 million for vehicle maintenance. The request is \$0.3 million more than the revised allocation to reflect an increase in projected vehicle maintenance for FY 2012. The College noted that vehicle maintenance costs have increased due to lack of new vehicle purchases. *The Governor recommends funding as requested.*

Student Aid. The unrestricted budget includes \$3.3 million for student aid, which is \$0.5 million or 18.0 percent more than the FY 2011 allocation and \$0.4 million or 14.4 percent greater than FY 2010 expenditures. The request reflects a \$0.3 million increase in unemployment waivers and \$0.2 million for the Community College scholarship fund. Rhode Island residents receiving unemployment benefits may be eligible for a waiver of tuition and registration fee if the state resident has a household income less than three times the federal poverty level, and has not been claimed as a dependent for federal income tax purposes. The Community College indicates the increase in the existing scholarship fund is for students that do not qualify for Pell grants.

The Governor recommends funding as requested. It should be noted the Governor made changes among categories in his revised recommendation causing a discrepancy when comparing the FY 2012 recommendation to the FY 2011 revised recommendation.

RIPTA UPass. The unrestricted budget includes \$0.8 million or \$0.2 million more than the revised allocation for monthly Rhode Island Public Transit Authority passes. Community College students may buy Rhode Island Public Transit Authority monthly passes, 15-Ride tickets and RIPTIKs at the Community College's four bookstores at half price. However, the Community College will charge students a parking fee of \$1 for every per hour credit earned up to a maximum of \$24 annually in FY 2012. *The Governor recommends funding as requested.*

Other Operating Adjustments. Excluding the items noted previously, the request includes \$19.2 million for all other operating expenditures, which is \$0.2 million or 6.9 percent more than the revised allocation. The majority of the increases are for building maintenance, licensing agreements for technology applications, and program supplies. The Community College also requests \$52,004 more for contracted services for audit services, architectural and engineering services and building contracts. *The Governor recommends \$0.9 million more than enacted, which is \$0.4 million more than requested for miscellaneous operating expenditures.*

Restricted Budget. The restricted budget request is for \$36.7 million, which is \$2.2 million or 6.8 percent more than the FY 2011 enacted budget and \$3.0 million or 8.1 percent less than the FY 2011 revised allocation. Capital project expenditures are \$3.9 million less than enacted. Salaries and benefits are \$0.2 million more than enacted. Student aid is \$6.1 million more than enacted and operating expenditures are

reduced by \$0.2 million. Contracted services are \$9,353 less than enacted and debt service is \$600 less than enacted.

The request includes a \$6.0 million increase in Pell grant awards. The Community College reports that it has more eligible students resulting from current economic conditions and a 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 request does not include \$5.5 million for higher education stabilization funds for fire safety projects at the Community College that were funded through FY 2011 and also excludes money for the fire code and HVAC improvements for the Flanagan campus that will be completed in FY 2011. *The Governor recommends \$250 more than requested.*

Workforce Development Initiative. The restricted budget request includes \$0.2 million from Human Resource Investment Council restricted receipts to fund 3.0 full-time equivalent 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 Community College indicates the positions were hired at the start of the third quarter. *The Governor recommends \$2,328 less than requested and enacted.*

State Forensics Lab

RI State Forensics Lab	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Category				
Salaries and Benefits	\$ -	\$ -	\$ -	\$ 619,448
Contracted Services	-	-	-	20,000
Subtotal	\$ -	\$ -	\$ -	\$ 639,448
Other State Operating	-	-	-	63,000
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	72,552
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ 775,000
Sources of Funds				
General Revenue	\$ -	\$ -	\$ -	\$ 775,000
Tuition and Fees	-	-	-	-
Other Unrestricted	-	-	-	-
Total Unrestricted	\$ -	\$ -	\$ -	\$ 775,000
Restricted	-	-	-	-
All Sources	\$ -	\$ -	\$ -	\$ 775,000
FTE Authorizations				
	-	-	-	7.0
<i>Third-Party Funded Positions</i>				
	-	-	-	-
Total Positions	-	-	-	7.0

State Forensics Lab. The Rhode Island State Crime Lab has been in existence since 1949 offers a range of scientific services for all appropriate agencies investigating evidence related to federal, state or local crimes. In addition to Crime Lab functions, several of the Lab staff teach a criminal identification course for law enforcement at the University of Rhode Island. Prior to the FY 2010 budget, the Crime Lab was funded in the Office of the Attorney General’s budget. The FY 2010 budget shifted \$0.7 million from general revenues for the Crime Lab from the Office of the Attorney General’s budget to the Department of Health. The FY 2011 enacted budget includes \$0.8 million from general revenues to support the Crime Lab in the Department of Health’s budget. *The Governor recommends the enacted level of \$775,000 in general revenue support for the State Crime Lab, but transfers funding control from the Department of Health to the University.*

Rhode Island Council on the Arts

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 760,429	\$ 775,192	\$ 869,066	\$ 838,688
Contracted Services	37,500	30,000	30,000	30,000
Subtotal	\$ 797,929	\$ 805,192	\$ 899,066	\$ 868,688
Other State Operations	103,932	100,188	132,922	106,011
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,752,475	1,752,475	1,952,475	1,652,475
Capital	400,000	415,000	400,000	400,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 3,054,336	\$ 3,072,855	\$ 3,384,463	\$ 3,027,174
Sources of Funds				
General Revenue	\$ 1,668,346	\$ 1,687,286	\$ 1,976,399	\$ 1,619,110
Federal Aid	950,990	950,569	973,064	973,064
Restricted Receipts	-	-	-	-
Other	435,000	435,000	435,000	435,000
Total	\$ 3,054,336	\$ 3,072,855	\$ 3,384,463	\$ 3,027,174
FTE Authorization	8.6	8.6	8.6	8.6

Summary. The Rhode Island State Council on the Arts' unconstrained request includes \$3.4 million from all sources or \$0.3 million more than enacted. This includes \$2.0 million from general revenues, \$1.0 million from federal funds, \$0.4 million from other funds, and the enacted level of 8.6 full-time equivalent positions.

The Council also submitted a constrained request that totals \$1.4 million and is \$0.5 million less from general revenues than the unconstrained request.

The Governor recommends \$3.0 million from all sources, including \$1.6 million from general revenues, \$1.0 million from federal funds, and \$0.4 million from other funds. He recommends the enacted level of 8.6 full-time equivalent positions. He also submits legislation in 2011-H 5894 to eliminate the motion picture tax credit.

Target Issues. The Budget Office provided the Council on the Arts with a general revenue target of \$1.4 million. The amount includes current service adjustments of \$34,051 and a 15.0 percent reduction of \$255,360.

FY 2012 Budget	Budget Office	Arts Council	Difference
FY 2011 Enacted	\$ 1,668,346	\$ 1,668,346	\$ -
Current Service Adjustments	34,051	308,053	274,002
Change to FY 2011 Enacted	\$ 34,051	\$ 308,053	\$ 274,002
FY 2012 Current Service/ Unconstrained Request	\$ 1,702,397	\$ 1,976,399	\$ 274,002
Target Reduction/Initiatives	(255,360)	(529,362)	(274,002)
FY 2012 Constrained Target/Request	\$ 1,447,037	\$ 1,447,037	\$ -
<i>Change to FY 2011 Enacted</i>	\$ (221,309)	\$ (221,309)	\$ -

The constrained budget submitted by the Council meets the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget is \$0.2 million above the target.*

Salaries and Benefits. The Council's current service request includes \$587,205 from all sources for salaries and benefits, \$410,895 from general revenues and \$176,310 from federal funds. This is \$73,524 more than enacted, including \$51,450 more from general revenues and \$22,074 more from federal funds. The request includes \$51,923 more from all sources for adjustments to medical benefits and retirement rates, as well as a 3.0 percent cost of living increase consistent with Budget Office planning values and an adjustment to the pay grade of one employee effective January 1, 2011. It also includes an additional \$2,031 for various longevity and step increases. The Council's request also overstates the cost of medical benefits by \$19,570 for the cost of its employee co-shares. The request includes the enacted level of 8.6 full-time equivalent positions.

The Governor recommends \$0.6 million from all sources, including \$0.4 million from general revenues. This is \$22,813 less than requested to account for medical co-shares that were omitted from the request and revisions to medical benefit rates.

Council Grants. The Council's current service request includes \$1,550,000 from all funds for discretionary grants, including \$800,000 from general revenues and \$750,000 from federal funds. This is \$200,000 more than enacted from general revenues. 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.

As part of the Council's constrained request, it reduces its general revenue grant awards by \$133,737 or \$333,737 less than the Council's current service request. *The Governor recommends \$0.5 million for discretionary grants, which is \$100,000 less than enacted and \$33,737 above the constrained request.*

Portrait Expense. The Council's current service request does not include any funding for the official governor's portrait that will be completed by January 1, 2011. Half the \$15,000 expense was paid at the start and half paid at the completion. The FY 2010 and FY 2011 enacted budgets each included \$7,500. *The Governor recommends funding as requested.*

Film and TV Office. The Council's current service request includes \$338,760 from general revenues for the Film and TV Office, \$60,603 more than enacted. The current service request includes an additional \$33,728 to reflect salary and benefit adjustments consistent with Budget Office planning values for 2.0 full-time equivalent positions. The request overstates the cost of medical benefits by \$4,791 for the cost of its employee co-shares. It also includes an additional \$25,490 for a part-time Community Relations contract position. It appears that these expenditures were improperly classified as operating expenses.

As part of the Council's constrained request, it excludes its request for an additional part-time position. *The Governor recommends \$0.3 million from general revenues, which is \$35,455 less than requested. He includes adjustments to salaries and benefits to account for medical co-shares that were omitted from the request and revisions to medical benefit rates. He does not recommend an additional part-time contract position.*

Community Service Grants. The Council's current service request includes the enacted level of \$402,475 from general revenues for community service grants. These grants are appropriated by the General Assembly with a designated agency and amount.

As part of the Council's constrained request, it eliminates \$165,250 for four community service grants that it believes were intended to support time limited programs. The funding has been awarded annually. *The Governor does not reduce community service grants.*

Percent for Art Program. The Council's current service request includes the enacted level of \$435,000 for various expenses relating to the percent for art program. This includes \$15,000 for panelists that review applications for projects and \$420,000 for the cost to administer the program. *The Governor recommends funding as requested.*

All Other Expenses. The Council's current service request includes \$71,023 from all sources, including \$24,269 from general revenues for staff training and various operating expenses. This is \$3,500 more than enacted. The Council spent approximately \$71,000 on these expenses in FY 2010.

As part of the Council's constrained request, it reduces various operating expenses, including staff training by \$4,885.

The Governor recommends \$4,479 more than enacted from all sources, including \$1,447 less from general revenues. This is \$9,364 more than its constrained request. He recommends reductions to mileage reimbursements, offset by increases to printing and office supplies.

Rhode Island Atomic Energy Commission

	FY 2011		FY 2011		FY 2012		FY 2012
	Enacted		Revised		Request		Recommended
Expenditures by Category							
Salaries and Benefits	\$ 997,709	\$	979,698	\$	1,013,326	\$	1,008,283
Contracted Services	15,158		33,907		23,907		43,907
Subtotal	\$ 1,012,867	\$	1,013,605	\$	1,037,233	\$	1,052,190
Other State Operations	409,483		388,577		408,357		389,336
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	-		-		-		-
Capital	70,000		70,000		120,000		70,000
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
Total	\$ 1,492,350	\$	1,472,182	\$	1,565,590	\$	1,511,526
Sources of Funds							
General Revenue	\$ 875,781	\$	861,031	\$	895,381	\$	879,592
Federal Aid	300,159		314,104		304,104		324,104
Restricted Receipts	-		-		-		-
Other	316,410		297,047		366,105		307,830
Total	\$ 1,492,350	\$	1,472,182	\$	1,565,590	\$	1,511,526
FTE Authorization	8.6		8.6		8.6		8.6

Summary. The Rhode Island Atomic Energy Commission requests \$1.6 million and 8.6 full-time equivalent positions for FY 2012. This is \$73,240 more than enacted including \$19,600 more from general revenues, \$3,945 more from federal funds, and \$49,695 more from University of Rhode Island sponsored research funds.

The Commission's constrained budget request is \$41,171 less than its current service request, including \$17,891 less from general revenues, and \$23,280 less from University of Rhode Island sponsored research funds.

The Governor recommends \$1.5 million from all sources. This is \$19,176 more than enacted and \$54,064 less than requested. General revenues are \$19,600 more than enacted and \$15,789 less than requested. He recommends the enacted level of 8.6 full-time equivalent positions.

Target Issues. The Budget Office provided the Commission with a general revenue target of \$790,049. The amount includes current service adjustments of \$53,689 and a 15.0 percent target reduction of \$139,421.

FY 2012 Budget	Budget Office	Atomic Energy Commission	Difference
FY 2011 Enacted	\$ 875,781	\$ 875,781	\$ -
Current Service Adjustments	53,689	19,600	(34,089)
<i>Change to FY 2011 Enacted</i>	\$ 53,689	\$ 19,600	\$ (34,089)
FY 2012 Current Service/ Unconstrained Request	\$ 929,470	\$ 895,381	\$ (34,089)
Target Reduction/Initiatives	(139,421)	(17,891)	121,530
FY 2012 Constrained Target/Request	\$ 790,049	\$ 877,490	\$ 87,441
<i>Change to FY 2011 Enacted</i>	\$ (85,732)	\$ 1,709	\$ 87,441

The constrained budget submitted by the Commission is \$87,441 above the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's recommendation is \$89,542 more than the target.*

Salaries and Benefits. The Commission requests \$1.0 million for its 8.6 positions. This is \$15,617 more than enacted including \$15,922 more from general revenues and \$305 less from other funds. It should be noted that the Commission indicates that it underfunded the request by \$22,000 because of a miscalculation. The majority of this increase is from an employee changing medical benefits.

As part of its constrained request, the Commission requests \$10,000 less for salaries and benefits. The Commission indicates this is an error and did not intend to reduce the constrained budget by \$10,000.

The Governor recommends \$5,043 less than requested from all sources, including \$1,092 less from general revenues. This provides an additional \$48,643 from general revenues to support a part-time intern position, a part-time janitor position, and various benefit rate adjustments offset by \$49,519 to correctly reflect the positions currently filled and updated values for medical insurance.

Other Operations. The Commission's request includes \$552,264 for operating expenses, \$57,623 more from all funds, and \$3,678 more from general revenues. The majority of the increase reflects an error of \$50,000 for capital purchases noted by the Commission. The request also includes \$7,000 for increased student training on the reactor. The Commission indicates actual operating hours of the reactor have increased due to increased utilization of the facility by schools and colleges.

As part of its constrained budget request, the Commission proposes to reduce various operating expenses, including property insurance, subscriptions, and a Low Level Waste Forum membership for a total savings of \$31,171, including \$17,891 from general revenues compared to the unconstrained request.

Excluding the \$50,000 error in the request noted above, the Governor recommends \$12,562 more than the unconstrained request from all sources. The Governor's recommendation includes some of the proposals in the constrained request, including a reduction of \$6,500 from general revenues for the Low Level Waste Forum membership and other operating adjustments.

Rhode Island Higher Education Assistance Authority

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Program				
Scholarship and Grant Program	\$ 6,888,349	\$ 7,727,058	\$ 7,425,623	\$ 6,335,230
Loans Program	11,879,335	12,769,056	13,445,436	13,336,197
Tuition Savings Program	7,021,425	7,020,659	7,740,720	7,740,720
Total	\$ 25,789,109	\$ 27,516,773	\$ 28,611,779	\$ 27,412,147
Expenditures by Category				
Salaries and Benefits	\$ 3,445,648	\$ 3,105,601	\$ 3,846,025	\$ 3,718,205
Contracted Services	5,508,100	7,508,100	7,508,100	7,508,100
Subtotal	\$ 8,953,748	\$ 10,613,701	\$ 11,354,125	\$ 11,226,305
Other State Operations	3,739,659	2,986,500	2,986,500	3,002,713
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	12,594,702	13,416,572	13,771,154	12,683,129
Capital	501,000	500,000	500,000	500,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 25,789,109	\$ 27,516,773	\$ 28,611,779	\$ 27,412,147
Sources of Funds				
General Revenue	\$ 6,723,347	\$ 7,320,186	\$ 7,253,497	\$ 6,163,104
Federal Aid	12,044,337	13,175,928	13,617,562	13,508,323
Restricted Receipts	-	-	-	-
Other	7,021,425	7,020,659	7,740,720	7,740,720
Total	\$ 25,789,109	\$ 27,516,773	\$ 28,611,779	\$ 27,412,147
FTE Authorization	41.6	41.6	41.6	41.6

Summary. The Rhode Island Higher Education Assistance Authority requests \$28.6 million from all sources of funds and 41.6 full-time equivalent positions as part of its unconstrained request. This includes \$0.5 million more from general revenues, \$0.7 million more from tuition savings funds and \$1.6 million more from federal funds. The Authority requests 41.6 full-time equivalent positions, the same as enacted. The Authority also submitted a constrained request that totals \$6.2 million from general revenues and includes \$1.1 million less from general revenues than the unconstrained request.

The Governor recommends \$27.4 million from all sources of funds, which is \$1.6 million more than enacted and \$1.2 million less than requested. General revenues are \$0.6 million less than enacted and \$1.1 million less than requested. He also recommends the enacted level of 41.6 full-time equivalent positions.

Target Issues. The Budget Office provided the Authority with a general revenue target of \$6.2 million. The amount includes current service adjustments of \$530,150 and a 15.0 percent target reduction of \$1.1 million.

FY 2012 Budget	Budget Office		HEAA	Difference		
FY 2011 Enacted	\$	6,723,347	\$	6,723,347	\$	-
Current Service Adjustments		530,150		530,150		-
Change to FY 2011 Enacted	\$	530,150	\$	530,150	\$	-
FY 2012 Current Service/ Unconstrained Request	\$	7,253,497	\$	7,253,497	\$	-
Target Reduction/Initiatives		(1,088,025)		(1,088,025)		-
FY 2012 Constrained Target/Request	\$	6,165,472	\$	6,165,472	\$	-
Change to FY 2011 Enacted	\$	(557,875)	\$	(557,875)	\$	-

The constrained budget submitted by the Authority meets the target. The proposals to achieve the reductions are noted among the items described below where appropriate.

The Governor's recommendation is \$2,368 less than the target.

Need Based Scholarships and Grants. The Authority requests \$11.9 million for scholarships and need-based grants in FY 2012. This includes \$6.4 million from general revenues, \$0.5 million more than enacted, and \$5.5 million from tuition savings funds, \$0.8 million less than the enacted level. Other funds come from fees paid by out-of-state participants of the Tuition Savings Program that the Authority administers through Alliance Capital. The appropriations bill currently lists expenditures by fund source.

The Authority's sole proposal to meet the 15.0 percent target reduction is to reduce general revenues for need based scholarships by \$1.1 million.

Scholarships and Grants

	FY 2011 Enacted	FY 2012 Unconstrained	Change to Enacted	FY 2012 Governor	Change to Enacted	Change to Request
Uses						
Need Based Scholarships and Grants						
General Revenues	\$ 5,882,700	\$ 6,352,028	\$ 469,328	\$ 5,264,003	\$ (618,697)	\$ (1,088,025)
Tuition Savings Fees	6,300,000	5,500,000	(800,000)	7,000,000	700,000	1,500,000
<i>Subtotal</i>	<i>\$ 12,182,700</i>	<i>\$ 11,852,028</i>	<i>\$ (330,672)</i>	<i>\$ 12,264,003</i>	<i>\$ 81,303</i>	<i>\$ 411,975</i>
Other Grant Programs						
Academic Promise	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -	\$ (1,000,000)
Matching Grant	-	500,000	500,000	-	-	(500,000)
LEAP	165,002	172,126	7,124	172,126	7,124	-
<i>Subtotal</i>	<i>\$ 165,002</i>	<i>\$ 1,672,126</i>	<i>\$ 1,507,124</i>	<i>\$ 172,126</i>	<i>\$ 7,124</i>	<i>\$ (1,500,000)</i>
Total	\$ 12,347,702	\$ 13,524,154	\$ 1,176,452	\$ 12,436,129	\$ 88,427	\$ (1,088,025)
Sources						
General Revenues	\$ 5,882,700	\$ 6,352,028	\$ 469,328	\$ 5,264,003	\$ (618,697)	\$ (1,088,025)
Federal Funds	165,002	172,126	7,124	172,126	7,124	-
Tuition Savings Fees	6,300,000	7,000,000	700,000	7,000,000	700,000	-
Total	\$ 12,347,702	\$ 13,524,154	\$ 1,176,452	\$ 12,436,129	\$ 88,427	\$ (1,088,025)

The Governor recommends \$12.3 million for need based scholarships and grants for FY 2012, which is \$0.1 million more than enacted. He recommends \$5.3 million from general revenues, which is \$0.6 million less than enacted. Tuition savings funds, recommended at \$7.0 million are \$0.7 million more than enacted. His recommendation shifts \$1.5 million of tuition savings resources requested for other grant programs for use on the need based scholarships.

Other Grant Programs. The Authority requests \$1.7 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 and \$0.5 million for the matching grant program. The request also reflects the proposed elimination of the Special Leveraging Educational Assistance Partnerships federal funds. The

funds. The enacted budget includes \$0.2 million.

The Authority has requested that tuition savings fees be used to fund other grant programs the last several budgets. The Board's priority is to fund the academic promise and matching grant program. The Governor and the Assembly have not concurred and have allocated all available funding from tuition savings fees to the need based scholarship and grant program.

The Governor does not recommend any funding for the Authority's other grant programs.

Salaries and Benefits. The FY 2012 request includes \$3.8 million to fund 41.6 full-time equivalent positions. This is \$0.4 million more than enacted including \$35,460 more from general revenues. The request assumes the planning values provided by the Budget Office and no turnover savings. The enacted budget includes general revenue turnover savings of \$50,000.

The Governor recommends \$0.1 million less than requested, including \$2,368 less from general revenues to reflect additional turnover savings in the federal loan program.

Collections Commissions and Services. Consistent with its FY 2011 revised request, the Authority requests \$2.0 million more from federal funds collections commissions and collections management services for a total of \$7.4 million for FY 2012. These expenses are volume driven and during FY 2010, the Authority experienced improved collections results. The enacted budget included \$5.4 million. *The Governor recommends funding as requested.*

Guaranteed Loans Data Processing. Consistent with its FY 2011 revised request, the Authority's FY 2012 request reflects a reduction of \$750,000 from federal funds for expenses associated with data processing of guaranteed loans. This would provide \$750,000 for FY 2012. On March 21, 2010, the United States House of Representative passed the Reconciliation Act of 2010, health care reform. The legislation included a provision to end subsidies to lenders and originate all loans directly through the federal government. While the Authority will still be responsible for managing its current portfolio, it will not be guaranteeing any new loans. The enacted budget includes \$1.5 million. *The Governor recommends funding as requested.*

Other Operating Adjustments. Consistent with its FY 2011 revised request, the Authority requests a decrease of \$4,159 for all other operating adjustments for a total of \$1.3 million for FY 2012. This includes an increase of \$25,362 from general revenues to reflect anticipated expenditures. *The Governor recommends \$16,213 more than requested. General revenues are at the requested level.*

Historical Preservation and Heritage Commission

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 1,576,781	\$ 1,624,473	\$ 1,783,125	\$ 1,726,609
Contracted Services	14,935	12,645	15,385	13,785
Subtotal	\$ 1,591,716	\$ 1,637,118	\$ 1,798,510	\$ 1,740,394
Other State Operations	110,554	113,417	131,689	116,579
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	945,626	952,969	952,969	952,969
Capital	16,075	16,075	19,325	16,075
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 2,663,971	\$ 2,719,579	\$ 2,902,493	\$ 2,826,017
Sources of Funds				
General Revenue	\$ 1,348,717	\$ 1,402,519	\$ 1,578,095	\$ 1,501,641
Federal Aid	835,804	841,508	846,217	846,195
Restricted Receipts	479,450	475,552	478,181	478,181
Other	-	-	-	-
Total	\$ 2,663,971	\$ 2,719,579	\$ 2,902,493	\$ 2,826,017
FTE Authorization	16.6	16.6	16.6	16.6

Summary. The Historical Preservation and Heritage Commission requests \$2.9 million from all sources, which is \$238,522 more than the enacted budget. This includes \$229,378 more from general revenues and \$10,413 more from federal sources offset by \$1,269 less from restricted receipts. The Commission requests 16.6 full-time equivalent positions, the authorized level. The Commission also submitted a constrained request that totals \$1.2 million and includes \$370,523 less from general revenues than the unconstrained request. *The Governor recommends expenditures of \$2.8 million from all sources, or \$162,046 more than enacted and \$76,476 less than requested. This includes \$152,924 more than enacted from general revenues and the enacted level of 16.6 full-time equivalent positions.*

Target Issues. The Budget Office provided the Historical Preservation and Heritage Commission with a general revenue target of \$1.2 million. The amount includes current service adjustments of \$72,164 and a 15.0 percent target reduction of \$213,132.

FY 2012 Budget	Budget Office	HPHC	Difference
FY 2011 Enacted	\$ 1,348,717	\$ 1,348,717	\$ -
Current Service Adjustments	72,164	229,378	157,214
Change to FY 2011 Enacted	\$ 72,164	\$ 229,378	\$ 157,214
FY 2012 Current Service/ Unconstrained Request	\$ 1,420,881	\$ 1,578,095	\$ 157,214
Target Reduction/Initiatives	(213,132)	(370,523)	(157,391)
FY 2012 Constrained Target/Request	\$ 1,207,749	\$ 1,207,572	\$ (177)
<i>Change to FY 2011 Enacted</i>	<i>\$ (140,968)</i>	<i>\$ (141,145)</i>	<i>\$ (177)</i>

The constrained budget submitted by the agency is \$177 below the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget is \$0.3 million above the target.*

Salaries and Benefits. The Commission requests \$1.8 million from all sources for salaries and benefits, which is \$206,344 more than enacted. This includes increases of \$196,226 from general revenues, \$3,050 from federal sources and \$7,068 from restricted receipts. The Commission's FY 2011 enacted budget did not provide enough funding for the current staff's medical benefits. This shortfall accounts for \$45,876 of the general revenue increase. The remaining changes reflect cost-of-living adjustments, step increases and updated benefit rate changes consistent with the FY 2012 planning values.

The Commission's constrained request proposes savings of \$280,147, including \$185,287 from general revenues, by imposing 54 furlough days on its staff in FY 2012. These are 54 days where the employees of the Commission will be required to come to work but will not be compensated and amounts to a 28.7 percent pay reduction in FY 2012.

The Commission also includes a \$122,159 reduction from all sources, including \$121,776 less from general revenues for turnover savings achieved by not filling a vacancy expected to occur in FY 2011 and another expected in FY 2012.

The Governor recommends \$1.7 million, which is \$149,828 more than enacted, including \$142,874 more from general revenues. This is \$56,516 less than requested, including \$53,352 less from general revenues. The recommendation includes turnover savings of \$15,134 and reduces other employee benefits by \$41,382. This benefit adjustment appears to maintain the error the Commission's request attempted to correct.

Eisenhower House. The Commission requests \$66,510 from general revenues, which is \$12,409 more than enacted for the continued operation and repairs at the Eisenhower House. This includes \$17,200, or \$9,594 more than enacted for exterior building repairs. The remaining \$49,310 is to support the continued operation of the facility, which is \$2,815 more than the enacted.

In recent years, with the exception of FY 2005 and FY 2010, the facility has deposited rental income to the state General Fund sufficient to cover operating and personnel expenses. The Commission estimates revenues of \$95,000 and total expenses of \$170,115, producing an estimated net loss of \$75,115 for FY 2012.

The Governor recommends \$62,651 from general revenues, which is \$8,550 more than enacted and \$3,859 less than requested based upon anticipated expenditures.

Target – Eisenhower House Closure. As part of its FY 2012 constrained request, the Commission proposes to close Eisenhower House on December 31, 2011 for savings of \$54,878. The Commission continues to request \$11,632 for certain operations related to the Eisenhower House, because the transfer agreement of Fort Adams requires the state to maintain and preserve the historic building; therefore, maintenance expenses can be reduced, but not eliminated.

The proposal will also result in a revenue loss of \$95,000 of rental income for FY 2012, though after expenses, this is a net loss of \$106,632. *The Governor does not recommend this proposal.*

Community Service Grants. The Commission requests the enacted amount of \$178,431 from general revenues for 29 community service grants. *The Governor recommends funding as requested.*

Programs. The Commission requests \$797,584, which is \$974 less from all sources of funds for other programs. 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 \$97,194 for survey and planning activities, including \$64,554 from federal funds and \$32,640 from restricted receipts. 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 \$100, which is \$8,879 less than enacted to support the historic homeownership tax credit program. *The Governor recommends \$800,726, which is \$2,168 more than enacted from all sources of funds for other programs. This is \$3,142 more than requested available from statewide personnel savings.*

Other Operations. The Commission requests \$76,843, which is \$20,743 more than enacted from general revenues for all other operations. This includes increases in general revenue expenditures of \$4,450 for mileage reimbursement, \$1,500 for printing expenses, \$1,125 for postage, \$1,285 for insurance, \$4,325 for telephone expenses, \$1,500 for additional lease expenses associated with the Heritage Festival, \$2,600 for new computers, and \$3,958 for other miscellaneous expenses.

As part of its FY 2012 constrained request, the Commission includes \$8,864 less from all sources, including \$8,582 less from general revenues than included in its FY 2012 request for all other operating expenses. This includes decreases for printing expenses, postage, insurance, supplies, lease expenses associated with the Heritage Festival, new computers, and other miscellaneous expenses.

The Governor recommends \$40,600 which is \$966 less than the constrained request for other miscellaneous expenses.

Rhode Island Public Telecommunications Authority

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 1,628,627	\$ 1,576,086	\$ 1,762,047	\$ 1,732,011
Contracted Services	11,700	13,000	13,000	11,700
Subtotal	\$ 1,640,327	\$ 1,589,086	\$ 1,775,047	\$ 1,743,711
Other State Operations	32,390	36,973	21,500	37,461
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,672,717	\$ 1,626,059	\$ 1,796,547	\$ 1,781,172
Sources of Funds				
General Revenue	\$ 1,035,967	\$ 979,325	\$ 1,113,335	\$ 1,097,960
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	636,750	646,734	683,212	683,212
Total	\$ 1,672,717	\$ 1,626,059	\$ 1,796,547	\$ 1,781,172
FTE Authorization	16.0	16.0	16.0	16.0

Summary. The Public Telecommunications Authority requests \$1.8 million from all sources, including \$1.1 million from general revenues and \$0.7 million from Corporation for Public Broadcasting funds. This is \$123,830 more than enacted, including \$77,368 more from general revenues and \$46,462 more from Corporation for Public Broadcasting funds. The request includes the enacted level of authorized positions. The Authority's request is \$174,551 more than the Budget Office general revenue target allocation. *The Governor recommends \$1.8 million from all sources, including \$1.1 million from general revenues. He includes the enacted level of positions.*

Target Issues. The Budget Office provided the Authority with a general revenue target of \$938,784. The amount includes current service adjustments of \$68,485 and a 15.0 percent target reduction of \$165,668.

	Budget Office	Public Tel. Authority	Difference
FY 2012 Budget			
FY 2011 Enacted	\$ 1,035,967	\$ 1,035,967	\$ -
Current Service Adjustments	68,485	77,368	8,883
Change to FY 2011 Enacted	\$ 68,485	\$ 77,368	\$ 8,883
FY 2012 Current Service/ Unconstrained Request	\$ 1,104,452	\$ 1,113,335	\$ 8,883
Target Reduction/Initiatives	(165,668)	-	165,668
FY 2012 Constrained Target/Request	\$ 938,784	\$ 1,113,335	\$ 174,551
Change to FY 2011 Enacted	\$ (97,183)	\$ 77,368	\$ 174,551

The Authority did not submit a constrained budget. *The Governor's recommendation is \$159,176 more than the target.*

Salaries and Benefits. The Authority's unconstrained request includes \$1.8 million from all sources, including \$1.1 million from general revenues and \$0.7 million from Corporation for Public Broadcasting funds for salaries and benefits for its 16.0 positions. The request is \$133,420 more than enacted from all sources, including \$78,068 more from general revenues and \$55,352 more from Corporation for Public Broadcasting funds. The request includes a 3.0 percent cost of living adjustment, as well as adjustments to medical benefits and retirement rates.

The Governor recommends \$1.7 million from all sources, including \$1.1 million from general revenues. This is \$30,036 less than requested including \$14,075 less from general revenues primarily to reflect updated values for medical insurance. The Governor includes the requested amount of Corporation for Public Broadcasting funds; however, he shifts \$15,961 from salaries and benefits to operating expenses.

Operating Expenses. The Authority's unconstrained request includes \$34,500, including \$28,500 from general revenues, and \$6,000 from Corporation for Public Broadcasting funds for operating expenses. The request is \$9,590 less than enacted from all sources, \$700 less from general revenues, including \$4,000 less for expenses related to the digital transmitter, \$6,890 less for office supplies and \$1,300 more for closed captioning services. The request is consistent with the FY 2011 revised budget request based on revised spending projections.

The Governor recommends \$14,661 more than requested, including \$1,300 less from general revenues for closed captioning services and \$15,961 more for various operating expenses. The Governor includes the requested amount of Corporation for Public Broadcasting funds; however, he shifts \$15,961 from lower salaries and benefits to fund additional operating expenses.

Office of the Attorney General

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Program				
Criminal	\$ 14,654,602	\$ 15,210,416	\$ 15,952,727	\$ 15,492,231
Civil	5,086,772	5,585,965	5,717,139	5,566,183
Bureau of Criminal Identification	1,131,596	1,141,660	1,160,147	1,126,572
General	2,988,249	3,238,585	3,364,426	3,159,135
Total	\$ 23,861,219	\$ 25,176,626	\$ 26,194,439	\$ 25,344,121
Expenditures by Category				
Salaries and Benefits	\$ 21,482,807	\$ 21,344,034	\$ 23,511,256	\$ 22,775,645
Contracted Services	412,368	1,444,616	533,269	533,269
Subtotal	\$ 21,895,175	\$ 22,788,650	\$ 24,044,525	\$ 23,308,914
Other State Operations	1,624,049	1,712,698	1,663,556	1,658,849
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	341,995	675,278	486,358	376,358
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 23,861,219	\$ 25,176,626	\$ 26,194,439	\$ 25,344,121
Sources of Funds				
General Revenue	\$ 21,209,730	\$ 21,443,366	\$ 23,300,327	\$ 22,580,366
Federal Aid	1,248,830	1,978,333	1,404,506	1,391,520
Restricted Receipts	1,202,659	1,317,657	1,129,606	1,122,235
Other	200,000	437,270	360,000	250,000
Total	\$ 23,861,219	\$ 25,176,626	\$ 26,194,439	\$ 25,344,121
FTE Authorization	231.1	231.1	231.1	231.1

Summary. The Office of the Attorney General's current service request is \$26.2 million from all sources, including \$23.3 million from general revenues. This is \$2.3 million or 9.8 percent more than enacted, including \$2.1 million more from general revenues, \$155,676 more from federal funds, \$73,053 less from restricted receipts, and \$160,000 more from Rhode Island Capital Plan funds. Consistent with the enacted budget, the Office requests 231.1 full-time equivalent positions. The general revenue request is \$4.3 million above the Budget Office's target.

The Governor recommends \$25.3 million from all sources, including \$22.6 million from general revenues and 231.1 full-time equivalent positions. This is \$1.5 million more than enacted, but \$0.9 million less than requested.

Target Issues. The Budget Office provided the Office of the Attorney General with a general revenue target of \$19.1 million. The amount includes current service adjustments of \$1.2 million and a 15.0 percent target reduction, adjusted for certain exclusions, of \$3.4 million.

FY 2012 Budget	Budget Office	Attorney General	Difference
FY 2011 Enacted	\$ 21,209,730	\$ 21,209,730	\$ -
Current Service Adjustments	1,202,249	2,090,597	888,348
Change to FY 2011 Enacted	\$ 1,202,249	\$ 2,090,597	\$ 888,348
FY 2012 Current Service/ Unconstrained Request	\$ 22,411,979	\$ 23,300,327	\$ 888,348
Target Reduction/Initiatives	(3,361,797)	-	3,361,797
FY 2012 Constrained Target/Request	\$ 19,050,182	\$ 23,300,327	\$ 4,250,145
Change to FY 2011 Enacted	\$ (2,159,548)	\$ 2,090,597	\$ 4,250,145

The Office did not submit a constrained budget. The unconstrained request is \$4.3 million above the Budget Office target. *The Governor's recommendation is \$3.5 million above the Budget Office target.*

Statewide Adjustments. The Governor's FY 2012 budget includes \$20.7 million in unidentified statewide general revenue savings from applying reductions of 3.0 percent to salaries and benefits in cabinet level departments and 2.0 percent reductions to those costs in certain other agencies. He also includes a 1.0 percent reduction to operating costs in those agencies. For the Office of the Attorney General, he assumes savings of \$436,831 primarily from personnel. The adjustments are in addition to other program changes in his recommended budget and described below.

Adult Drug Court. The Office's request shifts \$66,932 from general revenues to federal funds to partially support an adult drug court prosecutor position. The request reflects an anticipated federal grant award for the prosecution of adult drug cases and screening of drug court applicants. The grant funds have not yet been awarded. *The Governor recommends funding as requested.*

Federal Award for Traffic Safety. The Office requests \$109,163 from federal funds to support a traffic safety prosecutor position. This is \$84,180 more than enacted to correctly reflect the anticipated award. This includes \$75,370 for salary and benefit adjustments to reflect a greater share of the costs for the full-time staff attorney to prosecute cases of driving under the influence within the state. This also includes \$8,810 for computer equipment purchases, travel expenses and other miscellaneous operating expenses. *The Governor recommends funding as requested.*

Insurance Unit. The Office requests \$442,223 from general revenues for 4.0 full-time equivalent positions and operating expenses within the insurance unit. This is \$15,407 more than enacted to reflect a 3.0 percent cost-of-living adjustment and minor adjustments to purchased services consistent with the FY 2011 revised budget request. The unit represents, protects and advocates the rights of consumers at insurance rate hearings, addresses health insurance fraud through numerous investigations and reviews ranging from access to health care to fraud and misuse of services. *The Governor recommends funding as requested.*

Elderly Abuse. The Office requests \$294,526 from general revenues for 3.0 full-time equivalent positions and operating expenses within the elderly justice unit. This is \$23,847 more than enacted to reflect a 3.0 percent cost-of-living adjustment and minor adjustments to purchase court reporter services and miscellaneous operating expenses consistent with the FY 2011 revised budget request. This unit investigates and prosecutes crimes involving elderly victims of abuse, neglect and financial exploitation. *The Governor recommends funding as requested.*

Domestic Violence Arrests Grant. The Office's request shifts \$34,954 from general revenues to federal funds to partially support 2.0 prosecutor positions for the domestic violence unit. The request reflects a new federal grant awarded for investigation and prosecution of domestic violence and sexual assault matters. *The Governor recommends funding as requested.*

Public Utilities. The Office requests \$621,264 from restricted receipts for 5.0 full-time equivalent positions and operating expenses for the public utilities regulatory unit. This is \$78,577 more than enacted to reflect a 3.0 percent cost-of-living adjustment, step and longevity increases and minor adjustments to purchased services and other miscellaneous operating expenses, including parking. The restricted receipts are generated from the unit's assessment to the regulated utilities.

It should be noted that the Division of Public Utilities and Carriers proposes to restructure its legal services by eliminating the 5.0 full-time equivalent attorney positions authorized from the memorandum of understanding with the Office of the Attorney General. The proposal includes replacing those attorneys with 3.0 new full-time equivalent attorney positions for the Division, independent of the Attorney General's Office.

If approved, the proposal would terminate funding from the Division to the Attorney General's Office for legal services and reduce the Office's budget by \$621,264 and the Division of Public Utilities' budget by \$310,185 for FY 2012, including \$161,469 from salaries and benefits and \$117,700 from operating expenses including computer purchases, office supplies and equipment, travel and parking expenses and consultant services. *The Governor does not recommend this proposal; he includes \$82,020 more than enacted, which is \$3,443 more than requested to reflect additional funds available from statewide personnel savings.*

All Other Salaries and Benefits. The Office requests \$22.1 million from all sources, including \$20.8 million from general revenues for all other salaries and benefits. This is \$1.8 million more than enacted, nearly all from general revenues to reflect a 3.0 percent cost-of-living adjustment, lower turnover savings from vacant positions and changes in employee benefit selection. This also includes step and longevity increases as well as updated benefit rates consistent with the planning values from the budget instructions. *The Governor recommends \$1.5 million more than enacted, which is \$0.3 million less than requested to reflect additional turnover savings.*

Tobacco Enforcement Litigation. The Office requests \$493,435 from general revenues for tobacco enforcement litigation expenditures for FY 2012. This is \$370,000 more than enacted and \$130,000 less than the \$0.6 million requested in the revised budget to reflect projected trial-related expenses including the costs of securing the services of outside legal counsel since the Office's current litigant is viewed as a potential state witness during the proceedings. This enforcement litigation case is brought by the leading United States tobacco product manufacturers against the states under the "Master Settlement Agreement" for their lack of efforts in enforcing the agreement for non-participating manufacturers. *The Governor recommends funding as requested.*

Witness Protection. The Office requests \$118,952 from general revenues for the protection of state witnesses. This is \$27,673 more than enacted to reflect increased expenses anticipated to provide housing, food, accessories and 24-hour security services for several state witnesses in protective custody. This request will place this expense more in line with historical spending patterns. The FY 2010 expenses were \$118,519. *The Governor recommends funding as requested.*

National Criminal History Improvement Program. The Office requests \$25,040 from new federal funds to implement the National Criminal History Improvement program. This request reflects a new federal grant anticipated by the Office for database system enhancement to improve the accuracy of information for protective orders including stalking cases. *The Governor recommends funding as requested.*

Consumer Education. The Office requests \$107,555 from restricted receipts recovered by the consumer protection unit from deceptive trade practice cases over the course of several years and deposited into a

restricted receipts account. The total funds available are approximately \$350,000. The funds will be used to support consumer training on fraud and consumer protection pamphlets, brochures, and flyers. In FY 2010, the Office requested \$427,500 for this item, but only spent \$67,378 based on its intent to use the funds over the course of several years for consumer education related expenses. It should be noted that the FY 2011 revised request assumes use of \$307,555 from this account for designing and implementing the case management information system for the Civil Division. *The Governor recommends funding as requested.*

Asset Protection. The Office requests \$360,000 from Rhode Island Capital Plan funds for its asset protection projects for FY 2012. This is \$160,000 more than enacted, but consistent with the approved capital plan. Funds are expected to be used for air handlers' replacement, re-pointing of the building, piping infrastructure and general interior renovations. The Office notes a delay in its Automated Fingerprint Identification System because it is not a high priority project. *The Governor recommends \$50,000 more than enacted, which is \$0.1 million less than requested.*

All Other Operations. The Office requests \$1.4 million from all sources, including \$1.2 million from general revenues for all other operations for FY 2012. This is \$136,819 less than enacted, including \$36,572 less from general revenues to reflect several operating reductions including vehicle purchases, facilities and maintenance repairs, purchased technical services, computer software, security/office supplies, utilities, insurance and monthly parking fees. This will place these expenses more in line with historical spending patterns. The FY 2010 expenses were \$1.4 million. *The Governor recommends \$131,839 less than enacted, which is \$4,980 more than requested to reflect additional funds available from statewide personnel savings.*

Department of Corrections

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Program				
Central Management	\$ 8,071,545	\$ 8,096,270	\$ 9,099,182	\$ 8,596,603
Parole Board	1,374,212	1,303,426	1,459,500	1,402,621
Institutional Corrections	162,992,366	169,924,944	182,225,722	173,777,524
Community Corrections	14,743,396	14,670,446	16,032,317	15,198,850
Total	\$ 187,181,519	\$ 193,995,086	\$ 208,816,721	\$ 198,975,598
Expenditures by Category				
Salaries and Benefits	\$ 151,853,586	\$ 152,965,173	\$ 169,812,433	\$ 161,952,299
Contracted Services	11,131,345	11,058,584	10,693,935	10,671,287
Subtotal	\$ 162,984,931	\$ 164,023,757	\$ 180,506,368	\$ 172,623,586
Other State Operations	16,505,640	15,523,410	16,092,694	15,988,701
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,366,414	2,470,689	2,343,532	2,309,184
Capital	6,324,534	11,977,230	9,874,127	8,054,127
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 187,181,519	\$ 193,995,086	\$ 208,816,721	\$ 198,975,598
Sources of Funds				
General Revenue	\$ 178,329,401	\$ 178,561,565	\$ 196,462,562	\$ 188,141,365
Federal Aid	2,794,860	3,695,618	2,914,494	2,914,545
Restricted Receipts	87,134	124,774	34,348	34,371
Other	5,970,124	11,613,129	9,405,317	7,885,317
Total	\$ 187,181,519	\$ 193,995,086	\$ 208,816,721	\$ 198,975,598
FTE Authorization	1,419.0	1,419.0	1,419.0	1,419.0
Prison Population	3,450	3,350	3,416	3,416

Summary. The Department's current service request includes \$208.8 million from all sources, including \$196.5 million from general revenues, and 1,419.0 full-time equivalent positions. This is \$21.6 million or 11.6 percent more than enacted, including \$18.1 million more from general revenues, \$0.1 million more from federal funds, \$0.1 million less from restricted receipts, and \$3.4 million more from Rhode Island Capital Plan funds. The Department's request is based on a population of 3,416, a decrease of 34 inmates. The Department also submitted a constrained request that totals \$177.2 million and includes \$32.2 million less from general revenues than the unconstrained request.

The Governor recommends \$199.0 million from all sources, including \$188.1 million from general revenues and 1,419.0 full-time equivalent positions. This is \$11.8 million more than enacted, including \$9.8 million more from general revenues, \$0.1 million more from federal funds, \$0.1 million less from restricted receipts, and \$1.9 million more from other funds.

Target Issues. The Budget Office provided the Department with a general revenue target of \$159.9 million. The amount includes current service adjustments of \$9.8 million and a 15.0 percent target reduction of \$28.2 million.

FY 2012 Budget	Budget Office	Department of Corrections	Difference
FY 2011 Enacted	\$ 178,329,401	\$ 178,329,401	\$ -
Current Service Adjustments	9,757,694	18,133,161	8,375,467
Change to FY 2011 Enacted	\$ 9,757,694	\$ 18,133,161	\$ 8,375,467
FY 2012 Current Service/ Unconstrained Request	\$ 188,087,095	\$ 196,462,562	\$ 8,375,467
Target Reduction/Initiatives	(28,213,064)	(32,199,391)	(3,986,327)
FY 2012 Constrained Target/Request	\$ 159,874,031	\$ 164,263,171	\$ 4,389,140
Change to FY 2011 Enacted	\$ (18,455,370)	\$ (14,066,230)	\$ 4,389,140

The constrained budget submitted by the Department is \$4.4 million above the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's recommendation is \$28.3 million above the Budget Office target.*

Statewide Adjustments. The Governor's FY 2012 budget includes \$20.7 million in unidentified statewide general revenue savings from applying reductions of 3.0 percent to salaries and benefits in cabinet level departments and 2.0 percent reductions to those costs in certain other agencies. He also includes a 1.0 percent reduction to operating costs in those agencies. For the Department of Corrections, he assumes savings of \$5.1 million primarily from personnel. The adjustments are in addition to other program changes in his recommended budget and described below.

Population. The enacted budget assumes a population of 3,450, which is 34 more inmates than the Department's population projection of 3,416 for FY 2012. The Department's request includes savings of \$0.9 million from general revenues to reflect a lower FY 2012 population projection than assumed in the enacted budget.

The following table depicts the recent history of budgeted and actual prison population from FY 2002 through the FY 2012 recommended budget. The average population for the first six months of FY 2011 is 3,310. Total cost per inmate including staff, can be expressed by dividing the Institutional Corrections' budget by the number of inmates. This is \$43,953 for the FY 2012 request and \$51,250 for the FY 2011 revised request. The enacted budget includes \$47,372. FY 2010 actual expenditures suggest a cost of \$43,605.

History	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
<i>Request</i>	3,492	3,297	3,333	3,305	3,299	3,200	2,583	3,803	4,008	3,709	3,416
Governor	3,464	3,393	3,724	3,640	3,244	3,375	3,289	3,848	4,008	3,643	3,416
Enacted	3,464	3,393	3,500	3,575	3,244	3,375	3,289	3,848	3,767	3,450	
Revised Request	3,251	3,658	3,640	3,575	3,375	3,723	4,018	3,869	3,669	3,350	
Governor Revised	3,370	3,658	3,600	3,377	3,375	3,723	3,925	3,869	3,659	3,350	
Final	3,370	3,550	3,600	3,377	3,475	3,755	3,925	3,788	3,551		
<i>Actual</i>	3,387	3,537	3,554	3,361	3,510	3,771	3,860	3,773	3,502		

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 and three single modules, including two in Minimum Security and one in Medium Price. 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 Department's current population is tracking below staff estimates for the FY 2011 enacted budget. The House Fiscal Staff uses a simple model using trend data and population through the second quarter that suggests an average population of 3,301. The Department contracts with a firm to prepare population estimates, which has projected the population for the FY 2012 budget request.

The Governor recommends funding as requested and assumes a population of 3,416, 34 fewer than assumed in the enacted budget, consistent with the Department's request.

Population: Per Diem Expenditures. The Department requests \$13.8 million from general revenues for population related expenditures that are calculated on a per diem basis, excluding staffing. This is \$61,933 more than enacted to reflect a projected increase in food costs and pharmaceutical expenses, which are partially offset by anticipated savings from medical services based on FY 2010 expenses and a lower prison population. The Department requests \$4,036 per inmate for items such as food, linen, household supplies, and medical services; the enacted budget assumes \$3,978. In FY 2010, the Department's actual per inmate cost was \$3,757 or \$279 less than the FY 2012 request. *The Governor recommends funding as requested.*

Administrative Positions. The Department requests \$1.1 million from general revenues to fill 16.0 full-time equivalent administrative positions for FY 2012. The positions include 5.0 administrative clerks, 4.0 assistants, 3.0 senior word processing typists, 2.0 administrative aides, 1.0 senior planner and 1.0 principal research technician. These vacated positions were eliminated based on instructions not to request funding for vacant positions. Currently, the Department is using other staff under the "three-day rule" to fulfill these duties. *The Governor recommends \$537,220, which is \$537,178 less than requested and reflects filling only the most essential positions. It should be noted that all 16.0 positions are funded in the Governor's FY 2011 revised budget recommendation, effective April 1, 2011.*

Public Safety Positions. The Department requests \$2.1 million from general revenues to fill 23.0 full-time equivalent positions for FY 2012. The positions include 13.0 officers, 6.0 lieutenants, 3.0 captains and 1.0 deputy warden. These vacated positions were eliminated based on instructions not to request funding for vacant positions. Currently, the Department has promoted existing staff under the "three-day rule" to fill 17.0 positions; 6.0 entry-level officer positions are being filled via overtime. *The Governor recommends \$1.1 million, which is \$1.1 million less than requested and reflects filling only the most essential positions. It should be noted that all 23.0 positions are funded in the Governor's FY 2011 revised budget recommendation, effective April 1, 2011.*

Health and Social Service Positions. The Department requests \$0.3 million from general revenues to fill 3.0 full-time equivalent health and social service positions for FY 2012. The positions include 1.0 supervising clinical psychologist, 1.0 clinical social worker and 1.0 community program counselor. These vacated positions were eliminated based on instructions not to request funding for vacant positions. Currently, the Department has promoted existing staff under the "three-day rule" to fill these positions. *The Governor recommends \$129,486, which is \$129,475 less than requested and reflects filling only the most essential positions. It should be noted that the three positions are funded in the Governor's FY 2011 revised budget recommendation, effective April 1, 2011.*

Maintenance Positions. The Department requests \$0.1 million from general revenues to fill 2.0 full-time equivalent maintenance positions for FY 2012. The positions include 1.0 automobile body shop supervisor and 1.0 electrician. These vacated positions were eliminated based on instructions not to request funding for vacant positions. Currently, the Department is using other staff under the "three-day rule" to fulfill these duties. *The Governor recommends \$71,963, which is \$71,958 less than requested and reflects*

filling only the most essential positions. It should be noted that the two positions are funded in the Governor's FY 2011 revised budget recommendation, effective April 1, 2011.

RIBCO Base Increase. The enacted budget includes \$6.3 million from general revenues to adjust base expenditures for correctional officers in FY 2011. This estimate is based on an agreement reached with other state government unions and initial calculations from the Department of Administration for FY 2010 base wage increases for all eligible members of the bargaining unit. It includes a 3.0 percent cost-of-living increase for six months. The labor contract was settled through the arbitration process and resulted in a 2.95 percent base increase for uniform correctional officers for FY 2012. This award reflects the arbitrators' intent to re-establish parity between uniform correctional officers and similar qualified public sector employees, including the sheriffs. This is in addition to the 3.0 percent cost-of-living increase for all members of the bargaining unit for FY 2012. Consistent with its revised request, the Department includes an additional \$3.3 million from general revenues to reflect its updated estimate of \$9.6 million based on current staffing. *The Governor recommends funding as requested.*

All Other Salaries and Benefits. The Department's current service request includes \$156.1 million from all sources, including \$154.6 million from general revenues and \$1.5 million from federal funds for all other salaries and benefits. This is \$12.0 million more than enacted from all sources, including \$11.8 million more from general revenues and \$0.2 million more from federal funds. This reflects a 3.0 percent cost-of-living increase and updated benefit rates consistent with the planning values from the budget instructions. The request also includes lower turnover savings than anticipated from vacant positions as well as step increases for approximately 87.0 full-time equivalent positions. The Department notes that it can achieve \$3.6 million in turnover savings from keeping positions vacant throughout the entire fiscal year. However, the request proposes to fill 44.0 full-time equivalent positions for total costs of \$3.6 million. Currently, the Department is averaging 1,375.4 filled positions or 43.6 positions below the authorized level.

The Governor recommends \$11.2 million more than enacted from all sources, which is \$0.8 million less than requested to reflect updated benefit adjustments.

Target – Closure of the High Security Center. The Department proposes a constrained budget that includes \$10.0 million in general revenue savings from the closure of the High Security Center for FY 2012. The unconstrained budget includes \$11.1 million from general revenues for the High Security Center. The proposal includes offsetting expenses of \$0.9 million for 30 out-of-state placements of inmates and \$0.1 million for reassignment of current staff to other secured facilities. Currently, the Center holds 91 prisoners, including 84 sentenced inmates and 7 others awaiting trial. This is 75 fewer inmates than the maximum designed capacity of 166. *The Governor does not recommend this proposal.*

Target – Closure of the Donald Price Medium Security. The Department proposes a constrained budget that includes \$9.8 million in general revenue savings associated with the closure of the Donald Price Medium Security facility, effective October 2011. The unconstrained budget includes \$12.7 million from general revenues for the Donald Price Medium Security facility. The saving includes \$9.5 million from the nine months of operations, \$0.4 million from reducing the Minimum Security inmate population and \$0.1 million from reducing the FY 2012 class of new correctional officers. These are partially offset by expenses of \$0.2 million from costs for reassignment of the current staff to other secured facilities. The Department assumes closure of this facility will be delayed until October because the proposal requires that the Legislature adopt statutory changes to allow for the early release of Minimum Security inmates. This facility currently holds 259 sentenced inmates, or 101 fewer than the maximum designed capacity of 360. *The Governor does not recommend this proposal.*

Target – Sale of Donald Price Medium Security. The Department proposes a constrained budget that includes \$12.4 million in general revenue savings from selling the Donald Price Medium Security land and buildings upon its closure. This facility was built in 1929 and it was originally designed and first used to house youthful offenders. The facility was closed in 1992 due to the opening of the Medium Moran facility and then re-opened in 1997 as the Donald Price Medium Security. This is a one-time savings. *The Governor does not recommend this proposal.*

New Officer Class. The Department requests \$86,366 from general revenues for the recruitment and training of one class of new correctional officers. This is \$48,658 less than enacted to reflect fewer recruits than assumed in the enacted budget based on the Department’s projected need for new officers for FY 2012. This anticipates redeployment of available staff from the proposed facility closings to other facilities with vacant officer posts. *The Governor recommends funding as requested.*

Biennial Weapons Requalification. The Department requests \$824,383 from general revenues for operating expenses associated with the biennial weapons requalification for correctional officers. This includes expenses for ammunition, transportation and firing range rental costs. This expense was not reflected in the FY 2010 enacted budget, but it is in the FY 2011 enacted budget for weapons requalification, occurring every two years.

The Governor recommends \$463,561, which is \$360,822 less than requested to reflect anticipated reductions for overtime and mileage reimbursement. His recommendation assumes delayed expenses for FY 2012 can be carried into FY 2013 as did in the previous cycle when FY 2010 expenses were delayed into FY 2011 due to unavailability of a firing range at the chosen time for the training.

State Criminal Alien Assistance Funds. The Department requests \$176,816 less than enacted from general revenues to reflect its current estimate of available 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 \$0.8 million, consistent with the grant funds awarded for FY 2010. The Department anticipates a \$1.0 million award for FY 2012, based on the FY 2011 award and requests less general revenues to show use of these funds instead. *The Governor recommends funding as requested.*

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 enacted budget included general revenue savings of \$87,134 from assuming an indirect rate of not less than 5.0 percent on federal grants. The Department’s request restores \$52,786 to reflect an approved indirect rate of 5.0 percent; however, it is anticipated to apply only to education grants from the federal Department of Education for FY 2012. The Department maintains that pass-through grants from the Public Safety Grant Administration Office are deducted the maximum administrative costs allowable prior to the allocation of the funds. *The Governor recommends funding as requested.*

Staff Development Grants. The Department requests \$435,137 from federal funds to add support for existing staff development programs. This is \$122,869 more than enacted to reflect two new grant funds anticipated for FY 2012. The new federal grants 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 sex offender management policies and practices, and technical

assistance and training. The new grants were not included in the enacted budget because the Department was not aware whether it would be awarded the funds. *The Governor recommends funding as requested.*

Educational Grants. The Department requests \$395,536 from federal funds to support existing educational programs, including special education services for eligible inmates. This is \$180,547 less than enacted to reflect grant funds anticipated for FY 2012. This also includes grant reductions for correctional institutions' adult and/or juvenile continuing education services and programs that encourage released female offenders to acquire postsecondary education. *The Governor recommends funding essentially as requested, but adds \$2,331 to reflect additional funds available from statewide savings.*

Community Corrections Grants. The Department requests \$550,724 from federal funds to add support for existing community programs for FY 2012. This is \$226,774 more than enacted to reflect two new federal grants anticipated to support successful reintegration of released offenders into their communities and provide discharge services for sex offenders. Grant funds can be used to support crime prevention and domestic violence programs aimed at improving the effectiveness and efficiency of the criminal justice system and its processes and procedures. The new grants were not included in the enacted budget because the Department was not aware whether it would be awarded the funds. *The Governor recommends funding as requested.*

One-Time Federal Grants. The Department's FY 2012 request excludes the one-time federal funds of \$200,000 for the database upgrade and \$94,000 for the drug market intervention initiative included in the FY 2011 enacted budget. The objective of the database upgrade is to improve the capacity of state and local criminal justice systems. Funds from the drug market intervention initiative pay for a probation and parole officer position to work with local law enforcement officials to help eliminate and/or reduce drug markets in local communities. *The Governor recommends funding as requested.*

All Other Operations. The Department requests \$26.3 million from all sources, including \$27.2 million from general revenues for all other operations for FY 2012. This is \$347,562 less than enacted, including \$331,770 less from general revenues to reflect savings from reduced expenses for utilities, office equipment, educational program supplies, kitchen and household necessities, road maintenance and repairs, victim services and medical and security equipment. The request includes \$23.1 million for Institutional Corrections' operating expenses, placing this expense more in line with historical spending. The FY 2010 expenses were \$26.0 million or \$0.3 million less than the current request.

The Governor recommends \$583,019 less than enacted, which is \$235,457 less than requested to reflect savings of \$0.3 million from the Department's motor vehicle replacement program, which is partially offset by an increase in insurance expenses based on updated estimates as well as added telephone expenses for Probation and Parole Offices located within the state's various courthouses.

Capital. The Department requests \$9.4 million from Rhode Island Capital Plan funds for its capital projects for FY 2012. This is \$3.4 million more than enacted and \$1.0 million more than the approved plan to reflect the Department's revised estimates. A more detailed description of the capital projects is available in the Capital Budget Section of this analysis. *The Governor recommends \$1.9 million more than enacted, which is \$1.5 million less than requested and \$0.6 million less than the approved plan.*

Judicial Department

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Program				
Supreme Court	\$ 27,596,166	\$ 28,455,588	\$ 32,562,214	\$ 29,260,220
Defense of Indigent Persons	3,365,689	3,426,117	3,717,920	3,562,240
Commission on Judicial Tenure & Discipline	109,620	106,076	113,637	111,282
Superior Court	20,719,009	20,881,624	22,392,722	21,701,420
Family Court	19,712,242	20,136,259	21,505,486	21,024,448
District Court	10,672,936	11,111,945	11,747,908	11,431,383
Traffic Tribunal	7,620,894	7,572,756	7,985,817	7,857,951
Workers' Compensation Court	7,583,440	7,508,651	7,779,424	7,754,978
Total	\$ 97,379,996	\$ 99,199,016	\$ 107,805,128	\$ 102,703,922
Expenditures by Category				
Salaries and Benefits	\$ 72,739,222	\$ 73,050,838	\$ 78,378,942	\$ 76,235,694
Contracted Services	3,124,790	3,037,064	2,596,782	2,599,767
Subtotal	\$ 75,864,012	\$ 76,087,902	\$ 80,975,724	\$ 78,835,461
Other State Operations	9,733,030	10,441,556	11,092,260	11,001,997
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	10,370,898	10,757,867	11,329,703	11,174,023
Capital	1,412,056	1,911,691	4,407,441	1,692,441
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 97,379,996	\$ 99,199,016	\$ 107,805,128	\$ 102,703,922
Sources of Funds				
General Revenue	\$ 84,575,255	\$ 84,392,428	\$ 90,477,502	\$ 88,111,808
Federal Aid	2,326,527	3,937,011	3,290,123	3,293,751
Restricted Receipts	9,628,214	10,018,790	10,222,503	10,198,363
Other	850,000	850,787	3,815,000	1,100,000
Total	\$ 97,379,996	\$ 99,199,016	\$ 107,805,128	\$ 102,703,922
FTE Authorization	723.3	723.3	723.3	723.3

Summary. The Judiciary's current service request includes \$107.8 million from all sources, including \$90.5 million from general revenues, \$3.3 million from federal funds, \$10.2 million from restricted receipts, and \$3.8 million from Rhode Island Capital Plan funds. This is \$10.4 million or 10.7 percent more than enacted, including \$5.9 million more from general revenues. Consistent with the enacted, the Department requests 723.3 full-time equivalent positions.

The Governor recommends \$102.7 million from all sources, including \$88.1 million from general revenues and 723.3 full-time equivalent positions. This is \$5.3 million more than enacted, including \$3.5 million more from general revenues, \$1.0 million more from federal funds, \$0.6 million more from restricted receipts, and \$0.3 million more from other funds.

Target Issues. The Budget Office provided the Judiciary with a general revenue target of \$76.1 million. The amount includes current service adjustments of \$3.9 million and a 15.0 percent target reduction, adjusted for certain exclusions, of \$12.5 million.

FY 2012 Budget	Budget Office	Judiciary	Difference
FY 2011 Enacted	\$ 84,575,255	\$ 84,575,255	\$ -
Current Service Adjustments	3,935,545	5,902,334	1,966,789
Change to FY 2011 Enacted	\$ 3,935,545	\$ 5,902,334	\$ 1,966,789
FY 2012 Current Service/ Unconstrained Request	\$ 88,510,800	\$ 90,477,589	\$ 1,966,789
Target Reduction/Initiatives	(12,456,929)	-	12,456,929
FY 2012 Constrained Target/Request	\$ 76,053,871	\$ 90,477,589	\$ 14,423,718
<i>Change to FY 2011 Enacted</i>	\$ (8,521,384)	\$ 5,902,334	\$ 14,423,718

The Department did not submit a constrained budget. The general revenue request is \$14.4 million above the Budget Office's target. *The Governor's recommendation is \$12.1 million above the Budget Office target.*

Pay-Go Judges Pensions. The Department requests \$6.7 million from all sources, including \$5.8 million from general revenues for retirement costs for judges and magistrates who are not part of the state employee retirement system. This is \$264,281 more than enacted from all funds, including \$331,998 more from general revenues to reflect a revision of actual costs for current retirees including annual cost-of-living increases. *The Governor recommends funding as requested.*

Statewide Adjustments. The Governor's FY 2012 budget includes \$20.7 million in unidentified statewide general revenue savings from applying reductions of 3.0 percent to salaries and benefits in cabinet level departments and 2.0 percent reductions to those costs in certain other agencies. He also includes a 1.0 percent reduction to operating costs in those agencies. For the Judicial Department, he assumes savings of \$1.5 million primarily from personnel. The adjustments are in addition to other program changes in his recommended budget and described below.

Salaries and Benefits. The Judiciary's current service request includes \$78.4 million from all sources, including \$68.1 million from general revenues for salaries and benefits for 712.3 positions. This is \$5.6 million more than enacted from all sources, including \$4.1 million more from general revenues to reflect lower turnover savings and filling eight vacant positions with newly available federal funds. This includes a shift of Family and Superior Court general revenue expenses to federal child support enforcement funds and arbitration fund restricted receipt account to reflect staff reassignment to arbitration cases. The request also includes step and longevity increases, 3.0 percent cost-of-living increase and benefit rate changes consistent with the planning values from the budget instructions.

The Governor recommends \$4.8 million more than enacted from all sources, which is \$0.8 million less than requested to reflect anticipated overtime savings and statewide benefit adjustments.

Indigent Defense Services. The Department requests \$3.7 million from general revenues for indigent defense services. This is \$352,231 more than enacted to reflect anticipated expenses for the program based on projected demand. This increase includes \$289,991 for contracted legal services and \$62,240 to pay for court reporters. This program assigns private attorneys to transferred clients when the Office of the Public Defender is unable to provide legal representation services because of conflicts of interests. FY 2010 actual expenses were \$3.5 million. *The Governor recommends \$196,551 more than enacted, which is \$155,680 less than requested to place this item more in line with FY 2010 expenses.*

Facilities and Maintenance. The Department requests \$5.2 million from all sources, including \$4.9 million from general revenues for the maintenance of the judicial complex facilities. This is \$0.2 million more than enacted from all sources, including \$3,085 more from general revenues to reflect anticipated expenses for facilities maintenance and repairs and custodial services based on a renegotiated contract agreement with a new vendor. The request includes shifting general revenue expenses to available restricted receipts from indirect cost recoveries on federal grants. *The Governor recommends \$226,303 more than enacted, which is \$6,302 more than requested to reflect added expenses for vehicle maintenance partially offset by reduced facility repairs and utility expenses based on FY 2010 spending.*

Court Technology. The Department requests \$2.7 million from general revenues for its court computer technology expenses. This is \$245,407 more than enacted to reflect anticipated expenses for communication system maintenance, additional computer and network equipment, and software licenses and maintenance fee agreements to support the web-based payment systems and the database systems for jury and juvenile case management. *The Governor recommends \$190,407 more than enacted, which is \$55,000 less than requested to reflect reduced expenses for computer equipment based on FY 2010 spending.*

Child Support Collections. The Department requests \$73,283 from general revenues for all non-staff operations for the Family Court Child Support Enforcement Unit. This is \$37,289 more than enacted to reflect office equipment expenses of \$7,600 and an increase of \$29,689 for consulting services from a contracted firm. The firm provides assistance in developing an acceptable cost allocation plan and certified indirect rate for maximum federal reimbursement for the unit. This appears to be an ongoing annual expense for the Judiciary for continued assistance from the consulting firm. *The Governor recommends funding as requested.*

New Federal Grants. The Department requests \$231,537 from federal funds to reflect new federal grant awards for existing federally funded programs for FY 2012. This includes \$127,734 for the mental health court clinic to provide evaluation and treatment referrals, \$56,028 to improve the electronic system to receive domestic violence and sexual assault reports, \$31,185 for pre-trial services, and \$16,590 for the development of effective strategies to combat violent crimes against women. *The Governor recommends funding as requested.*

Adult Drug Court. The Department requests \$72,985 from federal funds for the Superior Court Adult Drug Court program. This reflects a grant award received for FY 2011 and FY 2012 to support drug treatment services for adult drug court clients. This is not reflected in the enacted budget because the Judiciary was not aware whether it would receive the award for FY 2012. This is a formula-based Justice Assistance grant and the funds are awarded through the Rhode Island Public Safety Grant Administration Office. *The Governor recommends funding as requested.*

Supreme Court Disciplinary Counsel. The Department requests \$13,183 from restricted receipts to support the Rhode Island Supreme Court Disciplinary Counsel Office for FY 2012. This is \$35,353 less than enacted to reflect reduced operating expenses based on projected need. FY 2010 and FY 2009 actual expenses were \$44,563 and \$22,902, 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 recommends funding essentially as requested, but adds \$9,053 to reflect additional funds available from statewide personnel savings.*

Court Mediation Fees. The Department requests \$100,751 from restricted receipts for mediation services for FY 2012. This is \$46,071 less than enacted to reflect reduced operating expenses based on projected demand. The reductions include \$40,044 from purchased mediation services and \$70,353 from general

operations, partially offset by a \$60,000 grant budgeted for the Community Mediation Center of Rhode Island to provide mediation services. *The Governor recommends funding essentially as requested, but adds \$1,625 to reflect additional funds available from statewide personnel savings.*

Other Grant Awards. The Department requests \$1.1 million from all sources, including \$788,496 from federal funds and \$356,723 from restricted receipts to support several programs for FY 2012. This is \$250,708 less than enacted, including \$245,431 less from federal funds and \$5,277 less from restricted receipts to reflect updated grant awards anticipated for FY 2012. The enacted budget includes \$360,680 from federal funds for the child support enforcement unit, which is reflected in the Department's FY 2012 request. *The Governor recommends funding essentially as requested, but adds \$14,238 to reflect additional funds available from statewide personnel savings.*

Pre-Trial Services. The Department requests \$140,535 from general revenues primarily for seasonal staff to support the pre-trial service unit. This is \$15,132 more than enacted to place the expense more in line with the FY 2011 revised request. The contracted clerical staff usually performs some of the functions of positions that remain unfilled in order to achieve turnover savings. *The Governor recommends funding as requested.*

Jurors' Fees and Transportation. The Department requests \$748,466 from general revenues for jurors' fees, food, and transportation for FY 2012. This is \$163,106 more than enacted to reflect increased expenses for parking fees and transportation based on projected demand.

Subsequently, the Department provided additional information that reduces its request for this expense from \$748,466 to \$599,016 to reflect a miscalculation that was inadvertently included as part of the FY 2012 budget submission. Adjusted for the miscalculation, this is \$13,656 more than enacted to place this expense more in line with the FY 2011 revised request. FY 2010 actual expenses were \$517,409. *The Governor recommends funding as requested.*

Law Library Acquisitions. The Department requests \$634,172 from general revenues for the Rhode Island State Law Library for FY 2012. This includes expenses for books, computer software, mileage reimbursement, publications and subscriptions. This is \$20,669 more than enacted to reflect added costs for book and software acquisitions based on the Department's projected current service request for FY 2012. FY 2010 expenses were \$595,649. *The Governor recommends funding as requested.*

Parking Rental Expenses. The Department requests \$483,265 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 2012. This is \$37,348 more than enacted to reflect added costs for parking based on a recently negotiated contract with a private vendor. *The Governor recommends funding as requested.*

Judicial Tenure and Discipline. The Department requests \$10,080 from general revenues for legal and operating expenses for the Commission on Judicial Tenure and Discipline for FY 2011. This is \$4,268 less than enacted to reflect anticipated reductions from contracted legal services and transportation, partially offset by a small increase in membership fees and dues. This expense fluctuates annually based on the needs of the Office. FY 2009 and FY 2010 expenses were \$2,536 and \$14,269, respectively. *The Governor recommends funding as requested.*

All Other Operations. The Department requests \$3.7 million from all sources, including \$3.2 million from general revenues for all other operating adjustments for FY 2012. This is \$496,826 more than enacted, including \$557,520 more from general revenues to reflect the current service needs of the courts. This includes additional expenses anticipated for replacement of copiers, furniture and equipment

purchases, seasonal staff, purchased legal and translation services and medical goods for Family Court. This is more in line with the FY 2011 revised request, but \$0.5 million less than FY 2010 expenses, for which total expenses were \$4.3 million.

The Governor recommends \$687,260 more than enacted, which is \$190,434 more than requested to reflect added utility expenses for the Traffic Tribunal as well as additional funds from other sources available from statewide personnel savings.

Capital Projects. The Department requests \$3.8 million from Rhode Island Capital Plan funds for its capital projects for FY 2012. This is \$3.0 million more than enacted to reflect a wider scope for several capital projects including asset protection. A more detailed description of these projects are available in the capital section of this analysis. *The Governor recommends \$250,000 more than enacted, which is \$2.7 million less than requested, consistent with the approved plan.*

Military Staff

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Program				
National Guard	\$ 13,483,397	\$ 46,265,867	\$ 15,082,316	\$ 14,466,849
Emergency Management	13,154,767	15,273,487	21,005,478	20,694,476
Total	\$ 26,638,164	\$ 61,539,354	\$ 36,087,794	\$ 35,161,325
Expenditures by Category				
Salaries and Benefits	\$ 8,470,370	\$ 8,956,661	\$ 10,036,009	\$ 9,588,980
Contracted Services	1,311,019	1,526,207	1,504,357	1,465,357
Subtotal	\$ 9,781,389	\$ 10,482,868	\$ 11,540,366	\$ 11,054,337
Other State Operations	5,101,374	5,840,472	5,462,852	5,392,995
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	9,682,901	41,799,626	16,555,576	16,409,993
Capital	2,072,500	3,416,388	2,529,000	2,304,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 26,638,164	\$ 61,539,354	\$ 36,087,794	\$ 35,161,325
Sources of Funds				
General Revenue	\$ 2,782,435	\$ 4,166,145	\$ 3,922,867	\$ 3,618,028
Federal Aid	22,150,754	54,794,249	30,330,616	29,933,986
Restricted Receipts	842,475	376,782	389,311	389,311
Other	862,500	2,202,178	1,445,000	1,220,000
Total	\$ 26,638,164	\$ 61,539,354	\$ 36,087,794	\$ 35,161,325
FTE Authorization	111.0	117.0	117.0	117.0

Summary. The Military Staff's unconstrained request includes \$36.1 million from all sources, including \$3.9 million from general revenues, \$30.3 million from federal funds, \$0.4 million from restricted receipts, \$1.4 million from Rhode Island Capital Plan funds, and 117.0 full-time equivalent positions.

The Department also submitted a constrained request that totals \$35.6 million and is \$0.3 million less from general revenues than the unconstrained request.

The Governor recommends \$35.2 million, \$8.5 million more than enacted and \$1.0 million less than requested. The reductions include \$0.3 million from general revenues, \$0.4 million from federal funds, and \$0.2 million from Rhode Island Capital Plan funds. He recommends the enacted level of restricted receipts and the requested level of 117.0 full-time equivalent positions, 6.0 more than enacted.

Target Issues. The Budget Office provided the Military Staff with a general revenue target of \$2.4 million. The amount includes current service adjustments of \$104,283 for staffing offset by non-recurring inaugural expenses of \$77,914, totaling \$26,369 and a 15.0 percent target reduction adjusted for certain exclusions of \$421,321.

FY 2012 Budget	Budget Office	Military Staff	Difference
FY 2011 Enacted	\$ 2,782,435	\$ 2,782,435	\$ -
Current Service Adjustments	26,369	1,140,432	1,114,063
Change to FY 2011 Enacted	\$ 26,369	\$ 1,140,432	\$ 1,114,063
FY 2012 Current Service/ Unconstrained Request	\$ 2,808,804	\$ 3,922,867	\$ 1,114,063
Target Reduction/Initiatives	(421,321)	(275,472)	145,849
FY 2012 Constrained Target/Request	\$ 2,387,483	\$ 3,647,395	\$ 1,259,912
<i>Change to FY 2011 Enacted</i>	\$ (394,952)	\$ 864,960	\$ 1,259,912

The constrained budget submitted but the Department is \$1.3 million above the target but \$0.3 million below its constrained request. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget is \$1.2 million above the target.*

Statewide Adjustments. The Governor's FY 2012 budget includes \$20.7 million in unidentified statewide general revenue savings from applying reductions of 3.0 percent to salaries and benefits in cabinet level departments and 2.0 percent reductions to those costs in certain other agencies. He also includes a 1.0 percent reduction to operating costs in those agencies. For the Military, he assumes savings of \$68,510 primarily from personnel with a slight reduction to operating. The adjustments are in addition to other program changes in his recommended budget and described below.

National Guard

Inaugural Expenses. The National Guard excludes the \$72,775 from general revenues for non-recurring inaugural activities to occur in FY 2011. *The Governor recommends funding as requested.*

Fire Fighters. The National Guard requests \$2.9 million from federal funds for fire fighter services, \$0.9 million more than enacted. Consistent with its FY 2011 revised request, the National Guard Bureau has authorized and funded 6.0 new fire fighter positions. The increase in staff will allow the National Guard to meet the mandate set forth in October 2009 to increase operations from 16 hours per day to 24 hours per day, 365 days per year for fire fighter services. It will also alleviate the overtime expenditures. *The Governor recommends funding as requested.*

All Other Salaries and Benefits. The National Guard requests \$4.4 million for all other salaries and benefits for the remaining 59.0 full-time equivalent positions. This is \$0.4 million more than enacted, including \$0.1 million more from general revenues for medical benefit and retirement rate changes, as well as a 3.0 percent cost-of-living adjustment consistent with Budget Office planning values and \$40,530 to reduce turnover savings. *The Governor recommends \$216,881 less from all sources, including \$79,853 less from general revenues. This reflects adjustments to benefit rates, additional turnover savings and filling positions at a reduced rate.*

Military Funerals. The National Guard requests \$100,883 from general revenues for military funeral expenses, which is \$43,083 more than enacted. The enacted budget includes \$57,800 and assumes the use of volunteer retirees to defray costs for this activity at a rate of \$50 per day. Assuming a total of 1,224 funerals, volunteer expenses will be \$3,400 more than enacted; the request appears overstated. Current projections include an average of 102 funerals per month, totaling 1,224 military funerals per year that require general revenue support. *The Governor recommends \$7,500 more than enacted, which is \$35,583 less than requested to reflect anticipated expenditures.*

Military Family Relief Fund. The National Guard requests \$235,000 from restricted receipts for the family relief fund. This is \$45,000 more than enacted and is consistent with the FY 2011 revised request.

This fund provides financial support to military members and their families for financial issues. It appears the agency budgets all available resources which far exceed expenditures. Each year there is a significant carry forward balance as expenditures never meet the projected expenses. Past years expenditures include \$153,240 for FY 2006, \$63,392 for FY 2007 and \$31,408 for FY 2008, \$22,035 for FY 2009 and \$9,969 for FY 2010. The agency indicates the increased request is based on higher than anticipated donations, but not expected increased use. *The Governor recommends funding as requested.*

Security and Other Contracted Services. The National Guard requests \$0.8 million from all sources for security and other contracted services. This is \$224,389 less from federal funds and appears to be more in line with historical spending. Past years expenditures were \$478,311 in FY 2008, \$676,101 in FY 2009, and \$730,093 in FY 2010. The agency notes the National Guard Bureau has decreased its commitment to security funding but it appears that it will not result in less spending in this budget. The request also includes \$10,950 more from general revenues based on increased square footage that the Guard is responsible for resulting in more exterminator and fire alarm testing, repair and maintenance expenses. *The Governor recommends funding as requested.*

Utilities. The National Guard's current service request is \$2.3 million, which is \$0.2 million more than enacted from all sources for utility expenses. This includes \$0.1 million more from general revenues and \$0.1 million more from federal funds. The Rhode Island National Guard has increased the volume of facilities it utilizes by 197,542 square feet, including 149,926 square feet for the Air National Guard and 47,615 square feet for the Army National Guard. The FY 2010 final general revenue expenditures exceeded the final appropriation by \$112,283. *The Governor recommends \$3,616 less than requested from general revenues to reflect anticipated savings from implementing energy savings initiatives.*

Capital Projects. The National Guard requests \$1.4 million from Rhode Island Capital Plan funds for capital projects. This is \$0.6 million more than enacted to reflect updated estimates and accelerated projects. Projects are described in the Capital section of the analysis.

All Other Operations. The National Guard's current service request is \$3.0 million from all sources for all other operating expenses. This is \$0.3 million less than enacted and includes \$58,309 less from general revenues and \$0.3 million less from federal funds. The general revenues reductions include decreases for maintenance and other general office expenses. *Excluding statewide operating savings, the Governor further reduces operating expenses by \$390 from all sources, including \$7,634 less from general revenues to reflect reductions to maintenance for all Rhode Island National Guard facilities.*

Target - Facility Closures. The National Guard's constrained request proposes the temporary closure of several armories for a nine month period for savings of \$109,900. This includes \$24,000 from the elimination of janitorial services, \$29,000 from decreasing expenses for building maintenance and grounds keeping expenses and \$56,900 from utilities expenses. *The Governor recommends this proposal and includes the savings.*

Emergency Management Agency

Indirect Cost Recovery. The Agency requests \$489,742 more from general revenues to offset a like amount of restricted receipts based on not achieving expected savings associated with indirect cost recovery. The 2010 Assembly included general revenue savings of \$489,742 assuming an indirect rate of not less than 5.0 percent on federal grants from the Emergency Management Agency complying with current law and applying for and receiving a negotiated indirect rate. The general revenue savings were applied to the Statewide Communications Network expenses. The agency applied for the indirect rate on September 30, 2010 and indicated that it will not be received during FY 2011. The FY 2012 request does

not assume any savings from an indirect cost recovery rate as the Agency does not expect a rate to be negotiated in this time frame. *The Governor recommends funding as requested.*

Rhode Island Statewide Communications Network. The Agency requests \$1.6 million from all sources for the Rhode Island Statewide Communications Network, which is \$0.4 million more than enacted, including \$0.3 million more from general revenues. Excluding the indirect rate adjustment for the Motorola contract, the increase primarily reflects the funds necessary to fully support the Motorola maintenance contract which totals \$1.0 million. The enacted budget, based on the Agency's request, did not include sufficient funding.

The request also includes medical benefit and retirement rate changes, as well as a 3.0 percent cost-of-living adjustment consistent with Budget Office planning values and \$59,470 to reduce turnover savings. 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, the Emergency Management Agency, and emergency responders to be on a private radio system in order to effectively respond to all types of disasters. *The Governor reduces requested expenses by \$12,923 from general revenues to reflect reductions to various office expenses.*

All Other Salaries and Benefits. The Agency's current service request is \$2.2 million from all funds for all other salaries and benefits for 26.0 full-time equivalent positions. This is \$74,780 more from general revenues, \$92,880 more federal funds and \$73,517 more restricted receipts than enacted. The increase reflects medical benefit and retirement rate changes, as well as a 3.0 percent cost-of-living adjustment consistent with Budget Office planning values.

As part of its constrained request, the Emergency Management Agency includes the elimination of three full-time equivalent staff for general revenue savings of \$165,572. The positions include a public information specialist, training specialist and an administrative manager.

The Governor recommends \$154,119 less from all sources, including \$14,067 more from general revenues. He does not eliminate the positions but reduces federal funds to reflect current vacant positions; however, it should be noted that the federal funds are still available to be used since the award has not decreased just the authority to spend them.

Flood. The Emergency Management Agency is coordinating the reimbursement of Federal Emergency Management Agency funds to all state agencies, quasi-agencies and municipalities for projects submitted as a result of the March 2010 flood. The Agency requests \$4.1 million from all funds for flood expenses in FY 2012, including the state match of \$0.1 million from general revenues. The Agency indicates that the majority of reimbursements are reflected in the \$20.0 million included in the FY 2011 revised request.

The Agency indicates that the request is based on an initial estimate of all projects that were submitted for reimbursement to the Federal Emergency Management Agency. Approximately 454 individual projects have been submitted for reimbursement; however, the Agency indicates that it is difficult to predict what projects and expenditure amounts the Federal Emergency Management Agency will authorize. The Federal Emergency Management Agency provides a 90.0 percent reimbursement of eligible expenses incurred from the flood. In FY 2010, the agency incurred \$838,652 in unbudgeted general revenue expenditures due to the March 2010 flood.

The Governor recommends \$4.0 million from federal funds and \$0.1 million from general revenues to reflect anticipated reimbursements. It should be noted that the general revenue portion does not equate

to 10.0 percent of the required state match if the entire \$4.0 million in federal funds is received during this fiscal year.

Homeland Security Grant Program. The Agency requests \$7.9 million from homeland security grants. This is \$2.1 million more from federal funds than enacted to reflect new grant awards and the extension granted by the Department of Homeland Security 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 recommends funding as requested.*

Emergency Management Performance Grant. The Agency requests \$4.6 million from all sources for emergency management performance grants, which is \$1.2 million more than enacted and includes \$24,037 more from general revenues to reflect grant matching requirements. The federal fund increase reflects new grant awards, 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 adds \$616 more from restricted receipts available from statewide personnel savings.*

Flood Plain Management. The Agency requests \$0.5 million from all funds which eliminates the general revenue funds for flood plain management. This is \$133,612 less than enacted from all sources, including \$1,000 more from general revenues. This reflects adjustments to grant awards. Funds are used to support community programs of corrective and preventative measures for reducing flood damage. *The Governor further reduces expenses by \$653 from general revenues, offset by \$450 more from federal funds available from statewide personnel savings.*

Department of Public Safety

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Program				
Central Management	\$ 6,156,042	\$ 7,571,920	\$ 5,192,338	\$ 5,169,481
E-911	4,655,752	5,091,943	5,059,564	4,772,358
Fire Marshal	2,772,310	3,519,916	3,139,560	4,291,734
Capitol Police	3,308,669	3,163,035	3,600,351	3,306,728
Sheriffs	-	-	-	16,656,866
Municipal Police Training Academy	625,909	751,294	672,520	659,498
State Police	69,230,888	72,367,921	68,406,079	67,487,589
Total	\$ 86,749,570	\$ 92,466,029	\$ 86,070,412	\$ 102,344,254
Expenditures by Category				
Salaries and Benefits	\$ 50,020,182	\$ 50,297,678	\$ 55,412,753	\$ 70,170,135
Contracted Services	960,178	1,428,690	1,000,934	1,028,434
Subtotal	\$ 50,980,360	\$ 51,726,368	\$ 56,413,687	\$ 71,198,569
Other State Operations	5,416,049	6,285,753	6,165,214	6,852,068
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	20,586,077	23,610,085	21,522,021	21,323,727
Capital	9,767,084	10,843,823	1,969,490	2,969,890
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 86,749,570	\$ 92,466,029	\$ 86,070,412	\$ 102,344,254
Sources of Funds				
General Revenue	\$ 67,024,490	\$ 68,565,272	\$ 74,546,208	\$ 89,407,711
Federal Aid	7,131,554	11,854,997	6,515,722	6,541,865
Restricted Receipts	803,106	384,413	256,850	335,749
Other	11,790,420	11,661,347	4,751,632	6,058,929
Total	\$ 86,749,570	\$ 92,466,029	\$ 86,070,412	\$ 102,344,254
FTE Authorization	423.1	423.2	430.2	603.2

Summary. The Department of Public Safety requests expenditures of \$86.1 million from all sources, which is \$0.7 million less than the FY 2011 enacted budget. The unconstrained current service level request includes \$74.5 million from general revenues, \$6.5 million from federal sources, \$0.3 million from restricted receipts, and \$4.8 million from Rhode Island Capital Plan funds. The Department requests staffing authorization of 430.2, which is 7.1 more than authorized. The Department also submits a constrained request that totals \$79.1 million and includes \$7.0 million less from general revenues than the unconstrained request.

The Governor recommends expenditures of \$102.3 million from all sources, \$16.3 million more than requested. He includes \$14.9 million more from general revenues. The Governor transfers the Division of Sheriffs from the Department of Administration to the Department of Public Safety. He includes \$16.7 million from general revenues reflective of statewide savings and 180.0 full-time equivalent positions for

this transfer. The Governor recommends 603.2 full-time equivalent positions, which is 0.1 more than enacted, excluding the transfer of positions. Excluding the Sheriffs, the budget is \$1.1 million less than enacted.

Target Issues. The Budget Office provided the Department of Public Safety with a general revenue target of \$62.8 million. The amount includes current service adjustments of \$3.9 million and a 15.0 percent target reduction adjusted for certain exclusions of \$8.2 million.

FY 2012 Budget	Budget Office	Public Safety	Difference
FY 2011 Enacted	\$ 67,024,490	\$ 67,024,490	\$ -
Current Service Adjustments	3,934,674	7,521,718	3,587,044
Change to FY 2011 Enacted	\$ 3,934,674	\$ 7,521,718	\$ 3,587,044
FY 2012 Current Service/ Unconstrained Request	\$ 70,959,164	\$ 74,546,208	\$ 3,587,044
Target Reduction/Initiatives	(8,178,763)	(7,004,376)	1,174,387
FY 2012 Constrained Target/Request	\$ 62,780,401	\$ 67,541,832	\$ 4,761,431
<i>Change to FY 2011 Enacted</i>	\$ (4,244,089)	\$ 517,342	\$ 4,761,431

The constrained budget submitted by the agency is \$4.8 million above the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget is \$26.6 million above the target, excluding the transfer of the Sheriffs the Governor's budget is \$9.5 million above the target.*

Staffing Authorization. The Department requests staffing authorization of 430.2 full-time equivalent positions, which are 7.1 positions more than authorized. The Department eliminates 1.9 vacant positions including 1.0 from Central Management, and 0.9 from E-911, offset by an increase of 5.0 from the Capitol Police, 3.0 from the State Police, and the creation of 1.0 full-time equivalent position with the Fire Marshal.

The Governor recommends 603.2 full-time equivalent positions, 180.1 more than authorized. This includes 180.0 full-time equivalent positions included in the transfer of the Sheriffs from the Department of Administration to the Department of Public Safety and an adjustment to more accurately reflect a part-time position within the E-911 program. He does not recommend any of the positions requested.

Indirect Cost Recovery. The 2010 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 \$375,345 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.

The Department's FY 2012 request restores those savings because it does not believe it is eligible for an indirect cost rate since it currently charges the maximum allowable amount for management and administrative costs for all of its grants with the exception of two, the National Criminal History Records Improvement Discretionary grant and the Grants to Encourage Arrest Policies. *The Governor recommends funding as requested.*

Statewide Adjustments. The Governor's FY 2012 budget includes \$20.7 million in unidentified statewide general revenue savings from applying reductions of 3.0 percent to salaries and benefits in cabinet level departments and 2.0 percent reductions to those costs in certain other agencies. He also includes a 1.0 percent reduction to operating costs in those agencies. For the Department of Public Safety, he assumes savings of \$2.1 million primarily from personnel. The adjustments are in addition to other program changes

changes in his recommended budget and described below.

E-911 Telephone System

Salaries and Benefits. The Department requests \$4.3 million from general revenues for salaries and benefits for 50.6 full-time equivalent positions. This is \$358,473 more than the enacted budget and 0.9 fewer positions than authorized. The request includes turnover savings of \$29,827, eliminates a vacant associate director position and increases a position from a 0.5 to a 0.6 full-time equivalent position. The request also includes \$158,325 for overtime expenditures, which is \$41,288 more than the enacted. The request includes \$287,358 more than enacted for step and longevity increases, a 3.0 percent cost-of-living adjustment and benefit rate changes consistent with Budget Office instructions.

The Governor recommends \$4.1 million or \$141,255 less than requested. This includes \$37,777 less for overtime expenditures and additional turnover savings of \$103,478.

Computer Maintenance. The Department requests \$428,391, which is \$36,871 more than enacted from general revenues for two computer maintenance contracts. This is consistent with the Department's FY 2011 revised budget request and FY 2010 actual expenditures. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$354,135 for all other E-911 operating expenses, which is \$8,468 more than enacted from general revenues. This includes increases for utility and insurance expenses and for additional snow removal at the new State Police headquarters, offset by savings achieved from the elimination of rental expenses at the former North Providence location.

The Governor recommends \$348,962, which is \$16,065 less than requested. This includes reductions for computers, insurance, snow removal, clothing and other miscellaneous operating expenses.

Fire Marshal

Fire Safety Training Officer. The Department requests \$84,405 from general revenues for salaries and benefits and 1.0 full-time equivalent position for a new fire safety training officer position. This position will be responsible for coordinating, planning, organizing and directing the fire training activities along with the other fire safety training officer and supervise any live fire training activities that occur at the Fire Training Academy.

The Governor recommends funding this position through restricted receipts collected from fire training academy fees. The Governor includes the position and \$78,899 from restricted receipts, which is \$5,506 less than requested based on revised projections.

Other Salaries and Benefits. The Department requests \$2.6 million from general revenues for salaries and benefits for the remaining 32.0 full-time equivalent positions, including \$0.3 million more than enacted from general revenues. The request assumes no turnover savings and provides \$131,961 to fill two vacant fire safety inspector positions. The request also includes \$181,904 for a 3.0 percent cost-of-living adjustment, step and longevity increases and updated benefit rates based upon Budget Office planning values.

As part of its FY 2012 constrained request, the Department includes salary and benefit reductions of \$85,408. These reductions are achieved by including \$126,685 of turnover savings by not filling two vacant positions offset by \$41,277 more for overtime expenditures. The Department indicates the need to

fill these vacancies and for additional overtime expenditures to assist in workload increases due to recent law changes regarding the expediting of fire plan review from 90 to 15 days.

The Governor recommends \$2.5 million from general revenues, which is \$187,290 more than enacted from general revenues. This is \$126,675 less than the Department's unconstrained request, and \$10 less than the Department's constrained request achieved by not filling 2.0 fire safety inspector positions.

The Governor includes \$64,261 to fill one of the two vacant fire safety inspector positions. This position will be funded by the Quonset Development Corporation on a limited time basis to assist in fire plan review of projects at the Quonset Business Park.

Grant Programs. The Department requests \$53,000 from federal funds for first responder and emergency response to hazardous materials procedure training. The reductions are the result of expiring federal Homeland Security and Urban Area Security Initiative grants totaling \$208,250 that were used to purchase an all terrain vehicle, first responder training, bomb suits, body armor, helmets, and other equipment. *The Governor recommends funding as requested.*

Fire Training Academy. The 2010 Assembly included Article 23 in 2010-H 7397 Substitute A, as amended establishing a new restricted receipt account within the Department of Public Safety's budget to fund operating costs of a new fire training academy burn facility. The FY 2011 enacted budget includes \$50,000 for this, and the Department requests \$152,000 more. The request includes \$75,000 for training, \$27,000 for utility expenses, \$30,000 for the operation of the controlled burn facility, \$26,500 for maintenance, and \$43,500 for other related operating expenses. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$219,850 from general revenues for all other operating expenses, which is \$25,230 more than enacted. The request includes \$23,000 to purchase new computers to replace the division's existing computers, additional insurance, and telephone expenses. These increases are offset by reductions for vehicle maintenance, uniforms, travel, and other miscellaneous expenses.

As part of its FY 2012 constrained request, the Department excludes the purchase of the computer equipment.

The Governor recommends \$190,250, which is \$6,600 less than the unconstrained request and includes reductions for vehicle maintenance and excludes the purchase of the computer equipment.

Capital. The Department included in its five year capital plan \$1.3 million from Rhode Island Capital Plan funds to build a 9,000 square foot classroom and administrative building in FY 2012 and FY 2013. *The Governor includes \$1.3 million to build a classroom and administrative building. A detailed analysis of this project appears in the Capital Budget Section of this publication.*

Capitol Police

Salaries and Benefits. The Department requests \$3.5 million from general revenues, or \$242,782 more than enacted, for salaries and benefits for 47.0 full-time equivalent positions. The request includes turnover savings of \$146,990, offset by an increase of \$24,707 for overtime expenditures. The request includes \$71,805 for cost-of-living adjustments, step and longevity increases and updated benefit rates consistent with Budget Office instructions.

The Governor recommends \$3.3 million which is \$99,147 more than enacted, or \$143,635 less than requested. The Governor includes \$130,707 less for overtime expenditures and adjustments from updated benefit rates.

Records Management System. The Department requests \$50,000 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 of people entering state facilities. The Capitol Police currently operate without any computer system or any uniform records recording system and use a paper system that has led to inconsistent reporting and accountability for seized property. This project will involve the purchase and installation of 14 computer workstations and any additional software necessary for the operation of this system. The Department included \$60,000 in its initial FY 2011 budget request for this project; however, the Governor did not provide funding and the Assembly concurred. *The Governor does not recommend funding as requested.*

Other Operations. The Department requests \$77,850 for other operating expenses, which is \$1,100 less than enacted. This includes additional funding to purchase new uniforms and other miscellaneous expenses offset by reductions for parking, telephone and legal expenses. *The Governor recommends \$78,507, which is \$443 less than enacted. This is \$657 more than requested and includes adjustments for telephone expenses and other miscellaneous operating expenses.*

Target - Discontinuation of Services. As part of its FY 2012 constrained request, the Department would eliminate the Capitol Police, effective July 1, 2011. The Department includes general revenue savings in FY 2012 of \$2.8 million and the elimination of 47.0 full-time equivalent positions. The request includes expenditures of \$0.8 million for 26 weeks of unemployment compensation and three months of health insurance. The Department suggests that the courts and the seven state agencies that utilize the services of the Capitol Police will hire private security firms to fill this void. The cost for this was not included in the request. *The Governor does not accept this proposal.*

Sheriffs

Staffing and Operations. The Department of Administration's request includes expenditures of \$17.4 million from general revenues to fund 180.0 positions and operations costs for the Sheriffs. The request includes \$16.5 million or \$1.0 million more for salaries and benefits, 6.6 percent more than enacted for cost-of-living adjustments and benefit rate changes consistent with FY 2012 planning values. The request assumes \$0.3 million in turnover savings based on a 2.0 percent across the board vacancy, which equates to 3.6 positions. As of pay period ending November 20, 2010, the Division had 174.0 positions filled, which does not take into account the number of individuals on military leave; injured on duty, which occurs while at work and long-term disability, which is due to a medical condition. Accounting for those, 150 positions are actually reporting to work regularly, which excludes those discharging vacation and sick time.

The request also includes \$750,000 for overtime expenses, which is \$50,000 less than enacted. FY 2010 reported expenditures for overtime were \$664,336 and the Department projects \$725,000 for FY 2011. Consistent with the enacted budget, the request includes \$0.9 million for operating expenses, \$33,973 less than enacted. The request includes \$0.3 million for vehicles, \$0.1 million for out-of-state travel expenses pertaining to prisoner extraditions and \$0.3 million for all other expenses.

The Governor includes Article 23 of 2011-H 5894 that transfers the funding, positions, and responsibilities of the Division of Sheriffs from the Department of Administration to the Department of Public Safety. Unlike previous versions of this article, the article maintains the 10-year appointment of the Executive High Sheriff, the Sheriffs and the Chief Deputy Sheriffs. This consolidation had been initially proposed as part of Governor Carcieri's recommendation for the creation of the Department of

Public Safety in FY 2009 and again in FY 2011; however, the 2008 and the 2010 Assembly did not concur. This article will take effect on July 1, 2011.

The Governor recommends \$17.1 million for salaries and benefits; this is \$0.3 million less than requested. The recommendation assumes \$0.5 million in turnover savings; \$0.2 million more than requested based on a 3.0 percent across the board vacancy, which equates to 5.0 positions. The Governor also includes \$26,000 less for out-of-state travel expenses pertaining to prisoner extraditions.

Municipal Police Training Academy

Salaries and Benefits. The Department requests \$322,082 from general revenues for salaries and benefits for 3.0 full-time equivalent positions. The request includes \$28,335 more than enacted for step and longevity increases, a 3.0 percent cost-of-living adjustment, and benefit rate changes consistent with Budget Office instructions. *The Governor recommends \$321,328 for salaries and benefits or \$854 less than requested based on updated benefit rates.*

Grants. The Department requests \$307,380 for all other grants, which is \$16,038 more than enacted. This includes \$193,849 for in-service training and \$27,500 for training that focuses on community policing and problem solving in addition to the reintegration of war veterans to police forces. The remaining \$86,601 is for contract positions and operating expenses to develop the entry-level training and certification of recruits at the Municipal Police Training Academy and the implementation of a new curriculum and assessment program based upon specialized police duties protocol. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$43,058 from general revenues, which is \$2,238 more than enacted for all other operating expenditures. This includes increases for training and other operating expenses. The request is \$3,937 more than the Department's expenditures in FY 2010. *The Governor recommends \$40,820, the enacted amount for all other operating expenses. This is \$2,238 less than requested and includes reductions vehicle maintenance, training, and other operating expenses.*

State Police

Department of Environmental Management Dispatch Transfer. The 2010 Assembly included Article 7 of 2010-H 7397 Substitute A, as amended, to transfer the dispatch function of the Department of Environmental Management's Division of Enforcement to the Department of Public Safety. The Department's FY 2012 request includes \$457,227 for salaries and benefits for 6.0 full-time equivalent positions and \$12,200 for computer maintenance contracts.

As part of its FY 2012 constrained request, the Department includes turnover savings of \$61,104 from keeping a dispatch position vacant for the entire fiscal year. These turnover savings are offset by additional overtime expenditures of \$42,000 to fill the open shifts created by the vacant position.

The Governor includes Article 9, Section 1 of 2011-H 5894 to reverse the transfer of the dispatch functions of the Division of Enforcement from the Department of Environmental Management to the Department of Public Safety, effective January 1, 2011.

54th Trooper Training Academy. The Department requests \$1.0 million from general revenues for the costs associated with the 54th trooper training academy. The class will begin on July 18, 2011 and train for a period of 21 weeks and graduate December 17, 2011. The request includes \$0.5 million for the salaries

and benefits for the recruits and \$0.5 million for uniforms, trash removal, catering, equipment, and instructors.

The Governor includes \$1.2 million from general revenues for the costs associated with the 54th trooper training academy, which is \$0.2 million more than requested to reflect approval for 30.0 recruits, which is 5.0 more than requested.

New Troopers. The Department requests \$1.3 million from general revenues for the salaries and benefits for the 25.0 troopers who graduate from the 54th trooper training academy class in December 2011. The troopers will then enter into a field training officer program for fifty-two working days, which will be completed in February 2012.

As part of its FY 2012 constrained request, the Department proposes to delay the start of the 54th trooper training academy until March 11, 2012 for general revenue savings of \$1.9 million. The class will graduate on August 10, 2012, which is FY 2013. The savings are generated from moving the final six weeks of the academy from FY 2012 to FY 2013 and delaying the salaries and benefits expenses of the new troopers for eight months.

The Governor includes \$1.5 million from general revenues for the salaries and benefits for the 30.0 troopers who will graduate from the 54th trooper training academy class in December 2011. This is \$225,408 more than requested to reflect the additional costs of the 5.0 additional troopers.

Other Salaries and Benefits. The Department requests \$41.1 million from all sources, including \$36.5 million from general revenues for all other salaries and benefits. This is \$2.0 million more than enacted from all sources, including \$0.8 million more from general revenues. Neither the enacted budget nor the FY 2012 request includes any cost-of-living increases for the sworn members of the Rhode Island Troopers Association, as the previous collective bargaining agreement expired April 30, 2009. The request does include benefit adjustments consistent with Budget Office instructions as well as longevity and step increases.

The Governor recommends \$42.1 million from all sources, including \$38.5 million from general revenues for all other salaries and benefits. This is \$3.0 million more than enacted from all sources, and \$1.0 million more than requested reflective of statewide benefit adjustments. The most significant of these adjustments is for retiree health rates for sworn members of the State Police. On February 9, the new retiree health rates based on the most recent actuarial study included a rate change for the State Police equal to 7.51 percent of salaries. The rate increased from 25.67 percent as included in the request to 33.18 percent.

Telecommunications System Maintenance Contract. The Department requests \$500,195, which is \$232,132 more than enacted from general revenues for computer maintenance contracts for the Rhode Island Law Enforcement Telecommunications System that was recently installed in the new State Police headquarters. The Department presently does not have the expertise to maintain this system, a one year maintenance contract was included with the installation of the system. The contract will expire in July 2011 and the Department believes that it will not have the expertise to properly maintain this server.

The Governor recommends \$396,193, which is \$128,130 more than enacted for computer maintenance contracts for the Rhode Island Law Enforcement Telecommunications System. This is \$104,200 less than requested as it was determined that a portion of the maintenance contract was unnecessary.

Pay-Go Pensions. The Department requests \$17.2 million 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 \$1.7 million. 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, resulting from three new retirees and the deaths of six pensioners and one widower.

The Governor recommends \$17.0 million for pensions for troopers hired before July 1, 1987, \$0.2 million less than requested based on the death of two widows in FY 2011.

Target - Widow Pay-Go Pension Change. As part of the Department's FY 2012 constrained request the Department proposes to achieve general revenue savings of \$2.0 million from shifting the widow pension expenses from the general revenue funded pay-go pension program to the state employee retirement system. This proposal will not actually produce savings as the pension expenses will require additional funding when these payments are shifted to state employee retirement system. *The Governor does not accept this proposal.*

Vehicle Maintenance. The Department requests \$1.6 million from all sources of funds for vehicle maintenance costs. This is \$120,748 less than enacted from general revenues and \$120,000 more than enacted from Department of Transportation funding. The FY 2012 request increases the projected road detail hours to 30,000 hours, which is 5,000 more hours than included in the enacted budget. This is consistent with the Department's FY 2011 revised budget request. The Department includes a reduction for vehicle maintenance expenses as the number of vehicles has been reduced.

As part of its FY 2012 constrained request, the Department requests \$120,000 more from general revenues in anticipation that the Department of Transportation will reduce the number of reimbursable road detail hours as part of its constrained request. *The Governor recommends funding as requested in the Department's unconstrained request.*

Fleet Replacement. The Department requests \$0.4 million for fleet replacement costs, which is \$0.2 million less than enacted from general revenues. This decrease reflects debt service for vehicles that have already been purchased. The State Police will purchase eight patrol vehicles and four detective vehicles in FY 2011. The FY 2012 payment has been estimated consistent with the repayment schedule provided by the Budget Office. *The Governor recommends funding as requested.*

Telephone Expenses. The Department requests \$362,334, which is \$78,818 less than enacted from general revenues for telephone expenditures associated with the new State Police Headquarters which opened in the fall of 2010. These revisions were based upon contracts that are now in place. *The Governor recommends \$362,658, which is \$624 more than requested based upon revised estimates.*

Toughbook Computers. The Department requests \$159,600 from general revenues for the purchase of 38 Panasonic tough book computers. These computers will replace laptops for troopers that were purchased in 2004; the normal lifecycle for laptop computers is six years and these exceed that and can no longer support newer technology.

As part of its FY 2012 constrained request, the Department excludes this purchase. *The Governor does not include funding for this purchase.*

Fusion Center. The Department includes \$164,612 from federal sources for the purchase of a comprehensive intelligence system for the Rhode Island Fusion Center. This is \$40,298 less than enacted to reflect two grant awards for which funding will be exhausted in FY 2012. The Rhode Island Fusion Center electronically collects information from a number of government and public databases. This information

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 recommends funding as requested.*

Internet Crimes Against Children. The Division requests \$0.2 million from federal funds, which is \$0.1 million more than enacted to establish a statewide multi-agency law enforcement task force to target online predators and child exploitation investigations. These funds allow the Department to fund two contract positions, rent office space, and purchase forensic computer equipment and information technology support to be used in investigations. *The Governor recommends funding as requested.*

Sex Offender Registration. The Division requests \$139,445 from a new federal grant award to update the current sex offender registry. This request includes \$74,555 to update the data in the sex offender registry to be certain it is current and to enhance the system to attain substantial compliance. The remaining \$64,890 will allow the Department to have two centralized, remote locations that will allow sex offenders the ability to register upon conviction or release, for enhancements to the community notification website, and training to local law enforcement. *The Governor recommends funding as requested.*

Other Grants. The Department requests \$42,290 for all other grant expenses. This includes \$15,000 to develop the task force with the Providence Police Department and \$27,000 for the Motor Carrier Safety program. The request includes a reduction of \$0.2 million as the federal Cyber Terrorism Task Force grant award will be exhausted in FY 2011. These funds were used to protect the nation's cyber infrastructure including the Internet and other infrastructures that use computer systems. *The Governor recommends funding essentially as requested; however, includes \$73 more than requested, available from statewide personnel savings.*

Training and Surveillance Equipment. The Department requests \$50,000, which is \$183,561 less than enacted from restricted receipts available from the forfeiture of seized money to purchase new equipment. The Department plans to purchase an undercover surveillance vehicle, and replace desktop computers. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$11,018 more than enacted from all sources, including \$15,696 more from general revenues for all other operations. The adjustments are the result of revised spending projections that add \$79,446 based on actual experiences and unanticipated expenses for the new headquarters offset by a reduction of \$63,750 from the recruitment campaign for the 54th Trooper Training Academy coming to a close.

The Governor recommends \$61,632 less than enacted from all sources, including \$59,954 less from general revenues for all other operations. This is \$72,650 less than requested for expenses for 50 Service Avenue location. Subsequent to the Department's request, it was determined that these expenditures will be paid for through the Department of Administration's budget.

Capital. The Department requests \$1.6 million from Rhode Island Capital Plan funds for its capital projects, which is \$7.5 million less than enacted. The request includes \$1.0 million for improvements to the State Police Barracks, \$0.4 million for the headquarter complex expansion, and \$0.2 million for renovations at the headquarters. Detailed descriptions of all projects appear in the Capital Budget Section of this publication.

The Governor recommends \$1.6 million, which is \$7.6 million less than enacted. This is \$100,000 less than requested, based upon a revised project schedule for the National Guard facilities located at the

State Police Headquarters. A detailed analysis of all projects appears in the Capital Budget Section of this publication.

Central Management

Salaries and Benefits. The Department requests \$1.4 million from all sources, including \$0.8 million from general revenues for salaries and benefits for 11.6 full-time equivalent positions. This is \$148,638 more than enacted, including \$90,002 from general revenues and eliminates 1.0 vacant position. The request does not include any turnover savings but reflects cost-of-living adjustments and updated benefit rates consistent with Budget Office instructions.

As part of its FY 2012 constrained request, the Department proposes turnover savings of \$66,298 achieved from keeping a fiscal clerk position vacant for the entire fiscal year.

The Governor recommends \$1.4 million for salaries and benefits; this is \$0.1 million more than enacted, or \$1,695 less than requested. The adjustments are based upon employees benefit selections.

Crime Victim Assistance. The Department requests \$1.6 million from federal grant awards for the Crime Victim Assistance grant program, which is \$56,622 less than the FY 2011 enacted amount. These grant awards will allow the Department to provide funding to groups who assist victims of crime. *The Governor recommends funding essentially as requested; however, includes \$695 more than requested available from statewide personnel savings.*

Other Grants. The Department requests \$2.3 million from federal sources for all other grants, which is \$0.7 million less than enacted. The request includes \$0.2 million less from the expiration of the Byrne Memorial grant awards, \$0.1 million less from Juvenile Accountability grants, \$6,681 more from the Narcotics Control Assistance Program, \$25,000 from new grant awards for the Rhode Island Forensic Improvement Program, \$81,267 less from United States Department of Justice grants to Encourage Arrest Policies and \$0.4 million less from the expiring American Recovery and Reinvestment Act funds for Violence Against Women grant awards.

As part of its FY 2012 constrained request, the Department, in error increases the federal funds available for operating expenditures from the Juvenile Accountability grant by \$200. If this proposal is accepted the Office will be overfunded, overspending the grant.

The Governor recommends funding essentially as requested; however, includes \$2,270 more than requested available from statewide personnel savings.

Office of the Public Defender

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 8,961,010	\$ 8,974,751	\$ 9,714,046	\$ 9,668,306
Contracted Services	205,741	216,934	229,196	229,196
Subtotal	\$ 9,166,751	\$ 9,191,685	\$ 9,943,242	\$ 9,897,502
Other State Operations	821,250	834,803	830,970	845,709
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	100,000	100,000	100,000
Capital	32,400	33,730	33,730	33,730
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 10,020,401	\$ 10,160,218	\$ 10,907,942	\$ 10,876,941
Sources of Funds				
General Revenue	\$ 9,590,261	\$ 9,541,448	\$ 10,331,581	\$ 10,300,580
Federal Aid	430,140	618,770	576,361	576,361
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 10,020,401	\$ 10,160,218	\$ 10,907,942	\$ 10,876,941
FTE Authorization	93.0	93.0	93.0	93.0

Summary. The Office of the Public Defender's current service request is \$10.9 million from all sources, including \$10.3 million from general revenues and \$0.6 million from federal funds. This is \$0.9 million or 8.9 percent more than enacted, including \$0.7 million from general revenues and \$0.1 million from federal funds. Consistent with the enacted, the Office requests 93.0 full-time equivalent positions.

The Governor recommends \$10.9 million from all sources, including \$10.3 million from general revenues and 93.0 full-time equivalent positions. This is \$0.7 million more than enacted, or \$31,001 less than requested, all from general revenues.

Target Issues. The Budget Office provided the Office of the Public Defender with a general revenue target of \$8.6 million. The amount includes current service adjustments of \$583,714 and a 15.0 percent target reduction of \$1.5 million.

FY 2012 Budget	Budget Office	Public Defender	Difference
FY 2011 Enacted	\$ 9,590,261	\$ 9,590,261	\$ -
Current Service Adjustments	583,714	741,320	157,606
Change to FY 2011 Enacted	\$ 583,714	\$ 741,320	\$ 157,606
FY 2012 Current Service/ Unconstrained Request	\$ 10,173,975	\$ 10,331,581	\$ 157,606
Target Reduction/Initiatives	(1,526,096)	(1,683,702)	(157,606)
FY 2012 Constrained Target/Request	\$ 8,647,879	\$ 8,647,879	\$ -
<i>Change to FY 2011 Enacted</i>	<i>\$ (942,382)</i>	<i>\$ (942,382)</i>	<i>\$ -</i>

The constrained budget submitted by the agency meets the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's recommendation is \$1.7 million above the Budget Office target.*

Adult Drug Court Attorney. The Office requests \$122,302 from federal funds to reflect an anticipated Byrne grant award for an attorney position to support the Adult Drug Court program. This is \$25,736 more than enacted to match the anticipated award. This includes \$27,437 for salary and benefit adjustments to reflect a greater share of the costs for the full-time staff attorney funded from this formula grant, which is partially offset by \$1,701 from other operating adjustments. The grant funds have not been awarded yet. *The Governor recommends funding as requested.*

Tri-County Screening Attorney. The Office requests \$36,569 from federal funds to reflect a carried forward balance from a federal grant awarded in FY 2010 for an attorney position to support the Tri-County Screening project in Washington, Newport and Kent counties for one-half of FY 2012. This is \$33,276 less than enacted to reflect the termination of grant funds and elimination of the position in the second half of FY 2012. The Office's FY 2012 request for full-time equivalent positions does not exclude this position. *The Governor recommends funding as requested.*

Juvenile Response Unit. The Office requests \$188,135 from federal funds to reflect an anticipated federal grant awarded for an attorney position to support the Juvenile Response program. This is \$34,292 more than enacted to reflect the anticipated award. This is primarily a salary and benefit adjustment to reflect a greater share of the costs for the full-time staff attorney funded from this grant. This unit provides legal support and social services intended to divert youthful offenders from incarceration and into community programs. The grant funds have not been awarded yet. *The Governor recommends funding as requested.*

All Other Salaries and Benefits. The Office's current service request is \$9.4 million, nearly all from general revenues for all other salaries and benefits. This is \$727,113 more than enacted from all sources, including \$715,433 from general revenues and \$11,680 from federal funds. This reflects the 3.0 percent cost-of-living adjustment, lower turnover savings from vacant positions and changes in employee benefit selection. This also reflects an additional \$57,089 for various longevity and step increases, as well as updated benefit rates consistent with the planning values from the Budget Office instructions.

The Governor recommends \$9.4 million from all sources, including \$9.3 million from general revenues and \$0.1 million from federal funds. This is \$0.7 million more than enacted or \$43,759 less than requested to reflect updated benefit adjustments.

Target - Staffing Reduction. The Office's constrained budget request proposes to layoff 25.0 full-time equivalent positions for an overall general revenue savings of \$1.7 million. The positions include 10.0 Assistant Public Defender IV, 4.0 Staff Attorney II, 4.0 Legal Secretary II, 3.0 Legal Secretary I, 2.0 Investigator II, 1.0 Intake Technician and 1.0 Data Entry Aide. The Office indicates that such staffing reductions, if approved, would impair its ability to provide effective representation for the current caseloads and prevent the acceptance of additional cases. The Office also notes that the responsibility to provide representation for cases beyond its capacity would fall on the state. *The Governor does not recommend this proposal*

Loan Repayment Grant Award. The Office requests \$100,000 from federal funds to reflect a new grant to support and encourage qualified attorneys to pursue careers as prosecutors by providing loan repayment assistance to institutions holding eligible beneficiary loans. The Office did not anticipate receiving this award when it submitted its original FY 2011 budget request. This is a two-year grant award for FY 2011

and FY 2012 and renewal is contingent upon federal appropriations. *The Governor recommends funding as requested.*

All Other Operations. The Office requests \$1.0 million from all sources, including \$974,590 from general revenues and \$53,150 from federal funds for all other operations. This is \$33,676 more than enacted to reflect higher trial-related expenses, including medical expert witnesses and court reporters. Other operating expenses include higher parking fees and associated tax rate increases and purchased consultant services. The increased parking costs reflect a new contract negotiated with a private vendor for parking spaces. This will place these operating expenses more in line with the FY 2011 revised request.

The Governor recommends \$1.0 million, nearly all from general revenues. This is \$46,434 more than enacted, which is \$12,758 more than requested to reflect added telephone expenses for Public Defender Offices located within the state's various courthouses. He also includes offsetting savings from reduced utility expenses based on historical spending.

Department of Environmental Management

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditure by Program				
Office of the Director	\$ 7,639,383	\$ 7,981,102	\$ 8,446,678	\$ 8,196,933
Bureau of Natural Resources	48,624,641	53,250,365	53,300,640	52,692,139
Bureau of Environmental Protection	36,856,687	39,433,177	37,661,758	36,693,313
Subtotal	\$ 93,120,711	\$ 100,664,644	\$ 99,409,076	\$ 97,582,385
Expenditures by Category				
Salaries and Benefits	\$ 43,136,627	\$ 44,163,789	\$ 48,205,300	\$ 46,239,196
Contracted Services	13,259,831	17,208,671	14,994,455	14,938,155
Subtotal	\$ 56,396,458	\$ 61,372,460	\$ 63,199,755	\$ 61,177,351
Other State Operations	10,569,638	10,611,877	11,179,671	10,651,705
Aid to Local Units of Government	2,000	-	2,000	-
Assistance, Grants, and Benefits	8,016,724	9,098,519	7,819,229	7,759,908
Capital	18,135,891	19,531,788	17,158,421	17,943,421
Capital Debt Service	-	-	-	-
Operating Transfers	-	50,000	50,000	50,000
Total	\$ 93,120,711	\$ 100,664,644	\$ 99,409,076	\$ 97,582,385
Sources of Funds				
General Revenue	\$ 34,403,329	\$ 34,268,194	\$ 38,053,127	\$ 35,495,587
Federal Aid	35,386,175	42,330,832	38,358,643	38,356,542
Restricted Receipts	14,136,916	14,674,427	14,187,895	15,831,035
Other	9,194,291	9,391,191	8,809,411	7,899,221
Total	\$ 93,120,711	\$ 100,664,644	\$ 99,409,076	\$ 97,582,385
FTE Authorization	410.0	410.0	409.0	410.0

Summary. The Department's unconstrained request includes \$99.4 million, including \$38.1 million from general revenues, \$38.4 million from federal funds, \$14.2 million from restricted receipts and \$8.8 million from other sources, primarily Rhode Island Capital Plan funds. The Department requests 409.0 full-time equivalent positions, which is 1.0 less than authorized. The request assumes the transfer of the 6.0 dispatcher positions from the Department of Environmental Management to the Department of Public Safety, consistent with Article 7 of 2010-H 7397 Substitute A, as amended, which mandated the transfer occur before the beginning of 2011. The additional five positions in the request include an administrative hearing officer, chief of fish and wildlife, senior maintenance technician, principal forest ranger and air quality specialist.

The Department also submitted a constrained request that totals \$94.7 million and includes \$5.1 million less from general revenues than the unconstrained request.

The Governor recommends \$97.6 million, \$4.5 million more than enacted from all sources including \$1.1 million more from general revenues, \$3.0 million more from federal funds, \$1.7 million more from restricted receipts; offset by a reduction of \$1.3 million from other funds, which is mostly comprised of

Rhode Island Capital Plan funds. The recommendation includes the enacted level of 410.0 positions, assumes the filling of the administrative hearing officer and principal forest ranger, and does not include the transfer of the dispatch positions.

Statewide Adjustments. The Governor’s FY 2012 budget includes \$20.7 million in unidentified statewide general revenue savings from applying reductions of 3.0 percent to salaries and benefits in cabinet level departments and 2.0 percent reductions to those costs in certain other agencies. He also includes a 1.0 percent reduction to operating costs in those agencies. For the Department of Environmental Management, he assumes savings of \$0.9 million, primarily from personnel. The adjustments are in addition to other program changes in his recommended budget, which are described below.

Target Issues. The Budget Office provided the Department with a general revenue target of \$31.1 million. The amount includes current service adjustments of \$11.1 million and a 15.0 percent target reduction, adjusted for certain exclusions, of \$2.2 million.

FY 2012 Budget	Budget Office	Environmental Management	Difference
FY 2011 Enacted	\$ 34,403,329	\$ 34,403,329	\$ -
Current Service Adjustments	(1,079,430)	3,649,798	4,729,228
Change to FY 2011 Enacted	\$ (1,079,430)	\$ 3,649,798	\$ 4,729,228
FY 2012 Current Service/ Unconstrained Request	\$ 33,323,899	\$ 38,053,127	\$ 4,729,228
Target Reduction/Initiatives	(2,234,032)	(5,093,435)	(2,859,403)
FY 2012 Constrained Target/Request	\$ 31,089,867	\$ 32,959,692	\$ 1,869,825
<i>Change to FY 2011 Enacted</i>	\$ (3,313,462)	\$ (1,443,637)	\$ 1,869,825

The constrained budget submitted by the agency is \$1.9 million above the target. However, the Department has submitted a proposal to increase the parking fees at the state beaches to achieve an additional \$1.9 million in general revenue to offset the unachieved savings. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor’s budget is \$4.4 million above the target.*

Administration

Salaries and Benefits. The Department requests \$4.7 million for salaries and benefits in its administration office. The request is \$0.8 million more than enacted, including \$0.4 million more from general revenues and \$0.4 million more from restricted receipts. The request reflects \$209,741 for 1.0 hearing counsel position that was not funded in the enacted budget, as well as a cost-of-living adjustment and updated benefit rates consistent with Budget Office instructions.

In its constrained request the Department included \$0.5 million of personnel savings in its administrative division, which would be achieved by eliminating five positions including; executive counsel, fiscal clerk, implementation aide, legal counsel and senior word processing typist.

The Governor recommends restricted receipt funding as requested, but reduces general revenues by \$0.1 million. The recommendation includes funding for the hearing counsel position, and excludes the eliminations proposed by the Department.

Foundry Lease Payment. The Department requests \$0.1 million more from general revenues for its lease payment at its headquarters facility, located at the Foundry building in Providence. The request reflects a payment increase that is part of its lease agreement. In March 2005 the Department entered a ten year lease

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 pays a pro-rated share of the rent. *The Governor recommends \$82,311 more than enacted, which is \$16,280 less than requested to reflect the Water Resources Board's rental payment, which was inadvertently excluded from the request.*

Blackstone Valley Watershed Project. The Department requests \$0.5 million, \$0.1 million less than enacted from federal funds for the Blackstone Valley Watershed project. The Department utilizes the funding to restore and monitor the watershed area, and is adjusting its request to reflect planned work and its anticipated award. *The Governor recommends funding as requested.*

All Other Operating. The Department requests the enacted level of \$0.9 million for all other operating expenditures in its administrative division. Funding includes \$0.1 million from federal sources, \$0.3 million from general revenues and \$0.4 million from restricted receipts. These funds are used for the Bays, Rivers and Watersheds fund, federal reporting programs and miscellaneous operating expenditures. *The Governor recommends funding essentially as requested, but makes minor reductions to the request of \$8,364, including \$14,000 from general revenue.*

Target – Operating. In its constrained request the Department included \$9,000 of miscellaneous operating reductions compared to the unconstrained request which is the same as the enacted. *The Governor does not recommend these reductions.*

Bureau of Environmental Protection

Division of Water Resources. The Department requests \$6.9 million or \$0.5 million more than enacted for salaries and benefits 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 a cost-of-living adjustment as well as other benefit rate changes consistent with Budget Office instructions. *The Governor recommends \$71,214 less than requested, including \$61,745 less from general revenues to reflect turnover savings that were excluded from the request, as well as savings to reflect adjustments to medical benefit calculations.*

Division of Waste Management. The Department requests \$3.3 million, \$0.6 million more than enacted for salaries and benefits for the Division 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 request reflects a cost-of-living adjustment as well as other benefit rate changes consistent with Budget Office instructions. *The Governor recommends \$63,859 less than requested; including \$51,507 less from general revenues to reflect turnover savings that were excluded from the request, as well as savings to reflect adjustments to medical benefit calculations.*

Division of Air Resources. The Department requests \$2.9 million, \$0.3 million more than enacted for salaries and benefits for the Division of Air Resources. The office is responsible for the preservation, protection and improvement of air quality in Rhode Island. The request reflects the addition of an air quality specialist position, as well as a cost-of-living adjustment and other benefit rate changes consistent with Budget Office instructions.

The Department's constrained request would eliminate the air quality specialist position for a savings of \$82,085. *The Governor recommends \$0.2 million less than requested, primarily from general revenues, to reflect savings from maintaining a vacant air quality specialist position, not providing the additional*

air quality specialist position included in the request, and to reflect adjustments to medical benefit calculations.

Division of Compliance and Inspection. The Department requests \$3.3 million, or \$0.3 million more than enacted for the Division of Compliance and Inspection, which is responsible for the regulatory enforcement activities related to air, waste, and water resources. The request reflects a cost-of-living adjustment as well as other benefit rate changes consistent with Budget Office instructions. *The Governor recommends \$60,575 less than requested, including \$56,598 less from general revenues that were excluded from the request, as well as savings to reflect adjustments to medical benefit calculations.*

All Other Salaries and Benefits. The Department requests \$4.2 million, or \$0.3 million more than enacted for all other salaries and benefits in the Bureau of Environmental Protection. The request reflects a cost-of-living adjustment as well as other benefit rate changes consistent with Budget Office instructions.

In its constrained request, the Department included savings of \$1.7 million in the Bureau of Environmental Protection. These savings would be achieved by eliminating 12.0 positions, including a vacant senior environmental scientist and the following 11.0 filled positions: principal civil engineer, principal environmental scientist, supervising environmental planner, senior environmental scientist, 3.0 environmental scientists, junior sanitary engineer, senior information and public relations specialist, environmental quality technician and clerk secretary.

The Department notes the impacts from the position eliminations would result in the reduction of ongoing programs such as groundwater protection, odor response and air monitoring.

The Governor recommends \$0.1 million less than requested, primarily from general revenues, to reflect turnover savings that were excluded from the request, as well as savings to reflect adjustments to medical benefit calculations. The recommendation does not include any of the Department's proposed position eliminations.

Federal Grants. The Department requests \$1.0 million less than enacted from federal funds to more accurately reflect the Department's anticipated award for five grants in the Bureau of Environmental Protection. Changes include \$0.4 million less to assess the water quality and condition of Narragansett Bay, \$0.2 million less for diesel emission reductions, and \$0.2 million less for air quality monitoring throughout the state. *The Governor recommends \$3,121 more than requested.*

Oil Spill Prevention, Administration and Response Fund. The Department requests \$1.1 million, \$0.5 million less than enacted from the Oil Spill Prevention, Administration and Response Fund. The decrease in the request reflects the completion of work at the Dawley Park facility for Emergency Response. *The Governor recommends \$4,019 more than requested.*

Rose Hill Landfill. The Department requests \$0.1 million less than enacted 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 decrease in the request reflects anticipated maintenance activities in FY 2012.

In its constrained request, the Department includes \$25,000 of general revenue savings that would be achieved through cancelling an environmental assessment contract at the landfill. *The Governor recommends \$3 more than requested.*

Brownfields. The Department requests \$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 the Department's anticipated FY 2012 award. *The Governor recommends funding as requested.*

Environmental Protection All Other. The Department requests \$9.6 million, \$0.2 million more for all other operating expenditures in the Bureau of Environmental Protection, including \$0.1 million less from both general revenues and federal funds, and \$0.3 million more from restricted receipts. *The Governor recommends \$0.1 million less than requested, including \$25,000 less from general revenues.*

Bureau of Natural Resources

Parks and Recreation. The Department requests \$10.6 million, \$1.2 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 rates consistent with FY 2012 planning values, offset by operating reductions throughout the Division. The Department notes there are no staffing changes in the request. These increases were offset by a \$0.1 million savings in the grass cutting contract which was renewed this fall during a competitive bidding environment.

As part of its constrained request the Department includes savings of \$26,000 by cancelling maintenance contracts at various parks throughout the state.

The Governor recommends \$9.7 million, \$0.8 million less than requested. The recommendation includes the expenditure reductions proposed by the Department, and also includes turnover savings that were excluded from the request, as well as savings to reflect adjustments to medical benefit calculations.

Salaries and Benefits. The Department requests \$1.2 million more than enacted for salaries and benefits in the Bureau of Natural Resources. This includes \$0.9 million more from general revenues, \$0.5 million more from federal funds and \$0.1 million less from restricted receipts. The request reflects filling three vacant positions, as well as updated benefit rates consistent with Budget Office instructions. The additional positions include chief of fish and wildlife, principal forest ranger and senior maintenance technician.

In its constrained request, the Department includes \$2.2 million of personnel savings that would be achieved by eliminating 23.0 full-time equivalent positions. The positions would be reduced by eliminating 6.0 vacancies, including the three mentioned above as well as a supervising pre-audit clerk, clerk secretary and laborer. The proposal would eliminate the following 17.0 filled positions: principal biologist, 2.0 environmental police officers, veterinary paramedic, assistant administration officer, electrician supervisor, 2.0 senior forest rangers, storekeeper, information aide, 2.0 carpenters, senior gardener, 2.0 laborers, clerk and clerk typist.

The Department notes the impact of eliminating the vacant chief of fish and wildlife position would be a lack of leadership for the division, while the elimination of veterinary paramedics would result in less emergency coverage statewide. Other impacts would include less efficient administrative functions as well as reductions for fish and wildlife programs. Eliminating environmental police officers would increase the coverage area for the remaining officers.

The Governor recommends \$140,648 less than requested, including \$105,316 from general revenues. The recommendation assumes funding the principal forest ranger because it is completely funded with federal sources, but does not include any of the position eliminations proposed in the Department's constrained request.

Capital Projects. The Department requests \$3.0 million from Rhode Island Capital Plan funds for three ongoing capital projects. The request is \$0.6 million more than enacted, including \$0.2 million more for fish and wildlife facilities, \$0.1 million less for repairs to the state piers in Galilee and \$0.6 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 recommends \$4.1 million, \$0.9 million less than requested to reflect revised project schedules for dam repairs, recreational facility improvements and fish and wildlife facilities. The recommendation also removes \$0.3 million of funding for Fort Adams state park in Newport because the Governor has recommended funding from an alternative source.

Federal Grants. The Department requests \$8.5 million for 10 federal grants throughout the Bureau of Natural Resources. The request is \$2.4 million more than enacted, and reflects planned work and anticipated receipts for the grants. Major changes include \$1.1 million less each for wildlife planning and estuary construction, \$1.9 million more for wildlife land acquisition and development and \$1.0 million more for a new permit bank program. The new program will provide free permits to fishing vessels as part of a quota system to increase tracking and catch data. *The Governor recommends \$6,174 more than requested.*

Saltwater Fishing License Receipts. The Department requests \$0.1 million more than enacted from restricted receipts for personnel costs related to operations of the state's saltwater fishing license program. The enacted budget includes \$0.5 million; however, the Department is requesting the additional funds based on projected available receipts as well as its need for personnel to issue and enforce compliance with licenses as well as track data associated with marine catches. *The Governor recommends \$2,154 less than requested.*

Fort Adams Asset Protection. The Department's request assumes the use of \$0.5 million from Rhode Island Capital Plan funding for asset protection projects at Fort Adams state park in Newport. A portion of the projects are related to America's Cup pre-regatta races the Administration is seeking to have in Newport.

The Governor recommends the removal of \$0.3 million of Rhode Island Capital Plan funds due to his inclusion of \$1.7 million of restricted receipt funding derived from the proposed Tourism Asset Protection Fund. The Fund would be supported by the retention of a 1.0 percent sales tax on the rental of rooms and lodging. Use of the funds would be at the discretion of the Department of Administration, but the FY 2012 budget assumes they will be used for asset protection projects at Fort Adams.

Blackstone Valley Bikepath Design. The Department's requests removes funding for the design of the Blackstone Valley Bikepath. The design was being funded from a transfer of federal funds from the

Department of Transportation, and the FY 2012 request removes those funds to reflect the completion of the design phase of the project. *The Governor recommends \$216 more than requested.*

Natural Resources All Other. The Department requests \$12.7 million, or \$0.1 million more than enacted from all sources for all other operating expenses in the Bureau of Natural Resources. The request includes \$16,115 less from general revenues and \$0.1 million more from federal funds.

As part of its constrained request, the Department included savings of \$0.5 million from general revenues by reducing its request for miscellaneous operating supplies. Actual costs for miscellaneous expenditures in the bureau were \$3.6 million each year for both fiscal years 2009 and 2010. The Department's FY 2011 revised request includes \$3.3 million, and the FY 2012 constrained request would decrease expenditures to \$3.0 million. The reductions would decrease the level of building maintenance and waste removal at the Department's facilities throughout the state, as well as reducing the amount of general office supplies and printing purchased by the Department.

The Governor recommends \$16,464 less than requested, including \$44,206 less from general revenues. The recommendation includes a portion of the reductions to miscellaneous operating supplies, but does not include a majority of the proposals included in the Department's constrained request.

Coastal Resources Management Council

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 3,207,108	\$ 3,220,479	\$ 3,862,049	\$ 3,445,140
Contracted Services	782,266	5,553,507	728,101	728,101
Subtotal	3,989,374	\$ 8,773,986	\$ 4,590,150	\$ 4,173,241
Other State Operations	121,837	222,462	93,405	99,534
Assistance, Grants, and Benefits	-	250	-	-
Capital	272,500	268,401	4,538,600	681,600
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 4,383,711	\$ 9,265,099	\$ 9,222,155	\$ 4,954,375
Sources of Funds				
General Revenue	\$ 2,038,515	\$ 2,063,203	\$ 2,647,594	\$ 2,236,814
Federal Aid	2,095,196	6,951,896	2,038,461	2,038,461
Restricted Receipts	250,000	250,000	4,536,100	250,000
Other	-	-	-	429,100
Total	\$ 4,383,711	\$ 9,265,099	\$ 9,222,155	\$ 4,954,375
FTE Authorization	30.0	30.0	36.0	30.0

Summary. The Coastal Resources Management Council's unconstrained request includes \$9.2 million from all funds, \$4.8 million more than enacted from all sources, including \$0.6 million more from general revenues, \$56,735 less from federal funds and \$4.3 million more from restricted receipts. The Council requests 36.0 full-time positions, which is six positions more than authorized.

The Council submitted a constrained request that totals \$6.0 million and includes \$0.4 million less from general revenues than the unconstrained request.

The Governor recommends \$5.0 million, \$0.6 million more than enacted, including \$0.2 million more from general revenues and \$0.2 million more from Rhode Island Capital Plan funds. The Governor does not recommend the new positions and retains the staffing authorization at 30.0 positions.

Target Issues. The Budget Office provided the Council with a general revenue target of \$1.8 million. The amount includes current service adjustments of \$135,669 and a 15.0 percent target reduction of \$326,128. The constrained budget submitted by the agency is \$0.4 million above the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget is \$0.4 million above the target.*

FY 2012 Budget	Coastal Resources		
	Budget Office	Mgmt. Council	Difference
FY 2011 Enacted	\$ 2,038,515	\$ 2,038,515	\$ -
Current Service Adjustments	135,669	226,067	90,398
New Initiatives	-	383,012	383,012
Change to FY 2011 Enacted	\$ 135,669	\$ 609,079	\$ 473,410
FY 2012 Current Service/ Unconstrained Request	\$ 2,174,184	\$ 2,647,594	\$ 473,410
Target Reduction/Initiatives	(326,128)	(380,302)	(54,174)
FY 2012 Constrained Target/Request	\$ 1,848,056	\$ 2,267,292	\$ 419,236
Change to FY 2011 Enacted	\$ (190,459)	\$ 228,777	\$ 419,236

New Positions. The Coastal Resources Management Council requests \$383,012 from general revenues to fund 6.0 new full-time equivalent positions. The new positions include one supervising coastal policy analyst, one principal civil engineer, one principal environmental scientist, one senior environmental scientist and two coastal policy analysts. The Council indicates that the requested positions are due to a series of new duties added by the 2004 Assembly. The duties include the administration of the Coastal and Estuary Habitat Restoration Program and Trust Fund, increasing needs for special area management plans and development of marine resources development plans. It should be noted that the 2005 Assembly provided the Council with an additional position. The current request is 6.0 positions above the authorized level. The Council requested 5.0 new positions in each of its FY 2007 through FY 2010 budget requests. The Governor did not recommend funding and the Assembly concurred.

As part of its constrained budget request, the Council excludes the request for the new positions. *The Governor does not recommend the new positions.*

Salaries and Benefits. The Council requests \$3.9 million, or \$0.3 million more than enacted from all sources for salary and benefit increases. The request includes \$0.2 million more from general revenues and \$0.1 million 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. However, it appears the request is overstated by \$54,257. *The Governor recommends \$3.4 million, \$33,897 less than requested including \$27,878 less from general revenues. The reduction reflects turnover for one position for one quarter of the fiscal year.*

Legal Services. The Council requests \$126,000 for legal services, including \$90,000 from general revenues and \$36,000 from federal funds. Although the request is consistent with the enacted amount, it includes shifting \$33,275 of federal fund expenditures to general revenues to purchase legal services for the Council. The FY 2011 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, has allowed this transfer in the past and it is unclear why the Council has requested general revenues in lieu of federal funds. *The Governor recommends funding as requested. It appears the Budget Office does not believe the Council's federal partner will allow the fund shift in FY 2012.*

Narragansett Bay Restoration. The Council requests \$0.4 million from federal funds for restoration projects in Narragansett Bay. The restoration is completed by using living and organic materials to restore the habitat along areas of the coast that have been hardened with bulkheads and seawalls. The enacted budget did not contain funding for this project, and the Council is requesting the additional funds to reflect its anticipated FY 2012 award. *The Governor recommends funding as requested.*

Special Area Management Plan. The Council's request is \$0.5 million less than enacted from federal funds to reflect the completion of the Ocean Special Area Management Plan. Funds were used by the Council for contracts with local colleges and universities to study the feasibility of renewable energy projects in the state's coastal waters. Funding is provided by the United States Department of Energy, and the decrease in the request reflects the Council's completion of the plan in FY 2011. *The Governor recommends funding as requested.*

River Ecosystem Restoration. The Council requests \$0.2 million more than enacted from federal funds to reflect a grant from the National Oceanographic and Atmospheric Administration. Funding will be used for six individual projects in the Pawcatuck River area that will restore access to the rivers for migratory fish as well as restoring the surrounding habitat. *The Governor recommends funding as requested.*

Capital Projects. The Council requests \$4.3 million from restricted receipts from the Oil Spill Prevention, Administration and Response Fund for FY 2012 to fund five projects at the Council. The FY 2011 enacted budget did not include funding for these projects. The request is not consistent with the Council's FY 2012 through FY 2016 capital plan, as the capital plan requests funding from Rhode Island Capital Plan funds while the operating request includes funding from the Oil Spill Prevention, Administration and Response Fund.

As part of its constrained budget request, the Council removes \$2.9 million from restricted receipt funding for four of its capital projects. This would not result in general revenue savings.

The Governor recommends \$0.4 million from Rhode Island Capital Plan funds for the South Coast Restoration project, but does not include funding for the remaining projects. This project is further explained in the Capital Budget section of this analysis.

Management Plans. The Council requests \$10,000 or \$50,000 less than enacted from federal funds for FY 2012 for contracts with the University of Rhode Island and Roger Williams University to develop management plans for coastal waters throughout the state. The request reflects planned work and the anticipated federal award. *The Governor recommends funding as requested.*

All Other Operating. The Council requests \$87,062 less than enacted, including \$2,416 more from general revenues and \$89,478 less from federal funds for all other operating expenditures not mentioned above. The Council's operating expenditures are primarily funded from federal funds, and the request reflects updated expenditures as well as the anticipated federal funding.

The Governor recommends \$0.1 million, \$6,129 more than requested from all sources, including \$110 more from general revenues to reflect insurance expenses that were underfunded in the request, and an increase of \$6,019 from federal funds to reflect planned awards and expenditures from federal sources.

State Water Resources Board

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 687,549	\$ 693,171	\$ 870,764	\$ 752,314
Contracted Services	366,434	354,434	294,700	266,950
Subtotal	\$ 1,053,983	\$ 1,047,605	\$ 1,165,464	\$ 1,019,264
Other State Operations	137,013	125,113	135,100	129,359
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	125,544	125,644	37,644	81,644
Capital	120,000	531,178	562,000	200,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,436,540	\$ 1,829,540	\$ 1,900,208	\$ 1,430,267
Sources of Funds				
General Revenue	\$ 1,316,540	\$ 1,298,362	\$ 1,338,208	\$ 1,230,267
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	120,000	531,178	562,000	200,000
Total	\$ 1,436,540	\$ 1,829,540	\$ 1,900,208	\$ 1,430,267
FTE Authorization	6.0	6.0	7.0	6.0

Summary. The State Water Resources Board's unconstrained request includes \$1.9 million from all funds, which is \$0.5 million more than enacted, including \$21,668 more from general revenues and \$442,000 more from Rhode Island Capital Plan funds. The request includes an additional 1.0 position for a total request of 7.0 full-time equivalent positions.

The Board also submitted a constrained request that totals \$1.7 million and includes \$0.2 million less from general revenues than the unconstrained request.

The Governor recommends \$1.4 million, \$0.3 million less than requested including \$0.1 million more from general revenues, \$0.2 million more from federal funds, and \$0.6 million less from Rhode Island Capital Plan funds. The recommendation does not include the additional position, which would leave the Board at the enacted level of 6.0 positions.

Target Issues. The Budget Office provided the Board with a general revenue target of \$1.2 million. The amount includes current service adjustments of \$47,531 and a 15.0 percent target reduction of \$204,611.

FY 2012 Budget	Water Resources		
	Budget Office	Board	Difference
FY 2011 Enacted	\$ 1,316,540	\$ 1,316,540	\$ -
Current Service Adjustments	47,531	21,668	(25,863)
Change to FY 2011 Enacted	\$ 47,531	\$ 21,668	\$ (25,863)
FY 2012 Current Service/Unconstrained Request	\$ 1,364,071	\$ 1,338,208	\$ (25,863)
Target Reduction/Initiatives	(204,611)	(178,748)	25,863
FY 2012 Constrained Target/Request	\$ 1,159,460	\$ 1,159,460	\$ -
Change to FY 2011 Enacted	\$ (157,080)	\$ (157,080)	\$ -

The constrained budget submitted by the agency is \$25,863 below the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget is \$0.1 million above the target.*

New Position. The Board requests \$91,750 from general revenues for a new position, which would be responsible for compiling and tracking water supply management data. The request does not identify a specific position title, but fully funds the new position in FY 2012. The request increases the Board's total staff authorization to 7.0 positions. *The Governor does not recommend the funding or the new position.*

Position Upgrade. The Board requests \$0.8 million, which is \$24,034 more than enacted from general revenues to increase the pay grade for its general manager position. The Board had previously downgraded the general manager's pay grade and the enacted budget reduced the associated funding accordingly. The Board is requesting the position's pay grade be restored, and includes the additional general revenues to fund the change. *The Governor does not recommend the position upgrade.*

Other Salaries and Benefits. The Board requests \$67,431 more than enacted from general revenues for all other salary and benefit adjustments not previously mentioned. The request reflects statewide current service adjustments, as well as an increase to reflect actual position costs that were not adequately funded in the enacted budget. *The Governor recommends \$0.8 million for salaries and benefits, or essentially as requested. He reduces funding from the request by \$2,666 to reflect a revised payroll projection.*

Tuition Reimbursement. The Board requests \$11,000 or \$88,000 less 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 includes funding for nine students at a per pupil cost of \$11,000, the current request projects one student at the same per pupil cost. *The Governor recommends \$55,000 for the reimbursement, which is sufficient funding for five students. It is unclear why the recommendation funds five students.*

Water Allocation Program Delay. The Board requests \$0.2 million from general revenues for its water allocation program, which consists of multi-year efforts to first quantify available supplies, and then use that information as a basis to assess water management needs and then assess the options to satisfy those needs. The request is \$49,734 less than enacted to reflect a delay in portions of the project. The Board notes that the new position mentioned above would be utilized to perform data processing work associated with this project, which would decrease the amount of work delayed.

In its constrained request the Board includes an additional \$100,000 of savings from further delaying this project. *The Governor recommends funding as requested in the unconstrained budget, but does not include the additional position.*

Stream Gages. The Board requests \$70,000 from general revenues, \$22,000 less than enacted for stream gages and groundwater monitoring wells throughout the state, which are monitored by the Board to

determine water supply and usage. The Board is requesting less to reflect its initiative to negotiate a lower cost share with its monitoring partner, the United States Geological Survey.

The Board's constrained budget request includes additional general revenue savings of \$15,000 for stream gage services, which would be achieved by discontinuing the monitoring of certain gages.

The Governor recommends funding as requested in the constrained budget, which includes the further reduction of \$15,000 proposed in the constrained request. This results in \$55,000 of funding for stream gages in FY 2012.

All Other Operating. The Board requests \$0.1 million from general revenues for all other operating expenses. These include computer and office supplies, rental expenses and maintenance. The request is \$1,813 less than enacted, including \$4,200 more for rent and computer equipment, offset by savings for advertising and insurance.

The Board's constrained budget request includes an additional \$63,748 of general revenue savings, of which \$28,554 would be achieved by lowering various operating expenses including advertising costs, office equipment and maintenance activities. The Board would also eliminate its grant to the Rhode Island Rivers Council for a savings of \$22,444, and transfer water supplier audit expenditures of \$12,750 to the Board Corporate.

The Governor recommends \$0.2 million, \$587 less than requested. The recommendation includes the expenditure shift of auditing expenditures to the Board Corporate, as well as other minor reductions to advertising and miscellaneous office expenses that were not included in the constrained request.

Big River Management Area Demolition. The Board requests \$0.6 million, \$0.4 million more than enacted from Rhode Island Capital Plan funds for maintenance and demolition projects at the Big River Management Area. The Board is responsible for managing this property, and is requesting the additional funding to increase the demolition of vacant properties in the area. There are currently 12 vacant properties that are being prepared for demolition.

The Governor recommends \$0.2 million, \$0.4 million less than requested to reflect the availability of Rhode Island Capital Plan funds.

Department of Transportation

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Expenditures by Program				
Central Management	\$ 15,422,933	\$ 12,044,662	\$ 6,431,459	\$ 12,503,313
Management and Budget	1,652,721	705,457	1,022,360	1,176,686
Infrastructure Program	411,818,112	438,108,340	401,454,031	421,294,525
Total	\$ 428,893,766	\$ 450,858,459	\$ 408,907,850	\$ 434,974,524
Expenditures by Category				
Salaries and Benefits	\$ 65,695,833	\$ 66,750,097	\$ 78,957,803	\$ 71,290,178
Contracted Services	43,061,000	37,063,657	37,090,100	37,090,100
Subtotal	\$ 108,756,833	\$ 103,813,754	\$ 116,047,903	\$ 108,380,278
Other State Operations	43,052,505	48,041,396	41,803,659	41,169,459
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	57,109,704	75,192,448	68,509,454	68,555,745
Capital	119,830,142	123,156,919	82,861,619	116,472,580
Capital Debt Service	-	-	-	-
Operating Transfers	100,144,582	100,653,942	99,685,215	100,396,462
Total	\$ 428,893,766	\$ 450,858,459	\$ 408,907,850	\$ 434,974,524
Sources of Funds				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	318,808,127	340,116,026	301,623,800	316,591,958
Restricted Receipts	1,000,000	1,000,000	1,000,000	1,000,000
Other	109,085,639	109,742,433	106,284,050	117,382,566
Total	\$ 428,893,766	\$ 450,858,459	\$ 408,907,850	\$ 434,974,524
FTE Authorization	772.2	772.6	772.2	772.6

Summary. The Department of Transportation requests \$408.9 million from all sources, including \$301.6 million from federal funds, \$106.3 million from other funds and \$1.0 million from restricted receipts. The request is \$20.0 million less than enacted, including \$17.2 million less from federal funds and \$2.8 million less from other funds and the enacted number of 772.2 positions. The majority of the decrease in federal funds reflects the exhaustion of available funding from the American Recovery and Reinvestment Act of 2009.

The Department of Transportation does not receive general revenue funding and was not required to meet a budget target set by the Budget Office.

The Governor recommends \$435.0 million, \$6.1 million more than enacted, including \$8.3 million more from other sources offset by a decrease of \$2.2 million from federal sources. The recommendation includes 772.6 positions, 0.4 more than enacted to reflect a part-time legal counsel being upgraded to a full-time position. The recommendation includes an additional \$12.0 million for transportation expenses by transferring 20.0 percent of certain transportation related fees previously deposited as general revenues to the Department of Transportation for use as the state match for general obligation bonds.

The Governor's proposal increases the transfer of these fees by 20.0 percent each year until FY 2016, when 100 percent of the fees will be dedicated to the Department. The purpose of the proposal is to eventually lower the amount of debt service paid by the Department with gasoline tax proceeds, which will then allow these proceeds to be used for other purposes. This transfer requires statutory changes, which are included in Article 22 of 2011-H 5894.

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 fund sources.

Source	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Federal Highway Admin. Funds	\$ 166,058,533	219,974,676	\$ 194,548,673	\$ 202,841,715
Federal Stimulus Funds	47,274,319	53,854,035	13,192,754	13,342,754
Other Federal Funds	104,075,275	64,083,113	93,882,373	104,303,057
Gasoline Tax*	86,931,603	105,422,475	86,608,652	93,316,200
General Obligation Bonds**	[40,000,000]	[40,000,000]	[40,000,000]	[40,000,000]
Land Sale Revenue	18,205,826	2,000,000	16,603,398	16,603,398
Rhode Island Capital Plan Funds	3,618,210	3,924,160	2,962,000	3,457,400
Restricted Receipts	1,000,000	1,000,000	1,000,000	1,000,000
Other Funds	1,730,000	600,000	110,000	110,000
Total	\$ 428,893,766	\$ 450,858,459	\$ 408,907,850	\$ 434,974,524

*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.

The Department's fund sources are described in greater detail below.

Federal Funds - Highway Administration. The Department receives approximately \$200 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 notes 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. The 2009 through 2012 plan has been approved by the State Planning Council. *The Governor recommends \$202.8 million, \$16.3 million more than requested to reflect revised expenditures consistent with an increased award from the Federal Highway Administration.*

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 requests \$93.9 million from this source in FY 2012. *The Governor recommends \$10.5 million more than enacted to reflect the Department's anticipated award from federal sources.*

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 requests the use of \$40.0 million of general obligation bond proceeds in FY 2012. *The Governor recommends funding as requested. The Governor proposed transfer of receipts currently deposited as general revenues to transportation uses is intended to end the practice of using these bonds as state match.*

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 requests \$1.0 million from this source for FY 2012. *The Governor recommends funding as requested.*

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 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 requests \$16.6 million from this source in FY 2012. Over the last few years, requested amounts were closer to \$2.0 million; however, the increase reflects the completion of the majority of the Interstate 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 recommends funding as requested.*

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 requests \$3.0 million from this source for FY 2012. *The Governor recommends \$0.5 million more than requested to reflect various adjustments to the Department’s capital plan.*

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 2012 request includes \$0.1 million from this source. *The Governor recommends funding as requested.*

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 following table illustrates the current and requested disposition of proceeds. *The Governor does not recommend any changes to the disposition of proceeds.*

Entity	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Department of Transportation	21.75	21.75	21.75	21.75
Rhode Island Public Transit Authority	9.75	9.75	9.75	9.75
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 2011 enacted budget was based on a per penny yield of \$4.2 million and the Department utilized an estimate of \$4.3 million in its request, as well as a total receipt of 21.75 cents from gasoline tax proceeds.

The following table shows the recent history of available gasoline tax proceeds and other funds:

[Staff Note: The following table presents two scenarios for the FY 2012 request. The first scenario includes the Department’s gasoline tax revenue shortfall of \$12.0 million. This is a negative expenditure included in the Department’s budget; however, no real gasoline tax savings have been identified. If gasoline tax proceeds include this negative expenditure, the Department would end the year with a \$0.7 million surplus. This does not appear to reflect reality. The second scenario removes this negative expenditure, which results in a year ending deficit of \$17.6 million. The Department’s request masks the impact of this revenue offset, which is why the second scenario is included.]

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 Office of Revenue Analysis of a per penny yield of \$4.3 million for FY 2012. This equates to a gasoline tax recommendation of \$93.3 million for the Department, consistent with the request.

Other Funds	FY 2011 Enacted	FY 2012 Request	FY 2012 Request (2)	FY 2012 Recommended
<i>Gas Tax Yield per Cent</i>	4.210	4.290	4.290	4.290
<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	\$ -	\$ 835,889	\$ (5,467,861)	\$ -
Gas Tax	132,615,000	135,135,000	135,135,000	135,147,600
MV Fees to ISTF	-	-	-	12,022,096
Debt Service Transfer	(45,903,355)	(46,049,102)	(46,049,102)	(47,405,144)
Internal Services Funds Transparency	(1,325,105)	(1,742,817)	(1,742,817)	(1,592,391)
Nonland Surplus Property	30,000	10,000	10,000	10,000
Land Sales	18,205,826	16,603,398	16,603,398	16,603,398
Other (SIB, RICAP,Outdoor Adv)	4,318,210	2,735,000	2,735,000	3,557,400
Available	\$ 107,940,576	\$ 107,527,368	\$ 101,223,618	\$ 118,342,959
Expenditures	107,940,576	106,850,971	118,867,129	117,382,565
Surplus/Deficit	\$ -	\$ 676,397	\$ (17,643,511)	\$ 960,394
RIDOT				
Balance Forward	\$ -	\$ 835,889	\$ (5,467,861)	\$ -
Gas Tax	91,567,500	93,307,500	93,307,500	93,316,200
MV Fees to ISTF	-	-	-	12,022,096
Debt Service Transfer	(44,780,437)	(45,040,105)	(45,040,105)	(46,206,772)
Internal Services Funds Transparency	(1,325,105)	(1,742,817)	(1,742,817)	(1,592,391)
Nonland Surplus Property	30,000	10,000	10,000	10,000
Land Sales	18,205,826	16,603,398	16,603,398	16,603,398
Other (SIB, RICAP,Outdoor Adv)	4,318,210	2,735,000	2,735,000	3,557,400
Available	\$ 68,015,994	\$ 66,708,865	\$ 60,405,115	\$ 77,709,931
Gas Tax	45,461,958	46,684,070	58,705,228	56,578,739
Land Sales	18,205,826	16,603,398	16,603,398	16,603,398
Nonland Surplus Property	30,000	10,000	10,000	10,000
Other (SIB, RICAP,Outdoor Adv)	4,318,210	2,735,000	2,730,000	3,557,400
Other Expenditures	68,015,994	66,032,468	78,048,626	76,749,537
Surplus/Deficit	\$ -	\$ 676,397	\$ (17,643,511)	\$ 960,394
RIPTA				
Gas Tax	\$ 41,047,500	\$ 41,827,500	\$ 41,827,500	\$ 41,831,400
Debt Service Transfer	(1,122,918)	(1,008,997)	(1,008,997)	(1,198,372)
Available	39,924,582	40,818,503	40,818,503	40,633,028
Expenditures	\$ 39,924,582	\$ 40,818,503	\$ 40,818,503	\$ 40,633,028

**Total includes one-half cent transferred from the UST Fund and two additional cents included by the 2009 Assembly.*

The recommendation includes an additional \$12.0 million for transportation expenses by transferring 20.0 percent of certain transportation related fees previously deposited as general revenues to the Department of Transportation for use as the state match for general obligation bonds. The Governor's proposal increases the transfer of these fees by 20.0 percent each year until FY 2016, when 100 percent of the fees will be dedicated to the Department. The purpose of the proposal is to eventually lower the amount of debt service paid by the Department with gasoline tax proceeds, which will then allow these proceeds to be used for other purposes. This transfer requires statutory changes, which are included in Article 22 of 2011-H 5894.

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 are 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 2011 enacted budget was based on a per penny yield of \$4.2 million and the Department utilized an estimate of \$4.3 million, which would allocate \$41.8 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 Office of Revenue Analysis of a per penny yield of \$4.3 million for FY 2012. This equates to a gasoline tax recommendation of \$41.8 million for the Authority, consistent with the request.

Expenditures

Federal Highway Stimulus Projects. The Department requests \$3.7 million, \$34.9 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 2011 enacted budget included \$38.6 million of stimulus related projects; however, a majority of that funding was spent, and the Department is projecting expenses of \$3.7 million to reflect its plan for FY 2012 stimulus funded projects. *The Governor recommends funding essentially as requested, but removes \$12,901 to reflect a revision to available stimulus funds.*

Federal Highway Administration Projects. The Department's request includes \$194.5 million from federal funds for highway projects in FY 2012. Excluding salaries and benefits, this is \$22.4 million more than enacted to reflect a revised construction schedule. The Department notes 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 notes that this practice can lead to adjustments both during and prior to the state's fiscal year.

The following table shows program expenditures and their proportionate share of total Federal Highway Administration fund expenditures.

Program Area	FY 2012 Request	Share of Total
Administrative Program	\$ 10,951,629	4%
Enhancements	20,736,624	8%
Bridge Program	74,088,075	29%
Highway Program	16,229,489	6%
Interstate Program	18,074,568	7%
GARVEE Projects	19,829,435	8%
Pavement Management Program	47,567,852	19%
Traffic Safety Program	22,084,413	9%
Federal Highway Earmark Projects	14,124,564	6%
Other Programs	7,536,700	3%
Total	\$ 251,223,348	100%

For FY 2012, requested expenditures include \$15.1 million for the five GARVEE funded projects, \$57.4 million for repairs and maintenance on bridges, \$16.1 million for congestion mitigation and road

enhancements, \$12.6 million for highways, \$14.0 million for interstate projects, \$36.8 million for pavement and resurfacing and \$17.1 million for traffic safety improvement projects.

The Governor recommends \$251.2 million, \$38.7 million more than enacted to reflect revised expenditures consistent with an increased award from the Federal Highway Administration.

Salaries and Benefits. The Department requests \$79.0 million, \$13.3 million more from all funds for salaries and benefits. This includes \$12.6 million more from federal funds and \$0.7 million more from gasoline tax revenue and the authorized level of 772.2 positions. As of the first pay period in December the Department has 706.6 filled full-time equivalent positions or 65.6 positions below the authorized level. The majority of the increase is due to the Department's inadvertent inclusion of approximately \$7.0 million in additional overtime expenses. Excluding this error, the request reflects filling an additional 20 positions, and also includes turnover for 30 positions. The remainder of the request for salaries and benefits does not account for the remaining 15.4 positions.

The Governor recommends \$71.3 million, \$5.6 million more than enacted, including \$5.0 million more from federal funds and \$0.6 million more from gasoline tax proceeds. The recommendation includes turnover for approximately 27 positions, and includes funding for an additional 40.0 positions for the entire fiscal year. The Department is authorized for 772.6 positions, and as of the final pay period in February, it had 713.6 filled positions and has averaged 704.6 for that period.

National Highway Transportation Safety Administration Grants. The Department requests \$5.1 million, \$8.6 million less than enacted from the National Highway Transportation Safety Administration for FY 2012. The request is being revised to reflect the actual federal award. Major changes include \$5.8 million less for impaired driving prevention programs, \$1.2 million less for state and highway safety programs and \$0.5 million less for the racial profiling prohibition program.

The Governor recommends \$10.9 million, \$5.9 million more than requested to reflect actual awards for impaired driving prevention. These funds were inadvertently excluded from the request.

Transit CMAQ. The Department requests \$5.0 million, which is \$4.0 million more 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 2012. *The Governor recommends funding essentially as requested, but adds \$0.1 million to reflect revised expenditures consistent with an increased award for air quality projects.*

Fixed Guideway/Commuter Rail. The Department requests \$13.5 million or \$12.5 million less 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 the Wickford Junction. The Department notes the request is being decreased to reflect completed work and the construction schedule for FY 2012.

The Governor recommends funding essentially as requested, but adds \$0.3 million to reflect revised expenditures consistent with an increased award from the Federal Transit Administration.

Offset for Gas Tax Shortfall. The FY 2011 enacted budget included \$6.3 million of unidentified gasoline tax savings for the Department. These savings are shown as negative expenditures in the Department's

budget. The Department is requesting an additional savings of \$5.7 million for FY 2012. This results in a total of \$12.0 million of unidentified savings in the Department's FY 2012 budget.

The Governor recommends \$6.3 million more than enacted, or \$12.0 million more than requested. The recommendation includes an additional \$12.0 million for transportation expenses by transferring 20.0 percent of certain transportation related fees previously deposited as general revenues to the Department of Transportation for use as the state match for general obligation bonds. The Governor's proposal increases the transfer of these fees by 20.0 percent each year until FY 2016, when 100 percent of the fees will be dedicated to the Department. The purpose of the proposal is to eventually lower the amount of debt service paid by the Department with gasoline tax proceeds, which will then allow these proceeds to be used for other purposes. This transfer requires statutory changes, which are included in Article 22 of 2011-H 5894.

Interstate 195 Relocation Land Sales. The Department requests expenditures of \$14.6 million, which is \$1.6 million less than enacted from revenue derived from the sale of land made available from the relocation of Interstate 195. Revenue derived from these sales are used to fund the final phases of the I-195 relocation project. This project is described in greater detail in the Capital Budget section of this analysis. *The Governor recommends funding as requested.*

Rhode Island Capital Plan Fund Projects. The Department requests \$3.0 million, \$0.7 million less than enacted from Rhode Island Capital Plan funds for six projects at the Department. The largest changes are \$1.6 million less for the East Providence Maintenance Facility, and \$0.3 million less for maintenance facility improvements. These are offset by increases for fire alarms at maintenance facilities and salt storage facilities. The request reflects actual expenditures and a revised construction schedule for the maintenance facilities. *The Governor recommends \$3.6 million, \$0.5 million more than requested to reflect various adjustments to the Department's capital plan.*

Winter Maintenance Operations. The Department requests \$13.0 million in operating expenses related to the winter maintenance program for FY 2012, \$4.0 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 2006 through FY 2010 was \$8.7 million, and the request is \$4.3 million above that average.

The Governor recommends \$12.1 million, \$3.2 million more than enacted from gasoline tax proceeds for winter maintenance activities. Including information from the winter of FY 2011, the five year average cost for winter maintenance is \$12.2 million.

Maintenance Operations. The Department requests \$7.5 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 \$2.2 million more than enacted to reflect updated projections for FY 2012.

The Governor recommends \$6.3 million, \$1.0 million more than enacted and \$1.2 million less than requested. The recommendation is \$1.4 million more than actual expenditures for FY 2010, and appears to overfund maintenance operations.

All Other Operating. The Department requests \$1.8 million less than enacted from all sources for all other operating costs. This includes \$0.4 million less from federal funds and \$1.4 million less from the state's capital infrastructure bank. These funds are traditionally used to purchase capital equipment, and

have been reduced to reflect availability. Federal fund expenditures are being reduced to reflect lower costs for operating expenses such as office supplies and building maintenance.

The Governor recommends \$1.1 million less than enacted, \$0.7 million more than requested from all funds, including \$0.1 million more from federal funds and \$0.7 million more from gasoline tax proceeds. The increase of gasoline tax proceeds reflects a technical correction to adjust the amount of gasoline tax proceeds to be transferred to the Rhode Island Public Transit Authority.

Section IV

Capital Budget

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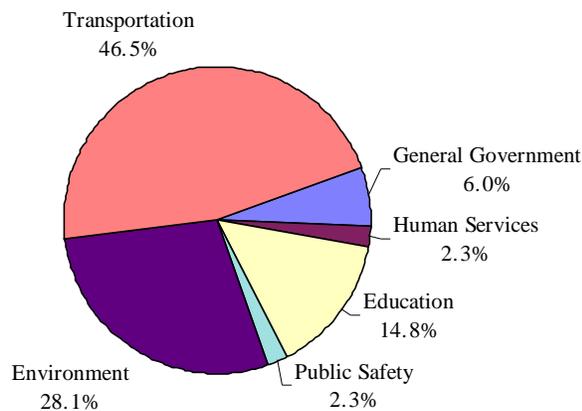
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Capital Budget

Summary

The Governor's five-year capital budget continues a process that began in 1991. The capital budget contains a presentation of the progress that has been made since 1991 in attaining the capital budget goals that were formulated after review of the existing budget process. Most importantly, the document is the result of an ongoing capital budgeting process designed to ensure that there is public disclosure of the projects contemplated, that projects included are sufficiently advanced to lend credibility to the process, and that debt levels are presented and discussed.

FY 2012 - FY 2016 Capital Projects by Function



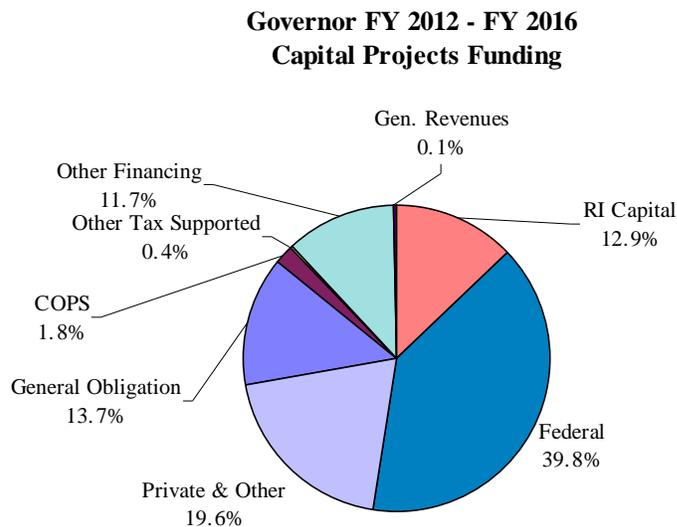
The Governor's five-year capital recommendations for FY 2012 through FY 2016 call for total outlays of \$3,184.2 million for the period. Financing the plan requires \$900.7 million of debt issuances and \$2,359.0 million from current revenue streams. Almost half of the expenditures are for transportation projects, including roads and bridges, rail, and public transportation. The next largest share is for natural resources project outlays. The two areas account for almost three-fourths of total outlays during the five-year period. Highlights of his capital budget include:

- **Outlays and Funding.** The FY 2012 through FY 2016 recommended plan includes \$3,259.8 million of outlays on \$8,657.0 million of project estimates. Average outlays would be \$652.0 million per year for the five-year period with \$822.2 million required at the end of the period to complete the projects.
- **General Obligation Bonds Referenda.** Financing the plan is based on \$447.9 million of general obligation bond debt issuances, including \$163.3 million from new general obligation bond referenda to be presented to the voters in November 2012.
- **Other Debt Approvals.** The plan also requires \$72.8 million to be approved by the 2011 Assembly under the Public Debt Management Act, all of which would be used by the University of Rhode Island.
- **Financing.** Paying for the five-year outlays includes \$900.7 million from debt financing and \$2,359.0 million from current or pay-go sources. Pay-go represents 72.4 percent with debt funding being 27.6 percent.

- **Debt Levels.** Total net tax supported debt decreases by \$37.7 million from the \$1,883.9 million reported for the end of FY 2010 during the period through FY 2016 to \$1,846.2 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.
- **Debt Ratios.** Net tax supported debt would decrease from 4.3 percent of personal income reported for FY 2010 to 4.5 percent in FY 2011 before dropping gradually back to 3.4 percent in FY 2016 assuming that the capital budget is not increased. However, as with debt levels, past practice indicates it is likely to be higher than projected.
- **Debt Service.** Debt service in the recommended capital budget would increase from 7.1 percent of useable general revenues in FY 2011 to 7.5 percent in FY 2016.
- **Rhode Island Capital Plan Fund.** The capital budget proposes the use of \$48.3 million for technology upgrades. This is a significant departure from current practice, which limits these funds for use on a physical asset.

Outlays and Funding

The total five-year outlays of \$3,259.8 million are supported by a mix of pay-as-you-go funding and financing. Nearly three-quarters, 72.4 percent, of outlays are supported by current revenues, or pay-go, with the remaining 27.6 percent from financing.

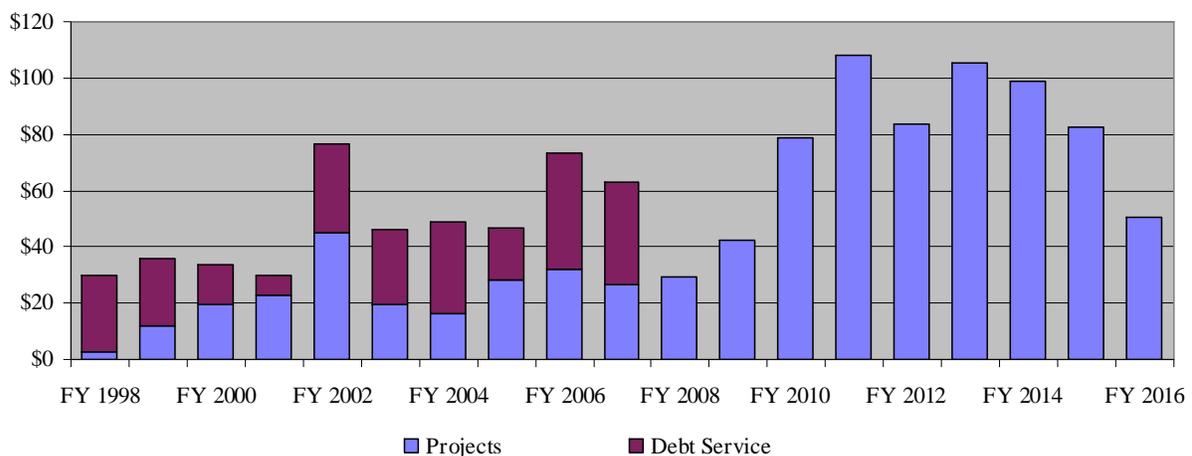


Pay-Go. The pay-go sources include \$1,296.7 million from federal sources, \$420.8 million from Rhode Island Capital Plan funds, \$2.3 million from general revenues, and \$639.3 million from private and other sources. Federal funds remain the largest source of capital funding, providing 39.8 percent of all funding, and 55.0 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.

Use of Rhode Island Capital Fund



Debt Financing. Proceeds from financing, \$900.7 million, constitute 27.6 percent of the funds available for outlays during the period. Tax supported financing comprises \$506.8 million, including \$447.9 million from general obligation bonds and \$58.9 million from Certificates of Participation. Outlays from tax supported financing are 56.3 percent of the financed outlays and 15.5 percent of all outlays.

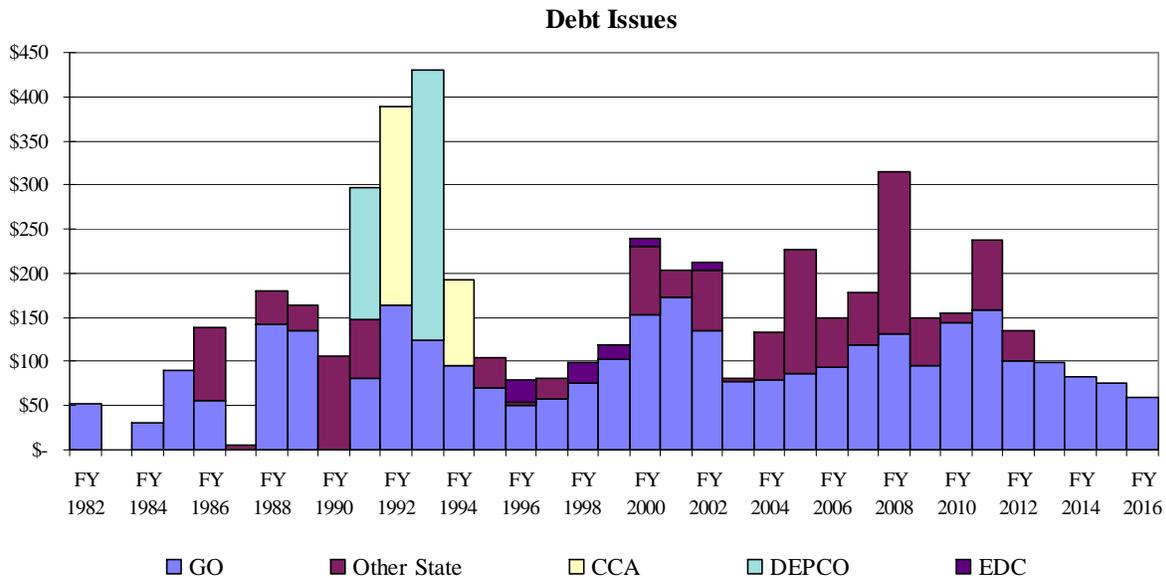
Other non-tax supported financing supports \$393.1 million of outlays, or 12.1 percent. It includes: \$33.5 million from GARVEE bonds for five major highway and bridge projects; \$111.2 million issued by the Rhode Island Health and Educational Building Corporation for higher education projects supported by university and college funds; and \$236.2 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

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 \$111.2 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.



New Debt Authorizations

The Governor’s budget includes \$339.0 million of new debt authority for projects in the five-year period that require approval by the General Assembly. That includes \$163.3 million of general obligation bonds that would be placed on the November 2012 ballot for voter approval and \$72.8 million in other debt that requires Assembly approval under the Public Debt Management Act.

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.

Governor's Recommended New Debt	2012	2014	Total
Higher Education			
URI Nursing and Associated Health Building	\$ 60,000,000	\$ -	\$ 60,000,000
URI Engineering Quadrangle	-	102,500,000	102,500,000
RIC Modernization of Academic Buildings Phase I	42,250,000	-	42,250,000
CCRI Knight Campus Renewal*	[20,125,000]	-	-
CCRI Flanagan Campus Addition*	-	[22,500,000]	-
Subtotal	\$ 102,250,000	\$ 102,500,000	\$ 204,750,000
Transportation			
Highway Improvement Program	\$ 61,000,000	\$ 16,000,000	\$ 77,000,000
Subtotal	\$ 61,000,000	\$ 16,000,000	\$ 77,000,000
Total New Referenda	\$ 163,250,000	\$ 118,500,000	\$ 281,750,000
Other Debt Instruments - RIHEBC Bonds			
URI Fire Protection and Sprinkler Systems	\$ 14,636,662	\$ -	\$ 14,636,662
URI Biological Resource Lab	16,200,000	-	16,200,000
URI Utility Infrastructure	20,000,000	-	20,000,000
URI Parking Garage - Kingston Campus	14,400,000	-	14,400,000
URI Facilities Services Sector Upgrade	7,600,000	-	7,600,000
Subtotal	\$ 72,836,662	\$ -	\$ 72,836,662
Total New Debt Authorization Recommended	\$ 236,086,662	\$ 118,500,000	\$ 354,586,662

*The Governor's capital budget documents show the two projects as funded from general obligation bonds, in error. Elsewhere in the budget he shows use of Rhode Island Capital Plan funds, which is his intent.

General Obligation Bond Referenda. The Governor's Capital Budget includes \$163.3 million in new referenda to be presented to the voters in November 2012. 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 Nursing and Associated Health Building.* The University requested a project to construct a new 120,000 square foot nursing building for the University of Rhode Island and Rhode Island College nursing programs in Providence. The University and College would share technology equipped classrooms, seminar rooms, lecture halls and a simulation center for nursing student training in realistic patient care settings. The project would also include health laboratories, computer and media labs, collaborative research, and outreach program space. The Governor's budget assumes the placement of \$60.0 million of general obligation bonds on the November 2012 ballot; however, the recommendation does not include a finalized plan for the system-wide facility.
- *University of Rhode Island Engineering Quadrangle.* The Governor recommends placing \$102.5 million of general obligation bonds on the November 2014 ballot for renovations to buildings in the engineering quadrangle, with funding available for use after FY 2015. The project would include renovations and additions to Bliss Hall, Crawford Hall, Gilbreth Hall, Kelly Hall and Wales Hall. The project would focus on the improvement of classrooms and offices, modernization of teaching laboratories, as well as upgrading elevators and restrooms. The heating, ventilating, and air conditioning systems would also be replaced along with the roofs.
- *Rhode Island College Modernization.* The Governor recommends placing \$42.3 million of general obligation bonds on the November 2012 ballot for the first phase of a four-phase project to modernize and rehabilitate eight academic buildings at Rhode Island College.
- *Community College Knight Campus.* The Governor recommends \$20.1 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 a redesign of the

theatre. The project also involves roadway and landscape improvements to the main entrance road and facility entrance. It should be noted that the approved capital plan includes Rhode Island Capital Plan funds of \$0.1 million in FY 2014 and \$20.0 million in FY 2015. The Governor's capital budget documents have replaced the Rhode Island Capital Plan funding with general obligation bond proceeds in error.

- *Community College Flanagan Campus.* The Governor recommends \$22.5 million from Rhode Island Capital Plan funds to add approximately 50,000 square feet to the Flanagan Campus academic building. The project includes 15 additional classrooms, faculty offices, computer lab space, a theater/arts space, student lounge and additional study areas. It should be noted that the approved capital plan includes \$2.0 million from Rhode Island Capital Plan funds to begin the project in FY 2015. The Governor's capital budget documents have replaced the Rhode Island Capital Plan funding with general obligation bond proceeds in error.

- *Highway Improvement Program.* The Governor's budget includes a \$61.0 million bond referendum for the November 2012 ballot as well as a \$16.0 million bond referendum on the November 2014 ballot for highway improvement expenditures. Funding is used as the state match for Federal Highway Administration funds, which are provided to the state for projects including interstate improvement, bridge improvement, pavement management, and congestion mitigation and air quality.

The capital budget traditionally relies on \$80.0 million of general obligation bond authorizations which appear as referenda questions during statewide elections. The reduced referenda amounts mentioned above are consistent with the Governor's proposal to gradually eliminate general obligation bonds as the state match for federal funds. The proposal is contained in Article 22 of 2011-H 5894, and would gradually transfer motor vehicle fees currently deposited as general revenues to the Intermodal Surface Transportation Fund for use by the Department. The proposal maintains that the additional funds would reduce the need for general obligation bonds as a state match, and completely eliminate them after the 2014 authorization.

- **Public Corporation Debt Management Act Debt Issues.** The Governor's Budget also includes \$72.8 million of new authorization for debt that would not require voter approval. The budget does not include resolutions to allow revenue bonds for the any of the projects described below, which is required pursuant to the Public Corporation Debt Management Act.

- *University of Rhode Island Fire Protection and Sprinklers.* The Governor's budget would allow the University of Rhode Island to use \$14.6 million of 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.

- *University of Rhode Island Biological Resource Lab.* The Governor's budget would allow the University of Rhode Island to use \$16.2 million of revenue bonds to construct a 17,000 square foot 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.

- *Utility Infrastructure.* The Governor's budget would allow the University of Rhode Island to use \$20.0 million of revenue bonds for two phases of utility infrastructure upgrades. Funding is programmed over FY 2012 and FY 2014 for phase I and from FY 2015 through post FY 2016 for phase II. The project involves

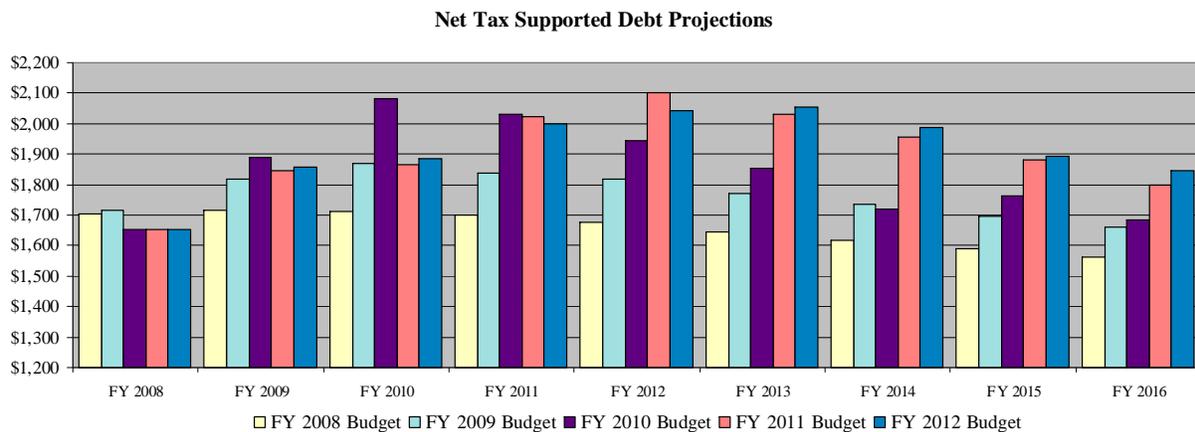
involves the replacement of the steam/condensate distribution system, water distribution system, electrical distribution system and the sanitary sewer system.

- *Kingston Campus Parking Garage.* The Governor’s budget would allow the University of Rhode Island to use \$14.4 million from revenue bonds for the design and construction of a multi-level parking structure on a portion of the Chafee Hall faculty and staff parking lot. The project includes parking on five levels, including a sub-entry level, with a total of 561 parking spaces.

- *Facilities Services Sector Upgrade.* The Governor’s budget would allow the University of Rhode Island to use \$7.6 million from 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 buildings will accommodate equipment and furniture storage, automotive garages and any workshops necessary in the facilities compound while largely hiding the operations from public view.

Debt Levels

Total net tax supported debt decreases by \$37.7 million from the \$1,883.9 million reported for the end of FY 2010 during the period through FY 2016 to \$1,846.2 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.



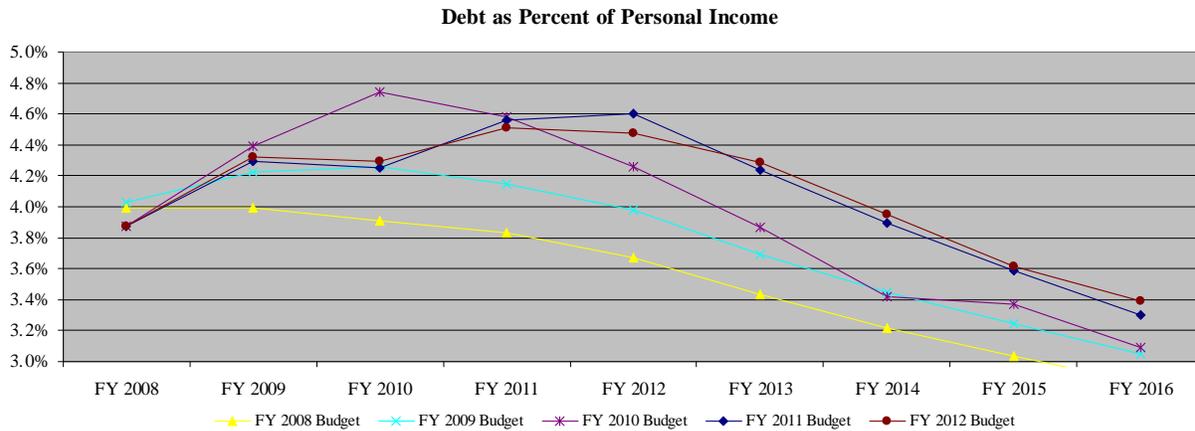
Past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget. The chart above shows projected debt levels for FY 2008 through FY 2016 in the past five budgets. FY 2016 presented in the FY 2012 capital budget is \$248.8 million higher than the FY 2015 projection in the FY 2007 capital budget. Indeed, it is \$162.4 million higher than even the projection in the FY 2010 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 2010 to 4.5 percent in FY 2012 before dropping gradually back to 3.7 percent in FY 2016 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 2008 through FY 2016 in the past five budgets. The FY 2009 Budget projected FY 2015 debt at 3.3 percent of personal income, which is 30 basis points higher than the 3.6 percent projected in the FY 2011 budget, and that assumes that the debt levels do not increase in subsequent budgets.



Debt Service

Debt service in the recommended capital budget would increase from 6.7 percent of useable general revenues in FY 2011 to 7.1 percent in FY 2016. Useable general revenues are estimated collections net of the transfers to the Budget Stabilization and Cash Reserve account. These transfers ultimately become Rhode Island Capital Plan funds and cannot be used for debt service.

Department of Administration

Projects	Status	5 Year Total	Project Total
Building 79 - Stabilize	New	\$ 2,500,000	\$ 2,500,000
Old Eastman House	New	450,000	450,000
RI Financial Accounting Network System Implementation	New	11,500,000	11,500,000
Technology Initiatives	New	14,500,000	14,500,000
Tourism Asset Protection	New	11,320,180	11,320,180
Work Order System	New	150,000	150,000
Adolph Meyer Building Renovations	Revised	6,600,000	6,600,000
Board of Elections New Office Building	Revised	7,450,000	7,450,000
Cranston Street Armory	Revised	6,500,000	13,907,705
Environmental Compliance	Revised	900,000	3,391,425
Interdepartmental Weapons Range	Revised	150,000	150,000
IT Enterprise Operations Center	Revised	-	9,505,000
Ladd Center Buildings Demolition	Revised	3,000,000	3,000,000
Old Colony House	Revised	600,000	1,655,574
Old State House	Revised	1,200,000	1,697,187
Pastore Center Buildings Demolition	Revised	4,500,000	6,000,000
Pastore Center Fire Code Compliance	Revised	4,500,000	6,650,756
Pastore Center Utilities Upgrade	Revised	5,000,000	8,477,065
State House Renovations	Revised	13,500,000	16,818,192
State Office Building	Revised	10,000,000	13,314,392
Station Park	Revised	1,150,000	1,150,000
William Powers Building	Revised	2,300,000	5,733,336
Affordable Housing/Strong Communities	Ongoing	-	50,000,000
Cannon Building	Ongoing	745,000	2,177,991
Chapin Health Laboratory	Ongoing	3,500,000	3,600,000
Comprehensive Land Use Planning	Ongoing	-	2,500,000
DOA - Energy Services Contract	Ongoing	-	6,092,581
Energy Conservation Pastore/Zambarano	Ongoing	33,100,000	53,100,000
Fire Code Compliance	Ongoing	2,000,000	3,622,585
Hazard Building Renovations	Ongoing	-	1,000,000
Ladd Center Water Systems	Ongoing	-	400,000
McCoy Stadium Repairs	Ongoing	500,000	3,268,648
Neighborhood Opportunities Program	Ongoing	-	45,500,000
Pastore Center Central Power Plant	Ongoing	-	32,612,568
Pastore Center Parking	Ongoing	1,225,000	1,225,000
Pastore Center Rehabilitation	Ongoing	4,700,000	6,442,329
Pastore Center Water Tanks and Pipes	Ongoing	1,450,000	3,161,171
Replacement of Fueling Tanks	Ongoing	300,000	1,526,257
Veterans Memorial Auditorium Repairs	Ongoing	11,300,000	14,800,000
Washington County Government Center	Ongoing	1,650,000	3,269,009
Zambarano Building and Utilities	Ongoing	6,068,000	7,716,086
Total		\$ 174,308,180	\$ 387,935,037
Sources of Funds			
General Obligation Bonds		\$ -	\$ 52,500,000
Rhode Island Capital Funds		129,138,000	197,183,911
Federal Funds		750,000	813,600
General Revenues		-	11,500,000
Third Party		-	25,000,000
Certificates of Participation		33,100,000	89,058,365
Restricted Receipts		11,320,180	11,732,520
Other		-	146,641
Total		\$ 174,308,180	\$ 387,935,037

Summary. The Department of Administration requests total capital expenditures of \$360.6 million, of which \$118.2 would be spent in the five-year period for 39 projects; four are new. Funding in the five-year plan includes \$104.8 million from Rhode Island Capital Plan funds, \$0.3 million from federal funds and \$13.1 million from Certificates of Participation for the Pastore Center and Zambarano energy conservation projects, which the 2008 Assembly authorized. The request is \$16.7 million more than the approved plan, primarily attributed to the Cranston Street Armory, Fire Code Compliance, Zambarano Buildings and Utilities, and costs for new projects.

The Governor recommends total project expenditures of \$387.9 million from all funds, of which \$174.3 million will be used in the five-year period for 41 projects, 6 of which are new. This includes \$129.1 million from Rhode Island Capital Plan funds, \$0.8 million from federal funds, \$33.1 million from approved Certificates of Participation and \$11.3 million from restricted receipts. The recommendation is \$44.1 million more than the approved plan, primarily for the inclusions of \$11.5 million for the Rhode Island Financial Accounting Network System, \$14.5 million for technology initiatives and \$11.3 million for the Tourism Asset Protection Fund.

The recommendation assumes use of \$26.2 million from Rhode Island Capital Plan funds for information technology upgrades. Rhode Island Capital Plan funds have been limited to use on physical assets.

Building 79 - Stabilize. The Department requests \$2.5 million from Rhode Island Capital Plan funds, of which \$0.3 million and \$2.2 million will be used in FY 2012 and FY 2013, respectively, to stabilize building 79 on the Pastore Center. The scope of the project will include a new roof, new windows, exterior masonry and removal of hazardous materials. This building has been vacant for more than 10 years and is next to building 80, which is approved to be renovated to be the new facility for the Board of Elections' staff. *The Governor recommends funding as requested.*

Old Eastman House. The Department requests \$450,000 from Rhode Island Capital Plan funds, of which \$150,000 and \$300,000 will be used in FY 2013 and FY 2014, respectively, for fire code upgrades and to remove lead paint from the old Eastman House. The building was previously occupied by the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The Department indicated that once the facility is renovated, it can be used as office space for agencies in transition or permanent housing. The Department requested this in its FY 2010 and FY 2011 budgets; the Governor did not recommend funding, and the Assembly concurred. *The Governor recommends funding as requested.*

RI Financial Accounting Network System Implementation. The Department's FY 2012 operating budget request includes \$4.1 million from general revenues, of which \$1.0 million is for operational expenditures to fund contracts for license and maintenance costs for the Rhode Island Financial Accounting Network System and new expenditures of \$3.1 million to begin the implementation of the time and attendance, projects and grants modules. The Department indicates that the implementation of these modules would increase efficiencies across state agencies and provide for improved reporting for reimbursements.

The Governor recommends a total project cost of \$11.5 million from Rhode Island Capital Plan funds, including \$2.5 million in FY 2012 and \$3.0 million each in FY 2013 through FY 2015.

Technology Initiatives. This initiative was not included in the Department's request. The Governor's capital budget includes Rhode Island Capital Plan funds for technology initiatives. His FY 2012 recommended budget includes \$2.9 million from general revenues, an increase of \$1.3 million from the enacted budget for information technology projects that support other state agencies and capital purchases.

In FY 2012, the Division of Information Technology plans to increase storage backup capability, create a plan to reduce power consumption and upgrade enterprise cyber security appliances.

The Governor recommends project costs totaling \$14.5 million from Rhode Island Capital Plan funds, including \$2.5 million in FY 2013, \$2.0 million in FY 2014 and \$5.0 million each in FY 2015 and FY 2016.

Tourism Asset Protection Fund. This initiative was not included in the Department's request. The Governor proposes legislation to establish the Tourism Asset Protection Fund to be used for tourism related improvements. The Fund is supported by the retention of a 1.0 percent sales tax on the rental of rooms and lodging; with the proposed rollback of the regular sales tax rate, the total sales tax would be unchanged from the current level. The funds will be deposited into a restricted receipt account and use of the funds is at the discretion of the Department of Administration.

The Governor recommends total expenditures of \$11.3 million from the Fund, of which \$2.6 million will be used each year. For FY 2012, he recommends \$1.7 million in the Department of Environmental Management for the restoration of Fort Adams and \$0.9 million is budgeted in the Department of Administration for capital expenses. Supporting documents note that no recommendation for the use of the funds beyond FY 2012 is being made until the Fund is authorized by the General Assembly.

Work Order System. The Department requests \$150,000 from Rhode Island Capital Plan funds to purchase and install a web-based work order system for the Division of Facilities in FY 2011. This system will allow the Division a more efficient way to track requests of work orders. This project does not appear to meet the definition of a capital expense and use of Rhode Island Capital Plan funds may not be appropriate for it. *The Governor's capital budget documents show that \$150,000 from Rhode Island Capital Plan funds in FY 2012; funding for this is not shown in the FY 2012 appropriations act.*

Adolph Meyer Building Renovations. Consistent with the approved plan, the Department requests a total project cost of \$6.6 million from Rhode Island Capital Plan funds; however, advances the start date of the project by two years. Funds will be used to renovate the Adolph Meyer 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 Department programmed expenditures of \$0.5 million for FY 2012, \$2.7 million for FY 2013 and \$3.4 million FY 2014. *The Governor recommends total funding as requested but delays the project start date by a year. He also proposes the consolidation of the girl's training school into the boy's facility.*

Board of Elections New Office Building. The Department requests Rhode Island Capital Plan Fund expenditures of \$7.5 million to renovate building 80 in the Pastore Center to be used as the new office for the Board of Elections. 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 total project cost is consistent with the approved plan; however, the request advances the project start date by one year and includes expenditures of \$0.4 million for FY 2012, \$4.1 million for FY 2013 and \$3.0 million for FY 2014. *The Governor recommends total funding as requested but shifts \$0.3 million from FY 2012 to FY 2013.*

Cranston Street Armory. The Department requests total project costs of \$13.9 million from Rhode Island Capital Plan funds, of which \$6.5 million will be used in the five-year period for ongoing renovations in the Cranston Street Armory building including replacement of the HVAC system and windows. The total project cost is \$4.0 million more than the approved plan, and is consistent with prior requests. In the FY

2011 capital request, the administration scaled back the project since it had not secured the relocation of state agencies to the Armory. This request reverts to previously approved plans to stabilize the exterior, as well as interior renovations and to eventually occupy the facility. The additional funds will be used to primarily replace the windows. *The Governor recommends funding as requested.*

Environmental Compliance. The Department requests a total project cost of \$3.8 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 support the costs of mitigating asbestos and other environmental issues for buildings on the Pastore Campus under the Department's jurisdiction. The total request is consistent with the approved plan; however, the Department shifts \$0.4 million from FY 2011 to FY 2012 to reflect the delay of storm water runoff at the Pastore Center. *The Governor recommends total project costs of \$3.4 million, \$0.4 million less than requested, \$0.1 million from FY 2011 available balance and \$0.3 million from FY 2012.*

Interdepartmental Weapons Range. Consistent with the approved plan, the Department requests \$0.1 million from Rhode Island Capital Plan funds to conduct a feasibility study on the construction of an interdepartmental weapons range in FY 2014. *The Governor advances the project start date by two years and provides \$150,000 in FY 2012.*

IT Enterprise Operations Center. The Department requests a total project cost of \$9.5 million from all funds, including \$9.3 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. In the fall of 2009, the Department purchased an 80,000 square foot building off Jefferson Boulevard. The Department is renovating the facility and indicated that it will occupy the first floor and offices will be made available for the Treasurer's Office and the State Police. The total project cost is \$0.6 million or 5.8 percent more than the approved plan, including \$0.2 million from Rhode Island Capital Plan funds and \$0.3 million from restricted receipt sources and \$0.1 million from other sources for renovations to the elevator and general construction items for the State Police and the Treasurer's Office. *The Governor concurs with the request, with the exception of providing \$26,000 less from all sources.*

Ladd Center Buildings Demolition. Consistent with the approved plan, the Department requests \$3.0 million from Rhode Island Capital Plan funds, of which \$1.0 million each would be used from FY 2012 through FY 2014 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 Governor concurs with the total project cost but delays the start date by two years. The recommendation includes \$1.0 million in FY 2014 and \$2.0 million in FY 2015.

Old Colony House. The Department requests total project costs of \$1.7 million from Rhode Island Capital Plan funds, of which \$0.6 million will be used from FY 2012 through FY 2014 for repair and renovation of the Old Colony House. Funds will be used to mitigate structural issues, including the bell tower that the Department has recently uncovered. The total project cost is \$0.4 million or 23.5 percent more than the approved plan due to expenditures added in FY 2013 and FY 2014 for interior renovations and exterior masonry repairs.

The Governor recommends funding essentially as requested, with the exception of reducing FY 2011 available funds by \$45,322.

Old State House. The Department requests a total project cost of \$1.7 million from Rhode Island Capital Plan funds, of which \$1.2 million will be used from FY 2012 through FY 2014 for various renovations at the Old State House including repaving the parking lot, replacing carpets, brick repairs and installing a new boiler. The total project cost is \$0.4 million more than the approved plan and is consistent with past requests to include expenditures for windows and interior renovations. *The Governor recommends total project costs consistent with the request, but shifts \$0.3 million from FY 2012 to FY 2013.*

Pastore Center Buildings Demolition. Consistent with the approved plan, the Department requests a total project cost of \$13.0 million from Rhode Island Capital Plan funds to be used from FY 2011 through FY 2014 to remove asbestos and demolish buildings in the Pastore Center. The Department has identified two buildings to be demolished: the A building, which has been vacant since 1985 and the D building, which was a former patient residence building that had been vacant for 15-20 years. The Department indicates 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 recommends a total project cost of \$6.0 million, \$7.0 million less than the approved plan, which included \$10.0 million in FY 2014 and FY 2015 in the event that other buildings need to be addressed.

Pastore Fire Code Compliance. The Department requests \$6.8 million from Rhode Island Capital Plan funds, of which \$4.5 million will be used from FY 2012 through FY 2016 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 \$3.3 million more than the approved plan to include additional buildings on the Pastore Center. *The Governor recommends funding essentially as requested, with the exception of removing \$0.1 million from FY 2011 available funds.*

Pastore Center Utilities Upgrade. Consistent with the approved plan, the Department requests \$10.0 million from Rhode Island Capital Plan funds, of which \$5.5 million will be used from FY 2012 through FY 2014 to repair and make improvements to the electrical distribution system on the Pastore Center. The Department notes that some of the underground wiring is over 40 years old, and have exceeded their useful lives. 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 recommends a total project cost of \$8.5 million, which is \$1.5 million less than requested. This includes reductions of \$1.0 million from FY 2011 and \$0.5 million from FY 2012 to reflect the Department's updated plan.

State House Renovations. Consistent with the approved plan, the Department requests \$18.9 million from Rhode Island Capital Plan funds for renovations at the State House, of which \$14.0 million will be used from FY 2012 through FY 2014. The work includes renovation of the legislators' entrance, expansion of the fire sprinkler system, restroom renovations, restoring the South Plaza and exterior sash and door painting. The largest single component is \$14.3 million for a new central HVAC system for heating and cooling of the building.

The request includes \$1.7 million in reappropriated funds from FY 2010 for the central HVAC system. Pending the decision on how to proceed with the central HVAC project, the funds will probably not be used this fiscal year. The Department indicates that it will submit a plan to use the funds to remove the roof cap from the Cannon building.

The Governor recommends a total project cost of \$16.8 million, \$2.0 million less than the approved plan including reductions of \$1.5 million from FY 2011 and \$0.5 million in FY 2012. He also shifts \$4.5 million from FY 2014 to FY 2015. His recommendation does not include additional funds for the Cannon building project.

State Office Building. The Department requests \$5.6 million from Rhode Island Capital Plan funds, of which \$2.3 million will be used in the five-year period for renovations at the State Office Building. The project includes bathroom repairs, roof repairs, fixing water damaged areas and other repairs. The total project cost is \$0.2 million more than the approved plan to account for boilers and heating equipment expenditures added in FY 2015.

The Governor recommends a total project cost of \$13.3 million, which is \$7.8 million more than the approved plan. The Budget Office indicates that the additional funds will be used to renovate the building for office spaces for the Legislature. The recommendation includes \$0.8 million in FY 2012, \$1.3 million in FY 2013 and \$4.0 million each in FY 2014 and FY 2015.

Station Park. Consistent with the approved plan, the Department requests \$1,150,000 from federal and Rhode Island Capital Plan funds to be used through FY 2012 for the 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 recommends total project consistent with the approved plan and request; however, delays the project start date by two years, to reflect a project delay.*

William Powers Building. The Department requests a total project cost of \$5.7 million from Rhode Island Capital Plan funds, of which \$2.3 million will be used from FY 2012 through FY 2015 for ongoing repairs and renovations at the William Powers Building. General renovations include carpet replacement, bathroom repairs, painting and security upgrades. The request is \$0.5 million more than the approved plan due to added expenditures in FY 2015 for interior renovations. *The Governor recommends funding essentially as requested, with the exception of \$0.1 million less in FY 2015.*

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 in FY 2011. *The Governor recommends total funding consistent with the approved plan.*

Cannon Building. The Department requests a total project cost of \$2.2 million from Rhode Island Capital Plan funds, of which \$0.7 million will be used from FY 2012 through FY 2015 for ongoing repairs and renovations to include the replacement of the roof and carpet at the Cannon Building. The total project cost is \$150,000 more than the approved plan to reflect new expenditures for FY 2015.

[Staff Note: Subsequently, the Department indicates a preliminary study of the roof cap identified numerous structural issues that could cost as much as \$3.0 million to repair. The current request does not include funding for this. The Department indicates that it would suggest reallocating \$1.0 million from the central HVAC of the State House Renovations project to fund this.]

The Governor recommends funding as requested. Though funding for the State House Renovations project was reduced; no additional funding was reallocated for the roof cap.

Chapin Health Laboratory. Consistent with the approved plan, the Department requests \$3.6 million from Rhode Island Capital Plan funds to be used through FY 2014 to renovate the Chapin Health building. 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.

It should be noted that the approved plan includes \$175,000 from Rhode Island Capital Plan funds to conduct a feasibility study for a new facility to house the staff and programs currently located in the Chapin Building. Additionally, the Department of Health submitted a capital budget requesting \$100.3 million from Rhode Island Capital Plan funds for a new health/laboratory and medical examiner building. *The Governor recommends funding as requested. It should be noted that he does not recommend funding for the health laboratory feasibility study.*

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 recommends the unspent balance of \$99,457 from issued proceeds to be expended in FY 2011.*

DOA - Energy Services Contract. Consistent with the approved plan, the Department requests a total project cost of \$6.1 million from approved Certificates of Participation and interest earnings 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, \$5.5 million has already been spent, and the capital request includes the remaining \$0.5 million in expenditures in the current year. *The Governor recommends funding as requested.*

Energy Conservation Pastore Center/Zambarano. Consistent with the approved plan, the Department requests \$53.1 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 Governor recommends total funding consistent with the approved plan. He includes expenditures of \$18.4 million in FY 2011, \$20.0 million in FY 2012 and \$13.1 million in FY 2013.

Fire Code Compliance. The Department requests total project costs of \$4.0 million from Rhode Island Capital Plan funds to bring state buildings into compliance with new fire code regulations. The total project cost is \$0.3 million more than the approved plan due to new expenditures added in post-FY 2016 for potential projects, pending findings from the State Fire Marshal's Office.

The Governor recommends a total project cost of \$3.6 million, \$0.1 million less than the approved plan.

Hazard Building Renovations. Consistent with the approved plan, the Department requests a total project cost of \$1.0 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. This project was completed January 2010. The request includes \$311,085 from FY 2010 unexpended funds. *The Governor recommends funding as requested.*

Ladd Center Water Systems. Consistent with the approved plan, the Department requests \$0.4 million from Rhode Island Capital Plan funds, of which \$56,490 is from FY 2010 unexpended balances to be used for repairs to the water system at the Ladd Center. 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 recommends funding as requested.*

McCoy Stadium Repairs. Consistent with the approved plan, the Department requests total project costs of \$3.4 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 request includes expenditures of \$0.9 million in FY 2011, of which \$0.6 million is from FY 2010 unexpended funds, and \$628,000 in FY 2012.

The Governor recommends \$156,865 less than requested, including reductions of \$25,865 from FY 2011 available funds and \$128,000 from FY 2012.

Neighborhood Opportunities Program. Consistent with the approved plan, the Department requests capital expenditures of \$45.5 million to provide additional units for the Neighborhood Opportunities program. The request does not include funding beyond FY 2011. 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 concurs with the request and proposes legislation to require that the Rhode Island Housing and Mortgage Finance Corporation fund the program at that level.

Pastore Center Central Power Plant. Consistent with the approved plan, the Department requests \$38.0 million from approved Certificates of Participation and Rhode Island Capital Plan funds 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 includes use of \$1.0 million in FY 2011, of which \$0.1 million is from FY 2010 unexpended funds.

The Governor recommends a total project cost of \$32.6 million, \$5.4 million less than requested to reflect pre-FY 2011 expenditures from Certificates of Participation.

Pastore Center Parking. Consistent with the approved plan, the Department requests 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 indicates that a parking needs assessment was completed in 2002 and since then several state agencies including the Department of Business Regulation, the Traffic Tribunal and the Division of Motor Vehicles have relocated to the Pastore Center. Additionally, during winter conditions overflow parking has made it difficult for emergency vehicles to get by. *The Governor recommends total funding as requested, but delays the*

delays the project start date by a year.

Pastore Center Rehabilitation. Consistent with the approved plan, the Department requests a total project cost of \$6.6 million from Rhode Island Capital Plan funds, of which \$4.7 million will be used from FY 2012 through FY 2015 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 Governor concurs with the request, with the exception of reducing FY 2011 available funds by \$0.1 million.*

Pastore Center Water Tanks and Pipes. Consistent with the approved plan, the Department requests a total project cost of \$3.4 million from Rhode Island Capital Plan funds, of which \$1.5 million will be used from FY 2012 through FY 2014 to identify and address deficiencies at the Pastore Center with respect to water supply and distribution. *The Governor recommends funding essentially as requested, with the exception of \$250,000 from FY 2011 available funds.*

Replacement of Fueling Tanks. The Department requests \$2.9 million from Rhode Island Capital Plan funds, of which \$1.4 million will be used in the five-year period 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 tanks are scheduled to be replaced in FY 2011 and FY 2012. Funds will also 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 Behavioral Healthcare, Developmental Disabilities and Hospitals. The total project cost is \$1.5 million more than the approved plan to maintain the continuation of the project as more tanks are identified for replacement.

The Governor recommends a project cost of \$1.5 million, \$0.1 million more than the approved plan, which does not include funding beyond FY 2012.

Veterans Memorial Auditorium Repairs. Consistent with the approved plan, the request includes \$14.8 million from Rhode Island Capital Plan funds to be used through FY 2015 to renovate the Veterans Memorial Auditorium and office building. The renovations will include roof repairs, upgrading the lighting around the stage area, a new loading dock, upgrading the HVAC and security systems. 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 recommends funding as requested.*

Washington County Government Center. The Department requests a total project cost of \$3.6 million from Rhode Island Capital Plan funds, of which \$1.7 million will be used through FY 2014 for ongoing renovations at the Washington County Government Center. The approved plan includes \$1.0 million 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 total request is \$0.3 million more than the approved plan to include new expenditures for hazardous abatement. *The Governor recommends total project costs of \$3.3 million, which removes \$0.3 million from FY 2011 available funds and shifts \$0.1 million from FY 2012 to FY 2013.*

Zambarano Building and Utilities. The Department requests a total project cost of \$8.1 million from Rhode Island Capital Plan funds, of which \$6.0 million will be used in the five-year period 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 request is \$5.1 million more than the approved plan to reflect expenditures for the wastewater treatment plant in order to meet new discharge limits set by the Department of Environmental Management. The Department indicated that when the wastewater treatment plant permit was renewed, it required monitoring and control of seven additional pollutants. Three treatment processes will have to be modified to meet the terms of this permit. It also needs architectural and engineering services to design the modifications and a contractor to modify the system. *The Governor recommends funding essentially as requested, with the exception of reducing FY 2011 available funds by \$0.5 million.*

Health Laboratory Feasibility Study. Consistent with the approved plan, the Department requests \$175,000 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.

[Staff Note: The Department of Health submitted a capital budget requesting \$100.3 million from Rhode Island Capital Plan funds for a new health/laboratory and medical examiner building. The request includes funding for this feasibility study.]

The Governor does not recommend funding this project.

Pastore Center Cottages Rehabilitation. The Department requests \$560,000 from Rhode Island Capital Plan funds to be used in FY 2013 and FY 2014 to renovate three four-bedroom cottages at the Pastore Center for office space. The Department of Administration noted that an agreement with the Historical Preservation and Heritage Commission requires that the cottages be preserved for their historic significance. The Department requested this in its FY 2009, FY 2010 and FY 2011 capital budgets; the Governor did not recommend funding, and the Assembly concurred. *The Governor does not recommend funding this project.*

Sheriffs Firearms. The Department requests \$125,000 from Rhode Island Capital Plan funds to be used in FY 2012 to purchase 180 Glock .40 caliber firearms and other associated accessories for the Sheriffs. The Department indicated that the Sheriffs last purchased firearms in 1994 and since then it has received used firearms from other state agencies. This project does not appear to meet the definition of a capital expense and use of Rhode Island Capital Plan funds may not be an appropriate use for this project. *The Governor does not recommend funding this project.*

Economic Development Corporation

Projects	Status	5 Year Total	Project Total
Quonset Point/Davisville Infrastructure Projects	Ongoing	\$ 4,474,008	\$ 58,748,449
Total		\$ 4,474,008	\$ 58,748,449
Sources of Funds			
General Obligation Bonds		\$ 4,474,008	\$ 48,000,000
Other Sources		-	10,748,449
Total		\$ 4,474,008	\$ 58,748,449

Quonset Point/Davisville Infrastructure Projects. The Economic Development Corporation requests \$58.7 million, of which \$3.9 million is from approved general obligation bonds that will be used in FY 2012 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 \$58.7 million is \$2.7 million, or 4.7 percent more than the approved plan. This includes \$1.2 million for a new roof on building 318. The request reflects the completion of four major components, including bulkhead replacements, internal rail upgrades, site improvements and the bike path. It appears that some of the components were completed at higher costs than estimated.

The Governor recommends a total project cost of \$58.7 million, of which \$4.5 million from approved general obligation bonds will be used in FY 2012. The recommendation is \$68,098 more than requested to adjust prior year expenditures.

Department of Labor and Training

Projects	Status	5 Year Total	Project Total
Center General Asset Protection	New	\$ 1,564,500	\$ 1,564,500
Center General Slate Roof Replacement	Revised	-	1,661,800
Total		\$ 1,564,500	\$ 3,226,300
Sources of Funds			
General Revenues		\$ -	\$ 487
Rhode Island Capital Funds		1,564,500	2,357,014
Federal Funds		-	352,816
Restricted Receipts		-	251,309
Other - Temporary Disability Insurance Funds		-	264,674
Total		\$ 1,564,500	\$ 3,226,300

Summary. The Department requests \$1.0 million for the period FY 2012 through FY 2016 for one new asset protection project, comprised of nine separate projects, at the Center General Complex of the Pastore Center in Cranston. The request also includes capital expenditures of \$2.3 million for FY 2011. *The Governor recommends \$1.6 million from Rhode Island Capital Plan funds for the five-year period and includes \$0.8 million in FY 2011 and \$0.2 million in FY 2012.*

Center General Asset Protection. The Department of Labor and Training requests a total of \$1.6 million from Rhode Island Capital Plan funds for asset protection projects at the six buildings that comprise the Center General Complex of the Pastore Center. There are nine projects included in the request with completion dates ranging from FY 2011 through FY 2014. Requested projects include replacing and repairing fraying carpeting, repointing and resealing bricks on exterior walls, sealing cracks in the pavement and seal coating the parking lots and walkways, caulking and replacing the casings on 1,210 windows, replacing the cooling tower, creating a ventilation system for the steam room, cleaning interior air ducts, eliminating the accumulation of water in the elevator shafts and replacing the concrete around the main entrance. It should be noted that the request is not consistent with the Department's FY 2011 revised and FY 2012 operating budget requests, which includes no funding in FY 2011 and reduced funding in FY 2012, reflecting project delays.

The Governor recommends \$62,000 less than requested, but delays the project start dates until FY 2012. He provides \$169,000 less than requested in FY 2012 and spreads funding through FY 2016.

Center General Slate Roof Replacement. The Department of Labor and Training requests a total of \$1.7 million to replace the slate roof on buildings 68, 69 and 71 at the Center General Complex. Expenditures of \$1.6 million are requested 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 \$469,678 of expenses from FY 2010 to FY 2011 because of delays in preparing the request for proposals. *The Governor recommends funding as requested.*

Department of Revenue

Projects	Status	5 Year Total	Project Total
Corporate Tax Model	New	\$ 125,000	\$ 125,000
Integrated Tax System	New	20,000,000	25,000,000
Tax Data Warehouse Phase II	Revised	2,155,000	5,150,000
Information Technology Modernization Project	Ongoing	-	15,442,068
Registry of Motor Vehicles Building/Forand	Ongoing	-	17,700,000
Total		\$ 22,280,000	\$ 63,417,068
Sources of Funds			
Rhode Island Capital Funds		\$ 22,280,000	\$ 45,325,000
Certificates of Participation		-	13,500,000
Restricted Receipts		-	4,442,068
General Revenue		-	150,000
Total		\$ 22,280,000	\$ 63,417,068

Summary. The Department of Revenue requests total project costs of \$64.3 million from all funds, of which \$27.2 million from Rhode Island Capital Plan funds will be used in the five-year plan. The request is for five projects, two of which are new.

The Governor recommends total funding of \$63.4 million from all funds, of which \$22.3 million from Rhode Island Capital Plan funds will be used in the five-year plan. The recommendation is \$0.9 million less than requested. The recommendation assumes use of \$25.0 million from Rhode Island Capital Plan funds for information technology upgrades. Rhode Island Capital Plan funds have been limited to use on physical assets.

Corporate Tax Model. The Department requests \$225,000 from Rhode Island Capital Plan funds, of which \$125,000 is for the development of a corporate income tax model and \$100,000 will be used for the system's maintenance. 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. It was included in the Department's FY 2011 capital budget, the Governor and the Assembly did not include funding for it.

The Governor recommends \$125,000 for the corporate income tax model. He does not recommend funding for the system's maintenance.

Integrated Tax System. The Department requests \$25.0 million from Rhode Island Capital Plan funds to 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 includes 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, bills taxpayers and collects 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. The Department requested this project in its FY 2011 capital budget; the Governor and the Assembly did not provide funding.

The Governor concurs with the total project costs but delays the project start date by a year.

Tax Data Warehouse Phase II. The Department requests \$5.2 million, including \$2.7 million from approved Certificates of Participation and \$2.5 million from Rhode Island Capital Plan funds for the expansion of the tax data warehouse project. Phase II of the project will include four initiatives: expand automated compliance, collections improvements, a data driven audit selection process, and risk-based sales tax audit selection models. The project will also allow users to create, run reports, and perform queries to enhance tax collection. The 2006 Assembly approved \$2.5 million from Certificates of Participation and the 2010 Assembly provided \$0.5 million from Rhode Island Capital Plan funds in FY 2011 to allow the Division to purchase computer hardware and associated software to modernize its operations. The Division indicates that since the implementation of that project, more than 30,000 notices have been sent to taxpayers and \$13.0 million has been recovered from delinquency and discrepancy. The request includes new expenditures of \$2.0 million from Rhode Island Capital Plan funds, \$0.5 million annually from FY 2012 through FY 2015.

The Governor concurs with the total project costs; however, shifts \$155,000 from FY 2011 to FY 2012 to reflect anticipated expenditures.

Information Technology Modernization Project. The Department requests \$16.2 million from approved Certificates of Participation and restricted receipts 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, 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 implementation of the system is scheduled for the end of 2011. The total project cost is \$0.6 million or 3.7 percent more than the approved plan to reflect a revised project cost, all of which will be paid from the surcharge.

The Governor recommends total project costs of \$15.4 million, which is \$750,000 less than requested and is \$157,261 less than the approved plan.

Registry of Motor Vehicles/Forand Building. Consistent with the approved plan, the Department requests \$17.7 million from Rhode Island Capital Plan funds, of which \$5.7 million will be used in FY 2011 to renovate the Forand Building to be the new home of the Registry of Motor Vehicles. The 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 was in need of extensive repair to prolong its useful life. Construction started in September 2009, and the Division moved in late August 2010. Information obtained from the state's accounting system indicates that FY 2010 expenditures were \$13.7 million, \$0.8 million more than the final appropriation. This balance would be carried forward and thereby reduce the available funding for FY 2011 from \$4.1 million to \$3.3 million. The Department notes that \$3.3 million is sufficient to finish the project on time and on budget.

The Governor recommends total project costs of \$17.7 million, consistent with the request and the approved plan.

Public Utilities Commission

Projects	Status	5 Year Total	Project Total
Building Renovations	Revised	\$ 438,000	\$ 708,000
Total		\$ 438,000	\$ 708,000
Sources of Funds			
Restricted Receipts		\$ 438,000	\$ 708,000
Total		\$ 438,000	\$ 708,000

Summary. The Public Utilities Commission’s FY 2012 through FY 2016 request includes \$250,000 in the current year and \$513,000 in the five-year period for renovations at the 89 Jefferson Boulevard in Warwick. The project is funded through restricted receipts available from assessments to the regulated utilities. The request is inconsistent with budget instructions and includes \$130,000 more than the approved plan to reflect inclusion of projects in FY 2016. *The Governor recommends a total project of \$708,000. He recommends \$438,000 in the five-year plan, which is \$75,000 less than requested in FY 2016.*

Department of Children, Youth and Families

Projects	Status	5 Year Total	Project Total
Old Training School Close	New	\$ -	\$ 75,000
Training School - Sprinkler Head	New	-	25,360
Various Repairs and Improvements to YDC and YAC	New	1,200,000	1,325,000
Groden Center Mt. Hope Building Façade	Ongoing	275,000	275,000
Groden Center Mt. Hope Fire Towers	Ongoing	-	275,000
Eckerd Camp E-Hun-Tee	Ongoing	85,000	150,000
North American Family Institute, Inc.	Ongoing	580,000	1,141,200
Youth Group Homes - Fire Code Upgrades	Ongoing	2,000,000	4,427,871
Groden Center Mt. Hope	Completed	-	218,509
Total		\$ 4,140,000	\$ 7,912,940
Sources of Funds			
Rhode Island Capital Funds		\$ 4,140,000	\$ 7,912,940
Total		\$ 4,140,000	\$ 7,912,940

Summary. The Department of Children, Youth and Families requests capital project expenditures totaling \$14.8 million, of which \$7.6 million would be spent in the FY 2012 through FY 2016 period. The request includes two new projects at the Training School totaling \$1.5 million. All of the funding is from Rhode Island Capital Plan funds.

The Governor recommends \$7.9 million in total expenditures, which is \$6.9 million less than requested. The Governor includes \$4.1 million during the FY 2012 to FY 2016 period or \$3.5 million less than requested. He does not include funding for a new girls' training school.

Old Training School Close. The Rhode Island Training School has been vacant for two years since the boys have moved into the new Youth Assessment Center and Youth Development Center. In order to sell these building, the steam, utilities, and sprinkler systems need to be shut down. Also, all buildings need to be boarded up. *The Governor recommends \$75,000 from Rhode Island Capital Plan funds.*

Training School – Sprinkler Heads. The Department requests \$25,360 from Rhode Island Capital Plan funds for new sprinkler heads to be installed in the resident rooms at the Training School. The sprinkler heads that were initially installed can easily be tampered with and reached by standing on the bed. There are 148 heads that need to be replaced. *The Governor recommends funding as requested.*

Various Repairs and Improvements to YDC and YAC. The Department requests \$1.5 million from Rhode Island Capital Plan funds for various repairs and improvements at the Youth Development Facility and the Youth Assessment Center. This includes fixing the roof at both facilities, which have issues with the flashing, installing a new security system at both schools, purchasing a new conduit for the main generator at the Youth Development Facility, installing outdoor plumbing at the Youth Assessment Center in order to provide irrigation in the front of the building, pouring two cement pads, one for the dumpsters and one for the area where vans drop off youth, and hiring an engineering firm to investigate a sewer odor at both schools. *The Governor recommends \$1.3 million from Rhode Island Capital Plan funds,*

including \$0.1 million in FY 2011 and \$1.2 million in FY 2012. This is \$0.2 million less than requested based on revised estimates.

Groden Center Mt. Hope Building Façade. The Department requests \$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 recommends funding as requested.*

Groden Center Mt. Hope Fire Towers. The Department requests \$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 recommends funding as requested.*

Eckerd Camp E-Hun-Tee. The Department requests \$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, consistent with the approved plan. This project continues to be delayed because the Department of Health and the Department of Environmental Management have not determined if the plans are consistent with state and environmental health codes; therefore, the youth continue to use temporary restrooms, which were purchased with general revenues in FY 2009. These units are not a permanent fix because the water lines tend to freeze in the winter. Camp E-Hun-Tee is a comprehensive residential treatment program serving at risk boys who are between the ages of 11 and 16. It is located on 275 acres of state owned land in the Arcadia Land Management Area in Exeter. *The Governor recommends funding as requested.*

North American Family Institute, Inc. Consistent with the approved capital plan, the Department requests \$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 \$0.6 million in FY 2011 and \$0.5 million in FY 2012 to complete repairs to the plumbing and electrical systems, heating, ventilation and air conditioning systems, which are required to comply with the state's new fire code. *The Governor recommends funding essentially as requested. He recommends \$0.5 million for FY 2012 and shifts \$50,000 to FY 2013.*

Youth Group Homes – Fire Code Upgrades. Consistent with the approved capital plan, the Department requests \$4.5 million from Rhode Island Capital Plan funds to provide fire code upgrades and safety related improvements to 111 group home facilities. The request includes \$1.0 million in FY 2011, FY 2012 and FY 2013. Expenditures include sprinkler system installation, heating system repairs, and miscellaneous construction costs to ensure compliance. Prior year expenditures total \$1.7 million. *The Governor recommends \$4.4 million from Rhode Island Capital Plan funds, including \$0.9 million in FY 2011 and \$1.0 million in both FY 2012 and FY 2013.*

Groden Center Mt. Hope. The Department requests \$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 requests \$16,445 from Rhode Island Capital Plan funds for the remainder of the funding for a number of invoices that need to be reimbursed. The approved capital plan includes the funding in FY 2010, but the Department did not make the payment to reimburse the Groden Center. *The Governor recommends funding as requested.*

Groden Center – Cowesett Road. The Department requests \$29,832 for fire code upgrades at the state owned group home on Cowesett Road. The approved capital plan includes \$62,000 in FY 2010 for expenses incurred prior to its accreditation in FY 2010, as well as fire code upgrades. The expenses include painting the interior and exterior of the house, renovating a bathroom, and various other repairs and replacements throughout the home. The Department indicates that \$32,168 was paid in FY 2010; however, the fire code upgrades were not completed and it is requesting use of the remaining funding in FY 2011. *The Governor does not recommend funding for this project.*

Rhode Island Training School – Girls’ Facility. The Department requests \$6.7 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 \$2.5 million in FY 2011 for initial architectural, engineering, and construction costs and \$4.0 million in FY 2012 to complete construction. An exact location has not been determined; however, the school will either be located in renovated space in the Adolph Meyer building or a new facility will be constructed adjacent to the Youth Development Center. The approved capital plan assumes renovating the Adolph Meyer building. *The Governor does not recommend funding for this project. He proposes the consolidation of the girl’s training school into the boy’s facility.*

Department of Health

Summary. The Department of Health requests \$100.8 million from Rhode Island Capital Plan funds for FY 2012 through FY 2016 for two new projects. The request includes \$100.3 million to build a new health laboratory and medical examiner building and \$0.5 million for a records storage vault within the Office of Vital Records. *The Governor does not recommend funding for either project.*

Health Laboratory/Medical Examiner Building. The Department requests \$100.3 million from Rhode Island Capital Plan funds for FY 2012 through FY 2016 to conduct a feasibility study and build a new health laboratory and medical examiner building. This new building would be approximately 110,000 square feet. The Department indicates that the current facility does not provide enough space, privacy, security, does not comply with accreditation standards and is not readily handicap accessible. The Department also indicates that the request assumes the possibility of state lab consolidation. The estimate is based on a new 110,000 square foot lab completed in Connecticut two years ago that cost \$61.7 million. The Department's request appears to assume costs will inflate 64.4 percent by FY 2015.

The Department of Health's request includes \$0.3 million for FY 2011 which includes \$175,000 for the state crime lab feasibility study and \$175,000 for a new health lab feasibility study; however, it should be noted that the Department of Administration's budget already includes \$175,000 for the state crime lab feasibility study. *The Governor does not recommend funding for this project.*

Records Storage Vault. The Department of Health requests \$0.5 million from Rhode Island Capital Plan funds for FY 2012 to construct a new vault-like structure to store and maintain Rhode Island's vital records. This project would increase record storage space and provide protection from any damage. Currently, the Office of Vital Records maintains 2.8 million one-of-a-kind records that cannot be replaced if damaged or destroyed by fire, water or some other natural cause. *The Governor does not recommend funding for this project.*

Department of Human Services

Projects	Status	5 Year Total	Project Total
Blind Vending Facilities	Revised	\$ 825,000	\$ 1,285,791
<i>Veterans' Home</i>			
N-2 and N-3 Nursing Ward Renovations	New	-	-
Electrical System Upgrade	Revised	-	500,000
N-5 Nursing Ward Renovation	Revised	-	780,000
N-6 Nursing Ward Renovation	Revised	-	780,000
N-7 Nursing Ward Renovation	Revised	-	780,000
HVAC System	Revised	-	2,852,362
Main Entrance Renovations	Revised	-	50,000
Sprinkler System Water Connection	Revised	-	15,000
Total		\$ 825,000	\$ 7,043,153
Sources of Funds			
Rhode Island Capital Funds		\$ 825,000	\$ 1,285,791
Restricted Receipts		-	3,179,994
Federal Funds			2,577,358
Total		\$ 825,000	\$ 7,043,143

Summary. The Department requests \$2.8 million for the period FY 2012 through FY 2016. The Department's request includes eight capital projects at the Veterans' Home and one in the Office of Rehabilitation Services. The Department also requests capital expenditures of \$3.3 million for FY 2011. It should be noted that the request is not consistent with the Department's FY 2011 revised and FY 2012 operating budget requests, which shifts \$1.8 million of capital expenses from restricted receipts to federal funds.

The Governor recommends \$825,000 from Rhode Island Capital Plan funds for the five-year period, which is \$2.0 million less than requested. His budget reflects the Department of Veterans' Affairs, effective July 1, 2011 as required by current law and includes the Veterans' Home projects in the new Department's budget for FY 2012 and the years following. For the Veterans' Home, he recommends \$3.0 million in FY 2011, consistent with the request, including \$1.2 million from federal funds and \$1.8 million from restricted receipts, which is consistent with the Department's operating request. It should be noted that the recommendation is not consistent with the Budget Office's capital supporting documents and the initiative included in the operating recommendation to limit the census in FY 2012 to allow the renovation projects to be completed.

Blind Vending Facilities. The Department requests \$1.0 million from Rhode Island Capital Plan funds for FY 2011 through FY 2016 for the ongoing construction and renovation of statewide vending facilities. This is \$351,340 more than the approved capital plan, and includes a reduction of \$724, which was not spent in FY 2010 and the addition of \$202,064 in FY 2011 for the completion of the Division of Motor Vehicles' site at the Forand Building and the addition of \$150,000 in FY 2016, consistent with the approved annual

approved annual funding level. *The Governor recommends \$75,000 less than requested in FY 2011 and \$15,000 more than requested in FY 2012. He includes \$165,000 each year from FY 2012 through FY 2016.*

Veterans' Home

N-2 and N-3 Nursing Ward Renovations. The Department requests \$1.4 million from restricted receipt funding for a new project at the Veterans' Home to renovate the N-2 nursing ward in FY 2012 and the N-3 nursing ward in FY 2013. Major repairs include the resident rooms, bathrooms, corridors and auxiliary rooms. This project is similar to the renovations to nursing wards N-5, N-6 and N-7, which are included in the approved capital plan. The requested funding is \$80,000 less per wing than the other ward projects, though this project will begin at a later date. *The Governor recommends total funding consistent with the request, but shifts \$715,000 from FY 2012 to future years, including an additional \$5,000 in FY 2013 and \$710,000 in FY 2014.*

Electrical System Upgrade. The Department requests \$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 2010 funding to FY 2011. This reflects the fourth consecutive postponement of the project since it appeared in the approved capital plan; however, the request indicates that a purchase order has been awarded for the engineering services and project completion is expected in FY 2011. 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 recommends funding as requested.*

N-5 Nursing Ward Renovation. The Department includes \$0.8 million from restricted receipt funding to renovate the N-5 nursing ward at the Veterans' Home in FY 2011. This reflects an increase of \$280,000 from the approved capital plan due to updated construction costs provided by a contracted architect, contributing to the one year delay to FY 2011. Major repairs include the 25 resident rooms, bathrooms, corridors 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 current request includes similar funding increases for the other two wards. *The Governor recommends funding as requested.*

N-6 Nursing Ward Renovation. The Department includes \$0.8 million from restricted receipts to renovate nursing ward N-6 at the Veterans' Home in FY 2011. This reflects an increase of \$280,000 from the approved capital plan due to updated construction costs developed by a contracted architect. Major repairs include the 25 resident rooms, bathrooms, corridors 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 current request includes similar funding increases for the other two wards. *The Governor recommends funding as requested.*

N-7 Nursing Ward Renovation. The Department includes \$0.8 million from restricted receipt funding to renovate nursing ward N-7 at the Veterans' Home in FY 2011. This reflects an increase of \$280,000 from the approved capital plan due to updated construction costs developed by a contracted architect. Major repairs include the 25 resident rooms, bathrooms, corridors 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 current request includes similar funding increases for the other two wards. *The Governor recommends funding as requested.*

HVAC System. The Department's request includes \$100,000 from restricted receipts not spent in FY 2010 to complete its upgrade of the current heating system at the Veterans' Home in FY 2011. The final

portion of this project will correct the lack of air flow in the connecting hallway between the north and south buildings, which does not have heat, air conditioning or ventilation at this time. *The Governor recommends funding as requested.*

Main Entrance Renovations. The Department requests \$50,000 from restricted receipts to renovate the main entrance at the Veterans' Home. This project is part of the approved capital plan but the Department revises the timeline of the project to be completed in FY 2011 instead of FY 2010. *The Governor recommends funding as requested.*

Sprinkler System Water Connection. The Department requests 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 an additional one-year delay for a start in FY 2011 and FY 2012 completion. *The Governor recommends funding as requested.*

Dept. of Behavioral Healthcare, Developmental Disabilities and Hospitals

Projects	Status	5 Year Total	Project Total
DD Group Homes-Asset Protection	Revised	\$ 7,300,000	\$ 14,454,651
DD Residential Support	Revised	5,000,000	10,076,598
DD Residence Fire Code	Revised	4,456,545	9,921,237
Mental Health Residences	Revised	3,700,000	13,075,757
Administrative Buildings Upgrades	Revised	4,068,500	4,068,500
Medical Center Asset Protection	Revised	2,550,000	6,927,753
Mental Health Community Fac. - Asset Protection	Revised	1,600,000	5,761,621
Hospital Consolidation	Ongoing	24,950,000	28,220,715
Community Facilities Fire Code Upgrades	Ongoing	3,750,000	5,852,402
DD Regional Centers - Asset Protection	Ongoing	3,750,000	7,479,245
Substance Abuse - Asset Protection	Ongoing	1,500,000	2,643,721
Zambarano Campus - Asset Protection	Ongoing	1,425,000	3,642,688
Mental Health Residences Furniture	Ongoing	199,000	219,918
Management Information System	Ongoing	299,416	799,416
Total		\$ 64,548,461	\$ 113,144,222
Source of Funds			
Rhode Island Capital Funds		\$ 61,892,201	\$ 93,693,381
Federal Funds		2,506,552	6,320,736
General Obligation Bonds		149,708	13,130,105
Total		\$ 64,548,461	\$ 113,144,222

Summary. The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals requests \$119.7 million for 14 capital projects, which is \$7.7 million more than the approved capital plan. Of this amount, \$68.1 million will be spent in FY 2012 through FY 2016. *The Governor recommends \$113.1 million, including \$64.5 million in the five-year period, \$3.6 million less than requested.*

Developmental Disabilities Group Homes - Asset Protection. The Department requests \$7.3 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 149 are state-owned, 34 state operated and 115 privately operated and 121 privately owned and operated. The request adds \$0.1 million to the approved plan for funding of \$1.1 million in FY 2011 and FY 2012. The Department also adds \$1.7 million for FY 2016. *The Governor recommends funding as requested.*

Developmental Disabilities Residential Support. The Department requests \$5.0 million from Rhode Island Capital Plan funds for the period FY 2012 through FY 2016, \$1.0 million annually. The request reduces funding by \$0.1 million annually from FY 2012 through FY 2015 for updated project costs and adds \$1.0 million for FY 2016. The Department also includes \$1.0 million for FY 2011. 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 recommends funding as requested.*

Developmental Disabilities Residence Fire Code. The Department requests \$9.9 million, including \$4.5 million for the FY 2012 through FY 2016 period to install and upgrade fire alarm and sprinkler systems in the private developmental disabilities residences. The request shifts \$0.7 million for six fire alarm systems and nine sprinkler system upgrades and 13 structural modification projects to FY 2014. The Department has completed upgrades to 130 of the 198 facilities that require fire alarms and 14 of the 120 facilities that require sprinkler systems. *The Governor recommends funding as requested.*

Mental Health Residences. The Department requests \$13.8 million, including \$4.4 million from Rhode Island Capital Plan funds for the FY 2012 through FY 2016 period, to provide housing to behavioral health clients through the thresholds program in cooperation with the Rhode Island Housing Mortgage and Financing Corporation. The request adds \$0.2 million for FY 2014 and FY 2015 compared to the approved plan, as well as the inclusion of \$1.1 million for FY 2016. *The Governor provides \$3.7 million, \$0.7 million less than requested. He includes the enacted level of \$0.8 million in FY 2014 and FY 2015 and provides \$8.0 million in FY 2016, \$0.3 million less than requested.*

Administrative Buildings Upgrades. The Department requests \$5.0 million from Rhode Island Capital Plan funds for upgrades at Barry Hall and Simpson Hall, including HVAC and roof replacement, re-pointing and new windows. This is \$0.1 million more than the approved capital plan for updated costs and shifts funding to FY 2013. *The Governor provides a total of \$4.1 million, \$40,500 above the request; however he shifts \$2.0 million requested for FY 2012 to FY 2013 and FY 2014.*

Medical Center Asset Protection. The Department requests \$2.7 million from Rhode Island Capital Plan funds for the ongoing maintenance of 11 buildings at the Pastore Center occupied by the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals in the FY 2012 through FY 2016 period. The request is \$5.0 million less than the approved capital plan for asset protection projects. The request includes funding for specific infection control activities and new equipment in FY 2013 through FY 2016. The Department has not requested funding for any other asset protection activities in that timeframe, pending completion of renovations scheduled under the hospital consolidation plan. Then it will have a more accurate assessment of the need for asset protection projects. *The Governor recommends \$0.1 million less than requested, including \$0.2 million less for FY 2012 and he shifts the balance to the out-years.*

Mental Health Community Facilities - Asset Protection. The Department requests \$2.0 million from Rhode Island Capital Plan funds in the five year capital plan for repairs to mental health community facilities. The request adds \$0.1 million to the approved funding of \$0.3 million annually for FY 2012 through FY 2015 and includes \$0.4 million for FY 2016. The Department also requests \$0.4 million for FY 2011, which is \$0.1 million more than approved. *The Governor provides \$1.6 million; he does not recommend the additional funding above the enacted in FY 2011 through FY 2015 but does include the \$0.4 million for FY 2016.*

Hospital Consolidation. The Department requests \$28.6 million from Rhode Island Capital Plan funds to consolidate Eleanor Slater Hospital operations from five buildings into the Mathias, Varley and Regan buildings. This is consistent with the approved capital plan and includes \$3.0 million for FY 2011 and \$16.4 million for FY 2012.

The first phase of the plan is to renovate two currently vacant units at the Varley building to house the forensic patients currently residing at the Pinel building. The units would also house psychiatric patients currently residing at the Adolph Meyer building. The second phase renovates the Mathias building to house the geriatric psychiatric patients who currently reside in the Regan and Virks buildings. *The Governor reduces funding by \$350,000 in FY 2012 and concurs with the remainder of the request.*

Community Facilities Fire Code Upgrades. The Department requests \$5.0 million from Rhode Island Capital Plan funds to install new and upgrade existing fire alarm sprinkler systems throughout the community developmental disability facilities during FY 2012 through FY 2016. This includes group homes, community workshops and day program sites, outpatient facilities and licensed facilities including the four Zambarano group homes. The request shifts \$250,000 from FY 2011 to FY 2015 and adds \$1.0 million for FY 2016. *The Governor recommends \$3.8 million, consistent with the enacted level, \$1.5 million less than requested.*

Developmental Disabilities Regional Centers - Asset Protection. The Department requests total funding of \$8.4 million, including \$4.4 million from Rhode Island Capital Plan funds in the FY 2012 through FY 2016 period for repairs and renovations to the state's 11 regional workshop centers. The approved capital plan includes \$0.5 million annually for FY 2011 through FY 2015. The request is \$2.9 million more than the approved capital plan with the inclusion of \$0.8 million for FY 2016. The Department spent \$141,128 in FY 2007, \$232,228 in FY 2008, \$466,803 in FY 2009 and \$184,086 for FY 2010 on various asset protection projects.

The Department also requests \$1.0 million for FY 2011, \$0.5 million more than approved. The Department plans to continue renovating space at the Maher Center on Aquidneck Island to accommodate relocating the individuals currently attending the state operated day program located on the campus of Roger Williams University. The state plans to sell the property to the University and provide the day services at the Maher Center; however, as of September 2010 the campus site has not been sold. *The Governor recommends \$7.5 million, \$3.8 million in the five-year period, \$0.7 million less than requested. He includes \$750,000 annually in the five-year period.*

Substance Abuse - Asset Protection. The Department requests \$1.5 million from Rhode Island Capital Plan funds in the five-year capital plan for substance abuse asset protection projects. This is consistent with the approved plan and adds \$0.3 million for FY 2016. Funding provides a source of asset protection and emergency repairs to the 11 community facilities housing substance abuse clients. *The Governor recommends funding as requested.*

Zambarano Campus - Asset Protection. The Department requests total expenditures of \$4.5 million from Rhode Island Capital Plan funds, including \$1.6 million for the FY 2012 through FY 2016 period for asset protection projects related to repairs at the Zambarano campus of the Eleanor Slater Hospital. This includes \$1.5 million for FY 2011, which is \$0.7 million more than the approved plan for a kitchen renovation project at the Wallum Lake House. *The Governor recommends \$1.4 million; consistent with the enacted level and \$0.2 million less than requested.*

Mental Health Residences Furniture. The Department requests \$199,000 from Rhode Island Capital Plan funds for furniture provided to indigent mental health clients who live in newly acquired apartments or group homes. This is consistent with the approved plan and adds \$55,000 for FY 2016. The request includes \$20,000 for FY 2011 and \$25,000 for FY 2012. Prior year expenditures were \$383,530 from bond proceeds. *The Governor recommends funding as requested.*

Management Information System. The Department requests \$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. The request is consistent with the approved capital plan; however, the Department shifts funding to FY 2011 and FY 2012. The project was originally funded in FY 1994 to support the developmental disabilities program but has never been implemented. *The Governor recommends funding as requested.*

Department of Veterans' Affairs

Projects	Status	5 Year Total	Project Total
<i>Veterans' Home</i>			
N-2 and N-3 Nursing Ward Renovations	New	\$ 1,425,000	\$ 1,425,000
Electrical System Upgrade	Revised	-	500,000
N-5 Nursing Ward Renovation	Revised	-	780,000
N-6 Nursing Ward Renovation	Revised	-	780,000
N-7 Nursing Ward Renovation	Revised	-	780,000
HVAC System	Revised	-	2,852,362
Main Entrance Renovations	Revised	-	50,000
Sprinkler System Water Connection	Revised	650,000	665,000
Total		\$ 2,075,000	\$ 7,832,362
Sources of Funds			
Restricted Receipts		\$ 2,075,000	\$ 5,254,994
Federal Funds		-	2,577,368
Total		\$ 2,075,000	\$ 7,832,362

Summary. The Department of Human Services requests \$2.8 million for the period FY 2012 through FY 2016 for eight capital projects at the Veterans' Home. The Department also requests capital expenditures of \$3.0 million for FY 2011. *The Governor's budget includes the creation of the Department of Veterans' Affairs, effective July 1, 2011 pursuant to current law. He includes the Veterans' Home projects in the new Department's budget for FY 2012 and the years following; FY 2011 recommendations still appear in the budget of the Department of Human Services. The Governor recommends \$2.1 million for the five-year period, which is consistent with the request, though he shifts funding for one project to later years.*

Veterans' Home

N-2 and N-3 Nursing Ward Renovations. The Department requests \$1.4 million from restricted receipt funding for a new project at the Veterans' Home to renovate the N-2 nursing ward in FY 2012 and the N-3 nursing ward in FY 2013. Major repairs include the resident rooms, bathrooms, corridors and auxiliary rooms. This project is similar to the renovations to nursing wards N-5, N-6 and N-7, which are included in the approved capital plan. The requested funding is \$80,000 less per wing than the other ward projects, though this project will begin at a later date. *The Governor recommends total funding consistent with the request, but shifts \$715,000 from FY 2012 to future years, including an additional \$5,000 in FY 2013 and \$710,000 in FY 2014.*

Electrical System Upgrade. The Department requests \$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 2010 funding to FY 2011. This reflects the fourth consecutive postponement of the project since it appeared in the approved capital plan; however, the request indicates that a purchase order has been awarded for the engineering services and project completion is expected in FY 2011. 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 recommends funding as requested.*

N-5 Nursing Ward Renovation. The Department includes \$0.8 million from restricted receipt funding to renovate the N-5 nursing ward at the Veterans' Home in FY 2011. This reflects an increase of \$280,000 from the approved capital plan due to updated construction costs provided by a contracted architect, contributing to the one year delay to FY 2011. Major repairs include the 25 resident rooms, bathrooms, corridors 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 current request includes similar funding increases for the other two wards. *The Governor recommends funding as requested.*

N-6 Nursing Ward Renovation. The Department includes \$0.8 million from restricted receipts to renovate nursing ward N-6 at the Veterans' Home in FY 2011. This reflects an increase of \$280,000 from the approved capital plan due to updated construction costs developed by a contracted architect. Major repairs include the 25 resident rooms, bathrooms, corridors 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 current request includes similar funding increases for the other two wards. *The Governor recommends funding as requested.*

N-7 Nursing Ward Renovation. The Department includes \$0.8 million from restricted receipt funding to renovate nursing ward N-7 at the Veterans' Home in FY 2011. This reflects an increase of \$280,000 from the approved capital plan due to updated construction costs developed by a contracted architect. Major repairs include the 25 resident rooms, bathrooms, corridors 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 current request includes similar funding increases for the other two wards. *The Governor recommends funding as requested.*

HVAC System. The Department's request includes \$100,000 from restricted receipts not spent in FY 2010 to complete its upgrade of the current heating system at the Veterans' Home in FY 2011. The final portion of this project will correct the lack of air flow in the connecting hallway between the north and south buildings, which do not have heat, air conditioning or ventilation at this time. *The Governor recommends funding as requested.*

Main Entrance Renovations. The Department requests \$50,000 from restricted receipts to renovate the main entrance at the Veterans' Home. This project is part of the approved capital plan but the Department revises the timeline of the project to be completed in FY 2011 instead of FY 2010. *The Governor recommends funding as requested.*

Sprinkler System Water Connection. The Department requests 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 an additional one-year delay for a start in FY 2011 and FY 2012 completion. *The Governor recommends funding as requested.*

Governor's Commission on Disabilities

Projects	Status	5 Year Total	Project Total
Facility Renovations	Revised	\$ 1,250,000	\$ 4,288,276
Total		\$ 1,250,000	\$ 4,288,276
Sources of Funds			
Rhode Island Capital Funds		\$ 1,250,000	\$ 2,288,276
General Obligation Bonds		-	2,000,000
Total		\$ 1,250,000	\$ 4,288,276

Summary. The Commission requests facility renovation projects totaling \$16.2 million from all funds, of which \$1.3 million from Rhode Island Capital Plan funds will be used in the five-year period to remove barriers at state owned facilities to allow access for people with disabilities. The request is consistent with the approved plan and includes \$34,968 from general obligation bonds and \$22,201 from Rhode Island Capital Plan funds carried forward from FY 2010 to FY 2011. *The Governor recommends a total project of \$4.3 million, \$11.9 million less than requested and does not include the requested post-FY 2016 funding. He includes \$1.3 million in the five-year period \$250,000 each year.*

Department of Elementary and Secondary Education

Projects	Status	5 Year Total	Project Total
Davies Window Replacement	New	\$ 355,000	\$ 355,000
Davies Paving	New	250,000	250,000
Davies Lighting	New	-	658,456
Met School Asset Protection	New	300,000	300,000
East Providence Career and Technical School	Revised	-	950,000
Woonsocket Career and Technical School	Revised	1,175,788	1,175,788
Warwick Career and Technical School	Revised	430,000	688,036
Chariho Renovations	Revised	400,000	1,600,000
Newport Career and Technical School	Revised	600,000	1,000,000
Davies School Roof Repair	Revised	387,275	2,986,184
Comprehensive Education Information System	Revised	543,617	7,600,000
School for the Deaf New Construction	Revised	-	31,248,698
Met School East Bay Campus	Revised	7,600,000	8,800,000
Davies School HVAC	Ongoing	414,628	2,162,216
Regional Career and Technical Schools	Ongoing	-	15,000,000
Cranston Career and Technical School	Ongoing	1,240,000	1,689,051
Metropolitan Regional Career & Technical Center	Ongoing	-	29,000,000
Davies Asset Protection	Ongoing	750,000	974,216
Shepard Building HVAC	Ongoing	-	311,500
K-16 Stem Investment	Ongoing	-	445,154
Total		\$ 14,446,308	\$ 107,194,299
Sources of Funds			
General Obligation Bonds		\$ -	\$ 44,000,000
Certificates of Participation		543,617	33,445,154
Rhode Island Capital Funds		13,902,691	24,866,142
Federal Funds		-	4,600,000
Other		-	283,003
Total		\$ 14,446,308	\$ 107,194,299

Summary. The Board of Regents for Elementary and Secondary Education requests capital project expenditures totaling \$115.4 million, which is \$8.3 million more than the approved capital plan. Of this amount, \$21.6 million would be spent in the FY 2012 through FY 2016 period covered by the current request. This request includes 20 projects, four of which are new.

The Governor's capital budget includes \$107.2 million in projects with \$14.4 million in the FY 2012 through FY 2016 period. This is \$8.2 million less than requested and \$55,232 more than the approved capital plan. The Governor's recommended five-year capital plan includes \$13.9 million from Rhode Island Capital Plan funds and \$0.5 million from Certificates of Participation.

Davies Window Replacement. The Regents request \$355,000 from Rhode Island Capital Plan funds for FY 2012 to replace the windows at the Davies Career and Technical Center. This work was previously planned as part of the asset protection project; however, the school indicates that the estimated project cost

is too large to address as part of the asset protection project and that asset protection funds, for which the approved capital plan includes \$150,000 per year, are needed for other smaller projects throughout the facility. This is the second year this project has been requested; neither the Governor nor the Assembly included it in the capital plan. *The Governor recommends funding as requested but delays the project start date one year to FY 2013.*

Davies Paving. The Regents request \$250,000 from Rhode Island Capital Plan funds for FY 2013 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; however, the school indicates that the estimated project cost is too large to address as part of the asset protection project and that asset protection funds, for which the approved capital plan includes \$150,000 per year, are needed for other smaller projects throughout the facility. This is the second year this project has been requested; neither the Governor nor the Assembly included it in the approved capital plan. *The Governor recommends funding as requested, but delays the project start date one year to FY 2014.*

Davies Lighting. The Regents request \$0.7 million from Rhode Island Capital Plan funds for FY 2011 for a new project to replace the lighting at the Davies Career and Technical Center with new energy efficient lighting fixtures. The Department has indicated that National Grid is offering to pay \$0.3 million of the total cost. The state share would be \$0.4 million. The Department has noted that it is requesting the full amount in the event that the agreement with National Grid falls through. *The Governor recommends total funding as requested for FY 2011 but includes \$0.4 million from Rhode Island Capital Plan funds and \$0.3 million from National Grid, which assumes that funds will be approved.*

Met School Asset Protection. The Regents request \$0.5 million from Rhode Island Capital Plan funds for a new asset protection project at the Met School's Peace Street and Public Street campuses in Providence. The Peace Street campus was constructed in 1998 and the Public Street campus was constructed in 2002. The Department reports that many of the systems within these buildings are approaching the end of their useful life and require major mechanical overhaul or replacement. The Department would like the Met School to have asset protection funding like the Davies Career and Technical Center. *The Governor recommends \$0.3 million from Rhode Island Capital Plan funds, \$100,000 annually from FY 2014 through FY 2016.*

East Providence Career and Technical School. The Regents request \$950,000 from Rhode Island Capital Plan funds for FY 2011 to cover remaining fire, health, and life safety repairs at the East Providence Career and Technical Center. The request is \$0.7 million more than the approved capital plan based on construction cost estimates received by the Department. *The Governor recommends funding as requested.*

Woonsocket Career and Technical School. The Regents request \$1.2 million from Rhode Island Capital Plan funds for FY 2011 through FY 2014 to replace the roof at the Woonsocket Career and Technical Center. Total funding is consistent with the approved capital plan, but the request shifts the project out one year. *The Governor recommends total funding as requested, but delays the start date one year to FY 2012.*

Warwick Career and Technical School. The Regents request \$688,036 from Rhode Island Capital Plan funds for FY 2011 through FY 2013 to replace the roof at the Warwick Career and Technical Center. Funding is consistent with the approved capital plan but extended another year to reflect a revised project schedule. *The Governor recommends funding as requested.*

Chariho Renovations. The Regents request \$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 take ownership of the facility. There is currently a transfer agreement between the state and the district. 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 in FY 2011 and FY 2012. Total funding is consistent with the approved capital plan but is reprogrammed to reflect a revised project schedule. *The Governor recommends funding as requested.*

Newport Career and Technical School. The Regents request \$1.0 million from Rhode Island Capital Plan funds for FY 2011 through FY 2013 to replace the roof at the Newport Career and Technical Center for the district to consider taking ownership of the facility. Funding is \$56,638 more than the approved plan based on revised cost estimates from the Department. *The Governor recommends funding as requested.*

Davies School – Roof Repair. The Regents request \$3.0 million to finish replacing the roof at the Davies Career and Technical Center. This is \$1.0 million less than the approved capital plan based on the most current estimates. The bids received by the school were less than originally anticipated. The current request will allow all remaining roof sections to be completed. *The Governor recommends funding as requested.*

Comprehensive Education Information System. The Regents request \$3.0 million from authorized Certificates of Participation through FY 2013 to implement the comprehensive education information system innovative schools initiative. 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. Funding is consistent with the approved capital plan but programmed through FY 2013; the approved plan programs funding through FY 2010. Extending the funding through FY 2013 will allow the Department to continue implementation and maintenance of the system, provide for licenses and support, program the uniform chart of accounts and install a fire suppression system.

The Governor recommends funding as requested. He also shows \$4.6 million from federal funds that the Department was able to secure to support this project in the pre-FY 2011 period.

School for the Deaf New Construction. The Regents' request includes \$28.1 million from Certificates of Participation and \$4.4 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 is in error. Actual funding is consistent with the approved capital plan. The Budget Office has indicated that the actual issuance was \$30,425,000, with \$29,910,000 for the construction fund and the balance for cost of issuance. The project is completed and students were able to begin the 2010-2011 school year in the new building.

The Governor recommends \$31.2 million consistent with the approved capital plan. This includes \$30.0 million from Certificates of Participation and \$1.25 million from Rhode Island Capital Plan funds.

Met School East Bay Campus. The Regents request \$8.8 million from Rhode Island Capital Plan funds through FY 2013 to renovate and add new space to the Florence Gray Community Center in Newport to accommodate the future growth in student enrollment at the Met School's East Bay Campus. The School

opened in August 2006 with 30 students; its current enrollment is 90 students. The School would like to eventually enroll 120 students, 30 in each grade. Requested funding is \$1.3 million less than the approved capital plan based on revised estimates in the completed feasibility study. *The Governor recommends funding as requested.*

Davies School – HVAC. The Regents request \$3.3 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 but consistent with last year’s request. 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 does not recommend the additional funding. He recommends \$2.2 million consistent with the approved capital plan and provides \$0.4 million for FY 2012 to complete the project.

Regional Career and Technical Schools. The Regents’ capital budget request includes \$25.2 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 and \$10.2 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. 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 Americans with Disabilities Act accessibility issues, security systems, door and window repairs, new flooring, plumbing, parking lot refurbishing, lighting, sidewalks, and electrical work. The Regents have 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 does not recommend the additional funding. He recommends funding consistent with the approved capital plan and provides \$0.2 million for FY 2011 from the remaining general obligation bond funds.

Cranston Career and Technical School. The Regents request \$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 to be 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 recommends funding as requested.*

Metropolitan Regional Career and Technical Center. The Board requests \$0.8 million from approved general obligation bond proceeds for FY 2011 to create an “entrepreneurial center” at the Providence Public Street 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. Funding is consistent with the approved capital plan but one year later.

[Staff Note: Subsequent to the budget submission, the Department notified the Budget Office that it would like to include a request for \$422,125 from Rhode Island Capital Plan funds as part of this project. It indicated that the lowest bid for the construction of the entrepreneurial center was \$1,138,000, which exceeds the amount available from bond funds by \$422,125.]

The Governor recommends general obligation bond funding as requested. He does not recommend the additional \$0.4 million from Rhode Island Capital Plan funds.

Davies Asset Protection. The Regents request \$150,000 from Rhode Island Capital Plan funds annually in the FY 2012 through FY 2016 time period for asset protection projects. The 2010 Assembly provided \$150,000 for each year of the plan except for FY 2012 for which it provided \$100,000. Current planned projects for FY 2011 include security system upgrades. *The Governor recommends funding during the five year period as requested. He recommends \$112,941 for FY 2011.*

Shepard Building HVAC. The Regents request \$311,500 from Rhode Island Capital Plan funds through FY 2011 to finish installing 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 recommends funding as requested.*

K-16 STEM Investment. The Regents request \$445,154 from Certificates of Participation programmed through FY 2011 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, E-911, in addition to the education projects. Funding is consistent with the approved capital plan. *The Governor recommends funding as requested.*

Board of Governors for Higher Education

Projects	Status	5 Year Total	Project Total
Systemwide			
Asset Protection	Revised	\$ 53,008,128	\$ 130,936,634
Smart Classrooms	Ongoing	-	14,133,395
Telecommunications	Ongoing	-	-
Community College		17,625,000	75,517,623
College		83,000,000	161,440,379
University		293,352,548	670,083,963
Total		\$ 446,985,676	\$ 1,052,111,994
Sources of Funds			
General Obligation		\$ 83,684,364	\$ 287,754,903
New General Obligation		116,096,235	204,750,000
RIHEBC		111,157,062	196,015,623
Other Debt		22,500,000	61,450,100
General Revenue		7,974,806	18,524,566
Rhode Island Capital Funds		86,058,128	222,855,134
Other		19,515,081	60,761,668
Total		\$ 446,985,676	\$ 1,052,111,994

Summary. The institutions under the Board of Governors submit five-year capital requests that include projects totaling \$1,240.3 million, of which \$692.7 million would be spent in the FY 2012 through FY 2016 period; \$187.8 million would be spent in FY 2011.

The Governor recommends \$1,052.1 million with \$447.0 million in projects to be spent in the FY 2012 through FY 2016 period and \$161.4 million to be spent in FY 2011. Average annual outlays are \$89.4 million.

New Bond Initiatives. The current request includes \$273.6 million in new general obligation bond funds to be placed on the November 2012 and November 2014 ballots. The request includes \$12.7 million for improvements to athletic facilities at the Flanagan and Knight Campuses for the Community College. For the College, it includes \$42.4 million for a full renovation to academic halls. At the University, the request includes \$227.7 million for a new College of Engineering, Fine Arts Center and nursing building for the University and College.

The Governor's capital budget includes \$102.3 million for two projects to be placed on the November 2012 ballot. This includes \$42.3 million for the first phase of academic buildings modernization at Rhode Island College, and \$60.0 million for a new nursing building for the Higher Education system. The Assembly provided Rhode Island Capital Plan funds for the new nursing building for a feasibility study to include enrollment projections, operating costs, space sharing, governance plans, and a comparison to alternate plans for separate facilities. The Governor also recommends one project to be placed on the November 2014 ballot. He does not include the \$12.7 million requested for athletic facilities at the Community College or the \$65.0 million for the fine arts center at the University of Rhode Island.

Project		Current Board Req.	Governor 2012 Ballot	Governor 2014 Ballot
Athletic Facilities Renovations	CCRI	\$ 12,662,254	\$ -	\$ -
Modernization of Academic Bldgs Phase 1	RIC	33,450,000	42,250,000	-
Engineering Quadrangle	URI	102,500,000	-	102,500,000
Nursing and Assoc. Health Building	URI	60,000,000	60,000,000	-
Fine Arts Center	URI	65,000,000	-	-
Total		\$ 273,612,254	\$ 102,250,000	\$ 102,500,000

Other Debt. The Board's 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 or renovation project. 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 \$160.4 million from revenue bonds, including \$96.5 million in the five-year period. Annual debt service on the \$96.5 million, assuming 20 years and 5.0 percent interest, is \$7.9 million. Annual debt service on the entire \$160.4 million is \$13.2 million.

The Governor recommends \$196.0 million from revenue bonds, including \$111.2 million in the five-year period. Annual debt service on the \$111.2 million assuming 20 years and 5.5 percent interest is \$9.2 million; for the full \$196.0 million, it is \$16.2 million. The Governor recommends \$14.6 million from new revenue bonds for fire protection and sprinkler systems at the University of Rhode Island that would require Assembly approval; there was no resolution included in the budget.

Systemwide Projects

Asset Protection. The Board requests \$67.2 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 \$8.8 million for FY 2011 and \$13.2 million for FY 2012. The approved capital plan assumed use of \$9.2 million and \$10.1 million in FY 2011 and FY 2012, 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 2010 Assembly added \$1.4 million in each year, FY 2011 through FY 2015, for asset protection projects. The annual increase includes \$0.8 million for projects at the University, \$0.4 million for projects at the College, and \$0.3 million for projects at the Community College. *The Governor recommends \$53.0 million for the five-year period. He recommends \$9.2 million for FY 2011.*

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 through FY 2010. *The Governor recommends \$11.7 million from Certificates of Participation consistent with the approved capital plan. He also recommends \$2.4 million from private grants and federal funds.*

Community College of Rhode Island

Projects	Status	5 Year Total	Project Total
<i>Community College of Rhode Island</i>			
Fire Safety Stimulus	Revised	\$ -	\$ 5,501,623
Flanagan Campus Addition	Revised	4,000,000	22,500,000
Energy Performance Contract	Ongoing	9,500,000	11,500,000
Fire Code and HVAC Improvements	Ongoing	-	3,412,000
Newport Campus	Ongoing	-	12,479,000
Knight Campus Renewal	Ongoing	4,125,000	20,125,000
Total		\$ 17,625,000	\$ 75,517,623

Fire Safety Stimulus. The Board requests \$5.5 million from federal fiscal stabilization funds for fire safety projects at the Community College’s academic buildings. Based on the allocation of fiscal stabilization funds, assumed in the FY 2011 enacted budget, higher education’s share of the total \$134.9 million was \$27.3 million, with \$11.2 million available in FY 2011 for fire safety repair work at the institutions of higher education. Funding was distributed to the institutions based on the square feet of existing academic buildings that need fire safety improvements, and includes \$5.0 million for the University of Rhode Island, \$4.0 million for Rhode Island College, and \$2.3 million for the Community College of Rhode Island for FY 2011.

Based on the final allocation between elementary and secondary education and higher education, higher education will receive \$28.1 million from federal fiscal stabilization funds. The Community College’s share will be \$5.6 million; however, the Governor recommends \$5.5 million.

	Higher Education Stabilization Funds		
	FY 2010	Remaining Balance	Total
University of Rhode Island	\$ 818,551	\$ 11,680,375	\$ 12,498,926
Rhode Island College	37,623	9,888,698	9,926,321
Community College of Rhode Island	-	5,648,431	5,648,431
Total	\$ 856,174	\$ 27,217,504	\$ 28,073,678

Flanagan Campus Addition. The Board requests \$29.8 million from Rhode Island Capital Plan funds to add approximately 50,000 square feet to the Flanagan Campus academic building. The request includes 15 additional classrooms, faculty offices, computer lab space, a theater/arts space, student lounge and additional study areas. The Governor had proposed placing \$27.8 million on the November 2014 ballot, but the Assembly included \$2.0 million from pay-as-you-go funding to begin in FY 2015. The Community College increased the total project costs by 6.7 percent or \$2.0 million for inflation since the project start date has been changed from FY 2014 to FY 2015.

The Governor recommends total funding of \$22.5 million from Rhode Island Capital Plan funds with \$2.0 million in FY 2015 to begin the project.

Energy Performance Contract. Consistent with the approved plan, the Board requests \$11.5 million from Certificates of Participation to purchase energy-saving improvements in buildings and infrastructure for the Community College. Energy service contracts guarantee that savings in utility costs will be sufficient to pay for the debt service on the cost of the replacement of antiquated and inefficient equipment. The

Community College has completed an evaluation of initial proposals for the Warwick campus and has chosen to partner with Ameresco. The next step is to enter into an energy performance contract with Ameresco to start the investment grade audit for all four of the Community College's campuses. Through this process the College will enter into a 15 year contract and the audit should be completed no later than February of 2011. *The Governor recommends funding as requested.*

Fire Code and HVAC Improvements. The Board requests total project costs of \$4.2 million to replace the rooftop HVAC units on the main building of the Flanagan Campus. The request includes \$3.4 million from Rhode Island Capital Plan funds and \$0.8 million from the Community College's allocation of asset protection funds. This is \$0.8 million more than the approved capital plan due to increased costs from when the request was originally submitted in FY 2005, and an alternate plan was developed to allow heating and cooling to be adjusted on separate floors. The project is programmed through FY 2012.

The Governor recommends \$3.4 million including \$3.2 million in FY 2011 to finish the project consistent with the approved plan. This assumes the Community College will use asset protection funds as requested.

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 2011.*

Knight Campus Renewal. Consistent with the approved capital plan, the Board requests \$20.1 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 a redesign of the theatre. 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 recommends total funding of \$20.1 million from Rhode Island Capital Plan funds with \$125,000 in FY 2014 to begin the project.*

Athletic Facilities Renovations. The Board requests \$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 at the Community College. 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, fencing and a small addition to the Knight Campus field house for the development of a new wellness program. The Board requested this project as part of its FY 2011 capital budget; the Governor and the Assembly did not include funding for it. This project is now presented as a two-year project that would begin in FY 2014. *The Governor does not recommend funding for this project.*

Knight Campus Residence Hall. The Board's request includes \$31.6 million from Rhode Island Capital Plan funds to build a new 200-bed residence hall at the Knight Campus in Warwick. The request includes \$250,000 from Rhode Island Capital Plan funds for a feasibility study in FY 2012. The facility would be a combination of apartments and suites; the Community College believes this would attract out-of-state and international students. The Community College indicates that it has anecdotal evidence from students that they would like an on-campus housing option. State law requires that all auxiliary facilities be self-supporting including capital expenses. The Community College indicates that it is confident that a residence hall operations would be self-supporting through room fees, though it is pursuing a state subsidy for construction. This project was requested the past two years

but neither the Governor nor the Assembly approved it. *The Governor does not recommend funding for this project.*

Wind Turbine. The Board requests \$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 indicates that it will have minimal impact on parking. This project was included in the two previous capital budget requests. The Governor recommended \$3.9 million from revenue bonds as part of his FY 2010 budget but did not submit a resolution for Assembly approval of the debt issuance. In the Governor’s FY 2011 budget, he included funding for this project as part of the energy performance contract project. The Assembly did not concur with the additional funding for the wind turbine. *The Governor does not recommend funding for this project.*

Rhode Island College

Projects	Status	5 Year Total	Project Total
<i>Rhode Island College</i>			
Academic Buildings Phase III	New	\$ 75,000	\$ 150,000
Academic Buildings Phase IV	New	-	150,000
Donovan Dining Center	New	75,000	75,000
Energy Performance Contract	New	7,500,000	7,500,000
Modernization/Renovation of Residence Halls	New	-	175,000
New Residence Hall	New	75,000	75,000
Renovation/Addition Life Sciences Building	New	-	75,000
Student Union Renovation	New	-	125,000
Academic Buildings Phase I	Revised	33,600,000	42,400,000
Academic Buildings Phase II	Revised	150,000	225,000
Art Center Facility	Revised	17,000,000	18,820,000
DCYF Phase III	Revised	-	7,790,000
Infrastructure Modernization	Revised	16,000,000	22,582,006
Recreation Center Modernization	Revised	-	12,495,462
Fire Safety Stimulus	Ongoing	-	9,668,325
Residence Hall	Ongoing	-	29,989,486
Roads/Parking/Entrances	Ongoing	8,525,000	9,145,000
Total		\$ 83,000,000	\$ 161,440,279

Academic Buildings Phase III. The Board requests \$150,000 from College funds for a feasibility study for the third phase of a four-phase project to modernize and rehabilitate eight academic buildings at Rhode Island College. The two buildings planned for renovation as part of the third phase are Whipple Hall and Henry Barnard School. Upon receiving the draft 2010 Master Plan, the College was informed that both of these buildings were in fair condition. The Board’s request is for a feasibility study to be completed in the fall of FY 2015. *The Governor recommends funding as requested.*

Academic Buildings Phase IV. The Board requests \$150,000 from College funds for a feasibility study for the fourth and final phase of a project to modernize and rehabilitate eight academic buildings at Rhode Island College. The two buildings planned for renovation as part of the fourth phase are Adams Library

and Roberts Hall. Upon receiving the draft 2010 Master Plan, the College was informed that both of these buildings were in fair condition. The Board's request is for a feasibility study to be completed in the post-FY 2016 period. *The Governor recommends funding as requested.*

Donovan Dining Center. The Board requests \$75,000 from College funds for a feasibility study to assess the need for future improvements to the dining center and ensure the College meets the needs of current and future students. The study is scheduled for FY 2012. *The Governor recommends funding as requested.*

Energy Performance Contract. The Board requests \$7.5 million from Certificates of Participation for a new project to enter into an energy performance contract with an energy services company to purchase energy saving improvements in buildings and infrastructure. The College has identified several facilities on campus that would be good candidates for an energy performance contract. The College is currently preparing a draft Request for Proposal with plans to finalize it during FY 2011. A contract with an energy services company is anticipated for FY 2012. *The Governor recommends funding as requested.*

Modernization/Renovation of Residence Halls. The Board requests \$175,000 from College funds for a feasibility study for a new project to assess and evaluate five of the six residential facilities on campus. The five facilities range from 19 to 46 years old with limited renovations done during those time periods. The study is scheduled for FY 2011. *The Governor recommends funding as requested.*

New Residence Hall. The Board requests \$75,000 from College funds for a feasibility study for a new residence hall. The feasibility study will be conducted to assess and evaluate the College's ability to expand housing capacity by 350-400 beds. The study is scheduled for FY 2014. *The Governor recommends funding as requested.*

Renovation/Addition Life Sciences Building. The Board requests \$75,000 from College funds for a feasibility study for FY 2011 for a new project to make renovations to the Fogarty Life Sciences Building. The College plans to expand life sciences programs with adequate and up to date classrooms, laboratories, and faculty offices. The renovation work in Fogarty Life Sciences Building includes improvements to the buildings envelope, interior spaces, handicap accessibility and upgrades to the HVAC and electrical systems. *The Governor recommends funding as requested.*

Student Union Renovation. The Board requests \$125,000 from College funds for FY 2011 for a feasibility study of the Student Union. The feasibility study will be conducted to assess and evaluate the existing facility and program needs. The College would like to provide existing and future students with the availability of more space and educational opportunity. *The Governor recommends funding as requested.*

Academic Buildings Phase I. The Board requests \$42.4 million of which \$33.5 million is from new general obligation bond funds, \$8.8 million is from Rhode Island Capital Plan funds and \$150,000 is from College funds for the first phase of a four-phase project to modernize and rehabilitate eight academic buildings at Rhode Island College.

The 2010 Assembly provided \$8.8 million from Rhode Island Capital Plan funds for FY 2015 to begin a face lift renovation for four buildings. The current request reflects a full renovation to only Craig Lee Hall, and Gaige Hall and thereby increases the project cost by \$33.5 million. The Board indicates the revised project costs are current with the condition of each building. The Board's request assumes use of new general obligation bonds in FY 2012. The earliest this project could go on the ballot is November 2012. Funds would not be available until FY 2014.

The Governor recommends placing \$42.3 million on the November 2012 ballot and \$0.2 million from College funds for FY 2011.

Academic Buildings Phase II. The Board requests \$225,000 from College funds for a feasibility study for the second phase of a four-phase project to modernize and rehabilitate eight academic buildings at Rhode Island College to be completed in FY 2013. In FY 2010 the College spent \$75,000 from College funds for program planning. The two buildings planned for renovation are Clark Science Hall and the Horace Mann Hall. *The Governor recommends funding as requested.*

Art Center Facility. The Board requests \$18.8 million for the construction of a new 40,000 square foot Art Center Facility. The request includes \$17.0 million from general obligation bond funds that were approved by the voters on the November 2010 ballot. The request indicates that \$20,000 from asset protection funds was spent on a feasibility study prior to FY 2006. 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. Total project costs are consistent with the approved capital plan. The project assumes the use of new general obligation bond proceeds for expenditure in FY 2011; however, funds will not be available until FY 2012 per Budget Office instructions.

The Governor recommends total funding of \$18.8 million programmed through FY 2013. He includes \$20,000 from College funds and \$1.8 million from Rhode Island Capital Plan funds programmed through FY 2011 to begin the project and \$17.0 million from general obligation bond funds the voters approved on the November 2010 ballot.

Infrastructure Modernization. The Board requests \$22.6 million from Rhode Island Capital Plan funds 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 College has indicated the project has increased \$11.3 million based on the infrastructure study completed by Pare; however, the College reports it has not received a copy of that study yet. *The Governor recommends funding as requested.*

Recreation Center Modernization. The Board's request includes \$12.5 million for the modernization and renovation of the existing Rhode Island College Recreation Center. The 2009 Assembly approved the project and provided \$75,000 from College funds for 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 current request is \$1.1 million more than the approved plan due to changes in the project to include a new main entrance and an upgrade that allows the field house to be used as an event center. *The Governor recommends funding as requested.*

DCYF Phase III. The Board's request includes \$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 construction is complete and the project closeout is in its final phase. *The Governor recommends funding as requested.*

Fire Safety Stimulus. Consistent with approved capital plan, the Board requests \$9.7 million from federal fiscal stabilization funds for fire safety projects at the College's academic buildings. Based on the allocation of federal stabilization funds, assumed in the FY 2011 enacted budget, higher education's share of the total \$134.9 million was \$27.3 million, with \$11.2 million available in FY 2011 for fire safety repair work at the institutions of higher education. Funding was distributed to the institutions based on the square feet of existing academic buildings that need fire safety improvements, and includes \$5.0 million for the

University of Rhode Island, \$4.0 million for Rhode Island College, and \$2.3 million for the Community College of Rhode Island in FY 2011. All of the approved projects are underway within the planning, design, or construction phases and are scheduled to be complete by the end of September 2011.

Based on the final allocation between elementary and secondary education and higher education, higher education will receive \$28.1 million from federal fiscal stabilization funds. The College's share will be \$9.9 million; however, the Governor recommends \$9.7 million.

	Higher Education Stabilization Funds		
	FY 2010	Remaining Balance	Total
University of Rhode Island	\$ 818,551	\$ 11,680,375	\$ 12,498,926
Rhode Island College	37,623	9,888,698	9,926,321
Community College of Rhode Island	-	5,648,431	5,648,431
Total	\$ 856,174	\$ 27,217,504	\$ 28,073,678

Residence Hall. The Board's request includes \$0.1 million for FY 2011 to make a final payment on the \$30.0 million residence hall. The hall is a six floor, 367 bed facility that opened in August 2007. The project was financed from general obligation bonds approved by the voters in November 2004 with the College using dorm revenues to reimburse the state for most of the debt service payments. *The Governor includes \$149,863 to show final FY 2011 expenditures.*

Roads/Parking/Entrances. Consistent with the approved capital plan, the Board requests \$9.1 million for improvements to the Hennessey Street alternative entrance to the College for service vehicles. 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 could purchase land from the Foundation.

The Governor recommends total funding of \$9.1 million programmed through FY 2015. He includes \$20,000 from College funds and \$9.1 million from Rhode Island Capital Plan funds programmed from FY 2014 through FY 2015.

University of Rhode Island

Projects	Status	5 Year Total	Project Total
<i>University of Rhode Island</i>			
Behavioral Change Lab	New	\$ 2,647,553	\$ 2,845,473
Engineering Quad	New	22,496,235	102,500,000
Facilities Services Sector Upgrade	New	7,157,855	7,600,000
Kingston Campus Parking Garage	New	15,300,000	15,300,000
Utility Infrastructure	New	20,000,000	20,000,000
Biological Resource Lab	Revised	16,200,000	16,200,000
College of Pharmacy	Revised	3,500,000	75,200,000
Engineering Quad Advanced Planning	Revised	-	300,000
Environmental Biotechnology Center	Revised	-	59,410,595
Fine Arts Center Renovation	Revised	400,000	400,000
Fire Protection - Academic and Administrative	Revised	14,636,662	26,809,727
Hillside Residence Hall	Revised	24,024,349	45,695,000
New Chemistry Building	Revised	61,000,000	65,800,000
Nursing and Associated Health Building	Revised	60,000,000	60,175,000
Roger Williams Wellness Center	Revised	5,499,806	11,000,000
Athletic Training Facility	Ongoing	6,946,111	7,400,000
Beck Baseball Field Improvements	Ongoing	-	1,686,531
Energy Conservation Phase I	Ongoing	-	18,329,733
Energy Conservation Phase II	Ongoing	5,500,000	12,600,000
Fire Protection - Auxiliary Enterprise Buildings	Ongoing	2,284,323	18,205,000
North District Infrastructure	Ongoing	6,471,001	10,315,000
Ranger Hall	Ongoing	2,184,364	4,640,063
Repaving and Road Construction	Ongoing	8,179,783	13,725,000
Residence Halls Modernization/Renovations	Ongoing	-	65,680,354
Rodos Hellenic Center	Ongoing	-	4,226,423
Tyler Hall/Fraternity Acquisition	Ongoing	-	4,040,064
Total		\$ 284,428,042	\$ 670,083,963

Behavioral Change Lab. The Board's request includes a new \$2.8 million project to renovate the interior offices of the Psychology Department's Behavioral Change Research Facility. The new lab would be designed to National Institute of Health standards and be located in the University's Behavior Change Facility in the Chafee Social Science Center. The University has received a grant from the National Institute of Health to fund the entire project and expects the lab to be fully operational in FY 2012. *The Governor recommends funding as requested.*

Engineering Quad. The Board requests \$102.5 million from new general obligation bonds for renovations to buildings in the engineering quadrangle to begin in FY 2015. The Board requests that this project go on the November 2014 ballot for voter approval. The project would include renovations and additions to Bliss Hall, Crawford Hall, Gilbreth Hall, Kelly Hall and Annex, Wales Hall, and a replacement for the Sheets building serving the Ocean Engineering program at the Narraganset Bay campus. The project will focus on the improvement of classrooms and offices, modernization of teaching laboratories, upgrading elevators, and restrooms. The heating, ventilating, and air conditioning systems will also be replaced along with the

roofs. The project encompasses 149,711 square feet of space. It should be noted that the University also requests renovations to Bliss Hall as a separate project. *The Governor recommends funding as requested.*

Facilities Services Sector Upgrade. The Board requests \$7.6 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 buildings 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 \$12.2 million. The debt will be paid from the University's unrestricted budget; this includes general revenues, tuition and fees. *The Governor recommends funding as requested, but does not submit a resolution for Assembly approval of debt issuance.*

Kingston Campus Parking Garage. The Board requests total funding of \$15.3 million from all sources, including \$14.4 million from revenue bonds backed by parking fees and \$0.9 million from University funds for FY 2012 and FY 2013 for the design and construction of a multi-level parking structure on a portion of the Chafee Hall faculty and staff parking lot. The project includes parking on five levels, including a sub-entry level, with a total of 561 parking spaces. Assuming 20 years and 5.0 percent interest, annual debt service payments would be \$1.1 million for a total cost of \$23.1 million. *The Governor recommends funding as requested, but does not submit a resolution for Assembly approval of debt issuance.*

Utility Infrastructure. The Board requests \$20.0 million from new revenue bonds backed by general revenues and tuition and fees for two phases of utility infrastructure upgrades. Funding is programmed over FY 2012 and FY 2014 for phase I and from FY 2015 through post-FY 2016 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.

[Staff note: The University indicates that the cost of the project has increased and is currently revising its estimate.]

The Governor recommends funding as requested, but does not submit a resolution for Assembly approval of debt issuance.

Biological Resource Lab. The Board's request includes a \$16.2 million project backed by new revenue bonds to construct a 17,000 square foot 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 approved capital plan includes \$15.0 million in federal grant funding from the National Institute of Health; however, the current request replaces those funds with revenue bonds because the University did not receive the grant. The increased cost reflects the change in the start date and fees associated with the cost of a bond issuance. *The Governor recommends funding as requested, but does not submit a resolution for Assembly approval of debt issuance.*

College of Pharmacy. The Board's request includes \$75.2 million to design and construct a 155,000 square foot building to house the College of Pharmacy teaching laboratories, classrooms, 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 and \$10.2 million from private

donations. The current request is 5,000 square feet more than the previous request for additions to the building's envelope. The University received bids that were lower than anticipated and opted to increase the scope of the project rather than lowering the total cost. *The Governor recommends funding as requested.*

Engineering Quad Advanced Planning. The Board requests \$0.3 million from University funds for FY 2011 for planning work on the University's engineering quad. The project will allow the University to study the building improvement priorities for the College of Engineering. The FY 2011 approved capital plan included \$0.3 million from Rhode Island Capital Plan funds from the University's asset protection funds consistent with the Governor's recommendation. The University has indicated that it believed the approved capital plan funded the project from University funds. *The Governor recommends funding as requested.*

Environmental Biotechnology Center. The Board's request reflects a \$59.6 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. The revised plan calls for the construction of a 140,000 square foot facility that will provide classrooms, laboratory facilities, animal care holding facilities, and office space. Funding includes \$50.0 million from general obligation bonds, \$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 approved plan includes \$5.0 million from new federal funds. The University was not granted the National Institute of Health grant to build out the "shelled" laboratory and office space. The lab will remain shelled until funding is identified; this request reflects that revision.

The Governor recommends \$59.4 million in total funding for the Environmental Biotechnology Center. He shows the \$0.2 million from authorized Certificates of Participation for education technology projects in the systemwide SMART classrooms project; the project total has not changed.

Fine Arts Center Renovation. The Board's request includes \$65.4 million from new general obligation bonds and 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 2014. The approved capital plan includes \$65.4 million from Rhode Island Capital Plan funds for planning and construction. Construction was planned for FY 2014 to the post-FY 2016 period and planning was set for FY 2011. The University indicates it is requesting general obligation bond funds in lieu of Rhode Island Capital Plan funds because the original request was for general obligation bonds.

[Staff note: Funding this project from general obligation bonds will cost more than funding on a pay-as-you-go basis. Debt service would be paid from general revenues and tuition and fees.]

The Governor recommends total funding of \$0.4 million from Rhode Island Capital Plan funds for planning in FY 2012.

Fire Protection – Academic and Administrative. The Board requests \$14.6 million from Rhode Island Capital Plan funds and \$12.2 million from federal fiscal 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 2014. As part of his FY 2011 budget, the

FY 2011 budget, 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 Governor recommends \$14.6 million from revenue bonds but does not submit a resolution for Assembly approval of debt issuance. Based on the final allocation between elementary and secondary education and higher education, higher education will receive \$28.1 million for fiscal federal stabilization funds. The University's share will be \$12.5 million; however, the Governor recommends \$12.2 million.

	Higher Education Stabilization Funds		
	FY 2010	Remaining Balance	Total
University of Rhode Island	\$ 818,551	\$ 11,680,375	\$ 12,498,926
Rhode Island College	37,623	9,888,698	9,926,321
Community College of Rhode Island	-	5,648,431	5,648,431
Total	\$ 856,174	\$ 27,217,504	\$ 28,073,678

Hillside Residence Hall. The Board's request includes a \$45.7 million project to demolish the small existing Terrace apartment buildings and construct a four or five story residence hall providing approximately 425 new beds. The request includes \$2.0 million from University funds for furniture, and beds and \$47.7 million from revenue bonds backed by room rents and authorized by the 2008 Assembly. 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 the cost of issuance. *The Governor recommends funding as requested.*

New Chemistry Building. The Board's request includes a \$65.1 million project to design and construct a new chemistry building. This includes \$61.0 million from general obligation bonds approved by the voters on the November 2010 ballot to construct a 100,000 square foot building and \$4.7 million from Rhode Island Capital Plan funds. The project will provide classrooms, research laboratories, faculty and administrative offices. The 2010 Assembly approved \$4.7 million from Rhode Island Capital Plan funds in FY 2011 to begin the project.

The Governor recommends total funding of \$65.8 million for a new chemistry building at the University of Rhode Island. This includes \$61.0 million from general obligation bonds approved by the voters on the November 2010 ballot and \$4.8 million from Rhode Island Capital Plan funds to begin the project in FY 2011.

Nursing and Associated Health Building. The Board's request includes \$60.0 million from new general obligation bonds and \$175,000 from Rhode Island Capital Plan funds to construct a new 120,000 square foot nursing building for the University of Rhode Island and Rhode Island College nursing programs in Providence. The University and College will share technology equipped classrooms, seminar rooms, lecture halls and a simulation center for nursing student training in realistic patient care settings. The project will also include health laboratories, computer and media labs, collaborative research, and outreach program space. The new project merges two separate proposals into one and would be close to the state's major hospitals located in Providence.

The Governor requested an amendment to his FY 2011 budget to add \$60.0 million to the November 2010 ballot for a new nursing sciences building in Providence for the University and College. Testimony before the committee indicated that the project was still in the early stages of planning with a number of unresolved

unresolved issues. The Assembly provided only \$175,000 from Rhode Island Capital Plan funds for a feasibility study to include enrollment projections, operating costs, space sharing, governance plans, and a comparison to alternate plans for separate facilities. It did not authorize any specific project, pending that study. The University indicates the feasibility study began in the middle of February 2011.

The Governor recommends placing \$60.0 million on the November 2012 ballot for expenditure in FY 2014, though he does not specify a preferred proposal. He also recommends the \$175,000 to be spent in FY 2011.

Roger Williams Wellness Center. The Board requests \$11.0 million from private funds and University 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 Rhode Island Capital Plan funds. The Board is requesting an additional \$4.1 million from University funds in lieu of Rhode Island Capital Plan funds. The University does not anticipate sufficient Rhode Island Capital Plan funds will be available for the increased project cost and has requested these funds from University funds. The auxiliary fund sources that will be used over three fiscal years are \$2.5 million from the bookstore, \$2.0 million from health services, \$3.5 million from dining services, and \$1.0 million from housing and residential life. *The Governor recommends funding as requested.*

Athletic Training Facility. The Board requests \$7.4 million from private sources and revenue bonds for the construction of a student athlete development center adjacent to the Tootell Center and Keaney 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. *The Governor recommends funding as requested.*

Beck Baseball Field Improvements. The Board's request includes \$342,820 from a private donor in FY 2011 to complete \$1.7 million of renovations to the Beck Baseball Field. The last component, the indoor batting barn, will complete the facility enhancements. The University awarded the bid to Tower Construction and work began on the site in July 2010. The practice facility will be finished by the end of January 2011. *The Governor recommends funding as requested.*

Energy Conservation Phase I. The 2006 Assembly approved a resolution for a lease 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 \$18.1 million for a lease/purchase agreement with Northeast Energy Services Company, and \$0.2 million from interest earnings. This is consistent with the approved capital plan. *The Governor recommends funding as requested.*

Energy Conservation Phase II. The 2006 Assembly approved a resolution for a lease not to exceed \$18.1 million at the University to enter into an energy performance contract to purchase energy-saving improvements in buildings and infrastructure. Based on the Board's FY 2011 request, the Governor recommended \$12.6 million for the second phase of this project. The Assembly authorized the debt as recommended. The Board requests \$12.6 million from Certificates of Participation consistent with the approved capital plan. *The Governor recommends funding as requested.*

Fire Protection – Auxiliary Enterprise Buildings. The Board requests \$18.2 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 2010 Assembly approved \$18.1 million from revenue bonds based on revised cost estimates. *The Governor recommends funding as requested.*

North District Infrastructure. Consistent with the approved plan, the Board requests \$10.3 million from revenue bond funds to support infrastructure improvements in the campus’ north district 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 for 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 assumes a project cost of \$10.0 million plus \$1.1 million for debt service reserve and \$0.1 million cost of issuance, a 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 recommends funding as requested.*

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. This is consistent with the approved capital plan. The project is scheduled to be completed during FY 2013.

The Governor recommends a total of \$4.6 million, including \$3.6 million from general obligation bond proceeds and \$1.0 million from private sources.

Repaving and Road Construction. The Board requests \$13.7 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. This is \$1.5 million less than the 2009 Assembly authorized the University to issue. The University was able to use \$1.3 million from excess debt service reserve funds and substantially reduced issuance costs for a total savings of \$1.5 million. The project is programmed from FY 2009 to FY 2012. *The Governor recommends funding as requested.*

Residence Halls Modernization/Renovation. The Board’s request does not include the \$65.3 million project to renovate and upgrade student residence halls and surrounding landscape at the Kingston Campus. *The Governor’s budget includes \$1.4 million of unspent funds for FY 2011.*

Rodos Hellenic Center. Consistent with the approved capital plan, 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 2012. *The Governor recommends funding as requested.*

Tyler Hall/Fraternity Acquisition. Consistent with the approved capital plan, 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. 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 recommends funding as requested.*

Bliss Hall. The Board requests \$14.4 million from Rhode Island Capital Plan funds programmed over FY 2013 and FY 2014 for a new project to renovate Bliss Hall. 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, a new heating, ventilating and air conditioning system, a new roof, windows and other exterior improvements. It should be noted that renovations to Bliss Hall are also included as part of the engineering quad building project. *The Governor does not recommend funding for this project.*

Classroom and Instructional Lab Improvements. The Board requests \$4.5 million from Rhode Island Capital Plan funds programmed for FY 2012 through FY 2014 for improvements to classrooms and instructional laboratory facilities within the University academic buildings that have not benefited from major renovations or are in the most need of adaptation. This new project includes finishes on walls and floors, window treatments, acoustical treatments, furnishings, and environmental conditions. *The Governor does not recommend funding for this project.*

Davis Hall Renovation. The Board requests \$8.3 million from Rhode Island Capital Plan funds for FY 2015 and FY 2016 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 does not recommend funding for this project.*

Edwards Hall. The Board requests \$3.5 million from Rhode Island Capital Plan funds for a new project to make exterior and interior renovations to Edwards Hall. The building 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, FY 2010 and FY 2011 budgets but neither the Governor nor the Assembly included it in the capital budget. *The Governor does not recommend funding for this project.*

Exterior Renovation – Quinn Hall Phase II. The Board requests \$2.8 million from Rhode Island Capital Plan funds for FY 2013 and FY 2014 to make exterior repairs to Quinn Hall, built in 1936. This new project would renew the building envelope and exterior finishes by replacing the windows with new historic-style energy efficient units. Restoration work would include 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 fourth year that this project has been requested but neither the Governor nor the Assembly approved it. *The Governor does not recommend funding for this project.*

Exterior Renovation – Roosevelt Hall. The Board requests \$3.4 million from Rhode Island Capital Plan funds for FY 2010 and FY 2011 to make exterior repairs to Roosevelt Hall, built in 1936. This new project would 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 be also be addressed. This project has been requested for the past three years, but neither the Governor nor the Assembly provided funding for it. *The Governor does not recommend funding for this project.*

Fogarty Hall Renovation. The Board requests \$15.0 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 has included it. *The Governor does not recommend funding for this project.*

GSO Campus Building Renovation. The Board requests \$0.3 million from Rhode Island Capital Plan funds for FY 2013 for planning work for the Graduate School of Oceanography facilities. This new project involves an architectural and engineering firm undertaking an evaluation and advance planning efforts for the development of building and systems renovations at the University's Narragansett Bay Campus. *The Governor does not recommend funding for this project.*

Interior Renovations East Hall. The Board requests \$10.3 million from Rhode Island Capital Plan funds for FY 2014 and FY 2015 to make renovations to the interior of East Hall constructed in 1909. This new 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 new, separate project. *The Governor does not recommend funding for this project.*

Morrill Hall Renovation. The Board requests \$17.5 million from Rhode Island Capital Plan funds for a new 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 in 2009 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 does not recommend funding for this project.*

Pastore Hall Renovations. The Board requests \$30.6 million from Rhode Island Capital Plan funds for FY 2015 through post-FY 2016 to make renovations to Pastore Hall, constructed in 1952. This project will renovate the interior of the building including reconfiguring classrooms and offices, gas distribution systems, removing and modernizing laboratories, repairing an extensive number of fume hoods, and replacing the HVAC system. *The Governor does not recommend funding for this project.*

Public Safety Building. The Board requests \$3.6 million from Rhode Island Capital Plan funds programmed over FY 2012 and FY 2013 for a new project to design and construct a new 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 does not recommend funding for this project.*

Ranger Hall Phase II. The Board requests \$17.2 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 would 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 does not recommend funding for this project.*

Woodward Hall. The Board requests \$1.5 million from Rhode Island Capital Plan funds programmed over FY 2012 and FY 2013 for a new project to make renovations to Woodward Hall. This four-floor, 64,000 square foot science classroom building will have 8,600 square feet of interior renovations completed

for use by the departments of nutrition and food science. This project will require Woodward Hall to have suitable wet and dry laboratory space, a teaching kitchen, and office renovations before the nutrition and food science departments can relocate from Ranger Hall. *The Governor does not recommend funding for this project.*

Washburn Hall and East Hall Exterior Renovation. The Board requests \$0.6 million from Rhode Island Capital Plan funds to make exterior repairs to Washburn and East Halls. The goal of the project is to provide new life for the building envelopes by restoring the granite and making the buildings more energy efficient. These are two of the University's older granite buildings on the main quadrangle on the Kingston Campus. This new project would include the replacement of doors, stone re-pointing, and reconstruction of the south portico at Washburn Hall. East Hall's renovation would include the replacement of doors, stone re-pointing, and the reconstruction and painting of wood trim. Entries, walkway approaches and surrounding landscaping would also be addressed for both Washburn and East Hall as well. This project was requested for the past two years as separate projects, but neither the Governor nor the Assembly recommended it. *The Governor does not recommend funding for this project.*

Washburn Hall Interior Renovation. The Board requests \$9.2 million from Rhode Island Capital Plan funds for FY 2014 through FY 2016 for a new project 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 would update fixtures and finishes, upgrade classrooms, and improve electrical, plumbing and HVAC systems. The project will also include new interior walls and a fire stair, modern fire-protection systems, and an elevator. The capital budget request also includes a new, separate project to renovate the exterior of Washburn Hall. This project has been requested in the past few budget requests, but neither the Governor nor the Assembly has provided funding for it. *The Governor does not recommend funding for this project.*

Rhode Island Atomic Energy Commission

Projects	Status	5 Year Total	Project Total
Asset Protection	Ongoing	\$ 150,000	\$ 430,000
Total		\$ 150,000	\$ 430,000
Sources of Funds			
Rhode Island Capital Funds		\$ 150,000	\$ 400,000
Federal Funds		-	30,000
Total		\$ 150,000	\$ 430,000

Summary. The Rhode Island Atomic Energy Commission requests \$250,000 from Rhode Island Capital Plan funds in the five-year period for its 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 recommends funding as requested through FY 2014. He does not recommend funding in FY 2015 and FY 2016.*

Historical Preservation and Heritage Commission

Projects	Status	5 Year Total	Project Total
Heritage Harbor Museum	Ongoing	\$ 9,843,788	\$ 14,009,991
Total		\$ 9,843,788	\$ 14,009,991
Sources of Funds			
General Obligation Bonds		\$ 3,897,331	\$ 5,000,000
Other Funds		5,946,414	9,009,991
Total		\$ 9,843,745	\$ 14,009,991

Summary. The Commission requests total funding of \$14.0 million, including \$8.1 million in the FY 2012 through FY 2016 period for the construction of the Heritage Harbor Museum. Funding 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 to finance the non-bonded portion of the project.

Construction of the 55,000 square foot museum began in October 2007 but was halted in February 2009 due to construction financing problems of the development partner Struever Bros. Eccles, and Rouse, Inc. The restart date is unknown. *The Governor recommends total project funding as requested; however, he shows \$1.7 million previously included as already spent in FY 2014 based on a revised project schedule.*

Office of the Attorney General

Projects	Status	5 Year Total	Project Total
Building Repairs and Renovations	Revised	\$ 1,087,500	\$ 2,640,345
Automated Fingerprint Identification System	Revised	750,000	1,219,746
Total		\$ 1,837,500	\$ 3,860,091
Sources of Funds			
Rhode Island Capital Funds		\$ 1,087,500	\$ 2,640,345
General Obligation Bonds		750,000	1,219,746
Total		\$ 1,837,500	\$ 3,860,091

Summary. The Office of the Attorney General’s five-year capital plan includes two projects totaling \$4.1 million of which \$1.9 million would be spent in the FY 2012 through FY 2016 period. *The Governor recommends \$3.9 million of which \$1.8 million would be spent in the FY 2012 through FY 2016 period.*

Building Repairs and Renovations. The Office requests \$1.2 million from Rhode Island Capital Plan funds for the FY 2012 through FY 2016 period, including \$0.4 million for FY 2011 for a project total of \$2.9 million for building repairs and renovations. This project includes window and air handler replacements, general interior renovations, elevator and security system upgrades, transformer replacement, flashing and masonry repairs, exterior re-pointing, piping infrastructure and rewiring data lines. This is \$0.3 million more than the approved plan to reflect additional funding requested for interior renovation expenses for FY 2016 and post-FY 2016. *The Governor recommends \$2.6 million, including \$1.1 million for the FY 2012 through FY 2016 period. This is \$40,000 more than previously approved levels.*

Automated Fingerprint Identification System. The Office requests \$0.7 million from Rhode Island Capital Plan funds for FY 2013 to upgrade the software and hardware components of the Automated Fingerprint Identification System that currently functions in collaboration with the State of Connecticut. This is consistent with the approved plan. Rhode Island civil application data is collected and processed through a complex method that includes the involvement of local law enforcement agencies, the Office, Connecticut’s shared system and the Federal Bureau of Investigation. At times, civil applications are not processed as quickly as the Office would prefer on the shared system. This upgrade includes new servers and web-based applications capable of connecting directly to the Federal Bureau of Investigation and thus, eliminates the delay period associated with using shared resources. The project was originally funded with \$0.5 million of general obligation bond proceeds approved in 2002 as part of the state police headquarters and fire training academy referenda.

The Governor recommends total funding essentially as requested, but substitutes \$750,000 from available general obligation bond proceeds. These are excess proceeds from the total issuance that cannot be used on either the fire training academy or the state police headquarters.

Department of Corrections

Projects	Status	5 Year Total	Project Total
Maximum General Renovations	Revised	\$ 1,925,000	\$ 4,497,786
Dix Renovations	Revised	474,517	7,409,711
Dix Bath Renovations	Revised	410,800	2,129,602
Asset Protection	Revised	16,000,000	24,776,076
Minimum Security Kitchen Expansion	Revised	4,500,000	4,500,000
Medium Infrastructure	Revised	6,200,000	6,200,000
Women's Facility (Formerly Reintegration Center)	Ongoing	-	18,665,698
Bernadette Guay Building Roof, Plumbing, and HVAC	Ongoing	-	788,076
ISC Exterior Envelope and HVAC Replacement	Ongoing	5,400,000	5,500,000
Total		\$ 34,910,317	\$ 74,466,949
Sources of Funds			
Rhode Island Capital Funds		\$ 34,910,317	\$ 62,089,203
Federal Funds		-	12,377,746
Total		\$ 34,910,317	\$ 74,466,949

Summary. The Department of Corrections' five-year capital plan includes 10 projects totaling \$91.8 million of which \$40.3 million would be spent in the FY 2012 through FY 2016 period. The request includes one new project, six revised projects, and three ongoing projects. *The Governor recommends 9 projects totaling \$74.5 million for the Department's capital budget including \$34.9 million for the five-year period.*

Maximum General Renovations. The Department requests \$4.5 million from Rhode Island Capital Plan funds, including \$744,480 for FY 2011 to renovate the maximum security facility. These projects include replacing the electrical and distribution systems, renovating the building's plumbing system and the outdoor segregation yard, and refurbishing the arsenal/armory area in order to secure armaments utilized in riot control. This is \$2.7 million more than the approved plan to reflect the Department's revised estimates, which include several new project components including replacing the water pumps and control valves, repairing the condenser lines, and insulating the steam pipes in the basement of the facility and thereby, protecting the electrical system, which is currently being upgraded. *The Governor recommends funding essentially as requested with the exception of a \$13,157 adjusted for pre-FY 2011 expenses.*

Dix Renovations (Formerly Women's – Roof, Masonry, and General Renovations). The Department requests \$4.0 million from Rhode Island Capital Plan funds for FY 2011, including \$1.6 million carried forward from FY 2010 to renovate the Dix facility for re-use as office space for the staff currently housed at the Pinel and Bernadette Guay facilities. Renovations include storm water mitigation to basement grade levels, regrading the land area around the facility for proper water run-off, repairing water damaged ceilings and interior walls, and upgrading the electrical system to accommodate an office environment. This is \$0.1 million more than the approved plan to reflect the Department's revised estimates for the electrical system upgrade for FY 2012. *The Governor recommends funding as requested.*

Dix Bath Renovations (Formerly Women's – Plumbing/Bathroom Renovations). The Department requests \$1.3 million from Rhode Island Capital Plan funds for FY 2011, including \$0.6 million carried

forward from FY 2010 for shower and bath area renovations at the Dix facility. Renovations include removal of current plumbing and fixtures and installation of new equipment including toilets, sinks, lighting, tiles for bathroom walls, repainting of the ceilings and repairing the floors to convert current bathrooms and shower areas from a facility environment to an office environment. This is consistent with the approved plan. *The Governor recommends funding as requested.*

Asset Protection. The approved capital plan includes an asset protection project funded from Rhode Island Capital Plan funds. The Department's request includes \$16.3 million for the FY 2012 through FY 2016 period and \$3.7 million for FY 2011, of which \$1.2 million was carried forward from FY 2010, for a total of \$37.1 million for asset protection projects. This is \$15.0 million more than the approved plan to reflect the Department's revised cost estimates, including a steady annual funding request of \$3.0 million for FY 2016 through FY 2020.

The Governor recommends \$16.0 million for the five-year period, which is \$0.3 million less than requested. He recommends \$12.3 million less than requested for total project costs. He does not include funding for post-FY 2016. His recommendation also assumes use of \$0.5 million for the Bernadette Guay facility for pipe and water line replacements in FY 2013, formerly a stand alone project.

Minimum Security Kitchen Expansion. The Department requests \$4.5 million from Rhode Island Capital Plan funds, including \$0.3 million for FY 2012 and \$4.2 million for FY 2013 for expansion and installation of new equipment to increase the minimum security facility's existing kitchen capacity to accommodate the inmate population. The funding request is consistent with the approved plan, but reprogrammed a year later to allow enough time for the demolition of Building D, which is preventing potential vendors from generating accurate bid projections. *The Governor recommends funding as requested.*

Medium Infrastructure. The Department requests \$6.2 million from Rhode Island Capital Plan funds for FY 2012 through FY 2014 for Medium Moran infrastructure improvements. This total is consistent with the approved plan, but reprogrammed a year earlier to reflect the Department's revised project schedule. This project includes kitchen and laundry expansion, including additional showers, added dining spaces, furniture and equipment replacement, and relocation of the sally port. The original designed capacity of the ancillary support spaces for the Moran facility was 650 inmates, but the maximum capacity of the facility is 1,066. For FY 2009, the Department averaged 1,028 inmates, which was 38 inmates below the maximum capacity. The Department averaged 1,021 inmates in FY 2010. In addition, the Department averaged 312 inmates for the Medium Price facility for FY 2010 or 48 inmates below the maximum capacity for this facility. *The Governor recommends funding essentially as requested, but shifts \$1.2 million from FY 2012 to FY 2013.*

Women's Facility (Formerly the Reintegration Center). Consistent with the approved plan, the Department requests \$1.4 million from Rhode Island Capital Plan funds not used in FY 2010 for FY 2011 to complete retrofitting the recently completed \$17.2 million Reintegration Center as a new women's facility. This project includes retrofitting the bathroom areas to accommodate the female population, installing cell doors and masonry blocks to address privacy concerns, improving the medical wing, upgrading the mechanical room for ventilation and lighting enhancements, and increasing security and surveillance for a secured prison population. *The Governor recommends funding as requested.*

Bernadette Guay Building Roof, Plumbing, and HVAC. The Department requests \$0.8 million from Rhode Island Capital Plan funds, including \$0.4 million carried forward from FY 2010 to FY 2011 to renovate the Bernadette Guay facility's showers, dining spaces, visitation room, and classrooms. This project also includes security improvements in order to utilize the building as a women's minimum security

facility. This request is consistent with the approved plan. *The Governor recommends funding essentially as requested, but shows \$57,004 requested for FY 2011 as spent in FY 2010.*

ISC Exterior Envelope and HVAC Renovation. The Department requests \$5.5 million from Rhode Island Capital Plan funds, including \$0.1 million for FY 2011, \$1.4 million for FY 2012 and \$4.0 million for FY 2013 for restoration expenses for the building's exterior, including window and roof replacement. This project also includes repairing the Intake Service Center's heat, ventilation, and air conditioning system. This is consistent with the approved plan. *The Governor recommends funding as requested.*

Range Facility. The Department requests \$5.1 million from Rhode Island Capital Plan funds for the FY 2012 through FY 2016 period for the construction of an indoor range facility. This project is independent from the approved capital plan which includes \$150,000 for FY 2012 for the Department of Administration to perform a feasibility study for the construction of an interdepartmental weapons range for use by multiple state departments. This project has been previously requested, but not approved. The Department is incurring approximately \$150,000 annually for facility rental expenses, including equipment, mileage reimbursement, and overtime. *This project is not included in the Governor's recommendation.*

Judicial Department

Projects	Status	5 Year Total	Project Total
Judicial Complexes - HVAC	Revised	\$ 3,100,000	\$ 5,571,892
Licht Judicial Complex Restoration	Revised	4,000,000	4,000,000
Law Library Restoration	Revised	-	317,215
Judicial Complexes Asset Protection	Ongoing	3,250,000	5,862,000
Judicial Complexes Technology Improvements	Ongoing	2,777,078	13,900,000
Total		\$ 13,127,078	\$ 29,651,107
Sources of Funds			
Rhode Island Capital Funds		\$ 10,350,000	\$ 15,433,892
Certificates of Participation		2,777,078	13,900,000
Restricted Receipts		-	317,215
Total		\$ 13,127,078	\$ 29,651,107

Summary. The Judiciary's five-year capital plan includes five projects totaling \$46.6 million, of which \$24.1 million would be spent in the FY 2012 through FY 2016 period. This is \$12.9 million more than the approved plan to reflect the Department's revised estimates and a wider scope of the approved projects. *The Governor recommends \$29.7 million for the Judiciary's capital budget, including \$13.1 million for the five-year period. His recommendation is \$16.9 million less than requested.*

Judicial Complexes - HVAC. The Judiciary requests \$4.7 million from Rhode Island Capital Plan funds for the FY 2012 through FY 2016 period and \$300,000 for FY 2011 for the replacement and restoration and cleaning of the heating, ventilation and air conditioning system for all judicial complexes including Licht, Garrahy, Murray, McGrath, Kent, Traffic Tribunal and Fogarty Judicial Annex. The project total of \$11.1 million is \$6.3 million more than the approved plan and \$4.6 million more than the amount requested last year to reflect the Department's revised estimates and a wider project scope, which includes \$1.1 million for FY 2016 and \$3.9 million for the out-years. Additional work includes water pump and boiler installation and the replacement of water lines, fan coils, exhaust fans, air handlers, baseboard control valves, the variable air volume box, and the domestic water system. Also, the Department includes a 7.1 percent escalation factor for the FY 2012 through FY 2016 period to reflect incremental increases to the project costs each fiscal year.

The Governor recommends \$3.1 million for the five-year period. He recommends \$5.5 million less than requested for total project costs. His recommendation is consistent with previously approved levels and adds \$0.8 million included for FY 2016.

Licht Judicial Complex Restoration. The Judiciary requests \$10.5 million from Rhode Island Capital Plan funds for the FY 2012 through FY 2016 period for the restoration of the Licht Judicial Complex. This is \$6.5 million more than the approved plan to reflect a much larger project scope. The approved plan provided funding for plaster repair, courtroom benches restoration, carpet replacement and interior renovation of the courthouse. This request is renewed from last year to include 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 Benefit Street entrance, and fixing the outdoor floor at the North Main Street entrance. *The Governor recommends*

recommends \$4.0 million, which is \$6.5 million less than requested, consistent with previously approved levels.

Law Library Restoration. The Judiciary requests \$0.4 million from restricted receipts, including \$182,183 for FY 2011 for repair and infrastructure upgrades to the State Law Library located in the Licht Judicial Complex. The request correctly reflects the Champlin Foundation grant award anticipated for FY 2011 to restore the Law Library's walls and ceilings, as well as painting and infrastructure upgrades for the eighth and ninth floor lobbies. *The Governor recommends \$0.3 million, which is \$0.1 million less than requested based on available funds awarded for FY 2011.*

Judicial Complexes Asset Protection. The Judiciary requests \$6.1 million from Rhode Island Capital Plan funds for the FY 2012 through FY 2016 period and \$550,787 for FY 2011, for a total of \$10.7 million for asset protection projects. This is \$6.1 million more than the approved plan to reflect the Department's revised cost estimates primarily for interior and exterior refurbishments, security or safety improvements, toilet replacements and courtroom renovations. The asset protection projects also include elevator upgrades, courtyard drain repairs, dome restorations and cellblock improvements. This request also includes an additional \$3.2 million or \$1.2 million for FY 2016 and \$2.0 million for the out-years, including \$1.0 million for each FY 2017 and FY 2018. 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 recommends \$5.9 million for the Judiciary's asset protection projects, which is \$4.9 million less than requested. His recommendation is consistent with previously approved levels, with the exception of adding \$25,000 for FY 2015 and \$0.7 million for FY 2016.

Judicial Complexes Technology Improvements. The Judiciary requests \$13.9 million from Certificates of Participation, including \$1.0 million for FY 2011 for courts technology improvements. Technology improvements include electronic case filing, case management software and systems upgrades, online indigent defense timecard system, digital recording of courtroom proceedings, development and implementation of a new financial management system, Garrahy computer center upgrades, and purchased services and other equipment. This is consistent with the approved plan, but reprogrammed a year later to purposely delay the completion of this project and thereby delay the request for additional funds for the new systems' licensing and maintenance expenses. *The Governor recommends funding as requested. His recommendation is consistent with previously approved levels, but reprogrammed a year later to delay new funding request for this project based on the Department's revision.*

Military Staff

Projects	Status	5 Year Total	Project Total
Emergency Management Building	New	\$ 125,000	\$ 125,000
Bristol Readiness Center	New	625,000	625,000
Burrillville Regional Training Institute	New	275,000	275,000
Armory of Mounted Commands Repointing	New	180,000	180,000
Armory of Mounted Commands Headshed Roof	New	420,000	420,000
Federal Armories Fire Code Compliance	Revised	75,000	437,576
Quonset Point Hanger	Revised	-	34,431,727
Benefit Street Armory	Ongoing	800,000	817,000
United States Property & Fiscal Office Roof	Ongoing	-	539,900
Field Maintenance Shop #2 Roof	Ongoing	400,000	415,000
Camp Fogarty Armory Roof	Ongoing	1,500,000	1,500,000
Armory of Mounted Commands Parking Lot	Ongoing	250,000	250,000
Armory of Mounted Commands Elevator	Ongoing	1,015,000	1,015,000
Command Readiness Center Addition	Ongoing	675,000	675,000
Field Maintenance Shop #3 Windows	Ongoing	-	65,000
Repaving Parking Lots for Command Readiness Center & Schofield Armory	Ongoing	1,830,000	1,830,000
State Armories Fire Code Compliance	Ongoing	90,000	758,750
Armory of Mounted Commands	Ongoing	2,700,000	7,485,308
Logistics/Maintenance Fac. Fire Code Compliance	Ongoing	50,000	330,000
Asset Protection	Ongoing	1,450,000	4,284,629
Quonset Point Airport Tower	Ongoing	-	7,700,000
Total		\$ 12,460,000	\$ 64,159,890
Sources of Funds			
Rhode Island Capital Funds		\$ 7,241,250	\$ 14,842,779
Federal Funds		5,218,750	48,607,111
Other Funds		-	710,000
Total		\$ 12,460,000	\$ 64,159,890

Summary. The Military Staff submits a capital budget totaling \$64.0 million for 23 projects, six are new. The request includes \$12.1 million for FY 2012 through FY 2016, \$6.5 million more than the approved plan, primarily for the new projects and adds \$0.4 million from all funds for FY 2011 and \$10.8 million for FY 2016. *The Governor recommends a total of 21 projects and \$64.2 million from all sources. This is \$0.2 million more than requested and \$0.3 million more for FY 2012 through FY 2016.*

Emergency Management Building. The Military Staff requests \$0.1 million from Rhode Island Capital Plan funds for FY 2012 for a feasibility study for a new Rhode Island Emergency Management Agency building. This project would allow the Agency to construct a new and separate facility that would house administration offices, the State Emergency Operations Center and equipment storage. The current capital request also includes a project for an addition to the Command Readiness Center to add space for the Emergency Management Agency. The Military Staff indicates the additional project would still be required

to meet the Homeland Security standard of having a back up functional location during a statewide emergency. *The Governor recommends funding as requested.*

Bristol Readiness Center. The Military Staff requests \$0.7 million from all sources for a new project to renovate an existing site and construct a new armory facility in Bristol that will meet all updated requirements and is capable of supporting two Rhode Island National Guard units and a field maintenance shop. This project is the result of completion of a master plan. The existing West Bay armories and field shop do not meet the standards or needs of the National Guard. The Military Staff indicates that the design will be modeled after a similar facility in Minnesota; however, can provide no further details. The request includes \$0.4 million from Rhode Island Capital Plan funds and \$0.3 million from federal funds for FY 2014 through FY 2016 to conduct a feasibility study in FY 2013. The construction of the facility will be 100.0 percent federally funded. *The Governor recommends \$25,000 less than requested. The National Guard intended to use \$25,000 from Asset Protection funds to conduct an environmental study of the property.*

Burrillville Regional Training Institute. The Military Staff requests \$0.3 million for planning costs related to a new Regional Training Institute to be located on 133 acres of land in Burrillville. The Rhode Island National Guard plans to construct a state of the-art education facility that will provide sufficient space to train soldiers on the essential skills of land navigation, map reading and compass reading. The facility will consist of administration, general instruction, dining and individual sleeping quarters. Total square footage is estimated at 150,000 square feet, similar to the Camp Rell facility in Niantic, Connecticut. This includes \$0.2 million from federal funds for environmental remediation in FY 2012 and \$0.1 million from Rhode Island Capital Plan funds for a feasibility study in FY 2013. The construction of the facility will be 100.0 percent federally funded. *The Governor recommends funding as requested.*

Armory of Mounted Commands Repointing. The Military Staff requests a total of \$180,000 for the repointing of the Armory of Mounted Commands building in FY 2016. The primary area for brick and mortar replacement begins on the north side of the building, wraps around the northeast side and is expanding to the south wall. This includes \$90,000 from Rhode Island Capital Plan funds matched by a like amount of federal funds. *The Governor recommends funding as requested.*

Armory of Mounted Commands Headshed Roof. The Military Staff requests \$0.4 million for the replacement of the Armory of Mounted Commands main administrative building roof. This project will include replacing the existing structure with a vinyl membrane roofing system before it causes significant damage to structural beams and interior finishes. This new project includes \$220,000 from Rhode Island Capital Plan funds, including \$20,000 for design and \$200,000 for construction. The project is slated for design in FY 2014, with construction in FY 2015. *The Governor recommends funding as requested.*

Bristol Armory Roadway and Parking Lot. The Military Staff requests a total of \$80,000 for a new project to install a roadway to and from the controlled humidity preservation building in FY 2014. The continued vehicle traffic has caused excessive potholes in the unpaved area causing damage to military vehicles and equipment. This includes \$40,000 from Rhode Island Capital Plan funds and \$40,000 from federal funds. It appears that this project should have been part of the asset protection request. *The Governor does not recommend this as a separate project, and supported documents indicate it should be funded from the Asset Protection project.*

Federal Armories Fire Code Compliance. The Military Staff requests a total of \$0.4 million for the design and installation of automatic fire detection and suppression systems in all Rhode Island National Guard buildings. The request is consistent with the approved plan and includes \$105,000 from all sources for FY 2012 through FY 2016, including \$18,750 from Rhode Island Capital Plan funds. It also includes

\$25,000 for FY 2011 of which \$6,250 is from Rhode Island Capital Plan funds. *The Governor recommends \$2,500 less than requested to reflect revised project expenditures.*

Quonset Point Hangar. The Military Staff requests \$34.4 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 and modern facilities for the Blackhawk helicopters and will modernize the Rhode Island National Guard Army aviation armory. The request includes \$4.4 million from Rhode Island Capital Plan funds and \$30.0 million from federal funds. Construction is in its final phase and is expected to be completed during the spring of FY 2011. *The Governor recommends funding as requested.*

Benefit Street Armory. The Military Staff requests a total of \$817,000 from Rhode Island Capital Plan funds, including \$800,000 for FY 2014 to complete the continued rehabilitation of the Benefit Street Armory. The historical structure was built in 1843 and 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 consistent with the approved plan. *The Governor recommends funding as requested.*

United States Property and Fiscal Office Roof. The Military Staff requests \$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 all funding in FY 2011. The roof project was completed on June 23, 2010. *The Governor recommends funding as requested.*

Field Maintenance Shop #2 Roof. The Military Staff requests a total of \$0.4 million from all sources to replace the field maintenance shops roof located in Warren. This includes \$15,000 from Rhode Island Capital Plan funds and is consistent with the approved plan. Construction is scheduled for FY 2012. *The Governor recommends funding as requested.*

Camp Fogarty Armory Roof. The Military requests a total of \$1.5 million including \$375,000 from Rhode Island Capital funds and \$1,125,000 of matching federal funds for FY 2013 to replace the roof at the Camp Fogarty Armory. The request is consistent with the approved plan. Renovations to the roof are not adequate and the roof membrane and some understructure needs to be completely replaced. The project is scheduled for FY 2013. The agency indicates that it does not want to commit its asset protection funds to this project due to the high cost. *The Governor recommends funding as requested.*

Armory of Mounted Commands Parking Lot. The Military Staff requests a total of \$250,000 from all sources to repair and expand the existing parking areas on the north side of the Armory of Mounted Commands building. The existing parking areas are not adequate in size to handle the volume of vehicles that utilize this facility. The request is consistent with the approved plan and includes \$150,000 from Rhode Island Capital Plan funds, of which \$50,000 is for design. The project is scheduled for design in FY 2013, with construction in FY 2014. *The Governor recommends funding as requested.*

Armory of Mounted Commands Elevator. The Military Staff requests a total of \$1.0 million from all funds to install an elevator in the Armory of Mounted Commands. The request is consistent with the approved plan and 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 recommends funding as requested.*

Command Readiness Center Addition. The Military Staff requests 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. This is consistent with the approved plan. During state emergencies, this area is utilized by the Emergency Management Agency as a conference and gathering area. The addition will provide for a primary cafeteria space and the existing cafeteria will be permanently dedicated for Emergency Management Agency use.

The current capital request also includes a project for a new Emergency Management building. If a new building is approved, this addition will be used as back up space as required by Homeland Security standards. The project will add approximately 1,500 square feet and is scheduled for design in FY 2012 and construction in FY 2013. The request indicates that the agency plans to use Rhode Island Capital Plan asset protection funds for the design portion of the project; however, this project does not appear to meet the definition of asset protection. *The Governor recommends funding as requested.*

Field Maintenance Shop #3 Windows. The Military Staff requests a total of \$65,000 from federal stimulus funds to replace the deteriorated windows in the field maintenance shop #3 located on Airport Road in Warwick. The project is completed; however, it is included in the Military's FY 2012 through FY 2016 request. *The Governor recommends funding as requested.*

Repaving Parking Lots for Command Readiness Center & Schofield Armory. The Military Staff requests \$1.8 million from all sources to repave the existing Command Readiness and Schofield Armory parking lots and roadways. The request also includes the construction of a new entry control facility to improve security at the facility and meet Anti-terrorism Force Protection regulations. The request is consistent with the approved plan and includes \$0.9 million from Rhode Island Capital Plan funds and \$0.9 million from federal funds for FY 2012 through FY 2016. *The Governor recommends funding as requested, but shifts the \$50,000 requested in FY 2012 to FY 2013.*

State Armories Fire Code Compliance. The Military Staff requests a total of \$708,777 from all sources for fire alarm installation at the State Armories. The request includes \$90,000 for the period FY 2012 through FY 2016, of which \$45,000 is from Rhode Island Capital Plan funds. The request also includes \$50,000 for FY 2011. This is consistent with the approved plan. *The Governor recommends funding as requested for the five-year period, and adds \$49,973 to FY 2011 for a total project of \$758,750.*

Armory of Mounted Commands. The Military Staff request includes total costs of \$7.4 million from all sources for the fourth and final phase of renovations to the Armory of Mounted Commands. This phase will replace the heating and air conditioning systems as well as lead and asbestos abatement and includes \$2.5 million from all sources for the five year period, including \$1.5 million from Rhode Island Capital Plan funds. The request also includes \$0.6 million for FY 2011 from Rhode Island Capital Plan funds and is consistent with the approved plan. *The Governor recommends a total project of \$7.5 million from all sources, \$0.1 million more than requested and shifts \$0.2 million from the current year to FY 2013 to reflect a revised project schedule.*

Logistics/Maintenance Fac. Fire Code Compliance. The Military Staff requests 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 numbers 2, 3 and 4. The request is consistent with the approved plan. This includes \$12,250 from Rhode Island Capital Plan funds and \$37,500 from federal funds for the five-year period. It also includes \$25,000 for FY 2011, of which \$6,250 is from Rhode Island Capital Plan funds. The installation began in FY 2009 and is scheduled to continue through FY 2013. *The Governor recommends funding as requested.*

Asset Protection. The Military Staff requests total funding of \$4.0 million from all funds for asset protection projects, of which \$1.2 million is from Rhode Island Capital Plan funds for the period FY 2012 through FY 2016. The request is consistent with the approved plan and includes \$0.6 million for FY 2011 of which \$0.3 million is Rhode Island Capital Plan funds. The request does not include federal funds although all projects have some degree of federal matching funds. *The Governor recommends a total of \$4.3 million from all sources, \$0.2 million more than requested.*

Quonset Point Airport Tower. The Military Staff requests \$7.7 million from federal funds to construct a new Quonset Point air and control tower for the Army and Air National Guard at Quonset Point Airport. This is \$0.7 million more than the initial estimate. The existing tower provides air traffic control for Air National Guard C-130 J Model aircraft and Blackhawk helicopters. This tower is outdated and scheduled to be torn down. A project location has been established, project design has been completed and construction is scheduled to be executed in FY 2011. *The Governor recommends funding as requested.*

Woonsocket Building Demolition. The Military Staff requests a total of \$71,250 from Rhode Island Capital Plan funds for the demolition of one of the organizational maintenance shop buildings in Woonsocket. This request appears to be in error as work was completed in September 2009 at a total cost of \$46,540. *The Governor does not include this project as it was completed in FY 2010.*

Department of Public Safety

Projects	Status	5 Year Total	Project Total
DoIT/Treasury/State Police - 50 Service Avenue	New	\$ -	\$ 175,000
Headquarters Complex Expansion	Revised	800,000	800,000
Headquarters Repairs/Renovations	Revised	450,000	1,654,498
Barracks Renovations	Revised	5,810,000	8,225,021
State Microwave/IT Upgrade	Revised	-	7,070,000
State Fire Training Academy	Revised	2,825,000	9,225,000
Parking Area Improvements	Revised	750,000	826,090
New Headquarters	Ongoing	-	30,652,141
Total		\$ 10,635,000	\$ 58,627,750
Sources of Funds			
General Obligation Bonds		\$ -	\$ 10,739,904
Rhode Island Capital Funds		10,635,000	47,887,846
Total		\$ 10,635,000	\$ 58,627,750

Summary. The Department of Public Safety submitted a five-year capital request that includes projects totaling \$60.3 million, of which \$12.4 million would be spent in the FY 2012 through FY 2016 period. This is \$3.2 million more than the approved capital plan, including \$2.1 million of funds that were unspent in FY 2010. *The Governor recommends projects totaling \$58.6 million with \$10.6 million from Rhode Island Capital Plan funds to be spent in the FY 2012 through FY 2016 period.*

DoIT/Treasury/State Police – 50 Service Ave. The Department of Public Safety requests \$175,000 from Rhode Island Capital Plan funds for repairs and renovations at 50 Service Avenue in Warwick during FY 2011. This is a recently purchased 80,000 square foot building that the Department will share with the Division of Information Technology and the General Treasurer. It will replace leased office space for the Internet Crimes Against Children task force and the High Intensity Drug Trafficking Unit. *The Governor recommends funding as requested.*

Headquarters Complex Expansion. The Department of Public Safety requests \$800,000 from Rhode Island Capital Plan funds for FY 2011 through FY 2013 for repairs and renovations to the Headquarters Complex. Total project funding is consistent with the approved Capital plan; however, the Department advances \$100,000 from FY 2013 to FY 2012 to expedite the replacement of damaged roofs. *The Governor recommends total project funding as requested and enacted; however, shifts \$50,000 from FY 2011 and \$100,000 from FY 2012 to FY 2013 due to a revised project schedule.*

Headquarters Repairs/Renovations. The Department requests \$634,979 from Rhode Island Capital Plan funds for FY 2011 through FY 2014 for repairs and renovations at the State Police Headquarters in North Scituate, \$250,000 more than the approved capital plan. This is in addition to \$84,979 not spent in FY 2010 due to project delays. The Department includes \$100,000 in FY 2013 and \$150,000 in FY 2014 from Rhode Island Capital Plan funds for repairs to the radio and intelligence buildings. The renovations to the radio building were previously not included in the approved capital plan. *The Governor recommends funding as requested.*

Barracks Renovations. The Department of Public Safety requests \$8.3 million from Rhode Island Capital Plan funds for the continued renovations to State Police barracks, \$1.6 million more than in the approved capital plan. This additional funding is for the construction of new office space and training room areas at the training academy in FY 2015. This request includes pre-FY 2011 expenditures of \$0.5 million, \$1.9 million for FY 2011, \$1.0 million for FY 2012, \$1.8 million for FY 2013, \$1.4 million in FY 2014 and \$1.7 million in FY 2015. This request includes \$0.4 million of funds that were unspent in FY 2010. *The Governor recommends a reduction of total project funding by \$45,000. This includes the advancement \$100,000 from FY 2015 to FY 2014 to expedite the project and the reduction of \$45,000 in FY 2015.*

State Police Microwave/IT Upgrade. The Department of Public Safety requests a total of \$7.1 million from Rhode Island Capital Plan funds for the State Police Information Technology and Microwave Ring Upgrade. The Department requests \$4.1 million for the microwave upgrade in FY 2011; this includes \$1.6 million that was unspent in FY 2010 due to project delays. The project will be completed in FY 2011 to coincide with completion of the new State Police Headquarters to provide telecommunication and related equipment for that facility. *The Governor recommends funding as requested, but shifts \$0.2 million of Rhode Island Capital Plan funds from FY 2011 to FY 2010 to reflect actual expenditures.*

State Fire Training Academy. The Department of Public Safety requests \$10.7 million from all sources for FY 2011 through FY 2013, including \$6.4 million from general obligation bonds and \$4.3 million from Rhode Island Capital Plan funds to build a State Fire Training Academy. This is \$4.3 million more than the approved capital plan. The voters approved the issuance of \$6.4 million from general obligation bonds in November 2002; however, the project had been delayed pending final site selection.

The Department notes 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 facility. The additional \$4.3 million from Rhode Island Capital Plan funds would fund a 9,000 square foot classroom and administrative building in FY 2012 and FY 2013. The Department requested the additional funding in its capital request last year; however, the Governor did not provide the additional funding and the Assembly concurred.

The Governor recommends total project funding of \$9.2 million from all sources, including \$6.4 million from general obligation bonds and \$2.8 million from Rhode Island Capital Plan funds to build a State Fire Training Academy. This is \$1.3 million less from Rhode Island Capital Plan funds based upon a revision to the size of the project.

Parking Area Improvements. The Department of Public Safety requests \$1.1 million from Rhode Island Capital Plan funds for parking area improvements at the patrol barracks and the training academy. The request is \$825,000 more from Rhode Island Capital Plan funds for improvements to two additional locations that were not included in the approved capital plan. *The Governor recommends \$0.8 million from Rhode Island Capital Plan funds for parking area improvements, this is \$250,000 less than requested based on revised project costs.*

New Headquarters. The State Police request total funding of \$30.7 million, including \$26.3 million from Rhode Island Capital Plan funds and \$4.3 million from general obligation bonds for the new headquarters project, consistent with the approved plan. The request includes \$6.3 million from Rhode Island Capital Plan funds for FY 2011 to complete the project. The building opened on October 22, 2010. In November 2002, the voters passed 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 and 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 state opted to construct a smaller headquarters on the present Scituate site.

The Governor recommends funding as requested, but shows \$2.4 million of Rhode Island Capital Plan fund expenditures in FY 2010 to reflect actual activity.

Department of Environmental Management

Projects	Status	5 Year Total	Project Total
Rocky Point Acquisition	New	\$ 10,000,000	\$ 10,000,000
India Point Acquisition	New	3,200,000	3,200,000
Blackstone Valley Bike Path	New	1,000,000	1,500,000
Natural Resources Visitors Center	New	3,300,000	3,300,000
Dams Repair	Revised	3,450,000	8,569,919
Bay Islands Park System	Revised	-	925,687
Narragansett Bay and Watershed Restoration	Revised	11,750,000	18,500,000
Fort Adams Restoration	Revised	4,950,000	10,700,000
Galilee Piers	Ongoing	3,000,000	9,088,660
Historic and Passive Grants	Ongoing	-	4,000,000
Local Bikeways and Recreational Greenways	Ongoing	841,529	5,000,000
Newport Piers	Ongoing	750,000	6,312,206
Fish & Wildlife Maintenance Facility	Ongoing	650,000	650,000
Farmland Development Rights	Ongoing	4,000,000	15,500,000
State Open Space	Ongoing	720,000	10,000,000
Local Open Space	Ongoing	5,000,000	21,400,000
Local Recreation Development Grants	Ongoing	2,000,000	37,517,906
Roger Williams Park	Ongoing	800,000	28,500,000
Sewer Interceptors	Ongoing	760,000	5,000,000
State Recreation Facilities Improvement	Ongoing	7,690,000	28,487,594
State Bike Path	Ongoing	-	5,000,000
Total		\$ 63,861,529	\$ 233,151,972
Sources of Funds			
New General Obligation Bonds		\$ 21,500,000	\$ 21,500,000
General Obligation Bonds		13,171,529	124,136,108
General Revenues		5,000,000	23,072,485
Federal Funds		3,100,000	17,752,739
Restricted Receipts		1,700,000	1,850,000
Rhode Island Capital Funds		19,390,000	44,840,640
Total		\$ 63,861,529	\$ 233,151,972

Summary. The Department requests \$66.8 million from all funds to be used in the five-year period for 22 projects totaling \$257.4 million. Funding consists of \$12.5 million from general obligation bonds, of which \$2.5 million was approved by the voters on the November 2008 ballot, \$3.0 million from federal funds and \$23.3 million from Rhode Island Capital Plan funds. The request also includes \$21.5 million of new general obligation bonds, of which \$14.7 million was approved by the voters on the November 2010 ballot.

The Governor recommends \$63.9 million for the five-year period for 21 projects totaling \$233.2 million. The recommendation includes the new general obligation bonds approved in November 2010, as well as those proposed for future referenda. The recommendation is \$2.9 million less than requested in the five-year period, which reflects numerous adjustments for revised construction schedules, as well as the removal of the Narragansett Bay Fishing Piers project.

Rocky Point Acquisition. The Department requests \$10.0 million from general obligation bond proceeds to purchase the approximately 83 acre property formerly known as Rocky Point Park. The November 2010 ballot included a referendum that voters approved to allow the state's purchase of the property. The Department would program the funding in FY 2012, and later develop the property for use as a state park. It should be noted that the funds included on the ballot can only be used for the purchase of that property. Should the sale of the property not be completed, the authority for the Department to use the funds would be extinguished. *The Governor recommends funding as requested.*

India Point Acquisition. The Department requests \$3.2 million from general obligation bond proceeds to purchase the property of 25 India Street in Providence, from the Department of Transportation. The November 2010 ballot included a referendum that voters approved to allow the state's purchase of the property. The land is locally referred to as the "Shooters" property, and would be developed for recreation and open space. It should be noted that the funds included on the ballot can only be used for the purchase of that property. Should the sale of the property not be completed, the authority for the Department to use the funds would be extinguished. *The Governor recommends funding as requested.*

Blackstone Valley Bike Path. The Department requests \$1.5 million from Rhode Island Capital Plan funds for construction of the Blackstone Valley Bike Path. 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. Programmed expenditures include \$0.5 million each year for FY 2011 through FY 2013. *The Governor recommends funding as requested.*

Natural Resources Visitors Center. The Department requests a total project cost of \$3.8 million from Rhode Island Capital Plan funds for the construction of a new office facility for the natural resources division in the Arcadia Management Area at Browning Mill Pond. The facility would include office and lab space for mosquito abatement tests and the state veterinarian, as well as a visitor's center for people using the Arcadia Management Area. The request is for a new project; however, it should be noted elements of this project were included in the previously approved capital plan under the project title Great Swamp Office Building. *The Governor recommends \$3.3 million, \$0.5 million less than requested to reflect a revised construction estimate.*

Dams Repair. The Department requests total project costs of \$9.7 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 \$500,000 more than the approved plan due to the inclusion of funding for repairs to the Burlingame Reservoir Dam. *The Governor recommends \$8.6 million, \$1.1 million less than enacted to reflect a revised construction schedule for dam repairs.*

Bay Islands Park System. The Department requests a total project cost of \$6.0 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 total project costs are consistent with the approved plan; however, the request delays the start of construction from FY 2014 to the post-FY 2016 period. *The Governor recommends \$0.9 million of spent funds, \$5.1 million less than requested to reflect the removal of future funding for this project.*

Narragansett Bay and Watershed Restoration. The Department requests a total of \$18.8 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 request is \$10.0 million more than the approved plan due to the inclusion of \$10.0 million of new general obligation bond proceeds, which would be presented to the voters on the November 2012 ballot. Absent the new general obligation bonds, the program would conclude in FY 2012. *The Governor recommends \$18.5 million, \$0.3 million less from authorized general obligation bonds to reflect available proceeds.*

Fort Adams Restoration. Consistent with the approved plan, the Department requests a total project cost of \$9.3 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. Funding of \$3.5 million in the five-year period includes \$1.5 million of general obligation bonds to be presented to the voters on the November 2010 ballot and \$2.0 million from Rhode Island Capital Plan funds.

The Governor recommends \$10.7 million, \$1.4 million more than requested, including a reduction of \$0.3 million from Rhode Island Capital Plan funds in FY 2012, offset by an increase of \$1.7 million from restricted receipts in the same year. The receipts would be available from a newly proposed Tourism Asset Protection Fund, which is described in greater detail in the Revenues Changes section of this analysis.

Galilee Piers. Consistent with the approved plan, the Department requests total project costs of \$9.1 million from Rhode Island Capital Plan funds to use through FY 2015 for facilities and infrastructure improvements at the Port of Galilee. 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 has been completed and construction has begun. *The Governor recommends funding as requested.*

Historic and Passive Grants. Consistent with the approved plan, the Department requests a total project cost of \$4.0 million from authorized general obligation bonds to be used through FY 2012 to provide grants to municipalities for recreation projects. In August of 2008, the Department awarded 14 grants totaling \$1.2 million, and the Department is in the process of administering these grants. *The Governor recommends total funding as requested, but shifts the remaining available funds to FY 2011.*

Local Bikeways and Recreational Greenways. Consistent with the approved plan, the Department requests total project costs of \$5.0 million from authorized general obligation bond proceeds for the design and construction of local bikeways and recreational greenways. Bond proceeds from the 1998 Rhode Island Greenways Bond program provide the 20.0 percent matching share for Department of Transportation funds. The Department of Transportation's federal funding is being used to complete the design and construction of the Blackstone River Bikeway and the Washington Secondary Bikeway. *The Governor recommends total funding as requested, but recommends \$0.8 million for both fiscal years 2011 and 2012 to reflect available proceeds.*

Newport Piers. Consistent with the approved plan, the Department requests \$1.0 million from Rhode Island Capital Plan funds to use in FY 2011 through FY 2015 for ongoing infrastructure improvements to the Newport Piers. Planned work includes \$130,000 for L-Pier development, \$250,000 for a maintenance facility and workshop garage, as well as \$470,000 for T-Pier construction. Programmed expenditures

include \$250,000 each year for FY 2011 through FY 2014. *The Governor recommends funding as requested.*

Fish & Wildlife Maintenance Facility. Consistent with the approved plan, the Department requests a total of \$650,000, including \$325,000 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 recommends funding as requested, but delays the start of construction until FY 2014.*

Farmland Development Rights. Consistent with the approved plan, the Department requests 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 general obligation bonds that were approved by the voters on the November 2008 ballot. *The Governor recommends \$15.5 million, \$5.0 million less than requested due to the exclusion of previously spent funds.*

State Open Space. Consistent with the approved plan, the Department requests total project costs of \$24.0 million, including \$0.7 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 recommends \$10.0 million, \$14.0 million less than requested to reflect the exclusion of previously spent funds.*

Local Open Space. Consistent with the approved plan, the Department requests \$21.4 million from general obligation bonds to be used through FY 2015 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 spring of 2011. *The Governor recommends funding as requested.*

Local Recreation Development Grants. Consistent with the approved plan, the Department requests \$1.0 million each year for FY 2011 through FY 2013 from authorized general obligation bonds to be used 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 recommends funding as requested.*

Roger Williams Park. Consistent with the approved plan, the Department requests \$4.2 million from general obligation bonds to be used in FY 2011 and FY 2012 to complete the improvements to the 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 recommends funding as requested.*

Sewer Interceptors. Consistent with the approved plan, the Department requests \$1.3 million from general obligation bond proceeds to be used in FY 2011 and FY 2012 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 recommends funding essentially as requested, but makes minor adjustments to reflect available general obligation bond proceeds.*

State Recreation Facilities Improvements. Consistent with the approved plan, the Department requests \$7.7 million to use in FY 2012 through FY 2016 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 recommends total funding as requested; however, he advances \$0.2 million of Rhode Island Capital Plan funding from the out-years to FY 2011 for renovations at Fort Adams State Park in Newport.*

State Bike Path. The Department requests \$5.0 million from previously approved general obligation bonds for the construction of bike paths throughout the state. The request includes \$4.2 million of spent funds with the remainder to be spent in FY 2011. *The Governor recommends funding as requested.*

Narragansett Bay Fishing Piers Program. The Department requests \$3.0 million from Rhode Island Capital Plan funds 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 does not recommend funding for this project.*

Coastal Resources Management Council

Projects	Status	5 Year Total	Project Total
South Coast Restoration Project	Revised	\$ 971,255	\$ 7,233,430
Fish Passage Restoration	Ongoing	-	3,030,564
Coastal & Estuary Habitat Restoration Program	Ongoing	1,250,000	3,654,309
Total		\$ 2,221,255	\$ 13,918,303
Sources of Funds			
Federal Funds		\$ 542,155	\$ 7,342,535
General Revenues		-	263,095
Rhode Island Capital Funds		429,100	574,100
Restricted Receipts		1,250,000	5,631,309
Other (Local Funds)		-	107,264
Total		\$ 2,221,255	\$ 13,918,303

Summary. The Council requests \$13.7 million for the FY 2012 through FY 2016 period for projects totaling \$22.2 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 eight projects, two of which are new.

The Governor recommends \$2.2 million for the five-year period to fund three projects. The recommendation is \$11.5 million less than requested and does not include funding for five of the projects.

South Coast Habitat Restoration Project. The Council requests \$971,255 for FY 2012 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 2012 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 because of a lack of available match funds. *The Governor recommends funding as requested.*

Fish Passage Restoration. The Council requests \$3.0 million for the Fish Passage Restoration Project. 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 recommends funding as requested.*

Coastal and Estuary Habitat Restoration Program and Trust Fund. The Council's request includes total project expenditures of \$3.5 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 2016. *The Governor recommends funding as requested.*

Dredged Material Management Plan. The Council requests \$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 2012 through FY 2014. The project was requested in each of the past nine 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 does not recommend funding.*

Ninigret Pond Breachway Rock Removal. The Council requests \$900,000 to be used in FY 2012 for a project to remove large rocks and groups of smaller rocks that are obstructing navigation in 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 does not recommend funding.*

South Coast Restoration Project Breachways. The Council requests \$1.0 million from Rhode Island Capital Plan funds to be used in FY 2012 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 FY 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 does not recommend funding.*

Brushneck Cove Aquatic and Ecosystem Restoration Project. The Council requests \$980,000 to be used in FY 2012 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 does not recommend funding.*

Narrow River Aquatic Ecosystem Restoration. The Council requests total project costs of \$7.1 million to be used in FY 2012 for the restoration of the aquatic habitat and salt marshes in Narrow River. The request includes \$1.8 million from Rhode Island Capital Plan funds and \$5.2 million from federal funds. The Council indicates 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 does not recommend funding.*

State Water Resources Board

Projects	Status	5 Year Total	Project Total
Big River Management Area Site Improvements	New	\$ -	\$ 442,632
Big River Groundwater Development	Revised	15,000,000	15,539,194
Supplemental Water Supplies Development	Revised	-	1,566,987
Emergency Interconnect Project	Revised	4,397,603	15,000,000
Water Allocation Plan	Ongoing	2,289,500	9,968,042
South County Groundwater Development	Ongoing	7,223,245	9,300,000
Big River Management Area Maintenance	Ongoing	680,000	1,860,837
Bristol Country Water Treatment Facilities	Ongoing	6,256,403	15,624,554
Total		\$ 35,846,751	\$ 69,302,246
Sources of Funds			
Authorized General Obligation Bonds		\$ 17,877,251	\$ 39,924,554
Rhode Island Capital Funds		680,000	4,052,819
Restricted Receipts		-	2,707,911
Federal Funds		-	2,042,632
General Revenues		2,289,500	5,274,330
Other (Revenue Bonds)		15,000,000	15,300,000
Total		\$ 35,846,751	\$ 69,302,246

Summary. The Water Resources Board requests \$56.3 million for the FY 2012 through FY 2016 period for eight projects totaling \$100.6 million. Funding includes \$20.0 million from general obligation bonds to be submitted to the voters on the November 2012 ballot, \$17.9 million from approved general obligation bonds, \$1.0 million from Rhode Island Capital Plan funds, \$2.4 million from general revenues and \$15.0 million from revenue bonds to be issued by the Board Corporate. It should 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 Governor recommends \$35.8 million for the five-year period, \$20.5 million less than requested primarily due to the exclusion of the new general obligation bonds. The recommendation includes funding from revenue bonds and it should be noted the Governor has not proposed legislation for approval by the Assembly of those revenue bonds, nor does he include legislation that would allow the Board Corporate to issue any further debt.

Big River Management Area Site Improvements. The Board requests total project costs of \$0.6 million to be used in FY 2011 for site improvements at the Big River Management Area. Funding for this new project will be used to prepare for the replacement of the Congdon Mill Bridge, repair washed-out roads and improve various safety hazards in the management area. Funding consists of \$0.1 million from Rhode Island Capital Plan funds and \$0.4 million from federal funds. *The Governor recommends \$0.4 million from federal funds but does not recommend the \$0.1 million from Rhode Island Capital Plan funds to reflect actual expenditures.*

Big River Groundwater Development. The Board requests \$15.5 million, including \$15.0 million from revenue bonds for the development of a water supply system in the Big River Management Area, which

could potentially provide an additional four million gallons of water per day to the state, which equates to a 5.0 percent increase in capacity. Assuming a 5.0 percent interest rate for 20 years, annual debt service would be approximately \$1.1 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 future debt, and transfers this function to the state Clean Water Finance Agency. The request includes \$0.5 million through FY 2011 for the design, environmental assessment and hydraulic modeling for the proposed water supply system. The request is \$11.6 million more than the approved plan to reflect a revised construction cost estimate.

The Governor recommends funding essentially as requested, but delays the use of revenue bonds from FY 2012 to FY 2013. It should be noted the Governor has not proposed legislation for approval by the Assembly of those revenue bonds, nor does he include legislation that would allow the Board Corporate to issue any further debt.

Supplemental Water Supplies Development. The Board requests a total project cost of \$31.6 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 \$10.0 million more than the approved plan due to the inclusion of new general obligation bonds in the out years. It should be noted that the approved plan includes \$20.0 million of Rhode Island Capital Plan funds, which have been replaced with \$30.0 million of new general obligation bonds in the current request. *The Governor recommends the \$1.6 million of previously spent funds, but does not include the new general obligation bonds or any additional funding for this project.*

Emergency Interconnect Project. The Board requests \$15.0 million from previously approved general obligation bonds to continue a 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 five more projects have been approved. The interconnections are funded from \$15.0 million in bond proceeds authorized by the voters in 2004. The request is \$10.0 million less than the approved plan due to the Board's removal of \$10.0 million of new general obligation bonds to reflect a revised construction schedule. *The Governor recommends funding essentially as requested, but makes minor adjustments to annual expenditures to reflect available general obligation bond proceeds.*

Water Allocation Plan. Consistent with the approved plan, the Board requests total project costs of \$10.8 million 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 2011 operating budget includes \$0.2 million from general revenues for purchased services related to the Water Allocation Plan projects.

The Governor recommends \$10.0 million, \$0.8 million less than requested from general revenues to reflect the removal of \$0.7 million of funding in the post-FY 2016 period and \$0.1 million less in FY 2012 to reflect revised expenditures for the project.

South County Groundwater Protection/Acquisition Program. Consistent with the approved plan, the Board requests a total project cost of \$9.3 million from general obligation bond proceeds for the

Groundwater Protection/Acquisition Program, of which \$7.2 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 Governor recommends funding as requested.*

Big River Management Area Maintenance. The Board requests \$2.3 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 request is \$0.6 million more than the approved plan to reflect the Board's goal of demolishing 24 rental properties in FY 2012.

The Governor recommends \$1.9 million, \$0.4 million less than requested, including a \$0.1 million reduction to pre-FY 2011 expenditures to reflect actual expenses, as well as \$0.3 million less for FY 2012 to reflect historical spending by the Board for maintenance activities.

Bristol County Water Treatment Facility. Consistent with the approved capital plan, the Board requests 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 \$0.7 million in FY 2011, \$4.7 million in FY 2012 and \$1.5 million in FY 2013. 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 recommends funding as requested.*

Rhode Island Clean Water Finance Agency

Projects	Status	5 Year Total	Project Total
Clean Water Fund	Revised	\$ 249,845,207	\$ 1,310,201,826
Drinking Water Fund	Revised	156,146,000	457,694,896
Water Pollution Fund	Ongoing	873,823	64,730,767
Total		\$ 406,865,030	\$ 1,832,627,489
Sources of Funds			
General Obligation Bonds		\$ 1,859,383	\$ 108,369,567
Federal Funds		94,891,000	401,578,134
Revolved Capital		88,623,823	204,526,660
Agency Revenue Bonds		221,240,824	1,079,503,270
Interest Earnings		250,000	2,585,258
Federal Stimulus		-	36,064,600
Total		\$ 406,865,030	\$ 1,832,627,489

Summary. The Agency requests \$1,828.7 million, of which \$410.5 million would be used in the five-year period for three projects. Funding includes \$8.9 million from new general obligation bonds for the November 2012 ballot, \$5.8 million from authorized general obligation bonds, \$94.9 million from federal funds, \$0.1 million from interest earnings, \$88.5 million from revolved capital and \$212.3 million from agency revenue bonds. *The Governor recommends \$406.9 million, \$3.6 million less than requested to reflect minor adjustments for each project and the exclusion of the new general obligation bonds from the recommendation.*

Clean Water Fund. Consistent with the approved plan, the Agency requests \$253.7 million to be used in the five-year period for a total project cost of \$1,307.2 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 \$3.6 million from authorized general obligation bond proceeds, \$48.7 million from federal funds, \$74.0 million from revolved capital and \$121.6 million from agency revenue bonds. *The Governor recommends \$249.8 million for the five-year period, \$3.9 million less than requested to reflect the exclusion of the general obligation bonds, \$3.9 million less to reflect available authorized general obligation bonds offset by an increase of \$3.6 million from the Agency's revenue bonds.*

Drinking Water Fund. Consistent with the approved plan, the Agency requests a total project cost of \$460.7 million from all funds, of which \$156.1 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 Governor recommends funding as requested.*

Water Pollution Fund. Consistent with the approved plan, the Agency requests a total project cost of \$60.8 million, of which \$0.6 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 \$8.9 million from new general obligation bond proceeds from a referendum to be placed on the November 2012 ballot. *The Governor recommends \$0.9 million for the five-year period, \$0.3 million more than requested to reflect the exclusion of the general obligation bonds offset by \$0.1 million more from revolved capital funds and \$0.3 million more from interest earnings.*

Narragansett Bay Commission

Projects	Status	5 Year Total	Project Total
Phase III Combined Sewer Overflow Facilities	New	\$ 12,257,000	\$ 602,962,000
Interceptor Maintenance & Construction	Revised	27,129,000	33,717,000
Sewer System Improvements	Revised	4,277,000	6,747,000
Phase II Combined Sewer Overflow Facilities	Revised	301,723,000	326,480,000
Wastewater Treatment Facility Improvements	Revised	105,572,000	149,573,300
Total		\$ 450,958,000	\$ 1,119,479,300
Sources of Funds			
Other (Revenue Bonds, State Revolving Fund)		\$ 450,958,000	\$ 1,119,479,300
Total		\$ 450,958,000	\$ 1,119,479,300

Summary. The Commission indicates that the Clean Water Finance Agency does not have sufficient capacity to finance the Commission's capital plan. The FY 2012 through FY 2016 request includes \$453.5 million from other funds, which the Commission indicates consists of State Revolving Funds, revenue bonds or other capital funds. The exact amounts from the aforementioned are not yet known. The request includes five projects, one of which is new.

The Governor recommends funding essentially as requested, but includes \$451.0 million for the five-year period, \$2.5 million less than requested to reflect adjustments to pre-FY 2011 expenditures. Funding differences noted in the below descriptions are due to the Budget Office's classification of components of projects that are not included in the request.

Phase III Combined Sewer Overflow Facilities. The Commission requests total project costs of \$603.0 million from the state Clean Water Finance Agency's revolving funds and the Commission's revenue bonds to be used through the post-FY 2016 period for design and construction of Phase III of the Combined Sewer Overflow project. This is the final phase for the Narragansett Bay Commission's combined sewer overflow project. Phase III involves the construction of a 13,000 foot tunnel in Pawtucket which will convey flows from combined sewer overflows to the Main Spine Tunnel constructed in Phase I. This phase was not included in the approved plan, but is included in the current request to reflect the beginning of Phase III construction in FY 2016. *The Governor recommends total funding as requested. He programs the project to begin in FY 2015.*

Interceptor Maintenance & Construction. The Commission requests \$20.7 million from the state Clean Water Finance Agency's revolving funds and the Commission's revenue bonds to be used from FY 2012 through FY 2016 for 10 projects, two of which are new. 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 \$13.1 million less than the approved plan, including \$2.7 million more for the additional projects offset by the completion of four projects that were previously included in the approved capital plan, as well as reduced project costs for ongoing cleaning projects. *The Governor recommends \$33.7 million with \$27.1 million for the five-year period.*

Sewer System Improvements. The Commission requests a total project cost of \$10.5 million from the state Clean Water Finance Agency's revolving funds and the Commission's revenue bonds, of which \$9.6 million will be used from FY 2012 through FY 2016 to improve its sewer system by connecting the wastewater treatment plants in the entire area. The request is for three ongoing projects and one new project. The request is \$3.7 million less than the approved plan to reflect the addition of the new project offset by the completion of two projects that were included in the previously approved capital plan. *The Governor recommends \$6.7 million with \$4.3 million for the five-year period.*

Phase II Combined Sewer Overflow Facilities. The Commission requests a total of \$326.5 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, which consists of seven individual projects. The Commission's previous requests did not breakdown the components of Phase II; however, the current request outlines the individual projects included in this phase. 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 8,000 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 request is \$57.1 million more than the approved plan to reflect updated construction cost estimates provided upon the completion of the preliminary design stage. *The Governor recommends funding as requested.*

Wastewater Treatment Facility Improvements. The Commission requests total project costs of \$162.8 million from the state Clean Water Finance Agency's revolving funds and the Commission's revenue bonds, of which \$106.7 million will be used from FY 2012 through FY 2016 for various wastewater treatment improvement projects, including effluent discharge removal of nitrogen and ammonia at the Field's Point facility. The upgrades are required to comply with discharge limits mandated by the Department of Environmental Management. The request is for ten projects, one of which is new, and is \$10.9 million less than the approved plan primarily due to revised construction costs for a new facility, as well as the exclusion of three projects which have been completed. *The Governor recommends \$149.6 million with \$105.6 million for the five-year period.*

Rhode Island Resource Recovery Corporation

Projects	Status	5 Year Total	Project Total
Leachate Facility	Revised	\$ 8,200,000	\$ 14,303,409
Industrial Park Development	Revised	-	3,718,317
Landfill Operations	Ongoing	8,913,750	32,136,704
Landfill Gas Collection System	Ongoing	629,015	32,570,827
Compost Facility	Ongoing	750,000	2,225,933
Materials Recycling Facility Enhancement	Ongoing	9,605,000	35,434,763
Facility Improvements	Ongoing	110,000	15,414,475
Management Information Systems	Ongoing	243,750	1,375,091
Closure of Landfill Phase IV	Ongoing	1,809,753	29,826,885
Phase V Construction & Closure	Ongoing	23,653,742	54,703,964
Phase VI Design Construction & Post-Closure	Ongoing	37,378,333	75,359,710
Total		\$ 91,293,343	\$ 297,070,078
Sources of Funds			
Resource Recovery General Revenue		\$ 65,829,848	\$ 245,718,771
EPA Mandated Trust Fund/State Subsidy		25,463,495	51,351,307
Total		\$ 91,293,343	\$ 297,070,078

Summary. The Corporation's five-year capital plan totals \$297.1 million from all funds, of which \$91.3 million will be used in the FY 2012 through FY 2016 period for 11 projects. Funding includes \$65.8 million from the Corporation's general revenues and \$25.5 million from the Environmental Protection Agency's mandated trust fund. The request is \$68.3 million less than the approved plan due to the removal of four projects which have been completed. *The Governor recommends funding as requested.*

Leachate Facility. The Corporation requests a total project cost of \$14.3 million, of which \$8.2 million will be used from FY 2012 through FY 2016 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 \$6.0 million more than the approved plan due to a construction plan that was revised to include a facility that is capable of treating leachate in a manner consistent with new nitrogen standards proposed by the Narragansett Bay Commission. *The Governor recommends funding as requested.*

Industrial Park Development. The Corporation requests total project costs of \$3.7 million from its general revenues, of which \$0.6 million 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 request is \$0.4 million less than the approved plan due to a revised construction cost estimate. *The Governor recommends funding as requested.*

Landfill Operations. Consistent with the approved plan, the Corporation requests a total project cost of \$32.1 million from its general revenues, of which \$8.9 million will be used in the FY 2012 through FY 2016 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 Governor recommends funding as requested.*

Landfill Gas Collection System. Consistent with the approved plan, the Corporation requests a total project cost of \$32.6 million from the Environmental Protection Agency's mandated trust fund and the Corporation's general revenues, of which \$0.6 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 Governor recommends funding as requested.*

Compost Facility. Consistent with the approved plan, the Corporation requests a total project cost of \$2.2 million from its general revenues, of which \$0.8 million will be used from FY 2012 through FY 2016 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 Governor recommends funding as requested.*

Materials Recycling Facility Enhancement. Consistent with the approved plan, the Corporation requests \$35.4 million from its general revenue, of which \$9.6 million will be used from FY 2012 through FY 2016 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. Funding will also be used to retrofit the facility in order to recycle a single-stream of waste. This will allow for the Corporation to recycle all plastics labeled one through seven at the facility. The current facility is only able to recycle plastics labeled one and two. *The Governor recommends funding as requested.*

Facility Improvements. Consistent with the approved plan, the Corporation requests a total project cost of \$15.4 million from its general revenues, of which \$0.1 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 recommends funding as requested.*

Management Information Systems. Consistent with the approved plan, the Corporation requests a total project cost of \$1.4 million from its general revenues, of which \$0.2 million will be used in the FY 2012 through FY 2016 period to continue to upgrade and maintain its management information system. Equipment to be purchased would include servers, desktop computers, network equipment and other information technology equipment. *The Governor recommends funding as requested.*

Closure of Landfill Phase IV. Consistent with the approved plan, the Corporation requests 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 \$1.8 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 notes that Phase IV will reach full capacity in FY 2011, and has been partially capped. *The Governor recommends funding as requested.*

Phase V Construction & 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 \$23.7 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 and is expected to reach capacity in 2014. 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 recommends funding as requested.*

Phase VI Design Construction, Closure and Post-Closure. The Corporation requests a total project cost of \$75.4 million from its general revenues, of which \$37.4 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 notes 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 request is \$5.5 million less than the approved plan due to a revised construction cost estimate. *The Governor recommends funding as requested.*

Department of Transportation

Projects	Status	5 Year Total	Project Total
Maintenance Facilities Asset Protection	Revised	\$ 2,250,000	\$ 3,349,919
Salt Storage Facilities	Revised	9,250,000	15,700,226
Cherry Hill/Lincoln Facility	Revised	1,315,204	4,069,050
Highway Improvement Plan	Revised	1,281,954,697	1,951,150,276
I-195 Relocation	Revised	52,600,000	424,696,456
Freight Rail Improvement Plan	Revised	-	149,471,179
Commuter Rail	Revised	34,047,373	186,612,853
Capital Equipment Replacement	Revised	16,098,000	37,458,728
Quonset Access Road	Ongoing	-	114,030,433
Washington Bridge Repairs	Ongoing	16,007,202	72,382,855
Sakonnet River Bridge	Ongoing	442,833	131,852,935
Pawtucket/Central Falls Train Station Study	Ongoing	2,000,000	3,112,853
East Providence Facility Relocation	Ongoing	-	4,400,000
Portsmouth Facility	Ongoing	3,300,000	3,500,000
Maintenance Facility Fire Alarms	Ongoing	450,000	600,000
Total		\$ 1,419,715,309	\$ 3,102,387,763
Sources of Funds			
New Bond Authorization		\$ 79,347,352	\$ 79,347,352
General Obligation Bonds		92,125,846	312,354,744
Federal Funds		879,314,195	1,229,711,259
General Revenue		-	3,000,000
Gasoline Tax Proceeds		-	33,424
Debt Service-Federal		246,096,257	342,876,285
Federal GARVEE Bonds		33,971,637	643,835,947
State Motor Fuel Tax Revenue Bonds		-	105,594,912
Rhode Island Capital Funds		14,499,050	20,839,195
Land Sales		43,078,398	46,082,542
Other		17,829,820	176,898,830
Federal Stimulus		13,452,754	141,813,273
Total		\$ 1,419,715,309	\$ 3,102,387,763

Summary. The Department requests \$1,775.5 million from FY 2012 through FY 2016 for projects totaling \$3,390.7 million. Funding would require \$202.3 million of new general obligation bond authority, \$12.1 million from authorized bond proceeds, \$879.3 million from federal sources, \$34.0 million from federal Grant Anticipation Revenue Vehicle (GARVEE) Bond proceeds, \$45.1 million from the sale of Department owned land and \$16.8 million from Rhode Island Capital Plan funds. The request also includes \$292.8 million in expenditures for which the funding source was not identified.

The Governor recommends total project costs of \$3,102.4 million, \$288.3 million less than requested, primarily to reflect the removal of unidentified fund sources included in the request, as well as minor reductions to Rhode Island Capital Plan funds.

Maintenance Facilities Asset Protection. The Department requests total project costs of \$3.3 million from Rhode Island Capital Plan funds to be used through FY 2016 to repair seven 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 \$1.1 million more than the approved plan due to the inclusion of renovations to the Department's maintenance headquarters facility and additional improvements to limited duty facilities. *The Governor recommends funding as requested.*

Salt Storage Facilities. The Department requests \$10.3 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 \$2.3 million more than the approved plan primarily due to the inclusion of an additional year of funding to be used for other salt storage facilities not currently in the plan. *The Governor recommends \$9.3 million, \$1.0 million less from Rhode Island Capital Plan funds for the five-year period to reflect a revised construction schedule.*

Cherry Hill/Lincoln Facility. The Department requests a total project cost of \$4.1 million, of which \$3.0 million would come from previously authorized general obligation bonds and \$1.1 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 request is \$0.5 million less than the approved plan due to a downward revision in projected construction expenses. *The Governor recommends funding as requested.*

Highway Improvement Plan. The Department of Transportation requests \$1,635.5 million from all funds for highway improvement program expenditures to be used in the five-year period, for total project costs of \$2,186.8 million. The request includes \$200.0 million of new bond authority for state matching funds, of which \$80.0 million was approved by the voters on the November 2010 ballot. The request is \$178.8 million more than the approved plan primarily due to the inclusion of \$316.4 million for the additional fiscal year offset by a \$137.6 million reduction in other Federal Highway Administration funded projects to more accurately reflect the Department's federal award.

The Governor recommends \$1,282.0 million in the five-year period, for total costs of \$1,951.2 million. The recommendation is \$186.6 million less than the approved plan, primarily due to the exclusion of funding for which a source was not identified in the request. It should be noted that beginning in FY 2014, the Governor reduces the general obligation bond recommendation to \$39.0 million, with \$22.0 million for FY 2015 and \$16.0 million scheduled for FY 2016. The plan does not include future general obligation bond debt.

The recommendation is consistent with Article 22 of 2011-H 5894, which would authorize a five-year phase-in of a plan to dedicate all motor vehicles registration, licenses and fees currently used as general revenues for transportation uses. This transfer is being recommended to gradually eliminate the use of general obligation bond proceeds as the state match for federal funds. The match would eventually be provided through the Department's resources.

I-195 Relocation Project. The Department requests total project costs of \$424.7 million, of which \$52.6 million is 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 2012 through FY 2016 for the relocation of Interstate 195 project. The request is \$5.9 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 2013. *The Governor recommends funding as requested.*

Freight Rail Improvement Plan. The Department of Transportation requests \$149.5 million in total project costs for the Freight Rail Improvement plan, of which \$2.8 million from Federal Highway Administration funds will be spent in FY 2011 for final environmental remediation work along the recently completed 22 miles of new and upgraded track. The request is \$2.8 million more than the approved plan to reflect increased costs for the remediation work. *The Governor recommends funding as requested.*

Commuter Rail. The Department requests total project costs of \$186.6 million from all funds, of which \$34.0 million will be used in the five-year period for the Commuter Rail Project. Funding includes \$3.6 million of new general obligation bond authority approved by the voters on the November 2008 ballot. Phase I of the project involved the extension of commuter rail service south from Providence to T.F. Green Airport in Warwick, and has been completed. The request is \$16.6 million more than the approved plan due to the inclusion 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 recommends funding as requested.*

Capital Equipment Replacement. The Department requests total project costs of \$38.7 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 recommends \$37.5 million, \$1.2 million less than requested to reflect the exclusion of Rhode Island Capital Plan funds.*

Quonset Access Road. Consistent with the approved plan, the Department requests \$114.0 million in total project costs from GARVEE Bond proceeds, Federal Highway Improvement Funds and State Motor Fuel Tax Revenue Bonds, of which \$4.0 million will be used in FY 2011 to complete Phase II of the Quonset Access Road project. The second phase connected Route 4 with the Quonset Industrial Park. The freeway is open to traffic and the project is essentially complete. *The Governor recommends funding as requested.*

Washington Bridge Repairs. Consistent with the approved plan, the Department requests total project costs of \$72.4 million from GARVEE Bond proceeds, of which \$16.0 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, with the pedestrian bridge portion of the project scheduled for completion in 2013. *The Governor recommends funding as requested.*

Sakonnet River Bridge. Consistent with the approved plan, the Department requests total project costs of \$131.9 million from GARVEE Bond proceeds, Federal Highway Funds and State Motor Fuel Tax Revenue Bonds, of which \$0.4 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 and

construction is underway, with completion scheduled for the summer of 2012. *The Governor recommends funding as requested.*

Pawtucket/Central Falls Train Station Study. Consistent with the approved plan, the Department requests 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 Governor recommends funding as requested.*

East Providence Facility Relocation. Consistent with the approved plan, the Department requests 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 Governor recommends funding as requested.*

Portsmouth Facility. Consistent with the approved plan, the Department requests total project costs of \$3.5 million from authorized general obligation bonds and Rhode Island Capital Plan funds to be used from FY 2011 through FY 2012 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 recommends funding as requested.*

Maintenance Facility Fire Alarms. Consistent with the approved plan, the Department requests total project costs of \$0.6 million from Rhode Island Capital Plan funds to be used in FY 2011 through FY 2013 to install fire alarms at the Department's maintenance facilities to comply with updated fire code regulations. *The Governor recommends funding as requested.*

Rhode Island Public Transit Authority

Projects	Status	5 Year Total	Project Total
Providence Community Connector	New	\$ -	\$ 1,000,000
Radio Interoperability	New	2,378,600	4,267,600
Bus Rapid Transit Corridor	Revised	-	1,750,000
Land and Buildings	Revised	2,800,000	5,749,282
Elmwood Facility Upgrades and Repairs	Revised	-	3,573,248
Bus Purchases	Revised	38,041,729	134,338,080
Elmwood Bus Complex Expansion	Revised	-	41,662,299
Bus Washes	Ongoing	-	600,000
Kennedy Plaza Repaving	Ongoing	-	1,346,560
Intelligent Transportation Systems	Ongoing	7,055,000	10,790,932
Paratransit Vehicles	Ongoing	9,687,355	26,671,965
Total		\$ 59,962,684	\$ 231,749,966
Sources of Funds			
New General Obligation Bonds		\$ 3,070,000	\$ 5,646,000
General Obligation Bonds		4,851,729	15,625,360
Federal Funds		48,136,444	164,560,456
RIPTA Operating Funds		70,000	990,780
RIPTA Revolving Loan Funds		3,154,111	8,367,496
Rhode Island Capital Funds		400,400	8,720,272
Other (Cities and Towns)		280,000	775,498
Federal Stimulus Funds		-	27,064,104
Total		\$ 59,962,684	\$ 231,749,966

Summary. The Rhode Island Public Transit Authority requests \$60.1 million for the five-year period for total project costs of \$231.9 million. Funding includes \$10.0 million from new general obligation bonds, of which \$3.6 million was approved on the November 2008 ballot and \$4.7 million that was approved on the November 2010 ballot, \$10.9 million from approved general obligation bond proceeds, \$192.0 million from federal funds, \$8.7 million from Rhode Island Capital Plan funds, \$0.8 million from other funds and \$9.5 million from Authority sources.

The Governor recommends \$60.0 million for the five-year period for total project costs of \$231.7 million, including the recently approved general obligation bonds. The recommendation includes funding essentially as requested, but makes minor changes to reflect funds available from the Authority and funds spent prior to FY 2011.

Providence Community Connector. The Authority requests total project costs of \$1.0 million to be used for a study to determine the best method to connect the university and medical districts in the City of Providence. The study will examine the feasibility, expense and the preferred mode for a transit line connecting College Hill, Downtown and South Providence. The request includes \$800,000 of federal funds and \$200,000 of matching funds from the city to complete the study in FY 2011. *The Governor recommends funding as requested.*

Radio Interoperability. The Authority requests total project costs of \$4.3 million to integrate the Authority's communication system into the Rhode Island Statewide Communications Network (RISCON), enabling full interoperability with state communications. The Authority's fleet currently operates on an analog signal and is not compatible with other agencies on the statewide network. The project is federally funded and completion is scheduled for FY 2012. *The Governor recommends funding as requested.*

Bus Rapid Transit Corridor. The Authority requests \$1.8 million from federal stimulus funds for a new project to develop more efficient bus service on the Authority's busiest fixed routes; the number 11 Broad Street bus route and the number 99 Pawtucket bus route. 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 request is \$0.8 million more than the approved plan due to revised implementation costs. *The Governor recommends funding as requested.*

Land and Buildings. The Authority requests total project costs of \$5.7 million to improve security at its Elmwood facilities, provide upgrades to various transit hubs and park and ride facilities. Requested expenditures include \$0.7 million each year for fiscal years 2011 through 2015. The request is \$0.7 million less than the approved plan to reflect revised construction cost estimates. *The Governor recommends funding essentially as requested, but makes slight revisions to funding provided from the Authority's operating funds to reflect availability.*

Elmwood Facility Upgrades. The Authority requests total project costs of \$3.6 million to be used for various improvements at its Elmwood Avenue facility. The project will be funded with Authority revenue, federal formula grants as well as a competitive grant awarded through the American Recovery and Reinvestment Act. The request is \$1.8 million more than the approved plan to reflect an updated project scope resulting from the increase in available federal competitive grant funds. *The Governor recommends funding as requested.*

Bus Purchases. Consistent with the approved plan, the Authority requests total project cost of \$133.9 million to replace 79 buses, trolleys and flex vehicles. Flex vehicles are vans that supply service to low density areas. The Authority indicates that these vehicles have or will have exceeded their useful lives. This project is considered revised due to the inclusion of \$10.0 million of new general obligation bond authorization including \$4.7 million approved on the November 2010 ballot. 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 recommends \$134.3 million, \$0.4 million more than requested to reflect revised expenditures from previously authorized general obligation bonds. The recommendation includes \$5.5 million of new general obligation bonds that would be presented to the voters on the November 2012 ballot.

Elmwood Bus Complex Expansion. Consistent with the approved plan, the Authority requests total project costs of \$41.7 million for the expansion of its Elmwood Avenue 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 new complex is complete and was opened on July 26, 2010. The project is included in the request due to \$2.7 million of expenditures programmed in FY 2011 to complete smaller aspects of the project, as well as to complete payments to vendors. *The Governor recommends funding essentially as requested, but shifts \$0.2 million of Rhode Island Capital Plan funds from the pre-FY 2011 period to FY 2011 to reflect actual expenditures.*

Bus Washes. Consistent with the approved plan, the Authority requests \$600,000 from federal stimulus funds to be used in FY 2011 to replace the existing one lane bus 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. *The Governor recommends funding as requested.*

Kennedy Plaza Repaving. The Authority requests total project costs of \$1.3 million to repave Kennedy Plaza as well as to provide pedestrian and passenger enhancements such as repairs to crosswalks and the addition of tables, shelter and lighting. Kennedy Plaza is the central hub for the Authority and accommodates 528 weekday bus trips and requires roadway and bus berth repairs in order to maintain a safe and attractive hub. The request is \$0.1 million less than the approved plan to reflect reduced construction expenses. *The Governor recommends funding as requested.*

Intelligent Transportation Systems. Consistent with the approved plan, the Authority requests a total project cost of \$10.8 million from all funds, of which \$7.1 million will be spent in FY 2012 and FY 2013 for the implementation of an Intelligent Transportation System. When fully deployed, the system will integrate real time bus data with the Authority's fleet supervisors and customer service kiosks, using computer aided dispatch and automatic vehicle location technologies. These technologies will allow the phone and web-based systems to accommodate real time arrival information. *The Governor recommends funding as requested.*

Paratransit Vehicles. Consistent with the approved plan, the Authority requests \$10.2 million to be used in the five-year period for the replacement of paratransit vehicles, upgrades to paratransit software, and the installation of surveillance equipment on the vehicles. The request includes total project costs of \$27.2 million, consisting of \$21.7 million from federal funds, \$5.2 million from the Authority's paratransit revolving funds and \$0.2 million from Rhode Island Capital Plan funds.

The Governor recommends \$26.7 million, \$0.5 million less than requested including \$0.4 million less from federal funds to reflect actual federal awards and \$0.1 million less from the Authority's paratransit revolving funds to reflect availability. The recommendation also shifts \$0.2 million of Rhode Island Capital Plan funds from FY 2011 to FY 2012 based on projected expenditures.

Rhode Island Airport Corporation

Projects	Status	5 Year Total	Project Total
T.F. Green Expansion	New	\$ 166,718,429	\$ 166,718,429
Outlying Airports General Improvements	Revised	25,163,683	26,611,744
T.F. Green Noise Mitigation & Land Acquisition	Revised	64,579,901	80,842,803
T.F. Green Airport General Improvements	Revised	4,022,000	4,127,000
Environmental Compliance	Ongoing	24,704,906	25,254,906
Warwick Intermodal Train Station	Ongoing	-	111,303,189
Total		\$ 285,188,919	\$ 414,858,071
Sources of Funds			
Federal Funds		\$ 161,069,733	\$ 175,874,963
Passenger Facility Charges		21,614,499	24,849,079
TIFIA Loan		-	42,000,000
Customer Facility Charges		-	29,688,754
Airport Bonds		102,112,550	141,864,485
Airport Operating Funds		392,137	580,790
Total		\$ 285,188,919	\$ 414,858,071

Summary. The Airport Corporation requests total capital expenditures of \$302.5 million, including \$285.2 million during the FY 2012 through FY 2016 period. The request is for five projects, one of which is new, and assumes the issuance of \$102.1 million of future airport corporation bonds.

The Governor recommends \$414.9 million, \$112.4 million more than requested primarily due to the inclusion of the Warwick Intermodal Train Station project, which was inadvertently excluded from the request.

T.F. Green Expansion. The Corporation requests total project costs of \$166.7 million for a new project to extend the runway at T.F. Green Airport, including reconstructing and repaving the runway, relocating roads and modifying the surrounding taxiways to comply with Federal Aviation Administration requirements. Funding includes \$83.4 million from federal funds, \$8.7 million from passenger facility charges and \$74.6 million from the Airport Corporation's revenue bonds. The request programs construction to begin in FY 2012 with completion anticipated in FY 2014. *The Governor recommends funding as requested.*

Outlying Airports General Improvements. The Corporation requests \$25.5 million for 15 projects to make improvements at the Corporation's five general aviation airports including \$25.2 million for FY 2012 through FY 2016. Projects include construction of maintenance facilities, easement acquisition, drainage improvement projects and the rehabilitation of runways. The request is \$5.8 million more than the approved plan due to the inclusion of five new projects and the exclusion of one completed project. Funding requested in the five-year period includes \$21.6 million from federal funds, \$3.3 million from the Corporation's revenue bonds and \$0.3 million from the Corporation's general revenue. *The Governor recommends \$26.6 million, \$1.1 million more than requested to reflect an increase in spent federal funds during the pre-FY 2011 period.*

T.F. Green Noise Mitigation & Land Acquisition. The Corporation requests a total project cost of \$80.8 million for noise mitigation projects at T. F. Green Airport, including \$64.6 million to be spent during the FY 2012 through FY 2016 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 \$13.7 million less than the approved plan due to a revised acquisition plan, 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 \$51.6 million from federal funds, \$12.9 million from passenger facility charges and \$0.1 million from airport general revenue. *The Governor recommends funding as requested.*

T.F. Green Airport General Improvements. The Airport Corporation requests total expenditures of \$4.1 million for two individual general improvement projects at T.F. Green Airport, \$4.0 million of which will be spent in FY 2012. Requested funding consists of \$3.1 million from federal funds, \$0.9 million from airport revenue bonds and \$0.1 million from the Corporation's operating funds. The request is \$3.1 million less than the approved plan due to the completion of the two larger scale improvement projects included in the previous plan, and the inclusion of two smaller scale projects in the current request. *The Governor recommends funding as requested.*

Environmental Compliance. Consistent with the approved plan, the Corporation requests 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 \$1.9 million from federal funds and \$23.4 million from Corporation revenue bonds. *The Governor recommends funding as requested.*

Warwick Intermodal Train Station. The Corporation's request does not include funding for the Warwick Intermodal Train Station project, an inadvertent exclusion. The station includes access to trains, a bus terminal, rental car operations, additional parking and an elevated moving sidewalk to transport passengers. The \$111.3 million project will be completed in FY 2011. *The Governor's capital budget shows the \$111.3 million project.*

Section V

**FY 2011
Revised Budget**

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FY 2011 Revised Budget

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Function*				
General Government	\$ 1,938.8	\$ 1,681.4	\$ 1,751.7	\$ 1,753.4
Human Services	2,887.7	3,121.9	3,140.7	3,107.1
Education	2,013.0	2,101.2	2,206.8	2,205.7
Public Safety	421.9	431.8	487.5	482.5
Natural Resources	71.6	98.9	112.4	111.8
Transportation	375.9	428.9	419.5	450.9
Total	\$ 7,708.9	\$ 7,864.1	\$ 8,118.5	\$ 8,111.4
Expenditures by Category*				
Salaries and Benefits	\$ 1,340.6	\$ 1,439.6	\$ 1,466.0	\$ 1,448.9
Contracted Services	187.3	222.5	247.3	247.7
Subtotal	\$ 1,528.0	\$ 1,662.0	\$ 1,713.4	\$ 1,696.6
Other State Operations	615.0	633.2	641.8	670.7
Aid to Local Units of Government	1,163.8	1,053.9	1,111.2	1,105.6
Assistance, Grants, and Benefits	3,838.1	3,864.1	3,969.5	3,961.4
Capital	216.1	266.9	294.7	305.3
Capital Debt Service	206.1	233.8	229.4	232.9
Operating Transfers	141.8	150.1	158.7	138.9
Total	\$ 7,708.9	\$ 7,864.1	\$ 8,118.5	\$ 8,111.4
Sources of Funds*				
General Revenue	\$ 2,863.6	\$ 2,942.1	\$ 2,997.6	\$ 2,965.3
Federal Aid	2,813.2	2,903.5	2,997.4	3,011.2
Restricted Receipts	152.3	180.0	184.7	178.5
Other	1,879.9	1,838.5	1,938.8	1,956.3
Total	\$ 7,708.9	\$ 7,864.1	\$ 8,118.5	\$ 8,111.4
FTE Authorization	14,340.8	14,827.6	15,146.5	15,007.6
FTE Average	13,588.5			

**Data in millions*

Summary

The Governor's revised budget recommendations for FY 2011, along with his recommendations for FY 2012, are contained in 2011-H 5894, introduced on March 9. The Governor signed 2011-H 5269 on February 18 that extended the submission date 35 days to March 10. Supporting documents were not all published until late March.

The Governor recommends total revised expenditures for FY 2011 of \$8,111.4 million, which is \$247.2 million or 3.1 percent more than enacted by the 2010 Assembly. Total expenditures would increase \$402.4 million or 5.2 percent over reported FY 2010 expenditures. General revenue expenditures are \$23.2 million or 0.8 percent more than included in the FY 2011 budget adopted by the 2010 Assembly and \$101.7 million or 3.7 percent more than actual FY 2010 expenditures.

FY 2011	General				
	Revenue	Federal	Restricted	Other	All Funds
FY 2010 Final	\$ 2,886.8	\$ 3,096.3	\$ 189.5	\$ 1,895.7	\$ 8,068.3
FY 2010 Actual	2,863.6	2,813.2	152.3	1,879.9	7,708.9
Difference	\$ (23.2)	\$ (283.1)	\$ (37.2)	\$ (15.8)	\$ (359.4)
FY 2011 Enacted	\$ 2,942.1	\$ 2,903.5	\$ 180.0	\$ 1,838.5	\$ 7,864.1
Governor's FY 2011 Revised	2,965.3	3,011.2	178.5	1,956.3	8,111.4
Governor's Change to Enacted	\$ 23.2	\$ 107.7	\$ (1.5)	\$ 117.8	\$ 247.2
Percent Change	0.8%	3.7%	-0.8%	6.4%	3.1%

Expenditures from federal funds are \$107.7 million more than enacted and \$198.0 million more than FY 2010. Expenditures from restricted receipts are \$1.4 million or 0.8 percent less than enacted and \$26.2 million more than FY 2010. Those from other funds, including the gas tax and Rhode Island Capital Plan funds and unemployment trust funds, are \$117.8 million or 6.4 percent more than enacted and \$76.4 million more than FY 2010.

For the first time in several years, there was not a significant budget gap to be solved in the current year. A shortfall in projected Medicaid funding opened up a potential gap in August that was largely resolved with an unexpected opening surplus in September and more favorable revenue and caseload estimates in November.

After three consecutive years of ending in the red, the FY 2010 budget ended with a surplus. The FY 2010 final budget projected a general revenue free surplus of \$1.1 million would be available for FY 2010. However, the closing statements the State Controller finalized on January 14, 2011 showed a closing surplus of \$17.9 million. The surplus is \$0.2 million higher than shown in the preliminary statements released on September 1.

FY 2010 Closing		Enacted	Audited	Variance
Open:	Free Surplus	\$ (62,286,104)	\$ (62,286,104)	\$ -
Plus:	Reappropriated Surplus	998,144	998,144	-
Equals:	Total Surplus	(61,287,960)	(61,287,960)	-
Plus:	Revenues	3,019,051,178	3,017,031,203	(2,019,975)
Minus:	Transfer to Budget Stabilization Fund	(70,962,362)	(70,913,882)	48,480
Equals:	Total Available	2,886,800,856	2,884,829,361	(1,971,495)
Minus:	Expenditures	(2,886,786,641)	(2,863,574,992)	23,211,649
Equals:	Closing Surplus	\$ 14,215	\$ 21,254,369	\$ 21,240,154
Minus:	Reappropriations	-	(3,364,847)	(3,364,847)
Equals:	Free Surplus	\$ 14,215	\$ 17,889,522	\$ 17,875,307

Revenues were \$2.0 million less than estimated. The lower revenues cause transfers to the Budget Reserve and Cash Stabilization Fund to be \$48,480 less. Expenditures were \$23.2 million less than enacted; \$3.4 million must be reappropriated into FY 2011. The total is \$17.9 million more than the \$14,215 anticipated surplus.

As noted above, the FY 2011 enacted budget includes an estimated Medicaid reimbursement that is \$38.1 million higher than what Congress eventually authorized. November revenue estimates were up from the enacted budget by \$16.7 million. Caseload savings and projected savings in teacher retirement costs offset unachieved expenditure savings elsewhere in the budget. Combined, these changes led to the House Fiscal Staff's projection of no current year deficit.

The Governor makes recommendations in his revised budget in addition to these projected revisions to generate a \$16.2 million opening surplus for use in FY 2012. These changes include the following major items:

- \$22.0 million in savings from delaying the required pay back of rainy day funds until FY 2013.
- \$12.6 million in new general revenue expenses to address the structural deficit in the Department of Transportation.
- \$5.2 million of additional local aid through the distressed communities program with the requirement of additional financial reporting.
- \$1.8 million of additional support to the City of Central Falls to close a projected deficit.
- \$3.7 million from unidentified statewide personnel and operating savings.
- \$6.7 million in savings from further adjustments to agency expenditures explained in detail in the pages that follow.

The revised budget, as presented, would leave a \$16.2 million surplus for FY 2012. The general revenue surplus statement for FY 2012 shows an ending surplus of \$0.8 million and is presented as part of the overview of his FY 2012 budget recommendations in that section of this analysis.

	Enacted	Revised	Difference
Opening Surplus			
Free Surplus	\$ 14,215	\$ 17,889,522	\$ 17,875,307
Reappropriated Surplus	-	3,364,847	3,364,847
Subtotal	\$ 14,215	\$ 21,254,369	\$ 21,240,154
Revenues	3,020,646,545	3,020,646,545	-
November Revenue Conference		16,708,455	16,708,455
Governor's Changes		2,366,165	2,366,165
Revenues	3,020,646,545	3,039,721,165	19,074,620
Cash Stabilization Fund	(78,537,180)	(79,497,878)	(960,698)
Total Available Resources	\$ 2,942,123,580	\$ 2,981,477,656	\$ 39,354,076
Expenditures	2,942,118,704	2,942,118,704	-
FMAP Rate Change		38,071,703	38,071,703
November Caseload Conference	-	(5,907,439)	(5,907,439)
Reappropriations	-	3,364,847	3,364,847
Governor's Changes	-	(12,342,861)	(12,342,861)
Expenditures	\$ 2,942,118,704	\$ 2,965,304,954	\$ 23,186,250
Total Surplus	\$ 4,876	\$ 16,172,702	\$ 16,167,826
Reappropriations	-	-	-
Free Surplus	\$ 4,876	\$ 16,172,702	\$ 16,167,826
<i>Operating Surplus/(Deficit)</i>	<i>(9,339)</i>	<i>(1,716,820)</i>	<i>(1,707,481)</i>
Budget Stabilization and Cash Reserve	\$ 126,867,752	\$ 128,418,649	\$ 1,550,897

Department of Administration

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Program				
Central Management	\$ 1,263,509	\$ 1,475,743	\$ 1,527,801	\$ 1,593,558
Accounts & Control	3,450,141	3,806,968	3,745,475	3,605,242
Budgeting	1,681,178	2,007,066	1,932,962	1,923,513
Purchasing	2,155,815	2,554,715	2,446,540	2,458,519
Auditing	1,153,211	1,436,515	1,278,752	1,240,160
Human Resources	10,676,552	11,146,821	10,846,124	10,666,807
Personnel Appeal Board	65,482	80,803	80,803	78,172
General	194,709,177	118,014,074	127,851,299	106,862,622
Debt Service	201,228,865	191,268,497	190,402,910	192,649,398
Legal Services	1,585,988	1,693,282	1,669,578	1,770,720
Facilities Management	33,833,319	36,851,760	36,870,643	36,554,784
Capital Projects and Prop. Mgt.	3,389,507	3,776,092	3,733,015	3,720,390
Information Technology	25,338,716	27,590,025	27,703,363	27,485,082
Library Programs	1,781,561	2,273,201	2,535,611	2,531,162
Planning	13,916,455	17,921,395	17,782,854	20,257,238
Undistributed Savings	-	(8,178,357)	(84,200)	-
Energy Resources	46,203,494	69,240,003	91,704,897	95,413,349
Sheriffs	14,641,865	16,341,206	16,078,602	15,976,566
Total	\$ 557,074,835	\$ 499,299,809	\$ 538,107,029	\$ 524,787,282
Expenditures by Category				
Salaries and Benefits	\$ 70,955,220	\$ 70,895,702	\$ 77,536,777	\$ 76,818,483
Contracted Services	6,426,788	5,448,177	5,176,160	5,228,735
Subtotal	\$ 77,382,008	\$ 76,343,879	\$ 82,712,937	\$ 82,047,218
Other State Operations	31,023,995	34,423,085	34,380,145	34,188,940
Aid to Local Units of Government	168,819,711	61,188,736	60,978,736	67,970,965
Assistance, Grants, and Benefits	63,188,919	85,988,827	109,425,242	115,600,213
Capital	11,060,895	22,658,143	32,722,030	26,845,519
Capital Debt Service	168,852,388	191,023,652	190,214,452	192,460,940
Operating Transfers	36,746,919	27,673,487	27,673,487	5,673,487
Total	\$ 557,074,835	\$ 499,299,809	\$ 538,107,029	\$ 524,787,282
Sources of Funds				
General Revenue	\$ 418,405,347	\$ 324,063,375	\$ 326,511,215	\$ 325,928,779
Federal Aid	57,534,460	79,572,545	97,340,173	103,620,313
Restricted Receipts	19,964,401	17,140,339	26,179,589	25,689,655
Other	61,170,627	78,523,550	88,076,052	69,548,535
Total	\$ 557,074,835	\$ 499,299,809	\$ 538,107,029	\$ 524,787,282
FTE Authorization	835.4	871.6	871.6	873.6
FTE Average	803.7			

FY 2011 Revised Request. The Department requests FY 2011 revised expenditures totaling \$538.1 million from all funds. This is \$38.8 million more than enacted, \$8.2 million of which is due to the allocation of undistributed pension savings. Adjusted for that, the request is \$30.7 million more, including a decrease of \$3.2 million from general revenues and increases of \$16.5 million from federal funds, \$8.6 million from restricted receipts and \$8.8 million from other funds. The general revenue reduction primarily consists of savings from debt service and turnover. The request includes \$84,200 in undistributed savings from an employee's prescription drug benefit initiative.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$3.6 million for the Department. The constrained budget submitted by the agency meets that, but is only \$0.5 million below the current service budget. The proposals to achieve the reductions are noted among the items described below where appropriate.

The Governor recommends expenditures totaling \$524.8 million, including \$325.9 million from general revenues. This is \$25.5 million more than enacted, including the allocation of \$8.2 million for pension savings and delaying the \$22.0 million repayment to the Rhode Island Capital Plan Fund. Accounting for these adjustments, the recommendation is \$39.3 million more than enacted, including \$26.2 million for energy related projects, \$5.2 million more for the Distressed Communities Relief Fund, \$3.6 million for capital projects, \$1.8 million for Central Falls. The recommendation also shifts \$12.6 million of debt service expenditures from gasoline tax proceeds to general revenues. The Governor recommends 2.0 positions more than requested.

Staffing Authorization. The Department requests 871.6 full-time positions for FY 2011, consistent with the enacted authorization. The request includes a number of transfers within department functions, including a current vacancy from Accounts and Control to the Division of Purchasing to administer transportation related procurement, a transfer from the Office of Energy Resources to the Division of Legal Services. The request reflects the elimination of a vacant position from the Division of Information Technology and a new position in the State Budget Office.

The Governor concurs and provides 2.0 additional positions; executive director and an executive assistant to the director in Central Management.

Statewide Items

Statewide Adjustments. The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Department of Administration, he assumes savings of \$445,692 of which \$303,877 is from turnover. This is in addition to other program changes in his revised budget and described below.

Distributed Pension Savings. The request assumes the distribution of \$8.2 million from all sources, including \$5.7 million from general revenues included in the enacted budget for the state's share of retirement costs for state employees. The 2010 Assembly adopted pension changes, 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, for state employees, teachers, and judges that were not eligible to retire before June 12, 2010. *The Governor recommends funding as requested.*

Statewide Pharmacy Savings. The Department projects statewide savings of \$84,200 from all funds, \$43,212 from general revenues from the implementation of an initiative that encourages members who are

on select non-specialty medications, commonly referred to as Tier 3, to fill their prescriptions through the mail or switch to a lower cost option. Members on selected medications will receive two grace period refills of the higher cost Tier 3 medicine at their retail pharmacy. The Office of Employee Benefits indicates that during this grace period, members will receive letters and phone calls to inform them of the program and the low cost alternatives. Additionally, the dispensing pharmacist will inform the member of the low cost alternatives. If the member does not switch to a low cost alternative, he/she will continue to access the original prescription by mail order. The FY 2011 savings is for one quarter, which the Office indicates should be achieved by April 2011. The Office projects an annual savings of \$0.3 million from the implementation of this initiative.

The Budget Office indicates that it is in the process of deciding how the FY 2011 savings will be reflected in the budget recommendation.

The FY 2011 recommendation does not include the savings, rather they are allocated in the FY 2012 budget.

Budget Stabilization Fund Transfer. The Department requests the enacted amount of \$22.0 million from general revenues to pay back the Rhode Island Capital Plan Fund for rainy day funds borrowed in FY 2009. Rhode Island General Law requires that any amounts used must be replaced in the following year. *The Governor proposes legislation to delay the repayment to FY 2013.*

Transition Expenses. The request includes the enacted amount of \$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 recommendation reflects the allocation of the funds. The FY 2011 revised budget includes transition expenses totaling \$207,625, of which \$126,864 was incurred by the Office of the Governor, \$36,831 by the Office of the Treasurer and \$43,930 by the Office of the Attorney General.

Local Aid

Distressed Communities Relief Fund. The Department requests 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. 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.

The Governor provides \$15.6 million, which reflects an increase of \$5.2 million in funding for the program. He includes legislation in Article 40 of 2011-H 5894 to require that communities submit a five year budget forecast to the Division of Municipal Finance by June 20, 2011 in order to receive the additional funding. The forecast must include a scenario reflecting pensions and other post-employment benefits obligations at 100.0 percent of the annual required contribution for both general and unrestricted school funds.

Property Revaluation Reimbursements. The Department requests FY 2011 revised expenditures of \$0.8 million from general revenues, \$0.2 million less than enacted for the Property Revaluation program, which reimburses communities conducting scheduled property revaluations or statistical updates. Expenditures fluctuate annually; including \$1.5 million in FY 2010, \$1.0 million in FY 2009 and \$1.1 million in FY 2008. *The Governor recommends funding as requested.*

Central Falls Stabilization Payment. The 2010 Assembly enacted the “Providing Financial Stability Act” to enable the state to work with cities and towns undergoing financial distress that threatens the fiscal well being, public safety and welfare of such cities and towns. In July 2010, a temporary state receiver was appointed in Central Falls. Pursuant to section 45-9-7(b)(2) of the general laws, the state receiver has the power to exercise any function or power of any municipal officer or employee, board, authority or commission, whether elected or otherwise relating to or impacting the fiscal stability of the city or town including, without limitation, school and zoning matters. In December 2010, the receiver issued a report detailing the city’s structural fiscal problems. It indicated that Central Falls ended FY 2010 with a \$2.4 million deficit with current assets of \$623,000, which can be used to reduce the deficit to \$1.8 million. The report also projected a deficit of \$4.9 million in FY 2012.

The Governor recommends \$1.8 million to eliminate the projected deficit in FY 2011.

Energy Programs

Stimulus – State Energy Program. The request includes \$19.2 million from federal stimulus funds for the State Energy Program, \$6.3 million in carry forward from FY 2010 unexpended balances. The total amount that the state will receive is estimated to be \$24.0 million; the Department programmed \$6.4 million in FY 2010 and reported expenditures were \$0.2 million. 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 Governor concurs, with the exception of providing \$24,142 less for turnover savings.*

Stimulus – Weatherization Assistance Program. The Department requests \$11.2 million from federal stimulus funds for the Weatherization Assistance Program, \$1.7 million more than enacted. This program provides cost effective, energy efficient weatherization improvements. It also provides low-income individuals, particularly elderly, persons with disabilities, families with children, high residential energy users, and households with a high energy burden, with weatherization improvements to lower utility costs. The total amount that the state will receive is estimated to be \$20.1 million; \$9.8 million was programmed in FY 2010 and reported expenditures were \$3.8 million. *The Governor concurs, with the exception of providing \$21,458 less for turnover savings.*

Stimulus – All Other Programs. The request includes \$7.1 million from federal stimulus funds, \$1.8 million more than enacted to reflect carry forward funds for the Energy Conservation Block Grants. The funds 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 the existing formula, which takes into account population and other factors. The Department indicates that the funds will be allotted to all municipalities in three installments. The total amount that the state will receive is estimated to be \$9.6 million; the Department programmed \$2.0 million in FY 2010 and reported expenditures of \$0.2 million. The request also includes \$0.1 million for appliance rebates. The program was held on March 25, 2010. *The Governor concurs, with the exception of providing \$2,683 less for turnover savings.*

Regional Greenhouse Gas Initiative. The Department requests FY 2011 revised expenditures of \$10.3 million from the Regional Greenhouse Gas restricted receipt fund. This is \$5.2 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 \$10.2 million. Another three auctions have been scheduled in 2011. 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 recommends funding as requested.*

Demand Side Energy Grants. The Department requests FY 2011 revised expenditures of \$3.3 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 \$1.3 million more than enacted to reflect carry forward funds from FY 2010, for which the final budget included \$3.8 million and reported expenditures were \$2.6 million. Funding for the Demand Side Grants have been treated as restricted receipts since July 1, 2008. *The Governor recommends funding as requested.*

Low Income Heating Assistance Program. The request includes \$37.8 million from federal funds, including \$7.5 million in carry forward funds from FY 2010 unexpended balances for the Low Income Home Energy Assistance Program grant program. The Office of Energy Resources indicates that the reason for such a large carry forward balance is due to crisis payments for restoration of utility services being made after November 1. 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 program currently assists approximately 32,000 low income households and grants range from \$200 to \$900 depending on income level and energy source. *The Governor recommends \$3.8 million more than requested to reflect an additional award received.*

Other Energy Programs. The request includes \$2.9 million from all funding sources for all other expenditures for the Office of Energy Resources. This is \$1.3 million less than the enacted budget, of which \$1.7 million is from federal funds primarily for the Weatherization Assistance Program to reflect the anticipated award from the U.S. Department of Health and Human Services. This program provides cost effective, energy efficient weatherization improvements. It also provides low income individuals, particularly elderly, persons with disabilities, families with children, high residential energy users, and households with a high energy burden, with weatherization improvements to lower utility costs. The request includes \$0.1 million from general revenues for an employee payout as a result of a desk audit and \$0.2 million from restricted receipts. *The Governor concurs, with the exception of providing \$26,375 less for turnover savings.*

Facilities Management

Utilities. The Department projects utility costs of \$19.8 million from all funds for FY 2011, including \$17.0 million from general revenues at state buildings under its jurisdiction, including the Pastore Campus. The projection is 14.2 percent or \$2.5 million more than FY 2010 reported expenditures of \$17.3 million and is \$0.2 million less than the enacted budget. This reflects savings of \$0.5 million from electricity and natural gas and an increase of \$0.3 million for sewer, which is due to a rate increase from the City of Cranston. The expenditure projection for natural gas is based upon a two-year fixed pricing option for natural gas implemented in FY 2010. The estimate is based upon the commodity pricing received for the Department's usage estimates for FY 2011. *The Governor recommends funding as requested.*

Facilities Operations. The Department requests \$7.9 million from all funds including \$6.9 million from general revenues 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 is \$0.4 million or 1.1 percent more than enacted, of which \$0.3 million is from general revenues, including \$0.1 million for janitorial services. The request includes \$0.3 million for contractual services provided by Solar Turbine for the maintenance of the power plant turbines, for which the Department indicated that it inadvertently omitted funding for in its FY 2011 request. The request for \$0.3 million is consistent with FY 2010 reported expenses. The request also includes a reduction of \$0.1 million for building maintenance based on historical spending patterns. *The Governor recommends funding as requested.*

Information Technology

Information Technology Operations. The Department requests FY 2011 revised expenditures of \$6.8 million from all funds for the Division of Information Technology. This is \$162,820 or 2.3 percent less than enacted, including \$102,327 less from general revenues. It includes an increase of \$27,000 for the completion of two billing rate studies. The Department indicates that the FY 2011 model was not completed by the close of FY 2010; payment for FY 2011 and FY 2012 models will be paid in the current year. The request reflects decreases for various operating items to reflect anticipated expenses. The current request is \$0.3 million more than FY 2010 reported expenditures. The request includes the enacted amount of \$1.0 million for the operational costs of the Rhode Island Financial Information Network System.

As part of its constrained budget, the Department proposes a savings of \$24,291 for computer supplies in the Division of Information Technology.

The Governor recommends general revenue funding consistent with the constrained request. He also provides an additional \$47,500 from federal funds for information technology support services.

IT Enterprise Operations Center. The Department requests \$4.6 million from Rhode Island Capital Plan funds to be used in FY 2011 for the Information Technology Enterprise Operations Center. This is \$0.7 million more than enacted and \$0.3 million more than the approved plan and is consistent with the capital budget request. In the fall of 2009, the Department purchased an 80,000 square foot building off Jefferson Boulevard. The Department is in the process of renovating the facility and indicated that it will occupy the first floor and offices will be made available for the Treasurer's Office and the State Police. Subsequent to the approved plan, the Department indicated that additional resources would be needed for renovations to the elevator and general construction items for the State Police and the Treasurer's Office. *The Governor includes the reappropriation of \$430,946 from FY 2010 unexpended funds.*

Human Resources

Worksite Wellness Program. The Department requests expenditures of \$42,000 from general revenues for the worksite wellness program. The 2009 Assembly eliminated funding for the program. In FY 2010, the Department used staff from the Division of Human Resources to implement the program. It now indicates that this method did not prove to be reliable. The state employee wellness program was created by Executive Order 05-12 to improve wellness programs for state employees and their families. The request includes \$30,000 for supplies, such as pedometers and \$12,000 for brochure materials and mailings. *The Governor recommends funding as requested.*

Short and Long Term Disability Review. The Department requests supplemental expenditures of \$49,000 from general revenues for contractual services provided by Hewitt Associates, which performs employee health benefit analyses on an as needed basis. The additional funds are requested to review the state's short and term long disability contracts. The enacted budget includes \$50,000 for the firm's annual

medical audit to verify accuracy of claim payments and compliance with the different benefit plans. *The Governor recommends funding as requested.*

Purchasing

Purchasing Website. The Department requests new expenditures of \$100,000 from general revenues, including \$50,000 each in FY 2011 and FY 2012 to enhance the website for the Division of Purchasing. The Department indicates that the current server that handles all state bids and provides information to the public has experienced downtime and the technology for it is outdated and is no longer supported. Programmed expenditures for FY 2011 include \$12,000 to convert from Windows 2000 to 2008, \$2,000 for licensing costs, \$5,000 for hardware costs and \$31,000 for website enhancements. *The Governor recommends funding as requested.*

Vendor Contract Dispute. The Department requests FY 2011 revised expenditures of \$50,000 from general revenues for expert witness fees for a vendor dispute pertaining to the Rhode Island Training School project. The construction on that project was completed in FY 2008 and both the Youth Development and the Youth Assessment facilities were open in March 2009. The FY 2009 closing statement reported expenditures of \$2.2 million from general revenues for project cost overruns. The Department then indicated that it was in litigation with multiple vendors to reduce the project cost overrun by \$1.3 million for expenses it was refuting. This particular vendor is seeking a payment of \$186,000 for meetings he attended subsequent to the opening of the training school. The Department indicates that his attendance is part of the project scope and therefore is ineligible for payment. *The Governor recommends funding as requested.*

Transportation Purchasing Position. The Department requests FY 2011 revised expenditures of \$48,929 from gasoline tax proceeds to fund a chief buyer position dedicated to procurement for transportation related projects, effective January 2011. The Department of Administration reallocated a current vacancy from Accounts and Control for this position. A similar memorandum of understanding was reached with Higher Education. The FY 2012 budget request includes \$0.1 million for annualized funding for the position. *The Governor recommends funding as requested.*

Overhead Functions

Department of Transportation Debt Service. The Department requests \$43.7 million, \$0.8 million from gasoline tax proceeds for debt service expenditures for the Department of Transportation for its general obligation bonds. Per statute, the Department of Administration's budget includes most debt service costs.

The Governor recommends total funding as requested; however, shifts expenditures of \$12.6 million from gasoline tax proceeds to general revenues. The Department of Transportation incurred higher than budgeted winter maintenance expenses during FY 2011, and the recommendation would alleviate a projected shortfall in gasoline tax proceeds of \$12.6 million.

Other Debt Service. The Department requests \$146.7 million from all funds, including \$136.6 million from general revenues for statewide debt service expenditures, excluding those for higher education and a portion of transportation. The request is \$51,450 less than enacted, including a reduction of \$2.0 million from general revenues. Major changes include a savings of \$2.6 million from interest payments relating to the Historic Tax Credit Trust Fund to reflect a delay in issuance and an additional requirement of \$1.4 million for general obligation debt service costs. The request also includes an increase of \$2.3 million from restricted receipts for interest earnings pertaining to short-term borrowing. Interest earnings on borrowed funds are received as restricted receipts and are used to offset the cost of the Tax Anticipation Notes

borrowing. It also includes savings of \$2.3 million from unused bond proceeds from the State Police Headquarters project.

The Governor recommends total debt expenditures of \$149.0 million, including \$139.3 million from general revenues. This is \$2.2 million more than requested from treating the excess bond proceeds for the State Police Headquarters project as revenues. The recommendation reflects a shift of \$0.5 million from restricted receipts to general revenues due to lower than assumed interest earnings for Tax Anticipation Notes. Accounting for these adjustments, the recommendation is \$18,797 less than requested to reflect actual debt service required for McCoy Stadium.

Other Salary and Benefit Adjustments. Excluding items mentioned above, the Department requests \$75.6 million from all funds for all other salaries and benefits, \$1.3 million or 1.7 percent less than the enacted budget. This includes savings of \$1.2 million from general revenues due to greater than anticipated turnover throughout the Department. The revised budget includes a total of \$3.2 million in turnover savings, which equates to 36.5 vacant positions. As of pay period ending November 20, 2010, the Department had 71.9 positions vacant. The request assumes that most vacant positions will be filled in January.

As part of its constrained budget, the Department requests an additional \$0.5 million in turnover savings, including \$0.4 million from general revenues. The constrained request assumes that 31.0 vacancies would remain vacant for an additional three months. This includes savings of \$19,378 for 2.0 positions in the Office of Central Management, \$0.2 million for 16.0 positions in the Division of Facilities Management and \$0.2 million for 13.0 positions in the Division of Information Technology. The Department indicates that maintaining the vacancies for an additional three months will interfere with operations and service levels.

The Governor recommends total funding of \$75.1 million, including \$60.7 million from general revenues. The recommendation is \$1.7 million less than enacted and \$0.5 million less than requested and is consistent with the constrained request. He recommends \$0.1 million for two new positions in Central Management; an executive director and an executive assistant to the director.

Community Development Block Grants. The Department requests \$4.9 million from federal funds, \$0.1 million more than enacted for the Community Development Block Grant program administered by the Office of Housing and Community Development within Statewide Planning. The program provides annual grants on a formula basis to entitled cities and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low and moderate income people. Annually the grant award is received from the federal government and prior years remaining funds are carried forward for expenditures. Due to the timing of payments, grant funds often overlap fiscal years.

The Governor recommends \$2.4 million more than requested to reflect an additional award from the United States Department of Housing and Urban Development for the Disaster Recovery program. The funds may be used for efforts involving housing, economic development, and infrastructure improvements.

All Other State Operations. The Department requests \$13.0 million from all funds, including \$4.1 million from general revenues for all other state operations. This is \$0.2 million or 1.3 percent more than enacted, including increases of \$3,810 from general revenues and \$200,847 from federal funds primarily for grants administered by the Division of Planning. The request also includes reductions of \$22,975 from restricted receipts and \$8,623 from other funds.

As part of its constrained budget, the Department proposes savings of \$19,404 from various programs. This includes \$1,000 from clerical services from the Judicial Nominating Commission, \$11,600 from the Bureau of Audits for mileage reimbursements and laptop replacements, and \$6,804 from the Office of Library and Information Services. These adjustments appear to have been done to reflect historical spending patterns.

The Governor provides \$84,413 more than requested, including \$100,000 from federal funds administered by the Division of Planning for emergency shelters. He also includes \$2,475 in savings from legal expenses based on a plan to reduce them by 5.0 percent.

Cannon Building. The Department requests revised expenditures of \$1.6 million from Rhode Island Capital Plan funds, including \$0.6 million in reappropriated funds from FY 2010 unexpended balances for ongoing renovations and new expenditures of \$1.0 million to repair the roof cap on the Cannon building. Funding for this was not included in the Department's capital budget request; however, the request includes a preliminary study of the roof cap which identified numerous structural issues that could cost as much as \$3.0 million to repair. The Department indicated that it would suggest reallocating \$1.0 million from the central HVAC of the State House Renovations project to fund this repair. The request for the State House Renovations project appears to have been reduced by \$850,000.

The Governor includes the automatic reappropriation of \$0.6 million. He does not include funding the roof cap component of this project.

New Capital Projects. The Department requests \$0.5 million from Rhode Island Capital Plan funds for one-time purchases, including \$0.2 million for a backup storage unit and \$0.3 million to purchase and install a web-based work order system for the Division of Facilities. This system will allow the division a more efficient way to track request of work orders. These projects do not appear to meet the definition of a capital expense and use of Rhode Island Capital Plan funds may not be appropriate for these projects. *The Governor does not recommend funding these projects.*

Other Capital Projects. The Department requests \$24.5 million from Rhode Island Capital Plan funds for all other capital project expenditures. This is \$7.3 million more than enacted, primarily due to a reappropriation from FY 2010 unexpended Rhode Island Capital Plan funds, of which \$1.0 million each is for the Veterans Memorial Auditorium and Zambarano building projects. Section 13 of Article 1 of 2010-H 7397, Substitute A, as amended provides that any unexpended and unencumbered funds for Rhode Island Capital Plan fund projects may be reappropriated at the recommendation of the Governor in FY 2011. *The Governor recommends \$3.2 million, \$4.1 million less than requested. A detailed description of the projects is included in the Capital Budget Section of this analysis.*

Department of Business Regulation

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Program				
Central Management	\$ 1,194,475	\$ 1,024,858	\$ 1,071,288	1,060,195
Banking Regulation	1,358,346	1,821,156	1,784,607	1,638,045
Securities Regulation	693,323	854,862	945,157	882,179
Commercial Licensing, Racing & Athletics	876,389	1,195,701	1,193,068	1,189,408
Insurance Regulation	4,748,109	5,582,931	6,244,520	6,167,824
Board of Accountancy	148,713	164,031	166,919	162,845
Boards for Design Professionals	294,088	255,891	317,875	316,292
Total	\$ 9,313,443	\$ 10,899,430	\$ 11,723,434	\$ 11,416,788
Expenditures by Category				
Salaries and Benefits	\$ 8,071,526	\$ 9,188,307	\$ 9,710,196	9,090,791
Contracted Services	668,660	866,382	1,142,373	1,446,385
Subtotal	\$ 8,740,186	\$ 10,054,689	\$ 10,852,569	\$ 10,537,176
Other State Operations	348,039	751,003	777,127	779,874
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	201,457	80,000	80,000	80,000
Capital	23,761	13,738	13,738	19,738
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 9,313,443	\$ 10,899,430	\$ 11,723,434	\$ 11,416,788
Sources of Funds				
General Revenue	\$ 8,078,399	\$ 9,156,047	9,264,455	\$ 8,919,355
Federal Aid	-	-	720,000	758,454
Restricted Receipts	1,235,044	1,743,383	1,738,979	1,738,979
Other	-	-	-	-
Total	\$ 9,313,443	\$ 10,899,430	\$ 11,723,434	\$ 11,416,788
FTE Authorization	85.5	90.0	92.0	93.0
FTE Average	80.5			

FY 2011 Revised Request. The Department of Business Regulation's revised request includes \$824,004 more from all fund sources including \$108,408 more from general revenues, \$720,000 more from federal sources and \$4,404 less from restricted receipts.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$121,775 for the Department. The constrained budget submitted by the agency is \$108,365 more than the Budget Office target. The proposals to achieve the reductions are noted among the items described below where appropriate.

The Governor recommends \$0.6 million more than enacted from all sources, including \$0.2 million less from general revenues, \$0.8 million more from federal sources, and \$4,404 less from restricted receipts. He recommends 3.0 positions more than enacted and 1.0 position more than requested.

Statewide Adjustments. The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Department of Business Regulation, he assumes savings of \$44,551, of which \$2,503 is from reduced operating expenses. This is in addition to other program changes in his revised budget and described below.

Rate Review Grant. The Department requests \$0.6 million from new federal Department of Health and Human Services grants for health insurance premium review. This request includes \$344,009 and 1.0 full-time equivalent position for a new rate review manager and to fund a principal policy associate position that although authorized, was not funded in the enacted budget. The new rate review manager position will manage the rate review process for the Health Insurance Commissioner, including routine rate filings, the annual large and small group rate factor review, and the reporting process to external officials. The remaining \$0.3 million will allow the Office to acquire actuarial services, consultant fees, and a hospital utilization and payment evaluation.

[Staff Note: The cost of the requested positions total \$231,311.]

The Governor recommends \$0.4 million from federal sources, which is \$0.2 million less than requested to more accurately reflect necessary funding due to a delay in filling the vacant positions. The Governor also includes an additional assistant administrator of management and finance position that was not included in the Department's request.

Consumer Assistance Program Grant. The Department requests \$120,001 from new federal Consumer Assistance Program grant funds. This request includes \$93,877 and 1.0 full-time equivalent position for a new analyst to assist the Office of the Health Insurance Commissioner by reviewing financial statements and rate filings of commercial insurers in Rhode Island in conjunction with the new federal health care law. The remaining \$26,124 would support new computers, office supplies and other related operating expenses. *The Governor recommends \$73,081, which is \$46,920 less than requested to more accurately reflect necessary funding due to a delay in filling the vacant position.*

Office of Health Insurance Commissioner Legal Services. The Department requests \$10,813 more from general revenues to hire outside legal counsel until the currently vacant position of deputy executive assistant is filled. These outside legal services will assist the Office of the Health Insurance Commissioner in conducting legal research and analysis of health insurance issues. The enacted budget does not include any funding for this service.

As part of its FY 2011 constrained request, the Department would exclude this request for the \$10,813.

The Governor recommends \$30,374, which is \$19,561 more than requested to more accurately reflect current need until the vacant position is filled.

Exchange Planning Grant. The Department received notification after the submission of its request that it had been awarded a new federal grant. The grant provides funding for the state to research the benefits of having a state run health insurance exchange as opposed to participating in a federally operated exchange in conjunction with the new federal health care law. *The Governor recommends \$288,000 for the*

Department to begin to formulate the request-for-proposal process to hire an outside consultant to conduct this study.

Actuarial Costs. The Department includes \$9,188 more from restricted receipts for actuarial services conducted for insurance regulation. The Department will utilize this additional funding to pay for actuarial studies to assist in the review of insurance rates. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$271,360, the enacted amount for all other operating expenses. *The Governor recommends \$549 less than enacted from reduced legal service fees.*

Salary and Benefit Adjustments. The Department requests \$84,003 more than enacted for all salaries and benefits, including \$97,595 more from general revenues and \$13,592 less from restricted receipts. The request includes additional turnover savings of \$72,303, offset by benefit adjustments totaling \$156,306 from all sources, including \$150,015 from general revenues.

As of the November 20, 2010, payroll the Department is averaging 79.4 filled full-time equivalent positions, 10.6 positions fewer than authorized in the enacted budget. The request appears to be overstated as it assumes some of the vacant positions would have previously been filled.

In order to meet its constrained budget level, the Department proposes \$111,005 more turnover savings from keeping a deputy executive assistant position vacant for the remainder of the fiscal year and eliminating an administrative assistant position effective January 1, 2011.

The Governor recommends \$235,558 less than enacted from all sources, including \$221,966 less from general revenues. This is \$0.3 million less than requested, achieved from additional turnover savings based on a more updated estimate of current vacancies. The Governor's recommendation does not eliminate the administrative assistant position proposed in the Department's constrained request; however, includes the turnover savings assumed in the constrained request.

Department of Labor and Training

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Program				
Central Management	\$ 440,417	\$ 1,493,284	\$ 1,637,265	\$ 1,643,169
Workforce Development Services	40,213,112	41,582,765	48,946,116	48,905,198
Workforce Regulation and Safety	2,045,194	2,404,353	2,527,222	2,498,957
Income Support	971,272,996	778,595,118	800,037,468	801,831,922
Injured Workers Services	7,787,311	9,080,322	8,705,685	8,676,808
Labor Relations Board	371,897	402,597	378,039	400,289
Total	\$1,022,130,927	\$ 833,558,439	\$ 862,231,795	\$ 863,956,343
Expenditures by Category				
Salaries and Benefits	\$ 36,193,996	\$ 45,661,387	\$ 42,216,112	\$42,065,099.00
Contracted Services	3,992,189	4,065,573	5,393,585	5,390,783
Subtotal	\$ 40,186,185	\$ 49,726,960	\$ 47,609,697	\$47,455,882.00
Other State Operations	4,744,755	7,231,533	4,886,212	4,864,575
Aid to Local Units of Government	-	-	-	-
Assistance, Grants and Benefits	959,303,756	761,597,538	784,802,578	784,802,578
Capital	754,775	1,409,843	2,715,207	2,715,207
Capital Debt Service	-	-	-	-
Operating Transfers	17,141,456	13,592,565	22,218,101	24,118,101
Total	\$1,022,130,927	\$ 833,558,439	\$ 862,231,795	\$ 863,956,343
Sources of Funds				
General Revenues	\$ 6,308,675	\$ 7,117,031	\$ 7,022,496	\$ 7,005,613
Federal Aid	330,506,338	181,957,663	155,295,938	153,430,142
Restricted Receipts	19,182,852	17,529,145	18,060,216	18,004,845
Other	666,133,062	626,954,600	681,853,145	685,515,743
Total	\$1,022,130,927	\$ 833,558,439	\$ 862,231,795	\$ 863,956,343
FTE Authorization	514.4	519.4	511.8	512.2
FTE Average	402.5			

FY 2011 Revised Request. The Department of Labor and Training requests \$862.2 million from all fund sources, which is \$28.7 million more than enacted. This includes \$0.1 million less from general revenues, \$26.6 million more from federal funds, \$0.5 million more from restricted receipts, and \$54.9 million less from other funds. The request includes 511.8 full-time equivalent positions, which are 7.6 fewer positions than the enacted level.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$94,535 for the Department. The Department's revised request met the target, thus the Department did not submit a separate constrained budget request.

The Governor recommends \$1.7 million more from all sources than requested, including \$16,883 less from general revenues, \$1.9 million less from federal funds, \$55,371 less from restricted receipts and \$3.7 million more from other funds. He includes 512.2 positions, which is 7.2 positions less than enacted and 0.4 positions more than requested.

Statewide Adjustments. The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Department of Labor and Training, he assumes savings of \$14,800, primarily from personnel. This is in addition to other program changes in his revised budget and described below.

Emergency TANF Funding. The state was 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 was a collaboration between the Departments of Human Services, Labor and Training, and Revenue. The enacted budget contains \$0.7 million for all expenses within the Department for the subsidized employment program, which ended September 30, 2010, including 19.0 time-limited positions.

The Department's revised request is \$0.2 million less than enacted, reflecting actual expenditures. The Department indicates that \$0.5 million was spent in FY 2011, \$0.2 million less than enacted and it filled 16.0 of the 19.0 positions. However, because of the no layoff provision included in the most recent union contract negotiations, the people who filled the 16.0 time-limited positions have transitioned to other projects within the Department. *The Governor recommends \$839 more for salary and benefit expenses determined subsequent to submission of the request.*

Staff Reduction. The Department's revised request includes \$0.6 million less from federal funds by eliminating 7.6 vacant positions within the Workforce Development program. These positions are vacant and the Department indicates that several people moved from these positions to stimulus-funded positions while others have switched to some other position elsewhere in the Department. *The Governor recommends eliminating 7.2 of these positions, 0.4 positions less than requested and includes \$33,324 more than requested for that position.*

Turnover Savings. The Department's request includes additional turnover savings of \$2.3 million from all fund sources, including \$0.2 million from general revenues by maintaining 39.0 vacant positions. The request does not assume any positions will be vacant for the full year; it assumes only part-year vacant positions due to promotions, retirements and normal attrition.

Although the Department will not fill all of the authorized stimulus positions, there is little turnover savings from the stimulus positions since the Department used existing staff for stimulus programs as well. The Department indicates that the 19.0 stimulus positions that were not filled were distributed into the rest of the Department for non-stimulus activities.

The request also includes turnover savings for several positions within the unemployment insurance division as employees are frequently promoted or shifted to other divisions. It should be noted that the Department requested additional authorization and funding for these positions through a Governor's budget amendment, which was included in the enacted budget. The request also includes turnover savings from maintaining 2.5 positions vacant for six months in the workers' compensation unit and 5.0 positions vacant for the first half of the year in the workforce regulation division. The enacted budget assumes \$0.8 million in turnover savings.

The Governor recommends \$1.0 million less than requested from turnover savings, including \$15,644 less from general revenues and restoring \$0.8 million from federal funds and \$0.2 million from other funds. The Governor's budget includes turnover for approximately 29.0 positions, which is 10 less than requested. He includes 12.5 positions for six months in workforce development services, 1.6 positions in injured workers services and appears to include 3.0 positions in workforce regulation and 12.0 positions in income support.

Other Salaries and Benefits. The Department requests \$0.5 million less than enacted for all other salaries and benefits, including \$0.3 million more from general revenues, \$0.8 million less from federal funds, \$0.2 million less from restricted receipts and \$0.1 million more from other funds. The request includes \$0.5 million less for overtime expenses, primarily from the unemployment insurance division and \$0.1 million more from general revenues to fill 4.0 workforce regulation and safety division positions for the final six months of FY 2011. Adjusting for that, the request includes \$122,615 more than enacted, a 0.3 percent increase from shifting several positions within the Department, filling positions at lower rates and updated benefit rates.

The request also includes savings of \$62,335 from general revenues by seeking third party in-kind contributions for the general revenue state match portion of the Senior Community Service Employment Grant. The Department indicates it is allowable under federal rules and a contract is in progress with the vendor to provide the match, thus eliminating the need for the general revenue match. The request does not include a corresponding full-time equivalent position reduction from reducing this expense.

Subsequent to the request, the Assembly passed 2011-H 5050 to allow the transfer of \$1.9 million from unemployment modernization funding in the state's benefit payment account to the General Fund to be used for administrative expenses in FY 2011. This offsets administration expenses from federal funds.

The Governor recommends \$1.1 million less from all sources than requested, including \$16,363 more from general revenues. After the adjustment for the reduced turnover savings, this is \$0.1 million less than requested and includes revised benefit rates. He includes the \$1.9 million from modernization funds and reduces federal funds accordingly. He also includes the savings from the Senior Community Service Employment program, consistent with the constrained request.

Police and Fire Relief Fund. The Department requests \$101,160 less from general revenues for police and fire benefits paid to surviving spouses of deceased police and firefighters and education benefits for the spouses and children of deceased or disabled officers and firefighters, as well as the disabled workers. The request consists of \$180,722 less for pension benefits and \$79,562 more for education benefits. *The Governor recommends funding as requested.*

Unemployment Insurance. The Department requests \$17.4 million more for the payment of unemployment insurance benefits, including \$32.1 million less from federal stimulus funds, \$0.1 million less from federal disaster unemployment compensation funds and \$49.7 million more from the Employment Security Trust Fund. The Department's request reflects that the Federal Emergency programs and full federal funding of state extended benefits were to end November 30, 2010, thus state extended benefits would be paid from the Trust Fund, providing for the increase. On December 17, 2010, Congress extended the Emergency Unemployment Compensation program, which allows for full federal funding of the four federal benefit tiers and state extended benefits, extending the pre-November 30, 2010 program through January 3, 2012. The Department's request does not reflect this extension, since it occurred after the request was submitted.

For December 2010, the national unemployment rate was 9.4 percent and Rhode Island had an 11.5 percent seasonally adjusted unemployment rate or 66,042 unemployed residents, down from 12.7 percent or 72,750 unemployed residents in December 2009. *The Governor recommends funding as requested and does not adjust for the federal benefit extension.*

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 2010 Assembly enacted Article 22 of 2010-H 7397, Substitute A, as amended which converted the 0.3 percent surtax that employers would have to pay beginning January 1, 2011 to a 0.3 percent increase in the Job Development Fund assessment from 0.21 percent to 0.51 percent to be used solely to pay the principal and interest on the loans. The surtax could only be used to repay the principal, but the job development assessment increase can be used to repay interest and the principal on the federal unemployment insurance loans.

The state has borrowed approximately \$225.5 million from the federal government for the payment of benefits as of January 1, 2011. This borrowed money was interest-free through January 1, 2011, the first interest payment is due in November 2011 and the Department's FY 2012 request includes a payment of \$10.0 million for the required interest payment. The Employment Security Advisory Council had been meeting monthly from October 2009 to March 2010 and again in November 2010 to develop ways for the state to raise the money to repay the loans.

The Governor includes the \$10.0 million interest payment in his FY 2012 recommendation and includes Article 4 to make several changes to both taxes and benefit payments from FY 2012 through FY 2015 to increase the solvency of the Trust Fund and repay the state's loans by FY 2015.

Trade Readjustment Assistance Programs. The Department's FY 2011 revised budget request includes \$232,552 more in expenditures 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. The request includes \$500,000 less for the distribution of weekly trade readjustment allowances and \$732,552 more for programs oriented to assist qualified workers to obtain a competitive level of education.

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 request was based upon the federal extension of benefits ending November 30, 2010, and that there will be an increase in newly-eligible people wanting to obtain training benefits in order to find employment. However, on December 17, 2010, Congress extended the Emergency Unemployment Compensation program through January 3, 2012, which may reduce the use of the Trade Readjustment Program if a person has not exhausted all of their unemployment insurance benefits. The Department's request does not reflect this extension, since it occurred after the request was submitted. *The Governor recommends funding as requested.*

Workforce Investment Programs. The Department's FY 2011 revised budget request includes \$7.9 million more from Workforce Investment Act funds to support initiatives oriented to youth, adults and dislocated workers. This request includes \$5.6 million more for adult and youth programs and \$2.3 million more for dislocated workers, comprised of \$3.2 million more from federal stimulus funds and \$4.7 million

more from regular federal Workforce Investment Act funds. The Department indicates that the increase is due to a significant amount of unspent funds carried forward from the previous year and slightly higher grant awards than originally anticipated. *The Governor recommends funding as requested.*

Human Resource Investment Council. The Department's FY 2011 revised budget request includes \$1.3 million more than enacted from restricted receipts to support initiatives through the Human Resource Investment Council. The Council provides grant funding for workforce, education, and economic development projects that produce long-term results for Rhode Island employers and workers. The Department indicates that the Council incurred \$0.2 million in expenditures that would not be paid until FY 2011 and the additional increase is due to unspent funds carried forward from previous years and higher grant awards than originally anticipated. *The Governor recommends funding as requested.*

Temporary Disability Insurance. The Department requests revised expenditures of \$162.0 million, or \$3.0 million less than the enacted level for temporary disability insurance benefits for FY 2011. 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 \$166.2 million in FY 2007, \$171.7 million in FY 2008, \$163.2 million in FY 2009 and \$157.3 million in FY 2010 for the payment of benefits. *The Governor recommends funding as requested.*

Senior Community Service Employment Program. The Department requests \$297,498 more from federal funds than enacted to support the Senior Community Service Employment Program. The increase is primarily unspent funds carried forward from an additional grant for \$260,000 the state received late in FY 2010. Typically these funds cannot be carried forward from year to year, but the state is allowed to do so with these funds because they were received so late in the fiscal year. The remainder is due to an increase in the anticipated award. *The Governor recommends funding as requested.*

Workers' Compensation Administration Fund. The Department requests \$510,000 less from restricted receipts for claims on the Workers' Compensation Administration Fund, formerly known as the Second Injury Fund. This reflects reduced FY 2010 expenditures and claims paid to date but also adjusts slightly upward for increasing medical costs. 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 recommends funding as requested.*

Roof Replacement. The Department requests \$472,733 more from all fund sources for the roof replacement or repair on three buildings at the Center General complex and assumes the project will be completed in FY 2011. The request is consistent with its FY 2012 through FY 2016 capital budget described in the Capital Section of this analysis. *The Governor recommends funding as requested.*

Asset Protection Projects. The Department's revised request does not include funding from Rhode Island Capital Plan funds for nine projects through its asset protection plan unlike its FY 2012 through FY 2016 capital budget request, which included expenditures of \$654,000 for FY 2011 for the completion of five projects and the beginning of four projects. *The Governor does not recommend any funding for these projects.*

Information Technology and Computer Purchases. The revised request includes \$2.0 million more from all fund sources for information technology and computer purchases, including \$3,549 from general revenues, \$1.5 million from federal funds, \$0.5 million from restricted receipts and \$0.1 million from other funds. This includes \$1.4 million more from federal unemployment administration funds for the purchase of computer equipment and technology upgrades, delayed from FY 2010 because of repeated extensions of federally funded unemployment benefits by Congress. The request also includes \$544,660 more for the completion of the computer system upgrades in the workers' compensation division that had been spread over several years. *The Governor recommends funding as requested.*

Operating Transfers. The Department's revised request includes \$22.2 million for expenditures classified as "operating transfers," which is \$8.6 million more than enacted. These are shown for accounting purposes to reflect transfers of funds in and out of the state's general fund, out of the temporary disability insurance and unemployment insurance funds and among state agencies, such as transfers from the Department to the three Rhode Island institutions of higher education. These transfers double count expenditures that appear elsewhere in this budget or in other state agencies.

Subsequent to submitting the request, the Assembly passed 2011-H 5050 to allow the transfer of \$1.9 million from unemployment modernization funding in the state's benefit payment account to the General Fund to be used for administrative expenses in FY 2011. *The Governor recommends \$1.9 million more than the original request, reflecting the transfer provided by the Assembly.*

Transfers to RI Higher Education. The revised request includes transfers of \$1.5 million from federal funds, \$0.4 million less than enacted to the three Rhode Island institutions of higher education. This includes \$0.7 million less from the Trade Readjustment Act Fund reflecting lower eligibility and increased use of other grant and training programs not hosted by one of these three schools and \$0.3 million more from the Workforce Investment Act funds, primarily from unspent federal stimulus funds. *The Governor recommends funding as requested.*

Unemployment Benefits Owed to Other States. The Department's revised request includes \$4.5 million more from the Employment Security Trust Fund for the payment of unemployment insurance benefits to other states, for total payments of \$14.5 million. This is 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 from other states, though they are often not equal. The payment of benefits to other states is included in the total benefits paid out, discussed earlier. *The Governor recommends funding as requested.*

Temporary Disability Insurance Transfers. The revised request includes \$2.0 million, which is \$0.2 million more 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. *The Governor recommends funding as requested.*

Unemployment Administration Funding Transfer. The revised request includes an additional \$4.3 million for the required transfer from the Employment Security Fund to the general fund for the state to utilize the unemployment modernization funds for administrative costs. The enacted budget includes \$4.3 million for administrative costs, but not the transfer to the general fund allowing the expenditure. *The Governor recommends \$1.9 million more transferred from unemployment modernization funds to the General Fund for administrative expenses.*

Other Operations. The Department requests \$2.3 million less than enacted from all fund sources for all other operations, including \$0.1 million from general revenues, \$1.1 million from federal funds, \$0.5

million from restricted receipts and \$0.7 million from temporary disability insurance funds, for total expenditures of \$7.6 million. This is a 23.7 percent reduction from the enacted and brings expenses to \$23,892 more than the amount spent in FY 2010.

The request includes expenditure increases of \$0.3 million for temporary services across all programs and \$0.1 million for printing and postage expenses in the unemployment insurance division due to the benefit extensions. The request includes reductions of \$1.0 million for miscellaneous expenses, though the Department has not clarified what those include, \$0.6 million for various maintenance costs, such as computers, vehicles, office and medical equipment, and \$0.5 million less for centralized state services. The revised request also includes reductions of \$0.2 million for property rental and security expenses, \$0.1 million for medical services related to workers' compensation in addition to \$0.1 million for staff training and various operating expenditures for the Workforce Regulation and Safety program and \$0.5 million for all other operating expenditures.

The Governor recommends \$23,874 less than requested, including \$2,802 less from general revenues, reflecting a 5.0 percent reduction for legal expenses and \$20,982 less from restricted receipts for updated operating expenses.

Department of Revenue

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Program				
Office of Director	\$ 480,822	\$ 500,231	\$ 581,975	\$ 592,880
Office of Revenue Analysis	371,823	555,607	537,144	435,073
Lottery Division	216,181,394	192,140,596	192,116,004	215,006,506
Division of Municipal Finance	1,124,503	1,159,585	2,079,659	2,081,811
Taxation	17,353,468	20,278,893	20,021,345	19,647,805
Registry of Motor Vehicles	33,842,041	21,695,505	24,864,446	22,339,204
Total	\$ 269,354,051	\$ 236,330,417	\$ 240,200,573	\$ 260,103,279
Expenditures by Category				
Salaries and Benefits	\$ 31,794,830	\$ 35,942,800	\$ 35,988,365	\$ 35,732,400
Contracted Services	1,238,250	1,515,859	2,162,073	2,010,705
Subtotal	\$ 33,033,080	\$ 37,458,659	\$ 38,150,438	\$ 37,743,105
Other State Operations	218,274,357	193,432,036	193,430,812	216,479,297
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	83,019	11,633	56,650	56,650
Capital	17,802,618	5,191,708	8,326,292	5,566,598
Capital Debt Service	-	-	-	-
Operating Transfers	160,977	236,381	236,381	257,629
Total	\$ 269,354,051	\$ 236,330,417	\$ 240,200,573	\$ 260,103,279
Sources of Funds				
General Revenue	\$ 32,476,057	\$ 35,479,085	\$ 36,518,752	\$ 36,130,650
Federal Aid	1,803,123	2,289,770	2,365,000	2,365,000
Restricted Receipts	4,001,548	824,191	2,057,911	1,966,459
Other	231,073,323	197,737,371	199,258,910	219,641,170
Total	\$ 269,354,051	\$ 236,330,417	\$ 240,200,573	\$ 260,103,279
FTE Authorization	413.5	426.0	426.5	428.5
FTE Average	388.6			

FY 2011 Revised Request. The Department of Revenue requests FY 2011 revised expenditures totaling \$240.2 million from all sources, including \$36.5 million from general revenues, \$2.4 million from federal funds, \$2.1 million from restricted receipts and \$199.3 million from other funds, primarily from lottery funds and Rhode Island Capital Plan funds for the new Registry of Motor Vehicles project. The request is \$3.9 million more than enacted, including \$1.0 million more general revenues. The Department requests staffing of 426.5 full-time positions, 0.5 positions more than the authorized level.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$471,267 for the Department. The constrained budget submitted by the agency is \$0.5 million above that primarily for added expenditures of \$1.0 million

for the Central Falls receivership. Adjusting for that, the request would meet the revised target. The proposals to achieve the reductions are noted among the items described below where appropriate.

The Governor recommends \$23.8 million more from all funds than enacted. This is \$19.9 million more than requested, including \$0.4 million less from general revenues. The recommendation includes \$22.9 million from lottery funds based on estimated changes in lottery collections. He recommends 2.0 positions more than requested to reflect staffing relating to the Central Falls receivership.

Statewide Adjustments. The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Department of Revenue, he assumes savings of \$174,166 of which \$139,679 is from turnover. This is in addition to other program changes in his revised budget and described below.

Central Falls Receivership. The 2010 Assembly enacted the "Providing Financial Stability Act" to enable the state to work with cities and towns undergoing financial distress that threatens the fiscal well being, public safety and welfare of such cities and towns. The Department projects expenses of \$923,249 in FY 2011 for various costs pertaining to the non-judicial receivership for Central Falls. The request includes \$0.5 million in legal fees to be provided by Orson & Brusini and Edwards, Angell, Palmer and Dodge, as the constitutionality of the act is being questioned. The request includes \$0.2 million for a receiver and \$0.2 million for 2.0 full-time positions to assist the state appointed receiver. The positions are assigned to the Office of the Governor and the Department of Administration; however, the individuals are working in Central Falls. The FY 2012 budget projects \$872,443 for these expenses.

The Governor recommends \$19,337 more than requested, including \$15,000 for a pension study that was conducted. He also includes additional funding for operations, including mileage allowance. He recommends staffing of 2.0 full-time positions in the Division of Municipal Finance to assist the state appointed receiver.

Jamestown and Newport Tolls. The Department requests revised expenditures of \$53,000 from general revenues, an increase of \$46,604, for toll expenses. Current law mandates that the state reimburse the City of Newport when school, fire and police officials travel into Jamestown for business related commuting and vice versa. The Department indicates that the City of Newport has not requested its reimbursement since FY 1999. The city submitted documentation to the Department requesting a reimbursement totaling \$23,000 for the period of FY 1999 through FY 2007. It appears that Jamestown has not sought its reimbursements for FY 2009 and FY 2010. The Department projects an additional \$23,000 for toll expenses for Newport from FY 2008 through FY 2010 and FY 2009 and FY 2010 for Jamestown. *The Governor recommends funding as requested.*

Salary and Benefit Adjustments. The Department requests revised expenditures of \$35.8 million from all funds, including \$28.1 million from general revenues for salaries and benefits and staffing of 426.5 full-time positions. The request is \$0.2 million less and 0.5 positions more than the enacted budget. The Department requests an additional 0.5 positions to convert a current half position to a full position for a customer service representative in the Registry of Motor Vehicles. The request reflects the transfer of 2.0 positions, one each from the divisions of Taxation and Lottery to the legal services unit within the Office of the Director to centralize legal services. The request reflects updated benefit rate changes and an additional \$150,000 in overtime expenses. It assumes total turnover savings of \$1.2 million, \$0.5 million more than enacted. As of the pay period ending November 20, 2010, the Department had 26.5 vacancies. The request assumes filling all vacancies in the Division of Taxation in January 2011.

As part of its constrained budget, the Department proposes \$0.3 million in turnover savings by maintaining two positions vacant throughout the fiscal year, consisting of a senior appraiser in the Division of Municipal Finance and a senior revenue policy analyst in the Office of Revenue Analysis for a savings of \$0.1 million. While the unconstrained request assumes all vacancies in the Division of Taxation would be filled in January 2011, the constrained request proposes to maintain 12 vacancies for an additional three pay periods for a savings of \$0.1 million. The constrained request also includes an additional \$0.1 million in savings from the Registry of Motor Vehicles, which assumes that some vacancies would remain vacant for an extended period.

The Governor recommends \$0.1 million less than requested to reflect additional turnover savings.

Registry Computer Technology Project. The Department requests revised expenditures of \$1.2 million from restricted receipts for the Division of Motor Vehicles' 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 borrowing authority to extend the collection period of the surcharge from seven to ten years and allow the surcharge collection to be used for project expenses in addition to debt service costs. As of June 30, 2010, \$6.5 million in receipts have been collected and expenditures totaled \$5.9 million. *The Governor recommends \$0.1 million less than requested to reflect anticipated expenditures.*

Registry of Motor Vehicles/Forand Building. The Department requests an additional \$1.6 million from Rhode Island Capital Plan funds to renovate the Forand Building to be the new home of the Registry of Motor Vehicles. Construction started in September 2009, and the Division moved in late August 2010. Information obtained from the state's accounting system indicates that FY 2010 expenditures were \$13.7 million, or \$0.8 million above the final appropriation. This balance would be carried forward and thereby reduce the available funding for FY 2011 from \$4.1 million to \$3.3 million. When the Department submitted its capital budget, it indicated that the \$3.3 million would be sufficient to finish the project on time and on budget. The current request is \$2.4 million above the total project cost. Subsequently, the Department indicated that it inadvertently overestimated the project cost and that it should incur a savings of \$0.1 million.

The Governor recommends \$0.8 million less than enacted to reflect the carry forward balance from FY 2010. Total funding is consistent with the approved plan.

Registry Federal Award Adjustments. The Department's request includes federal fund expenditures of \$0.6 million within the Registry of Motor Vehicles, \$49,968 more than enacted based on anticipated awards for two projects. This includes \$0.3 million in carry forward funds from FY 2010 for the Division's Real ID program, which requires national standards for the issuance of state driver's licenses and identification cards. The funds will be used to purchase software to enhance imaging. The request also includes the removal of \$0.2 million for a network system on commercial vehicles based on anticipated receipts. *The Governor recommends funding as requested.*

All Other Registry Operations. The Department requests \$5.7 million from all funds, \$0.2 million or 3.7 percent more than enacted for all other operating expenses for the Registry of Motor Vehicles. The request is \$0.1 million less than FY 2009 and \$34,289 more than FY 2010 reported expenses. The request includes new general revenue expenditures of \$90,000 to replace 20 copiers that will network with the new workstations and provide scanning capabilities. The request also includes an additional \$68,655 for license plate printing, based on FY 2010 expenditures. The request includes additional dues payments related to

the International Registration Plan, which is a cooperative agreement among states, the District of Columbia and provinces of Canada providing for payment of license fees based on trucks operated in various jurisdictions. The Division projects savings from utilities, printing and postage.

As part of its constrained budget, the Department reduces operating expenses in the Registry by \$0.2 million. It eliminates the request for the new copy machines and excludes \$85,000 for software maintenance pertaining to the new computer system. *The Governor recommends \$0.1 million less requested; he does not recommend funding for the new copy machines.*

Lottery Operations. Excluding salaries and benefits, the Department requests \$187.2 million for all other expenditures for the Lottery Division, \$22,631 less than enacted to reflect anticipated expenditures for FY 2011. Major changes include an additional \$0.1 million for insurance based on historical expenses and decreases in advertising, fuel and vehicle maintenance to reflect the division's plan to replace four vehicles. Consistent with the enacted budget, the request includes \$182.4 million for lottery commission payments.

The Governor recommends \$22.9 million more than enacted and requested based on estimated changes in lottery collections, including \$20.7 million for lottery commission payments. Commission payments totaled \$204.5 million in FY 2010. It also reflects \$2.4 million for marketing costs for Twin River. The 2010 Assembly authorized the state to share in a portion of the marketing costs if certain income earnings and spending thresholds are met; however, this has been shown as a reduction to state revenue not in expenditure.

Tax Data Warehouse. The Department requests the enacted amount of \$0.5 million from Rhode Island Capital Plan funds for the tax data warehouse project. The 2006 Assembly approved \$2.5 million from Certificates of Participation for the Division to purchase computer hardware and associated software to modernize its operations. The Division indicates that since the implementation of that project, more than 30,000 notices have been sent to taxpayers and \$13.0 million has been recovered from delinquency and discrepancy. The 2010 Assembly provided \$0.5 million from Rhode Island Capital Plan funds in FY 2011 to allow users to create, run reports, and perform queries to enhance tax collection. *The Governor shifts \$155,000 from FY 2011 to FY 2012 to reflect anticipated expenditures.*

All Other Operations. The Department requests \$3.1 million for all other operating expenses. The request is \$911 less than enacted from all funds, including an increase of \$42,994 from general revenues. The request includes \$10,200 for maintenance of an economic model used by the Office of Revenue Analysis. It also includes \$35,115 for various items in the Division of Taxation to reflect anticipated expenditures for printing.

As part of its constrained budget, the Department reduces other operating expenses by \$31,000, including \$11,000 for mileage reimbursement and \$10,000 for out-of-state travel expenses for audit reviews. The Office of Revenue Analysis's budget includes a saving of \$10,000 for the Corporate Income Tax Simulation Model software maintenance. *The Governor recommends funding consistent with the constrained budget. He also includes savings of \$93 from legal expenses based on a plan to reduce them by 5.0 percent.*

Legislature

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req	FY 2011 Revised
Expenditures by Program				
General Assembly	\$ 4,560,966	\$ 6,766,435	\$ 7,202,251	\$ 7,172,362
Fiscal Advisory Staff	1,327,990	1,525,113	1,581,740	1,573,979
Legislative Council	3,931,857	4,244,997	4,265,938	4,244,866
Joint Comm. on Legislative Affairs	17,839,677	21,284,871	20,663,199	20,577,135
Office of the Auditor General	4,413,343	5,213,828	4,980,048	4,963,232
Special Legislative Commissions	6,884	13,900	13,900	13,831
Total	\$ 32,080,717	\$ 39,049,144	\$ 38,707,076	\$ 38,545,405
Expenditures by Category				
Salaries and Benefits	\$ 28,047,892	\$ 31,985,946	\$ 32,030,698	\$ 31,880,891
Contracted Services	430,876	2,125,300	1,036,451	1,036,451
Subtotal	\$ 28,478,768	\$ 34,111,246	\$ 33,067,149	\$ 32,917,342
Other State Operations	1,900,948	2,387,898	2,512,227	2,500,363
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,585,420	2,300,000	2,900,000	2,900,000
Capital	115,581	250,000	227,700	227,700
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 32,080,717	\$ 39,049,144	\$ 38,707,076	\$ 38,545,405
Sources of Funds				
General Revenue	\$ 30,577,686	\$ 37,474,136	\$ 37,131,762	\$ 36,970,091
Federal Aid	-	-	-	-
Restricted Receipts	1,503,031	1,575,008	1,575,314	1,575,314
Other	-	-	-	-
Total	\$ 32,080,717	\$ 39,049,144	\$ 38,707,076	\$ 38,545,405
FTE Authorization	288.8	295.9	297.8	298.5
FTE Average	280.3			

FY 2011 Revised Request. The Legislature's revised budget of \$38.7 million includes \$0.6 million of a \$3.4 million general revenue reappropriation and 297.8 full-time equivalent positions. It also shifts \$0.9 million of the \$1.5 million enacted to fund redistricting expenses to FY 2012.

The Governor's revised budget makes a \$3,307 technical correction to the request and reduces the request by \$164,978 in unidentified statewide savings.

Office of the Lieutenant Governor

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Category				
Salaries and Benefits	\$ 816,518	\$ 906,015	\$ 866,340	\$ 860,040
Contracted Services	506	-	500	500
Subtotal	\$ 817,024	\$ 906,015	\$ 866,840	\$ 860,540
Other State Operations	31,348	15,964	26,042	25,060
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	2,500	3,500	3,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 848,372	\$ 924,479	\$ 896,382	\$ 889,100
Sources of Funds				
General Revenue	\$ 848,372	\$ 924,479	\$ 896,382	\$ 889,100
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 848,372	\$ 924,479	\$ 896,382	\$ 889,100
FTE Authorization	8.0	8.0	8.0	7.0
Average FTE	6.8			

FY 2011 Revised Request. The Office of the Lieutenant Governor requests \$28,097 less than the FY 2011 enacted budget.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$12,296 for the Office. The constrained budget submitted by the agency is \$22,117 below the Budget Office target. The proposals to achieve the reductions are noted among the items described below where appropriate.

The Governor recommends \$35,379 less than enacted and \$7,282 less than requested from general revenues. The Governor includes 7.0 full-time equivalent positions, 1.0 fewer than authorized to reflect the elimination of a vacant policy analyst position. The Office has averaged 6.7 filled full-time equivalent positions in FY 2011.

Salaries and Benefits. The Office requests \$39,675 less than enacted for all salaries and benefits. This includes turnover savings of \$45,522 from keeping a policy analyst position vacant for the entire fiscal year. The request also includes \$5,847 from benefit changes consistent with the FY 2011 planning values.

As part of its FY 2011 constrained request, the Office includes \$5,000 less for medical benefit expenses associated with a position that was vacant for a portion of the fiscal year.

The Governor recommends \$45,975 less than enacted and \$6,300 less than requested for benefit adjustments associated with the position that was vacant for a portion of the fiscal year. The Governor also eliminates a vacant policy analyst position.

Other Operations. The Office requests \$11,578 more than enacted from general revenues for all other operating expenditures. This includes \$8,500 to restore savings for the Lieutenant Governor's vehicle that were not available. The request also includes \$1,000 more than enacted for printing, \$446 more for telephone expenditures, \$150 more for staff travel, \$500 more for American Sign Language translators for a member of the Emergency Management Services Council and \$982 more for other expenses.

As part of its FY 2011 constrained revised request, the Office requests \$300 less for vehicle repairs and \$1,000 less for miscellaneous operating expenses.

The Governor recommends \$10,596 more than enacted and \$982 less than requested.

Office of Secretary of State

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Program				
Administration	\$ 1,819,331	\$ 1,943,053	\$ 1,994,095	\$ 1,944,766
Corporations	1,729,914	2,070,271	2,179,866	2,110,406
State Archives	539,821	574,651	583,825	570,178
Elections	1,073,893	2,013,831	2,022,821	1,810,758
State Library	545,550	571,887	584,367	573,543
Office of Public Information	291,196	329,581	352,147	331,094
Total	\$ 5,999,705	\$ 7,503,274	\$ 7,717,121	\$ 7,340,745
Expenditures by Category				
Salaries and Benefits	\$ 4,606,120	\$ 4,939,660	\$ 5,127,680	\$ 4,886,866
Contracted Services	183,265	557,864	578,489	482,865
Subtotal	\$ 4,789,385	\$ 5,497,524	\$ 5,706,169	\$ 5,369,731
Other State Operations	949,677	1,734,348	1,759,070	1,749,612
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	217,812	251,302	151,302	151,302
Capital	42,831	20,100	100,580	70,100
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 5,999,705	\$ 7,503,274	\$ 7,717,121	\$ 7,340,745
Sources of Funds				
General Revenue	\$ 5,142,949	\$ 6,908,707	\$ 7,146,185	\$ 6,754,217
Federal Aid	397,172	100,000	98,409	127,092
Restricted Receipts	459,584	494,567	472,527	459,436
Other	-	-	-	-
Total	\$ 5,999,705	\$ 7,503,274	\$ 7,717,121	\$ 7,340,745
FTE Authorization	56.5	57.0	57.0	57.0
FTE Average	55.9			

FY 2011 Revised Request. The Secretary of State requests revised FY 2011 expenditures of \$7.7 million from all sources, which is \$213,847 more than the enacted budget. This includes \$237,438 more from general revenues, \$1,591 less from federal funds and \$22,040 less from restricted receipts. The request includes full funding for 57.0 full-time equivalent positions, consistent with the enacted authorization.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$91,768 for the Office. The constrained budget submitted by the Office is \$161,121 above that. The proposals to achieve the reductions are noted among the items described below where appropriate.

The Governor recommends \$7.3 million from all sources, including \$6.8 million from general revenues. This is \$0.2 million less than enacted and \$0.4 million less than requested. He recommends 57.0 full-time equivalent positions, consistent with the enacted authorization.

Statewide Adjustments. The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Office of the Secretary of State, he assumes savings of \$30,677, including \$7,958 from reduced operating expenses. This is in addition to other program changes in his revised budget and described below.

Election Expenses. The Secretary of State and Board of Elections request \$3.6 million from all sources for expenses directly related to elections, including salaries and benefits. This is \$241,927 less than enacted, including \$240,336 less from general revenues and \$1,591 less from federal funds. FY 2011 is an on-year in the two-year election cycle. *The Governor recommends \$3.4 million, \$0.2 million less than requested, including \$0.3 million less from general revenues and \$28,683 more from federal funds.*

The enacted budget includes no federal Help America Vote Act funds for the Board and \$100,000 for the Office of the Secretary of State to ensure compliance with the Military and Overseas Voter Empowerment Act for the November 2010 election. The Office was able to use existing resources to accomplish these duties and requests the transfer of \$50,000 to the Board to help offset general revenue expenditures for the maintenance of election equipment; however, the Board did not include the funds. The Office intends to use the remaining \$50,000 along with \$12,000 from general revenues to replace servers in FY 2011. The Secretary of State also requests an additional \$37,300 from a federal grant for a mock election program to simulate federal elections involving high school students. *The Governor recommends \$28,683 more from federal funds for the Secretary of State and does not recommend shifting \$50,000 to the Board of Elections.*

The Secretary of State requests \$18,366 more for salaries and benefits, including increases of \$1,376 from general revenues and \$16,817 from federal funds from shifting a general revenue funded position to federal funds for part of the year to administer the mock election program and to assist with preparations for the November election. The revised request also restores the four pay reduction days and fully funds the division's 7.0 full-time equivalent positions, though 1.0 position has been vacant since July 2010. The request also includes a reduction of \$2,795 for miscellaneous operating expenses.

As part of its constrained request, the Office reduces expenditures by \$41,022 from general revenues and \$115 from federal funds to reflect the exclusion of the four pay reduction days and funding for 1.0 position that has been vacant since the fiscal year began. It also excludes the \$12,000 requested for the replacement of servers. *The Governor recommends \$0.2 million less than requested. He does not restore funds for the pay reduction days, vacant position or the replacement of servers. He reduces contracted services by \$0.1 million, including \$60,000 for legal expenses, in addition to \$5,500 for lease costs, \$3,000 for printing expenses, based on actual expenditures after the conclusion of elections.*

The Board of Elections requests \$163,224 less from general revenues, including \$33,674 less for salaries and benefits, including turnover savings for the vacant chief auditor position and reduced expenditures for seasonal staff for the November 2010 election offset by an increase for benefit rate changes, though the request appears to overstate costs for several benefits compared to the Budget Office instructions. Excluding staffing, the Board requests \$127,550 less from general revenues, including \$84,500 less for printing and postal expenses, \$47,400 less for clerical services for the November 2010 election and \$3,650 less from miscellaneous expenditures offset by an increase of \$6,000 for the replacement of 39 computers

supplied to the local Board of Canvassers for the November 2010 election. *The Governor recommends funding as requested.*

State Archives. The Secretary of State's revised request of \$583,825 from all fund sources, is \$9,174 more than enacted for the operation of the state archives, which is funded primarily by the Historical Records Trust Fund. This includes \$31,214 more from general revenues and \$22,040 less from restricted receipts than enacted, reflecting fewer receipts available. The request includes the restoration of the four pay reduction days, updated benefit rates along with retirement benefits for the Office's union employees and expenses for natural gas which were both omitted from the FY 2011 request. The request also includes an increase of \$4,500 to replace computer servers, partially offset by adjustments in overhead, insurance and rental expenses.

As part of its constrained request, the Office includes additional reductions of \$9,055 from restricted receipts. This includes \$4,555 less for salaries and benefits for the four pay reduction days and \$4,500 less for the replacement of servers.

The Governor recommends the requested amount of general revenues and \$13,091 less from restricted receipts. He does not restore funding for the pay reduction days, the replacement of servers or the union employees' retirement benefits and reduces expenditures for utilities by \$1,500.

Other Salaries and Benefits. The revised request includes \$161,585 more than enacted from general revenues for all other salary and benefit costs to fully fund the remaining 41.9 full-time equivalent positions. This includes restoring the four pay reduction days, updated benefit rates and \$13,607 more for retirement benefits for union employees which were omitted from the FY 2011 request.

The enacted budget assumes a 12.0 percent or \$11,905 increase to the Secretary of State's salary for the final six months of FY 2011, as based on the Northeast Consumer Price Index estimate for the four previous fiscal years as provided in Rhode Island General Laws. Subsequently, the rate increase has been determined to be 9.67 percent. The request assumes the 9.67 percent increase and payment for one furlough day for a total salary of \$104,393 in FY 2011; this is \$774 less than enacted.

The revised request also includes full funding for two vacant positions, 1.0 each in the Administration and the Corporations divisions, though the positions have been vacant since the start of FY 2011. The Administration position is fully funded in the enacted budget, but it was the Governor and Assembly's intent to keep the Corporations position vacant, thus it was not funded in the enacted budget.

As part of its constrained request, the Office reduces salary and benefits by \$113,123 for the four pay reduction days and for expenses related to filling the 2.0 vacant positions discussed above.

The Governor recommends \$101,356 less than requested and does not restore funding for the four pay reduction days.

State House Tours. The revised 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. There is no funding in the enacted budget for the tours. Past expenditures include \$12,004 in FY 2007, \$11,730 in FY 2008, \$12,330 in FY 2009 and \$12,564 in FY 2010. In FY 2009, 2010 and 2011, the Office requested funding for this item, but neither the Governor nor the Assembly recommended the funding. The Office has spent \$5,556 for the first two academic quarters in FY 2011 for this service. *The Governor does not recommend this funding.*

Other Operating Expenses. The Secretary of State requests \$21,598 more than enacted from general revenues for all other operating expenditures. This includes \$13,980 for the replacement of servers which the Office intends to accomplish over FY 2011 and FY 2012 and \$1,200 for the rental of equipment for the Civic Leadership Awards to accommodate increased capacity. The request also includes \$2,500 more for postage, \$700 more for printing and \$5,960 more for other operating expenses, partially offset by reductions of \$2,742 for communications expenditures. *The Governor does not recommend the \$13,980 for the replacement of the servers.*

Office of the General Treasurer

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Program				
General Treasurer	\$ 2,433,959	\$ 2,663,619	\$ 2,620,847	\$ 2,659,813
Unclaimed Property	16,482,981	15,789,173	15,736,783	15,131,150
Employees' Retirement System	6,254,227	12,121,419	11,834,347	7,130,899
Crime Victim Compensation	1,564,608	2,444,147	2,428,496	2,430,988
Refunding Bond Authority	25,801	-	-	-
Subtotal	\$ 26,761,576	\$ 33,018,358	\$ 32,620,473	\$ 27,352,850
Expenditures by Category				
Salaries and Benefits	\$ 7,050,935	\$ 7,670,916	\$ 7,427,318	\$ 7,271,511
Contracted Services	1,717,928	2,706,401	2,592,896	2,392,896
Subtotal	\$ 8,768,863	\$ 10,377,317	\$ 10,020,214	\$ 9,664,407
Other State Operations	16,584,213	15,917,334	15,846,552	15,444,736
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,326,036	2,163,000	2,163,000	2,163,000
Capital	82,464	4,560,707	4,590,707	80,707
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 26,761,576	\$ 33,018,358	\$ 32,620,473	\$ 27,352,850
Sources of Funds				
General Revenue	\$ 2,072,608	\$ 2,270,649	\$ 2,239,311	\$ 2,253,614
Federal Aid	1,072,595	1,108,180	1,106,766	1,115,608
Restricted Receipts	23,407,229	29,420,614	29,062,608	23,756,475
Other	209,144	218,915	211,788	227,153
Total	\$ 26,761,576	\$ 33,018,358	\$ 32,620,473	\$ 27,352,850
FTE Authorization	79.5	82.0	82.0	82.0
FTE Average	76.8			

FY 2011 Revised Request. The Office of the General Treasurer requests \$0.4 million less than enacted from all sources including \$31,338 less from general revenues and the authorized level of 82.0 full-time equivalent positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$30,161 for the Office. The budget submitted by the agency is \$1,177 above that. It did not submit a separate constrained budget.

The Governor recommends \$27.4 million from all sources, which is \$5.7 million less than enacted and \$5.3 million less than requested. General revenues are \$17,035 less than enacted and \$14,303 more than requested.

Statewide Adjustments. The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Office of the General Treasurer, he assumes savings of \$10,913 of which \$2,524 is from reduced operating expenses. This is in addition to other program changes in his revised budget and described below.

Salaries and Benefits. The Office requests \$0.2 million less than enacted for all salaries and benefits including \$36,616 less from general revenues. This reflects additional turnover savings from leaving the associate director of planning and policy and an administrative aide position unfilled for six months and 2.0 other positions for the entire year. This also includes restricted receipt savings in the retirement system from eliminating funding for two vacant administrative aide positions and one filled senior administrative assistant position.

The Governor recommends \$0.1 million less than requested including \$52,102 less from general revenues to account for additional vacancies prior to the new administration taking office, the backfill of several positions at lower levels than the incumbents and changes to allocations to other divisions.

Unclaimed Property. The Office requests \$58,583 in unclaimed property adjustments including the transfer to the state. The request includes \$228,647 less than enacted for the transfer from unclaimed property to the state. 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 \$5.3 million, which is \$0.7 million less than enacted and \$0.5 million less than the request because of different estimates on stock sales.

The Office also requests \$8.6 million for payment of unclaimed property claims, which is \$83,091 less than enacted and consistent with the November Revenue Estimating Conference. The request includes an increase of \$0.2 million in the amount of revenues set aside for future claims liability; for FY 2011, that amount represents 28.0 percent of net revenues. The Offices also requests \$14,400 to pay an appraiser to appraise items for sale during the unclaimed property on-line auction each year. The program periodically auctions items from safety deposit boxes on E-Bay.

The Governor recommends \$0.7 million less than enacted and \$0.6 million less than requested to reflect the November Revenue Estimating Conference estimate. He recommends the \$14,400 to pay appraisers as requested.

New Servers. The Office requests \$30,000 from all funds, \$10,000 from general revenues to upgrade its server configuration for its new office at 50 Service Avenue in Warwick. 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 request includes the purchase of five new servers. *The Governor recommends total funding as requested, but only \$5,000 from general revenues.*

Retirement System Legal Services. The FY 2011 enacted budget includes \$185,000 from restricted receipts for legal services for the investment division. These services were approximately \$60,000 for FY 2008, \$26,194 for FY 2009 and \$5,775 for FY 2010. Based on anticipated need, the Office requests a decrease of \$135,000 for FY 2011 revised funding of \$50,000. The request also includes the enacted level of \$620,000 for legal services for the administrative unit.

The Governor recommends funding for the investment division as requested and reduces legal services for the administrative unit by \$200,000 based on prior years' spending. The unit spent \$267,858 for FY 2009 and \$235,492 for FY 2010.

Retirement Computer System. The request includes the enacted level of \$4.5 million from restricted receipts to upgrade its membership benefit database, also known as the Anchor System. The System is in the process of receiving bids and is planning a three month bid review period for the spring. It seems unlikely that these funds will be expended during FY 2011. *The Governor recommends removing the \$4.5 million for FY 2011 and shifting it to FY 2012.*

Transition Costs. The Department of Administration's enacted budget included \$0.1 million from general revenues for transition expenses for elected officials. *The Governor recommends \$36,831 from general revenues for the Office's transition expenses.*

Moving Delay. 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 50 Service Avenue in Warwick. The enacted budget assumed two months of rental savings during FY 2011 for savings of \$0.1 million. The move is now scheduled for the beginning of FY 2012.

The Governor recommends an additional \$0.2 million including \$49,260 from general revenues. This includes \$0.1 million to restore the two months of rental savings as well as funding for new equipment and other moving preparation activities.

Other Operating Adjustments. The Office requests \$9,296 more than enacted, including \$4,722 less from general revenues for all other expenses including legal and other contracted services. *The Governor recommends an additional \$28,245 including \$3,773 less from general revenues for miscellaneous operating expenses.*

Rhode Island Board of Elections

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Category				
Salaries and Benefits	\$ 957,234	\$ 1,213,920	\$ 1,180,246	\$ 1,081,309
Contracted Professional Services	120,728	461,002	302,664	302,664
Subtotal	\$ 1,077,962	\$ 1,674,922	\$ 1,482,910	\$ 1,383,973
Other State Operations	120,750	258,049	149,149	149,149
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	3,500	2,000,000	1,700,000	1,655,710
Capital	-	25,000	31,000	31,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,202,212	\$ 3,957,971	\$ 3,363,059	\$ 3,219,832
Sources of Funds				
General Revenue	\$ 1,092,281	\$ 3,957,971	\$ 3,363,059	\$ 3,219,832
Federal Aid	109,931	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 1,202,212	\$ 3,957,971	\$ 3,363,059	\$ 3,219,832
FTE Authorization	11.5	12.0	12.0	11.0
FTE Average	11.3			

FY 2011 Revised Request. The Rhode Island Board of Elections requests \$594,912 less from general revenues than enacted. The request includes 12.0 full-time equivalent positions, consistent with the enacted authorization.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$52,574 for the agency. The budget submitted by the Board is \$542,338 below that, so the Board did not submit a constrained request.

The Governor recommends \$3.2 million from general revenues, which is \$0.7 million less than enacted and \$0.1 million less than requested. He includes 11.0 positions, which is one less than the enacted authorization and the request.

Salaries and Benefits. The request includes \$33,674 less from general revenues than enacted for salaries and benefits for 12.0 full-time equivalent positions. The request includes \$109,040 in turnover savings for the vacant chief auditor position, which has been vacant since FY 2009 and a reduction of \$43,000 for seasonal staff for the November 2010 election. The request includes an increase of \$118,366 for all other salaries and benefits, though the request appears to overstate costs for several benefits compared to the Budget Office instructions.

The Governor recommends \$98,937 less than the request for salaries and benefits. This change includes eliminating the authorization and funding for the vacant chief auditor position.

Public Financing of Elections. The Board requests \$405,000 less from general revenues for the matching public funds campaign finance program, required by Rhode Island General Law 17-25-19 for total expenditures of \$1.7 million, including \$105,000 less for auditing expenses. *The Governor recommends \$44,290 less than requested based on actual expenditures, which were completed after the request was submitted.*

Election Expenses. The Board of Elections and Secretary of State request \$1.8 million from all sources for expenses directly related to elections, excluding salaries and benefits, which is \$136,753 less than enacted. This includes \$118,345 less from general revenues and \$18,408 less from federal funds. FY 2011 is an on-year in the two-year election cycle. Including salaries and benefits, the Secretary of State and Board of Elections request \$585,922 less than enacted from all funds, which is \$584,331 less from general revenues and \$1,591 less from federal funds.

The enacted budget contains no federal Help America Vote Act funds for the Board and \$0.1 million for the Office of the Secretary of State. The Office's revised request transfers \$50,000 to the Board to help offset general revenue expenditures for the maintenance of election equipment; however, the Board did not include the funds. The Secretary of State also requests an additional \$28,748 from a federal grant for a mock election program to simulate federal elections involving high school students to promote voter participation and education. *The Governor recommends \$28,683 more from federal funds for the Secretary of State and does not recommend shifting \$50,000 to the Board of Elections until FY 2012.*

The Board of Elections requests \$129,550 less from general revenues, excluding salaries and benefits. Savings include \$84,500 from printing and postal expenses, \$47,400 for clerical services for the November 2010 election and \$3,650 for miscellaneous expenditures offset by an increase of \$6,000 for the upgrade and replacement of 39 computers supplied to the local Board of Canvassers for the November 2010 election. *The Governor recommends funding as requested.*

The Secretary of State requests \$9,203 less from all funds for expenses of regular elections, excluding salaries and benefits, which is \$9,205 more from general revenues and \$18,592 less from federal funds. This includes \$12,000 more from general revenues for the partial replacement of computers and servers which the Office intends to accomplish over FY 2011 and FY 2012, offset by a reduction of \$2,795 for miscellaneous expenses. *The Governor recommends \$0.1 million less than requested, primarily from general revenues. He does not include funding for the replacement of servers and includes further reductions of \$60,000 for legal expenses, \$15,864 for information technology support, \$5,500 for lease costs, \$3,000 for printing expenses and \$3,000 for interpreters and translators, based on actual expenditures after the conclusion of elections.*

Other Operating Expenses. The Board of Elections requests \$26,688 less from general revenues than enacted for all other operations. This includes decreases of \$7,900 for maintenance and repairs, \$7,100 for mileage and travel expenses, and \$11,688 less for other miscellaneous expenditures. *The Governor recommends funding as requested.*

Rhode Island Ethics Commission

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Category				
Salaries and Benefits	\$ 1,185,540	\$ 1,263,231	\$ 1,237,748	\$ 1,243,783
Contracted Services	25,888	34,500	34,500	34,500
Subtotal	\$ 1,211,428	\$ 1,297,731	\$ 1,272,248	\$ 1,278,283
Other State Operations	149,389	177,635	175,804	167,968
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	5,195	7,293	8,618	8,618
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,366,012	\$ 1,482,659	\$ 1,456,670	\$ 1,454,869
Sources of Funds				
General Revenue	\$ 1,366,012	\$ 1,482,659	\$ 1,456,670	\$ 1,454,869
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 1,366,012	\$ 1,482,659	\$ 1,456,670	\$ 1,454,869
FTE Authorization	12.0	12.0	12.0	12.0
Average FTE	12.0			

FY 2011 Revised Request. The Commission requests \$1.5 million from general revenues for FY 2011, which is \$25,989 less than enacted. The Commission requests 12.0 full-time equivalent positions, the authorized level.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$19,719 for the Commission. The Commission did not submit a constrained budget; however, its current service budget is \$6,295 below the Budget Office target.

The Governor recommends \$27,790 less than enacted and \$1,801 less than requested.

Staffing and Operations. The Commission requests \$25,989 less than enacted for salaries and benefits and operating expenses. Salary and benefit costs decrease by \$25,483, of which \$12,850 is for turnover savings achieved from keeping a staff attorney position vacant for four pay periods and the remainder is benefit changes consistent with the FY 2011 planning values. The request includes \$506 less than enacted for all other state operations.

The Governor recommends \$6,035 more than requested for salary and benefit expenses to accurately reflect the Commission's needs based upon revised projections offset by operating reductions of \$7,836. These include reductions for office expenses and staff training.

Office of the Governor

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Category				
Salaries and Benefits	\$ 4,808,438	\$ 5,190,439	\$ 4,812,175	\$ 4,550,775
Contracted Services	111,407	382,000	51,250	51,250
Subtotal	\$ 4,919,845	\$ 5,572,439	\$ 4,863,425	\$ 4,602,025
Other State Operations	297,828	347,135	313,705	322,789
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	28,000	250,000	250,000	250,000
Capital	4,119	11,000	11,000	20,325
Capital Debt Service	-	-	-	-
Operating Transfers	70,481	70,578	70,578	72,055
Total	\$ 5,320,273	\$ 6,251,152	\$ 5,508,708	\$ 5,267,194
Sources of Funds				
General Revenue	\$ 4,344,370	\$ 4,752,606	\$ 4,594,609	\$ 4,414,905
Federal Aid	55,161	-	132,605	132,605
Restricted Receipts	920,742	1,498,546	781,494	719,684
Other	-	-	-	-
Total	\$ 5,320,273	\$ 6,251,152	\$ 5,508,708	\$ 5,267,194
FTE Authorization	44.0	45.0	45.0	45.0
FTE Average	35.9			

FY 2011 Revised Request. The Office requests FY 2011 revised expenditures of \$5.6 million from all funds and staffing of 45.0 full-time positions. The request is \$0.6 million less than enacted, including new expenditures of \$0.1 million from federal funds, and decreases of \$0.2 million from general revenues and \$0.7 million from restricted receipts. The staffing request is consistent with the authorized level.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$63,129 for the Office. The budget request meets that and more. The proposals to achieve the reductions are noted among the items described below where appropriate.

The Governor recommends \$5.3 million from all sources, which is \$1.0 million less than enacted and \$0.4 million less than requested, of which \$0.3 million is from general revenues. He recommends staffing consistent with the enacted level.

Statewide Adjustments. The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For Office, he assumes savings of \$20,870 of which \$19,306 is from turnover. This is in addition to other program changes in his revised budget and described below.

Office of Economic Recovery and Reinvestment. The request includes revised expenditures of \$0.8 million from restricted receipts to fund 6.0 positions and four interns to support the Office of Economic Recovery and Reinvestment and operating expenses. This is \$0.7 million less than enacted, including \$0.4 million less for salaries and benefits to reflect turnover savings. The remaining reduction of \$0.4 million includes the removal of \$220,000 budgeted for three temporary positions that the Office had planned to hire through ADIL and \$110,000 less for contractual obligation with KPMG to develop processes and procedures for monitoring and managing the federal stimulus funds. The request maintains the enacted amount of \$70,758 that is transferred to the Economic Development Corporation to fund a position that is providing services to the Office.

The Governor further reduces the request by \$61,810, of which \$56,392 is to reflect additional turnover savings and \$5,418 is from state operations. The recommendation assumes full funding for 3.0 positions; however, maintains the authorized staffing level.

Transition Expenses. The FY 2011 enacted budget includes expenditures of \$0.1 million for transition expenses in the Department of Administration to be allocated to the Office of the Governor, General Treasurer and the Office of the Attorney General. 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 and adequate funds from the outgoing general office from the budget of that department for use to hire transition staff, obtain office supplies and equipment.

The FY 2011 revised budget includes total transition expenses of \$207,625, of which \$126,864 was incurred by the Office of the Governor.

Other Salaries and Benefits. The Office requests \$18,392 less than enacted to support the remaining 39.0 full-time equivalent positions. The request includes new expenditures of \$132,605 from federal funds and a reduction of \$150,997 from general revenues to reflect the shift of a general revenue funded position to federal stimulus funds available from the Office of Energy Resources. Consistent with the enacted budget, the request assumes \$0.3 million in turnover savings. Since the beginning of the fiscal year, the Office had an average of 7.0 positions vacant. The request assumes filling these positions in January 2011.

The Governor recommends \$3.9 million from all funds, which reduces the request by \$0.3 million to reflect funding for 29.0 filled positions at the first step with no longevity increases. The recommendation assumes \$64,815 in turnover savings.

Contingency Fund. The request includes the enacted amount of \$250,000 from the contingency fund. The funds may be used for expenditures in any state department or agency where funding is insufficient, or where such requirements are due to unforeseen conditions or are non-recurring items of an unusual nature. *The Governor recommends the \$250,000, consistent with the enacted budget.*

All Other Operations. The Office requests \$0.3 million from general revenues for all other operating costs, \$7,000 less than enacted for general office supplies to reflect anticipated expenditures. *The Governor further reduces expenditures by \$3,205.*

Rhode Island Commission for Human Rights

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Category				
Salaries and Benefits	\$ 1,048,390	\$ 1,116,262	\$ 1,190,957	\$ 1,149,290
Contracted Services	6,739	8,400	6,950	6,950
Subtotal	\$ 1,055,129	\$ 1,124,662	\$ 1,197,907	\$ 1,156,240
Other State Operations	229,112	247,005	230,674	230,674
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,284,241	\$ 1,371,667	\$ 1,428,581	\$ 1,386,914
Sources of Funds				
General Revenue	\$ 959,253	\$ 1,014,978	\$ 1,264,214	\$ 1,222,547
Federal Aid	324,988	356,689	164,367	164,367
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 1,284,241	\$ 1,371,667	\$ 1,428,581	\$ 1,386,914
FTE Authorization	14.5	14.5	14.5	14.5

FY 2011 Revised Request. The Commission requests \$56,914 more than enacted from all sources, including \$249,236 more from general revenues, \$192,322 less from federal funds, and the enacted level of authorized positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$13,482 for the Commission. The constrained budget submitted by the Commission meets the target.

The Governor recommends \$1.4 million from all sources, which is \$41,667 less than requested and \$15,247 more than enacted. General revenues are \$207,569 more than enacted and \$41,667 less than requested.

Federal Receipts. The enacted budget assumes that federal receipts available to be spent in FY 2011 would be \$356,689, but the estimate was too high. Although the Governor's recommendation assumed federal funds below what the Commission requested, there was still potential for a shortfall. The Assembly enacted the Commission's budget based on the Governor's recommendation.

The Commission's FY 2011 revised budget reduces the federal receipts by \$192,322 to \$164,367 to adjust for the shortfall. *The Governor recommends funding as requested.*

Salaries and Benefits. The Commission requests \$74,685 more for salaries and benefits, including \$217,411 more from general revenues to backfill a portion of the federal funds shortfall. The Commission's request includes \$41,666 to fund the vacant 0.5 senior compliance officer position, starting July 1, 2010. The request also adjusts medical benefits for an employee who previously chose to waive them and incorrectly adds back \$10,699 from all funds for the six month deferred cost-of-living adjustment.

As part of its constrained budget request, the Commission proposes to eliminate 4.1 positions to save \$258,191.

The Governor reduces requested funding by \$41,667 for the vacant 0.5 senior compliance officer position. He does not adjust for overstatement of the cost-of-living adjustment.

Other Operations. The Commission requests \$237,624 for state operations, \$31,825 more from general revenues and \$49,606 less from federal funds for state operations. The \$17,771 of expenditure adjustments includes reduction to subscriptions, telecommunication services, office maintenance and repairs and other office expenses. The Commission indicates that the request is consistent with the actual experience.

As part of its constrained budget request, the Commission requests \$4,527 less for telephone and internet expenses for total funding of \$1,673; however the Commission spent \$6,000 in FY 2010 and \$7,153 in FY 2009.

The Governor's recommendation is consistent with the revised request.

Public Utilities Commission

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Category				
Salaries and Benefits	\$ 4,429,327	\$ 5,011,124	\$ 5,025,688	\$ 5,025,688
Contracted Services	940,054	1,718,143	1,717,693	1,717,693
Subtotal	\$ 5,369,381	\$ 6,729,267	\$ 6,743,381	\$ 6,743,381
Other State Operations	574,986	947,052	920,741	920,741
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	336	337	337	337
Capital	45,273	50,000	50,561	50,561
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 5,989,976	\$ 7,726,656	\$ 7,715,020	\$ 7,715,020
Sources of Funds				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	105,097	296,330	296,330	296,330
Restricted Receipts	5,884,879	7,430,326	7,418,690	7,418,690
Other	-	-	-	-
Total	\$ 5,989,976	\$ 7,726,656	\$ 7,715,020	\$ 7,715,020
FTE Authorization	45.0	46.0	46.0	46.00
FTE Average	42.2			

FY 2011 Revised Request. The Public Utilities Commission requests \$11,636 less than enacted from restricted receipts and the enacted level of full-time equivalent positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. The Commission's budget does not include any general revenues. *The Governor recommends funding and the enacted level of positions as requested.*

Salaries and Benefits. The Commission requests \$14,564 more than enacted for salaries and benefits, including \$21,971 more for restricted receipts and \$7,407 less from federal funds. This includes \$17,500 more for overtime expenses for enforcement of the unified carrier registration program and to address an increase in hearing requests when there is no moratorium for utility shut offs. It also includes adjustments to benefit rates consistent with Budget Office planning values and assumes \$2,792 from additional turnover savings. *The Governor recommends funding as requested.*

Other Operations. The Commission requests \$26,200 less than enacted from all sources for other adjustments. This includes \$33,607 less from restricted receipts and \$7,407 more from federal funds and reflects an increase in maintenance, printing and supply expenses as well as training and travel as required by stimulus funds offset by other operating reductions. *The Governor recommends funding as requested.*

Office of Health and Human Services

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Category				
Salaries and Benefits	\$ 6,276,939	\$ 6,602,402	\$ 5,732,606	\$ 5,894,301
Contracted Services	1,625,864	494,200	1,833,100	1,832,183
Subtotal	\$ 7,902,803	\$ 7,096,602	\$ 7,565,706	\$ 7,726,484
Other State Operations	74,382	71,107	7,697	15,501
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 7,977,185	\$ 7,167,709	\$ 7,573,403	\$ 7,741,985
Sources of Funds				
General Revenue	\$ 3,263,120	\$ 3,420,163	\$ 3,373,260	\$ 3,541,112
Federal Aid	3,853,419	2,873,533	3,308,286	3,309,016
Restricted Receipts	860,646	874,013	891,857	891,857
Other	-	-	-	-
Total	\$ 7,977,185	\$ 7,167,709	\$ 7,573,403	\$ 7,741,985
FTE Authorization	52.9	75.6	75.6	77.6
FTE Average	43.3			

FY 2011 Revised Request. The Office requests \$405,694 more from all sources, including \$46,903 less from general revenues and the current level of authorized positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$45,430 for the Office. The current services budget is \$1,473 below that target and therefore the Office did not submit a separate constrained request. *The Governor adds \$0.2 million primarily from general revenues for two new positions.*

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

For blind/disabled individuals, including children and adults, enrollment is higher than the national average as is the percent of expenses compared to total spending and cost per enrollee. Expenses for this population are in the Department of Human Services, Department of Behavioral Healthcare, Developmental Disabilities and Hospitals and the Department of Children, Youth and Families.

Enrollment for the aged population is slightly lower than the national average but higher than the national average percent of total expense and cost per enrollee. Expenses supporting this population are in the Departments of Human Services and Elderly Affairs.

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

* in millions

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.

Staffing. The Office requests the current level of 75.6 authorized positions; however, the FY 2011 enacted budget funds 22.0 of the Office positions through the Department of Human Services' budget. The FY 2010 budget also supported the staff but the 22.0 positions were transferred to the Department of Human Services budget. The positions were not transferred in the Office's FY 2011 enacted budget, but the disparity persists and the Office's revised request does not correct for this. *The Governor adds a deputy secretary and administrative and legal support services administrator to the office's authorized staffing levels.*

Salaries and Benefits. The Office requests \$0.9 million less than enacted from all sources, including \$13,225 less from general revenues for salaries and benefits. The request accounts for federal funds that are overstated in the enacted budget and other adjustments to fund 52.6 positions, leaving one vacant. *The Governor adds \$0.2 million from general revenues for the new positions and concurs with the remainder of the request.*

Medicaid Health Information Exchange Grant. The Office requests \$1.3 million more from federal funds for total funding of \$1.8 million from 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 Enterprises to install web based technology in the state's nursing facilities. Funding is carried forward from FY 2010. *The Governor recommends funding as requested.*

All Other Expenses. The Office requests \$65,610 less from all sources including \$33,678 less from general revenues for a total of \$7,697 for all other expenses in its revised current services budget. The Office's revised request assumes that many of the expenses that support office operations will be paid for through the Department of Human Services' budget. The Office spent \$31,590 from all sources for operating expenses in FY 2010. *The Governor adds \$6,887 for various operating expenses.*

Department of Children, Youth and Families

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Program				
Central Management	\$ 6,116,163	\$ 6,713,049	\$ 5,940,563	\$ 6,200,649
Child Welfare	173,961,784	168,813,418	170,298,425	166,373,913
Juvenile Corrections	32,951,856	37,325,472	37,628,297	34,722,648
Children's Behavioral Health	20,957,468	24,546,234	21,798,202	22,612,320
Higher Education Opportunity Grants	200,000	200,000	200,000	200,000
Total	\$ 234,187,271	\$ 237,598,173	\$ 235,865,487	\$ 230,109,530
Expenditures by Category				
Salaries and Benefits	\$ 63,650,430	\$ 69,253,826	\$ 66,110,194	\$ 65,412,342
Contracted Services	2,400,477	4,183,242	3,262,359	3,254,627
Subtotal	\$ 66,050,907	\$ 73,437,068	\$ 69,372,553	\$ 68,666,969
Other State Operations	9,881,872	8,633,633	8,570,197	8,532,854
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	157,983,052	150,902,492	153,404,217	150,799,372
Capital	271,440	4,624,980	4,518,520	2,110,335
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 234,187,271	\$ 237,598,173	\$ 235,865,487	\$ 230,109,530
Sources of Funds				
General Revenue	\$ 152,920,507	\$ 153,046,095	\$ 154,987,207	\$ 152,873,449
Federal Aid	78,716,490	77,855,163	73,980,602	72,769,129
Restricted Receipts	2,148,242	2,306,915	2,507,678	2,485,137
Other	402,032	4,390,000	4,390,000	1,981,815
Total	\$ 234,187,271	\$ 237,598,173	\$ 235,865,487	\$ 230,109,530
FTE Authorization	691.0	691.0	691.0	691.0
FTE Average	627.5			

FY 2011 Revised Request. The Department of Children, Youth and Families' unconstrained request includes \$1.7 million less than enacted from all sources, including \$1.9 million more from general revenues, \$3.9 million less from federal funds, \$0.2 million more from restricted receipts, and the enacted level of full-time equivalent positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$2.0 million for the Department. The constrained budget submitted by the Department is \$1.4 million above that. The proposals to achieve the reductions are noted among the items described where appropriate. *The Governor recommends \$7.5 million less than enacted, including \$0.2 million less from general revenues, \$5.1 million less from federal funds, \$0.2*

million more from restricted receipts, and \$2.4 million less from Rhode Island Capital Plan funds. He includes the enacted level of 691.1 full-time equivalent positions.

Stimulus – Enhanced Medicaid. The enacted budget includes general revenue savings of \$215.1 million from the enhanced Medicaid rate included in the American Recovery and Reinvestment Act of 2009. Of the total savings, \$107.6 million, including \$3.7 million in the Department of Children, Youth and Families' budget, is based on the assumption that the same rate would be extended six months until June 30, 2011. The federal government authorized the extension but at a lower rate. The updated state savings of \$70.3 million results in a \$37.3 million shortfall, of which \$2.0 million is for the Department of Children, Youth and Families. The Department's request backfills the loss of federal funds. *The Governor recommends funding as requested*

Statewide Adjustments. The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Department of Children, Youth and Families, he assumes savings of \$282,087, of which \$37,343 is from reduced operating expenses. This is in addition to other program changes in his revised budget and described below.

Staffing

Salaries and Benefits – Juvenile Corrections. The Department requests \$0.3 million more than enacted for salaries and benefits in the Juvenile Corrections program primarily from general revenues. The Department's request includes medical benefit and retirement rate adjustments consistent with Budget Office planning values totaling \$160,482 from all sources, offset by \$734,586 of additional turnover savings. The request also includes an additional \$0.9 million from general revenues for overtime expenses at the training school. The enacted budget includes turnover savings of \$1.3 million or approximately 13 positions. The additional turnover savings account for approximately 8.0 positions. As of pay period ending December 9, this program has 30.0 vacant positions. There may be additional turnover savings available if positions are held vacant. *The Governor reduces the Department's request by \$0.3 million to reflect additional turnover savings.*

Salaries and Benefits – Child Welfare. The Department requests \$3.2 million less than enacted for salaries and benefits in the Child Welfare program from all sources, including \$2.4 million less from general revenues and \$0.8 million less from federal funds. The Department's request includes medical benefit and retirement rate adjustments consistent with Budget Office planning values totaling \$0.2 million from all sources, offset by turnover savings of \$1.2 million and \$2.2 million in savings from hiring a class of social workers at a lower rate. The enacted budget includes turnover savings of \$1.5 million or approximately 15 positions. The additional turnover savings account for approximately 12.0 positions. As of pay period ending December 9, this program has 38.0 vacant positions. There may be additional turnover savings available if positions are held vacant. *The Governor reduces the Department's request by \$0.3 million to reflect additional turnover savings.*

Salaries and Benefits – Behavioral Health. The Department requests \$0.2 million less than enacted from all sources for salaries and benefits in the Behavioral Health program, including \$135,389 less from general revenues and \$53,161 less from federal funds. The Department's request includes medical benefit and retirement rate adjustments consistent with Budget Office planning values totaling \$5,906 from all sources, offset by reductions of \$86,185 from vacancy savings and \$108,271 from filling positions at lower rates. The enacted budget includes turnover savings of \$0.1 million or approximately 1.0 position. The additional turnover savings account for less than 1.0 position. As of pay period ending December 9, this program has 1.0 vacant position. *The Governor recommends reducing turnover savings by \$29,875 to more accurately*

more accurately reflect vacancies.

Salaries and Benefits – Central Management. The Department requests \$16,473 less than enacted for salaries and benefits in the Central Management program, including \$85,782 less from general revenues and \$69,309 more from federal funds. The Department's request includes medical benefit and retirement rate adjustments consistent with Budget Office planning values totaling \$29,498 from all sources, offset by turnover savings of \$227,664 and an additional \$181,693 available from federal funds. The enacted budget includes turnover savings of \$0.2 million or approximately 2.0 positions. The additional turnover savings account for approximately 2.5 positions. As of pay period ending December 9, this program did not have any vacant positions.

The Governor recommends \$0.3 million more than enacted, including \$0.1 million from general revenues. He shifts turnover savings from this program to the Juvenile Corrections and Child Welfare programs to more accurately reflect vacancies. As of pay period ending February 12, all positions in this program were filled.

Placements

18 to 21 Year Olds. The Department requests \$14.9 million for services provided to youth between the ages of 18 and 21 years old. This is \$0.7 million more than enacted, including \$2.8 million more from general revenues and \$2.1 million less from federal funds, and is consistent with the Department's first quarter report and actual FY 2010 expenses. The Department indicates that it overestimated the amount of services that would be eligible for Medicaid reimbursement. At the end of the first quarter there were 225 youth being served. At the close of FY 2010, the Department was providing services to approximately 259 youth in this age group; 276 youth were being served at the close of FY 2009. *The Governor recommends funding as requested.*

Purchased Placements. The Department requests \$4.3 million less from all sources, \$3.6 million less from general revenues and \$0.6 million less from federal funds. The number of purchased placements has decreased from an average of 337 in FY 2010 to 308 at the end of the first quarter in FY 2011. Purchased placements include in-state and out-of-state residential placements, as well as specialized foster care. The Department indicates that it underestimated the amount of services that would be eligible for Medicaid reimbursement. *The Governor recommends funding as requested.*

Foster Care and Adoption Services. The Department requests \$0.5 million less than enacted primarily from general revenues for foster care and adoption services. The Department indicates that the estimate is based on actual expenditures from FY 2010. This reduction is consistent with the Department's focus on moving youth from foster care placements to permanent residency. This is consistent with the Department's first quarter report and with actual FY 2010 expenses. Foster care placements averaged 1,065 at the end of the second quarter in FY 2011. The average placements for FY 2010 and FY 2009 were 1,081 and 1,158 respectively. *The Governor recommends funding as requested.*

Family Service Units/Child Protective Services. The Department requests \$45,886 less from general revenues for the four family service units and for child protective services. The family service 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. This is consistent with the Department's first quarter report and with actual FY 2010 expenses. *The Governor recommends funding as requested.*

Independent Living Program. The Department requests \$0.6 million more from federal funds for the Independent Living Program. This program provides services to youth between the ages of 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 balance carried forward from FY 2010. *The Governor recommends funding as requested.*

Other Child Welfare Community Based Services. The Department requests \$14,087 more from all sources, including \$0.4 million less from general revenues and \$0.2 million more from both federal funds and restricted receipts for other community based services in the Child Welfare program. General revenue savings are the result of many of the services being duplicated in the Family Care and Community Partnership program, which is included in the Child Welfare residential placements item. The increase in federal funds and restricted receipts are 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. This is consistent with the Department's first quarter report. *The Governor recommends funding as requested.*

Child Welfare Residential Placements. The Department's current service request is \$8.4 million more from all sources for Child Welfare residential placements, including \$7.7 million more from general revenues. The enacted budget includes \$9.7 million in savings from 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. The Department does not believe it will achieve all of the proposed savings.

At the end of the first quarter, it had an average of 721 placements filled. During FY 2010, there was an average of 760 placements filled. During FY 2008 and FY 2009, there was an average of 895 and 825 placements filled, respectively. 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 Governor recommends funding as requested.*

Behavioral Health Residential Placements. The Department requests \$1.5 million less than enacted for Behavioral Health residential placements based on redesigned services. This includes \$0.9 million less from general revenues and \$0.6 million less from federal funds. The Department indicates that although it has continued to reduce residential placements, these savings are offset by a corresponding increase in residential placements in the Child Welfare program. 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.

At the end of the first quarter, it had an average of 721 placements filled. During FY 2010, there was an average of 760 placements filled. During FY 2008 and FY 2009, there was an average of 895 and 825 placements filled, respectively. *The Governor recommends \$0.6 million more than requested from general revenues to reflect funding for the Kids Link hotline that was excluded from the request. This is a 24 hour, seven days a week emergency hotline. The intent of the hotline is to reduce psychiatric hospital admissions.*

Target - Residential Reductions. The Department's constrained request includes reducing expenses for residential placements in both the Child Welfare and the Behavioral Health programs by \$2.6 million. Effective January 15, 2011 the Department will only be approving residential placements for a period of 90 days, with a 30 day extension for just cause. In doing so, the Department will be working closely with

providers to ensure that discharge planning and implementation begins on day one with a full discharge plan in place no later than 60 days into the placement. The Department also proposes to close three emergency shelters on January 15, 2011. These providers have been notified of the conclusion of the contracts. The youth in these placements will be transitioned into foster care placements. Subsequent to its budget submission, the Department delayed the closing date to February 28, 2011 to allow the acting director of the Department time to meet with the providers and determine if closing the shelters is the best option. It has not provided a plan on how it will make up the savings that were to be achieved from January 15 to February 28.

The Governor recommends savings of \$2.1 million from general revenues, \$0.5 million less than requested. He does not recommend closing any emergency shelters.

Behavioral Health Community Based Services. The Department requests \$3.9 million from all sources for community based services in the Behavioral Health program. This is \$1.8 million less than enacted, including \$0.9 million from both general revenues and federal funds. This includes funding for Project Hope and Project Reach. 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 duplicated in the Family Care and Community Partnership programs, which is included in the Child Welfare residential programs item for which expenses have increased. *The Governor recommends funding as requested.*

Positive Education Partnerships. The Department requests an additional \$0.8 million from federal funds for the Positive Education Partnership grant. This increase represents funds carried forward from FY 2010. 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 recommends funding as requested.*

Juvenile Justice Programs

Training School Placements. The Department requests \$1.2 million less for expenditures for juveniles at the training school. This includes \$0.7 million less from general revenues and \$0.5 million less from federal funds. This is consistent with FY 2010 actual expenditures and the Department's first quarter report. The Department indicates that the population at the training school continues to decline. As of July 1, 2010 there were 115 males and 21 females at the training school. The 2008 Assembly instituted a cap on the number of detained and adjudicated youth at the training school of 148 boys and 12 girls. *The Governor recommends funding as requested.*

Probation and Parole. The Department requests \$1.3 million more from all sources, including \$1.1 million more from general revenues and \$0.2 million more from federal funds for youth that are released from the training school and require some period of supervision in a community based program. The Department indicates that the cost of treating juveniles in the community is significantly less than keeping them in a residential placement; however, as more youth move from the training school the total cost of community based programs will increase. These services include day programs, youth diversionary programs, and community-based residential placements. *The Governor recommends funding as requested.*

Training School – Operating Expenses. The Department requests \$0.1 million less than enacted for operating expenses at the training school, including \$105,817 less from general revenues and \$35,143 more from federal funds. 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 recommends funding essentially as requested.*

Other Operating

Capital Projects. The Department requests the enacted level of \$4.4 million from Rhode Island Capital Plan funds for all capital projects. Specific project information is included in the Capital Budget section of this report. *The Governor recommends \$2.4 million less from Rhode Island Capital Plan funds. He includes reductions to reflect actual progress on projects at the Groden Center-Mt Hope, the NAFI Center, and youth group homes. He also removes funding for the girls training school. These reductions are offset by several new projects at the Youth Development Center.*

Indirect Cost Recovery. 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. The Department requests the enacted savings of \$0.3 million from assuming an indirect cost recovery rate of not less than 5.0 percent and shifts the grant funded expenditures from federal to restricted sources consistent with current practice for accounting for indirect cost recovery resources. These savings were also included in FY 2010; however, the Department did not achieve them. *The Governor recommends funding as requested.*

All Other Operating. The Department requests \$1.0 million less from all sources, including \$0.2 million less from general revenues and \$0.8 million less 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 rental and lease costs of buildings and vehicles. It is important to note that the decline in federal funding is primarily due to a decrease in available Title IV-E funding. *The Governor further reduces general revenues by \$7,571 to reflect a 5.0 percent across the board reduction to legal expenses.*

Department of Elderly Affairs

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Category				
Salaries and Benefits	\$ 2,353,575	\$ 2,530,924	\$ 2,795,002	\$ 2,835,670
Contracted Services	171,573	184,121	186,486	186,486
Subtotal	\$ 2,525,148	\$ 2,715,045	\$ 2,981,488	\$ 3,022,156
Other State Operations	452,617	738,809	752,159	751,472
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	21,930,448	23,160,239	28,554,969	28,341,617
Capital	2,358	98,503	98,503	98,503
Capital Debt Service	-	-	-	-
Operating Transfers	(100,000)	-	-	-
Total	\$ 24,810,571	\$ 26,712,596	\$ 32,387,119	\$ 32,213,748
Sources of Funds				
General Revenue	7,994,876	10,100,599	\$ 10,100,552	\$ 9,648,239
Federal Aid	16,075,695	15,936,066	21,610,636	21,820,418
Restricted Receipts	740,000	675,931	675,931	745,091
Other	-	-	-	-
Total	\$ 24,810,571	\$ 26,712,596	\$ 32,387,119	\$ 32,213,748
FTE Authorization	31.0	31.0	31.0	31.0
FTE Average	29.2			

FY 2011 Revised Request. The Department of Elderly Affairs' unconstrained request includes \$5.7 million more than enacted primarily from federal funds. The request for general revenues and full-time equivalent positions are consistent with the enacted budget.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$134,166 for the Department. The Department of Elderly Affairs did not submit a constrained budget.

The Governor recommends \$5.5 million more than enacted from all sources, including \$0.5 million less from general revenues, \$5.9 million more from federal funds, \$0.1 million more from restricted receipts, and the enacted level of full-time equivalent positions.

Stimulus – Enhanced Medicaid. The enacted budget includes general revenue savings of \$215.1 million from the enhanced Medicaid rate included in the American Recovery and Reinvestment Act of 2009. Of the total savings, \$107.6 million, including \$0.4 million in the Department of Elderly Affairs' budget is based on the assumption that the same rate would be extended six months until June 30, 2011. The federal government authorized the extension but at a lower rate. The updated state savings of \$70.3 million results in a \$37.3 million shortfall, of which \$0.1 million is for the Department of Elderly Affairs. The Department's request backfill the loss of federal funds. *The Governor recommends funding as requested.*

Statewide Adjustments. The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Department of Elderly Affairs, he assumes savings of \$6,114, of which \$687 is from reduced operating expenses. This is in addition to other program changes in his revised budget and described below.

Salaries and Benefits. The Department's current service request includes \$23,959 more than enacted for salaries and benefits, including \$147 less from general revenues and \$24,106 more from federal funds. The Department's request includes medical benefit and retirement rate adjustments consistent with Budget Office planning values totaling \$5,596 from all sources or \$4,254 from general revenues. It also includes a shift of \$4,401 from general revenues to federal funds and an additional \$18,363 available from federal grants carried forward from FY 2010. The Department also indicated that it erroneously included an increase of \$360 from federal funds in its constrained budget request. It did not include any additional changes in its constrained request. *The Governor recommends shifting \$10,389 from general revenues to federal funds available through the Older Americans Act.*

Pharmaceutical Assistance to the Elderly. The Department's current service request includes the enacted level of \$1.3 million from general revenues and \$0.3 million from restricted receipts for the pharmaceutical assistance program for FY 2011. The Rhode Island Pharmaceutical Assistance to the Elderly program pays 60.0 percent of the drug costs for individuals in the lowest income category. The state also pays 30 percent and 15.0 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. The Department does not include any general revenue savings from the utilization of its \$0.2 million drug rebate carry forward balance.

The Governor recommends \$161,019 more than enacted from all sources, including \$91,859 from general revenues and \$69,160 from drug rebates. The Department indicates that expenses are consistent with the enacted level and additional general revenues are unnecessary.

Home Care Services. The Department's current service request includes the enacted level of \$2.5 million from all sources, including \$1.2 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. The co-payment rate schedule depends 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 co-payment is \$4.50 per hour for income level 1 and \$7.50 per hour for income level 2. *The Governor shifts \$6,289 from general revenues to federal funds to properly reflect the current Medicaid match rate.*

Adult Day Care Services. The Department's current service request includes the enacted level of \$2.1 million from all sources, including \$1.0 million from general revenues for adult day care services. This program serves low-income elders who pay a portion of their day care services. The co-payment rate schedule depends 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 co-payment is \$7.00 per day for income level 1 and \$11.50 per day for income level 2. *The Governor shifts \$45,981 from general revenues to federal funds to properly reflect the current Medicaid match rate.*

Case Management Services. The Department's current service request includes the enacted level of \$1.0 million for elder case management, including \$0.4 million from general revenues and \$0.6 million from federal funds. These services were previously state only; however, the Department is currently able 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. *The Governor shifts \$40,261 from federal funds to general revenues to properly reflect the Medicaid match rate of 52.885 percent.*

Home and Community Care Medicaid Waiver Services. The Department's current service request includes the enacted level of \$8.2 million from all sources, \$3.2 million from general revenues and \$5.0 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 reduces expenditures by \$0.4 million from all sources, including \$0.5 million less from general revenues. He shifts \$0.1 million from general revenues to federal funds to properly reflect the enhanced Medicaid match rate. It appears the recommendation also inadvertently reduced general revenues by an additional \$0.4 million.

Title III B Older Americans Act Grants. The Department's current service request includes \$4.4 million or \$2.0 million more than enacted from the Older Americans Act Title III Part B grants due to carry forward funds from FY 2010 and a new grant award for federal fiscal year 2011. 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. It is important to note that the Department has consistently carried forward a large balance and is able to charge salaries of staff members who provide direct services to elders to this grant award. *The Governor recommends an additional \$49,874 from federal funds to reflect a revised grant award.*

Home Delivered Meals - Meals on Wheels. The Department's current service request includes \$1.8 million from federal funds, which is \$0.9 million more than included in the enacted budget for home delivered meals through the Rhode Island Meals on Wheels program. 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 2010. *The Governor recommends funding as requested.*

Nutrition Services. The Department's current service request includes \$3.5 million from federal funds for congregate meal sites. The request is \$1.5 million more than included in the FY 2011 enacted budget to reflect a carry forward balance from FY 2010. This funding 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 through the Older Americans Act of 1965. *The Governor recommends funding as requested.*

Medicare Outreach and Enrollment Assistance Grants. The Department's current service request includes \$177,076 from federal funds for Medicare Outreach and Enrollment Assistance grants. This is \$28,531 more than enacted to include a carry forward balance from FY 2010. These grants are available through the Medicare Improvements for Patients and Providers Act to provide targeted outreach to clients who may be eligible for the Medicare Savings Program and the "Extra Help" program. The Medicare Outreach grant is for \$71,239 and the Medicare Enrollment Assistance grant is for \$105,837. These

programs are for people with limited income and resources that help pay monthly premiums, annual deductibles, and prescription co-payments related to a Medicare prescription drug plan. *The Governor recommends funding as requested.*

Aging and Disability Resource Center. The Department's current service request includes \$511,417 from federal funds to extend and expand its Aging and Disability Resource Center. This Center, locally known as the Point, provides information about and referral to a statewide network of programs for seniors, adults with disabilities, and caregivers. The request is \$0.3 million more than the enacted budget to reflect an additional grant that has recently been awarded. *The Governor recommends funding as requested.*

Family Caregiver Support Grant. The Department's current service request includes \$1.0 million from federal funds for the family caregiver support program. This is \$0.3 million more than enacted to reflect a carry forward balance from FY 2010. This grant is provided through the Older Americans Act of 1965 and helps maintain elders in their homes for as long as possible. *The Governor recommends funding as requested.*

Rhode Island Respite Grant. The Department's current service request includes \$0.4 million from federal funds for the Rhode Island respite grant program. This is \$0.3 million more than enacted to reflect a carry forward balance from FY 2010. This grant will be used to expand and enhance respite care services to caregivers. *The Governor recommends funding as requested.*

Other Federal Grants. The Department's current service request includes \$0.3 million more than enacted from federal funds for other grant adjustments. The FY 2011 request includes slight adjustments to the disease prevention 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 recommends funding as requested.*

Indirect Cost Recovery. 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. The Department's request includes the enacted savings of \$0.4 million from assuming an indirect cost recovery rate of not less than 5.0 percent and shifts the grant funded expenditures from federal to restricted sources consistent with current practice for accounting for indirect cost recovery resources. These savings were also included in FY 2010; however, the Department did not achieve them.

The Department's revised request includes an additional \$5.4 million in federal grants. If an indirect rate of 5.0 percent is applied to these grants, then there is an additional \$0.3 million in savings. *The Governor recommends funding as requested.*

All Other Operations. The Department's current service request includes \$0.5 million from all sources for all other operating expenses, which is \$15,715 more than enacted, including \$100 more from general revenues. The changes reflect updated estimates based on actual FY 2010 expenses and current need. *The Governor recommends funding essentially as requested.*

Department of Health

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Program				
Central Management	\$ 22,147,344	\$ 13,434,583	\$ 17,545,653	\$ 17,345,619
Community, Family, Health & Equity	80,396,582	67,797,136	103,110,705	101,827,102
Environmental & Health Service Reg.	13,413,976	16,507,916	18,907,145	18,133,042
Health Laboratories	6,953,154	8,237,036	9,146,351	8,506,874
Infectious Disease and Epidemiology	3,837,256	4,420,840	5,053,267	4,574,341
Public Health Information	2,533,733	3,480,415	4,326,598	4,140,899
State Medical Examiner	2,477,212	2,268,882	2,809,268	2,333,997
Total	\$ 131,759,257	\$ 116,146,808	\$ 160,898,987	\$ 156,861,874
Expenditures by Category				
Salaries and Benefits	\$ 35,335,399	\$ 40,831,392	\$ 46,957,833	\$ 44,280,227
Contracted Services	14,801,876	14,711,083	18,653,658	18,793,507
Subtotal	\$ 50,137,275	\$ 55,542,475	\$ 65,611,491	\$ 63,073,734
Other State Operations	36,764,047	34,103,102	42,753,395	42,716,409
Aid to Local Units of Government	467,740	-	350,000	-
Assistance, Grants, and Benefits	40,887,550	25,257,976	50,491,460	49,398,576
Capital	3,502,645	1,243,255	1,692,641	1,673,155
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 131,759,257	\$ 116,146,808	\$ 160,898,987	\$ 156,861,874
Sources of Funds				
General Revenue	\$ 25,221,263	\$ 27,624,903	\$ 31,675,392	\$ 28,322,576
Federal Aid	88,883,809	63,259,111	103,356,701	102,553,414
Restricted Receipts	17,590,794	25,082,953	25,750,694	25,869,684
Other	63,391	179,841	116,200	116,200
Total	\$ 131,759,257	\$ 116,146,808	\$ 160,898,987	\$ 156,861,874
FTE Authorization	397.4	410.7	483.1	468.7
FTE Average	365.7			

FY 2011 Revised Request. The Department of Health requests revised expenditures of \$160.9 million or \$44.8 million more than the enacted budget. The request includes increases of \$4.1 million from general revenues, \$40.1 million from federal funds and \$0.7 million from restricted receipts offset by \$0.1 million less from other funds. The Department requests 483.1 full-time equivalent positions, 72.4 more than enacted.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$366,941 for the Department. The constrained budget submitted by the agency is \$4.4 million above that. The Department did not submit a general

revenue constrained request; however, it does include a reduction of \$111,030 from federal funds in its constrained request that appears to be in error.

The Governor recommends \$156.9 million from all sources, \$40.7 million more than enacted and \$4.0 million less than requested and 58.0 new positions. He includes \$3.4 million less from general revenues, \$0.8 million less from federal funds, \$0.1 million more from restricted receipts than requested, and the enacted level of other funds.

Staffing. The Department requests 483.1 full-time equivalent positions, 72.4 more than enacted. The 2010 Assembly reduced positions by 5.0, which was equivalent to 10.0 percent of the vacancies. The request includes the restoration of the 5.0 positions.

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. It is important to note that the chart below reflects the staffing patterns assumed at the time of the budget submission; however, it does not accurately reflect current staffing because of the Department’s practice of shifting staff frequently depending on the needs of the individual programs.

The Governor recommends 468.7, 58.0 more than enacted and 14.4 less than requested. He includes the shift of 12.0 positions from the Department of Human Services to the Department of Health for the Women, Infants and Children nutrition program, 12.4 new administrator positions, 1.0 engineer, 13.4 specialists, 5.0 evaluators, 3.4 analysts, 5.1 epidemiologists, 2.1 scientists and 3.6 administrative support positions.

Programs	FY 2011 Enacted	FY 2011 Rev. Req.	Change to Enacted	FY 2011 Revised	Gov. Change to Enacted	Change to Request
Central Management	47.2	59.6	12.4	57.5	10.3	(2.1)
Community Family Health & Equity	123.0	148.5	25.5	149.0	26.0	0.5
Environmental & Health Service Reg.	120.9	142.3	21.4	137.4	16.5	(4.9)
Health Laboratories	61.5	64.6	3.1	61.1	(0.4)	(3.5)
Infectious Disease and Epidemiology	24.1	25.5	1.4	24.0	(0.1)	(1.5)
Public Health Information	22.6	26.2	3.6	23.1	0.5	(3.1)
State Medical Examiner	16.4	16.5	0.1	16.6	0.2	0.2
Vacancy Reductions	(5.0)	-	5.0		5.0	-
Changes to Enacted	410.7	483.1	72.4	468.7	58.0	(14.4)

Statewide Adjustments. The Governor’s revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Department of Health, he assumes savings of \$107,612 of which \$15,736 is from reduced operating expenses. This is in addition to other program changes in his revised budget described below.

Central Management

New Staff. The Department requests \$1.1 million from all sources for 12.4 new full-time equivalent staff in Central Management. The Department indicates that it has a significant increase in federal grants and these positions would primarily be funded from indirect cost recovery resources generated from the new federal grants. It is unclear if the Department has yet received the federal grant awards that it intends to use to support these positions. The new positions include managers, analysts, business officers and epidemiologists and other support staff. The Department indicates that the new staff are necessary to address the administrative and core

departmental functions required to meet the standards dictated by federal grants received; however, other than the position titles, no further details regarding responsibilities is included in the Department's request. Staff's inquiries for further information have not been successful. *The Governor recommends \$0.9 million from all funds for 10.0 new full-time equivalent positions. Positions include 5.0 administrators, 1.0 analyst, 1.0 epidemiologist, 2.0 scientists and a clerk.*

All Other Salaries and Benefits. The Department requests \$5.5 million from all sources for all other salaries and benefits for the remaining 47.2 full-time equivalent positions in Central Management. This is \$0.2 million less than enacted from all sources to reflect medical benefit and retirement rate adjustments consistent with Budget Office planning values and \$30,910 to reduce turnover savings. *The Governor recommends \$0.1 million less than enacted, including \$5,995 more from general revenues, which assumes \$84,378 to reduce turnover savings.*

Bioterrorism. The Department requests revised FY 2011 expenditures of \$6.5 million from federal funds for bioterrorism preparedness. This is \$2.1 million more than enacted to reflect new and adjusted grant awards used to augment hospitals and healthcare entities to plan for, respond to, and recover from mass casualty events. It also provides for grants to cities and towns for enhanced emergency response preparedness. *The Governor recommends funding as requested.*

Pandemic Flu. The Department requests revised expenses of \$3.4 million from federal funds for pandemic flu responses, including H1N1 activities. This is \$1.1 million more than enacted and reflects new grant awards, which includes increases available for city and town preparedness. *The Governor recommends funding as requested.*

All Other Operations. The Department requests revised expenditures of \$1.6 million from all sources, \$76,007 less than enacted for all other Central Management operations. This includes \$68,350 less from general revenues and \$7,657 less from restricted receipts. This reflects reductions for staff training, administrative fees and legal expenses offset by a similar increase for temporary staff that was previously supported in other programs. *The Governor further reduces expenses by \$11,523. He includes \$100 less from a 5.0 percent reduction to legal expenses and \$11,423 less primarily from telephone expenses.*

Community, Family Health, and Equity

New Staff. The Department requests \$1.8 million from all sources, including \$0.4 million from general revenues for 25.5 new full-time equivalent staff in the Community, Family Health, and Equity program. Of the new positions, 12.0 are administrative and managerial in nature, while the remaining 13.5 consist of liaisons, specialists, scientists and technicians that will work more directly with external programs that provide direct services to the community. The Department indicates that the new staff are necessary to utilize the new federal funds awarded and to fill vacancies that are deemed critical positions in order to meet the mission of the program; however, other than the position titles, no further details regarding responsibilities is included in the Department's request. Staff's inquiries for further information have not been successful.

The Governor recommends 18.0 new full-time positions and \$1.4 million from all sources, none from general revenues. Positions include 6.0 specialists, 5.0 administrators, 2.0 analysts, 2.0 liaison workers, 1.0 epidemiologist, 1.0 nutritionist and 1.0 clerk.

All Other Salaries and Benefits. The Department requests \$11.7 million from all sources for all other salaries and benefits for the remaining 123.0 full-time equivalent positions in the Community, Family Health, and Equity program. The request is \$0.3 million less than enacted from all sources to reflect

medical benefit and retirement rate adjustments consistent with Budget Office planning values and \$69,604 to reduce turnover savings.

The Governor recommends \$0.1 million less from all sources to reflect benefit rate adjustments consistent with planning values. He also shifts 12.0 positions for the Women, Infants and Children program from the Department of Human Services to the Department of Health.

HIV/AIDS Drugs and Supportive Services. The Department requests revised expenditures of \$11.2 million from all sources including \$2.5 million from general revenues for HIV/AIDS drugs and related supportive services. This is \$2.3 million more than enacted, including \$1.2 million more from general revenues. The enacted budget includes funds to support the program based on estimates that were provided by the Department in May 2010. In September 2010, the Department provided new projections that reflect a \$3.5 million program deficit in the current year. The Department indicates that the May estimates did not include anticipated caseload and drug cost increases.

As part of its cost containment strategies, the Department implemented a waiting list for services on October 15, 2010, and subsequently eliminated the waiting list for the HIV drug program on December 1, 2010. Upon further discussions and data collection, the Department reported that the current year deficit would require \$1.2 million more from general revenues assuming the Department leverages Medicaid for previously state-only services as allowed under the Global Medicaid waiver. It also assumes other measures suggested by the Department will be implemented. For example, employing a new federal program related to coordination of Medicare prescription benefits (TrOOP), revise the medication formulary, buying commercial insurance for Aids Drug Assistance Program clients, decreasing eligibility from 400 percent to 200 percent of the federal poverty level and reorganizing the manner in which drug rebate funds are used to maximize available funds.

Supportive services include community based case management to those affected by AIDS or HIV for monitoring, education, support and referral services as needed. Other reported expenses include medications to all active patients, clinical services, which include dental services, drug adherence, screening and testing, mental health services, nutrition assistance, outpatient and ambulatory health services, health insurance premium and cost-sharing assistance. The state also provided individuals with, home health care, hospice care, community-based health services, substance abuse outpatient care, and medical case management, including treatment adherence services and support services which include case management, social services and emergency assistance for housing and basic needs.

[Staff Note: This request does not appear to include the cost containment measures that the Department indicated it would institute. Staff estimates suggest that with implementation of the cost containment methods, state cost would be approximately \$0.7 to \$0.9 million.]

The Governor recommends \$9.8 million, including \$1.8 million from general revenues. This is \$0.5 million more than enacted from general revenues and \$0.7 million less than requested. This reflects the Budget Office's revised estimates to fully fund the program devised in conjunction with the Department.

HIV/AIDS Prevention. The Department requests revised expenditures of \$1.2 million from federal funds for HIV/AIDS prevention. This is \$9,803 more than enacted. This reflects an increase for training and other temporary services offset by a reduction to the grant award and other various office expenses. Services include early detection, which encompasses 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 recommends funding as requested.*

HIV/AIDS Monitoring. The Department requests \$75,726 from federal funds, \$18,385 less than enacted. This reflects an increase in the grant award offset reductions to information technology services and other various 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 monitor and investigate perinatal HIV exposure in infants. *The Governor recommends funding as requested.*

Infant and Early Childhood Home Visit. The Department requests \$923,678 from federal funds for a new initiative that focuses on promoting good health habits primarily for low income pregnant women, mothers, infants, and children, children with special health care needs and families. It also includes provisions for providing health services for maternal and child health populations who do not have access to adequate health care. *The Governor recommends funding as requested.*

Women, Infant and Children Administration and Benefits. The 2010 Assembly passed legislation included in Article 7 of 2010-H 7397, Substitute A, as amended that transferred the Women, Infants and Children administration and benefits program from the Department of Health to the Department of Human Services effective October 2010. The Department's enacted budget includes \$6.3 million to reflect the program's operations during the first quarter of the fiscal year, and with the 12.1 positions and the balance of the funds in the Department of Human Services' budget. It was later determined by the United States Food and Drug Administration that the program must remain within the Department of Health in order to meet certain guidelines. The Department's revised request includes full annual funding for the Women, Infants and Children administration and benefits program of \$25.2 million from federal funds and 12.1 full-time equivalent positions. *The Governor recommends funding as requested and includes Sections 2 and 3 of Article 9 of 2011-H 5894 to shift the program funding and associated staff from the Department of Human Services back to the Department of Health.*

Women's Cancer Screening. The Department requests revised expenditures of \$2.0 million from all sources, including \$0.3 million from general revenues and \$1.8 million from federal funds for women's cancer screening. This is \$77,152 more than enacted including \$70,000 more from general revenues. In March 2010, the Department had exhausted all funds for the breast and cervical cancer early detection screening portion of the program and had suspended these services for the remainder of the fiscal year. Subsequently, the Department of Health received \$110,000 from anonymous donations, which the Department planned to use to match Medicaid to allow for up to \$0.2 million more in additional expenses. While these funds were not able to be leveraged in that way, the Department's FY 2010 final general revenues for this program exceeded the final appropriation, which included the donated funds, by \$9,681. *The Governor recommends all but \$358 of additional general revenues and decreases the requested funding for federal grants by \$5,383.*

Tobacco Control Prevention and Cessation. The Department requests revised expenditures of \$2.8 million from all sources for tobacco control prevention and cessation activities. This is \$0.5 million more than enacted including \$101,394 less from general revenues, the elimination of restricted receipts totaling \$6,100 and \$616,537 more from federal funds. The Department assumes use of all funds in the current year. The change reflects additional stimulus funds to address the promotion of cessation among adults and young people who use tobacco quit lines and support for the City of Providence's Substance Abuse Task Force that focuses on prevention initiatives. The decrease in general revenues reflects the elimination of advertising. *The Governor recommends \$0.3 million more than requested from general revenues, including*

\$0.1 million more for Department staff, \$0.4 million more for contract staff to promote tobacco reduction programs, offset by \$0.2 million less for community contracts.

Autism. The Department requests \$0.4 million from newly available federal funds for a new autism initiative that will focus on training teachers, physicians and other community providers on the early detection, education and intervention activities. The Department will contract with an outside source to provide this training. Funds will also be used to support family to family health information centers that assist families with children with disabilities or special health care needs to make informed choices about health care in order to promote good treatment decisions, cost effectiveness, and improved health outcomes for such families. *The Governor recommends funding as requested.*

Immunizations. The Department requests revised expenditures of \$27.6 million from all sources for immunization expenses, which is \$10.1 million more than enacted. The increase reflects the directive from the Budget Office to include the value of the free vaccine received from the federal government so that there is an accurate accounting of all government services received in Rhode Island. In FY 2009, the Auditor General's Office made a journal entry at the close of the year to account for the value of the vaccine. In FY 2010, the Department made quarterly adjustments for the value through an administrative process. The Department of Health is the purchasing entity; however, serum stock is then disbursed to community health providers to provide vaccines to prevent and control vaccine-preventable diseases in Rhode Island by maximizing the number of residents who are fully immunized. *The Governor recommends funding as requested.*

Maternal and Child Health. The Department requests revised expenditures of \$2.4 million from all sources for children and families supportive services. This is \$0.7 million more than enacted including \$1,912 more from general revenues. The federal increase reflects the actual federal grant award total and the general revenue increase supports the cost of supplying necessary medications to prevent complications during future pregnancies when blood types between pregnant women and babies are incompatible. Federal funds are used to implement the planning, promoting, coordinating and evaluating and providing health care options for populations who do not have access to adequate health care. This includes pregnant women, mothers, infants, children, families and children with special health care needs. *The Governor recommends funding as requested.*

Healthy Housing. The Department requests \$0.1 million from newly available federal funds awarded after the FY 2011 budget was enacted for a healthy housing initiative. The Department indicates that this new program will focus on working with state, local entities and landlords to increase the availability of safe and affordable housing by evaluating and mitigating multi-family residences that contain molds, pesticides and other toxins. *The Governor recommends funding as requested.*

Childcare Support Network. The Department requests revised expenditures of \$0.5 million from federal funds for child care support network activities. This is \$0.1 million more than enacted. Funds will be used for a new federal initiative in cooperation with the Department of Human Services to provide health and mental health consultation services to child care providers, children and families in community settings. *The Governor recommends funding as requested.*

Obesity and Nutrition. The Department requests revised expenditures of \$2.0 million from federal funds for obesity and nutrition related activities. This is \$0.3 million more than enacted to reflect adjustments to actual grant awards. Funds support statewide efforts to promote environmental and policy changes, which support physical activity and healthy eating habits to prevent obesity. *The Governor recommends funding as requested.*

All Other Operations. The Department requests revised expenditures of \$12.2 million from all sources for

for all other Community, Family Health, and Equity program operations. The request is \$0.6 million less than enacted and includes \$85,697 less from general revenues. The change reflects an increase in grant awards, temporary staff and other administrative expenses offset by reductions to staff training, information technology services and other various office expenses.

The Governor further reduces requested expenses by \$4,679, including \$4,750 less from general revenues. This primarily reflects the elimination of a family health grant.

Environmental and Health Services Regulations

New Staff. The Department requests \$2.8 million from all sources for 21.4 new full-time equivalent staff in the Environmental and Health Services Regulations program. This includes \$1.0 million more from general revenues for salary and benefit expenses and other associated costs. Of the new positions, 4.0 are administrative and managerial in nature, while the remaining 17.4 consist of licensing aids, technicians, inspectors and nursing evaluators that will work more directly with external programs that provide direct services to the community.

The Department indicates that the new staff are necessary to utilize the new federal funds awarded and to fill vacancies that are deemed critical positions in order to meet the mission of the program; however, other than the position titles, no further details regarding responsibilities is included in the Department's request. Staff's inquiries for further information have not been successful. The request also includes \$0.3 million less from all sources to reflect the reduction in temporary staff and \$0.2 million more from all sources primarily for advertising, office supplies, mileage and repair expenses resulting from the addition of new full-time positions.

The Governor recommends \$1.8 million more than enacted from federal funds and restricted receipts for 17.0 new full-time positions, or 4.4 positions less than requested. Positions include 5.0 evaluators, 1.0 analyst, 2.0 specialists, 4.0 administrators, 1.0 social worker, 2.0 food inspectors, and 2.0 licensing aides. He also adds \$0.5 million from all sources, including \$0.4 million more than requested for restoration of temporary staff as a result of not adding all requested positions offset by minor reductions to various office expenses.

All Other Salaries and Benefits. The Department requests revised expenditures of \$10.4 million from all sources for all other salaries and benefits for the remaining 120.9 full-time equivalent positions in the Environmental and Health Service Regulations program. The request includes \$0.2 million less than enacted from all sources including \$0.1 million less from general revenues. The Department's request includes \$0.4 million from all sources for medical benefit and retirement rate adjustments consistent with Budget Office planning values and \$0.2 million to reduce turnover savings.

The Governor recommends \$0.5 million less from all sources, including \$0.3 million from general revenues to reflect additional turnover savings and adjustments to benefit rates.

All Other Operations. Excluding all other changes, the Department requests revised expenditures of \$0.9 million for all other Environmental and Health Regulation Services operations. This is \$90,656 less than enacted and includes \$67,473 less from general revenues. This primarily reflects reductions for software licenses in the Health Professional Regulations program and lease expenses for the Facilities Regulation program.

The Governor further reduces requested expenses by \$35,879 from general revenues to reflect the 5.0 percent reduction to legal expenses and reduced testing expenses.

Health Laboratory

Staffing. The Department's revised request totals \$5.8 million from all sources for salaries and benefits expenses for 64.6 full-time equivalent positions for the Health Laboratory. This is \$0.5 million more than enacted from all sources. The Department's request includes \$0.2 million less from all sources for medical benefit and retirement rate adjustments consistent with Budget Office planning values and \$0.2 million to reduce turnover savings. Although the revised request increases full-time equivalent positions by 3.1, the complement of positions included in this request have similar total salaries and benefits cost. New positions include an administrator, scientist and a technician and other than the position titles, no further details regarding responsibilities is included in the Department's request. Staff's inquiries for further information have not been successful.

The Governor recommends \$0.4 million more than enacted from all sources, including \$0.2 million more from general revenues and 0.75 positions for an environmental scientist. He recommends \$0.2 million less for benefit rate adjustments offset by \$0.4 million for reduced turnover savings.

Environmental Sciences. The Department requests revised expenditures of \$0.5 million from all sources for environmental science activities. This is \$61,179 more than enacted, including \$0.2 million more from general revenues. The general revenue increase reflects the additional expenses related to the replacement of the computer system that is used to track the location, results, quality control and final reporting of all environmental samples that are tested in the lab. *The Governor recommends \$0.2 million less than requested from general revenues primarily from reduction to various office expenses.*

Lab Capacity for Infectious Disease. The Department requests \$0.1 million from federal stimulus funds to develop and implement a new electronic reporting and tracking database that meets federal requirements for documenting all immunizations provided so that information can be easily shared between health care providers. *The Governor recommends funding as requested.*

All Other Operations. The Department requests revised expenditures of \$2.7 million from all sources for all other laboratory expenses. This is \$0.3 million more than enacted and includes \$78,329 more from general revenues primarily from the outsourcing of lab specimens for specialized DNA cases. The Department of Health lab has experienced an increase in the need for specialized testing and does not have the necessary equipment to perform these specialized tests as well as staff specialists to interpret the test results.

The Governor recommends \$0.4 million less than requested from general revenues. He reduces funding for HIV testing kits, as well as various office and maintenance expenses.

Infectious Disease and Epidemiology

Staffing. The Department requests revised expenditures of \$2.6 million from all sources for salaries and benefits for 25.5 full-time equivalent positions for the Infectious Disease and Epidemiology program. This is \$0.2 million more than enacted from all sources. The Department's request includes \$0.1 million less from all sources for medical benefit and retirement rate adjustments consistent with Budget Office planning values and \$0.1 million to reduce turnover savings. Although the revised request increases full-time equivalent positions by 1.4, the complement of positions included in this request have similar total salaries and benefits costs. New positions include epidemiologists and a disease specialist and other than the position titles, no further details regarding responsibilities is included in the Department's request. Staff's inquiries for further information have not been successful.

The Governor recommends \$0.4 million less than enacted from all sources including \$0.5 million less from general revenues to reflect benefit rate adjustments and additional turnover savings. He includes 24.0 full-time equivalent positions or 1.5 positions less than requested.

Influenza Hospitalization Surveillance. The Department requests \$73,748 from general revenues for an influenza hospital surveillance project funded from a one time grant the Department received from the Council of State and Territorial Epidemiologists. Funds were deposited as general revenues. The purpose of the grant is to provide active surveillance of individuals with influenza that have been hospitalized in Providence County. *The Governor recommends \$2,811 less than requested for adjusted administrative expenses.*

Epidemiology and Lab Capacity. The Department requests \$126,870 from new federal stimulus funds to reduce preventable healthcare-associated infections. The Department contracts with Rhode Island Quality Partners to teach hospitals how to use a computer program that tracks infections that patients receive while hospitalized. It then expects to develop statewide standards for addressing these infections. *The Governor recommends funding as requested.*

All Other Operations. The Department requests revised expenditures of \$2.3 million from all sources, \$0.3 million more than enacted for all other Infectious Disease and Epidemiology operations. This includes \$93,833 more general revenues and \$199,391 more from federal funds. This reflects additional expenses for staff training and doctor services. *The Governor recommends \$92,389 more than requested from all sources, including \$55,254 more from general revenues to reflect increased training expenses.*

Public Health Information

Staffing. The Department's revised request totals \$2.2 million from all sources for salaries and benefits expenses for 26.2 full-time equivalent positions for the Public Health Information program. This is \$0.4 million more than enacted from all sources. The Department's request includes \$0.1 million less from all sources for medical benefit and retirement rate adjustments consistent with Budget Office planning values and \$0.1 million to reduce turnover savings. The revised request includes \$0.3 million more from all funds for 3.6 new full-time equivalent positions. New positions include an analyst, specialist and a clerk and other than the position titles, no further details regarding responsibilities is included in the Department's request. Staff's inquiries for further information have not been successful.

The Governor recommends \$0.2 million more from all sources, including \$0.1 million less from general revenues to reflect benefit rate adjustments offset by \$0.1 million to reduce turnover savings. He includes 23.1 full-time equivalent positions, or 3.1 positions less than requested.

Health Information Technology. The Department requests revised expenditures of \$1.4 million from federal funds, \$0.4 million more than enacted for health information technology. This reflects updated expenditure projections. The health information technology project provides for the development of an infrastructure for Rhode Islanders to have critical health information accessible when and where it is needed, to improve the quality, safety, and value of health care provided. *The Governor recommends funding as requested.*

All Other Operations. The Department requests revised expenditures of \$0.8 million from all sources for all other Public Health Information operations. This is \$85,002 more than enacted and includes \$16,120 less from general revenues. This includes reductions for staff training and other general office supplies in order to cover unbudgeted software maintenance contract expenses. *The Governor recommends \$5,298*

less than requested from all sources, including \$12,279 from general revenues, primarily for training expenses.

Medical Examiner's Office

Staffing. The Department's revised request totals \$1.9 million from all sources for salaries and benefits expenses for 16.5 full-time equivalent positions for the Medical Examiner's Office. This is \$0.1 million more than enacted from all sources. The Department's request includes \$0.1 million less from all sources for medical benefit and retirement rate adjustments consistent with Budget Office planning values and \$0.1 million to reduce turnover savings. Although the revised request increases full-time equivalent positions by 0.5, the complement of positions included in this request have similar total salaries and benefits costs. The Office is adding an executive assistant position and other than the position titles, no further details regarding responsibilities is included in the Department's request. Staff's inquiries for further information have not been successful.

The Governor recommends \$0.2 million less than enacted from all sources, including \$160,198 less from general revenues for 16.6 full-time equivalent positions. This reflects adjustments to benefit rates and additional turnover savings.

Contract Medical Examiners. The Department requests revised FY 2011 expenditures of \$0.5 million from all sources for contract medical examiner expenses. This includes \$0.3 million more than enacted from general revenues. The Department continues to be unsuccessful in filling two vacant medical examiner positions resulting in the need to utilize contract staff to address the workload. The enacted budget includes funds for the 2.0 full-time positions resulting in insufficient funds for 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 recommends \$0.1 million less than requested from general revenues to reflect updated expenditure estimates.*

All Other Operations. The Department requests revised expenditures of \$0.4 million from all sources or \$0.1 million more than enacted from all funds for all other Medical Examiner Office operations. This includes \$86,670 more from general revenues primarily for Kenyon International, a company that specializes in disaster recovery and human services, which is assisting with the process of identifying and returning personal effects to station night club fire victims and their loved ones. *The Governor recommends \$68,737 less from general revenues for medical supplies.*

Department of Human Services

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Program				
Central Management	\$ 13,667,236	\$ 14,884,479	\$ 16,004,376	\$ 15,979,449
Child Support Enforcement	7,180,660	9,244,629	9,425,746	9,453,985
Individual and Family Support	71,024,129	143,162,863	94,739,907	94,411,803
Veterans' Affairs	25,173,917	27,611,621	30,913,670	30,752,602
Health Care Quality, Financing and Purchasing	60,738,411	66,133,758	71,230,650	71,024,470
Medical Benefits	1,510,979,689	1,637,408,400	1,617,657,284	1,615,764,037
Supplemental Security Income	22,249,416	19,310,887	20,637,400	20,637,400
Family Independence Program	90,618,731	87,516,116	89,805,652	89,805,652
State Funded Programs	228,589,296	280,032,797	274,801,916	274,805,667
Total	\$2,030,221,485	\$2,285,305,550	\$2,225,216,601	\$2,222,635,065
Expenditures by Category				
Salaries and Benefits	\$ 76,263,275	\$ 85,881,969	\$ 87,016,335	\$ 86,768,594
Contracted Services	43,276,319	52,039,292	57,342,861	57,186,150
Subtotal	\$ 119,539,594	\$ 137,921,261	\$ 144,359,196	\$ 143,954,744
Other State Operations	17,421,708	19,786,267	17,616,188	17,585,873
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,887,841,712	2,120,136,335	2,052,548,762	2,050,419,308
Capital	1,208,822	2,056,950	4,907,718	4,832,718
Capital Debt Service	-	-	-	-
Operating Transfers	4,209,649	5,404,737	5,784,737	5,842,422
Total	\$2,030,221,485	\$2,285,305,550	\$2,225,216,601	\$2,222,635,065
Sources of Funds				
General Revenue	\$ 653,605,790	\$ 715,328,654	\$ 738,356,056	\$ 736,566,357
Federal Aid	1,364,253,707	1,556,245,695	1,471,224,410	1,470,449,888
Restricted Receipts	8,158,484	9,446,201	10,587,200	10,587,200
Other	4,203,504	4,285,000	5,048,935	5,031,620
Total	\$2,030,221,485	\$2,285,305,550	\$2,225,216,601	\$2,222,635,065
FTE Authorization	919.7	963.6	1,080.2	988.2
FTE Average	852.7			

FY 2011 Revised Request. The Department of Human Services requests FY 2011 revised expenditures totaling \$2,225.2 million or \$60.1 million less than enacted, including \$23.0 million more from general revenues, \$85.0 million less from federal funds, \$1.1 million more from restricted receipts, and \$0.8 million more from Rhode Island Capital Plan funds. The Department also requests 1,080.2 full-time equivalent positions, 116.6 positions more than the current authorized level. The request is \$32.5 million more than the Budget Office's general revenue target of \$705.8 million.

The Budget Office instructed agencies to submit budget requests that represent a 1.33 percent reduction in general revenues. For the Department this reduction is \$9.5 million. The Department's constrained request reduces general revenue expenditures by \$2.3 million, \$7.2 million short of the target. The constrained request includes 989.2 full-time equivalent positions, 25.6 positions more than enacted and 91.0 fewer than the revised request. The Department subsequently submitted updated information for its savings proposals that adds back \$0.8 million from general revenues.

The Governor recommends \$2,222.6 million, including \$736.6 million from general revenues. This is \$2.6 million less than requested, including \$1.8 million from general revenues, \$0.8 million from federal funds and \$17,315 less from restricted receipts. He recommends 988.2 full-time equivalent positions, which is 92.0 positions less than requested. The recommendation is \$30.7 million more than the general revenue target.

Statewide Adjustments. The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Department of Human Services, he assumes savings of \$230,330, of which \$199,455 is from personnel and \$30,875 is from reduced operating expenses. This is in addition to other program changes in his revised budget and described below.

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.

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

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

Enrollment and expenses for the aged population is slightly lower than the national average when comparing enrollment but higher than the national average when comparing percent of enrollment to total

enrollment and higher than the national average for cost per enrollee. Expenses supporting this population are in the Departments of Human Services and Elderly Affairs.

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

* in millions

Stimulus – Enhanced Medicaid. The enacted budget includes general revenue savings of \$215.1 million from the enhanced Medicaid rate included in the American Recovery and Reinvestment Act of 2009. Of the total savings, \$107.6 million, including \$83.0 million in the Department of Human Services’ budget, is based on the assumption that the same rate would be extended six months until June 30, 2011. The federal government authorized the extension but at a lower rate. The updated state savings of \$70.3 million results in a \$37.3 million shortfall, of which \$28.3 million is for the Department of Human Services. The Department’s request backfills the loss of federal funds. *The Governor’s recommendation adjusts for the rate change.*

Emergency Temporary Assistance to Needy Families Funds. The state was eligible to receive up to \$47.5 million in federal temporary assistance to needy families contingency funds through the American Recovery and Reinvestment Act to implement a new subsidized employment program through September 30, 2010. The FY 2011 enacted budget includes \$37.0 million in the Departments of Human Services, Labor and Training, and Revenue for employment and other eligible activities, including \$35.8 million in the Department of Human Services for the disbursement of subsidized wages to participating employers and other short term activities and \$0.1 million for 4.0 time-limited positions.

The Department’s revised request includes \$5.0 million from federal temporary assistance to needy families’ contingency funds, which is \$30.8 million less than enacted. The Department spent \$2.4 million for subsidized employment, \$1.7 million for emergency needs payments, such as utility bills, rent and housing expenses and automobile repairs, \$0.6 million for child care subsidies and \$0.2 million for food baskets through the Rhode Island Food Bank for families participating in the Rhode Island Works program. *The Governor recommends \$160,985 more than requested for additional grant expenditures that were determined subsequent to the request submission.*

Medical Assistance

The Caseload Estimating Conference met on November 8, 2010 and, based on current law, set the FY 2011 revised medical assistance expenditures at \$1,592.4 million including \$633.3 million from general revenues, which is \$19.7 million less than enacted from all funds and \$18.8 million more from general revenues. The caseload estimate restored \$15.8 million from all funds, including \$5.7 million from general revenues for unachieved initiatives in FY 2011 in the medical assistance programs.

The Department’s revised request is consistent with the caseload estimate. However, the Department’s constrained request reduces expenditures by \$1.8 million from all sources, including \$2.3 million from general revenues. Each initiative is discussed in the relevant sections. *The Governor recommends \$1,590.5 million, including \$631.8 million from general revenues and \$1.9*

million less than the conference estimate. He makes changes to paratransit transportation reimbursement rates and shifts early intervention expenses to an available federal grant. The changes are discussed separately.

The following table 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 2010 and FY 2009. Each category is discussed separately.

Medical Assistance	FY 2009 Spent	FY 2010 Spent	FY 2011 Enacted	FY 2011 Nov. CEC	FY 2011 Gov. Rec.
Hospitals					
Regular Payments	\$ 126.8	\$ 120.9	\$ 124.0	\$ 122.0	\$ 122.0
DSH Payments	105.6	121.7	124.8	122.2	122.2
Total	\$ 232.4	\$ 242.6	\$ 248.8	\$ 244.2	\$ 244.2
Long Term Care					
Nursing and Hospice Care	\$ 286.6	\$ 334.7	\$ 321.7	\$ 336.0	\$ 336.0
Home and Community Care	37.9	60.3	70.0	71.9	71.9
Total	\$ 324.5	\$ 395.0	\$ 391.7	\$ 407.9	\$ 407.9
Managed Care					
RIte Care	\$ 414.3	\$ 443.9	\$ 512.0	\$ 497.9	\$ 497.9
RIte Share	12.9	17.3	17.4	19.6	19.6
Fee For Service	72.5	85.4	92.5	84.5	84.5
Total	\$ 499.7	\$ 546.5	\$ 622.0	\$ 602.0	\$ 602.0
Rhody Health	\$ 100.9	\$ 155.6	\$ 180.6	\$ 176.0	\$ 175.6
Pharmacy	\$ 14.6	\$ 12.9	\$ 11.2	\$ 10.9	\$ 10.9
Pharmacy Part D Clawback	\$ 41.6	\$ 26.4	\$ 35.2	\$ 36.4	\$ 36.4
Other Medical Services					
Federal Funds	\$ 800.9	\$ 922.7	\$ 990.8	\$ 952.2	\$ 951.7
General Revenues	557.5	558.7	614.4	633.3	631.8
Restricted Receipts	4.4	6.3	6.9	6.9	6.9
	\$ 1,362.8	\$ 1,487.7	\$ 1,612.1	\$ 1,592.4	\$ 1,590.5

*Expenditures in millions

Hospitals

The November Caseload Estimating Conference estimate includes hospital expenses at \$244.2 million. The estimate includes \$122.2 million for direct medical services and \$122.0 million for uncompensated care payments to community hospitals. The Department's request is consistent with the caseload estimate, which is \$4.6 million less than enacted. *The Governor recommends funding consistent with the caseload estimate.*

Hospitals. The Caseload Estimating Conference estimate includes revised FY 2011 expenditures of \$122.0 million, of which \$51.3 million is general revenues for the state's community hospitals. The expenditures are \$2.0 million less than enacted including \$1.5 million more from general revenues and corrects for the updated Medicaid rate. The Conference adds back \$0.1 million from all sources to restore unachieved savings from the Department not implementing the initiative to limit emergency room visits. The Department's request reflects the conference estimate. *The Governor recommends funding consistent with the caseload estimate.*

Hospital Reimbursement Rates. The Department implemented a rate reduction to the new inpatient reimbursement system utilizing the diagnostic related group model on July 1, 2010 and the enacted budget assumes savings of \$10.0 million from this rate reduction. The November caseload estimate continues to assume the savings and the Department's request reflects the caseload estimate. *The Governor recommends funding consistent with the caseload estimate.*

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 November caseload estimate assumes the savings and the Department's request reflects the caseload estimate. *The Governor recommends funding consistent with the caseload estimate.*

Emergency Room Visits. The enacted budget includes savings of \$0.5 million, \$0.2 million from general revenues from monitoring and verifying that the emergency room reimbursements for elderly and disabled clients reflect the patient's treatment and condition and higher payments are not being made for less serious diagnoses. 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 conference restored \$0.1 million of the savings based on testimony from the Department that the savings could not be achieved. The Department's request is consistent with the caseload estimate. *The Governor recommends funding consistent with the caseload estimate.*

Upper Payment Limit Reimbursements. The enacted budget includes \$18.1 million from all sources, \$6.5 million from general revenues to make the outpatient upper payment limit reimbursement to the state's community hospitals. The caseload estimate and the Department's request include the payment. *The Governor recommends funding consistent with the caseload estimate.*

State Only Acute Care Payments. The Caseload Estimating Conference estimate includes \$8.4 million for state only payments to be made for additional acute care costs in FY 2011. Of this amount, \$3.65 million was paid by September 1, 2010, state fiscal year 2011 to replace a payment that had originally been enacted for FY 2010. 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. The Department's request is consistent with the caseload estimate. *The Governor recommends funding consistent with the caseload estimate.*

Disproportionate Share Payments to Hospitals. The Caseload Estimating Conference reduced expenditures by \$2.6 million for a total of \$122.2 million from all sources for the disproportionate share payments for uncompensated care costs to the hospitals. This includes \$57.9 million from general revenues and \$64.3 million from federal funds. Funding is provided to Eleanor Slater Hospital and the state's community hospitals through the Department of Human Services. The estimate reduces funding for Eleanor Slater Hospital by \$2.6 million to adjust for claims at the state hospital's forensic unit that are not Medicaid eligible. The Department's request reflects the conference estimate. *The Governor recommends funding consistent with the caseload estimate.*

Uncompensated care costs are defined as costs incurred by a hospital attributable to charity care and bad debt for which the patient has no health insurance or third-party liability coverage. The costs are then subtracted from any payments received for medical care and attributable to Medicaid clients and Medicaid reimbursements.

Hospitals provide two forms of charitable care; free care for patients up to 200 percent of the federal poverty level and care on a sliding scale for patients between 200 and 300 percent of the federal poverty level. Bad debt is considered to be unpaid medical expenses for a person above 300 percent of the federal poverty level who has no insurance and cannot afford to pay his medical bill.

FY 2011 Uncompensated Care	FY 2010 Final	FY 2011 Enacted	Nov 2010 CEC	FY 2011 Gov. Rec.	Change to Enacted
Community Hospitals					
State	\$ 54,304,873	\$ 55,387,985	\$ 55,744,952	\$ 55,744,952	\$ -
Federal	60,372,639	62,383,618	61,967,532	61,967,532	-
Subtotal	\$ 114,677,512	\$ 117,771,603	\$ 117,712,484	\$ 117,712,484	\$ -
Eleanor Slater Hospital					
State	\$ 3,358,043	\$ 3,358,043	\$ 2,109,624	\$ 2,109,624	\$ -
Federal	3,667,517	3,667,517	2,345,112	2,345,112	-
Subtotal	\$ 7,025,560	\$ 7,025,560	\$ 4,454,736	\$ 4,454,736	\$ -
Upper Payment Limit					
State	\$ 9,207,253	\$ 6,467,559	\$ 6,467,559	\$ 6,467,559	\$ -
Federal	16,290,539	11,593,202	11,593,202	11,593,202	-
Subtotal	\$ 25,497,792	\$ 18,060,761	\$ 18,060,761	\$ 18,060,761	\$ -
Unqualified Expenses					
State*	\$ -	\$ 8,400,000	\$ 8,400,000	\$ 8,400,000	\$ -
Federal	-	-	-	-	-
Subtotal	\$ -	\$ 8,400,000	\$ 8,400,000	\$ 8,400,000	\$ -
Total	\$ 147,200,864	\$ 151,257,924	\$ 148,627,981	\$ 148,627,981	\$ -

*Shifted FY 2010 payment made to the four community hospitals to FY 2011.

Long Term Care

Long Term Care. The Caseload Estimating Conference estimate includes long term care expenses at \$407.9 million, of which \$153.9 million is from general revenues. This includes \$336.0 million for nursing facilities and hospice care and \$71.9 million for home and community care. This is \$16.2 million more than the enacted budget. The Department's request is consistent with the caseload estimate. *The Governor recommends funding consistent with the caseload estimate.*

Nursing Facilities and Hospice Care. The Caseload Estimating Conference estimate includes FY 2011 expenditures at \$336.0 million, of which \$126.8 million is general revenues for the state's 85 nursing facilities. This is \$2.1 million more than enacted, including \$7.2 million more from general revenues, and reflects the updated Medicaid rate. The estimate restores unachieved savings of \$12.3 million from all sources, including \$4.4 million from general revenues for two initiatives that will not be implemented, each is discussed separately. The Department's request reflects the conference estimates. *The Governor recommends funding consistent with the caseload estimate.*

Nursing Facilities Principles of Reimbursement Acuity Rates. The enacted budget assumes savings of \$5.2 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 estimate assumes the savings, and the Department's request is consistent with the estimate. *The Governor recommends funding consistent with the caseload estimate.*

Unachieved Savings - Managed Care for Long Term Care Residents. The enacted budget assumes savings of \$12.0 million, including \$4.3 million from general revenues, in nursing home costs from allowing the state to enter into a managed care contract to provide medical benefits for long term care residents

residents through a capitated payment. Currently, residents in long term care settings, such as nursing facilities, intermediate care facilities and hospitals receive medical benefits through Medicare and may also be eligible for Medicaid. 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 savings were restored at the November Caseload Estimating Conference based on testimony from the Department that they could not be achieved. The Department's request is consistent with the caseload estimate. *The Governor recommends funding consistent with the caseload estimate.*

Nursing Facilities High Cost Case Review. The enacted budget assumes savings of \$2.0 million from all sources, including \$0.7 million from general revenues from monitoring higher cost populations and providing appropriate care for nursing home residents. The caseload estimate continues to assume the savings and the Department's request is consistent with the estimate. *The Governor recommends funding consistent with the caseload estimate.*

Hospice Cost Reduction. The enacted budget includes savings of \$0.4 million from all funds, including \$0.1 million from general revenues from an initiative to develop prior authorization processes 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 November Caseload Estimating Conference estimate restores \$0.3 million of the savings, including \$0.1 million from general revenues, based on testimony from the Department that the savings could not be achieved. The Department's request is consistent with the caseload estimate. *The Governor recommends funding consistent with the caseload estimate.*

Home and Community Care. The Caseload Estimating Conference includes \$71.9 million for home and community care expenses, including \$27.1 million from general revenues. The estimate is \$1.2 million more from all funds, including \$1.8 million more from general revenues and corrects for the updated Medicaid rate. The estimate restores \$0.7 million from all funds, including \$0.3 million from general revenues, consistent with the Department's testimony that it could not implement the selective contracting for assisted living services initiative included in the enacted budget, discussed separately. The Department's request is consistent with the caseload estimate. *The Governor recommends funding consistent with the caseload estimate.*

Unachieved Savings - Selective Contracting for Assisted Living Services. The enacted budget assumes savings of \$0.7 million, including \$0.3 million from general revenues, from using selective contracting agreements for supportive services for those in an assisted living care setting. The savings were restored at the November Caseload Estimating Conference based on testimony from the Department that it cannot make this change while the state transitions to making the state supplement payment. The Department's request is consistent with the caseload estimate. It should be noted that this proposal was also part of the FY 2009 and FY 2010 enacted budgets and funding was restored at the following November 2008 and 2009 caseload conferences. *The Governor recommends funding consistent with the caseload estimate.*

Personal Choices Option. The enacted budget includes savings of \$200,000 from all sources to reduce the monthly stipend provided to eligible individuals through the personal choices option so that they can hire who they choose to help with daily activities allowing them to remain in their own home. The caseload estimate continues to assume the savings and the Department's request is consistent with the estimate. *The Governor recommends funding consistent with the caseload estimate.*

Habilitation Services Option. The enacted budget includes savings of \$200,000 from all sources from ensuring that the home and community care placements for disabled individuals, primarily those with traumatic brain injuries, through the habilitation services option under the global waiver are appropriate.

For those placements deemed not appropriate, the individual is provided services in a setting that is less expensive. The caseload estimate continues to assume the savings and the Department's request is consistent with the estimate. *The Governor recommends funding consistent with the caseload estimate.*

Managed Care

The November Caseload Estimating Conference estimate includes managed care expenses at \$602.0 million, \$20.0 million less than enacted. This includes \$226.6 million from general revenues, \$375.4 million from federal funds and \$15,000 from restricted receipts and corrects for the updated Medicaid rate. The estimate includes RIt Care expenses at \$497.9 million, RIt Share at \$19.6 million and fee-for-service expenses at \$84.5 million; a discussion of each follows. The Department's request reflects the conference estimate.

The Department's constrained request shifts \$1.5 million of early intervention funding from general revenues to federal funds to utilize the \$3.2 million from the early intervention grant. This initiative is discussed separately.

The Governor recommends \$602.0 million from all sources, including \$225.9 million from general revenues. Although the total funding is consistent with the conference estimate, he shifts general revenue funding of \$0.7 million to available federal funds; this proposal is discussed separately.

RIt Care. The November Caseload Estimating Conference estimated RIt Care expenditures at \$497.9 million including \$187.9 million from general revenues. This is \$14.1 million less than enacted, including \$1.6 million more from general revenues based on the updated enhanced Medicaid rate and decreased caseload and updated cost projections. The average numbers of enrollees in RIt Care in FY 2011 through December 2010 is 119,726. *The Governor recommends funding consistent with the caseload estimate.*

Managed Care Contracts. The enacted budget assumes savings of \$7.9 million, \$6.7 million from the state entering into new contracts with Neighborhood Health Plan of Rhode Island and United Healthcare to provide medical benefits to RIt Care families and children with special health care needs on July 1, 2010. The new contracts cap the inpatient rates paid to the community hospitals at 90.1 percent of the rate paid as of June 30, 2010 and outpatient rates paid to the community hospitals through the managed care plans at 100.0 percent of the rate paid as of June 30, 2010. This applies to both the Rhody Health program and RIt Care program. The November caseload estimate continues to assume the savings and the Department's request is consistent with the estimate. *The Governor recommends funding consistent with the caseload estimate.*

State Only Costs. The Department's request is consistent with the caseload estimate, which includes \$1.1 million from general revenues, \$18,166 more than enacted, for 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 recommends funding consistent with the caseload estimate.*

RIt Share. The November Caseload Estimating Conference estimate includes RIt Share expenditures at \$19.6 million, including \$7.4 million from general revenues. This is \$2.2 million more than enacted, including \$0.1 million more from general revenues to adjust for the change in the Medicaid rate. The RIt 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 RIt Share eligible recipients if the coverage is similar to the cost and services offered through RIt Care. The average number

of enrollees in RItE Share in FY 2011 through December 2010 is 11,550. *The Governor recommends funding consistent with the caseload estimate.*

Fee-Based Managed Care. The Caseload Estimating Conference estimate includes FY 2011 fee-based managed care expenditures at \$84.5 million from all sources, of which \$31.9 million is general revenues. The estimate is \$8.0 million less than enacted from all sources, including \$0.3 million more from general revenues which reflects the Medicaid rate change and updated expenditure projections. Fee-based managed care provides additional services on a fee-for-service basis to those in the contracted managed care system or not yet enrolled in a managed care plan. *The Governor recommends funding consistent with the caseload estimate.*

Target - Early Intervention Funds. The state is eligible to receive a \$3.2 million two-year federal grant to provide early intervention services and can also leverage Medicaid funds for early intervention expenses that were previously state only. The Department requested virtually no funding from the grant for FY 2011 nor does it request the funding in its revised request. However, it does request the funding in its constrained budget and shifts \$3.2 million of expenditures funded from both Medicaid and general revenues to the federal grant. The expenditures shifted include \$1.7 million from Medicaid and \$1.5 million from general revenues.

The Department subsequently submitted revised information that reduces the general revenue savings to \$0.7 million, but also indicated that the savings will not be fully achieved since it has spent at least \$0.3 million more than the amount included in the constrained request during the first five months of the fiscal year due to an increase in eligible participants.

The Governor recommends shifting \$1.5 million of expenditures funded from both Medicaid and general revenues to the federal grant, including \$0.7 million from general revenues. This is consistent with the Department's revised submission.

Rhody Health

Rhody Health. The November Caseload Estimating Conference estimated expenditures of \$176.0 million from all sources, including \$66.3 million from general revenues for the program for FY 2011. This is \$4.6 million less than enacted, including \$1.8 million more from general revenues and corrects for the updated Medicaid rate. The Department's request reflects the conference estimate; however, the Department's constrained request reduces expenditures by \$0.3 million, including \$0.1 million from general revenues by reducing the mileage paid for non-emergency medical transportation, including wheelchair vans, from \$1.75 per mile to \$0.51 per mile, discussed separately.

The Governor recommends \$175.6 million from all sources, including \$66.3 million from general revenues. This is \$0.4 million less from all sources, including \$0.2 million less from general revenues from making changes to the rates paid for non-emergency medical transportation, discussed separately.

Managed Care Contracts. The enacted budget assumes savings of \$7.9 million, \$1.2 million for the Rhody Health program from the state entering into new contracts with Neighborhood Health Plan of Rhode Island and United Healthcare to provide medical benefits to Rhody Health families and children with special health care needs on July 1, 2010. The new contracts cap the inpatient and outpatient rates paid to the community hospitals through the managed care plans. This applies to both the Rhody Health program and the RItE Care program. The November caseload estimate continues to assume the savings and the Department's request is consistent with the estimate. *The Governor recommends funding consistent with the caseload estimate.*

Target - Non-Emergency Medical Transportation. Currently the state reimburses wheelchair van providers \$25.65 per one-way trip in addition to \$1.75 per mile for non-emergency medical transportation for Rhody Health clients. The Department's constrained request includes a proposal to reduce the mileage reimbursement rate for wheelchair van providers from \$1.75 per mile to \$0.51 per mile, consistent with the Internal Revenue Service's 2011 business miles reimbursement rate for passenger vehicles. The Department indicates that this initiative will require a category II change under the conditions of the global Medicaid waiver.

The Department assumes a January 1, 2011 start date and savings of \$1.7 million from all funds, including \$0.3 million from all funds and \$0.1 million from general revenues for the Rhody Health program and the remaining \$1.3 million from all sources in the other medical services section of this analysis. The Department subsequently submitted updated information to increase the total savings by \$1.1 million to \$2.8 million from all sources by reducing the current reimbursement of \$25.65 plus \$1.75 per mile to a flat rate of \$22.00 per trip and eliminating the mileage reimbursement for non-wheelchair accessible van transportation. The Department confirms that both rate reductions began February 1, 2011.

The Governor recommends savings of \$0.4 million from all sources, including \$0.2 million from general revenues for the Rhody Health program from reducing the mileage reimbursement rate for wheelchair van transportation to \$0.51 per mile, implementing the \$22 flat rate per trip for non-wheelchair van transportation and recognizing mileage for non-wheelchair van transportation for out-of-state trips only. He also includes savings of \$1.5 million, including \$0.6 million from general revenues from this proposal in the other medical services program.

Pharmacy

The November Caseload Estimating Conference estimate includes pharmacy expenses at \$47.3 million; this is \$0.9 million more than enacted. This includes direct pharmacy costs and the state's estimated Medicare Part D clawback payment. The November caseload estimate restores \$250,000 from all funds for the state maximum allowable cost program, discussed below and corrects for the updated Medicaid rate. The Department's request reflects the caseload estimate. Pharmacy costs also include psychotropic medicines for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' Medicaid eligible behavioral health clients. *The Governor recommends funding consistent with the caseload estimate.*

Pharmacy. The November Caseload Estimating Conference estimated FY 2011 direct pharmacy expenditures at \$10.9 million, of which \$4.1 million is from general revenues. This is \$0.6 million less than enacted, primarily from federal funds. The estimate restores \$250,000 from all funds, based on the Department's testimony of delays in implementing the state maximum allowable cost program for generic drug expenses. 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 separately. *The Governor recommends funding consistent with the caseload estimate.*

State Maximum Allowable Cost Program. The enacted budget assumes 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 conference restored \$250,000 from all sources, including \$89,525 from general revenues, based on testimony from the Department that the savings could not be achieved. The Department's request is consistent with the adopted estimate. *The Governor recommends funding consistent with the caseload estimate.*

Medicare Drug Benefit - Part D Clawback. The November Caseload Estimating Conference estimated the state payment for the Medicare Part D clawback provision at \$36.4 million, \$1.2 million more than enacted, entirely from general revenues. The Department's request reflects the conference estimate. The enacted budget assumes \$11.0 million from a full-year of savings at the enhanced Medicaid rate to account for the state's ability to realize general revenue savings from applying the enhanced rate to the drug expenses. However, Congress extended the enhanced rate through June 30, 2011 but at a somewhat lower rate than the enacted budget was based upon; thus the request includes an additional \$1.2 million to account for the difference in the enhanced rates. *The Governor recommends funding consistent with the caseload estimate.*

Other Medical Services

The November Caseload Estimating Conference estimate includes 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 pharmacy payments, a portion of the Department of Behavioral Healthcare, Developmental Disabilities 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 \$115.0 million, which includes \$36.6 million from general revenues. The estimate is \$10.3 million less than the enacted budget, including \$1.3 million less from general revenues. The conference estimate restores \$2.5 million from all funds to backfill unachieved savings for the program monitoring through the Division of Motor Vehicles and the estate recoveries initiatives, discussed separately. The Department's current services request reflects the conference estimate.

As part of its constrained request, the Department proposes reducing the mileage paid for non-emergency medical transportation from \$1.75 per mile to \$0.51 per mile and also establishing a \$50 fee for each Medicaid provider to use the new electronic enrollment system for savings of \$1.6 million, including \$0.7 million from general revenues. These initiatives are discussed in further detail separately.

The Governor recommends \$113.5 million from all sources, including \$36.1 million from general revenues. This is \$1.5 million less from all sources, including \$0.6 million less from general revenues from making changes to the rates paid for non-emergency medical transportation, discussed separately.

Selective Contracting - Durable Medical Equipment. The enacted budget assumes savings of \$0.4 million, \$0.2 million from general revenues from implementing a competitive bidding process for durable medical equipment consistent with the selective contracting portion of the global waiver. The November estimate assumes the savings and the Department's revised request is consistent with the estimate; however, the competitive bidding process did not achieve the savings and the Department indicated it will reduce the rates to 90.0 percent of the allowable Medicare reimbursement fee schedule, beginning January 1, 2011 to generate the savings. *The Governor recommends funding consistent with the caseload estimate.*

Unachieved Savings - Division of Motor Vehicles Monitoring. The enacted budget includes savings of \$1.8 million from all sources, including \$0.4 million in the medical benefits program and \$1.4 million in the cash assistance program from verifying an individual's residential information with the data available through the Division of Motor Vehicles. 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 savings were restored at the November Caseload Estimating Conference based on testimony from the Department that they could not be achieved. The

Department's request is consistent with the conference estimate. *The Governor recommends funding consistent with the caseload estimate.*

Medicaid Recovery Estate Liens. The enacted budget includes savings of \$2.8 million from all sources, including \$1.3 million from general revenues, from the Department's increased ability to conduct estate recoveries under current law with the addition of 3.0 full-time equivalent positions. The caseload estimate restored \$2.1 million, including \$0.8 million from general revenues based on testimony from the Department that the savings related to this proposal could not be achieved due to delays in hiring the additional positions. The Department's request is consistent with the caseload estimate. *The Governor recommends funding consistent with the caseload estimate.*

Target - Non-Emergency Medical Transportation. Currently the state reimburses wheelchair van providers \$25.65 per one-way trip in addition to \$1.75 per mile for non-emergency medical transportation for all other clients not enrolled in the Rhody Health plan. The Department's constrained request includes a proposal to reduce the mileage reimbursement rate for wheelchair van providers from \$1.75 per mile to \$0.51 per mile, consistent with the Internal Revenue Service's 2011 business miles reimbursement rate for passenger vehicles. The Department indicates that this initiative will require a category II change under the conditions of the Medicaid global waiver.

The Department assumes a January 1, 2011 start date and savings of \$1.7 million from all funds, including \$1.3 million from all funds, including \$0.5 million from general revenues for the other medical services program and the remaining \$0.3 million in the Rhody Health section of this analysis. The Department subsequently submitted updated information to increase the total savings by \$1.1 million to \$2.8 million from all sources by reducing the current reimbursement of \$25.65 plus \$1.75 per mile to a flat rate of \$22.00 per trip and eliminating the mileage reimbursement for non-wheelchair accessible van transportation. The Department confirms that both rate reductions began February 1, 2011.

The Governor recommends savings of \$1.5 million from all sources, including \$0.6 million from general revenues for the other medical services program from reducing the mileage reimbursement rate for wheelchair van transportation to \$0.51 per mile, implementing the \$22 flat rate per trip for non-wheelchair van transportation and recognizing mileage for non-wheelchair van transportation for out-of-state trips only. He also includes savings of \$0.4 million, including \$0.2 million from general revenues from this proposal in the Rhody Health program.

Target - Medicaid Provider Application Fee. All Medicaid providers are currently enrolled in a provider network payment system and register with the state at no charge; providers must be registered with the state to receive state payment for services provided. As part of its constrained request, the Department proposes to implement a \$50 application fee for initial enrollment and re-enrollment every five years for all Medicaid providers when they enroll in the new electronic provider network payment system and includes general revenue savings of \$125,000. This assumes that 10,000 providers will enroll from March 2011 through June 2012 and that one quarter will enroll in FY 2011 for general revenue savings of \$125,000 and three quarters will enroll in FY 2012 for savings of \$375,000.

This initiative requires a category II change under the conditions of the Medicaid global waiver. The Department's request includes this fee as a reduction to expenses, though federal approval may be contingent upon the fee being treated as state revenue. The Department subsequently indicated that it intends to regard the fee as revenue.

The Governor does not recommend implementation of a provider application fee and does not include the savings in his recommendation.

Medical Assistance Administration

RIte Care Administration - Staffing. The Department requests \$1.0 million from all sources for salaries and benefits for 14.0 full-time equivalent positions for RIte Care administration. This is \$0.1 million less than enacted and includes \$0.5 million from both general revenues and federal funds. The request includes updated benefit rates and shifts a position from RIte Care administration to medical services administration for three months.

As part of its constrained request, the Department requests an additional \$43,642 for salary and benefit expenses, including \$21,821 from both general revenues and federal funds, shifting funding to fill one vacant position. *The Governor recommends funding consistent with the constrained request.*

RIte Care Administration - All Other Operations. The Department requests \$4.8 million from all sources for RIte Care administration expenditures, which is \$23,809 less than enacted, including \$7,465 from general revenues. This includes \$12,839 less for printing by utilizing resources within state agencies rather than outside vendors, \$2,700 less for computer equipment purchases, \$1,744 less for staff training and \$6,526 less from all other general office operating expenses. *The Governor recommends funding as requested.*

RIte Share Administration. The Department requests \$1.5 million from all sources for RIte Share administration expenditures. The request includes the enacted level of \$1.5 million for contracted RIte Share administrative costs and \$2,109 less for printing and postage costs. *The Governor recommends funding as requested.*

Early Intervention - Administrative Operations. The Department requests \$2.5 million more from federal funds for operating expenses for the early intervention program, excluding salaries and benefits, for total funding of \$4.9 million. The request includes \$2.0 million from federal stimulus funds carried forward from FY 2010 and \$0.5 million from the federal grant the state receives annually also being carried forward from FY 2010. The request includes \$312,012 more for training and education services, \$95,000 more for new computer equipment, system upgrades and furniture, \$20,000 more for printing and \$62,490 more for all other operating supplies and expenses. The state receives a \$2.1 million federal grant annually and has two years to spend the grant. *The Governor recommends funding as requested.*

Medical Services Operations - New Positions. The Department requests the authority for 6.0 new medical services operations positions, including 1.0 eligibility technician, 2.0 supervising eligibility technicians, 1.0 medical case specialist and 2.0 social case workers. However, the Department does not request funding for these positions; assuming that the positions will not be filled in the current year.

As part of its constrained request, the Department excludes the 6.0 positions. *The Governor's recommendation does not include the authorization or funding for these positions.*

Medical Services Operations - Other Staffing. The Department requests \$20.1 million from all sources for salaries and benefits for medical services operations. This includes \$9.4 million from general revenues and \$10.7 million from federal funds and is \$0.6 million more than enacted from all sources for 237.1 full-time equivalent positions. The request includes updated benefit rates consistent with revised FY 2011 planning values, turnover savings from the 3.0 new estate recovery positions that were vacant the first quarter of FY 2011, and a newly vacant 0.5 position in the early intervention program, partially offset by \$0.2 million more for increased overtime expenses. The request also shifts staff to the medical services program from the RIte Care program.

As part of its constrained request, the Department requests \$53,374 less from all sources for salaries and

benefits, including \$26,687 less from general revenues for 11.8 fewer full-time equivalent positions. This reflects shifting funding for one position back to the RIte Care administration program. *The Governor recommends funding consistent with the constrained request.*

Medical Services Operations - Other Operations. The Department requests \$34.4 million from all sources or \$2.1 million more than enacted for expenditures related to the operations of the medical benefits program, excluding salaries and benefits. This includes \$0.1 million more from general revenues in addition to \$2.0 million more from federal funds. The request includes federal funds carried forward from FY 2010 for an emergency room diversion grant to improve the safety and quality of services, appropriateness of utilization, promote primary care and expand opportunities for beneficiaries to participate in their own care. It also reduces contracted administrative services by \$1.2 million from all sources by shifting partial funding for several grants into FY 2012.

The Department requests an additional \$1.0 million for services provided by HP Enterprise (formerly Electronic Data Systems) to process the Medicaid claims. It also includes \$150,000 from a new Money Follows the Person grant, designed to provide assistance to balance the long term care system and help Medicaid enrollees' transition from institutions to the community. The request also includes \$150,000 from a new federal grant that allows the Department to work with the state's Office of the Attorney General to conduct criminal background checks on health care workers from out of state. The current process only allows for verification of a Rhode Island record. The request also includes an additional \$42,627 from both general revenues and federal funds for increases to the InRhodes contract.

The Governor recommends \$142,849 less than requested, including \$1,000 less from general revenues from a 5.0 percent reduction to legal expenses and \$141,849 less from federal funds for the emergency room diversion grant.

Office of Rehabilitative Services - New Positions. The Department requests \$0.9 million from federal funds for 18.0 new full-time equivalent positions throughout the Office. This includes 10.0 positions for the disability determination unit, consisting of 9.0 rehabilitation counselors and 1.0 administrator. The request includes a full year of funding for all positions, though not all of the positions have been filled as of January 1, 2011. The federal Social Security Administration requests that the state hire additional staff to address the backlog of claims that are resulting from increasing numbers of applications for supplemental security insurance and disability benefits. These positions and the funding are included in both the unconstrained and constrained requests.

The Department also requests authorization for 8.0 new full-time equivalent positions throughout the Office; however, the Department does not request any funding for these positions, assuming that the positions will not be filled in the current year.

As part of its constrained request, the Department excludes these 8.0 full-time equivalent positions. *The Governor includes authorization and funding as requested for the 10.0 disability determination unit positions, but does not include the authorization or funding for the eight other positions.*

Office of Rehabilitative Services - All Other Staffing. The Department requests \$11.7 million, \$0.2 million more than enacted for salaries and benefits for the remaining 132.0 full-time positions in the Office of Rehabilitative Services. This includes adjustments for benefit rates consistent with revised FY 2011 planning values and also includes an additional \$0.1 million in turnover savings from delays in filling several vacant positions.

As part of its constrained request, the Department requests \$135,682 less from all sources for salaries and

benefits, including \$17,361 more from general revenues for 127.0 filled positions. This reflects staff and cost shifting in addition to a delay in filling two additional positions. *The Governor recommends funding consistent with the constrained request.*

Office of Rehabilitative Services - Other Operations. The Department requests \$20.5 million, \$0.8 million more than enacted to support other operations in the Office of Rehabilitative Services. The request includes \$0.1 million more from general revenues and \$0.7 million more from federal funds. The request includes \$1.2 million more from vocational rehabilitation federal stimulus funds carried forward from FY 2010 and \$0.1 million, primarily from general revenues for the various education and rehabilitative services the Office provides to all of its clients. The request includes expenditure reductions of \$0.3 million from federal funds to provide medical services to individuals applying for disability, \$0.1 million for contracted temporary clerical services in the disabilities determination unit to assist with processing applications, and \$0.1 million for reduced rental and lease costs. It also includes \$40,000 for the supported employment program, \$9,000 for medical supplies for the disabilities determination unit, and \$48,530 from all funds for all other operational expenses. *The Governor recommends funding as requested.*

Cash Assistance Programs

The Caseload Estimating Conference estimate includes \$113.4 million from all sources, including \$33.9 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 estimate is \$3.6 million more than enacted. It restores \$2.6 million from all sources, \$1.4 million from general revenues for three initiatives based on testimony from the Department that the savings related to this proposal could not be achieved; each is discussed separately. The Department's request is consistent with the caseload estimate.

The Governor recommends \$113.4 million from all sources, including \$33.9 million from general revenues, which is consistent with the Department's request and the caseload estimate.

The following table 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 2009 and FY 2010. Each category is discussed separately.

Cash Assistance	FY 2009 Spent	FY 2010 Spent	FY 2011 Enacted	FY 2011 Nov. CEC	FY 2011 Gov. Rev.
Rhode Island Works					
Persons	24,389	18,197	17,075	16,255	16,255
Monthly Cost per Person	\$ 177.93	\$ 184.97	\$ 188.00	\$ 186.00	\$ 186.00
General Revenue	\$ 3.4	\$ -	\$ -	\$ -	\$ -
Federal Funds	54.9	43.8	41.8	39.8	39.8
Total Costs*	\$ 58.3	\$ 43.8	\$ 41.8	\$ 39.8	\$ 39.8
Child Care					
Subsidies	6,833	6,499	6,480	7,000	7,000
Annual Cost per Subsidy	\$ 7,160	\$ 7,120	\$ 7,200	\$ 7,150	\$ 7,150
General Revenue	\$ 6.5	\$ 7.1	\$ 8.8	\$ 11.1	\$ 11.1
Federal Funds	42.4	39.7	37.0	39.0	39.0
Total Costs*	\$ 48.9	\$ 46.8	\$ 45.7	\$ 50.1	\$ 50.1
Child Care Development Block Grant					
Federal Stimulus	\$ 0.5	\$ -	\$ -	\$ -	\$ -
Total Costs	\$ 0.5	\$ -	\$ -	\$ -	\$ -
SSI					
Persons	31,850	32,050	32,650	32,850	32,850
Monthly Cost per Person	\$ 55.22	\$ 47.37	\$ 46.72	\$ 47.00	\$ 47.00
Total Costs/General Revenue*	\$ 25.1	\$ 22.2	\$ 19.3	\$ 20.6	\$ 20.6
SSI Transition/Bridge					
Persons	440	538	550	573	573
Monthly Cost per Person	\$ 118.70	\$ 119.89	\$ 119.00	\$ 122.00	\$ 122.00
General Revenues	\$ 2.4	\$ 1.9	\$ 2.2	\$ 2.2	\$ 2.2
Federal Funds	0.5	0.9	0.8	0.8	0.8
Total Costs*	\$ 2.9	\$ 2.8	\$ 3.0	\$ 3.0	\$ 3.0
General Revenue	37.3	31.3	30.3	33.9	33.9
Federal Funds	97.8	84.3	79.6	79.6	79.6
Total Cash Assistance*	\$ 135.1	\$ 115.6	\$ 109.8	\$ 113.4	\$ 113.4

*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 budget assumes that the state meets its maintenance of effort requirement for the block grant funding.*

Rhode Island Works. The Caseload Estimating Conference estimate includes program expenditures at \$39.8 million entirely from federal funds. The estimated monthly caseload decreases by 820 cases to a level of 16,255. The cost per case is estimated to decrease by \$2.00 to a \$186.00 monthly cost per person. The estimated program expenditures are \$2.0 million less than the enacted budget, including \$2.2 million less for decreases in the caseload and cost per case, \$0.2 million less for transportation expenses, partially offset by the restoration of \$0.4 million for the initiative to verify information through the Division of Motor Vehicles. The Department's request reflects the conference estimate. *The Governor recommends funding*

funding consistent with the caseload estimate.

Unachieved Savings - Division of Motor Vehicles Monitoring. The enacted budget includes savings of \$1.8 million from all sources, including \$1.4 million in the cash assistance program and \$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. 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 savings were restored at the November Caseload Estimating Conference based on testimony from the Department that they could not be achieved. The Department's request is consistent with the conference estimate. *The Governor recommends funding consistent with the caseload estimate.*

Child Care. The Caseload Estimating Conference set caseload child care expenditures at \$50.1 million, of which \$11.1 million is from general revenues. This is \$4.3 million more than enacted including \$2.3 million more from general revenues, reflecting 520 additional child care subsidies for a monthly level of 7,000 and reflects a decrease in the annual cost by \$50 to \$7,150 for FY 2011. The caseload estimators restored \$0.9 million from all funds, \$0.2 million from general revenues for the initiative to verify information through the Division of Motor Vehicles. FY 2010 child care expenditures were \$1.0 million more than the final appropriation due to an increased number of subsidies in the final three months of the year; the estimate accounts for the additional spending, though the reason for the sudden increase remains unclear. The Department's request reflects the conference estimate. *The Governor recommends funding consistent with the caseload estimate.*

Supplemental Security Income Payments. The Caseload Estimating Conference estimate includes \$18.5 million from general revenues in FY 2011 for direct supplemental security income expenditures, which is \$0.2 million more than enacted. The caseload increased by 200 persons to a monthly level of 32,850. Estimators also increased the monthly cost per person by \$0.28 to \$47.00. The estimate restores \$0.2 million from general revenues for the unachieved initiative from a new benefit category for individuals living in state licensed residential care settings, discussed below. The Department's request reflects the conference estimate. *The Governor recommends funding consistent with the caseload estimate.*

Unachieved Savings - 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 supportive residential care settings, passed in the FY 2010 Appropriations Act. The individuals will receive a state payment of \$300, which is \$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 benefits 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.

The November caseload estimate restored the savings, consistent with the Department's testimony that the federal Social Security Administration will not allow the state to implement this payment change while the state transitions to making the state supplement payment and that savings included in the enacted budget would not be achieved in either FY 2011 or FY 2012. The Department's revised request is consistent with the estimate. *The Governor recommends funding consistent with the caseload estimate.*

The following table 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 Transaction Fees. The state chooses to supplement the federal program and it transfers funds to the federal government so the recipient receives one check. The state pays transaction fees for the service, which would total \$4.2 million for all of FY 2011 for all categories of recipients. The 2010 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 and included savings of \$3.2 million from general revenues. This was to take effect September 1, 2010.

The Department later indicated that the state take over could not occur until January 1, 2011 for most groups of recipients and the caseload estimate restores \$1.1 million from general revenues for the delay. *The Governor recommends funding consistent with the caseload estimate.*

Supplemental Security Income Transition/Bridge Program. The November Caseload Estimating Conference estimate includes expenditures for the supplemental security income transition/bridge program at \$3.0 million, including \$2.2 million from general revenues, or \$6,528 less than enacted. This increases the projected number of persons by 23 for a level of 573. The estimate also increased the monthly cost per person from \$119.00 to \$122.00. These increases were offset by a reduction of \$60,000 for burial costs. The Department's request reflects the November conference estimate. *The Governor recommends funding consistent with the caseload estimate.*

Hardship Payments. The Department requests \$25,300 less from general revenues for hardship contingency payments. The enacted budget includes \$478,000 from general revenues that the Director of the Department may provide for these payments for FY 2011. *The Governor recommends funding consistent with the request.*

Cash Assistance Administration

Rhode Island Works Administration - Staffing. The Department requests \$1.0 million less for salary and benefit expenses for Rhode Island Works program administration, totaling \$10.7 million, including \$1.1 million less from general revenues and \$0.1 million more from federal funds for 117.5 full-time equivalent positions. This includes updated benefit rates and shifts the costs for several eligibility technicians to other programs, including child care.

As part of its constrained request, the Department requests \$0.3 million less from general revenues for salaries and benefits, to reflect maintaining several vacancies and shifting existing staff to cash assistance programs. *The Governor recommends funding consistent with the constrained request.*

Rhode Island Works Grants. The Department requests grant expenditures of \$5.9 million from all sources for training and work activities for program recipients. This is \$59,816 more than enacted, including \$49,750 more from general revenues. *The Governor recommends funding as requested.*

Rhode Island Works Administration - Other Operations. The Department requests \$5.5 million for all other Rhode Island Works program operations, which is \$139,301 less than enacted. This includes \$1.6 million from general revenues, \$65,635 less than enacted and \$3.9 million from federal funds, \$73,666 less than enacted. Expenditure reductions include \$333,822 for the InRhodes contract, \$101,750 for other information technology expenses and \$29,563 for interpreters and translators. Expenditure increases include \$247,600 for postage and printing, \$44,170 for maintenance expenses, \$12,282 for security services at the satellite offices and \$21,782 more for all other operating expenses. *The Governor recommends funding as requested.*

Child Care Administration - Staffing. The Department requests \$1.4 million from all sources for salary and benefit expenses for child care program administration. The request includes \$1.4 million from all sources, including \$0.8 million from general revenues for 15.5 full-time equivalent positions. This is \$0.1 million more than enacted, including \$7,646 from general revenues. The request provides for updated benefit rates consistent with revised FY 2011 planning values and maintains the 2.0 vacant positions that are included in the enacted budget.

As part of its constrained request, the Department requests an additional \$49,414 from general revenues for filling the two vacant positions for several months. *The Governor recommends funding consistent with the constrained request.*

Child Care Administration - Other Operations. The Department requests \$3.0 million for all other child care administration operating expenses, which is \$0.7 million more than enacted, primarily from carried forward federal funds for upgrades and improvements to the state's child care quality rating and improvement system. It also includes \$0.1 million more for information technology expenditures and \$56,384 less for all other office and operating expenditures. *The Governor recommends funding as requested.*

Supplemental Security Income Program Administration. The Department requests \$541,514 from general revenues for staffing and operational expenditures related to administering the state supplemental security income program for individuals whose income is too high to meet the eligibility criteria for the federal supplemental security income program. This includes \$170,564 for 4.0 positions and \$370,950 for InRhodes programming expenses, banking and mailing expenses and other operating expenditures. The 4.0 positions include 2.0 social case workers, 1.0 case worker supervisor and 1.0 public health nurse. The request assumes that the positions will be filled for the last five months of FY 2011. *The Governor recommends funding as requested.*

Veterans' Affairs

Department of Veterans' Affairs. The 2010 Assembly delayed the creation of the new Department of Veterans' Affairs from July 1, 2010 until July 1, 2011 and delayed the required transition recommendations until October 31, 2010. The Department of Human Services was to provide recommendations for implementation to the chairs of the House and Senate Finance Committees regarding how to transition the Division into its own Department. As of January 7, 2011, the House and Senate Finance Committees have not received the recommendations. *The Governor's FY 2012 budget reflects the creation of the new Department of Veterans' Affairs, effective July, 1, 2011.*

Veterans' Affairs - New Positions. The Department requests authorization for 24.0 new full-time equivalent positions within the Division of Veterans' Affairs; however, the Department does not request funding for these positions, assuming that the positions will not be filled in the current year. The requested

positions include 15.0 nurses, 6.0 institutional attendants, 1.0 chief of family health systems, 1.0 typist and 1.0 cook's helper.

As part of its constrained request, the Department excludes these 24.0 full-time equivalent positions. *The Governor's recommendation does not include the authorization or funding for these positions.*

Veterans' Affairs - All Other Staffing. The Department requests \$21.3 million from all funds for salaries and benefits for 228.8 positions, which is \$0.6 million more than enacted, primarily from federal funds and reduces the authorization by 0.4 full-time equivalent positions to more accurately reflect the hours worked by several staff members. The request includes updated benefit rates consistent with revised FY 2011 planning values, \$0.5 million more from general revenues for overtime expenses and shifts \$0.4 million in expenses from general revenues to available federal funding.

As part of its constrained request, the Department requests a reduction of \$21,591 from general revenues and \$1 from federal funds for salary and benefit expenses from not filling 1.0 position for several months or several positions for a shorter amount of time. The exact staffing reduction has not been determined. *The Governor recommends funding consistent with the constrained request.*

Veterans' Affairs - Medical and Operational Expenses. The revised request includes \$0.6 million more from all sources, including \$0.7 million more from general revenues, \$0.1 million less from federal funds and the enacted level from restricted receipts for medical and operating costs at the Veterans' Home. The general revenue increase includes \$0.5 million more for nursing services, laboratory testing and other medical services and \$0.2 million more for pharmaceuticals and medical supplies. The Division has increased its reliance on contracted services to perform duties that full-time positions can do. The Division has recently filled at least 5.0 positions due to retirements, but continues to maintain vacancies, relying on the contracted nurses instead.

The request includes increased expenditures of \$20,000 from a federal grant for homeless veterans' transitional assistance combined with \$66,294 for meal service contracts, legal services, medical equipment maintenance and repairs, the purchase of furniture and non-medical equipment, and plumbing repairs and \$16,157 from all other operating adjustments.

The Governor recommends \$50,350 less than requested from general revenues, including \$50,000 less for nursing and other medical services, reflecting actual year to date expenditures and updated projections and \$350 less from a 5.0 percent reduction to legal expenses.

Veterans' Cemetery. The Department requests \$0.7 million more from a new federally funded grant from the National Cemetery Administration to improve the areas around the Memorial Circle and World War II Memorial at the Veterans' Cemetery in Exeter. The projects include re-grading the area to eliminate settlements, ensuring that all rows and aisles are clearly marked, and planting and establishing suitable grass cover for the reduction of weeds to improve the overall appearance of the cemetery. The grant award totals \$2.1 million to be spread equally over three years. The work will be done in conjunction with regular operations. *The Governor recommends funding as requested.*

Veterans' Home Capital Projects. The Department requests \$1.4 million more from all funds for capital projects at the Veterans' Home, including \$0.2 million more from federal funds from reimbursement for work that is already completed and \$1.1 million more from restricted receipts for seven projects in FY 2011. All projects are outlined in the Capital Budget section. *The Governor recommends funding as requested.*

Other Programs

Child Support Enforcement - New Positions. The Department requests authorization for 2.0 new full-time equivalent positions within the child support enforcement division, including 1.0 senior human services business officer and 1.0 data entry operator. However, the Department does not request funding for these positions, assuming that the positions will not be filled in the current year.

As part of its constrained request, the Department excludes these 2.0 full-time equivalent positions. *The Governor's recommendation does not include the authorization or funding for these positions.*

Child Support Enforcement - All Other Staffing. The request includes \$4.5 million, \$0.3 million less than enacted for salaries and benefits for 61.3 positions. This includes \$1.5 million from general revenues and \$3.0 million from federal funds and includes benefit rates consistent with revised FY 2011 planning values. This also includes additional turnover savings of \$0.2 million from leaving approximately 3.0 full-time equivalent positions vacant.

As part of its constrained request, the Department requests \$1,674 less from all sources for salaries and benefits for 58.1 filled positions, including \$568 from general revenues, reflecting additional turnover savings. *The Governor recommends funding consistent with the constrained request.*

Child Support Enforcement - Project Restore. The Department requests the enacted level of \$170,385 from all sources, including \$8,519 from general revenues for the federal Restoring Opportunities in a Rough Economy grant, that the Department calls Project Restore. This is a 17-month federal grant available from November 2009 through March 2011 that is intended to provide health 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 FY 2010 final budget included a total of \$191,684 for this grant; however, the Department did not spend any of the funds because of several purchasing and contracting delays and has requested a one-year federal extension. The revised request does not include the \$191,684 of unspent funds that should have been carried forward from FY 2010. The Department indicates that this was inadvertently omitted from the revised request. *The Governor recommends funding as requested.*

Child Support Enforcement - Other Operations. The Department requests \$0.4 million more than enacted, primarily from federal funds for operating expenses of the child support enforcement program. The request includes \$473,264 more from newly available child support incentive funds for continuing upgrades to the computer system and database programs and \$25,006 less for all other expenses. *The Governor recommends \$39,687 more than requested, including \$1 less from general revenues reflecting a 5.0 percent reduction in legal expenses and \$39,688 more from federal funds reflecting actual expenditures determined subsequent to the submission of the request.*

Food and Nutrition Program Transfer. The 2010 Assembly passed legislation included in Sections 1 through 3 of Article 7 2010-H 7397, Substitute A, as amended that transferred the Women, Infants and Children administration and benefits program from the Department of Health to the Department of Human Services effective October 1, 2010. It was later determined by the federal Department of Agriculture that the program must remain within the Department of Health in order to meet federal guidelines. The Department's revised request transfers the Women, Infants and Children administration and benefits program, the \$19.8 million from federal funds and 12.0 full-time equivalent positions back to the

Department of Health. *The Governor's recommendation is consistent with the Department's request and shifts \$19.8 million and 12.0 positions back to the Department of Health.*

Supplemental Nutrition Assistance Program - Benefits. The Department requests \$271.3 million from federal funds for direct benefit payments for the Supplemental Nutrition Assistance Program. This is \$5.2 million less than enacted for updated program costs. Under the American Recovery and Reinvestment Act, benefits were increased to all recipients, but unlike other stimulus programs the benefit increase will continue after the stimulus funds are no longer available. *The Governor recommends \$3,751 more from federal stimulus funds for benefit payments.*

Supplemental Nutrition Assistance Program - New Positions. The Department requests \$1.0 million from federal funds and authorization for 22.0 new positions, including 20.0 clerical positions and 2.0 clinical training specialists through September 30, 2011. The federal government provided funding for the state to hire additional staff through September 30, 2011 to handle the increasing number of program applications. The request assumes that all positions were filled September 1, 2010; however, 2.0 positions remain vacant as of January 10, 2011, though the Department has begun the process of filling the positions. *The Governor recommends funding as requested.*

Supplemental Nutrition Assistance Program - All Other Staffing. The Department requests \$10.2 million, \$0.1 million less than enacted for salaries and benefits for 135.0 full-time equivalent positions. The request includes \$5.1 million from both general revenues and federal funds. The request includes benefit rates consistent with revised FY 2011 planning values and turnover savings.

As part of its constrained request, the Department requests an additional \$182,786 from both general revenues and federal funds for filling vacant positions, reflecting staff and cost shifting within the Individual and Family Support Program. *The Governor recommends funding consistent with the constrained request.*

Supplemental Nutrition Assistance Program - Other Operations. The Department requests \$0.5 million more from all sources of funds for operating expenditures related to the Supplemental Nutrition Assistance Program, formerly called the food stamp program. The request is \$0.1 million more from general revenues, \$0.1 million less from federal funds and includes \$0.6 million more from restricted receipts from bonus funding the state received for improving program access, which will be used to improve the field offices with new furniture and some computer equipment. The request also includes \$0.2 million more than enacted for the electronic benefit cards along with increases in security services and information technology upgrades, mostly offset by reductions of \$0.2 million for postage and printing expenses, and other adjustments to various program operating costs. *The Governor recommends \$443,425 less from federal stimulus funds to be used for administrative grant expenses; the enacted budget inadvertently includes more funding than is available.*

Special Education. The Department's request includes the enacted level of \$29.8 million from federal sources for the federal portion of special education expenditures, which include benefits and administration expenses. The state match is provided by the local school districts. *The Governor recommends funding as requested.*

Paratransit Services for the Elderly. The Department requests \$6.2 million from all sources for elderly transportation services, including \$1.5 million from general revenues and \$4.2 million from the Department's one-cent share of the motor fuel tax. This is \$0.4 million less from Medicaid funds than enacted and shifts the cost to general revenues. The state leverages Medicaid funds under the global waiver for certain transportation expenses that were previously state only; however, there are fewer eligible

paratransit riders for whom the state can access Medicaid and an increase in the number of elderly riders who are not Medicaid eligible. *The Governor recommends \$57,685 more from the one-cent share of the motor fuel tax based on updated estimates provided by the Department of Revenue in November 2010.*

Community Services Block Grant. The Department requests \$8.2 million from federal funds, \$33,463 more than enacted for the community services block grant. The request includes an increase of \$35,722 for benefits from filling a full-time equivalent position. The request reduces administrative expenses, including travel expenditures and office supplies. Funding is awarded to the state's nine community action agencies. *The Governor recommends funding consistent with the request.*

Community Service Grants. The Department requests \$16,741 less than enacted from general revenues to support 95 social service agencies. The Department was notified that two agencies, Focus and Options for Working Families, were no longer operating and the request was reduced accordingly. Funding supports social service agencies and community organizations throughout the state. *The Governor recommends funding consistent with the request.*

Community Health Centers. The Department requests the enacted level of \$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 request shifts expenditures of \$34,620 from general revenues to federal funds. *The Governor recommends funding consistent with the request.*

Central Management - New Positions. The Department requests \$0.1 million from general revenues and authorization for 8.0 new positions within the central management program. It includes 1.0 assistant coordinator of community relations position which was filled in June 2010. The United States Department of Health and Human Services requires that a single individual be assigned to these duties. The position became vacant at the end of FY 2008, was eliminated in FY 2009, and the duties were spread among other staff.

The Department requests authorization for 1.0 deputy director, but does not include any funding in the request. The position was eliminated in FY 2009 and the Department does not expect the position to be filled in FY 2011. The Department also requests authorization for 6.0 new full-time equivalent positions, including 3.0 administrators, 1.0 senior auditor, 1.0 quality control review specialist, and 1.0 policy and service specialist. However, the Department does not request funding for these positions; assuming that the positions will not be filled in the current year.

As part of its constrained request, the Department excludes 6.0 full-time equivalent positions. This does not include the assistant coordinator of community relations or deputy director positions.

The Governor's recommendation includes the position and funding as requested for the assistant coordinator of community relations and \$26,344 more from general revenues for the deputy director position. He does not include the authorization or funding for the remaining six positions.

Central Management - All Other Staffing. The Department requests \$2.4 million for salary and benefit expenses, \$1.0 million more than enacted for 13.0 full-time equivalent positions. This includes expenditures of \$1.6 million from general revenues, \$1.0 million more than enacted and \$0.8 million from restricted receipts, \$5,779 more than enacted. The request includes benefit rates consistent with revised FY 2011 planning values in addition to \$0.7 million from reduced turnover savings by filling vacant positions and includes shifting funding for positions among programs, primarily from individual and family support. As part of its constrained request, the Department requests \$10,148 less, primarily from general revenues, reflecting additional turnover savings. *The Governor recommends \$40,001 less than requested, including*

funding consistent with the constrained request and additional general revenue savings of \$29,841 from eliminating the associate director for management services position.

Central Management - Other Operations. The Department requests \$8,236 less than enacted from all sources for all other operations in central management. The request includes \$0.2 million from federal funds for the emergency food assistance program and \$0.1 million for all other expenses, including increases for legal services offset by reductions for office supplies and other operating costs. *The Governor recommends \$2,639 less than requested, including \$2,650 less from general revenues from a 5.0 percent reduction to legal expenses and \$11 more from restricted receipts.*

Individual and Family Support - New Positions. The Department requests authorization for 45.0 new full-time equivalent positions, including eligibility technicians, social case workers, administrators, and typists for the individual and family support program, including the supplemental nutrition assistance program, child care and Rhode Island works administration. The Department does not request funding for these positions, assuming that the positions will not be filled in the current year.

As part of its constrained request, the Department excludes these 45.0 full-time equivalent positions. *The Governor's recommendation does not include the authorization or funding for these positions.*

Individual and Family Support - All Other Staffing. The Department requests \$1.3 million for salary and benefit expenses for 32.6 full-time equivalent positions, \$1.2 million less than enacted. This includes \$0.2 million from general revenues and \$1.0 million from federal funds. The request includes benefit rates consistent with revised FY 2011 planning values in addition to \$0.9 million less from general revenues and \$0.4 million more from newly available federal funds and an additional \$0.3 million in turnover savings from maintaining and delaying the filling of 4.0 vacant positions.

As part of its constrained request, the Department requests an additional \$12,088 from federal funds from filling one position for several months or several positions for a shorter amount of time; the exact staffing increase has not been determined. *The Governor recommends funding consistent with the constrained request.*

Individual and Family Support - Other Operations. The Department requests \$84,539 more than enacted, primarily from federal funds for all other operating expenditures in the individual and family support program. The request includes increases of \$94,540 from federal stimulus funds for emergency food assistance and \$84,007 for the emergency shelter program partially offset by reductions of \$75,000 for Social Security Administrative counseling and training reimbursements and \$19,008 from miscellaneous reductions for the refugee assistance program and family and adult services. *The Governor recommends an additional \$42,482 from federal funds for emergency food assistance program grants.*

Capital – Blind Vending Facilities. The Department requests \$279,064 from Rhode Island Capital Plan funds for the ongoing construction and renovation of statewide vending facilities. This is \$204,064 more than enacted for the completion of the renovations for the Division of Motor Vehicles site in the Forand Building. *The Governor recommends \$204,064 from Rhode Island Capital Plan funds, which is \$75,000 less than the request.*

Dept. of Behavioral Healthcare, Developmental Disabilities & Hospitals

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Program				
Central Management	\$ 801,112	\$ 1,559,450	\$ 1,158,609	\$ 992,521
Services for the Dev. Disabled	244,249,843	232,150,971	251,127,777	238,234,965
Hosp. & Comm. System Support	3,001,797	4,851,766	5,690,949	4,902,292
Hospital & Comm. Rehab. Services	98,103,193	101,480,369	105,745,215	103,168,137
Integrated Mental Health Services	79,964,888	-	-	-
Substance Abuse	31,512,922	-	59,440	-
Behavioral Health	-	106,707,771	112,680,912	107,966,906
Total	\$ 457,633,755	\$ 446,750,327	\$ 476,462,902	\$ 455,264,821
Expenditures by Category				
Salaries and Benefits	\$ 112,885,559	\$ 114,200,222	\$ 123,167,592	\$ 117,428,758
Contracted Services	788,850	1,374,855	1,912,859	1,748,615
Subtotal	\$ 113,674,409	\$ 115,575,077	\$ 125,080,451	\$ 119,177,373
Other State Operations	(118,908,612)	15,022,266	13,044,413	12,833,554
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	461,510,336	301,432,545	324,008,605	309,587,221
Capital	1,357,622	14,720,439	14,329,433	13,666,673
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 457,633,755	\$ 446,750,327	\$ 476,462,902	\$ 455,264,821
Sources of Funds				
General Revenue	\$ 160,199,796	\$ 163,684,244	\$ 180,985,553	\$ 170,929,040
Federal Aid	286,228,375	259,918,758	275,072,317	264,422,374
Restricted Receipts	7,747,477	10,688,634	8,049,477	8,049,478
Other	3,458,107	12,458,691	12,355,555	11,863,929
Total	\$ 457,633,755	\$ 446,750,327	\$ 476,462,902	\$ 455,264,821
FTE Authorization	1,294.0	1,372.2	1,434.2	1,372.2
FTE Average	1,208.8			

FY 2011 Revised Request. The Department requests \$29.7 million more than enacted in its current services request including \$17.3 million more from general revenues, \$15.1 million more from federal funds, \$2.6 million less from restricted receipts and \$0.1 million less from capital plan funds.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$2.2 million for the Department. The constrained budget submitted by the agency is \$9.8 million above that.

The Department includes 62.0 more positions than currently authorized in its current services request however it includes only 2.0 of those positions in its constrained budget. Both requests correct for the

updated enhanced Medicaid rate that expires June 30, 2011. *The Governor further reduces the constrained request by \$0.8 million of which \$0.4 million is general revenues. He includes \$0.4 million less from general revenues for statewide personnel and operating savings applied to certain agencies and \$0.5 million less from capital spending. He transfers 4.0 positions into the Department as part of the reorganization of the Office of Health and Human Services.*

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

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

Enrollment and expenses for the aged population is slightly lower than the national average when comparing enrollment but higher than the national average when comparing percent of enrollment to total enrollment and higher than the national average for cost per enrollee. Expenses supporting this population are in the Department of Human Services and Elderly Affairs.

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

Department Populations – Medical Benefits and Other Programs. The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals’ budget supports programs for the disabled including residential care for adults with developmental disabilities and behavioral health issues as well as inpatient and outpatient treatment services for those with behavioral health issues. The Department also operates the Eleanor Slater hospital system, the state’s only public hospital that provides long-term care services with the support of acute medical services. The 495 bed facility is a two-campus hospital that has acute care medical, psychiatric and respiratory units.

Medical benefits for these populations including doctor visits, prescriptions, rehabilitation services and community hospital stays are provided either through the Rhody Health managed care plans or on a fee-for-service basis through the Department of Human Services.

Stimulus – Enhanced Medicaid. The enacted budget includes general revenue savings of \$215.1 million from the enhanced Medicaid rate included in the American Recovery and Reinvestment Act of 2009. Of the total savings, \$107.6 million, including \$20.5 million in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals’ budget, is based on the assumption that the same rate would be extended six months until June 30, 2011. The federal government authorized the extension, but at a lower rate. The updated state savings of \$70.3 million results in a \$37.3 million shortfall, of which \$7.5 million is

is for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The Department's request backfills the loss of federal funds. *The Governor recommends funding as requested.*

New Positions. The Department requests 62.0 new positions in its current services request but reduces this to 2.0 new positions in its constrained request. The 62.0 new positions include 35.0 at Eleanor Slater Hospital, 12.0 in the Division of Behavioral Health, 11.0 in the Division of Developmental Disabilities, and 2.0 in the Division of Hospital and Community Support. The Department assumes an April 1, 2011 hiring date if the positions are approved. The positions are discussed separately by program. *The Governor does not recommend this request.*

Indirect Cost Recovery Rate for Federal Grants. The enacted budget includes \$0.6 million in restricted receipts from the Department applying and receiving an approved indirect cost rate for its federal grants. The restricted receipts allow the Department to offset general revenue supported personnel in the central management and hospital and community support programs.

Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, through the application of a negotiated indirect cost rate. Current law mandates that all state agencies shall apply for the rate when it is allowed under the particular federal grant. The Department's request includes \$0.4 million from restricted receipts, \$0.2 million less than enacted to offset general revenue administrative costs. As of the January 13, 2011, the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals had not applied for an indirect cost rate. *The Governor recommends funding as requested.*

Statewide Adjustments. The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, he assumes savings of \$255,005, of which \$235,724 is from reduced personnel expenses. This is in addition to other program changes in his revised budget and described below.

Developmental Disabilities Programs. The Department's request includes \$251.1 million of which \$93.3 million is from general revenues for its programs to support adults with developmental disabilities. The Department's revised request is \$19.0 million more from all sources and its adjusted constrained budget reduces that funding by \$12.3 million from all sources. The Department reports that the revised request reflects updated program costs to include caseload adjustments; however, it is worth noting that the Department spent \$244.2 million in FY 2010 and has not submitted the necessary information to document an increase in the number of individuals in need of the services or what services are needed and at what cost. The Department is in the process of reducing some of the residential rates paid to the private, community based providers for residential services.

Funding through the Medicaid global waiver supports community based residential support programs in the state-run system which is comprised of 34 homes, has a capacity to hold 259 patients and represents 7.0 percent of the residential caseload. Three of the 34 homes are considered nursing facilities or special care facilities, since the homes allow and accommodate 24-hour care for special care patients and can serve as a transition from the hospital or nursing home back to a community setting. The private provider system is comprised of 339 homes, has a capacity to offer residential supports to 1,741 clients, and represents 93.0 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.

Excluding any statewide changes to the state-run program, the Governor recommends the constrained budget request of \$235.6 million from all sources, including \$87.4 million from general revenues.

Monthly Caseload Report. Rhode Island General Law 22.1-22-39 requires that the Department submit monthly developmental disabilities caseload and expense reports to the House and Senate finance committee chairpersons, budget office and fiscal advisors by the 15th of each month. The report format is in any form required by the house and senate fiscal advisors.

Privately Operated Community Programs - Unachieved Savings. The Assembly passed Article 21 of 2010-H 7397 Substitute A, as amended to establish one or more networks of developmental disability 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 and changes in the rate structure. The enacted budget includes \$7.0 million in savings from all sources from this proposal. The Department will not establish the lead agency network but will instead make two changes in the reimbursement rates, discussed separately. The Department made the decision not to use the lead agency model in early June 2010, before the final budget was passed by the Assembly. It informed providers of this decision in early June however the Department did not notify the Assembly. It instead informed fiscal staff from house, senate and budget office in early August. The Department will make two rate changes to meet the \$7.0 million savings in the enacted budget. Those changes are discussed separately.

The budget also includes \$0.3 million from all sources for the Department to hire a consultant to develop the management contract and new reimbursement rates. The Department requests additional funding for the consultant to only develop the new reimbursement rates; not to also prepare the management contract, also discussed separately. *The Governor's revised budget recognizes the unachieved savings.*

Privately Operated Community Programs Rate Reform. The Department pays two separate rates for residential care: a "daily" reimbursement paid to certain providers for 771 residential placements with the highest rate equating to \$177,251 annually for 25 clients or an "annual" rate for the remaining community placements with the maximum amount of \$94,188 for overnight care. As of September 1, 2010, the Department eliminated the use of daily rates, reassessed clients' needs and now provides reimbursement through the annual rates. As of the December monthly report there are 178 individuals whose care continues to be paid by the "daily" rate with residential services for the remaining 593 individuals paid through an annual rate. The Department anticipates the rate change will generate savings of \$1.9 million from all sources in FY 2011. *The Governor's revised budget assumes the savings from the rate change.*

Privately Operated Community Programs Management Contract. The enacted budget includes \$300,000 from all sources to hire a consultant to prepare a contract for the lead agency network proposal and restructure the rate system that was recommended by the Governor and approved by the Assembly in Article 20 of 2010-H 7397 Substitute A, as amended. The Department will not be implementing the lead agency network change but requests \$0.6 million more than enacted for the consultant and has hired Burns and Associates to design a new rate reimbursement system for community based private providers. *The Governor recommends funding as requested.*

Privately Operated Community Programs. Excluding other program adjustments to the privately operated programs, the Department requests \$12.4 million more from all sources, \$8.9 million from general revenues for total funding of \$197.7 million from all sources in its current services request. The Department has not provided the information to substantiate the increased program costs.

The Department spent \$195.8 million in FY 2010, \$6.7 million more than the final appropriation for the services to adults with developmental disabilities through the privately operated program. *The Governor recommends funding consistent with the constrained budget request.*

Target - Privately Operated Community Programs. The Department's constrained budget request reduces current services by \$9.9 million from all sources however it has also not provided any information as to how it will reach this target. In order to reach the target, it would have to further reduce its reimbursement rates or reduce services to its clients. According to information provided for the FY 2011 enacted budget, there were 3,317 clients who receive residential and day programming, or 84.3 percent of the caseload. If an individual residing in a community setting were to have their day programming level reduced (for example from five days to three) there would be a cost associated with providing additional staff at the residential site for the two reduced day programming services. The residential rates reimburse staff for two shifts, an afternoon and overnight shift and the client is either at another site during the day or if someone is at the residential site during the day another staff member is brought in for that time period. *The Governor recommends funding consistent with the constrained budget request.*

Medicaid - Medical Benefits. The state provides subsidized medical benefits through the Medicaid program to certain populations if eligibility criteria are met. The populations include children and their parents, elderly and disabled. Medicaid eligible individuals enrolled in the residential, day and family support programs provided by the Division of Developmental Disabilities, will receive medical benefits including physician and rehabilitation services, pharmacy benefits and hospital stays that are paid for through the Department of Human Services' budget.

Transportation. Transportation to and from a medically necessary trip is a Medicaid covered activity. An individual has access to either by RIDE paratransit vans, ambulance or wheelchair vans, taxi, other forms of public transportation, or a community agency may have its own van. Trips can include a doctor's appointment, attending a meal site or day program, but the individual must have no other form of transportation available.

For individuals receiving community based services, agencies provide transportation from a residential setting, a group home, shared living arrangement or if an individual lives with a relative, to a day programming site, supported employment or a medical appointment. The Department reports that the reimbursement rates paid to the community based providers cannot be reported by the individual costs for administrative services, direct care and other costs, such as transportation. Transportation expenses for this population also appear in the Department of Human Services' budget.

The November Caseload Conference estimate includes \$7.7 million from all sources for updated transportation costs for adults with developmental disabilities receiving community based services. The state spent \$5.1 million in FY 2010 on transportations services for this population. Total state spending for medically necessary transportation services to Medicaid eligible individuals includes a range of \$2.7 million in FY 2005 to \$16.1 million in FY 2010, an over fivefold increase.

As of February 1, 2011, the Department of Human Services reduced the current reimbursement rate of \$25.65 plus \$1.75 per mile to a flat rate of \$22.00 per trip and eliminated the mileage reimbursement for non-wheelchair accessible van transportation. *The Governor's budget includes a reduction in transportation rates for wheelchair vans.*

New Positions. The Department's request adds 11.0 new positions in the developmental disabilities division but does not request the funding for them assuming that the positions will not be filled in the

current year. This includes 7.0 administrative positions and 4.0 social workers. *The Governor does not recommend the request.*

State Operated Program – Salaries and Benefits. The Department requests \$0.3 million less from all sources, including \$0.8 million more from general revenues for salaries and benefits in its revised request. This includes \$2.0 million more in overtime offset by \$0.5 million less for temporary employees and \$0.4 million less for retirement benefits that appear to be overfunded by \$0.3 million in the enacted budget. The request also further adjusts benefits for updated rate changes.

The Department's constrained budget reduces the revised request for state operated program expenses by \$2.4 million from all sources, including a \$1.4 million reduction to salaries and a \$0.9 million overtime reduction. The Department has not indicated how it will meet this reduction. *The Governor recommends funding as requested in the constrained budget.*

State Operated Program – Operating Costs. The Department requests \$0.7 million more from all sources for operating expenses and corrects for the updated Medicaid rate. The Department reduces operating expenses for general maintenance and vehicle repairs.

The Department's constrained budget increases federal Medicaid funding for other operating costs by \$0.4 million; however, it does not provide the required general revenue match necessary for any Medicaid funded expenses. *The Governor recommends funding as requested in the constrained budget.*

Developmental Disabilities Day Programming – Rehab Option. The Department adds \$0.3 million for total funding of \$1.5 million for day programming services provided through the Medicaid rehabilitation option. The option allows the state to provide day programming services to individuals who are Medicaid eligible but do not meet the criteria for these services through the primary developmental disabilities waiver. This reflects updated program costs and is consistent with FY 2010 spending of \$1.5 million.

The Department's constrained request reduces these expenses by \$79,903 but does not indicate how that will be achieved. *The Governor recommends funding consistent with the constrained budget request.*

Other Medicaid Funded Services. The Department requests \$1.8 million for other Medicaid funded 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 \$0.5 million more than enacted, consistent with FY 2010 spending. *The Governor recommends funding as requested.*

Developmental Disability Other State Services. The Department requests \$0.8 million less than enacted for state services totaling \$5.3 million from general revenues. The Department does not include \$1.4 million in Medicaid funds that was included in the enacted budget. The Department has not provided information to verify that this is an error. The Department spent \$1.9 million for state only expenses, \$1.9 million less than appropriated in FY 2010. The Department spent \$3.9 million for the same services in FY 2009 which was \$0.9 million more than the final appropriation.

Direct services are provided to individuals who are not eligible for Medicaid funded services through any of the three Medicaid waiver programs. Services include two out-of-state placements, parent subsidies and day programming services. The Department has not provided any additional information about the increase in state only services or further information about the clients or services provided. *The Governor recommends funding as requested.*

State Operated System Client Revenue. The enacted budget includes \$2.0 million from restricted receipts to reflect the use of \$713.92 monthly supplemental security income payments made to clients in the state run developmental disabilities system to support their living costs, such as rent, food, utilities and other daily living expenses. The Department's request decreases this by \$987 to accurately reflect the payments. *The Governor recommends funding as requested.*

Division of Behavioral Health

Community Mental Health Rehabilitation Services. The Department requests \$64.5 million in its current services request for mental health services provided through the Medicaid rehabilitation option, which allows the state to provide mental health treatment services that are otherwise not eligible under Medicaid. This is \$1.2 million more than enacted which is \$0.1 million less than the final costs for FY 2010. The Department reports a population growth between 2005 and 2009 of 1,662 clients, from 7,695 to 9,357 or 21.5 percent; however, it has not provided the updated caseload information for FY 2010 or its FY 2011 revised request. *The Governor recommends funding as requested.*

Target – Rehabilitation Services. The Department's constrained budget reduces program costs by \$1.9 million from all sources, including \$0.7 million from general revenues. It has not provided the information as to how it would meet the reduction. *The Governor recommends funding as requested; however, shifts \$71,906 in general revenue expenses to federal funds.*

Medicaid - Medical Benefits. The state provides subsidized medical benefits through the Medicaid program to certain populations if eligibility criteria are met. The populations include children and their parents, elderly and disabled. Medicaid eligible individuals enrolled in the residential, day and family support programs provided by the Division of Behavioral Health will receive medical benefits, including physician and rehabilitation services, pharmacy benefits and hospital stays, paid for through the Department of Human Services' budget.

Mental Health Treatment Services – Unachieved Savings. The Assembly passed Article 21 of 2010-H 7397 Substitute A, as amended to allow the Department to enter into a contract with the state's ten community agencies, including seven mental health centers, to provide mental health treatment services as originally proposed by the Department and recommended by the Governor. The enacted budget includes savings of \$4.0 million from this proposal, which the Department did not implement. It opted to institute an across the board rate reduction instead, which is discussed separately.

The Department indicates that it did not receive the necessary claims information from the state's Department of Human Services that it would need to establish the rates under the new contract and did not proceed with the initiative. The claims data is required by the Centers for Medicare and Medicaid Services to receive approval to enter into this type of contract arrangement. The Department indicates that it is currently in the process of receiving a portion of that data but has not renewed the proposal to enter into a statewide contract arrangement with the mental health providers in the future. *The Governor's budget includes the rate reduction.*

Community Mental Health Centers – Rate Reduction. On July 1, 2010 the Department imposed a 25 percent rate reduction to the state's eleven community mental health centers to generate the \$4.0 million in savings to substitute for the initiative to have the mental health centers enter into a statewide contract. The Department has not provided information as to the impact on each mental health center. *The Governor's budget reflects the rate reduction.*

Supportive Employment and Day Programs. The state provides supportive employment and therapeutic day

day programs for individuals with mental health issues. Individuals can be enrolled in group day activities such as the movies, the library or bowling. The Governor recommended savings of \$1.0 million, \$0.4 million from general revenues in the enacted budget, from engaging individuals in more individualized supportive employment programs and reimbursing at a lower rate, instead of group activities. The Assembly did not concur and restored the funding. The Department subsequently reduced the psychiatric rates including those that paid for the group activities by 15 percent to generate savings to meet other budget shortfalls. *The Governor's budget reflects the rate reduction.*

Substance Abuse Treatment Services. The Department requests \$1.3 million less than enacted for total funding of \$4.4 million from all source in both its current services and constrained budget for substance abuse services provided through the Medicaid rehabilitation option, which allows a state to provide substance abuse treatment services to Medicaid eligible individuals. Substance abuse treatment services are not a mandated Medicaid benefit, and Rhode Island chooses to provide the services through this option. The Department spent \$4.2 million in FY 2010 for the treatment services. *The Governor recommends funding essentially as requested.*

Other Community Mental Health Treatment Programs - Medicaid. The Department requests \$0.6 million more from all sources for community mental health treatment programs for total funding of \$7.0 million. The Department continues to assume the ability to leverage Medicaid through the global waiver. It has not provided the information as to the number of clients receiving services, who is providing the services or the reason for the increase. *The Governor recommends funding as requested.*

State Only Mental Health Treatment Services. The Department requests \$0.7 million for state only mental health treatment services, \$0.1 million less than enacted for its current services request. The Department requests the same funding in its constrained budget. Services support individuals who are not eligible for Medicaid but receive outpatient and residential treatment services. *The Governor recommends funding as requested.*

Community Medication Assistance Drug Expenses. The Department requests \$0.2 million more from all funds, \$0.1 million more from general revenues for total drug expenses of \$2.6 million for the community medication assistance program based in its revised request. The final FY 2010 expenses were \$3.5 million, \$1.0 million more than appropriated, \$0.5 million more from general revenues. *The Governor recommends funding as requested.*

Substance Abuse Capacity Beds. The Department includes 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 2010, there have been 589 assessments, 469 admissions with 295 completing treatment, 46 currently enrolled, 128 leaving the program and 120 waiting who are either waiting for placement, have sought alternative programming or have refused to enroll. *The Governor recommends funding as requested.*

Other Substance Abuse Treatment Services – Medicaid. The Department requests \$0.6 million less from all sources for total funding of \$3.4 million for other Medicaid funded substance abuse treatment services. This is \$0.3 million less from federal funds and from general revenues. The Department has not provided its projected caseload or an explanation for the reduction to program expenses.

The Departments adds \$19,000 in its constrained budget; however, does not provide an explanation for the increase or why it only adjusted Medicaid without providing the necessary general revenue increase. *The Governor recommends funding consistent with the constrained request.*

Methadone Treatment Services. The Department requests \$1.1 million more from all sources for total funding of \$2.1 million for methadone maintenance treatment services matched by Medicaid under the global waiver. The Department adds \$12,000 in its constrained budget; however, does not provide an explanation for the increase or why it only adjusted Medicaid and did not provide a corresponding general revenue increase. *The Governor recommends funding as requested.*

State Only Substance Abuse Treatment Services. The Department requests \$0.4 million more from general revenues for total funding of \$6.3 million for state only substance abuse treatment services in the revised request. The Department has not provided the information for the increase and has not yet identified what the services are for. *The Governor recommends funding as requested.*

Substance Abuse Block Grant. The Department requests \$0.1 million less from federal funds for total expenses of \$6.3 million in its current services request to be awarded through the substance abuse block grant. The request reflects the availability of funding based on the award. The Department indicates that there will be continued support for community agencies through the access to recovery grant.

The Department's constrained budget adds \$0.4 million but it has not provided the information as to why it would increase federal funds in its constrained request and decrease federal funds in its current services request. *The Governor recommends funding as requested.*

Access to Recovery Grant. The Department requests \$500,000 from federal funds, \$25,000 more than enacted for the access to recovery grant to reflect funds carried forward from FY 2010. 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 guideline of at or below 200 percent of the federal poverty level. *The Governor recommends funding as requested.*

Substance Abuse Grant. The Department request \$1.6 million in new federal funds from the Substance Abuse and Mental Health Services Administration for substance abuse prevention services in its current services budget. The Department is in the process of providing the grant information however it did not request the funding in its constrained budget and it is uncertain at this time if that is in error. *The Governor recommends funding consistent with the constrained request, which does not include the additional federal funding.*

Crisis Counseling Grant. The Department requests \$1.8 million in newly awarded federal funds from the crisis counseling assistance and training grant. The crisis counseling program assists individuals and communities in recovering from the effects of natural and human-caused disasters through the provision of community-based outreach services. *The Governor recommends funding as requested.*

New Positions. The Department requests 12.0 new positions in its current services request including 6.0 public health promotion specialists, 3.0 clerks, 2.0 administrators, and 1.0 program services officer with two of the requested positions assigned to a newly awarded substance abuse grant. The request includes \$1.0 million and assumes that the positions will be filled April 1, 2011; however, the average cost per position is \$83,000 which appears to fund the new positions for the full fiscal year.

The Department's constrained budget includes only the 2.0 positions for the newly awarded substance abuse infrastructure grant. *The Governor does not recommend any new positions.*

Indirect Cost Recovery Rate. The enacted budget assumes salary and benefit savings of \$227,417 from general revenues in the central management program from the Department negotiating a federal indirect cost recovery rate that will offset state funded program costs. The Department has not applied for the rate and then adds back general revenues in its revised and constrained budget requests. *The Governor recommends funding as requested.*

Other Salaries and Benefits. Excluding the other adjustments, the Department requests \$0.2 million less from general revenues for all other salary and benefit adjustments, including updated staffing costs and benefit rate changes. *The Governor recommends funding as requested.*

All Other Expenses. The Department requests \$207,404 less than enacted for all other expenses, including \$34,430 less from general revenues. The request includes \$238,850 from federal funds for reductions to the drug free schools grant and data infrastructure grants to reflect available funding. The Department also reduces office supplies and other expenses in the division.

The Department further reduces operating expenses in the constrained budget submission by \$214,109 from all sources, including \$2,500 from general revenues. The Department reduces available funding through the federal drug reporting grant by \$209,000 and further reduces operating expenses. *The Governor recommends funding as requested.*

Eleanor Slater Hospital

Hospital Census. The state hospital is a 495 bed licensed facility comprised of two campuses: 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 unit in Burrillville. The FY 2011 enacted budget is based on a census of 279 patients.

Hospital Licensing Fee. The enacted budget includes \$6.0 million from all sources to pay the 5.465 percent fee assessed on state and community hospitals' gross patient services revenue for the hospital year ending September 30, 2009, including \$2.3 million from general revenues in FY 2011. The enacted budget assumes state hospital revenues of \$109.8 million for the 2009 hospital year, which is incorrect. The actual FY 2009 revenues are \$104.7 million for a licensing fee of \$5.7 million, \$0.3 million less than enacted. *The Governor includes Article 19 to continue the licensing fee at 5.465 percent.*

New Positions. The Department requests 35.0 new positions for hospital staffing including 20.0 positions at the Zambarano unit and 15.0 positions at the Cranston campus. The positions include 21 direct medical staff and 14 administrative and support staff. The request includes \$2.4 million from all sources; however, also assumes that the positions will be filled April 1, 2011. This is offset by a reduction in contracted services.

The Department requests \$0.6 million less than enacted, including \$0.2 million from general revenues for contracted medical services assuming the ability to hire new staffing.

The Department excludes the requested new staffing in its constrained request and decreases contracted services by \$0.1 million from all sources. *The Governor does not recommend the new position.*

Hospital Overtime Expenses. The Department requests \$6.7 million more than enacted for total funding of \$10.2 million from all sources for overtime expenses. The request also includes 35.0 new positions at the two hospital sites, and it would appear that if the Department were to be allowed to hire the new positions there would be a decrease in overtime, not the increase of \$6.7 million or the enacted level of \$3.5 million.

The Department's constrained budget increases overtime by \$0.3 million compared to the current services request which does not include the new positions. The Department spent \$11.1 million in FY 2010 and \$10.3 million in FY 2009. *The Governor's recommendation is consistent with the constrained request.*

Hospital Administrative Restricted Receipts. The enacted budget includes restricted receipts from all non-third party payor receipts, including Medicare collected on behalf of patients at Eleanor Slater Hospital totaling \$3.1 million. The enacted budget also incorrectly includes \$2.4 million for a second restricted receipt account for Medicaid administrative costs that were determined to be an inappropriate use of a restricted receipt account. The Department corrects for this in its revised and constrained budgets. *The Governor recommends funding as requested.*

Hospital – All Other Staffing. The Department requests \$1.0 million from all sources, \$0.2 million from general revenues for all other staffing. The request adds back \$1.0 million, including \$0.7 million from general revenues, to backfill a portion of the \$5.0 million in turnover savings included in the enacted budget equivalent to approximately 60 vacant positions. The request would add back funding to support 17.0 positions at the state hospital. The Department also includes benefit rate changes and other updated staffing costs. *The Governor's recommends funding as requested.*

Other Hospital Expenses. The Department requests \$1.9 million less than enacted for all other hospital expenses, of which \$1.2 million is from general revenues. The request includes \$1.8 million less for operating expenses, including \$1.1 million less for medical supplies and \$0.4 million less for janitorial and other hospital supplies.

The Department further reduces expenses for medical supplies by \$0.7 million in its constrained request. *The Governor further reduces hospital expenses by \$83,440 from all sources, including \$33,680 from general revenues.*

Hospital and Community Support

New Positions. The Department adds \$0.1 million from general revenues for two new positions in the hospital and community support program. The request assumes that the positions will be filled April 1, 2011; however, since the average cost per position is \$74,643, the request appears to fund the new positions for the full fiscal year.

The Department's constrained budget request excludes the new positions. *The Governor does not recommend additional positions.*

Indirect Cost Recovery Rate. The enacted budget assumes salary and benefit savings of \$271,208 from general revenues in the hospital and community support program from the Department negotiating a federal indirect cost recovery rate that will offset state funded program costs. The Department continues to assume the savings but has not yet applied for the rate. *The Governor recommends funding as requested.*

Other Salaries and Benefits. The Department requests \$27,255 more from general revenues for all other salary and benefit adjustments including updated costs to reflect rate changes based on Budget Office planning values. *The Governor recommends funding as requested.*

All Other State Operations. The Department requests \$93,720 from general revenues for all other state operations, which is \$22,815 less than enacted. This includes reducing expenses for computer purchases, office supplies and building maintenance in the current services budget.

The Department further reduces operating expenses in the constrained budget submission by \$30,135 for consultant services and office supplies and requests total funding of \$63,585 from general revenues. *The Governor further reduces expenses by \$8 for the 5.0 percent statewide reduction to legal fees in certain agencies.*

Central Management

Indirect Cost Recovery Rate. The enacted budget assumes salary and benefit savings of \$134,257 from general revenues in the central management program from the Department negotiating a federal indirect cost recovery rate that will offset state funded program costs. The Department has not applied for the rate and adds back general revenues in its current services request and constrained budget request. *The Governor recommends funding as requested.*

Other Salaries and Benefits. Excluding the indirect rate adjustment, the Department reduces all other salaries and benefits by \$23,391 from general revenues, for various adjustments, including benefit rate changes and lower than anticipated costs for current staffing needs. *The Governor recommends funding as requested.*

Information Technology Funds. The Department requests \$123,421 more from federal funds for total funding of \$403,421 from all sources to upgrade its current technology. The expenses are Medicaid matched. The Department includes \$135,507 from federal funds for salary and benefit expenses but has not provided the information as to whether this is a transfer of costs for existing personnel or new staff, and if new, whether or not the new staff has been hired. Since the purchases are Medicaid, a state match is required however in prior fiscal years the Department has spent the general revenues but the actual expenses do not reflect spending the federal funds.

As part of its constrained request, the Department proposes \$118,797 less from all sources than the unconstrained, including \$75,511 less from general revenues for total funding of \$284,624 for the technology project. *The Governor recommends the constrained request.*

All Other State Operations. The Department requests \$169,241 from general revenues for other state operations in central management, which is \$2,246 less than enacted. The Department's constrained budget request reduces general revenues by \$43,687 compared to the unconstrained. This brings total spending to \$125,554, which is consistent with FY 2010 spending. *The Governor s further reduces expenses by \$10 for the 5.0 percent reduction to certain legal expenses.*

Capital. The Department requests \$0.1 million less from Rhode Island Capital Plan funds for various capital projects, outlined in the capital section. *The Governor recommends \$0.5 million less than requested.*

Office of the Child Advocate

		FY 2010 Reported		FY 2011 Enacted		FY 2011 Rev. Req.		FY 2011 Revised
Expenditures by Category								
Salaries and Benefits	\$	540,677	\$	574,966	\$	592,792	\$	592,792
Contracted Services		-		-		-		-
Subtotal	\$	540,677	\$	574,966	\$	592,792	\$	592,792
Other State Operations		12,188		14,661		17,385		9,957
Aid to Local Units of Government		-		-		-		-
Assistance, Grants, and Benefits		-		-		-		-
Capital		-		-		-		-
Capital Debt Service		-		-		-		-
Operating Transfers		-		-		-		-
Total	\$	552,865	\$	589,627	\$	610,177	\$	602,749
Sources of Funds								
General Revenue	\$	506,961	\$	543,822	\$	563,475	\$	556,047
Federal Aid		45,904		45,805		46,702		46,702
Restricted Receipts		-		-		-		-
Other		-		-		-		-
Total	\$	552,865	\$	589,627	\$	610,177	\$	602,749
FTE Authorization		5.8		5.8		5.8		5.8
FTE Average		5.6						

FY 2011 Revised Request. The Office of the Child Advocate's request includes \$20,550 more than enacted, including \$19,653 more from general revenues and \$897 more from federal funds. It requests the enacted level of positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$7,224 for the Office. The constrained budget submitted by the Office meets that. The proposals to achieve the reductions are noted among the items described below where appropriate.

The Governor recommends \$13,122 more than enacted from all sources, including \$12,225 more from general revenues and \$897 more from federal funds. The request is \$7,428 less than the Department's request.

Salaries and Benefits. The Office requests \$17,826 more than enacted from all sources, including \$16,309 more from general revenues for salaries and benefits to reflect updated costs for medical benefit and retirement rates consistent with Budget Office planning values. The Office requests the current level of 5.8 positions.

As part of its constrained budget, the Office proposes to reduce the hours of two employees by one day a week to save \$20,949. *The Governor recommends funding as requested. He does not include the constrained budget proposal.*

Other Operations. The Office's current service request includes \$2,724 more from all sources, including \$3,344 more from general revenues offset by \$620 less from federal funds for various operating expenses, including mileage reimbursements for case workers.

As part of its constrained budget request, the Office proposes to reduce various operating expenses, including mileage reimbursements and office supplies by \$5,928. *The Governor recommends \$7,428 less than requested to reflect the constrained savings proposal and further reduces mileage reimbursements and various operating expenses.*

Commission on the Deaf and Hard of Hearing

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Category				
Salaries and Benefits	\$ 288,020	\$ 304,744	\$ 311,805	\$ 307,672
Contracted Services	43,059	48,950	56,000	48,950
Subtotal	\$ 331,079	\$ 353,694	\$ 367,805	\$ 356,622
Other State Operations	7,069	9,130	12,130	8,180
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	1,156	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 339,304	\$ 362,824	\$ 379,935	\$ 364,802
Sources of Funds				
General Revenue	\$ 339,304	\$ 362,824	\$ 379,935	\$ 364,802
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 339,304	\$ 362,824	\$ 379,935	\$ 364,802
FTE Authorization	3.0	3.0	3.0	3.0
FTE Average	3.0			

FY 2011 Revised Request. The Commission on the Deaf and Hard of Hearing requests \$17,111 more than enacted from general revenues and includes the enacted level of full-time equivalent positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$4,819 for the Commission. The constrained budget submitted by the Commission meets that. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor recommends \$1,978 more than enacted and \$15,133 less than requested.*

Salaries and Benefits. The Commission requests \$7,061 more than enacted from general revenues for salaries and benefits, which the Commission indicates is mistakenly inflated by \$2,967. The remaining \$4,094 reflects changes to various benefit rates including medical benefits and retirement rates consistent with Budget Office planning values. *The Governor recommends \$4,133 less than requested to reflect adjustments to benefit rates.*

Interpreter Services. The Commission requests \$7,050 more from general revenues than enacted to reflect anticipated expenditures for interpreter and communication access real time translation services. Interpreter services are available for emergency and non-emergency situations. This would bring total funding to \$56,000; prior year expenditures were \$43,954 in FY 2008, \$37,709 in FY 2009, and \$43,059 in FY 2010.

in FY 2010. The Commission indicates that it continues to experience difficulty in staffing emergency shifts affecting its ability to meet the demand.

As part of its constrained budget, the Commission proposes to reduce its revised request for interpreter services by \$11,869. The Commission indicates that it does not support this action. *The Governor recommends the enacted level of \$48,950, which is \$7,050 less than requested and consistent with historical spending.*

Database Upgrade. The Commission requests \$3,000 in new funding to upgrade the interpreter referral service database which is used to coordinate all interpreter functions.

The Commission's constrained request excludes this item. *The Governor does not include funding for this upgrade.*

All Other Operations. The Commission requests the enacted level of \$9,130 from general revenues for all other operations. *The Governor recommends \$950 less than requested consistent with historical spending.*

Governor's Commission on Disabilities

		FY 2010 Reported		FY 2011 Enacted		FY 2011 Rev. Req.		FY 2011 Revised
Expenditures by Category								
Salaries and Benefits	\$	360,895	\$	379,166	\$	379,227	\$	380,455
Contracted Services		1,499		7,109		12,825	\$	8,973
Subtotal	\$	362,394	\$	386,275	\$	392,052	\$	389,428
Other State Operations		22,075		31,376		54,782		50,070
Aid to Local Units of Government		-		-		-		-
Assistance, Grants, and Benefits		49,860		154,921		127,250		127,250
Capital		142,250		251,881		275,355		226,881
Capital Debt Service		-		-		-		-
Operating Transfers		2,250		-		25,000		25,000
Total	\$	578,829	\$	824,453	\$	874,439	\$	818,629
Sources of Funds								
General Revenue	\$	343,441	\$	367,229	\$	367,833	\$	363,308
Federal Aid		85,780		193,598		199,024	\$	196,213
Restricted Receipts		7,931		13,626		9,108	\$	9,108
Other		141,677		250,000		298,474	\$	250,000
Total	\$	578,829	\$	824,453	\$	874,439	\$	818,629
FTE Authorization		4.0		4.0		4.0		4.0
FTE Average		4.0						

FY 2011 Revised Request. The Commission's unconstrained request includes \$49,986 more than enacted from all sources, including \$604 more from general revenues, \$5,426 more from federal funds, \$4,518 less from restricted receipts and \$48,474 more from Rhode Island Capital Plan funds and the enacted level of full-time equivalent positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$4,878 for the Commission. The constrained budget submitted by the agency is \$1 above that. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor recommends \$818,629 which is \$5,824 less than enacted and \$50,920 less than requested.*

Salaries and Benefits. The Commission requests \$61 more than enacted for all salaries and benefits, including \$2,516 more from general revenues. The change reflects shifting personnel expenses from federal funds to general revenues as a result of increased workload for the Disability Business Enterprise activities, which are supported by general revenues as well as medical benefit and retirement rate adjustments consistent with FY 2011 revised Budget Office planning values. *The Governor recommends \$1,228 more than requested, including \$3,292 from general revenues to fully fund the 4.0 full-time positions for the entire year.*

Disability Business Enterprise. The Commission's current service request is \$4,863 less than enacted from general revenues for the Disability Business Enterprise program. This program provides assistance to small businesses to either contract with or hire individual to research private or state funded businesses for opportunities to bid on and win work contracts. The Commission intends to replace this assistance with the purchase and implementation of an online search engine.

The Commission's constrained request proposes to reduce its revised request for the Disability Business Enterprise program by \$276 to reflect use of the online search engine. *The Governor recommends \$3,156 less than requested, consistent with the Commission's constrained request and further reduces expenses for interpreter services by \$73.*

Capital. The Commission requests \$48,474 from Rhode Island Capital Plan funds reappropriated from FY 2010 for accessibility projects. This is \$2,250 less than the actual balance available. *The Governor recommends the enacted level of \$250,000 from Rhode Island Capital Plan funds.*

All Other Operations. The Commission's current service request is \$6,314 more than enacted from all sources, including \$2,951 more from general revenues primarily from lead abatement work that was ordered during the last Department of Health facility inspection.

As part of its constrained budget, the Commission proposes to eliminate the requested \$3,715 for lead abatement, reduce stenography and interpreter services by \$972, and reduce various operating expenses by \$190.

The Governor recommends \$781 less than the constrained request from all sources, including \$794 less from general revenues. He does not include the funding for lead abatement; however, recommends that the Commission utilize state facilities resources to resolve the issue.

Office of the Mental Health Advocate

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Category				
Salaries and Benefits	\$ 366,425	\$ 423,969	\$ 425,006	\$ 423,596
Contracted Services	2,927	4,500	4,500	4,050
Subtotal	\$ 369,352	\$ 428,469	\$ 429,506	\$ 427,646
Other State Operations	11,678	12,481	12,221	11,087
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 381,030	\$ 440,950	\$ 441,727	\$ 438,733
Sources of Funds				
General Revenue	\$ 381,030	\$ 440,950	\$ 441,727	\$ 438,733
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 381,030	\$ 440,950	\$ 441,727	\$ 438,733
FTE Authorization	3.7	3.7	3.7	3.7
FTE Average	3.5			

FY 2011 Revised Request. The Office of the Mental Health Advocate requests \$777 more than enacted from general revenues for FY 2011 updated costs.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$5,857 for the agency.

The constrained budget submitted by the agency meets that. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor recommends \$2,994 less than requested and \$3,640 more than the constrained budget.*

Salaries and Benefits. The Office requests \$1,037 more for revised salary and benefit expenses to include updated costs to reflect benefit adjustments based on Budget Office planning values. The Office retains the current level of 3.7 positions. *The Governor recommends \$323 less than enacted which is \$1,360 less than the revised request. He adjusts salary and benefit costs to reflect the current staffing level of 3.0 full-time equivalent positions.*

Target - Pay Reduction Days. The Office proposes an additional four pay reduction days and includes savings of \$6,177 from general revenues as part of its constrained budget to meet the Budget Office target in FY 2011. *The Governor does not recommend this reduction.*

Operating Expenses. The Office requests \$260 less than enacted for its operating expenses and adjusts costs for various expenses incurred by the Office. The Office spent \$14,262 in FY 2007, \$11,316 in FY 2008, \$11,881 in FY 2009 and \$11,678 in FY 2010 on various operating and office expenses. The Office was able to renegotiate the rental cost for its copy machine for an annual savings of \$220. *The Governor further reduces various operating expenses by \$1,177.*

Target - Psychiatric Services. The Office requests \$457 less than its revised request as part of its constrained budget, based primarily on reduced spending for psychiatric services. The Office requests \$450 less for contracted psychiatric evaluations leaving \$3,750 for FY 2011. For FY 2010, there were two evaluations totaling \$800. Prior years spending for the evaluations include \$4,444 for FY 2009, \$5,500 for FY 2008 and FY 2007. The Office also includes a slight reduction to operating expenses. *The Governor includes this reduction.*

Department of Elementary and Secondary Education

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Program				
State Aid	\$ 642,431,489	\$ 648,829,028	\$ 650,006,291	\$ 650,004,758
School Housing Aid	58,299,115	70,774,727	68,023,009	68,023,009
Teachers' Retirement	68,550,306	75,598,212	75,598,212	69,653,293
RI School for the Deaf	6,906,355	7,328,747	7,336,903	7,499,008
Central Falls School District	37,187,159	43,047,138	43,047,138	43,047,138
Davies Career & Technical School	16,173,862	18,337,958	19,995,861	19,974,762
Met School	11,878,141	17,083,219	14,338,153	13,710,906
Administration	238,667,684	247,733,840	305,261,525	301,317,969
Total	\$1,080,094,111	\$1,128,732,869	\$1,183,607,092	\$1,173,230,843
Expenditures by Category				
Salaries and Benefits	\$ 33,446,773	\$ 36,856,092	\$ 37,519,365	\$ 37,638,399
Contracted Services	24,411,677	32,852,959	39,429,524	39,353,599
Subtotal	\$ 57,858,450	\$ 69,709,051	\$ 76,948,889	\$ 76,991,998
Other State Operations	9,513,826	13,026,731	12,274,402	12,247,540
Aid to Local Units of Government	994,959,462	992,756,124	1,049,858,596	1,037,638,808
Assistance, Grants, and Benefits	16,323,290	44,555,797	38,922,064	38,922,064
Capital	1,439,083	8,685,166	5,603,141	7,430,433
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$1,080,094,111	\$1,128,732,869	\$1,183,607,092	\$1,173,230,843
Sources of Funds				
General Revenue	\$ 803,066,786	\$ 856,068,541	\$ 853,627,481	\$ 847,414,195
Federal Aid	259,815,919	239,980,896	304,133,386	299,418,836
Restricted Receipts	15,794,969	23,930,750	19,024,883	19,019,883
Other	1,416,437	8,752,682	6,821,342	7,377,929
Total	\$1,080,094,111	\$1,128,732,869	\$1,183,607,092	\$1,173,230,843
FTE Authorization				
Administration	129.7	133.4	155.4	156.4
Davies	128.5	132.0	125.0	132.0
School for the Deaf	57.6	60.0	60.0	60.0
Total Authorized Positions	315.8	325.4	340.4	348.4
FTE Average	303.8			

FY 2011 Revised Request. The Board of Regents requests an additional \$54.9 million of spending for FY 2011, including \$2.4 million less from general revenues. Major general revenue changes include \$2.8 million less in school housing aid offset by an additional \$0.3 million for charter school aid. The request also includes \$64.2 million more from federal funds, largely due to newly awarded Education Jobs funds and Race to the Top funds, \$1.9 million less from other funds and \$4.9 million less from restricted receipts of which \$2.8 million is for the statewide transportation system.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$11.4 million for the Department. The constrained budget submitted by the Department is \$8.5 million above that. The proposals to achieve the reductions are noted among the items described below where appropriate.

The Governor recommends \$8.7 million less from general revenues than enacted and \$6.2 million less than requested. This includes \$5.9 million in teacher retirement savings and statewide adjustments of \$0.2 million. He recommends 22.0 new federally funded full-time equivalent positions to work on the Race to the Top grant and 1.0 new general revenue funded position to work on the uniform chart of accounts.

Statewide Adjustments. The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Department of Elementary and Secondary Education he assumes savings of \$158,556. The Governor's recommendation includes an additional \$62,003 for Davies to negate the impact of the statewide adjustments for the school. This is in addition to other program changes in his revised budget and described below.

School Housing Aid. Final FY 2011 school construction aid is \$2.8 million less than the enacted level of \$70.8 million. Reimbursement cannot begin until a project is completed, and several districts did not complete their new projects by June 30, 2010 in order to be eligible for reimbursement to begin in FY 2011. The Department indicates that a couple of districts are delaying projects in order to qualify for the increased state minimum share ratio enacted by the 2010 Assembly as part of the new education funding formula.

The new education funding formula adopted by the 2010 Assembly 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 Governor recommends funding as requested.*

Teacher Retirement. The Regents request the enacted level of \$75.6 million to pay the state's share of teacher retirement costs. *Based on changes in teacher payroll base assumptions, the Governor assumes savings of \$5.9 million.*

Charter Schools. The FY 2011 revised budget includes an additional \$280,658 in charter school aid for FY 2011 based on October 1, 2010 enrollment data. The increase results from higher than projected enrollment at Cuffee and Learning Community. These increases are partially offset by a decrease in aid for Beacon charter school because the composition of students changed; the school drew more students from lower state share ratio districts than initially projected.

The request also includes \$2.2 million in federal funds from a new federal program that is being implemented in FY 2011. This program provides financial assistance for the planning, program design, and initial implementation of charter schools. These competitive grants are available to states that have charter school laws. The Department will make subgrants to developers of charter schools who have applied for a charter. *The Governor recommends funding as requested.*

Group Homes. The Regents request an additional \$30,000 to fund two additional group homes beds, one in Portsmouth and one in Providence. 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 recommends funding as requested.*

Statewide Student Transportation. The Regents' request includes \$2.8 million less from restricted receipts for the statewide transportation system. The Department renegotiated the contract at the beginning of FY 2011 with the vendor resulting in a lower rate per bus run. *The Governor recommends funding as requested.*

State Fiscal Stabilization Funds. The revised budget request includes an additional \$3.5 million from state fiscal stabilization funds for FY 2011. This includes local school districts, the Metropolitan Career and Technical School, the Central Falls School District, the Davies Career and Technical School and the School for the Deaf. Of the \$50.6 million appropriated for FY 2010, only \$44.2 million was expended, leaving \$6.4 million in carry forward funds available in addition to \$2.0 million carried forward from FY 2009. The Regents request that \$3.5 million of the available funds be used in FY 2011 and that \$4.9 million be used for FY 2012. This would provide \$22.1 million for FY 2011 and \$4.9 million for FY 2012. Local districts have until September 30, 2011 to obligate their funds.

The Governor recommends funding as requested; however, his FY 2011 recommended education aid to districts in Article 5 includes a \$0.7 million reduction based on the final allocation of fiscal stabilization funds between elementary and secondary education and higher education. This does not appear to be reflected in the Department's budget.

Race To The Top. The Regents request \$13.2 million and 22.0 new full-time equivalent positions to work on education reforms funded by the Race to the Top grant. On August 24, 2010, Rhode Island was notified it would be awarded Race to the Top grant funds. The Department's total award of \$75.0 million will be spent over the next four years. A requirement of the award is that 50.0 percent of the funds be used directly for education aid; most of the remaining funds will be used for consultants and new full-time equivalent positions. These personnel will include transformation specialists, multiple pathway specialists, data managers/analysts, grants management, and clerical support. *The Governor recommends funding as requested.*

Education Jobs Fund. The Regents request authorization to spend \$31.7 million from federal education jobs funds for FY 2011. The state has been awarded \$32.9 million in federal Education Jobs funds to retain and rehire school-based personnel in local education agencies. Funding will be distributed to districts based on their share of FY 2011 enacted state aid. The money can only be used for compensation costs for school-based personnel. The funds are intended to be used in the 2010-2011 school year; however, funds are available through September 30, 2012. As of December 2010, only two districts and two charter schools have requested funding totaling \$0.4 million; the Department believes many districts will delay using these funds until next year.

The Governor recommends \$5.0 million less than requested to reflect the actual grant award. His FY 2012 education aid proposal includes use of \$32.0 million from education jobs funds in lieu of general revenues. It appears his intention is that districts will not use the funding until FY 2012 to cover the reduction in aid; however, districts could spend their allocations in FY 2011 if they choose to.

Education Telecommunication Access Fund. The Department's request includes a decrease of \$0.8 million from restricted receipts from the education telecommunications access fund to make a technical adjustment to correctly reflect 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. *The Governor recommends funding as requested.*

I-Plan. The Department's request eliminates the \$200,000 included in the enacted budget for expenditures associated with the I-Plan teacher certification process. This includes \$100,000 by shifting a Regents Fellow to federal Title II grant funds. This Fellow position supports the design, development and implementation of the Rhode Island educator evaluation system. Additional savings of \$100,000 are achieved by eliminating the consultants that worked on the I-Plan. These expenditures are no longer necessary because the Department is now working on the development of new educator certification and evaluation systems. Since the new system is not developed, it is unclear what resources will be needed. *The Governor recommends funding as requested.*

Career and Technical Schools Maintenance. The Regents request an additional \$95,000 from general revenues to fund emergency repairs at the state's career and technical centers. The state is currently in the process of completing major renovations at the centers in order for the districts to consider taking ownership of the facilities. Chariho has already been returned to the district. The enacted budget includes \$30,000; the request is for a total of \$125,000 for FY 2011.

The Regents withdraw the request for additional funding as part of its constrained budget request. *The Governor recommends the additional \$95,000 as requested.*

Vision Services. The revised budget includes an additional \$125,000 from general revenues for the Rhode Island Vision Services Education Program at the Paul Sherlock Center to fund existing personnel costs including negotiated salary and benefit increases. This is a 21.9 percent increase over the enacted level of \$570,000. The vision services program provides teaching and consultation services to children who are blind or visually impaired, their families, and educational staff within the school environment.

The Regents withdraw the request for additional funding as part of its constrained budget request. *The Governor recommends the additional \$125,000 as requested.*

Uniform Chart of Accounts. The revised request includes an additional \$47,237 from general revenues for the uniform chart of accounts initiative for total funding of \$247,237 for FY 2011. While districts began using the new chart on July 1, 2009, 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. The additional resources would fund a consultant to work on data submitted to assure accountability and to provide technical assistance to school districts.

The Regents withdraw the request for additional funding as part of its constrained budget request. *The Governor recommends the additional \$47,237 as requested.*

Adult Education Grants. The revised budget includes \$1.1 million less from Human Resource Investment Council funds for adult education grants. This would provide \$3.5 million from Human Resource Investment Council funds for FY 2011. The Department of Labor and Training indicates that this reduction was determined by the Human Resource Investment Council Board after looking at the overall financial position of the fund. *The Governor recommends funding as requested.*

Stimulus Grants. The FY 2011 revised request includes an additional \$15.0 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 2010. 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. All funds must be encumbered by September 30, 2011. The FY 2011 enacted budget included \$28.3 million for distribution by the Department. This includes \$11.2 million in special education funding and \$14.5 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 \$2.6 million in competitive grants funds administered by the Department. *The Governor recommends funding as requested.*

Nutrition Grants. The Regents request authorization to spend \$43.6 million from federal nutrition program funds. This is \$1.5 million less than the enacted level. The reduction results from a decrease in meal participation estimates compared to the enacted budget. *The Governor recommends funding as requested.*

Special Education Grants. The Regents request authorization to spend \$44.0 million, \$1.1 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. 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. *The Governor recommends funding as requested.*

Title I Grants. The Regents request \$52.1 million in revised federal fund expenditures from Title I funds. This is \$3.3 million less than enacted for FY 2011 to account for less available funding from the federal government. Most Title I funds go directly to local schools, where they are used to provide extra help to low-achieving students. *The Governor recommends funding as requested.*

Vocational Education Grants. The Regents request \$6.5 million from federal vocational education grants for FY 2011. This is \$0.8 million more than the enacted level to reflect available carry forward funds from previous years. These funds are used to improve vocational educational programs throughout the state. *The Governor recommends funding as requested.*

Teacher Quality Grants. The Regents request \$18.1 million from federal funds that support teacher quality and professional development. This is \$0.9 million more than enacted to account for available carry forward funds. *The Governor recommends funding as requested.*

Salaries and Benefits. Excluding the positions associated with the Race to the Top grant, the Regents request \$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 \$3,237 less from general revenues. The general revenue request includes additional turnover savings of \$0.1 million offset by \$0.1 million to fund approximately five months for 3.0 positions to work on the implementation of the strategic plan. The new positions include one position that would be responsible for building connections between the community college system and secondary schools and career and technical education programs, one position to manage and oversee data collection and analysis, and one position to provide ongoing technical assistance to districts and review of the data for the uniform chart of accounts.

The Department's constrained budget request does not fund the 3.0 positions for general revenue savings of \$129,880.

The Governor recommends 1.0 of the requested positions to work on the uniform chart of accounts and provides \$43,294 for five months of funding. He does not recommend the other 2.0 positions and concurs with the remainder of the request.

Grants and Programming Revisions. The Regents request adjustments in federal and restricted receipts producing a decrease of \$70,696, including a decrease of \$64,000 from general revenues. Federal funds changes reflect adjustments for actual grant awards. Minor adjustments were made in other operating and contracted services. *The Governor recommends \$1,060 less than requested from general revenues. This includes a decrease of \$9,800 or 5.0 percent to outside legal services based on a directive from the Department of Administration to reduce legal expenses.*

Met School Capital Projects. The Regents request \$2.3 million less from Rhode Island Capital Plan funds for FY 2011. This includes an additional \$0.4 million for an entrepreneurial center at the Providence Campus offset by \$2.7 million less for the East Bay Campus based on revised estimates in the completed feasibility study and a revised construction schedule. The \$0.4 million from Rhode Island Capital Plan funds for the entrepreneurial center would be used in addition to \$0.8 million from approved general obligation bond proceeds at the Providence Public Street Campus. The Department indicates that the lowest bid for the construction of the entrepreneurial center was \$1,138,000, which exceeds the amount available from bond funds by \$422,125.

The Governor recommends \$0.6 million less from Rhode Island Capital Plan funds than requested. He does not recommend the \$0.4 million for the entrepreneurial center and reduces funding for the feasibility study by \$0.2 million.

Other Capital Projects. The Regents' request includes \$352,603 less from Rhode Island Capital Plan funds for FY 2011. This includes an additional \$13,221 for final payment of an HVAC system on the sixth floor of the Shepard Building. It also includes revisions to projects at the state's regional career and technical centers based on revised project estimates and construction schedules. The state is making significant repairs and renovations at the career and technical centers for the districts to consider taking ownership of the facilities.

The Governor recommends \$1.2 million more from Rhode Island Capital Plan funds than requested based on revised project schedules for projects at the regional career and technical centers.

Davies Career and Technical School. The Regents request an additional \$1.7 million from all funds for FY 2011. Federal funds are \$0.9 million more than enacted largely to reflect carry-forward stimulus funds from prior years. Requested Rhode Island Capital Plan funds are \$0.8 million over the enacted level to reflect revised project estimates for the HVAC project and new funding for a new lighting project. General revenues are consistent with the enacted level.

The Governor recommends \$48,316 more from all funds than requested including \$67,335 more from general revenues, including \$62,003 to negate the impact of statewide savings reduction. Other changes to the request include \$2,080 less to represent a 5.0 percent reduction in outside legal services based on a Department of Administration directive to reduce legal expenses and \$19,019 less from Rhode Island Capital Plan funds. Capital projects are discussed in greater detail in the Capital Budget section of this analysis.

Rhode Island School for the Deaf. The Regents request \$8,156 more for the School for the Deaf for FY 2011. This includes the enacted amount from general revenues. Federal funds are \$0.1 million more than

enacted and the Regents include \$0.1 million less from restricted receipts for the fee for service model established at the beginning of FY 2010.

It should be noted that certain districts are refusing to pay the invoiced fees and are suing the School for the Deaf and the state on the grounds that there was no statutory legal authority to begin the program in FY 2010. As of December 2010, the school has \$370,680 in unpaid invoices.

The Governor recommends \$0.2 million more than requested including \$89,500 less from general revenues. This includes an additional \$0.3 million in federal education jobs funds offset by savings of \$60,000 from general revenues for interpreter services based on prior years' spending. The recommendation also includes \$4,500 in general revenue savings from a 5.0 percent reduction in outside legal services based on a Department of Administration directive to reduce legal expenses.

Board of Governors for Higher Education

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Program				
Board of Governors/Higher Ed.	\$ 10,377,177	\$ 10,707,178	\$ 10,857,177	\$ 11,557,177
University of Rhode Island	605,449,830	639,058,662	676,265,684	684,244,113
Rhode Island College	146,779,346	155,399,790	162,030,065	162,067,160
Community College of RI	129,470,533	132,636,759	138,102,632	138,212,102
Total	\$ 892,076,886	\$ 937,802,389	\$ 987,255,558	\$ 996,080,552
Expenditures by Category				
Salaries and Benefits	\$ 411,002,844	\$ 426,081,057	\$ 428,335,096	\$ 426,824,453
Contracted Services	15,965,438	16,476,186	17,900,393	18,647,371
Subtotal	\$ 426,968,282	\$ 442,557,243	\$ 446,235,489	\$ 445,471,824
Other State Operations	180,781,053	186,374,197	194,878,395	194,895,151
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	204,281,662	221,286,195	245,619,759	246,840,861
Capital	38,076,349	41,760,888	58,752,296	66,240,008
Capital Debt Service	39,055,447	42,806,975	39,148,371	40,399,246
Operating Transfers	2,914,093	3,016,891	2,621,248	2,233,462
Total	\$ 892,076,886	\$ 937,802,389	\$ 987,255,558	\$ 996,080,552
Sources of Funds				
General Revenue	\$ 161,208,876	\$ 163,606,843	\$ 163,606,843	\$ 162,573,194
Federal Aid	19,841,010	15,004,667	24,052,848	32,657,457
Restricted Receipts	754,577	930,000	930,000	930,000
Other	710,272,423	758,260,879	798,665,867	799,919,901
Total	\$ 892,076,886	\$ 937,802,389	\$ 987,255,558	\$ 996,080,552
Uses of Funds				
Unrestricted Use Funds	\$ 522,705,101	\$ 545,616,341	\$ 548,934,764	\$ 547,901,115
Restricted Use Funds	369,371,785	392,186,048	438,320,794	448,179,437
Total	\$ 892,076,886	\$ 937,802,389	\$ 987,255,558	\$ 996,080,552
FTE Authorization	3,342.2	3,367.1	3,429.1	3,432.1
<i>Limited to Third Party Funds</i>	<i>687.7</i>	<i>785.0</i>	<i>785.0</i>	<i>785.0</i>
Total Authorized Positions	4,029.9	4,152.1	4,214.1	4,217.1
FTE Average	3,877.0			

FY 2011 Revised Request. The Board of Governors' revised request is \$49.5 million more than the FY 2011 enacted level. This includes the enacted level of general revenues, \$3.3 million more from tuition and fee revenues, and \$46.1 million more from restricted sources. The request includes 4,214.1 full-time employees, which are 62.0 more than the enacted authorization.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected

shortfall in Medicaid funding. This reduction equates to \$2.2 million for Higher Education. The constrained budget submitted by the agency meets that. The proposals to achieve the reductions are noted among the items described below where appropriate.

The Governor recommends \$58.3 million more than enacted from all sources, which is \$8.8 million more than requested. His revised budget includes \$1.0 million less general revenues than enacted and requested. The Governor recommends 4,217.1 full-time equivalent positions, which is 3.0 positions more than requested.

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.

Office of Higher Education. The revised unrestricted budget includes the enacted level of general revenues; however, the Office reduced funding for Shepard Building operations, the Dual Enrollment program, and PeopleSoft Implementation in order to increase expenses for salaries and benefits by \$0.3 million and remain within the enacted total. The increase equates to adding funding for 2.0 positions as well as other benefit adjustments and does not include turnover savings assumed in the enacted budget. As of January 15, 2011, the Office has 13.0 positions filled; 19.4 are authorized.

The constrained budget includes \$92,622 less from general revenues. This includes additional turnover savings, and a minor reduction in operating. The Office indicates the reductions were made solely to meet the budget target. *The Governor recommends funding as requested in the unconstrained request.*

University of Rhode Island. The University requests \$3.2 million more than enacted from tuition and fees, which reflects the enrollment of 502 additional students. The increased expenditures are mostly for student aid and salaries and benefits. The University reduced general operating expenditures including those for utilities, which are reduced by \$0.7 million based on updated estimates.

The constrained unrestricted budget includes \$964,163 less than the revised allocation from additional turnover savings.

The Governor recommends \$960,577 less general revenues than the unconstrained request to reflect adjustments to debt service expenditures.

Rhode Island College. The College requests \$150,455 more than enacted from all sources including the enacted level of general revenues. The College requests an additional \$0.8 million for benefit adjustments. These additional costs are offset by reductions in operations and contracted services to be more reflective of actual experience.

The constrained unrestricted budget is \$525,206 less than the revised allocation. This includes additional turnover savings and a reduction in maintenance costs and computer equipment.

The Governor recommends \$35,527 less general revenues than the unconstrained request to reflect adjustments to debt service expenditures.

Community College of Rhode Island. The revised unrestricted budget is consistent with the enacted budget. The Community College includes the turnover savings assumed in the enacted budget and a

reduction in utilities to increase operating and contracted services. The request includes 866.1 full-time employees, which are 62.0 more than the enacted authorization; however, the Community College indicates it would like authorization for 65.0 new positions. The request does not include funding for these positions. The Community College has not identified all of the new positions but has indicated that 10 would be for faculty, 35 for non-classified positions, and 20 for classified positions. It has identified developmental English and math classes as areas of need. The Community College reports 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 constrained unrestricted budget is \$591,193 less than the revised allocation. This includes a reduction in expenditures for building maintenance and supplies.

The Governor recommends \$37,545 less general revenues than the unconstrained request to reflect adjustments to debt service expenditures. The Governor includes authorization for 65.0 new full-time equivalent positions based on the Community College's subsequent request.

Restricted Source 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.

Office of Higher Education

Longitudinal Data System. The revised restricted budget includes \$0.4 million, \$0.2 million more than enacted for the longitudinal data system. This represents carry forward funding from FY 2010. The longitudinal data system will be funded at \$0.6 million over three years from a grant from the United States Department of Education in conjunction with the Department of Elementary and Secondary Education to design, develop, and implement a state-wide longitudinal data system. *The Governor recommends funding as requested.*

All Volunteer Force Education Assistance. The revised restricted budget includes \$59,033, \$1 less in expenditures from a federal grant that assists servicepersons to readjust to civilian life after their separation from military service by providing education benefits. *The Governor recommends funding as requested.*

College Access Challenge Grant. During the summer, the Office of Higher Education was notified it would be awarded a federal College Access Challenge Grant. The grant is intended to increase the number of low-income students who are prepared to enter post-secondary education. *The Governor provides \$0.7 million from the College Access Challenge Grant.*

University of Rhode Island

Personnel and Operations. The revised restricted budget request is for \$296.7 million, which is a 9.9 percent increase of \$29.3 million over the FY 2011 enacted budget. The increase includes \$0.3 million less for salaries and benefits, \$10.2 million more for operating expenditures, \$19.8 million more in student assistance and grants, and \$0.4 million more for contracted services.

The increases include \$12.8 million from sponsored research funds. The \$19.8 million increase in student aid expenses is in the Ford Direct and Parent loans where the federal government has provided additional

funding above that included in the enacted budget. The revised request includes \$125.8 million; the University spent \$122.3 million in FY 2010. *The Governor recommends funding as requested.*

Capital. The revised budget request includes \$20.6 million, which is \$7.0 million or 18.8 percent more than the enacted budget. Almost the entire increase is for the Biotechnology building and is consistent with the capital plan request submitted. The current request for \$5.6 million includes the carry forward of \$2.7 million in unspent funds from FY 2010.

The recommendation is \$7.0 million more than requested to reflect a carry-forward of \$7.5 million of unspent federal state fiscal stabilization funds for fire safety projects at the University's campus offset by a \$0.5 million decrease in the Biotechnology building project. This is consistent with the approved capital plan.

Debt Service. The revised budget is \$13.8 million, \$2.3 million less than the enacted level to reflect anticipated expenditures and the exclusion of the Energy Conservation project. Debt service changes were relative to the debt service schedule of their projects. The University indicates the Energy Conservation project is budgeted within the utilities category; however, the State Budget Office indicates the expense is budgeted in an operating transfer account, not a University and College Fund account. *The Governor recommends \$1.9 million more than requested to reflect the inclusion of the Energy Conservation project.*

Rhode Island College

Personnel and Operations. The restricted budget request is for \$37.4 million, which is \$0.3 million or 1.3 percent more than the enacted FY 2011 budget. The increase includes \$0.2 million less for salaries and benefits, \$0.2 million more for operating expenditures, \$0.1 million more for operating transfers, \$25,000 more in grants, and \$0.2 million more for contracted services.

The revised request includes \$0.4 million from sponsored research funds, and \$0.1 million more for Student Union operations to expand programs.

The Governor recommends \$0.4 million less than requested. It appears the recommendation was included in error.

Capital. The revised restricted request is \$14.0 million, \$6.1 million or 43.0 percent more than the enacted level. The College requests \$5.6 million in carry forward funds from federal state fiscal stabilization funds for fire safety projects at the College's academic buildings. The College plans to use the funding to address fire alarm panels, egress systems, fire alarms, fire pumps, sprinklers, water pressure systems and emergency backup generators in residence halls to illuminate emergency egress.

The recommendation is \$0.1 million more than requested to reflect a carry-forward balance from federal state fiscal stabilization funds for fire safety projects at the College's campus offset by a decrease in asset protection funds to correctly reflect the College's intended request.

Debt Service. The request includes the enacted level of debt service expenditures. *The Governor recommends \$0.4 million more than requested. It appears the recommendation was included in error.*

Community College of Rhode Island

Personnel and Operations. The restricted budget request is for \$29.7 million, which is \$0.7 million or 2.6 percent more than the FY 2011 enacted budget from sponsored research funds. Sponsored research is all research and development activities that are sponsored by federal and non-federal agencies and organizations, including the training of individuals in research techniques and development activities. Salaries and benefits are \$0.5 million more than enacted, operating expenditures are \$0.2 million more and contracted services are \$4,760 less than enacted. *The Governor recommends funding as requested.*

Capital. The restricted revised request is \$10.3 million, \$4.8 million or 45.6 percent more than the enacted level. The Community College requests \$3.2 million in carry forward funds from federal state fiscal stabilization funds to complete the fire safety projects at the Community College's academic buildings and \$1.4 million in carry forward funds for the completion of the HVAC project on the Lincoln campus.

The recommendation is \$0.1 million more than requested to reflect a carry forward balance from federal state fiscal stabilization funds for fire safety projects at the Community College's campuses.

Rhode Island Council on the Arts

	FY 2010		FY 2011		FY 2011	FY 2011
	Reported		Enacted		Rev. Req.	Revised
Expenditures by Category						
Salaries and Benefits	\$ 695,532	\$	760,429	\$	781,224	\$ 775,192
Contracted Services	31,041		37,500		37,500	30,000
Subtotal	\$ 726,573	\$	797,929	\$	818,724	\$ 805,192
Other State Operations	70,066		103,932		103,932	100,188
Aid to Local Units of Government	-		-		-	-
Assistance, Grants, and Benefits	2,045,037		1,752,475		1,752,475	1,752,475
Capital	172,782		400,000		400,000	415,000
Capital Debt Service	-		-		-	-
Operating Transfers	-		-		-	-
Total	\$ 3,014,458	\$	3,054,336	\$	3,075,131	\$ 3,072,855
Sources of Funds						
General Revenue	\$ 1,615,295	\$	1,668,346	\$	1,689,562	\$ 1,687,286
Federal Aid	1,117,813		950,990		950,569	950,569
Restricted Receipts	100,000		-		-	-
Other	181,350		435,000		435,000	435,000
Total	\$ 3,014,458	\$	3,054,336	\$	3,075,131	\$ 3,072,855
FTE Authorization	8.6		8.6		8.6	8.6
FTE Average	8.1					

FY 2011 Revised Request. The Rhode Island State Council on the Arts' unconstrained request includes \$20,795 more than enacted from all sources including \$21,216 more from general revenues, \$418 less from federal funds, and the enacted level of 8.6 positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$22,161 for the agency.

The constrained budget submitted by the agency meets that. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor recommends \$18,519 more than enacted from all sources, including \$18,940 more from general revenues and \$421 less from federal funds.*

Salaries and Benefits. The Council's current service request is \$20,795 more than enacted for salaries and benefits, including \$21,216 more from general revenues and \$421 less from federal funds. The request includes adjustments consistent with Budget Office planning values that total \$18,789. It also includes \$2,427 more to adjust the pay grade of one employee effective January 1, 2011.

In order to meet the Budget Office target, the Council excludes the \$2,427 pay grade adjustment. *The Governor recommends \$14,763 more than enacted primarily from general revenues. This is \$5,929 less*

than requested to account for medical co-shares that were omitted from the request, offset by adjustments to savings from uncompensated leave days that were overstated in the request.

Operating Expenses. The Council requests the enacted level from general revenues for operating expenses. The request includes adjustments to miscellaneous expenses, such as office supplies, mileage reimbursements, printing, and advertising. *The Governor recommends \$3,756 more than enacted to reflect various adjustments including office supplies and mileage reimbursements.*

Council Grants. The Council's current service request includes the enacted level of \$1.7 million from all sources for discretionary grants that are awarded to individuals and organizations. These grants help support the arts and encourage artists to continue to make the arts visible in the community. In order to meet the Budget Office general revenue target, the Council would reduce those grants by \$40,951. *The Governor recommends the enacted level of funding.*

Rhode Island Atomic Energy Commission

		FY 2010 Reported		FY 2011 Enacted		FY 2011 Rev. Req.		FY 2011 Revised
Expenditures by Category								
Salaries and Benefits	\$	877,118	\$	997,709	\$	966,917	\$	979,698
Contracted Services		3,773		15,158		23,907		33,907
Subtotal	\$	880,891	\$	1,012,867	\$	990,824	\$	1,013,605
Other State Operations		225,904		409,483		420,489		388,577
Aid to Local Units of Government		-		-		-		-
Assistance, Grants, and Benefits		-		-		-		-
Capital		34,928		70,000		120,000		70,000
Capital Debt Service		-		-		-		-
Operating Transfers		-		-		-		-
Total	\$	1,141,723	\$	1,492,350	\$	1,531,313	\$	1,472,182
Sources of Funds								
General Revenue	\$	769,039	\$	875,781	\$	864,148	\$	861,031
Federal Aid		130,200		300,159		309,104		314,104
Restricted Receipts		-		-		-		-
Other		242,484		316,410		358,061		297,047
Total	\$	1,141,723	\$	1,492,350	\$	1,531,313	\$	1,472,182
FTE Authorization		8.6		8.6		8.6		8.6
FTE Average		8.0						

FY 2011 Revised Request. The Rhode Island Atomic Energy Commission requests \$38,963 more than enacted from all sources. This includes \$11,633 less from general revenues offset by \$8,945 more from federal funds and \$41,651 more from University of Rhode Island sponsored research funds.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$11,633 for the Commission. The constrained budget submitted by the agency meets that. The proposals to achieve the reductions are noted among the items described below where appropriate.

The Governor recommends \$1.5 million from all sources, which is \$20,168 less than enacted and \$59,131 less than requested. General revenues are \$14,750 less than enacted and \$3,117 more than requested.

Salaries and Benefits. The Commission requests \$30,792 less than enacted for salaries and benefits including \$22,443 less from general revenues. The Commission did not include \$12,000 for a part-time janitor. The remaining \$18,792 is for additional turnover savings.

The Governor recommends \$12,781 more than requested including \$15,631 more from general revenues. The Governor's recommendation provides an additional \$22,000 from general revenues to support a

part-time intern and a part-time janitor offset by updated values for retiree health insurance, which the request appears to have overfunded.

Other Operating Adjustments. The Commission requests \$69,755 more for operating expenses including \$10,810 more from general revenues. The majority of the increase reflects an inadvertent inclusion of \$50,000 for capital projects. The request also includes \$7,000 for increased student training on the reactor and an increase of \$7,132 in electricity for reactor operations statistic doubling within the past year.

As part of its constrained budget request, the Commission proposes to reduce various operating expenses from the revised request, including property insurance, subscriptions, and a Low Level Waste Forum membership for a total of \$43,303 from all sources, including \$25,303 from general revenues.

The Governor's recommendation is \$71,912 less than requested from all sources, including \$18,748 less from general revenues for subscription fees, maintenance and other reactor operations. He recommends \$50,000 from Rhode Island Capital Plan funds consistent with the approved plan.

Rhode Island Higher Education Assistance Authority

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Program				
Scholarship and Grant Program	\$ 7,318,783	\$ 6,888,349	\$ 7,130,219	\$ 7,727,058
Loans Program	10,166,785	11,879,335	12,769,056	12,769,056
Tuition Savings Program	6,183,791	7,021,425	7,020,659	7,020,659
Total	\$ 23,669,359	\$ 25,789,109	\$ 26,919,934	\$ 27,516,773
Expenditures by Category				
Salaries and Benefits	\$ 2,665,716	\$ 3,445,648	\$ 3,105,601	\$ 3,105,601
Contracted Services	5,997,800	5,508,100	7,508,100	7,508,100
Subtotal	\$ 8,663,516	\$ 8,953,748	\$ 10,613,701	\$ 10,613,701
Other State Operations	2,340,581	3,739,659	2,986,500	2,986,500
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	12,664,262	12,594,702	12,819,733	13,416,572
Capital	1,000	501,000	500,000	500,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 23,669,359	\$ 25,789,109	\$ 26,919,934	\$ 27,516,773
Sources of Funds				
General Revenue	\$ 6,611,632	\$ 6,723,347	\$ 6,723,347	\$ 7,320,186
Federal Aid	10,873,936	12,044,337	13,175,928	13,175,928
Restricted Receipts	-	-	-	-
Other	6,183,791	7,021,425	7,020,659	7,020,659
Total	\$ 23,669,359	\$ 25,789,109	\$ 26,919,934	\$ 27,516,773
FTE Authorization	37.3	41.6	41.6	41.6
FTE Average	32.5			

FY 2011 Revised Request. The Authority requests an increase of \$1.1 million for FY 2011 including \$1.1 million more from federal funds and \$766 less from the Authority's Tuition Savings program revenues.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$89,306 for the Authority.

The constrained budget submitted by the agency meets that. The proposals to achieve the reductions are noted among the items described below where appropriate.

The Governor recommends \$27.5 million from all sources of funds, which is \$0.6 million more from general revenues than enacted and requested for need based scholarships and grants to provide maintenance of effort for the federal college access challenge grant in the Office of Higher Education's budget. He also recommends the enacted level of 41.6 full-time equivalent positions.

Need Based Scholarships and Grants. The Authority's request increases scholarships and grants by \$0.2 million. General revenues are \$16,839 less than enacted and federal Leveraging Education Assistance Partnership (LEAP) and Special Leveraging Education Assistance Partnerships (SLEAP) funds are \$241,870 more than enacted.

The request reduces general revenues to cover increases in other expenses while not exceeding the enacted budget. The federal funds increase reflects the inclusion of SLEAP funding that was not included in the enacted budget and a slight increase in LEAP funds. SLEAP funding is scheduled to be eliminated in FY 2012. The Authority consistently opts to reduce general revenues to accommodate increased personnel and operating needs.

As part of its constrained request, the Authority proposes further reducing general revenues for need based scholarships and grants by \$89,306.

The Governor recommends an additional \$0.6 million from general revenues for need based scholarships and grants to provide maintenance of effort for the federal college access challenge grant in the Office of Higher Education's budget.

Scholarships and Grants

	FY 2011 Enacted	FY 2011 Rev. Req.	Change to Enacted	FY 2011 Revised	Change to Enacted
Uses					
Need Based Scholarships and Grants					
General Revenues	\$ 5,882,700	\$ 5,865,861	\$ (16,839)	\$ 6,462,700	\$ 580,000
Tuition Savings Fees	6,300,000	6,300,000	-	6,300,000	-
<i>Subtotal</i>	<i>\$ 12,182,700</i>	<i>\$ 12,165,861</i>	<i>\$ (16,839)</i>	<i>\$ 12,762,700</i>	<i>\$ 580,000</i>
Other Grant Programs					
Academic Promise	\$ -	\$ -	\$ -	\$ -	\$ -
Matching Grant	-	-	-	-	-
LEAP/SLEAP	165,002	406,872	241,870	406,872	241,870
<i>Subtotal</i>	<i>\$ 165,002</i>	<i>\$ 406,872</i>	<i>\$ 241,870</i>	<i>\$ 406,872</i>	<i>\$ 241,870</i>
Total	\$ 12,347,702	\$ 12,572,733	\$ 225,031	\$ 13,169,572	\$ 821,870
Sources					
General Revenues	\$ 5,882,700	\$ 5,865,861	\$ (16,839)	\$ 6,462,700	\$ 580,000
Federal Funds	165,002	406,872	241,870	406,872	241,870
Tuition Savings Fees	6,300,000	6,300,000	-	6,300,000	-
Total	\$ 12,347,702	\$ 12,572,733	\$ 225,031	\$ 13,169,572	\$ 821,870

Collections Commissions and Services. The Authority requests \$2.0 million more from federal funds collections commissions and collections management services. These expenses are volume driven and during FY 2010, the Authority experienced improved collections results. *The Governor recommends funding as requested.*

Guarantee Loans Data Processing. The Authority's request reflects a reduction of \$750,000 from federal funds for expenses for data processing associated with guaranteed loans. On March 21, 2010, the United States House of Representative passed the Reconciliation Act of 2010, health care reform. The legislation included a provision to end subsidies to lenders and originate all loans directly through the federal government. While the Authority will still be responsible for managing its current portfolio, it will not be guaranteeing any new loans. *The Governor recommends funding as requested.*

Salaries and Benefits. The FY 2011 revised request reflects savings of \$0.3 million for all salary and benefit expenditures including \$8,523 less from general revenues. The request reflects additional turnover savings in the loan division and minor adjustments in the other programs. The Authority has averaged 30.4 of its 41.6 authorized full-time equivalent positions filled as of the October 23 pay period. Based on an average cost per full-time equivalent position of \$73,580, the requested turnover savings represents 4.6 vacant positions throughout the entire year. *The Governor recommends funding as requested.*

Other Operating Adjustments. The Authority requests a decrease of \$4,159 from all funds for all other operating adjustments. This includes an increase of \$25,362 from general revenues to reflect anticipated expenditures based on FY 2010 actual expenditures. The FY 2011 enacted budget was underfunded based on the Authority's request. *The Governor recommends funding as requested.*

Historical Preservation and Heritage Commission

	FY 2010	FY 2011	FY 2011	FY 2011
	Reported	Enacted	Rev. Req.	Revised
Expenditures by Category				
Salaries and Benefits	\$ 1,483,183	\$ 1,576,781	\$ 1,668,916	\$ 1,624,473
Contracted Services	4,752	14,935	15,385	12,645
Subtotal	\$ 1,487,935	\$ 1,591,716	\$ 1,684,301	\$ 1,637,118
Other State Operations	88,463	110,554	132,459	113,417
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	322,492	945,626	952,969	952,969
Capital	2,321	16,075	17,825	16,075
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,901,211	\$ 2,663,971	\$ 2,787,554	\$ 2,719,579
Sources of Funds				
General Revenue	\$ 1,256,875	\$ 1,348,717	\$ 1,470,474	\$ 1,402,519
Federal Aid	589,499	835,804	841,528	841,508
Restricted Receipts	54,837	479,450	475,552	475,552
Other	-	-	-	-
Total	\$ 1,901,211	\$ 2,663,971	\$ 2,787,554	\$ 2,719,579
FTE Authorization	16.6	16.6	16.6	16.6
FTE Average	16.6			

FY 2011 Revised Request. The Historical Preservation and Heritage Commission requests \$2.8 million from all sources for FY 2011, \$123,583 more than the enacted budget. This includes \$121,757 more from general revenues and \$5,724 more from federal sources offset by \$645 less from restricted receipts. The Commission requests 16.6 full-time equivalent positions, the authorized level.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$17,915 for the Commission. The constrained budget submitted by the agency is \$32,137 below the Budget Office target. The proposals to achieve the reductions are noted among the items described below where appropriate.

The Governor recommends \$55,608 more than the enacted from all sources of funds. This includes \$53,802 more from general revenues, \$5,704 more from federal sources, and \$3,898 less from restricted receipts.

Salaries and Benefits. The Commission requests \$1.7 million from all sources for salaries and benefits, which is \$92,135 more than enacted. This includes increases of \$89,335 from general revenues and \$4,439 from restricted receipts and a decrease of \$1,639 from federal sources. The Commission's FY 2011 enacted budget did not provide enough funding for the current staff's medical benefits. This shortfall accounts for \$45,876 of the general revenue increase. The remaining changes reflect updated benefit rates consistent with the FY 2011 planning values.

The Commission includes as part of its constrained FY 2011 revised request savings of \$49,794, which is \$33,430 from general revenues, by imposing 8.0 furlough days where the employees will be required to come to work but will not be compensated.

The Governor recommends \$47,692 more than enacted for salaries and benefits, including \$44,892 more from general revenues. This is \$44,443 less than the unconstrained general revenue request. The recommendation includes an additional \$14,441 for seasonal employee wages at the Eisenhower House and reduces other employee benefits by \$58,854. This benefit adjustment appears to maintain the error in the Commission's request that it attempted to correct.

Eisenhower House. The Commission requests \$12,419 more than enacted for operations and repairs at the Eisenhower House in FY 2011. This includes \$10,000 for safety related repairs. The remaining \$2,419 is for other miscellaneous expenses associated with the operation of the facility and the redesign of the Eisenhower House website to attract more business.

As part of its FY 2011 constrained budget the Commission requests \$45,180 less than included in its revised request for operating expenditures at the Eisenhower House in FY 2011. This request lowers maintenance and utility expenses and reduces all other nonessential operating expenses.

The Governor recommends \$62,651 from general revenues, which is \$8,550 more than enacted and is \$3,859 less than requested for continued operation of the facility, based upon anticipated expenditures.

Heritage Commission Operating Expenses. The Commission requests \$25,960 from general revenues for the operating expenses of the Heritage Commission, which is \$7,195 more than enacted. This includes \$4,520 for unbudgeted lease costs for the 2010 Heritage Festival relocated from the State House due to construction. The request also includes \$1,150 for postage, \$250 for travel, and \$1,275 for other miscellaneous office expenses.

As part of its FY 2011 constrained request, the Commission includes a \$70,710 reduction, of which \$70,327 is from general revenues, for Heritage Commission activities. This includes \$51,567 from not filling a vacancy expected to occur in December and \$18,760 less from general revenues for Heritage Commission operating expenses. Information obtained from the state's accounting system indicates that as of January 7, 2011, the Commission incurred operating expenditures for Heritage Commission activities that exceed the amount included in the constrained request.

The Governor recommends \$15,865 from general revenues and \$10,095 less than the unconstrained request. This proposal appears to accept some of the constrained budget reductions noted above as not likely feasible.

Program Adjustments. The Commission requests \$974 less from all other sources for program adjustments. The Commission requests \$7,363 more federal survey and planning funds and \$540 more from restricted receipts. 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 \$8,879 less than enacted to support the historic homeownership tax credit program. *The Governor recommends \$994 less than enacted from all sources of funds for other programs. This is \$20 less than requested for insurance reimbursement.*

Other Operations. The Commission requests \$12,808 more than enacted from general revenues for all other operating expenses. This includes \$4,200 more for mileage reimbursement, \$2,625 more for

computers, \$1,500 more for printing, \$875 more for insurance, \$1,700 for new air conditioners, \$208 for travel expenses, and \$1,700 for other miscellaneous expenses.

As part of its FY 2011 constrained revised request, the Commission includes \$30,487 less from all sources, of which \$22,872 is from general revenues for all other operations. This includes reductions for mileage reimbursement, printing, postage, telephone expenses, supplies, insurance and other miscellaneous expenses.

The Governor recommends \$3,260 more than the enacted from general revenues for all other operations, and \$9,548 less than requested. He includes \$4,200 more for mileage reimbursement offset by a reduction of \$940 for clerical services and none of the other requested increases.

Rhode Island Public Telecommunications Authority

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Category				
Salaries and Benefits	\$ 1,593,399	\$ 1,628,627	\$ 1,603,098	\$ 1,576,086
Contracted Services	-	11,700	13,000	13,000
Subtotal	\$ 1,593,399	\$ 1,640,327	\$ 1,616,098	\$ 1,589,086
Other State Operations	14,532	32,390	30,390	36,973
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,607,931	\$ 1,672,717	\$ 1,646,488	\$ 1,626,059
Sources of Funds				
General Revenue	\$ 1,000,695	\$ 1,035,967	\$ 1,000,003	\$ 979,325
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	607,236	636,750	646,485	646,734
Total	\$ 1,607,931	\$ 1,672,717	\$ 1,646,488	\$ 1,626,059
FTE Authorization	18.0	16.0	16.0	16.0
FTE Average	16.0			

FY 2011 Revised Request. The Authority requests \$1.6 million from all sources, including \$1.0 million from general revenues and \$0.6 million from Corporation for Public Broadcasting funds. This is \$26,229 less than enacted, including \$35,964 less from general revenues and \$9,735 more from Corporation for Public Broadcasting funds. The request includes the enacted level of authorized positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$13,761 for the Authority. The Authority's current service budget meets the target and provides \$22,203 in additional savings.

The Governor recommends \$20,678 less than requested from general revenues and \$249 more from Corporation for Public Broadcasting funds. He includes 16.0 full-time equivalent positions.

Salaries and Benefits. The Authority requests \$25,529 less than enacted from all sources, including \$35,264 less from general revenues offset by an additional \$9,735 from Corporation for Public Broadcasting funds. The request includes \$70,065 in turnover savings, offset by \$44,536 in medical benefit and retirement rate adjustments, consistent with Budget Office planning values.

The Governor further reduces salaries and benefits by \$27,012 from all sources, including \$55,942 from general revenues to reflect additional savings from a delay in the hiring a new president during FY 2011 and from eight additional pay reduction days. The Authority updated its union contract during July

2010. The Authority's union agreed to take twelve pay reduction days; however, all of the days are in FY 2011. Council 94's agreement included eight days in FY 2010 and four days in FY 2011 and the enacted budget assumed the same for the Authority.

Operating Expenses. The Authority requests \$700 less than enacted from general revenues for its operating expenses, including \$5,000 less for expenses related to the digital transmitter, offset by \$3,000 more for office supplies and \$1,300 more for closed captioning services.

The Governor recommends \$6,583 more than requested from federal funds for various operating expenses to reflect the actual grant award.

Office of the Attorney General

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Program				
Criminal	\$ 13,910,370	\$ 14,654,602	\$ 15,606,254	\$ 15,210,416
Civil	4,402,581	5,086,772	5,717,330	5,585,965
Bureau of Criminal Identification	1,055,635	1,131,596	1,170,980	1,141,660
General	2,941,992	2,988,249	3,271,733	3,238,585
Total	\$ 22,310,578	\$ 23,861,219	\$ 25,766,297	\$ 25,176,626
Expenditures by Category				
Salaries and Benefits	\$ 20,252,801	\$ 21,482,807	\$ 21,944,519	\$ 21,344,034
Contracted Services	146,398	412,368	1,444,616	1,444,616
Subtotal	\$ 20,399,199	\$ 21,895,175	\$ 23,389,135	\$ 22,788,650
Other State Operations	1,400,868	1,624,049	1,701,884	1,712,698
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	510,511	341,995	675,278	675,278
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 22,310,578	\$ 23,861,219	\$ 25,766,297	\$ 25,176,626
Sources of Funds				
General Revenue	\$ 19,592,235	\$ 21,209,730	\$ 21,987,716	\$ 21,443,366
Federal Aid	1,297,016	1,248,830	2,008,018	1,978,333
Restricted Receipts	1,051,750	1,202,659	1,333,293	1,317,657
Other	369,577	200,000	437,270	437,270
Total	\$ 22,310,578	\$ 23,861,219	\$ 25,766,297	\$ 25,176,626
FTE Authorization	231.1	231.1	231.1	231.1
FTE Average	228.3			

FY 2011 Revised Request. The Office of the Attorney General requests \$1.9 million more than enacted from all sources, including \$0.8 million more from general revenues and 231.1 full-time equivalent positions, consistent with the authorized level. The budget restores funding for the four pay reduction days, but the Office offers a constrained budget that includes the savings from the pay reduction days.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$281,728 for the Office of the Attorney General. The constrained budget submitted by the agency is \$780,071 above that. The proposals to achieve the reductions are noted among the items described below where appropriate.

The Governor recommends \$1.3 million more than enacted from all sources, including \$0.2 million more from general revenues, \$0.7 million more from federal funds, \$0.1 million more from restricted receipts, and \$0.2 million more from other funds. This is \$0.6 million less than requested, including \$0.5 million

less from general revenues. He also recommends the enacted level of 231.1 full-time equivalent positions, as requested. The Governor's recommendation is \$515,364 above the Budget Office target.

Statewide Adjustments. The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Office of the Attorney General, he assumes savings of \$104,423 of which \$6,578 is from reduced operating expenses. This is in addition to other program changes in his revised budget and described below.

Reverse Pay Reduction Days. The Office requests \$305,874 more than enacted from all sources, including \$279,643 more from general revenues to reflect excluding the budgeted savings for the four pay reduction days for FY 2011. The Office indicates the savings from the four pay reduction days do not reflect its true current service budget for FY 2011.

As part of its constrained budget, the Office includes the budgeted savings for the pay reduction days, consistent with the enacted budget. *The Governor's recommendation includes the savings for the pay reduction days.*

Adult Drug Court. The Office's request shifts \$66,846 from general revenues to federal funds to partially support an adult drug court prosecutor position which would have been requested from general revenues because of expired funds. The request correctly reflects a new federal grant awarded for prosecution of adult drug cases and screening of applicants for the adult drug court program. This was not included in the enacted budget because the Office did not anticipate receiving this award when it formulated its FY 2011 original request. *The Governor recommends funding as requested.*

Federal Award for Traffic Safety. The Office requests \$53,121 more than enacted from federal funds to support a traffic safety prosecutor position. The request correctly reflects the federal grant awarded for prosecution of cases of driving under the influence in the state. This includes \$44,311 for salary and benefit adjustments to reflect a greater share of the costs for the full-time staff attorney, as well as \$8,810 from additional office equipment purchases and travel expenses. *The Governor recommends funding as requested.*

Domestic Violence Arrests Grant. The Office's request shifts \$37,327 from general revenues to federal funds to partially support two prosecutor positions which would have been requested from general revenues because of expired funds. The request correctly reflects a new federal grant awarded for investigation and prosecution of domestic violence and sexual assault matters. This was not included in the enacted budget because the Office did not anticipate receiving this award when it formulated its original FY 2011 request. *The Governor recommends funding as requested.*

Other Salary and Benefit Adjustments. The Office requests \$111,607 more than enacted from all sources, including \$113,162 more from general revenues for all other salary and benefit adjustments. This includes \$146,850 from unachieved turnover savings from vacant positions and changes in employee benefit selection, as well as updated benefit rates consistent with the planning values from the Budget Office instructions. Currently, the Office is averaging 226.9 filled positions or 4.2 positions below the authorized level.

The Governor recommends \$85,872 less than enacted, which is \$197,479 less than requested to reflect more turnover savings than requested. He also includes \$27,396 for personnel expenses from general revenues for transition costs for the newly elected Attorney General.

Tobacco Enforcement Litigation. The Office requests \$500,000 more than enacted from general revenues for tobacco enforcement litigation expenditures for FY 2011. The enacted budget includes \$123,435 from general revenues shifted from FY 2010 to cover the state's share of trial-related expenses among settling states. This request reflects projected expenses including the costs of securing the services of outside counsel since the Office's current litigant is viewed as a potential state witness during litigation proceedings. This enforcement litigation case is brought by the leading United States tobacco product manufacturers against the states under the "Master Settlement Agreement" alleging their lack of efforts in enforcing the agreement for non-participating manufacturers. *The Governor recommends funding as requested.*

Integrated Information System. The Office requests \$434,002 from federal funds carried forward from FY 2010 for the design and 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. This request correctly reflects the federal grant awarded to the Office for this project. *The Governor recommends funding as requested.*

Domestic Violence System Design. The Office requests \$135,776 more than enacted from federal funds carried forward from FY 2010 for information technology system design for the prosecution project. Grant funds are expected to cover computer equipment and supplies, furniture and staff training to improve tracking of domestic violence cases. The request correctly reflects the 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 grant made available from the federal stimulus act. *The Governor recommends funding as requested.*

Witness Protection. The Office requests \$27,673 more than enacted from general revenues to ensure the protection of state witnesses. This includes providing housing, food, accessories and 24 hour security services for several state witnesses. This request will place this expense more in line with historical spending. FY 2010 actual expenses were \$118,519. *The Governor recommends funding as requested.*

Civil Division System Upgrade. The Office requests \$61,055 more than enacted from restricted receipts for the design and implementation of the case management information system for the Civil Division. This system upgrade is anticipated to improve efficiency by eliminating duplicate information and processes associated with the current manual system. This system is expected to have integration with state law enforcement in the various district courts on all civil matters. The requested funds for this upgrade are recovered by the Civil Division's consumer protection unit from deceptive trade practice cases and deposited into a restricted receipt account for consumer education related expenses. *The Governor recommends funding as requested.*

National Criminal History Improvement Program. The Office requests \$37,831 from federal funds, including a new federal grant award of \$18,000 and \$19,784 carried forward from FY 2010 for the National Criminal History Improvement Program. The request correctly reflects the new federal grant awarded to the Office for database system enhancement to improve the accuracy of information for protective orders including stalking cases. The new grant was not included in the enacted budget because the Office did not anticipate receiving the award when it formulated its FY 2011 original request. *The Governor recommends funding as requested.*

Forfeitures. The Office requests \$34,535 more than enacted from restricted receipts from federal forfeitures and forfeiture of property. This request reflects anticipated federal forfeiture payments of awards for information and assistance leading to a civil or criminal proceeding. The requested funds are anticipated to cover vehicle purchases, office supplies, computer equipment and training. *The Governor recommends funding as requested.*

Asset Protection. The Office requests \$237,270 more than enacted from Rhode Island Capital Plan funds carried forward from FY 2010 for its asset protection projects. This is consistent with the approved capital plan. The Office notes a delay in its Automated Fingerprint Identification System because it is not a high priority project. *The Governor recommends funding as requested.*

All Other Operations. The Office requests \$33,666 less than enacted from all sources, including \$38,319 less from general revenues for all other operations. This includes savings from facilities and maintenance repairs, computer equipment and software, office supplies, utilities, monthly parking fees, clerical services, and court reporters. This reduction will place this expense more in line with historical spending patterns. FY 2010 actual expenses from general revenues were \$1.2 million or \$33,029 less than the current funding request. *The Governor recommends \$15,561 less than enacted, which is \$18,105 more than requested to reflect added funding for operating transition costs for the newly elected Attorney General.*

Department of Corrections

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Program				
Central Management	\$ 6,710,401	\$ 8,071,545	\$ 8,171,620	\$ 8,096,270
Parole Board	1,257,507	1,374,212	1,358,737	1,303,426
Institutional Corrections	152,702,982	162,992,366	172,858,394	169,924,944
Community Corrections	13,236,527	14,743,396	14,909,657	14,670,446
Total	\$ 173,907,417	\$ 187,181,519	\$ 197,298,408	\$ 193,995,086
Expenditures by Category				
Salaries and Benefits	\$ 146,015,026	\$ 151,853,586	\$ 155,829,074	\$ 152,965,173
Contracted Services	9,333,726	11,131,345	11,112,946	11,058,584
Subtotal	\$ 155,348,752	\$ 162,984,931	\$ 166,942,020	\$ 164,023,757
Other State Operations	14,147,638	16,505,640	15,509,944	15,523,410
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,274,043	1,366,414	2,769,213	2,470,689
Capital	2,136,984	6,324,534	12,077,231	11,977,230
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 173,907,417	\$ 187,181,519	\$ 197,298,408	\$ 193,995,086
Sources of Funds				
General Revenue	\$ 169,892,046	\$ 178,329,401	\$ 181,900,162	\$ 178,561,565
Federal Aid	2,106,693	2,794,860	3,660,342	3,695,618
Restricted Receipts	-	87,134	124,774	124,774
Other	1,908,678	5,970,124	11,613,130	11,613,129
Total	\$ 173,907,417	\$ 187,181,519	\$ 197,298,408	\$ 193,995,086
FTE Authorization	1,402.5	1,419.0	1,419.0	1,419.0
FTE Average	1,384.2			
Prison Population	3,502	3,450	3,350	3,350

FY 2011 Revised Request. The Department requests \$10.1 million or 5.4 percent more than enacted, including \$3.6 million from general revenues, \$0.9 million from federal funds, and \$5.6 million from Rhode Island Capital Plan funds. Consistent with the enacted budget, the Department requests 1,419.0 full-time equivalent positions. The Department's revised request is based on a population of 3,350, a decrease of 100 inmates.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$2.4 million for the Department of Corrections. The constrained budget submitted by the agency is \$4.8 million above that. The proposals to achieve the reductions are noted among the items described below where appropriate.

The Governor recommends \$6.8 million more than enacted from all sources, including \$232,164 more from general revenues, \$0.9 million more from federal funds, \$37,640 more from restricted receipts, and \$5.6 million more from other funds. This is \$3.3 million less than requested, nearly all from general revenues. The Governor assumes 1,419.0 full-time equivalent positions, consistent with the authorized level and a population of 3,350, consistent with the Department's revised request. His recommendation is \$2.6 million above the Budget Office target.

Statewide Adjustments. The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Department of Corrections, he assumes savings of \$840,561 of which \$76,384 is from reduced operating expenses. This is in addition to other program changes in his revised budget and described below.

Population. The Department's original request for FY 2011 included a population of 3,709 and the Governor recommended a population of 3,643 or 66 fewer inmates than requested. The enacted budget assumes a population of 3,450, which is 259 fewer than the Department's initial population projection and 193 fewer than the recommended population.

The Department's current population is tracking below staff estimates for the FY 2011 enacted budget, which assumed those reductions. The House Fiscal Staff uses a simple model using trend data and population through the second quarter that suggests an average population of 3,301. The Department contracts with a firm to prepare population estimates, which has subsequently revised these estimates downward to 3,350. 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 and three single modules, including two in Minimum Security and one in Medium Price. 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 Governor's FY 2011 revised budget. The average population for the first six months of FY 2011 is 3,311. Total cost per inmate including staff, can be expressed by dividing the Institutional Corrections' budget by the number of inmates. This is \$51,250 for the FY 2011 revised budget request. The enacted budget includes \$47,372. FY 2010 actual expenditures suggest a cost of \$43,605.

History	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Request	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	3,350
Governor Revised	3,464	3,370	3,658	3,600	3,377	3,375	3,723	3,925	3,869	3,659	3,350
Final	3,464	3,370	3,550	3,600	3,377	3,475	3,755	3,925	3,788	3,551	
Actual	3,348	3,387	3,537	3,554	3,361	3,510	3,771	3,860	3,773	3,502	

The Governor's revised budget is based on an average population of 3,350 or 100 fewer inmates than enacted.

The February 2011 population was 3,158 and the Department has averaged 3,279 for the fiscal year. Population would have to significantly increase to an average of 3,500 inmates for the remaining four months of the fiscal year in order to reach the recommended budgeted population of 3,350.

Population Savings. The enacted budget assumes \$1.9 million in savings from general revenues based on 193 fewer inmates than recommended by the Governor for FY 2011. The Department's revised request includes additional savings of \$0.7 million from general revenues to reflect its revised population projection of 3,350, or 100 fewer inmates than enacted. The enacted savings were calculated by multiplying the total cost per inmate, which is \$38,890, by 193 inmates and then divided by four in recognition of certain fixed costs that cannot be reduced. *The Governor recommends funding as requested.*

Population: Per Diem Expenditures. The Department requests \$60,300 more than enacted from general revenues for population related expenditures that are calculated on a per diem basis, excluding staffing. This is based on an increase in food costs and pharmaceutical expenses. The Department's revised request includes \$3,996 per inmate for items such as food, linen, household supplies and medical services; the enacted budget assumes \$3,978. In FY 2010, the Department's actual per inmate cost was \$3,757 or \$239 less than the current request. *The Governor recommends funding as requested.*

State Criminal Alien Assistance Funds. The Department requests \$180,823 less than enacted from general revenues to reflect underestimated 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 local charges or convictions. The enacted budget anticipates \$0.8 million, consistent with the grant funds awarded for FY 2010. The federal award for FY 2011 is \$1.0 million and the Department's revised request reduces general revenues to show use of these funds instead. *The Governor recommends funding as requested.*

RIBCO Wage Increase. The enacted budget includes \$6.3 million from general revenues for cost-of-living adjustments for correctional officers for FY 2011. This estimate is based on an agreement reached with other state government unions and initial calculations from the Department of Administration for FY 2010 base wage adjustments for all eligible members of the bargaining unit. This award reflects the arbitrators' intent to re-establish parity between uniform correctional officers and similar qualified public sector employees, including the sheriffs. It includes a 3.0 percent cost-of-living increase for one half of FY 2011. The labor contract was settled through the arbitration process and resulted in a 2.95 percent wage increase for uniform correctional officers for FY 2011. This is in addition to the 3.0 percent cost-of-living increase for all members of the bargaining unit for one-half of FY 2011. The Department requests an additional \$3.3 million from general revenues to reflect its updated estimate of \$9.6 million based on current staffing. *The Governor recommends funding as requested.*

RIBCO Retroactive Payment. The Department requests \$1.5 million from general revenues to settle the retroactive payment for the labor contract settlement for correctional officers. This is a FY 2010 expense, which is being requested in FY 2011 because the Department assumed it remained unpaid in FY 2010. Subsequently, the Department of Administration learned that this expense was included as part of an adjustment to FY 2010 expenses. *The Governor does not include this expense, which was paid in FY 2010.*

Administrative Positions. The Department requests \$537,199 from general revenues to fill 16.0 full-time equivalent administrative positions for one half of FY 2011. The positions include 5.0 administrative clerks, 4.0 assistants, 3.0 senior word processing typists, 2.0 administrative aides, 1.0 senior planner and 1.0 principal research technician. These vacated positions were eliminated based on instructions not to request funding for vacant positions. Currently, the Department is using other staff under the "three-day rule" to fulfill these duties. *The Governor recommends \$268,610, which is \$268,589 less than requested and reflects filling the positions as of April 1, 2011. However, not all of the positions are funded in the FY 2012 recommendation.*

Public Safety Positions. The Department requests \$1.1 million from general revenues to fill 23.0 full-time equivalent positions for one half of FY 2011. The positions include 13.0 officers, 6.0 lieutenants, 3.0 captains and 1.0 deputy warden. These vacated positions were eliminated based on instructions not to request funding for vacant positions. Currently, the Department has promoted existing staff under the “three-day rule” to fill 17.0 positions; 6.0 entry-level officer positions are being filled via overtime. *The Governor recommends \$542,829, which is \$542,788 less than requested and reflects filling the positions as of April 1, 2011. However, not all of the positions are funded in the FY 2012 recommendation.*

Health and Social Service Positions. The Department requests \$129,480 from general revenues to fill 3.0 full-time equivalent health and social service positions for one half of FY 2011. The positions include 1.0 supervising clinical psychologist, 1.0 clinical social worker and 1.0 community program counselor. These vacated positions were eliminated based on instructions not to request funding for vacant positions. Currently, the Department has promoted existing staff under the “three-day rule” to fill these positions. *The Governor recommends \$64,743, which is \$64,737 less than requested and reflects filling the positions as of April 1, 2011. However, not all of the positions are funded in the FY 2012 recommendation.*

Maintenance Positions. The Department requests \$71,961 from general revenues to fill 2.0 full-time equivalent maintenance positions for one half of FY 2011. The positions include 1.0 automobile body shop supervisor and 1.0 electrician. These vacated positions were eliminated based on instructions not to request funding for vacant positions. Currently, the Department is using other staff under the “three-day rule” to fulfill these duties. *The Governor recommends \$35,982, which is \$35,979 less than requested and reflects filling the positions as of April 1, 2011. However, not all of the positions are funded in the FY 2012 recommendation.*

All Other Salaries and Benefits. The Department requests \$1.4 million less than enacted from all sources, including \$1.8 million less from general revenues for all other salaries and benefits for FY 2011. This includes additional turnover savings from vacant positions and benefit rate changes consistent with the planning values from the Budget Office instructions. The Department notes that it can achieve \$1.8 million in additional turnover savings from keeping positions vacant throughout the entire fiscal year. However, the Department’s revised request proposes to fill 44.0 full-time equivalent positions, effective January 2011 for total costs of \$1.8 million. Currently, the Department is averaging 1,375.4 filled positions or 43.6 positions below the authorized level.

The Governor recommends \$1.4 million less than enacted from all sources, which is \$50,494 more than requested to reflect an increase of \$23,157 for the probation and parole officer position for the drug market intervention initiative and further benefit adjustments based on more updated data.

Target - High Security Closing. The Department proposes a constrained budget includes closing the High Security Center effective March 15, 2011 for anticipated savings of \$1.2 million from general revenues. This includes offsetting expenses for 30 out-of-state placements and reassignment of the current High Security Center staff.

The FY 2011 budget as enacted includes \$9.9 million from general revenues for expenses for the High Security Center. This does not include per diem expenses for items such as food, linen, household supplies and medical services. The Department’s constrained budget assumes that closing this facility for three months in FY 2011 can generate \$1.2 million in savings, primarily from Department-wide overtime expenses. This includes \$2.5 million in total savings offset by \$1.0 million in transition expenses for the current High Security staff and \$0.3 million for out-of-state placements for 30 inmates. The Department

assumes the remaining High Security inmates can be re-classified into other secured facilities. *The Governor does not recommend this proposal.*

Information System Upgrades. The Department requests \$109,000 more than enacted from general revenues to upgrade the time and attendance tracking system. This includes \$209,000 for the system upgrade, which is partially offset by savings from other computer equipment and maintenance expenses. This system was created several years ago by an outside consultant to produce roll call for the facilities for three shifts and to monitor vacation and sick time and non-pay days. A system malfunction can result in less or more pay for staff or prolong the payroll entry process. The Department maintains if this system remains unaddressed, it will crash eventually and become totally useless. It should be noted that most states are still using paper forms and/or time clocks for the payroll entry process. *The Governor recommends funding as requested.*

Unachieved Indirect Cost Recovery Rate for Federal Grants. The enacted budget includes \$87,134 in restricted receipts from the Department applying and receiving an approved indirect cost rate for its federal grants. The restricted receipts allow the Department to offset general revenue supported operating supplies.

Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, through the application of a negotiated indirect cost rate. Current law mandates that all state agencies shall apply for the rate when it is allowed under the particular federal grant. The Department's revised request includes \$30,774 from restricted receipts, \$56,360 less than enacted to reflect an approved indirect rate of 5.0 percent; however, it was applied only to education grants from the Department of Education. The Department maintains that its pass-through grants from the Public Safety Grant Administration Office were reduced by the maximum administrative costs allowable prior to the allocation of the funds. *The Governor recommends funding as requested.*

New Officer Class Savings. The Department requests \$61,008 less than enacted from general revenues for the recruitment and training for a new class of correctional officers. This reflects fewer recruits and graduates than assumed in the enacted based on the Department's proposed reduction options from its FY 2011 constrained budget. The proposal includes the closure of the High Security facility effective March 15, 2011 and reassignment of available staff from High Security to other facilities with vacant officer posts. The assumed redeployment diminishes the Department's need for new officers. *The Governor recommends funding as requested.*

Contracted Administrative Services. The Department requests \$121,767 more than enacted from general revenues for contracted administrative service expenses. Assistance from contracted clerical staff provides some relief in maintaining the Department's day-to-day operations, particularly in areas and programs with several unfilled vacant positions. Services provided by the contracted staff include paying invoices, data entry for records and identification, information processing for the inmate banking system and inmate medical records information system. It appears that this request is more in line with historical spending patterns. FY 2010 expenses were \$501,272 or \$15,885 more than the current request. It should be noted, this request is in addition to the requested 44.0 full-time equivalent positions for half of FY 2011. *The Governor recommends \$97,350 more than enacted, which is \$24,417 less than requested to reflect an anticipated reduction for contracted administrative services based on his staffing recommendation.*

Staff Development Grants. The Department requests \$197,562 more than enacted from federal funds to reflect new and increased federal grants that support existing staff development programs for FY 2011. 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 recommends funding as requested.*

Community Corrections Grants. The Department requests \$224,950 more than enacted from federal funds for two new federal grants awarded to support existing community corrections programs for FY 2011. The new federal grants support the creation of re-entry courts to monitor and facilitate offenders' successful reintegration into society. Grant funds can also be used to support crime prevention and domestic violence programs aimed at improving the effectiveness and efficiency of the criminal justice system and its processes and procedures. The new grants were not included in the enacted because the Department was not aware it would be awarded the funds. *The Governor recommends funding as requested.*

National Criminal History Improvement Project. The Department requests \$40,800 from federal funds to reflect a new federal grant awarded for the improvement of computerized criminal history record systems. This upgrade includes improving data accessibility and transmissions to national systems for the immediate identification of individuals prohibited from purchasing firearms, and ineligible to hold positions of responsibility involving children, the elderly, or the disabled. This request was not included in the enacted budget because the Department was not aware it would be awarded the funds. *The Governor recommends \$76,076 more than enacted based on available federal funds, which is \$35,276 more than requested to support the program's expenses.*

Women's Reentry Grant. The Department requests \$111,852 from federal funds for the Department's pilot women's re-entry program. This reflects a carried forward balance from a two-year grant awarded for FY 2009 and FY 2010. This adjustment to the enacted budget is reflected in the Department's revised 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 re-entry for female offenders into the community. *The Governor recommends funding as requested.*

All Other Operations. The Department requests \$0.6 million less than enacted, nearly all from general revenues for all other operations for FY 2011. This reflects savings from reduced expenses for utilities, office equipment, kitchen and household necessities, road maintenance, educational program requirements, victim services and medical and security equipment. The total operating request is \$26.7 million, including \$23.9 million from Institutional Corrections to place this expense more in line with historical spending. FY 2010 expenses were \$26.0 million or \$0.8 million less than the current request.

The Governor recommends \$733,222 less than enacted from all sources, which is \$96,252 less than requested to reflect savings primarily from the Department's motor vehicle replacement program, which is partially offset by a small increase in telephone expenses for Probation and Parole Offices located within the state's various courthouses. This reflects the Judiciary's policy proposal to charge telephone costs to the respective departments and offices.

Capital Projects. The Department requests \$5.6 million more than enacted from Rhode Island Capital Plan funds, including \$4.1 million carried forward from FY 2010 for its capital projects for FY 2011. This includes ongoing renovations to accommodate the transfer of the female population and other departmental units. A more detailed description of the capital projects is available in the Capital Budget section of this analysis. *The Governor recommends funding as requested.*

Judicial Department

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Program				
Supreme Court	\$ 26,421,495	\$ 27,596,166	\$ 28,549,871	\$ 28,455,588
Defense of Indigent Persons	3,549,736	3,365,689	3,426,117	3,426,117
Commission on Judicial Tenure & Discipline	106,404	109,620	106,571	106,076
Superior Court	19,625,856	20,719,009	21,121,127	20,881,624
Family Court	17,881,700	19,712,242	20,257,531	20,136,259
District Court	10,134,816	10,672,936	11,180,192	11,111,945
Traffic Tribunal	7,368,034	7,620,894	7,539,987	7,572,756
Workers' Compensation Court	6,837,669	7,583,440	7,531,803	7,508,651
Total	\$ 91,925,710	\$ 97,379,996	\$ 99,713,199	\$ 99,199,016
Expenditures by Category				
Salaries and Benefits	\$ 67,359,482	\$ 72,739,222	\$ 73,400,060	\$ 73,050,838
Contracted Services	3,103,210	3,124,790	3,028,102	3,037,064
Subtotal	\$ 70,462,692	\$ 75,864,012	\$ 76,428,162	\$ 76,087,902
Other State Operations	9,906,734	9,733,030	10,571,910	10,441,556
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	9,831,630	10,370,898	10,801,436	10,757,867
Capital	1,724,654	1,412,056	1,911,691	1,911,691
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 91,925,710	\$ 97,379,996	\$ 99,713,199	\$ 99,199,016
Sources of Funds				
General Revenue	\$ 78,865,431	\$ 84,575,255	\$ 84,892,459	\$ 84,392,428
Federal Aid	2,830,983	2,326,527	3,928,011	3,937,011
Restricted Receipts	8,843,617	9,628,214	10,041,942	10,018,790
Other	1,385,679	850,000	850,787	850,787
Total	\$ 91,925,710	\$ 97,379,996	\$ 99,713,199	\$ 99,199,016
FTE Authorization	699.7	723.3	723.3	723.3
FTE Average	672.6			

FY 2011 Revised Request. The Judiciary requests \$2.3 million or 2.4 percent more than enacted from all sources, including \$0.3 million more from general revenues, \$1.6 million more from federal funds, \$0.4 million more from restricted receipts and \$787 more from Rhode Island Capital Plan funds. Consistent with the enacted, the Department requests 723.3 full-time equivalent positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$1,123,410 for the Judiciary. The Judiciary did not submit a constrained budget. The general revenue request is \$1.4 million above the target.

The Governor recommends \$1.8 million more than enacted from all sources, including \$0.2 million less from general revenues and 723.3 full-time equivalent positions. This is \$0.5 million less than requested, nearly all from general revenues. His recommendation is \$940,583 above the Budget Office target.

Pay-Go Judges Pensions. The Department requests \$30,235 less than enacted from all sources, including \$50,106 more from general revenues for retirement costs for judges and magistrates who are not part of the state employee retirement system. This revision reflects actual costs for current retirees. Currently, there are 11.0 non-contributing judges and they all meet the eligibility threshold to retire at reduced benefits of 75.0 percent. *The Governor recommends \$73,804 less than enacted, which is \$43,569 less than requested to reflect more updated data.*

Statewide Adjustments. The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Judiciary, he assumes savings of \$367,351 of which \$49,177 is from reduced operating expenses. This is in addition to other program changes in his revised budget and described below.

Salaries and Benefits. The Judiciary requests \$0.7 million more than enacted from all sources for a total funding of \$73.4 million for salaries and benefits for 707.3 positions. The request includes \$0.8 million more from federal funds, \$0.2 million more from restricted receipts, offset by \$0.3 million less from general revenues. The general revenue reduction shifts Family and Superior Court expenses to federal child support enforcement funds and arbitration fund restricted receipt account to reflect staff reassignment to arbitration cases. The request also fills seven vacant positions with newly available federal funds and includes benefit rate adjustments consistent with the planning values from the budget instructions.

The Governor recommends \$0.6 million less than enacted from all sources, which is \$31,048 less than requested to reflect a minor reduction for overtime expenses based on projected need.

Indigent Defense Services. The Department requests \$60,428 more than enacted from general revenues for its indigent defense program to pay for court reporters based on historical spending. FY 2010 actual expenses were \$3.5 million or \$119,131 more than the current request. 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 recommends funding as requested.*

Facilities and Maintenance. The Department requests \$119,312 more than enacted from all sources, including \$299,820 less from general revenues for the maintenance of the judicial complex facilities. This reflects the Department's estimate for facilities maintenance and repairs and custodial services based on a renegotiated contract agreement with a new vendor. The request includes shifting general revenue expenses to available restricted receipts from indirect cost recoveries on federal grants. *The Governor recommends funding as requested.*

Court Technology. The Department requests \$131,700 more than enacted from all sources, including \$36,095 more from general revenues for its court computer technology expenses. This primarily reflects actual costs for communication systems maintenance, purchased network and technical support as well as computer supplies and equipment and software licenses and maintenance fee agreements. *The Governor recommends \$97,967 more than enacted, which is \$33,733 less than requested to reflect reduced expenses for computer equipment and maintenance based on FY 2010 expenses.*

Child Support Collections. The Department requests \$93,765 more than enacted from general revenues for all non-staff operations for the Family Court Child Support Enforcement Unit. This includes \$7,579 for office equipment and \$86,186 for consulting services from a contracted firm to provide assistance in developing an acceptable cost allocation plan and certified indirect rate for maximum federal reimbursement for the unit. This appears to be an ongoing annual expense for the Judiciary for continued assistance from the consulting firm. *The Governor recommends funding as requested.*

Adult Drug Court. The Department requests \$87,795 from federal funds to support the Superior Court's adult drug court program. This request correctly reflects two new grant awards to support drug treatment services provided for adult drug court clients. The request was not included in the enacted budget because the Department was not aware it would be awarded the funds. *The Governor recommends funding as requested.*

New Federal Grant Awards. The Department requests \$601,643 from federal funds to reflect new federal grant awards for existing federally funded programs for FY 2011. This includes \$149,741 for mental health evaluations and treatment referrals, \$141,570 for purchased technical services for the domestic violence and sexual assault electronic system, \$134,915 for pre-trial services, \$92,131 for the Champlin foundation grant for the law library's restoration, \$35,000 for court innovation, \$26,838 to combat violent crimes against women, and \$21,448 from the Rhode Island Foundation to preserve historic documents. *The Governor recommends funding as requested.*

Other Federal Grant Awards. The Department requests \$54,500 more than enacted from federal funds to reflect grant increases to support several federally funded programs for FY 2011. This includes \$402,761 for three Supreme Court programs, offset by \$342,970 less for five Family Court programs, and \$5,291 less for the Superior Court Arbitration Fund. *The Governor recommends funding as requested.*

Supreme Court Disciplinary Counsel. The Department requests \$35,361 less than enacted from restricted receipts to support the Rhode Island Supreme Court Disciplinary Counsel Office for FY 2011. This reflects reduced operating expenses based on projected needs of the Office. According to Supreme Court Article IV, Rule 1, this restricted receipt account collects annual fees of \$200 from every individual who has been admitted to the Rhode Island Bar and engages in the practice of law within the state to fund the functions of the Counsel. *The Governor recommends funding as requested.*

Court Mediation Fees. The Department requests \$46,867 less than enacted from restricted receipts for contracted mediation services for FY 2011. This reflects reduced expenses for purchased support services and general operations based on projected demand. This includes \$60,000 in grant assistance for the Community Mediation Center of Rhode Island. This restricted receipt account was created by the 2009 Assembly to provide more transparency in the budget process. *The Governor recommends funding as requested.*

Pre-Trial Services. The Department requests \$15,125 more than enacted from general revenues for contracted clerical staff to support the pre-trial service unit. This reflects a departmental need for more seasonal staff to perform some of the functions of several positions that are unfilled in order to achieve turnover savings. *The Governor recommends funding as requested.*

Jurors' Fees and Transportation. The Department requests \$161,872 more than enacted from general revenues for jurors' fees, food, and transportation. This is based on the estimated number of cases requiring a trial by jury and the length of those trials.

Subsequently, the Department provided additional information that reduces its revised request for this expense from \$747,232 to \$597,784 to reflect a miscalculation that was inadvertently included as part of

the FY 2011 revised budget submission. Adjusted for the miscalculation, this is \$12,424 more than enacted to reflect added costs for mileage reimbursement and other miscellaneous transportation expenses. FY 2010 actual expenses were \$517,409. *The Governor recommends funding as requested.*

Parking Rental Expenses. The Department requests \$32,564 more than enacted 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 reflects added costs based on a new contract with a private vendor and a minor increase in projected demand. *The Governor recommends funding as requested.*

Judicial Tenure and Discipline. The Department requests \$4,320 less than enacted from general revenues for legal and operating expenses for the Commission on Judicial Tenure and Discipline for FY 2011. This reflects a reduction for purchased legal services and travel expenses, partially offset by a minor increase for annual membership fees and dues. The Commission did not request purchased legal services for FY 2010, for which total expenses were \$14,269. *The Governor recommends funding as requested.*

Office Equipment. The Department requests \$341,828 more than enacted from all sources, including \$322,210 more from general revenues for office equipment and supply expenses. This includes \$218,921 for copier lease purchases for four different courts, including toner and cartridge expenses and \$122,907 for office supplies for all courts and several sub-programs. This will place this expense more in line with historical spending. FY 2010 expenses were \$678,867 or \$376,850 more than enacted. *The Governor recommends funding as requested.*

All Other Operations. The Department requests \$87,829 more than enacted from all sources, including \$187,741 more from general revenues for all other operating adjustments for FY 2011. This includes increases of \$135,000 for the Rhode Island Coalition Against Domestic Violence, \$68,992 for facility maintenance, \$64,417 for seasonal staff primarily for Family Court, \$57,130 for purchased legal services, \$39,493 for utilities, \$25,150 for medical supplies and \$22,580 for interpreter services for the Traffic Tribunal. *The Governor recommends \$198,795 more than enacted, which is \$110,966 more than requested to reflect primarily utility expenses for the Traffic Tribunal.*

Capital Projects. The Department requests \$787 more than enacted from Rhode Island Capital Plan funds for its capital projects for FY 2011. This is \$787 above the approved plan to reflect added costs for the asset protection projects. A more detail description of these projects are available in the capital section of this analysis. *The Governor recommends funding as requested.*

Military Staff

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Program				
National Guard	\$ 11,258,839	\$ 13,483,397	\$ 14,117,193	\$ 15,273,487
Emergency Management	14,381,456	13,154,767	46,570,763	46,265,867
Total	\$ 25,640,295	\$ 26,638,164	\$ 60,687,956	\$ 61,539,354
Expenditures by Category				
Salaries and Benefits	\$ 7,433,631	\$ 8,470,370	\$ 9,091,320	\$ 8,956,661
Contracted Services	1,046,350	1,311,019	1,526,207	1,526,207
Subtotal	\$ 8,479,981	\$ 9,781,389	\$ 10,617,527	\$ 10,482,868
Other State Operations	6,160,720	5,101,374	5,858,800	5,840,472
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	9,185,579	9,682,901	42,134,919	41,799,626
Capital	1,485,933	2,072,500	2,076,710	3,416,388
Capital Debt Service	-	-	-	-
Operating Transfers	328,082	-	-	-
Total	\$ 25,640,295	\$ 26,638,164	\$ 60,687,956	\$ 61,539,354
Sources of Funds				
General Revenue	\$ 4,104,899	\$ 2,782,435	\$ 4,252,525	\$ 4,166,145
Federal Aid	20,725,608	22,150,754	55,196,149	54,794,249
Restricted Receipts	94,563	842,475	376,782	376,782
Other	715,225	862,500	862,500	2,202,178
Total	\$ 25,640,295	\$ 26,638,164	\$ 60,687,956	\$ 61,539,354
FTE Authorization	109.0	111.0	117.0	117.0
FTE Average	100.7			

FY 2011 Revised Request. The Military Staff requests FY 2011 revised expenditures of \$60.7 million from all sources, which is \$34.0 million more than enacted, including \$1.5 million more general revenues, \$33.0 million more federal funds, \$0.5 million less restricted receipts, and the enacted level from Rhode Island Capital Plan funds. The revised request includes 117.0 full-time equivalent positions, 6.0 more than enacted for new fire fighter positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$36,959 for the Military Staff. The Military Staff did not submit a constrained budget request.

The Governor recommends total expenditures of \$61.5 million, which is \$0.5 million more than requested. This includes \$0.1 million less from general revenues, \$0.4 million less from federal funds, \$1.3 million more from Rhode Island Capital Plan funds and the requested level of restricted receipts. He also recommends staffing as requested, including the 6.0 new fire fighter positions.

Statewide Adjustments. The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Military Staff, he assumes savings of \$17,268 of which \$8,750 is from reduced operating expenses. This is in addition to other program changes in his revised budget and described below.

National Guard

Fire Fighters. The National Guard requests revised expenditures of \$2.6 million from federal funds for fire fighter services. This is \$0.5 million more than enacted and includes authorization for 6.0 new full-time equivalent positions. The National Guard Bureau has authorized funding for 6.0 additional fire fighters. The increase in staff will allow the National Guard to meet the mandate set forth in October 2009 to increase operations from 16 hours per day to 24 hours per day, 365 days per year for fire fighter services. It will also alleviate the overtime expenditures. *The Governor recommends the new positions and funding as requested.*

Hurricane Earl. The National Guard requests \$76,417 more from general revenues for Rhode Island National Guard activation during Hurricane Earl. On September 3, 2010, in preparation for Hurricane Earl, Governor Carcieri signed a declaration of disaster emergency for the State of Rhode Island. The declaration of disaster in advance of Hurricane Earl making landfall was a formal step that allowed the state to activate necessary state and federal resources for a potential disaster including the response of the Rhode Island National Guard. *The Governor recommends \$746 less than requested to reflect actual expenditures.*

Other Salaries and Benefits. The revised request includes \$4.0 million for all other salaries and benefits. This is \$56,860 more than enacted and includes \$41,590 more from federal funds and \$15,270 more from general revenues. This reflects adjustments to medical and retirement rates consistent with revised FY 2011 Budget Office planning values. *The Governor reduces requested expenditures by \$125,408, including \$14,537 less from general revenues from filling vacant positions at a lower cost.*

Military Funerals. The National Guard requests \$100,883 from general revenues for military funeral expenses, which is \$43,083 more than enacted. The enacted budget includes \$57,800 and assumes the use of volunteer retirees to defray costs for this activity at a rate of \$50 per day. Current projections include an average of 102 funerals per month, totaling 1,224 military funerals per year that require general revenue support. This suggests volunteer expenses will be \$3,400 more than enacted; the request appears overstated. *The Governor recommends \$36,683 less than requested from general revenues, \$6,400 more than enacted.*

Security and Other Contracted Services. The National Guard requests revised expenditures of \$0.8 million for security and other contracted services. This is \$213,489 less from federal funds and appears to be more in line with historical spending. Past year expenditures were \$478,311 in FY 2008, \$676,101 in FY 2009, and \$730,093 in FY 2010. The agency notes the National Guard Bureau has decreased its commitment to security funding but it appears that this will not result in less spending in this budget. The request also includes \$10,950 more from general revenues based on increased square footage that the Guard is responsible for resulting in more exterminator and fire alarm testing, repair and maintenance expenses. *The Governor recommends funding as requested.*

Utilities. The National Guard requests revised expenditures of \$2.3 million for utility expenses, which is \$252,472 more than enacted from all sources. This includes \$137,036 more from general revenues and \$115,436 more from federal funds. The Guard has increased the volume of facilities that it utilizes by

197,542 square feet, including 149,926 square feet for the Air National Guard and 47,615 square feet for the Army National Guard. The FY 2010 final general revenue expenditures exceeded the final appropriation by \$112,283. *The Governor recommends \$2,211 less than requested from general revenues to reflect statewide operating savings.*

Military Family Relief Fund. The National Guard requests revised expenditures of \$0.2 million from restricted receipts, or \$45,000 more than enacted for the Military Family Relief fund. This fund provides financial support to military members and their families. Current policy dictates that this is a one-time grant for a lifetime maximum of \$2,500. The agency indicated the increase is based on higher than anticipated donations, but not an expected increase in use. It appears the agency budgets all available resources which far exceed expenditures. Each year there is a significant carry forward balance as expenditures never approach revenues. Prior year expenditures include \$153,240 for FY 2006, \$63,392 for FY 2007 and \$31,408 for FY 2008, \$22,035 for FY 2009 and \$9,969 for FY 2010. *The Governor recommends funding as requested.*

Capital. The Department requests the enacted level of \$0.9 million from Rhode Island Capital Plan funds for all capital projects. Specific project information is included in the Capital Budget section of this report. *The Governor recommends \$1.3 million more from Rhode Island Capital Plan funds. He includes increases for all projects with the exception of the field maintenance shop roof project.*

All Other Operating. The National Guard requests \$4.0 million for all other operating expenses. This is \$0.1 million less than enacted and includes \$58,309 less from general revenues and \$80,229 less from federal funds, reflecting reductions to maintenance, travel, clothing and insurance expenses. *The Governor recommends \$11,445 less from all sources including \$9,026 less from general revenues, primarily from a reduction to the life insurance subsidy to reflect anticipated expenditures.*

Emergency Management Agency

Indirect Cost Recovery. The Agency requests \$489,742 from general revenues to offset a like amount of restricted receipts based on not achieving any of the budgeted savings associated with indirect cost recovery. The 2010 Assembly included the general revenue savings assuming an indirect rate of not less than 5.0 percent on federal grants from the Emergency Management Agency complying with current law and applying for and receiving a negotiated indirect rate. The agency applied for the indirect rate on September 30, 2010 and indicates that it will not be received during the current fiscal year. *The Governor restores \$489,742 from general revenues and makes a corresponding adjustment to restricted receipts.*

Rhode Island Statewide Communications Network. The Agency requests \$2.5 million of revised expenses from all funds for the Rhode Island Statewide Communications Network. This includes \$0.3 million more from general revenues primarily from unbudgeted expenses for the Motorola maintenance contract and adjustments to medical and retirement rates consistent with the FY 2011 revised Budget Office planning values. This also includes \$1.1 million more from federal funds to reflect new federal grant awards. Funding is used for the continued expansion of the network, which includes upgrading equipment, as well as training, and travel expenses. *The Governor includes the requested funding with the exception of a \$7,082 reduction for maintenance, office supplies and software maintenance contracts.*

All Other Salaries and Benefits. The Agency requests \$2.6 million in revised FY 2011 expenditures for all other salaries and benefits. This is \$72,738 less from all funds and \$33,804 less from general revenues and includes medical and retirement rate benefit adjustments consistent with Budget Office planning values and turnover savings of \$68,125, which is \$8,655 more than enacted. *The Governor recommends \$1,173 more from general revenues than requested.*

Flood. The Agency is coordinating the reimbursement of Federal Emergency Management Agency funds to all state agencies, quasi-agencies and municipalities for projects submitted as a result of the March 2010 flood. The Agency's revised request includes \$20.5 million from all sources for flood expenses. This includes the state match of \$0.5 million from general revenues with federal funds covering 90.0 percent of the costs.

The request is based on an initial estimate of all projects that were submitted for reimbursement to the Federal Emergency Management Agency. Approximately 454 individual projects have been submitted for reimbursement; however, the Agency indicates that it is difficult to predict what projects and costs the federal government will authorize. In FY 2010, the agency incurred \$838,652 in unbudgeted general revenue expenditures due to the March 2010 flood. *The Governor recommends \$0.5 million less from federal funds to more accurately reflect anticipated expenditures; however, he does not adjust the general revenues proportionally.*

Homeland Security Grants. The Agency requests revised expenditures of \$13.4 million from homeland security grants. This is \$7.6 million more from federal funds than enacted to reflect new grant awards and the extension granted by the Department of Homeland Security 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 recommends funding as requested.*

Emergency Performance Grant. The Agency requests revised expenditures of \$7.3 million from all sources, which is \$3.9 million more than enacted for emergency performance grants primarily to reflect new grant awards, offset by adjustments to reflect actual grant award balances. This also includes \$24,037 more from general revenues to reflect grant matching requirements. Funds are used to support state and local governments to sustain and enhance all-hazards emergency management capabilities. *The Governor recommends funding as requested.*

Flood Plain Management. The Agency requests \$0.6 million from all funds which includes \$1,000 of general revenue match funds for flood plain management. This is \$0.2 million more than enacted and reflects \$183,503 more in grant awards, \$5,626 more for general office expenses offset by \$3,494 for travel and training expenses. Funds are used to support community programs of corrective and preventative measures for reducing flood damage. *The Governor recommends the requested level of general revenues and \$211,390 more from federal funds to reflect increased grant awards.*

Department of Public Safety

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Program				
Central Management	\$ 5,686,201	\$ 6,156,042	\$ 7,545,536	\$ 7,571,920
E-911	4,901,495	4,655,752	4,942,731	5,091,943
Fire Marshal	2,817,989	2,772,310	3,512,421	3,519,916
Security Services	3,026,109	3,308,669	3,275,041	3,163,035
Municipal Police Training Academy	519,988	625,909	753,779	751,294
State Police	80,211,583	69,230,888	73,812,166	72,367,921
Total	\$ 97,163,365	\$ 86,749,570	\$ 93,841,674	\$ 92,466,029
Expenditures by Category				
Salaries and Benefits	\$ 46,629,178	\$ 50,020,182	\$ 50,865,549	\$ 50,297,678
Contracted Services	823,593	960,178	1,332,791	1,428,690
Subtotal	\$ 47,452,771	\$ 50,980,360	\$ 52,198,340	\$ 51,726,368
Other State Operations	7,292,509	5,416,049	6,663,976	6,285,753
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	20,431,949	20,586,077	23,056,821	23,610,085
Capital	21,986,136	9,767,084	11,922,537	10,843,823
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 97,163,365	\$ 86,749,570	\$ 93,841,674	\$ 92,466,029
Sources of Funds				
General Revenue	\$ 54,155,469	\$ 67,024,490	\$ 68,760,733	\$ 68,565,272
Federal Aid	18,591,405	7,131,554	11,499,098	11,854,997
Restricted Receipts	942,338	803,106	234,413	384,413
Other	23,474,153	11,790,420	13,347,430	11,661,347
Total	\$ 97,163,365	\$ 86,749,570	\$ 93,841,674	\$ 92,466,029
FTE Authorization	418.6	423.1	406.2	423.2
FTE Average	397.1			

FY 2011 Revised Request. The Department of Public Safety requests expenditures of \$7.1 million more than enacted from all sources, including \$1.7 million more from general revenues, \$4.4 million more from federal sources, \$0.6 million less from restricted receipts and \$2.5 million more from Rhode Island Capital Plan funds.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$890,284 for the Department. The constrained budget submitted by the agency is \$2,426,791 above the Budget Office target. The proposals to achieve further reductions are noted among the items described below where appropriate.

The Governor recommends \$5.7 million more than enacted from all sources, including \$1.5 million more from general revenues, \$4.7 million more from federal sources, \$0.4 million less from restricted receipts, and \$0.1 million less from Rhode Island Capital Plan funds. He recommends 0.1 positions more than enacted and 17.0 positions more than requested.

Staffing Authorization. The Department requests staffing authorization of 406.2 full-time positions, which is 16.9 positions fewer than authorized. The Department eliminates 16.9 vacant positions including 1.0 from Central Management, 0.9 from E-911, 3.0 from the Capitol Police, and 12.0 from the State Police. *The Governor recommends 423.2 full-time equivalent positions, 0.1 more than authorized, to reflect an adjustment to more accurately reflect a part-time position within the E-911 program. He does not eliminate any of the 17.0 positions offered in the Department's request.*

Indirect Cost Recovery. The 2010 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 \$375,345 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. In its FY 2011 revised request the Department restores those savings because it does not believe it is eligible for an indirect cost rate since it currently charges the maximum allowable amount for management and administrative costs for all of its grants with the exception of two, National Criminal History Records Improvement Discretionary grant and the Grants to Encourage Arrest Policies. *The Governor recommends funding as requested.*

Statewide Adjustments. The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Department of Public Safety, he assumes savings of \$253,683, of which \$21,650 is from reduced operating expenses. This is in addition to other program changes in his revised budget and described below.

E-911 Telephone System

Salaries and Benefits. The Department requests \$4.0 million from general revenues for salaries and benefits, which is \$68,517 more than the enacted. This includes additional turnover savings of \$31,725. The request also reflects \$33,759 for updated benefit rates, and \$66,483 more for overtime expenditures. *The Governor recommends funding as requested; however, reduces overtime expenditures by \$33,520 due to updated projections.*

Computer Maintenance. The Department requests \$19,161 more than enacted from general revenues for two computer maintenance contracts, consistent with FY 2010 final expenditures. *The Governor recommends funding as requested.*

Next Generation 911 System. The Department requests \$154,796 from general revenues to purchase and install a next generation 911 telephone system. The FY 2010 final budget included \$155,000 from general revenues to purchase this equipment to coincide with the division's move into the new State Police headquarters; however, the purchase occurred after the close of FY 2010 and the appropriation lapsed to surplus. *The Governor recommends funding as requested.*

Geographic Information System. The Department requests \$240,000 for new federal homeland security grants to update the current geographic information system. This system captures, stores, analyzes, manages, and presents data that are linked to a caller's location. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$44,505 more from all sources for all other E-911 operating expenses, including \$43,568 from general revenues. General revenue changes include \$18,500 for building repairs and upgrades to the North Providence location, \$6,765 for snow removal, \$4,000 for insurance costs, \$6,300 for a new server, \$7,100 for an interalia device that will allow the division to broadcast public service announcements through the next generation server offset by \$973 less for other miscellaneous expenses. The Department did not properly anticipate the additional operating expenses of \$26,615 for the relocation of the primary public safety answering point to the State Police headquarters in its initial FY 2011 request.

The Governor recommends \$11,108 more than enacted including \$10,171 from general revenues, which is \$33,397 less than requested. This includes reductions for server and software purchases, snow removal, upgrades to the North Providence location, and insurance expenses.

Fire Marshal

Salaries and Benefits. The Department requests \$0.1 million more than the enacted for salaries and benefits. This includes \$53,764 for unachieved turnover savings from a plan to fill two vacant fire safety inspector positions on January 1, 2011. The request reflects an increase of \$19,063 for updated benefit rates, and \$30,062 more for overtime expenditures. The Department indicates the need to fill these vacancies and for additional overtime expenditures to assist in the workload created due to recent law changes regarding the expediting of fire plan review from 90 to 15 days.

As part of its constrained request the Department includes savings of \$45,019 by not filling two vacant fire safety inspector positions as planned. This reflects \$57,030 for the positions offset by \$12,011 more for overtime expenditures.

The Governor recommends \$59,870 more from general revenues and \$45,019 less than requested, which reflects the Department's constrained budget proposal to maintain two fire safety inspector vacancies.

The Governor includes \$21,640 to fill one of the two vacant fire safety inspector positions for the final four months of the fiscal year. This position will be funded by the Quonset Development Corporation on a limited time basis to assist in fire plan review of projects at the Quonset Business Park.

Grant Adjustments. The Department requests \$0.8 million from federal funds for the purchase of equipment and fire safety supplies, which includes \$0.6 million carried forward from FY 2010. The request includes \$0.6 million from Homeland Security funds for the purchase of an all-terrain vehicle, bomb suits, body armor, and other equipment. The remaining \$0.2 million will be utilized for the training of local fire departments for first responder and emergency response to hazardous materials procedure training. *The Governor provides \$50,000 more than requested from a new federal grant to train local fire departments for emergency response to hazardous materials procedure training.*

Fire Training Academy. The 2010 Assembly established a new restricted receipt account within the Department of Public Safety's budget to fund operating costs of a new fire training academy burn facility. The FY 2011 enacted budget includes \$50,000 for this purpose, and the Department requests \$47,950 more. The updated request includes \$75,000 for training, \$6,100 for utility expenses, and \$16,780 for other related operating expenses. *The Governor recommends funding as requested.*

Other Operating. The Department requests \$2,230 more than enacted from general revenues for all other operating expenses. The request includes increases for insurance, telephone, and other miscellaneous expenses, offset by decreases for vehicle maintenance, travel, and printing expenses.

As part of its constrained request the Department includes general revenue savings of \$2,000 by not purchasing computer equipment in FY 2011.

The Governor recommends \$4,370 less than enacted, or \$6,600 less than requested. Changes to the request include a \$5,000 reduction for vehicle maintenance, \$1,000 less for telephone expenses, \$2,000 less for uniforms and \$1,600 less for other miscellaneous operating expenses. The Governor also includes \$10,000, which is \$3,000 more than requested to purchase computer equipment.

Capitol Police

Salaries and Benefits. The Department requests \$33,373 less than enacted from general revenues for salary and benefit expenses. The request includes \$50,638 in additional turnover savings from eliminating 3.0 vacant positions, offset by increases of \$5,085 for updated benefit rates and \$12,180 for additional overtime expenditures.

As part of its constrained request, the Department includes turnover savings of \$63,489 by delaying filling a vacant capitol police officer and a vacant lieutenant position.

The Governor recommends funding as requested; however, provides \$93,180 less than requested for overtime expenses due to updated overtime projections. The Governor's recommendation assumes filling two vacant capitol police officer positions and a vacant lieutenant position as of January 1, 2011.

Other Operations. The Department requests \$255 less for all other operating expenses, consistent with prior years spending. *The Governor recommends \$2,941 less than requested, but includes additional telephone expenses that were previously paid for by the Judiciary, offset by reductions to other miscellaneous expenses.*

Municipal Police Training Academy

Salaries and Benefits. The Department requests \$2,309 more than enacted from general revenues for salaries and benefits to reflect benefit rate adjustments consistent with Budget Office instructions. *The Governor recommends funding as requested.*

Curriculum and Assessment Coordinator and Expenses. The Department requests \$6,176 more than enacted from carry forward funds for a contracted curriculum and assessment coordinator position, the purchase of a new computer and operating supplies. The Department has a contract with an individual to oversee the development and implementation of a new curriculum and assessment program based upon specialized police duties protocol. The Department hired the individual on January 1, 2010, with project completion expected in FY 2011. *The Governor recommends funding as requested.*

Basic Training Coordinator and Expenses. The Department of Public Safety requests \$10,876 more than enacted to reflect funds carried forward from FY 2010 for a basic training coordinator contract position and operating expenses. The Department has a 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 hired the individual on January 1, 2010, with project completion expected in FY 2011. *The Governor recommends funding as requested.*

Grant Adjustments. The Department requests \$107,649 more than enacted for all other grant adjustments to reflect funds carried forward from FY 2010. This includes \$78,637 for in-service training in the fields of drug recognition and standard field sobriety tests, \$26,120 for community policing and problem solving in addition to the reintegration of war veterans to police forces and \$2,892 more from Byrne grant funding to conduct in service training programs. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$860 more from general revenues for all other operating expenditures. The request reflects the Department's desire to purchase new printing equipment to eliminate outside printing expenses. *The Governor recommends the enacted level of funding and does not include additional funding to purchase new printing equipment.*

State Police

Department of Environmental Management Dispatch Transfer. The 2010 Assembly included Article 7 of 2010-H 7397 substitute A, as amended, to transfer the dispatch function of the Department of Environmental Management's Division of Enforcement to the Department of Public Safety. The Department's FY 2011 revised request includes \$528,953 from general revenues and 6.0 full-time equivalent positions to be transferred to the Department of Public Safety on January 1, 2011, including \$215,674 for the salaries and benefits. The remaining \$313,279 is for operating expenditures including \$289,269 to purchase dispatch consoles and recording equipment and \$24,010 for computer maintenance contracts.

As part of its constrained request the Department includes turnover savings of \$27,298 from keeping 1.0 dispatch position vacant upon the transfer to the Department of Public Safety.

The Governor's budget does not include the transfer of the dispatch and port security surveillance units from the Department of Environmental Management to the Department of Public Safety. He proposes legislation to reverse the 2010 Assembly action that required the transfer to occur no later than January 1, 2011. The Department purchased dispatch consoles and recording equipment in anticipation of the transfer, and this expense is reflected in the revised budget.

Other Salaries and Benefits. The Department requests \$0.5 million more than the enacted from all sources for all other salaries and benefits, including \$30,998 more from general revenues. This request includes an increase of \$0.3 million from the Department of Transportation for road construction site reimbursement. The Department also includes \$0.2 million more from federal grants based upon work the Department is eligible to charge towards grants.

The FY 2011 enacted budget did not include any cost-of-living increase to the sworn members of the Rhode Island Troopers Association, as the previous collective bargaining agreement expired April 30, 2009. The Department does include benefit adjustments consistent with Budget Office instructions. *The Governor recommends funding as requested.*

Target - Governor's Security Detail. As part of its FY 2011 revised constrained request, the Department eliminates the overnight security detail provided to the Governor and his family members. The elimination of this detail produces savings of \$62,838, which includes general revenue savings of \$62,828. The Department has indicated to fiscal staff that Governor Chafee has elected to not continue the overnight detail. *Despite the Department's indication otherwise, the budget does not exclude this funding as requested and provides resources for this detail.*

Pay-Go Pensions. The Department requests \$16.7 million 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 \$692,907. Changes to the enacted budget assumptions include two more widow's pensions and five more regular pensions, as the result of eight new retirees and the deaths of five pensioners.

The Governor recommends \$1.2 million more than enacted and \$0.5 million more than requested for pensions for troopers hired before July, 1 1987. This recommendation includes the changes requested by the Department in addition a reduction of \$0.1 million based on the death of two widows.

Training Academy Pension Expenses. Subsequent to the Department's request, the Employees' Retirement System of Rhode Island completed a review of the statutes addressing the State Police retirement benefits and the current contract with the Rhode Island Troopers Association. It determined that time spent at the Training Academy should be included in computing the period of service for purposes of determining eligibility for retirement benefits. Neither the state nor the troopers made retirement contributions on the salaries paid during this time. Both the state and the troopers have been billed for these contributions. *The Governor recommends \$632,661 for the state's portion of this expense.*

Vehicle Maintenance. The Department requests \$25,748 less than enacted for vehicle maintenance costs. This includes \$145,748 less from general revenues, offset by an increase of \$120,000 from Department of Transportation funding. The FY 2011 revised budget increases the projected road construction detail hours to 30,000, which is 5,000 more than the enacted budget. The Department includes a reduction for vehicle maintenance expenses as the number of vehicles has been reduced. *The Governor recommends funding as requested.*

Fleet Replacement. The Department requests \$0.1 million less than enacted for fleet replacement costs. This decrease reflects debt service for vehicles that have already been purchased. The repayment schedule is provided by the Budget Office and the amount was miscalculated in the enacted budget. *The Governor recommends funding as requested.*

Fusion Center. The Department includes \$863,310 from federal sources for the purchase of a comprehensive intelligence system for the Rhode Island Fusion Center. This is \$658,400 more than enacted to reflect carry forward funds from grants that were not expended 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 recommends funding as requested.*

Cyber Terrorism Task Force. The Department includes \$0.4 million, which is \$0.2 million more from federal United States Army Intelligence Cyber Terrorism Task Force funds. This includes \$238,527 to reflect funds carried forward from FY 2010, offset by \$33,940 less from an urban area security initiative federal grant which resources had been used in FY 2010. These funds are to be used to protect the nation's cyber infrastructure including the Internet and other computer systems infrastructures. *The Governor recommends funding as requested; however, includes \$20,000 from new federal grant awards to protect the nation's cyber infrastructure including the Internet and other computer systems infrastructures.*

Port Security. The Department requests \$71,379 from federal funds carried forward from FY 2010 to purchase new equipment for the State Police dive team. This request includes \$24,980 from Homeland Security port security grant awards and \$46,399 as part of American Recovery and Reinvestment Act funds.

As part of its constrained request, the Department decreases the federal funds available for operating expenditures by \$46,399, in error. *The Governor recommends funding as requested.*

Drug Enforcement Program. The Department includes in its request \$0.1 million from federal funds carried forward from FY 2010 for the installation of a records management system. *The Governor recommends funding as requested.*

Internet Crimes Against Children. The Department requests \$0.1 million more from federal funds carried forward from FY 2010 to establish a statewide multi-agency law enforcement task force to target online predators and conduct child exploitation investigations. These additional expenditures reflect expenses that occurred in FY 2010. *The Governor recommends funding as requested.*

Communications. The Department requests \$124,263 to reflect federal Homeland Security funds carried forward from FY 2010 to purchase new radio dispatch equipment for Lincoln, Wickford and Hope Valley barracks to provide access to the Rhode Island Statewide Communications Network. *The Governor recommends funding as requested.*

Licensing Imaging Project. The Department requests \$155,000 from new federal funds made available as part of American Recovery and Reinvestment Act to update the Rhode Island Law Enforcement Telecommunications System to allow for a license image transfer. *The Governor recommends funding as requested.*

Grant Adjustments. The Department requests \$89,336 more than enacted for other grant adjustments. This includes \$36,000 of new funding to update the data in the current sex offender registry, \$750 carry-forward funds for the joint task force with the Providence Police Department, and \$40,829 more for the Motor Carrier Safety program.

As part of its constrained request, the Department decreases the federal funds available for operating expenditures for the diesel testing program by \$1,000, in error.

The Governor recommends funding as requested and includes \$45,899 from a new federal grant award to help improve the quality and timeliness of forensic science and medical examiner services.

Training and Surveillance Equipment. The Department requests \$128,674, from restricted receipts available from the forfeiture of seized money to purchase new equipment. This is \$105,087 less than enacted. These revisions are based upon the availability of restricted receipts from the number of arrests involving the seizure of money and property that was the direct result of illegal drug sales and gambling. *The Governor recommends funding as requested and includes an additional \$150,000 to purchase undercover vehicles to be used for investigations.*

Other Operations. The Department requests \$35,921 more than enacted from all sources, including \$38,699 more from general revenues for all other operations. This includes increases for utility and insurance expenses associated with the new headquarters, computer maintenance contracts for new equipment, offset by reductions for telephone expenses.

The Governor recommends \$12,667 less than enacted from all sources, including \$9,889 less from general revenues for all other operations. This is \$48,588 less than requested and includes revised estimates for utility and operating expenses of the new state police headquarters.

Capital. The Department requests \$10.3 million from Rhode Island Capital Plan funds for its capital projects, \$1.1 million more than enacted. This includes \$0.4 million more for improvements to the State Police Training Facility, \$0.2 million less for parking area improvements, \$0.1 million more for improvements to the State Police Headquarters, \$0.8 million less for the new State Police Headquarters and \$1.6 million more for the Information Technology and Microwave Ring upgrade. Detailed descriptions of all projects appear in the Capital Budget Section of this publication. *The Governor recommends \$0.6 million less than enacted, which is \$1.7 million less than requested. A detailed analysis of all projects appears in the Capital Budget section of this publication.*

Central Management

Salaries and Benefits. The Department requests \$1.2 million, including \$0.7 million from general revenues for 11.6 full-time equivalent positions. This is \$16,374 less than enacted, including \$36,649 less from general revenues, and eliminates 1.0 vacant position. The Department does not include any additional turnover savings but includes benefit rate adjustments consistent with Budget Office instructions. *The Governor recommends \$13,541 more than enacted from all sources, including \$2,940 less from general revenues and does not eliminate the vacancy. This is \$29,915 more than requested which allows the Department to fill that vacant administrative assistant position for the final six months of the fiscal year.*

Byrne Memorial Grant. The Division requests \$1.5 million from federal grant awards carried forward from FY 2010 for 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 provided to law enforcement agencies, prosecution and court programs, prevention and educational programs, corrections programs, drug treatment and enforcement programs. *The Governor recommends funding as requested.*

Crime Victim Assistance. The Division requests \$0.1 million more than enacted for the Crime Victim Assistance grant program carried-forward funds from FY 2010. These grant awards will allow the Department to provide funding to groups who assist victims of crime. *The Governor recommends funding as requested.*

Grant Adjustments. The Department requests \$125,007 more than enacted from federal sources for all other grants. This includes \$131,006 less than enacted for Juvenile Accountability grants, \$4,814 more for the Narcotics Control Assistance program, \$14,800 less for National Criminal Histories program grants, \$10,717 from carried forward funds from FY 2010 for the RI Forensic Improvement Program, \$140 less for United States Department of Justice grants to Encourage Arrest Policies and \$254,461 from American Recovery and Reinvestment Act funds carried forward from FY 2010 for Violence Against Women grant awards. *The Governor recommends funding as requested.*

Office of the Public Defender

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Category				
Salaries and Benefits	\$ 8,205,420	\$ 8,961,010	\$ 9,013,533	\$ 8,974,751
Contracted Services	115,078	205,741	216,934	216,934
Subtotal	\$ 8,320,498	\$ 9,166,751	\$ 9,230,467	\$ 9,191,685
Other State Operating	740,041	821,250	831,229	834,803
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	100,000	100,000
Capital	64,142	32,400	33,730	33,730
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total Expenditures	\$ 9,124,681	\$ 10,020,401	\$ 10,195,426	\$ 10,160,218
Expenditures by Fund				
General Revenue	\$ 9,013,466	\$ 9,590,261	\$ 9,576,656	\$ 9,541,448
Federal Aid	111,215	430,140	618,770	618,770
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total Expenditures	\$ 9,124,681	\$ 10,020,401	\$ 10,195,426	\$ 10,160,218
FTE Authorization	92.0	93.0	93.0	93.0
FTE Average	87.3			

FY 2011 Revised Request. The Office of the Public Defender's current service budget request is \$175,025 more than enacted from all sources, including \$13,605 less from general revenues and \$188,630 more from federal funds. Consistent with the enacted budget, the Office requests 93.0 full-time equivalent positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$127,387 for the Office. The constrained budget submitted by the agency meets that. The proposals to achieve the reductions are noted among the items described below where appropriate.

The Governor recommends \$139,817 more than enacted from all sources, including \$48,813 less from general revenues, \$188,630 more from federal funds and 93.0 full-time equivalent positions. This is \$35,208 less than requested from general revenues. The Governor's recommendation is \$78,574 above the Budget Office target.

Adult Drug Court Attorney. The Office requests \$12,551 more than enacted from federal funds to reflect a one-time Byrne stimulus grant awarded for an attorney position to support the Adult Drug Court program. The changes include \$14,252 for salary and benefit adjustments to reflect a greater share of the costs for the full-time staff attorney funded from this formula grant, partially offset by \$1,701 from other operating adjustments. *The Governor recommends funding as requested.*

Tri-County Screening Attorney. The Office requests \$44,964 more than enacted from federal funds to reflect a federal grant award for an attorney position to support the Tri-County Screening project in Washington, Newport and Kent counties. This salary and benefit adjustment reflects a greater share of the costs for the full-time staff attorney funded from this grant, which helps reduce the Office's caseloads by adding a staff attorney without adding new cases. *The Governor recommends funding as requested.*

Juvenile Response Unit. The Office requests \$24,415 more than enacted from federal funds to reflect a new federal grant award in addition to funds carried forward from FY 2010 for an attorney position to support the Juvenile Response program. This is primarily a salary and benefit adjustment to reflect a greater share of the costs for the full-time staff attorney funded from this grant based on available funds. This grant provides legal support and social services intended to divert youthful offenders from incarceration and into community programs. *The Governor recommends funding as requested.*

All Other Salaries and Benefits. The Office's current service request is \$30,076 less than enacted from all sources, including \$36,626 less from general revenues for all other salaries and benefits. This includes additional turnover from filling funded positions at lower rates and changes in employee benefit selection. This also reflects updated benefit rates consistent with the planning values from the Budget Office instructions. Currently, the Office is averaging 90.1 filled positions or 2.9 positions below the authorized level. *The Governor recommends \$68,943 less than enacted, which is \$38,867 less than requested to reflect more turnover savings than requested.*

Target - Staffing Reduction. The Office's constrained budget request proposes to layoff 2.0 full-time equivalent positions, including a Staff Attorney IV and a Legal Secretary II, to realize general revenue savings of \$113,782. However, these positions are currently filled and the Office calculated the savings from the positions for the entire fiscal year. *The Governor does not recommend this proposal.*

Loan Repayment Grant Award. The Office requests \$100,000 from federal funds to reflect a new federal grant awarded to support and encourage qualified attorneys to pursue careers as prosecutors by providing loan repayment assistance to institutions holding eligible beneficiary loans. The Office did not anticipate receiving this award when it submitted its original FY 2011 budget request. This is a two-year grant award for FY 2011 and FY 2012 and renewal is contingent upon federal appropriations. *The Governor recommends funding as requested.*

All Other Operations. The Office requests \$23,171 more than enacted from all sources, including \$23,021 more from general revenues for all other operations. This increase reflects higher trial-related expenses, including medical expert witnesses and court reporters. Other operating expenses include higher parking fees and associated tax rate increases and purchased consultant services. The increased parking costs reflect a new contract negotiated with a private vendor for parking spaces. *The Governor recommends \$26,830 more than enacted, which is \$3,659 more than requested to reflect a minor increase primarily from telephone expenses for Public Defender offices located within the state's various courthouses. This reflects the Judiciary's policy proposal to charge telephone costs to the respective departments and offices.*

Department of Environmental Management

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditure by Program				
Office of the Director	\$ 6,561,423	\$ 7,639,383	\$ 8,551,401	\$ 7,981,102
Bureau of Natural Resources	33,275,839	48,624,641	53,583,326	53,250,365
Bureau of Environmental Protection	24,933,606	36,856,687	39,094,525	39,433,177
Subtotal	\$ 64,770,868	\$ 93,120,711	\$ 101,229,252	\$ 100,664,644
Expenditures by Category				
Salaries and Benefits	\$ 41,005,865	\$ 43,136,627	\$ 44,736,247	\$ 44,163,789
Contracted Services	4,049,304	13,259,831	17,290,171	17,208,671
Subtotal	\$ 45,055,169	\$ 56,396,458	\$ 62,026,418	\$ 61,372,460
Other State Operations	8,210,359	10,569,638	10,902,036	10,611,877
Aid to Local Units of Government	-	2,000	2,000	-
Assistance, Grants, and Benefits	3,661,929	8,016,724	8,609,676	9,098,519
Capital	7,771,137	18,135,891	19,639,122	19,531,788
Capital Debt Service	-	-	-	-
Operating Transfers	72,274	-	50,000	50,000
Total	\$ 64,770,868	\$ 93,120,711	\$ 101,229,252	\$ 100,664,644
Sources of Funds				
General Revenue	\$ 32,646,082	\$ 34,403,329	\$ 35,224,385	\$ 34,268,194
Federal Aid	18,437,828	35,386,175	41,765,758	42,330,832
Restricted Receipts	10,159,927	14,136,916	15,040,584	14,674,427
Other	3,527,031	9,194,291	9,198,525	9,391,191
Total	\$ 64,770,868	\$ 93,120,711	\$ 101,229,252	\$ 100,664,644
FTE Authorization	409.0	410.0	415.0	410.0

FY 2011 Revised Request. The Department requests \$8.1 million more than enacted, including \$0.8 million more from general revenues, \$6.4 million more from federal funds and \$0.9 million more from restricted receipts. The Department requests 415.0 full-time equivalent positions, which is 5.0 more than authorized. The additional positions include an administrative hearing officer, chief of fish and wildlife, senior maintenance technician, principal forest ranger and air quality specialist. The request does not assume the transfer of the 6.0 dispatcher positions from the Department of Environmental Management to the Department of Public Safety. The 2010 Assembly included Article 7 of 2010-H 7397, Substitute A, as amended, which mandated the position transfer take place before the beginning of 2011.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$456,978 for the Department. The constrained budget submitted by the agency is \$105,389 above that. The proposals to achieve the reductions are noted among the items described below where appropriate.

The Governor recommends \$100.6 million from all sources, \$7.5 million more than enacted including \$0.1 million less from general revenues offset by increases of \$6.9 million from federal funds, \$0.5

million from restricted receipts and \$0.2 million from other sources. The recommendation includes the enacted level of 410.0 positions and provides funding for the administrative hearing officer and principal forest ranger positions, but it does not assume the transfer of the 6.0 dispatcher positions. The Governor has submitted legislation to reverse the dispatcher transfer mandated by the 2010 Assembly.

Statewide Adjustments. The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Department Environmental Management, he assumes savings of \$165,167 of which \$28,567 is from reduced operating expenses. This is in addition to other program changes in his revised budget that are described below.

Administration

Salaries and Benefits. The Department requests \$0.5 million more than enacted, including \$0.2 million from general revenues and \$0.3 million from restricted receipts for salaries and benefits in the Department's administrative program. The general revenue increase reflects the addition of one hearing counsel position. The position has been filled since the beginning of the fiscal year and the request fully funds the position at a cost of \$196,688. The increase in restricted receipt funding reflects the Department's ability to offset higher salary and benefit amounts to indirect cost recoveries from federal grants throughout the Department.

In its constrained request the Department included \$149,256 of savings in its administrative division, which would be accomplished by eliminating the funding for a vacant executive counsel position.

The Governor recommends \$0.3 million more than enacted and \$0.1 million less than requested, including the requested amount from restricted receipts and \$125,307 less from general revenues to reflect turnover in the administrative division generated from the vacant executive counsel position. The recommendation fully funds the hearing counsel position.

Office Facilities. The Department requests \$60,963 less from general revenues for utility payments at its headquarters facility, located at the Foundry building in Providence. In March 2005 the Department entered a 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 pays a pro-rated share of the rent. There are no changes to the lease reflected in the Department's request.

The Governor's recommendation further reduces expenses by \$15,100 to reflect the Water Resources Board's share of the Foundry lease rent payment, which was inadvertently excluded from the Department's request.

Bays, Rivers and Watersheds. The Department requests \$77,000 more from the Bays, Rivers and Watersheds restricted receipt account to more accurately reflect available funding. 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 Governor recommends funding as requested.*

Regional Greenhouse Gas Initiative. The Department requests \$0.6 million, which is \$0.4 million more than enacted from restricted receipts for the regional greenhouse gas initiative. The receipts are derived from the sale of carbon emission credits through an auction process. The funds are then used to support

administrative functions at the Department. The request reflects a projected increase in the sale of credits during FY 2011.

The Governor recommends \$0.1 million, \$80,000 less than enacted and \$500,000 less than requested from these restricted receipts. The Department's request assumed additional funds would be available through the auctions, with a majority used for a wind turbine project at Fisherman's Memorial Park in Narragansett. Subsequent to its submission, the Department was notified federal stimulus funds would be available for the wind turbine, and the recommendation reflects that change by placing \$0.1 million in a separate account to reflect the new award from stimulus funds during FY 2011.

All Other Operating. The Department requests the enacted level of \$1.1 million for all other operating expenditures in its administrative division. Funding includes \$0.6 million from federal sources, \$0.3 million from general revenues and \$0.1 million from restricted receipts. These funds are used for the Blackstone Valley Watershed project, federal reporting programs and miscellaneous operating expenditures.

The Governor recommends \$0.1 million more than enacted, including \$16,000 less from general revenues. The recommendation reflects increased federal funding for the wind turbine project mentioned above.

Target – Operating. In its constrained request the Department proposes \$11,000 of miscellaneous operating cost reductions in its administrative division. *The Governor does not recommend these reductions.*

Target – Computer Systems. In its constrained request the Department proposes \$5,000 of savings in its administrative division by cancelling a computer services contract for its pay as you throw program. *The Governor does not recommend this reduction.*

Bureau of Environmental Protection

Salaries and Benefits. The Department requests \$0.5 million more than enacted for salaries and benefits in the Bureau of Environmental Protection. This includes \$0.3 million more each from general revenues and federal funds, offset by \$37,648 less from restricted receipts. The request includes \$81,139 for 1.0 new air quality specialist position, and also reflects wage increases and updated benefit rates for the entire Bureau, consistent with Budget Office instructions.

In its constrained request the Department proposes \$81,139 of savings by removing the funding for the air quality specialist position.

The Governor recommends \$0.3 million more than enacted, including \$0.1 million from general revenues. The recommendation is \$0.2 million less than requested by maintaining a vacant air quality specialist position, and also includes \$0.1 million to reflect turnover savings that were excluded from the request.

Federal Grants. The Department requests \$0.8 million less than enacted from federal funds to more accurately reflect the Department's anticipated award for four grants in the Bureau of Environmental Protection. Changes include \$0.4 million less to assess the water quality and condition of Narragansett Bay and \$0.2 million less for both port security and leaking underground storage tank programs.

The Governor recommends funding as requested, with the exception of an additional \$0.5 million for leaking underground storage tank programs to reflect a revised federal award from the Environmental Protection Agency.

National Pollutant Discharge Elimination System. The Department requests \$80,000 more from federal funds for the national pollutant discharge elimination system, which is a federal permit program that controls point source pollution into national waters. The request reflects planned work as well as the anticipated federal award for FY 2011. *The Governor recommends funding as requested.*

Oil Spill Prevention, Administration and Response Fund. The Department requests \$0.1 million less than enacted from the Oil Spill Prevention, Administration and Response Fund. The decrease in the request reflects projected available funding. Funding is used for work at the Dawley Park facility for emergency response, maintenance of the Physical Oceanographic Real-Time system, 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 recommends funding as requested.*

Diesel Emissions Program. The Department requests an additional \$1.7 million from federal funds for its diesel emission reduction program to more accurately reflect the Department's FY 2011 award. 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 Governor recommends funding as requested.*

Brownfields. The Department requests \$0.6 million more from federal funds for brownfields rehabilitation projects throughout the state. Properties classified as brownfields include any property that cannot 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 \$550,000 from federal funds to reflect additional funds made available through the American Recovery and Reinvestment Act of 2009. *The Governor recommends funding as requested.*

Environmental Protection All Other. The Department requests \$0.2 million more than enacted for all other operating expenditures in the Bureau of Environmental Protection. This includes \$14,764 less from general revenues, \$38,019 less from federal funds and \$0.3 million more from restricted receipts.

In its constrained request the Department proposes \$35,000 of savings by cancelling an environmental assessment contract at the Rosehill Landfill in South Kingstown.

The Governor recommends \$0.3 million more than enacted, including \$35,000 less from general revenues to reflect the cancellation of the contract as proposed in the constrained request.

Bureau of Natural Resources

Parks and Recreation. The Department requests \$0.5 million more from general revenues for its Division of Parks and Recreation. The request reflects a \$0.6 million increase for salaries and benefits offset by a \$0.1 million savings for contracted maintenance operations. Of the increased amount, \$0.3 million is being requested for seasonal employees, which the Department notes were underfunded in the enacted budget, and \$0.2 million is being requested to reflect updated benefit rates consistent with Budget Office instructions. These increases were offset by savings of \$0.1 million in the grass cutting contract which was renewed this fall during a competitive bidding process.

In its constrained request, the Department proposes \$41,500 of savings by cancelling maintenance contracts throughout various parks.

The Governor recommends \$0.4 million less than enacted and requested, including \$0.2 million less for operating expenditures, \$0.2 million less for personnel costs and the \$41,500 reduction proposed in the Department's constrained request.

Salaries and Benefits. Excluding the Division of Parks and Recreation, the Department requests \$43,021 more than enacted for salaries and benefits in the Bureau of Natural Resources. This includes \$0.1 million less from general revenues, \$0.2 million more from federal funds and \$0.1 million less from restricted receipts. The request reflects updated benefit rates consistent with Budget Office instructions, as well as the addition of three positions; chief of fish and wildlife, principal forest ranger and senior maintenance technician.

In its constrained request the Department proposes personnel savings of \$0.6 million by removing funding for the above mentioned positions as well as a laborer position. Additional personnel savings were also attributed to seasonal staffing, but were not specifically identified in the request.

The Governor recommends \$24,785 more than enacted and \$18,236 less than the unconstrained request. The recommendation reflects filling only the principal forest ranger position because it is completely federally funded and does not remove the laborer position.

Federal Grants. The Department requests \$4.0 million more than enacted from federal funds to reflect changes to 10 separate federal grants throughout the Bureau of Natural Resources. The changes are being requested to more accurately reflect planned activities as well as the anticipated federal award. Major changes include \$1.1 million less for estuary construction, \$0.5 million less for wildlife planning, \$2.0 million more for land acquisition, \$0.6 million more for fish and wildlife habitat rehabilitation and \$1.0 million more for a new permit bank program. The new program will provide free permits to fishing vessels as part of a quota system to increase tracking and catch data. *The Governor recommends funding as requested.*

Saltwater Fishing License Receipts. The Department requests \$0.3 million more than enacted from restricted receipts for capital costs related to operations of the state's saltwater fishing license program. The enacted budget includes \$0.4 million; however, the Department is requesting the additional funds based on projected available receipts as well as its need for equipment to issue the licenses and track catch related data. *The Governor recommends funding as requested.*

Payments to Host Beach Communities. The Department requests \$0.1 million more from general revenues for payments to host beach communities to reflect actual payments. 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 recommends funding as requested.*

Natural Resources All Other. The Department requests \$64,926 less than enacted for all other operating expenditures in the Bureau of Natural Resources. This includes \$24,856 less from general revenues, \$0.3 million more from federal funds and \$0.3 million less from restricted receipts.

In its constrained request the Department proposes an additional \$263,786 of miscellaneous operating savings in the Bureau of Natural Resources. These savings are unlikely to be achieved because the request would decrease expenditures to a level substantially below prior historical spending amounts.

The Governor recommends \$0.3 million more than enacted and requested, including \$25,540 more from general revenues, primarily for record keeping and communication equipment that had been destroyed in the 2010 floods. The remaining increase above the request reflects changes to federal grants to reflect updated grant awards and expenditures. The Governor does not recommend the savings for environmental testing, janitorial services and building maintenance proposed by the Department in its constrained request.

Coastal Resources Management Council

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Category				
Salaries and Benefits	\$ 3,008,817	\$ 3,207,108	\$ 3,220,479	\$ 3,220,479
Contracted Services	344,034	782,266	5,553,507	5,553,507
Subtotal	\$ 3,352,851	3,989,374	\$ 8,773,986	\$ 8,773,986
Other State Operations	122,562	121,837	244,453	222,462
Assistance, Grants, and Benefits	466,742	-	250	250
Capital	1,681,795	272,500	280,000	268,401
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 5,623,950	\$ 4,383,711	\$ 9,298,689	\$ 9,265,099
Sources of Funds				
General Revenue	\$ 1,938,722	\$ 2,038,515	\$ 2,096,793	\$ 2,063,203
Federal Aid	1,806,719	2,095,196	6,951,896	6,951,896
Restricted Receipts	223,000	250,000	250,000	250,000
Other	1,655,509	-	-	-
Total	\$ 5,623,950	\$ 4,383,711	\$ 9,298,689	\$ 9,265,099
FTE Authorization	30.0	30.0	30.0	30.0
FTE Average	29.5			

FY 2011 Revised Request. The Coastal Resources Management Council requests \$4.9 million more than enacted from all sources, including \$58,278 more from general revenues and \$4.9 million more from federal funds, most of which would be used for ecosystem restoration projects throughout the state. The Council requests the enacted amount of 30.0 full-time positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$27,078 for the Council. The Council did not submit a constrained budget request; its unconstrained request is \$85,356 above the target set by the Budget Office.

The Governor recommends \$9.3 million, \$4.9 million more than enacted, primarily from federal sources to reflect available funds for ecosystem restoration and habitat restoration planning.

Salaries and Benefits. The Council requests \$13,371 more for salaries and benefits, including \$22,162 more from general revenues and \$8,791 less from federal funds. The request reflects updated benefit rates and does not include any turnover savings, whereas the enacted budget assumed \$22,261 of turnover savings. *The Governor recommends funding as requested.*

Legal Services. The Council requests \$33,725 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, has allowed this transfer in the past, and it is unclear why the Council has requested general revenues in lieu of federal funds. *The Governor does not recommend changes to the enacted budget for legal services.*

Aquaculture Research. The Council requests \$0.3 million more from federal funds for aquaculture research projects throughout the state. The Council receives funding from the National Oceanographic and Atmospheric Administration to determine ways to improve the state's aquaculture industry. The additional funds are being requested to reflect that anticipated FY 2011 award. *The Governor recommends funding as requested.*

Narragansett Bay Restoration. The Council requests \$1.0 million more than enacted from federal funds for restoration projects in Narragansett Bay. The restoration is completed by using living and organic materials to restore the habitat along areas of the coast that have been hardened with bulkheads and seawalls. The Council is requesting the additional funds to reflect its anticipated FY 2011 award. *The Governor recommends funding as requested.*

Aquatic Invasive Species. The revised request includes \$68,877, or \$22,931 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 recommends funding as requested.*

Ocean Special Area Management Plan. The Council requests \$0.7 million from federal funds, which is \$0.1 million more than enacted for the Ocean Special Area Management Plan. Funds are used by the Council for contracts with local colleges and universities to study the feasibility of renewable energy projects in the state's coastal waters. Funding is provided by the United States Department of Energy, and the increase in the request reflects planned expenditures and the Council's anticipated award for FY 2011. *The Governor recommends funding as requested.*

River Ecosystem Restoration. The Council requests \$3.3 million more than enacted from federal funds to reflect a grant from the National Oceanographic and Atmospheric Administration. Funding will be used for six individual projects in the Pawcatuck River area that will restore access to the rivers for migratory fish as well as restoring the surrounding habitat. *The Governor recommends funding as requested.*

Management Plans. The Council requests \$0.1 million, or \$89,394 more than enacted from federal funds for FY 2011 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 requests funding for this program in its revised request to more accurately reflect the anticipated federal award. *The Governor recommends funding as requested.*

All Other Operating. The Council requests \$78,447 more than enacted, including \$2,391 more from general revenues and \$76,056 more from federal funds for all other operating expenditures not mentioned above. The Council's operating expenditures are primarily funded from federal funds, and the request reflects revised expenditures as well as the anticipated federal funding. *The Governor recommends \$33,590 less than requested from all sources, including \$135 more from general revenues to reflect insurance expenses that were underfunded in the request. The recommendation includes a reduction of \$33,725 from federal funds for computer purchases, printing and advertising in order to reflect planned awards and expenditures from federal sources.*

State Water Resources Board

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Category				
Salaries & Benefits	\$ 639,125	\$ 687,549	\$ 693,548	\$ 693,171
Contracted Services	412,351	366,434	366,434	354,434
Subtotal	\$ 1,051,476	\$ 1,053,983	\$ 1,059,982	\$ 1,047,605
Other State Operations	88,370	137,013	137,013	125,113
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	96,914	125,544	125,544	125,644
Capital	(1,380)	120,000	506,015	531,178
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,235,380	\$ 1,436,540	\$ 1,828,554	\$ 1,829,540
Sources of Funds				
General Revenue	\$ 1,052,485	\$ 1,316,540	\$ 1,322,539	\$ 1,298,362
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	182,895	120,000	506,015	531,178
Total	\$ 1,235,380	\$ 1,436,540	\$ 1,828,554	\$ 1,829,540
FTE Authorization	6.0	6.0	6.0	6.0
FTE Average	6.0			

FY 2011 Revised Request. The State Water Resources Board requests \$0.4 million more than enacted from all sources including \$5,999 more from general revenues, \$0.4 million more from Rhode Island Capital Plan funds and the authorized level of 6.0 full-time equivalent positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$17,488 for the Board. The constrained budget submitted by the Board is \$5,999 above that. The proposals to achieve the reductions are noted among the items described below where appropriate.

The Governor recommends \$1.8 million, \$0.4 million more than enacted, primarily from Rhode Island Capital Plan funds.

Big River Well Development Reappropriation. The Board's request includes \$194,541 more than enacted from Rhode Island Capital Plan funds 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 did not include funding for this project; however, the requested amount was unspent in FY 2010 due to the timing of contract payments and is being requested in the revised budget. *The Governor recommends funding as requested.*

Big River Well Development Contract. The Board's request includes \$116,311 more than enacted from Rhode Island Capital Plan funds 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 did not include funding for this project; however, the Board has requested the funding for additional engineering work that was not included in the original contract. Additional funding will be used to perform hydraulic modeling of the proposed well site and making modifications to the site to fulfill permit requirements. *The Governor recommends funding as requested.*

Big River Maintenance Reappropriation. The Board requests \$50,000 more than enacted from Rhode Island Capital Plan funds to reflect a carry forward balance from FY 2010. Funding is used for maintenance activities, which include litter and dumping enforcement as well as remediation of any areas affected by these activities. *The Governor recommends \$25,163 more than requested to reflect the full amount of the reappropriation. The additional funds were inadvertently excluded from the request.*

Salaries and Benefits. The Board requests \$5,999 more than enacted from general revenues for salaries and benefits. This reflects current service adjustments as well as actual personnel costs.

In its constrained budget request, the Board suggested removing this additional funding. *The Governor recommends funding essentially as requested in the unconstrained, with a \$377 adjustment.*

All Other Operating. The Board requests the enacted level of \$0.3 million for all other operating expenses, which include outside financial services, office supplies and other miscellaneous operating expenditures. *The Governor recommends \$11,800 less than enacted, including reductions for advertising expenses and office supplies that were not included in the constrained request.*

Stream Gages. The enacted budget includes \$92,000 to fund nine stream gages and 39 observation wells throughout the state. The funding represents the state's payment to the United States Geological Survey for operation and maintenance of the gages and wells.

The Board's constrained budget request recognizes savings of \$12,000 by renegotiating its contract with the Survey for FY 2011. *The Governor recommends the reduction.*

Target - Insurance. The enacted budget includes \$75,568 for the Board's insurance policy costs at the Big River Management Area. The Board's constrained budget request includes savings of \$5,488 by obtaining a more favorable policy. *The Governor does not recommend this proposal.*

Department of Transportation

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Expenditures by Program				
Central Management	\$ 4,421,464	\$ 15,422,933	\$ 6,197,684	\$ 12,044,662
Management and Budget	354,065	1,652,721	793,989	705,457
Infrastructure Program	371,165,688	411,818,112	412,477,070	438,108,340
Total	\$ 375,941,217	\$ 428,893,766	\$ 419,468,743	\$ 450,858,459
Expenditures by Category				
Salaries and Benefits	\$ 53,546,695	\$ 65,695,833	\$ 65,140,876	\$ 66,750,097
Contracted Services	44,202,508	43,061,000	37,065,000	37,063,657
Subtotal	\$ 97,749,203	\$ 108,756,833	\$ 102,205,876	\$ 103,813,754
Other State Operations	18,009,457	43,052,505	40,332,627	48,041,396
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	69,266,347	57,109,704	71,410,548	75,192,448
Capital	118,853,715	119,830,142	105,526,952	123,156,919
Capital Debt Service	-	-	-	-
Operating Transfers	72,062,495	100,144,582	99,992,740	100,653,942
Total	\$ 375,941,217	\$ 428,893,766	\$ 419,468,743	\$ 450,858,459
Sources of Funds				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	242,296,127	318,808,127	322,022,293	340,116,026
Restricted Receipts	757,110	1,000,000	1,000,000	1,000,000
Other	132,887,980	109,085,639	96,446,450	109,742,433
Total	\$ 375,941,217	\$ 428,893,766	\$ 419,468,743	\$ 450,858,459
FTE Authorization	691.2	772.2	772.2	772.6
FTE Average	696.3			

FY 2011 Revised Request. The Department of Transportation requests \$419.5 million, \$9.4 million less than the enacted budget, including \$3.2 million more from federal funds, \$0.8 million more from Rhode Island Capital Plan funds offset by \$13.5 million less from other funds, which are primarily comprised of land sale revenues. The request includes the authorized level of 772.2 full-time equivalent positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. The Department's budget does not include any general revenues.

The Governor recommends \$450.9 million, \$22.0 million more than enacted, including \$21.3 million more from federal funds and \$0.7 million more from other sources. The recommendation includes 772.6 positions, 0.4 more than enacted to reflect a part-time legal counsel being upgraded to a full-time position. The Governor's recommendation includes the use of \$12.6 million of general revenue to pay a portion of the Department's general obligation bond debt service, which is currently funded with gasoline tax proceeds and shown in the Department of Administration's budget. The recommendation would make

would make the same amount of gasoline tax proceeds available for use by the Department for winter maintenance expenses, which were higher than budgeted due to the severe winter experienced in FY 2011.

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 revenues, 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 2010 Spent	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Revised
Federal Highway Admin. Funds	\$ 164,710,046	\$ 166,058,533	\$ 163,585,867	\$ 171,585,548
Federal Stimulus Funds	65,264,681	47,274,319	57,944,035	53,854,035
Other Federal Funds	47,776,479	104,075,275	100,492,391	112,472,241
Gasoline Tax*	90,259,061	86,931,603	89,413,181	105,422,475
General Obligation Bonds**	[25,567,667]	[40,000,000]	[40,000,000]	[40,000,000]
Land Sale Revenue	1,156,411	18,205,826	2,000,000	2,000,000
Rhode Island Capital Plan Funds	6,040,521	3,618,210	4,433,269	3,924,160
Restricted Receipts	757,110	1,000,000	1,000,000	1,000,000
Other Funds	(17,092)	1,730,000	600,000	600,000
Total	\$ 375,947,217	\$ 428,893,766	\$ 419,468,743	\$ 450,858,459

*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.

The Department's fund sources are described in greater detail below.

Federal Funds - Highway Administration. The Department receives approximately \$200 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. In FY 2008 the Department spent \$125.6 million from this source, in FY 2009 it spent \$163.3 million and in FY 2010 it spent \$115.5 million. The enacted funding increased to \$166.1 million for FY 2011; however, the Department has lowered its request by \$2.5 million to reflect the anticipated federal award. The Department notes these changes reflect changes in allotments from the Federal Highway Administration and are consistent with the Department's expenditure plan.

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 program is prepared seven to nine months in advance of actual receipt of federal funds, which the Department notes can lead to

can lead to increases or decreases in funding during the state fiscal year. The Transportation Improvement Program for the 2009 through 2012 period has been approved by the State Planning Council. *The Governor recommends \$171.6 million, \$8.5 million more than enacted and \$7.5 million more than requested to reflect revised expenditures consistent with an increased award from the Federal Highway Administration.*

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 recommends \$8.4 million more than enacted to reflect the Department's anticipated award from federal sources.*

General Obligation Bond Proceeds. The state has utilized general obligation bonds to provide a match totaling \$40 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 Governor recommends funding as requested.*

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 Governor recommends funding as requested.*

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 Governor recommends \$0.3 million more than enacted to reflect various adjustments to the Department's capital 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 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 Governor recommends funding as requested.*

Other Funds. These funds are derived from the state's infrastructure bank; the sale of Department owned surplus property and equipment, as well as proceeds derived from the sale of outdoor advertising at the Department's maintenance facilities. *The Governor recommends funding as requested.*

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 following table illustrates the current and requested disposition of proceeds. *The Governor does not recommend any changes to the disposition of gasoline tax proceeds.*

Entity	FY 2010	FY 2011	FY 2011	FY 2011
	Final	Enacted	Rev. Req.	Revised
Department of Transportation	21.75	21.75	21.75	21.75
Rhode Island Public Transit Authority	9.75	9.75	9.75	9.75
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 2011 enacted budget was based on a per penny yield of \$4.2 million and the Department utilized an estimate of \$4.3 million in its revised request, as well as a total receipt of 21.75 cents from gasoline tax proceeds.

The following table shows the recent history of available gasoline tax proceeds and other funds:

[Staff Note: The following table presents two scenarios for the revised request. The first scenario includes the Department’s gasoline tax revenue shortfall of \$6.3 million. This is a negative expenditure included in the Department’s budget; however, no real gasoline tax savings have been identified. If gasoline tax proceeds include this negative expenditure, the Department would end the year with a \$0.8 million surplus. This does not appear to reflect reality. The second scenario removes this negative expenditure, which results in a year ending deficit of \$5.5 million. The Department’s request masks the impact of this revenue offset, which is why the second scenario is included.]

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 Office of Revenue Analysis of a per penny yield of \$4.3 million for the remainder of FY 2011. This equates to a gasoline tax recommendation of \$92.8 million for the Department. This is \$0.5 million less than the Department’s request, which was based on a per penny yield that was \$22,300 above the revised estimate.

The Governor’s recommendation includes the use of \$12.6 million of general revenue to pay a portion of the Department’s general obligation bond debt service, which is currently funded with gasoline tax proceeds. The recommendation would make the same amount of gasoline tax proceeds available for use by the Department for winter maintenance expenses, which were higher than budgeted due to the severe winter experienced in FY 2011. The table below reflects this change by lowering debt service expenditures at the Department.

Other Funds	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Rev. Req. (2)	FY 2011 Revised
<i>Gas Tax Yield per Cent</i>	4.210	4.290	4.290	4.268
<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	\$ -	\$ 2,423,055	\$ 2,423,055	\$ 2,423,055
Gas Tax	132,615,000	135,135,000	135,135,000	134,432,550
Debt Service Transfer	(45,903,355)	(44,644,941)	(44,644,941)	(32,044,941)
Internal Services Funds Transparency	(1,325,105)	(1,742,817)	(1,742,817)	(1,592,391)
Nonland Surplus Property	30,000	75,000	75,000	75,000
Land Sales	18,205,826	2,000,000	2,000,000	2,000,000
Other (SIB, RICAP, Outdoor Adv)	4,318,210	4,958,269	4,958,269	4,449,160
Available	\$ 107,940,576	\$ 98,203,566	\$ 98,203,566	\$ 109,742,433
Expenditures	107,940,576	97,367,677	103,671,427	109,742,433
Surplus/Deficit	\$ -	\$ 835,889	\$ (5,467,861)	\$ -
RIDOT				
Balance Forward	\$ -	\$ 2,423,055	\$ 2,423,055	\$ 2,423,055
Gas Tax	91,567,500	93,307,500	93,307,500	92,822,475
Debt Service Transfer	(44,780,437)	(43,663,250)	(43,663,250)	(31,063,250)
Internal Services Funds Transparency	(1,325,105)	(1,742,817)	(1,742,817)	(1,592,391)
Nonland Surplus Property	30,000	75,000	75,000	75,000
Land Sales	18,205,826	2,000,000	2,000,000	2,000,000
Other (SIB, RICAP, Outdoor Adv)	4,318,210	4,958,269	4,958,269	4,449,160
Available	\$ 68,015,994	\$ 57,357,757	\$ 57,357,757	\$ 69,114,049
Gas Tax	45,461,958	49,488,599	55,792,349	62,589,889
Land Sales	18,205,826	2,000,000	2,000,000	2,000,000
Nonland Surplus Property	30,000	75,000	75,000	75,000
Other (SIB, RICAP, Outdoor Adv)	4,318,210	4,958,269	4,958,269	4,449,160
Other Expenditures	68,015,994	56,521,868	62,825,618	69,114,049
Surplus/Deficit	\$ -	\$ 835,889	\$ (5,467,861)	\$ -
RIPTA				
Gas Tax	\$ 41,047,500	\$ 41,827,500	\$ 41,827,500	\$ 41,610,075
Debt Service Transfer	(1,122,918)	(981,691)	(981,691)	(981,691)
Available	39,924,582	40,845,809	40,845,809	40,628,384
Expenditures	\$ 39,924,582	\$ 40,845,809	\$ 40,845,809	\$ 40,628,384

**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 2011 enacted budget was based on a per penny yield of \$4.2 million and the Department utilized an estimate of \$4.3 million in its current request, which would allocate \$41.8 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 Office of Revenue Analysis of a per penny yield of \$4.3 million for the remainder of FY 2011. This equates to a gasoline tax recommendation of \$41.6 million for the Department. This is \$0.2 million less than the Department's request, which was based on a per penny yield that was \$22,300 above the revised estimate.

Expenditures

Federal Highway Stimulus Projects. The Department requests \$5.6 million more 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 includes \$38.6 million of stimulus related projects; however, the Department is projecting expenses of \$44.3 million to reflect its actual expenditures for a revised construction schedule. The Department notes that these funds are not at risk for recapture and have been obligated consistent with the provisions of the Recovery Act.

The Governor recommends funding essentially as requested, but makes a \$16,477 reduction to the request to reflect an updated expenditure plan.

Federal Highway Administration Projects. The Department's revised request includes \$163.6 million from federal funds for highway projects in FY 2011. Excluding salaries and benefits, this is \$1.0 million more than enacted to reflect a revised construction schedule. The Department notes 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 notes that this practice can lead to adjustments both during and prior to the state's fiscal year.

For FY 2011, requested expenditures include \$12.9 million for the five GARVEE funded projects, \$48.3 million for repairs and maintenance on bridges, \$13.5 million for road enhancements, \$10.6 million for highways, \$11.8 million for interstate projects, \$31.0 million for pavement and resurfacing and \$14.4 million for traffic safety improvement projects. The following table shows program expenditures and their proportionate share of total Federal Highway Administration fund expenditures.

Program Area	FY 2011 Revised	Share of Total
Administrative Program	\$ 7,479,961	4%
Enhancements	14,163,112	8%
Bridge Program	50,610,404	29%
Highway Program	11,046,465	6%
Interstate Program	12,344,928	7%
GARVEE Projects	13,543,502	8%
Pavement Management Program	32,488,813	19%
Traffic Safety Program	15,083,651	9%
Federal Highway Earmark Projects	9,647,076	6%
Other Programs	5,177,608	3%
Total	\$ 171,585,518	100%

The Governor recommends \$171.6 million, \$8.5 million more than enacted to reflect revised expenditures consistent with an increased award from the Federal Highway Administration.

Salaries and Benefits. The Department requests \$0.6 million less from all funds for salaries and benefits. This includes \$1.1 million more from federal funds offset by \$1.6 million less from gasoline tax proceeds. The Department is authorized for 772.2 positions. As of the first pay period in December, the Department has 706.6 filled full-time equivalent positions or 65.6 positions below the authorized level. The Department notes the revised request reflects filling an additional 20 positions, and also includes turnover for 30

for 30 positions. The revised request for salaries and benefits does not account for the remaining 15.4 positions.

The Governor recommends \$1.1 million more than enacted and \$1.6 million more than requested, including \$1.0 million more from federal funds and \$0.6 million more from gasoline tax proceeds. The recommendation includes turnover for approximately 30 positions, and includes funding for an additional 40.0 positions for the remainder of the year. The Department is authorized for 772.6 positions, and as of the final pay period in February, it had 713.6 filled positions. The additional 40.0 positions would raise the number of filled positions to 753.6.

National Highway Transportation Safety Administration Grants. The Department requests \$5.1 million, \$8.6 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 \$5.8 million less for impaired driving prevention programs, \$1.2 million less for traffic safety programs and \$0.5 million less for the racial profiling prohibition program. *The Governor recommends \$5.9 million more than requested to reflect actual awards for impaired driving prevention. These funds were inadvertently excluded from the request.*

Transit CMAQ. The Department requests \$4.1 million, which is \$3.1 million more 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 an expansion of the federal program as well as the anticipated award for FY 2011. *The Governor recommends funding as requested.*

Fixed Guideway/Commuter Rail. The Department requests \$27.2 million, or \$1.2 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 notes the request is being increased to reflect the anticipated award. The Department's revised request is consistent with its FY 2012 through FY 2016 capital budget request. This project is explained in the Capital Budget section of this analysis.

The Governor recommends \$0.8 million more than enacted to reflect revised expenditures consistent with the current award from the Federal Transit Administration, as well as a new grant that was excluded from the Department's request.

Winter Maintenance Operations. Excluding salaries and benefits, the Department requests \$12.5 million in operating expenses related to the winter maintenance program for FY 2011, \$3.5 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 2006 through FY 2010 was \$8.7 million and the request is \$3.8 million above this average.

The Governor recommends \$10.8 million more than enacted and \$7.2 million more than requested for winter maintenance. The Governor's budget recommendations include the use of \$12.6 million of general revenue to pay a portion of the Department's general obligation bond debt service, which is currently funded with gasoline tax proceeds and shown in the Department of Administration's budget. The recommendation would make the same amount of gasoline tax proceeds available for use by the Department for winter maintenance expenses, which were higher than budgeted due to the severe winter experienced in FY 2011. Including salaries and benefits, the Department projected a deficit of \$12.6 million in the current year. The Governor's proposal would allow the Department to fully fund remaining winter maintenance operations, but would reduce

reduce available general revenues by \$12.6 million. Through the end of February, the Department has spent \$18.3 million for winter maintenance activities; the recommendation is based on projected expenditures of \$21.5 million.

Interstate 195 Relocation Land Sales. The Department has removed its request for expenditures of revenues from the sale of land made available from the relocation of Interstate 195. The enacted budget included \$16.2 million of revenue; however, the Department is projecting those land sales will take place in FY 2012. Revenue derived from these sales are used to fund the I-195 relocation project. This project is described in greater detail in the Capital Budget section of this analysis. *The Governor recommends funding as requested.*

Maintenance Operations. The Department requests \$7.6 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 \$2.3 million more than enacted to reflect updated projections for FY 2011. The major increase in the request is for repairs to maintenance vehicles and equipment. The Department notes 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 recommends \$1.3 million more than enacted and \$1.0 million less than requested for maintenance operations. The recommendation reduces funding for vehicle purchases based on projected available gasoline tax proceeds.

Rhode Island Capital Plan Fund Projects. The Department requests \$0.8 million more than enacted from Rhode Island Capital Plan funds for five ongoing projects at the Department. Changes include \$0.7 million more to complete a construction project for the Rhode Island Public Transit Authority, \$0.5 million more for improvements to salt storage and maintenance facilities, offset by \$0.3 million of savings for the East Providence maintenance facility. The request reflects actual expenditures and a revised construction schedule for the maintenance facilities. *The Governor recommends \$0.3 million more than enacted to reflect various adjustments to the Department's capital plan.*

All Other Operating. The Department requests \$1.6 million less than enacted from all sources for all other operating costs. This includes \$0.2 million less from federal funds and \$1.4 million less from the state's capital infrastructure bank. These funds are traditionally used to purchase capital equipment and have been reduced to reflect availability. Federal fund expenditures are being reduced to reflect lower costs for operating expenses such as office supplies and building maintenance.

The Governor recommends \$9.4 million more than enacted and \$11.1 million more than requested from gasoline tax proceeds. The recommendation reflects two technical changes to the Department's budget. This includes the addition of \$6.3 million to account for the removal of the gasoline tax offset account, as well as \$0.7 million more to reflect a revised amount of gasoline tax proceeds to be transferred to the Rhode Island Public Transit Authority.

Section VI

Special Reports

State Aid to Local Governments

Introduction

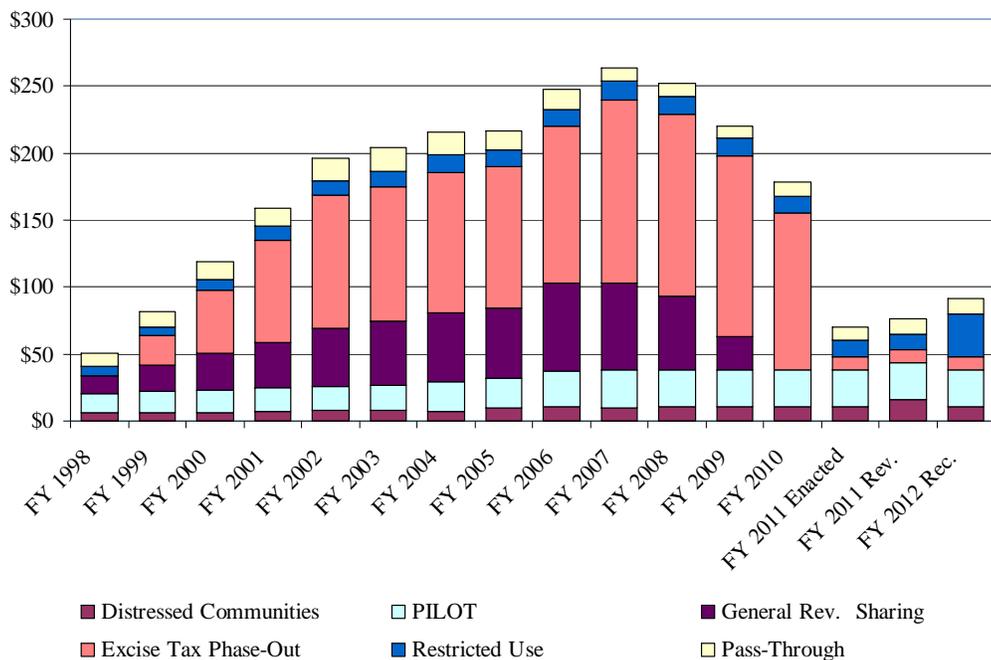
The Governor recommends state aid to cities and towns totaling \$65.2 million in FY 2011 and \$80.0 million in FY 2012. Funding in FY 2012 includes \$48.0 million for general aid programs and \$32.1 million for restricted use programs, including \$19.3 million for a new Municipal Accountability, Stability and Transparency Fund, which is supported from a 1.0 percent sales tax on meals and beverages. Funds will be used to encourage municipalities to address unfunded liabilities for pensions and other post-employment benefits and will be distributed based on per capita income and local tax burdens using FY 2009 data from the General Revenue Sharing program. The current 1.0 percent tax on meals and beverages is collected by the Division of Taxation and is distributed to the municipality where the meals and beverages are delivered.

Local communities will also receive \$11.4 million in public service corporation property taxes that the state collects and passes through to the communities.

The general aid for FY 2011 is \$5.2 million more than the enacted to reflect an increase for the Distressed Communities Relief Fund. In order to receive the additional funding, communities must submit a five-year budget forecast to the Division of Municipal Finance by June 20, 2011. The forecast must include a scenario reflecting pensions and other post-employment benefits obligations at 100 percent of the annual required contribution for both general and unrestricted school funds.

The Governor recommends the Distressed Communities Relief Fund at the enacted level of \$10.4 million. Communities' aid distribution is based on updated qualifying tax levies. Updated data shows that North Providence qualifies for distressed aid in FY 2012 and Burrillville no longer qualifies.

The following graph shows historical funding data, in millions. The graph below also shows the allocation of funding for state aid programs from FY 1998 through FY 2011.



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 programs by community. There are also tables showing the distribution of Municipal Accountability, Stability and Transparency and library operating aid, which are considered restricted and not included in the general aid totals and public service corporations' tax collections, a local levy collected at the state level and returned to local governments for tax collection efficiency purposes.

- **General.** The Governor recommends \$53.2 million in FY 2011 and \$48.0 million in FY 2012 for general state aid to local governments.

Fiscal Year	2000	2005	2006	2007	2008	2009	2010	2011 Enacted	2011 Gov. Rev.	Rev. Diff.	2012 Gov. Rec.	Rec. Diff.
General Aid - State Sources												
Distressed Communities*	\$ 6.6	\$ 9.5	\$ 10.6	\$ 10.2	\$ 10.4	\$ 10.4	\$ 10.4	\$ 10.4	\$ 15.6	\$ 5.2	\$ 10.4	\$ -
PILOT	16.1	22.7	27.0	27.8	27.8	27.6	27.6	27.6	27.6	-	27.6	-
General Rev. Sharing	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	10.0	-	10.0	-
Subtotal	\$ 97.5	\$ 189.7	\$ 220.2	\$ 239.3	\$ 228.6	\$ 198.3	\$ 155.1	\$ 48.0	\$ 53.2	\$ 5.2	\$ 48.0	\$ -
Restricted Use Aid - State Sources												
State Aid for Libraries	\$ 5.7	\$ 8.1	\$ 8.4	\$ 8.7	\$ 8.8	\$ 8.8	\$ 8.8	\$ 8.8	\$ 8.8	\$ -	\$ 8.8	\$ -
Library Const. Aid	1.6	2.5	2.6	2.8	2.8	2.6	2.6	2.5	2.5	-	2.8	0.3
Police & Fire Incentive	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	0.8	(0.2)	1.1	0.1
MAST Fund											19.3	19.3
Subtotal	\$ 8.2	\$ 12.3	\$ 12.7	\$ 14.2	\$ 13.4	\$ 12.5	\$ 13.0	\$ 12.3	\$ 12.1	\$ (0.2)	\$ 32.1	\$ 19.8
Total - State Sources	\$ 105.7	\$ 202.0	\$ 233.0	\$ 253.5	\$ 241.9	\$ 210.8	\$ 168.2	\$ 60.2	\$ 65.2	\$ 5.0	\$ 80.0	\$ 19.8
Other Aid - Pass-Through												
Public Service Corp.	\$ 12.8	\$ 14.6	\$ 14.6	\$ 10.3	\$ 10.3	\$ 9.2	\$ 10.2	\$ 10.2	\$ 11.4	\$ 1.2	\$ 11.4	\$ 1.2

*FY 2007 reflects recapture of \$230,272 overpayment from FY 2006.

- **Distressed Communities Relief Fund.** The Governor provides \$15.6 million in FY 2011, which reflects an increase of \$5.2 million in funding for the Distressed Communities Relief Fund. In order to receive the additional funding, communities must submit a five-year budget forecast to the Division of Municipal Finance by June 20, 2011. The forecast must include a scenario reflecting pensions and Other Post-Employment Benefits obligations at 100.0 percent of the annual required contribution for both general and unrestricted school funds.

The FY 2012 recommendation reverts to the enacted level of \$10.4 million. 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's full funding. For FY 2012, North Providence qualifies for distressed aid and Burrillville no longer qualifies.

- **Payment in Lieu of Taxes Program.** The Governor recommends \$27.6 million in FY 2011 and FY 2012 to fund the Payment in Lieu of Taxes program at the enacted amount. 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. The recommendation for FY 2012 is \$10.6 million less than the current law allowance of 27.0 percent and represents a reimbursement of 19.5 percent of the value. Distributions to communities reflect updated data.

- **Motor Vehicle Excise Tax Phase-Out.** The Governor recommends level funding the program in FY 2011 and FY 2012 at the enacted amount. The Assembly provided 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. It also provided \$10.0 million for FY 2011. It also restored the authority for fire districts to levy a motor vehicle excise tax and included no reimbursement for those entities.

- **Library Resource Sharing Aid.** The Governor recommends \$8.8 million in both FY 2011 and FY 2012 for library operating aid. His community distributions reflect last year's data and the distribution is subject to change upon available data. Current law allows for a ratable reduction to the appropriation.
- **Library Construction Aid.** The Budget provides \$2.5 million in FY 2011 and \$2.8 million in FY 2012 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 \$0.8 million in FY 2011 and \$1.1 million in FY 2012 to fully fund reimbursements to communities conducting property valuation updates.
- **Municipal Accountability, Stability and Transparency Fund.** The Governor proposes the establishment of the Municipal Accountability, Stability and Transparency Fund to encourage municipalities to address unfunded liabilities for pensions and other-post employment benefits. The Budget includes \$19.3 million and will be available from a 1.0 percent sales tax on meals and beverages with his proposal to rollback the regular sales tax to 6.0 percent, taxpayers would not see a change in the tax paid in meals and beverage. The funds will be distributed based on per capita income and local tax burdens using FY 2009 data from the General Revenue Sharing Program.

The 2003 Assembly enacted a one percent additional tax on gross receipts from sale of food and beverages sold in or from eating and drinking establishments effective August 1, 2003. Meals are defined as sold ready for immediate consumption, regardless of when or where consumed. Eating establishments are defined to include all entities preparing these foods, including caterers. The tax is collected by the state Division of Taxation and distributed at least quarterly to the city or town where the meals and beverages are delivered. Municipalities received \$18.7 million in FY 2008, \$18.8 million in FY 2009 and \$19.0 million in FY 2010 from the collection of meals and beverage tax. Tables at the end of this report show recent distributions to municipalities from this tax.

The Governor proposes to double this to 2.0 percent and dedicates half of it to the new initiative. Municipalities must meet set criteria in order to be eligible to receive funding from the Municipal Accountability, Stability and Transparency Fund. In FY 2012, all municipalities must provide a five-year forecast to the Division of Municipal Finance including options for fully funding annually required post employment benefit liabilities, provide fiscal impact statements for changes in health care plans, submit financial data on time, join the Municipal Uniform Chart of Accounts and fulfill other requirements. By FY 2014, municipalities not in compliance will receive a decrease in the state's contribution towards the employer cost of teacher retirement expenses. Payments to municipalities that are in compliance would be in March of each fiscal year.

- **Public Service Corporation Tax.** The FY 2011 and FY 2012 budgets assume the state will collect \$11.4 million of property taxes from public service corporations on behalf of municipalities and pass that back to them. The 2009 Assembly adopted the Governor's recommendation to freeze the tax rate applied to the tangible personal property of public service corporations at the FY 2008 rate.

State Aid

State aid can be classified into *general* state aid and *restricted use* aid. *General* aid payments made to municipalities can be used for general budget use or as reimbursement for costs incurred. Examples

include: general revenue sharing, payments in lieu of taxes, distressed communities relief, and vehicle excise tax phase-out payments. The general purpose of these programs is to relieve pressure on local property taxes by providing revenues from the state's broad based taxes to local governments.

Restricted use aid includes payments made to a municipality for a specific purpose or payments to non-governmental entities providing a public service. These include library aid and police and fire incentive pay plan sharing. The largest source of restricted aid is education aid, which is not included here.

Pass-through aid in the form of the Public Service Corporation tax is a third category often listed as state aid. However, it is not paid for from state sources, but is actually a local levy collected at the state level and returned to local governments for tax collection efficiency purposes. It is not part of the state budget or funds.

General State Aid

Distressed Communities Relief Program. The Distressed Communities Relief program was established in 1990 to provide assistance to the communities with the highest property tax burdens relative to the wealth of the taxpayers. 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			East		North		West		
	Burrillville	Falls	Coventry	Cranston	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
FY 2012										
Levy/Full Value	22	25	5	8	11	7	15	1	3	6
Per Capita Income 2000	6	1	11	9	7	10	4	2	5	3
Personal Income/Full Value	9	1	8	15	10	4	3	11	5	2
Full Value Per Capita	7	1	9	11	8	6	3	4	5	2
Qualifying Rankings	2	3	2	1	2	3	3	3	4	4

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 2010 Assembly provided \$10.4 million in both FY 2010 and FY 2011 for the 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.

A majority of the funds, \$9.6 million is distributed on a weighted allocation and \$0.8 million is shared equally among the communities. The Governor provides \$15.6 million in FY 2011, which reflects an increase of \$5.2 million from the fund. He proposes legislation in Article 40, which requires that distressed communities submit a five-year budget forecast to the Division of Municipal Finance by June 20, 2011. The forecast must include a scenario reflecting pensions and other post-employment benefits obligations at 100 percent of the annual required contribution for both general and unrestricted school funds. Currently, eight communities receive funding from this program.

He also provides \$10.4 million for FY 2012, which reverts to the FY 2011 enacted level. For FY 2012, North Providence qualifies for distressed aid and Burrillville no longer qualifies.

Payment in Lieu of Taxes (PILOT). This program reimburses cities and towns for property taxes, which would have been due on real property owned by nonprofit educational institutions, nonprofit hospitals, or any state-owned hospital, veterans' residential facility or correctional facility, which is exempt from taxation by state law. Reimbursement is based on 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation.

The Governor recommends level funding the program in FY 2011 and FY 2012 at the enacted amount.

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

The 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; delete the requirement for a distribution of 3.0 percent of second prior year state tax revenues for FY 2010 and each year thereafter.

The Governor does not reinstate this program in FY 2011 and FY 2012.

Motor Vehicle Excise Tax Phase-Out. The 1998 General Assembly enacted legislation to eliminate the property tax on motor vehicles and trailers over a period of seven years. It was modified in subsequent legislative sessions to substantially extend the phase-out period. It began with a \$1,500 exemption for FY 2000 tax bills that increased by \$1,000 per year to the FY 2005 amount of \$4,500. Cities and towns are held harmless for the exemptions and are reimbursed on the basis of 100 percent collections. They also received adjustments for freezing tax rates at the FY 1998 level through FY 2003. Fire districts were no longer allowed to levy motor vehicle excise taxes, and were fully reimbursed for the lost revenues.

The 2005 Assembly increased the exemption 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 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. The 2008 Assembly provided \$139.6 million to fund the car tax phase-out for FY 2009, and adopted the Governor's recommendation to permanently reduce the Motor Vehicle Excise Tax reimbursements to 98.0 percent of the calculated value beginning with FY 2008. The 2009 Assembly provided \$135.3 million to fund the program and maintained the \$6,000 exemption.

The Governor included legislation in his 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, subject to certification from the Department of Revenue, an affirmative vote of at least four-fifths of the full membership of the municipal's governing body. Exemptions in FY 2011 and thereafter, would be subject to the annual appropriations act.

The Assembly had not taken action on the Governor's budget and the third quarter payment, which was due on February 1, was made. The Assembly provided 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 that would not be subject to reimbursement. The Assembly removed the statutory limitation on taxing the difference in the event that the value of a vehicle is higher than assessed in the prior fiscal year. It allowed motor vehicle rates and ratios of assessment to be less than earlier levels, which were frozen. The Assembly also restored the authority for fire districts to levy a motor vehicles excise tax and excluded them from reimbursements.

The Governor recommends \$10.0 million each for FY 2011 revised and FY 2012, consistent with the enacted budget. Communities' aid distribution reflects updated data.

Restricted Use State Aid

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

The 2003 Assembly amended the legislation to allow Providence Public Library endowment funding to be considered local effort with the annual amount that may be included for endowment funds capped at 6.0 percent of the three-year average market value of the endowment, calculated at the end of the calendar year. The 2004 Assembly further amended the laws to extend that to all libraries.

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

The Governor recommends \$8.8 million each in FY 2011 and in FY 2012 for library aid. His distribution for FY 2012 reflects last year's data and is subject to change upon available data. Current law allows for a ratable reduction to the appropriation.

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

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

Reimbursable costs also include any cost of borrowing for the state share during the construction period. Examples of costs not eligible for state funds include the cost of fundraising by the municipality or the free

library or the costs of public relations. In a case where the library is a component of local government, payments are made to the municipality. Payments for free public libraries are made directly to the libraries.

Library construction aid is considered indirect aid for two reasons. Firstly, payments are not necessarily made to a local government; some are made directly to free public libraries. Thus, funding cannot entirely be considered traditional local aid. Secondly, funds are targeted for specific use and are not for general support of the local government or free library budget.

The Governor provides full funding of \$2.5 million in FY 2011 and \$2.8 million in FY 2012 to fund library construction aid.

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

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

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

The Governor does not reinstate this program in FY 2011 and FY 2012.

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

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

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

The Governor does not reinstate this program in FY 2011 and FY 2012.

Property Valuation Reimbursement. Section 44-5-11.6 of the Rhode Island General Laws requires that municipalities update property valuations using statistical techniques every third and sixth year after a full

revaluation. The statute also requires that the state reimburse municipalities for 100 percent of the costs for the first update at a rate not to exceed \$20 per parcel. Reimbursement for future updates declines based on a defined schedule in the General Laws.

The Governor recommends FY 2011 revised expenditures of \$0.8 million, \$0.2 million less than enacted and \$1.1 million for FY 2012 to fully fund reimbursements.

Pass-Through Revenues

Public Service Corporation Tax. The FY 2011 and FY 2012 budgets assume the state will collect \$11.4 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 FY 2010.

Under Section 44-13-13 of the Rhode Island General Laws, the tangible personal property of telegraph, cable, and telecommunications corporations and express corporations used exclusively in conducting business for the corporation is exempt from local taxation, but is subject to taxation by the state. Tangible personal property includes lines, cables, ducts, pipes, machines and machinery, and equipment.

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

Other Local Revenues

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

Hotel Tax. The 2004 Assembly enacted a one percent additional tax on occupancy charges effective January 1, 2005. The tax is paid by anyone receiving monetary charge for occupancy of any space furnished in buildings or structures with a minimum of three rooms that are kept, used, maintained, advertised as or held out to the public to be a space where living quarters are supplied for pay to transient use (generally less than 31 days). The Division of Taxation collects the tax for all except the city of Newport and distributes it to the city or town where the occupancy occurred.

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

Distribution by Community

General Aid Total

Includes Distressed Communities, PILOT, and Motor Vehicles Excise Tax

<i>Community</i>	<i>FY 2010</i>	<i>FY 2011 Enacted</i>	<i>FY 2011 Revised</i>	<i>FY 2011 Rev. to Enacted</i>
Barrington	\$ 2,629,125	\$ 327,240	\$ 294,192	\$ (33,048)
Bristol	1,917,934	695,172	697,446	2,274
Burrillville	2,968,830	763,769	989,970	226,201
Central Falls	1,530,232	371,587	467,121	95,534
Charlestown	441,247	40,332	41,218	886
Coventry	2,537,938	221,760	225,597	3,837
Cranston	14,016,054	5,169,525	5,191,475	21,950
Cumberland	2,438,691	213,801	216,622	2,821
East Greenwich	1,173,419	130,306	131,077	771
East Providence	5,375,720	1,295,314	1,650,388	355,074
Exeter	859,087	78,760	82,437	3,677
Foster	760,337	68,426	69,750	1,324
Glocester	1,052,490	93,327	94,919	1,592
Hopkinton	727,489	64,211	65,621	1,410
Jamestown	375,993	36,592	36,685	93
Johnston	4,341,586	388,129	382,377	(5,752)
Lincoln	2,523,037	231,852	236,662	4,810
Little Compton	246,033	25,292	23,548	(1,744)
Middletown	972,216	89,716	89,262	(454)
Narragansett	1,041,634	97,870	95,791	(2,079)
Newport	2,283,508	973,174	971,841	(1,333)
New Shoreham	79,784	7,639	8,132	493
North Kingstown	2,429,969	229,199	234,003	4,804
North Providence	5,668,202	1,324,652	1,317,007	(7,645)
North Smithfield	1,933,202	169,671	173,847	4,176
Pawtucket	10,554,192	2,566,975	3,364,174	797,199
Portsmouth	1,342,618	106,594	109,483	2,889
Providence	45,814,082	25,920,050	28,670,683	2,750,633
Richmond	713,145	58,139	60,200	2,061
Scituate	1,364,267	123,750	127,207	3,457
Smithfield	3,486,729	707,938	711,000	3,062
South Kingstown	2,015,515	293,327	296,393	3,066
Tiverton	1,212,910	108,006	108,700	694
Warren	950,807	82,216	82,773	557
Warwick	12,964,537	2,030,455	2,114,127	83,672
Westerly	2,721,993	339,542	340,736	1,194
West Greenwich	526,676	49,116	49,532	415
West Warwick	3,641,566	1,152,861	1,618,602	465,741
Woonsocket	5,636,230	1,318,582	1,716,499	397,917
Subtotal	\$ 153,269,025	\$ 47,964,867	\$ 53,157,095	\$ 5,192,228
Fire Districts	1,875,837	-	-	-
Total	\$ 155,144,862	\$ 47,964,867	\$ 53,157,095	\$ 5,192,228

General Aid Total

Includes Distressed Communities, PILOT, and Motor Vehicles Excise Tax

<i>Community</i>	<i>FY 2011 Enacted</i>	<i>FY 2012 Recommended</i>	<i>FY 2012 Rec. to Enacted</i>	<i>FY 2012 Rec. to FY 2011 Rev.</i>
Barrington	\$ 327,240	\$ 290,438	\$ (36,802)	\$ (3,754)
Bristol	695,172	713,610	18,438	16,164
Burrillville	763,769	554,681	(209,088)	(435,289)
Central Falls	371,587	397,762	26,175	(69,359)
Charlestown	40,332	41,218	886	-
Coventry	221,760	225,597	3,837	-
Cranston	5,169,525	4,959,452	(210,073)	(232,023)
Cumberland	213,801	216,616	2,815	(6)
East Greenwich	130,306	130,752	446	(325)
East Providence	1,295,314	1,330,451	35,137	(319,937)
Exeter	78,760	82,437	3,677	-
Foster	68,426	69,729	1,303	(21)
Glocester	93,327	94,919	1,592	-
Hopkinton	64,211	65,621	1,410	-
Jamestown	36,592	36,685	93	-
Johnston	388,129	382,377	(5,752)	-
Lincoln	231,852	236,662	4,810	-
Little Compton	25,292	23,548	(1,744)	-
Middletown	89,716	89,262	(454)	-
Narragansett	97,870	95,791	(2,079)	-
Newport	973,174	916,474	(56,700)	(55,367)
New Shoreham	7,639	8,132	493	-
North Kingstown	229,199	229,852	653	(4,151)
North Providence	1,324,652	1,395,562	70,910	78,555
North Smithfield	169,671	173,847	4,176	-
Pawtucket	2,566,975	2,561,954	(5,021)	(802,220)
Portsmouth	106,594	109,483	2,889	-
Providence	25,920,050	26,029,369	109,319	(2,641,314)
Richmond	58,139	60,200	2,061	-
Scituate	123,750	127,207	3,457	-
Smithfield	707,938	726,516	18,578	15,516
South Kingstown	293,327	306,088	12,761	9,695
Tiverton	108,006	108,700	694	-
Warren	82,216	82,773	557	-
Warwick	2,030,455	2,191,425	160,970	77,298
Westerly	339,542	338,015	(1,527)	(2,721)
West Greenwich	49,116	49,532	415	-
West Warwick	1,152,861	1,124,125	(28,736)	(494,477)
Woonsocket	1,318,582	1,388,007	69,425	(328,492)
Subtotal	\$ 47,964,867	\$ 47,964,867	\$ -	\$ (5,192,228)
Fire Districts	-	-	-	-
Total	\$ 47,964,867	\$ 47,964,867	\$ -	\$ (5,192,228)

Distressed Communities Relief

<i>City or Town</i>	<i>FY 2010</i>	<i>FY 2011 Enacted</i>	<i>FY 2011 Revised</i>	<i>FY 2011 Rev. to Enacted</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	508,393	487,620	708,688	221,068
Central Falls	289,687	267,573	363,633	96,060
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	-	-	-	-
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	-	757,605	1,114,116	356,511
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	2,321,986	804,431
Portsmouth	-	-	-	-
Providence	5,294,787	5,111,263	7,954,890	2,843,627
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	946,361	925,685	1,394,669	468,984
Woonsocket	826,383	806,641	1,208,188	401,547
Total	\$ 10,384,458	\$ 10,384,458	\$ 15,576,686	\$ 5,192,228

Distressed Communities Relief

<i>City or Town</i>	<i>FY 2011 Enacted</i>	<i>FY 2012 Recommended</i>	<i>FY 2012 Rec. to Enacted</i>	<i>FY 2012 Rec. to FY 2011 Rev.</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	487,620	243,867	(243,753)	(464,821)
Central Falls	267,573	293,509	25,936	(70,124)
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	-	-	-	-
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	757,605	757,468	(137)	(356,648)
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	510,516	624,043	113,527	113,527
North Smithfield	-	-	-	-
Pawtucket	1,517,555	1,534,272	16,717	(787,714)
Portsmouth	-	-	-	-
Providence	5,111,263	5,143,906	32,643	(2,810,984)
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	925,685	900,192	(25,493)	(494,477)
Woonsocket	806,641	887,201	80,560	(320,987)
Total	\$ 10,384,458	\$ 10,384,458	\$ -	\$ (5,192,228)

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2010</i>	<i>FY 2011 Enacted</i>	<i>FY 2011 Revised</i>	<i>FY 2011 Rev. to Enacted</i>
Barrington	\$ 48,732	\$ 85,188	\$ 48,984	\$ (36,204)
Bristol	610,478	579,478	580,241	763
Burrillville	70,809	66,485	66,573	88
Central Falls	21,220	19,133	19,158	25
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	3,560,464	4,234,275	4,239,850	5,575
Cumberland	119	109	109	-
East Greenwich	7,861	7,589	7,599	10
East Providence	54,586	91,068	91,188	120
Exeter	-	-	-	-
Foster	476	417	417	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	755,574	832,133	833,229	1,096
New Shoreham	-	-	-	-
North Kingstown	6,509	5,795	5,803	8
North Providence	458,386	455,764	456,364	600
North Smithfield	50,330	-	-	-
Pawtucket	349,427	376,910	377,406	496
Portsmouth	-	-	-	-
Providence	19,679,744	19,072,758	19,097,871	25,113
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	457,696	428,500	429,064	564
South Kingstown	139,325	124,067	124,230	163
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	1,026,754	956,335	957,595	1,260
Westerly	124,648	109,895	110,040	145
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	157,271	134,510	134,688	178
Total	\$ 27,580,409	\$ 27,580,409	\$ 27,580,409	\$ -

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2011 Enacted</i>	<i>FY 2012 Recommended</i>	<i>FY 2012 Rec. to Enacted</i>	<i>FY 2012 Rec. to FY 2011 Rev.</i>
Barrington	\$ 85,188	\$ 45,230	\$ (39,958)	\$ (3,754)
Bristol	579,478	596,405	16,927	16,164
Burrillville	66,485	96,105	29,620	29,532
Central Falls	19,133	19,923	790	765
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	4,234,275	4,007,827	(226,448)	(232,023)
Cumberland	109	103	(6)	(6)
East Greenwich	7,589	7,274	(315)	(325)
East Providence	91,068	127,899	36,831	36,711
Exeter	-	-	-	-
Foster	417	396	(21)	(21)
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	832,133	777,862	(54,271)	(55,367)
New Shoreham	-	-	-	-
North Kingstown	5,795	1,652	(4,143)	(4,151)
North Providence	455,764	421,392	(34,372)	(34,972)
North Smithfield	-	-	-	-
Pawtucket	376,910	362,900	(14,010)	(14,506)
Portsmouth	-	-	-	-
Providence	19,072,758	19,267,541	194,783	169,670
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	428,500	444,580	16,080	15,516
South Kingstown	124,067	133,925	9,858	9,695
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	956,335	1,034,893	78,558	77,298
Westerly	109,895	107,319	(2,576)	(2,721)
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	134,510	127,183	(7,327)	(7,505)
Total	\$ 27,580,409	\$ 27,580,409	\$ -	\$ -

Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2010</i>	<i>FY 2011 Enacted</i>	<i>FY 2011 Revised</i>	<i>FY 2011 Rev. to Enacted</i>
Barrington	\$ 2,580,393	\$ 242,052	\$ 245,208	\$ 3,156
Bristol	1,307,456	115,694	117,205	1,511
Burrillville	2,389,629	209,664	214,709	5,045
Central Falls	1,219,325	84,881	84,330	(551)
Charlestown	441,247	40,332	41,218	886
Coventry	2,537,938	221,760	225,597	3,837
Cranston	10,455,590	935,250	951,625	16,375
Cumberland	2,438,572	213,692	216,513	2,821
East Greenwich	1,165,558	122,717	123,478	761
East Providence	5,321,134	446,641	445,084	(1,557)
Exeter	859,087	78,760	82,437	3,677
Foster	759,861	68,009	69,333	1,324
Glocester	1,052,490	93,327	94,919	1,592
Hopkinton	727,489	64,211	65,621	1,410
Jamestown	375,993	36,592	36,685	93
Johnston	4,341,586	388,129	382,377	(5,752)
Lincoln	2,523,037	231,852	236,662	4,810
Little Compton	246,033	25,292	23,548	(1,744)
Middletown	972,216	89,716	89,262	(454)
Narragansett	1,041,634	97,870	95,791	(2,079)
Newport	1,527,934	141,041	138,612	(2,429)
New Shoreham	79,784	7,639	8,132	493
North Kingstown	2,423,460	223,404	228,200	4,796
North Providence	4,188,775	358,372	350,127	(8,245)
North Smithfield	1,882,872	169,671	173,847	4,176
Pawtucket	8,706,958	672,510	664,782	(7,728)
Portsmouth	1,342,618	106,594	109,483	2,889
Providence	20,839,552	1,736,029	1,617,922	(118,107)
Richmond	713,145	58,139	60,200	2,061
Scituate	1,364,267	123,750	127,207	3,457
Smithfield	3,029,033	279,438	281,936	2,498
South Kingstown	1,876,190	169,260	172,163	2,903
Tiverton	1,212,910	108,006	108,700	694
Warren	950,807	82,216	82,773	557
Warwick	11,937,783	1,074,120	1,156,532	82,412
Westerly	2,597,345	229,647	230,696	1,049
West Greenwich	526,676	49,116	49,532	415
West Warwick	2,695,205	227,176	223,933	(3,243)
Woonsocket	4,652,576	377,431	373,623	(3,808)
Municipalities	\$ 115,304,158	\$ 10,000,000	\$ 10,000,000	\$ -
Fire Districts	1,875,837	-	-	-
Total	\$ 117,179,995	\$ 10,000,000	\$ 10,000,000	\$ -

Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2011 Enacted</i>	<i>FY 2012 Recommended</i>	<i>FY 2012 Rec. to Enacted</i>	<i>FY 2012 Rec. to FY 2011 Rev.</i>
Barrington	\$ 242,052	\$ 245,208	\$ 3,156	\$ -
Bristol	115,694	117,205	1,511	-
Burrillville	209,664	214,709	5,045	-
Central Falls	84,881	84,330	(551)	-
Charlestown	40,332	41,218	886	-
Coventry	221,760	225,597	3,837	-
Cranston	935,250	951,625	16,375	-
Cumberland	213,692	216,513	2,821	-
East Greenwich	122,717	123,478	761	-
East Providence	446,641	445,084	(1,557)	-
Exeter	78,760	82,437	3,677	-
Foster	68,009	69,333	1,324	-
Glocester	93,327	94,919	1,592	-
Hopkinton	64,211	65,621	1,410	-
Jamestown	36,592	36,685	93	-
Johnston	388,129	382,377	(5,752)	-
Lincoln	231,852	236,662	4,810	-
Little Compton	25,292	23,548	(1,744)	-
Middletown	89,716	89,262	(454)	-
Narragansett	97,870	95,791	(2,079)	-
Newport	141,041	138,612	(2,429)	-
New Shoreham	7,639	8,132	493	-
North Kingstown	223,404	228,200	4,796	-
North Providence	358,372	350,127	(8,245)	-
North Smithfield	169,671	173,847	4,176	-
Pawtucket	672,510	664,782	(7,728)	-
Portsmouth	106,594	109,483	2,889	-
Providence	1,736,029	1,617,922	(118,107)	-
Richmond	58,139	60,200	2,061	-
Scituate	123,750	127,207	3,457	-
Smithfield	279,438	281,936	2,498	-
South Kingstown	169,260	172,163	2,903	-
Tiverton	108,006	108,700	694	-
Warren	82,216	82,773	557	-
Warwick	1,074,120	1,156,532	82,412	-
Westerly	229,647	230,696	1,049	-
West Greenwich	49,116	49,532	415	-
West Warwick	227,176	223,933	(3,243)	-
Woonsocket	377,431	373,623	(3,808)	-
Municipalities	\$ 10,000,000	\$ -	\$ -	\$ -
Fire Districts	-	-	-	-
Total	\$ 10,000,000	\$ -	\$ -	\$ -

Library Aid

<i>City or Town</i>	<i>FY 2010</i>	<i>FY 2011 Enacted</i>	<i>FY 2011 Revised</i>	<i>FY 2011 Rev. to Enacted</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.

Library Aid

<i>City or Town</i>	<i>FY 2011 Enacted</i>	<i>FY 2012 Recommended**</i>	<i>FY 2012 Rec. to Enacted</i>	<i>FY 2012 Rec. to FY 2011 Rev.</i>
Barrington	\$ 323,140	\$ 323,140	\$ -	\$ -
Bristol	106,449	106,449	-	-
Burrillville	124,196	124,196	-	-
Central Falls	76,712	76,712	-	-
Charlestown	46,444	46,444	-	-
Coventry	198,364	198,364	-	-
Cranston	564,855	564,855	-	-
Cumberland	242,455	242,455	-	-
East Greenwich	107,800	107,800	-	-
East Providence	454,240	454,240	-	-
Exeter	32,685	32,685	-	-
Foster	34,283	34,283	-	-
Glocester	68,546	68,546	-	-
Hopkinton	28,903	28,903	-	-
Jamestown	76,368	76,368	-	-
Johnston	96,481	96,481	-	-
Lincoln	179,391	179,391	-	-
Little Compton	26,702	26,702	-	-
Middletown	123,398	123,398	-	-
Narragansett	113,169	113,169	-	-
Newport	364,548	364,548	-	-
New Shoreham	94,072	94,072	-	-
North Kingstown	246,625	246,625	-	-
North Providence	154,613	154,613	-	-
North Smithfield	61,584	61,584	-	-
Pawtucket	398,156	398,156	-	-
Portsmouth	99,917	99,917	-	-
Providence*	2,276,903	2,276,903	-	-
Richmond	21,874	21,874	-	-
Scituate	92,532	92,532	-	-
Smithfield	254,642	254,642	-	-
South Kingstown	205,999	205,999	-	-
Tiverton	90,485	90,485	-	-
Warren	51,162	51,162	-	-
Warwick	657,409	657,409	-	-
Westerly	287,122	287,122	-	-
West Greenwich	24,649	24,649	-	-
West Warwick	171,415	171,415	-	-
Woonsocket	195,110	195,110	-	-
Total	\$ 8,773,398	\$ 8,773,398	\$ -	\$ -

*Includes the Statewide Reference Library Resource Grant.

**Distribution reflects last year's and is subject to update data.

Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2010</i>	<i>FY 2011 Enacted</i>	<i>FY 2011 Revised</i>	<i>FY 2011 Rev. to Enacted</i>
Barrington	\$ 163,557	\$ 163,557	\$ 182,103	\$ 18,546
Bristol	218,500	218,500	243,277	24,777
Burrillville	153,609	153,609	171,027	17,418
Central Falls	184,066	184,066	204,938	20,872
Charlestown	76,425	76,425	85,091	8,666
Coventry	327,405	327,405	364,531	37,126
Cranston	770,853	770,853	858,263	87,410
Cumberland	309,629	309,629	344,739	35,110
East Greenwich	125,913	125,913	140,191	14,278
East Providence	473,467	473,467	527,156	53,689
Exeter	58,785	58,785	65,451	6,666
Foster	41,563	41,563	46,276	4,713
Glocester	96,740	96,740	107,709	10,969
Hopkinton	76,201	76,201	84,842	8,641
Jamestown	54,671	54,671	60,871	6,200
Johnston	274,183	274,183	305,274	31,091
Lincoln	203,223	203,223	226,267	23,044
Little Compton	34,940	34,940	38,902	3,962
Middletown	168,565	168,565	187,679	19,114
Narragansett	159,103	159,103	177,144	18,041
Newport	257,457	257,457	286,651	29,194
New Shoreham	9,822	9,822	10,935	1,113
North Kingstown	256,008	256,008	285,038	29,030
North Providence	315,181	315,181	350,921	35,740
North Smithfield	103,255	103,255	114,963	11,708
Pawtucket	709,481	709,481	789,933	80,452
Portsmouth	166,766	166,766	185,676	18,910
Providence	1,688,352	1,688,352	1,879,801	191,449
Richmond	70,230	70,230	78,194	7,964
Scituate	100,396	100,396	111,780	11,384
Smithfield	200,452	200,452	223,182	22,730
South Kingstown	271,518	271,518	302,307	30,789
Tiverton	148,396	148,396	165,223	16,827
Warren	110,471	110,471	122,997	12,526
Warwick	834,442	834,442	929,063	94,621
Westerly	223,333	223,333	248,658	25,325
West Greenwich	49,449	49,449	55,056	5,607
West Warwick	287,661	287,661	320,280	32,619
Woonsocket	420,333	420,333	467,996	47,663
Total	\$ 10,194,401	\$ 10,194,401	\$ 11,350,385	\$ 1,155,984

Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2011 Enacted</i>	<i>FY 2012 Recommended</i>	<i>FY 2012 Rec. to Enacted</i>	<i>FY 2012 Rec. to FY 2011 Rev.</i>
Barrington	\$ 163,557	\$ 182,103	\$ 18,546	\$ -
Bristol	218,500	243,277	24,777	-
Burrillville	153,609	171,027	17,418	-
Central Falls	184,066	204,938	20,872	-
Charlestown	76,425	85,091	8,666	-
Coventry	327,405	364,531	37,126	-
Cranston	770,853	858,263	87,410	-
Cumberland	309,629	344,739	35,110	-
East Greenwich	125,913	140,191	14,278	-
East Providence	473,467	527,156	53,689	-
Exeter	58,785	65,451	6,666	-
Foster	41,563	46,276	4,713	-
Glocester	96,740	107,709	10,969	-
Hopkinton	76,201	84,842	8,641	-
Jamestown	54,671	60,871	6,200	-
Johnston	274,183	305,274	31,091	-
Lincoln	203,223	226,267	23,044	-
Little Compton	34,940	38,902	3,962	-
Middletown	168,565	187,679	19,114	-
Narragansett	159,103	177,144	18,041	-
Newport	257,457	286,651	29,194	-
New Shoreham	9,822	10,935	1,113	-
North Kingstown	256,008	285,038	29,030	-
North Providence	315,181	350,921	35,740	-
North Smithfield	103,255	114,963	11,708	-
Pawtucket	709,481	789,933	80,452	-
Portsmouth	166,766	185,676	18,910	-
Providence	1,688,352	1,879,801	191,449	-
Richmond	70,230	78,194	7,964	-
Scituate	100,396	111,780	11,384	-
Smithfield	200,452	223,182	22,730	-
South Kingstown	271,518	302,307	30,789	-
Tiverton	148,396	165,223	16,827	-
Warren	110,471	122,997	12,526	-
Warwick	834,442	929,063	94,621	-
Westerly	223,333	248,658	25,325	-
West Greenwich	49,449	55,056	5,607	-
West Warwick	287,661	320,280	32,619	-
Woonsocket	420,333	467,996	47,663	-
Total	\$ 10,194,401	\$ 11,350,385	\$ 1,155,984	\$ -

Municipal Accountability, Stability and Transparency Fund

<i>City or Town</i>	<i>FY 2011 Enacted</i>	<i>FY 2012 Recommended</i>	<i>FY 2012 Rec. to Enacted</i>	<i>FY 2012 Rec. to FY 2011 Rev.</i>
Barrington		\$ 72,326	\$ 72,326	\$ 72,326
Bristol		294,761	294,761	294,761
Burrillville		209,443	209,443	209,443
Central Falls		502,285	502,285	502,285
Charlestown		121,199	121,199	121,199
Coventry		301,545	301,545	301,545
Cranston		1,613,317	1,613,317	1,613,317
Cumberland		463,656	463,656	463,656
East Greenwich		52,546	52,546	52,546
East Providence		796,908	796,908	796,908
Exeter		26,908	26,908	26,908
Foster		92,220	92,220	92,220
Glocester		168,633	168,633	168,633
Hopkinton		67,130	67,130	67,130
Jamestown		43,570	43,570	43,570
Johnston		759,095	759,095	759,095
Lincoln		285,094	285,094	285,094
Little Compton		31,451	31,451	31,451
Middletown		291,055	291,055	291,055
Narragansett		262,187	262,187	262,187
Newport		548,824	548,824	548,824
New Shoreham		27,192	27,192	27,192
North Kingstown		264,514	264,514	264,514
North Providence		712,975	712,975	712,975
North Smithfield		195,042	195,042	195,042
Pawtucket		1,624,044	1,624,044	1,624,044
Portsmouth		194,571	194,571	194,571
Providence		4,607,237	4,607,237	4,607,237
Richmond		44,080	44,080	44,080
Scituate		134,538	134,538	134,538
Smithfield		554,964	554,964	554,964
South Kingstown		301,889	301,889	301,889
Tiverton		192,059	192,059	192,059
Warren		149,238	149,238	149,238
Warwick		1,448,194	1,448,194	1,448,194
Westerly		225,182	225,182	225,182
West Greenwich		66,361	66,361	66,361
West Warwick		436,976	436,976	436,976
Woonsocket		1,147,019	1,147,019	1,147,019
Total		\$ 19,330,231	\$ 19,330,231	\$ 19,330,231

Meals and Beverage

<i>City or Town</i>	<i>FY 2007</i>	<i>FY 2008</i>	<i>FY 2009</i>	<i>FY 2010</i>
Barrington	\$ 98,239	\$ 120,946	\$ 119,179	\$ 135,553
Bristol	317,467	326,980	318,548	303,168
Burrillville	164,519	166,000	166,966	172,887
Central Falls	85,985	88,041	82,663	88,173
Charlestown	114,399	104,650	98,886	97,087
Coventry	314,523	329,394	332,829	333,263
Cranston	1,341,782	1,326,355	1,317,327	1,321,908
Cumberland	338,770	335,042	346,547	350,310
East Greenwich	377,559	407,431	389,810	428,133
East Providence	701,393	696,324	710,794	729,001
Exeter	49,935	69,053	63,081	71,128
Foster	16,697	17,951	17,846	17,376
Glocester	55,379	55,278	57,561	54,010
Hopkinton	47,563	44,218	39,880	43,754
Jamestown	101,472	39,650	65,241	80,395
Johnston	446,385	414,290	406,973	429,028
Lincoln	575,953	661,664	585,041	609,715
Little Compton	28,748	27,347	27,577	39,576
Middletown	542,101	540,447	566,748	561,285
Narragansett	369,441	414,678	473,967	460,758
Newport	1,616,630	1,627,568	1,552,832	1,526,834
New Shoreham	240,249	247,449	208,610	225,939
North Kingstown	442,199	414,128	430,806	419,321
North Providence	390,616	372,595	365,348	344,523
North Smithfield	150,356	141,091	155,376	160,440
Pawtucket	621,741	627,568	640,642	633,198
Portsmouth	152,304	149,324	159,493	166,628
Providence	3,913,788	3,962,837	3,912,275	3,961,890
Richmond	101,876	105,128	101,458	102,635
Scituate	45,629	55,494	55,036	52,460
Smithfield	488,580	495,297	480,155	513,546
South Kingstown	476,951	514,694	516,680	536,657
Tiverton	149,415	157,507	146,356	151,924
Warren	231,982	231,596	205,217	202,368
Warwick	2,200,480	2,165,813	2,199,207	2,151,135
Westerly	617,927	378,006	589,951	593,704
West Greenwich	77,232	75,038	79,531	95,914
West Warwick	346,372	354,150	330,731	322,737
Woonsocket	477,662	488,266	491,063	494,686
Total	\$ 18,830,298	\$ 18,749,285	\$ 18,808,231	\$ 18,983,046

Hotel Tax

<i>City or Town</i>	<i>FY 2007</i>	<i>FY 2008</i>	<i>FY 2009</i>	<i>FY 2010</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	16,167	17,449	14,152	12,395
Burrillville	-	-	-	-
Central Falls	-	-	-	-
Charlestown	17,730	8,925	9,611	6,622
Coventry	32,063	34,194	29,751	29,063
Cranston	12,026	10,792	8,952	7,708
Cumberland	-	-	-	-
East Greenwich	272	170	162	133
East Providence	18,344	14,604	12,292	12,544
Exeter	-	-	-	-
Foster	200	241	214	136
Glocester	1,035	1,042	802	700
Hopkinton	-	-	-	6
Jamestown	4,216	3,077	3,696	3,635
Johnston	4,553	4,515	2,640	3,471
Lincoln	39,679	38,735	34,223	33,457
Little Compton	2,340	1,324	108	4,512
Middletown	221,249	247,240	228,601	233,101
Narragansett	25,315	32,556	30,975	30,542
Newport	-	-	-	-
New Shoreham	125,443	105,134	96,644	92,485
North Kingstown	8,152	8,257	6,661	5,751
North Providence	-	-	-	-
North Smithfield	849	1,108	2,665	844
Pawtucket	26,767	24,649	22,645	20,151
Portsmouth	4,242	3,577	3,963	2,769
Providence	656,046	722,109	677,432	644,561
Richmond	1,832	2,465	1,472	1,439
Scituate	1,738	1,721	1,744	1,621
Smithfield	31,143	27,621	37,773	39,029
South Kingstown	27,955	35,037	48,297	45,334
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	431,422	407,500	364,010	352,362
Westerly	86,150	78,544	68,603	71,162
West Greenwich	17,366	10,155	25,996	31,174
West Warwick	64,459	51,147	42,626	40,852
Woonsocket	22,681	22,467	17,317	16,805
Total	\$ 1,901,433	\$ 1,916,354	\$ 1,794,024	\$ 1,744,364

*Six months

Education Aid

Summary

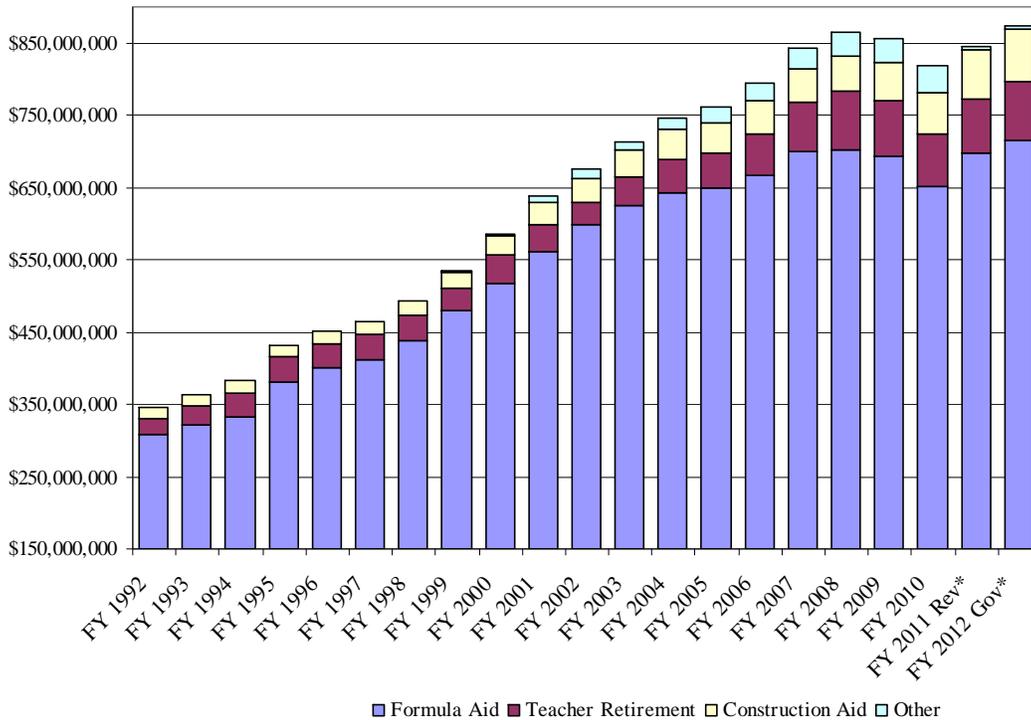
The 2010 Assembly adopted a new funding formula to be effective with the FY 2012 budget. This formula would distribute aid to all districts, charter schools and the state schools: Davies Career and Technical School and the Metropolitan Career and Technical School. It is based on the principle that the 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. There is no minimum share in the formula.

The funding plan also allows for additional support from the state to districts for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. Group home aid will continue to be paid pursuant to current law, in addition to aid paid through the new funding formula.

There will be redistribution of aid among communities with some getting less aid than prior years. In an effort to mitigate any losses to communities, the formula will be phased in over a ten-year period.

The legislation also includes a two-year phased increase in the state's minimum housing aid participation to provide that no local receives less than a 40.0 percent state reimbursement by FY 2013 for construction projects completed after June 30, 2010. The previous minimum had been 30.0 percent.

State Education Aid



*Davies begins appearing with education aid

The Governor recommends \$843.3 million from general revenues for FY 2012 total aid for local school districts. Including federal education jobs funds distributed to districts for use in FY 2011 and FY 2012, the Governor's recommendation totals \$875.2 million, which is \$26.7 million more than enacted. Funding

for FY 2012 includes \$714.5 million in direct distributions to local school districts, \$2.6 million in categorical funding, \$3.0 million for other formula aid for distribution by the Department of Elementary and Secondary Education for specific programming, \$82.7 million for the state's contribution to teacher retirement, and \$72.5 million for school construction costs.

Education Aid by Component

The Governor recommends \$875.2 million for FY 2012 education aid from all sources of funds for distribution to districts including Central Falls, Davies Career and Technical Center, charter schools and the Metropolitan Career and Technical School. This includes teacher retirement and school housing aid as well as other formula aid for distribution by the Department of Elementary and Secondary Education. This is \$26.7 million more than enacted for FY 2011.

The following table compares the FY 2012 recommended funding for the major components of education aid to the FY 2011 enacted. It is followed by an explanation of each of the items in the table.

Education Aid	FY 2011 Enacted	FY 2012 Governor	Education Jobs Fund Offset	Total FY 2012 Recommended	Total Change to Enacted
Operating Aid					
Local Districts	\$ 580,823,345	\$ 568,910,955	\$ 27,540,076	\$ 596,451,031	\$ 15,627,686
Central Falls	42,865,645	38,484,766	1,969,619	40,454,385	(2,411,260)
Met School	13,025,640	11,571,987	593,721	12,165,708	(859,932)
Davies Career & Technical*	14,859,739	13,310,129	673,955	13,984,084	(875,655)
Charter Schools	37,770,667	41,604,009	1,209,467	42,813,476	5,042,809
Group Homes Funding	8,856,000	8,601,000	-	8,601,000	(255,000)
Subtotal	\$ 698,201,036	\$ 682,482,846	\$ 31,986,838	\$ 714,469,684	\$ 16,268,648
Categorical Funding					
High Cost Special Education	\$ -	\$ -	\$ -	\$ -	\$ -
High Cost Career and Technical	-	-	-	-	-
Early Childhood	700,000	700,000	-	700,000	-
Transportation	-	1,087,840	-	1,087,840	1,087,840
Regionalization Bonus	-	851,899	-	851,899	851,899
Subtotal	\$ 700,000	\$ 2,639,739	\$ -	\$ 2,639,739	\$ 1,939,739
Set-Aside Funds					
Progressive Support & Intervention	\$ 2,687,559	\$ 2,687,512	\$ -	\$ 2,687,512	\$ (47)
Textbook Loans	240,000	-	-	-	(240,000)
School Breakfast	300,000	270,000	-	270,000	(30,000)
Subtotal	\$ 3,227,559	\$ 2,957,512	\$ -	\$ 2,957,512	\$ (270,047)
Total	\$ 702,128,595	\$ 688,080,097	\$ 31,986,838	\$ 720,066,935	\$ 17,938,340
Other Aid					
Teacher Retirement	\$ 75,598,212	\$ 82,671,070	\$ -	\$ 82,671,070	\$ 7,072,858
Construction Aid	70,774,727	72,507,180	-	72,507,180	1,732,453
Statewide Total	\$ 848,501,534	\$ 843,258,347	\$ 31,986,838	\$ 875,245,185	\$ 26,743,651

**Not previously displayed with education aid; enacted represents general revenues and stabilization funds to be consistent with all other districts*

The funding formula calculation for FY 2012 uses June 30, 2010 student enrollment data adjusted for FY 2012 projected charter school enrollments, a per pupil core instruction amount of \$8,333 and census data released in December 2010. It assumes that districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years. Budget Office supporting documents indicate that the Department of Elementary and Secondary Education will provide updated March 2011 student enrollment data at the beginning of April. Districts will be billed quarterly for students attending charter and state schools.

Operating Aid

Local Districts. The Governor recommends \$596.5 million for formula aid to locally operated school districts. This is \$15.6 million more than enacted. This reflects the first year of the funding formula and \$27.5 million from federal education jobs funds that districts will receive for use in FY 2011 and FY 2012 in lieu of general revenues.

Central Falls Operations. The Governor recommends \$40.5 million for formula aid for the Central Falls School District. This is \$2.4 million or 5.6 percent less than FY 2011 enacted aid and includes use of \$2.0 million from federal education jobs funds that Central Falls will receive for use in FY 2011 and FY 2012 in lieu of general revenues. Central Falls had been fully state supported. Beginning with FY 2012, Central Falls will be funded pursuant to the new funding formula.

The new legislation requires the city to contribute to its education budget. It includes a transition fund to stabilize the Central Falls school district until the city can begin paying its local share. Because the transition funds are paid upon verification that the city has paid its share of the local contribution and the Governor assumes that Central Falls will be unable to contribute any funds towards education for FY 2012, he does not include any funds for the state's transition payment nor does he assume a local contribution will be made.

Metropolitan Career and Technical School. The Governor recommends \$12.2 million for formula aid for the Metropolitan Career and Technical School. This is \$0.9 million or 6.6 percent less than the FY 2011 enacted level and includes use of \$0.6 million from federal education jobs funds that the Met School will receive for use in FY 2011 and FY 2012 in lieu of general revenues. Prior to FY 2012, the Met School was fully state supported. Beginning in FY 2012, the Met School will be funded pursuant to the new education funding formula. It will be funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil cost of each sending district, which must pay that to the School. The estimated local contribution is \$4.6 million once the formula is fully phased in. Tables at the end of this report include estimated enrollment by sending district for FY 2012.

Davies Career and Technical School. The Governor recommends \$14.0 million from general revenues for formula aid to support the Davies Career and Technical School. This is \$0.9 million or 5.9 percent less than the FY 2011 enacted level and includes use of \$0.7 million from federal education jobs funds that Davies will receive for use in FY 2011 and FY 2012 in lieu of general revenues. Prior to FY 2012, Davies was fully state supported. Beginning in FY 2012, Davies will be funded pursuant to the new education funding formula. It will be funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil cost of each sending district, which must pay that to the School.

The local share for FY 2012 is estimated at \$0.7 million and is shown in the school's budget as restricted receipt expenditures. Davies' operating budget will continue to be submitted as part of the Department's budget and Davies' employees are still state employees. Tables at the end of this report include estimated enrollment by sending district for FY 2012.

Charter Schools. The Governor recommends \$42.8 million for formula aid to charter schools. This is \$5.0 million or 13.4 percent more than the FY 2011 enacted level and includes funding for one new charter school to open for the 2011-2012 school year. The FY 2011 revised budget includes an additional \$0.3 million in aid based on October 1, 2010 enrollment data. The FY 2012 budget also includes use of \$1.2 million from federal education jobs funds that charter schools will receive for use in FY 2011 and FY 2012 in lieu of general revenues. Beginning in FY 2012, charter schools will be funded pursuant to the new

education funding formula. Charter schools will be funded like other districts. The state share is that of the sending district for each student and the local contribution is the local per pupil cost of each sending district which must pay that to the school.

Charter schools are public schools authorized by the state through the Board of Regents to operate independently from many state and local district rules and regulations. The 2010 Assembly increased the statewide total to no more than 35 charters; it had previously been no more than 20 charters serving no more than 4.0 percent of the state's school age population. At least half of the 35 total charters shall be reserved for charter school applications designed to increase the educational opportunities for at-risk pupils. There are currently 15 charter schools in Rhode Island. The Governor's budget assumes one new school will open. The Nurses Institute currently has preliminary approval from the Regents. The Regents are scheduled to make their final decision at either the May or June board meeting.

Tables at the end of this report include estimated enrollment by sending district for FY 2012.

Group Homes. Consistent with current law, the budget adjusts group home aid to reflect actual beds, and includes \$8.6 million, which is \$285,000 less than the final FY 2011 allocation and \$255,000 less than the enacted budget. The 2007 Assembly enacted legislation to ensure that the payment of communities' group home aid more closely reflects the actual number of group home beds open at the time of the budget. The legislation mandates that increases in beds prior to December 31 of each year shall be paid as part of the supplemental budget for that year and included in the budget year recommendation. Decreases in beds are not reflected until the budget year so any decreases in group home beds during FY 2011 would not be reflected until FY 2012 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 2012, the 18 communities hosting group homes, which have a total of 565 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. The FY 2011 revised budget includes \$8.9 million which is \$30,000 more than enacted for two new beds, one each in Portsmouth and Providence.

Categorical Funding

The education funding formula allows for additional funding from the state to districts for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. For each categorical fund, the Department of Elementary and Secondary Education will prorate the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year.

High Cost Special Education. The new funding formula allows for additional funding from the state for high cost special education students when those costs exceed five times the district's combined per pupil core instruction amount and student success factor amount. The Governor does not recommend funding for high cost special education for FY 2012.

High Cost Career and Technical Programs. The new funding formula allows for additional funding from the state to help meet the initial capital investment needs to transform existing or create new comprehensive career and technical education programs and career pathways in critical and emerging industries and to help offset the higher than average costs associated with facilities, equipment, maintenance, repair and supplies necessary for maintaining the quality of highly specialized programs. The Governor does not recommend funding for high cost career and technical programs for FY 2012.

Early Childhood Education. The new funding formula allows for additional funding from the state to increase access to voluntary, free, high-quality pre-kindergarten programs. The Department of Elementary and Secondary Education will recommend the criteria for the purpose of allocating funding provided by the Assembly. The Governor recommends the enacted level of \$700,000 for early childhood education programs for FY 2012. These funds are currently distributed through a request for proposal process and have been going directly to the childcare programs.

Transportation. The new funding formula allows for additional funding from the state to mitigate the excess costs associated with transporting students to out-of-district non-public schools and within regional school districts. The state will assume the costs of non-public out-of-district transportation for those districts participating in the statewide transportation system and will share in the costs associated with transporting students within regional school districts. The state and regional school district will share equally the student transportation costs net any federal sources of revenue for these expenditures. The Governor recommends \$1.1 million for FY 2012.

Limited Regionalization Bonus. The state will provide a limited two-year bonus for regionalized districts. The bonus in the first year shall be 2.0 percent of the state's share of the foundation education aid for the regionalized districts in that fiscal year. The second year bonus shall be 1.0 percent of the state's share of the foundation education aid for the regionalized districts in that fiscal year. This bonus applies to districts that are currently regionalized as well as any districts that regionalize in the future. The Governor recommends \$0.9 million consistent with current law requirements.

Set-Aside Funds

Progressive Support and Intervention. The Governor recommends \$2.7 million or \$47 less than the FY 2011 enacted budget for support of reform efforts in selected school districts. It includes funding for experts to work on the transformation process contained in the Regents' new strategic plan.

Textbook Loan Program. The Governor recommends eliminating the requirement that the state reimburse certain costs allowed under the textbook loan program. The state reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12th grade. FY 2010 expenditures were \$233,861. The enacted budget includes \$240,000.

School Breakfast. The Governor recommends \$270,000 to reimburse administrative costs associated with the state's school breakfast program. This is \$30,000 or 10.0 percent less than the enacted level of \$300,000. 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 are eligible for free meals. Children between 130 percent and 185 percent of poverty are eligible for reduced-price meals. Children from families over 185 percent of poverty pay a regular price for their meal.

Other Aid

Teacher Retirement. The Governor recommends \$82.7 million to fund the state's 40.0 percent share of the employer contribution for teacher retirement, an increase of \$13.0 million or 18.7 percent to the FY 2011 revised budget. 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.

The Governor also proposes that effective July 1, 2011 teachers contribute 11.75 percent towards pension benefits. The additional funds will be used to pay down the unfunded liability in the system; there would be no reduction in the employer share and the budget assumes no savings from this proposal. His budget assumes that teachers will pay an additional \$20.5 million to the system.

School Housing (Construction) Aid. The Governor recommends \$72.5 million for construction aid to local districts. This is \$4.5 million more than the FY 2011 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 35.0 percent for FY 2012. The new funding formula 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.

The Governor proposes legislation to set the state reimbursement for charter school construction projects at the average share ratio of the sending district. Unless sponsored by a school district, charter schools are currently eligible for a 30.0 percent reimbursement. There is no impact on the FY 2012 budget and the supporting documents do not estimate the impact of this change on future budgets.

Calculation and Distribution Tables

The eleven tables on the following pages include the calculation and distribution of the Governor's FY 2012 recommended education aid to districts, charter and state schools. Tables 1A and 1B show the total recommended funding and Tables 2 through 9 illustrate different components of the funding formula. Table 10 has education aid to districts for FY 2006 through FY 2010 for comparison purposes.

Table 1A: Total Recommended Education Aid for Districts for FY 2012

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2012

Table 2: Calculation of New Funding Formula for FY 2012

Table 3: Group Home Aid

Table 4: Calculation of State Share Ratio

Table 5: Transition Plan for Districts

Table 6: FY 2012 Estimated Charter & State School Enrollment by Sending District

Table 7: Transition Plan for Charter and State Schools

Table 8: FY 2012 Formula Funding to Charter and State Schools by Sending District

Table 9: Recommended Categorical Aid

Table 10: Education Aid for FY 2006 - FY 2010

Tables 1A: Total Recommended Education Aid for Districts for FY 2012

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

B. Column **B** is the amount of group home aid districts will receive in FY 2012. Changes from FY 2011 are shown in Table 3. Group home aid will be paid pursuant to current law in addition to aid paid through the funding formula.

C. The formula allows for additional funding from the state for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. The Governor's recommendation is shown in Column **C**. Specific programs are shown in Table 9.

D. The Governor recommends using federal education jobs funds that districts will receive for use in FY 2011 and FY 2012 in lieu of general revenues. Column **D** shows the amount of the general revenue reduction.

E. Column **E** includes the Governor's FY 2012 general revenue recommendation. This is the total funding minus the jobs fund allocation.

F. Column **F** shows the amount from federal education jobs funds that districts will receive for use in FY 2011 and FY 2012. The Governor assumes that districts will carry forward their FY 2011 allocation for use in FY 2012.

G. Column **G** shows the Governor's total FY 2012 recommended aid from general revenues and federal education jobs funds.

H. Column **H** is the FY 2011 enacted aid from all sources including group home aid.

I. Column **I** is the difference between the Governor's FY 2012 recommendation from all sources of funds shown in Column **G** and the FY 2011 enacted budget in Column **H**.

Table 1A: Total Recommended Education Aid for Districts for FY 2012

<i>District</i>	<i>A</i> <i>Recommended</i> <i>Formula Aid</i> <i>(Table 2)</i>	<i>B</i> <i>Group Home</i> <i>Aid</i> <i>(Table 3)</i>	<i>C</i> <i>All Categoricals</i> <i>(Table 9)</i>	<i>D</i> <i>Education</i> <i>Jobs Fund</i>	<i>E</i> <i>Recommended</i> <i>General</i> <i>Revenues</i>
Barrington	\$ 2,346,507	\$ -	\$ 11,920	\$ (80,453)	\$ 2,277,974
Burrillville	12,585,893	420,000	3,716	(598,764)	12,410,845
Charlestown	1,663,386	-	33,372	-	1,696,758
Coventry	18,570,799	120,000	-	(829,477)	17,861,322
Cranston	33,949,874	-	106,220	(1,530,264)	32,525,830
Cumberland	12,682,548	-	18,664	(542,840)	12,158,372
East Greenwich	1,500,256	-	4,350	(60,142)	1,444,464
East Providence	24,836,821	636,000	3,037	(1,124,364)	24,351,494
Foster	1,236,333	-	1,069	(59,261)	1,178,141
Glocester	2,863,698	-	2,667	(135,039)	2,731,326
Hopkinton	5,622,508	-	112,627	-	5,735,135
Jamestown	368,955	-	-	(17,559)	351,396
Johnston	9,961,441	120,000	74,255	(440,076)	9,715,620
Lincoln	6,814,336	135,000	301	(288,938)	6,660,699
Little Compton	314,727	-	-	(13,144)	301,583
Middletown	8,962,812	480,000	-	(438,250)	9,004,562
Narragansett	1,481,749	-	-	(64,722)	1,417,027
Newport	10,237,477	480,000	-	(495,479)	10,221,998
New Shoreham	61,803	-	-	(2,501)	59,302
North Kingstown	10,667,391	-	-	(486,804)	10,180,587
North Providence	12,438,716	255,000	35,970	(554,729)	12,174,957
North Smithfield	4,518,169	120,000	10,011	(198,918)	4,449,262
Pawtucket	63,721,209	855,000	-	(2,878,291)	61,697,918
Portsmouth	5,077,514	690,000	-	(273,250)	5,494,264
Providence	183,260,614	2,730,000	-	(8,683,552)	177,307,062
Richmond	5,532,235	-	110,394	-	5,642,629
Scituate	3,148,878	-	5,573	(133,191)	3,021,260
Smithfield	4,726,572	240,000	8,115	(223,988)	4,750,699
South Kingstown	8,436,945	375,000	16,139	(420,852)	8,407,232
Tiverton	5,343,549	-	-	(241,531)	5,102,018
Warwick	33,560,762	360,000	65	(1,533,605)	32,387,222
Westerly	5,970,828	-	-	(261,313)	5,709,515
West Warwick	19,159,588	-	11,765	(864,504)	18,306,849
Woonsocket	45,135,511	165,000	4,472	(2,034,796)	43,270,187
Bristol-Warren	17,876,094	210,000	536,000	(866,462)	17,755,632
Chariho	344,924	-	297,033	(616,626)	25,331
Exeter-West Greenwich	6,304,867	210,000	302,131	(307,172)	6,509,826
Foster-Glocester	5,164,742	-	215,876	(239,219)	5,141,399
Central Falls	40,454,385	-	13,997	(1,969,619)	38,498,763
Total	\$ 636,905,415	\$ 8,601,000	\$ 1,939,739	\$ (29,509,695)	\$ 617,936,459
<i>Adjusted Chariho</i>	13,163,054	-	553,426	(616,626)	13,099,854

Table 1A: Total Recommended Education Aid for Districts for FY 2012

<i>District</i>	<i>F</i>	<i>G</i>	<i>H</i>	<i>I</i>
	<i>Education Jobs Fund Offset</i>	<i>Total FY 2012 Recommended</i>	<i>FY 2011 Enacted</i>	<i>Total FY 2012 Change to Enacted</i>
Barrington	\$ 80,453	\$ 2,358,427	\$ 1,777,692	\$ 580,734
Burrillville	598,764	13,009,609	13,049,312	(39,702)
Charlestown	-	1,696,758	1,708,264	(11,506)
Coventry	829,477	18,690,799	18,106,570	584,229
Cranston	1,530,264	34,056,094	31,729,746	2,326,348
Cumberland	542,840	12,701,212	11,853,639	847,572
East Greenwich	60,142	1,504,606	1,327,711	176,894
East Providence	1,124,364	25,475,858	24,531,957	943,901
Foster	59,261	1,237,402	1,293,021	(55,620)
Glocester	135,039	2,866,365	2,946,000	(79,635)
Hopkinton	-	5,735,135	5,695,888	39,246
Jamestown	17,559	368,955	386,846	(17,891)
Johnston	440,076	10,155,696	9,609,655	546,041
Lincoln	288,938	6,949,637	6,320,677	628,960
Little Compton	13,144	314,727	288,570	26,158
Middletown	438,250	9,442,812	9,562,746	(119,934)
Narragansett	64,722	1,481,749	1,423,684	58,065
Newport	495,479	10,717,477	10,812,053	(94,576)
New Shoreham	2,501	61,803	56,081	5,722
North Kingstown	486,804	10,667,391	10,633,129	34,261
North Providence	554,729	12,729,686	12,107,544	622,142
North Smithfield	198,918	4,648,180	4,342,683	305,497
Pawtucket	2,878,291	64,576,209	62,743,324	1,832,885
Portsmouth	273,250	5,767,514	5,968,097	(200,583)
Providence	8,683,552	185,990,614	179,813,040	6,177,574
Richmond	-	5,642,629	5,669,397	(26,767)
Scituate	133,191	3,154,451	2,913,522	240,929
Smithfield	223,988	4,974,687	4,899,277	75,410
South Kingstown	420,852	8,828,084	9,198,692	(370,608)
Tiverton	241,531	5,343,549	5,275,223	68,325
Warwick	1,533,605	33,920,827	33,493,714	427,114
Westerly	261,313	5,970,828	5,721,304	249,524
West Warwick	864,504	19,171,353	18,855,252	316,101
Woonsocket	2,034,796	45,304,983	44,356,033	948,949
Bristol-Warren	866,462	18,622,094	18,896,443	(274,349)
Chariho	616,626	641,957	383,667	258,290
Exeter-West Greenwich	307,172	6,816,998	6,708,949	108,049
Foster-Glocester	239,219	5,380,618	5,219,945	160,674
Central Falls	1,969,619	40,468,382	42,865,644	(2,397,262)
Total	\$ 29,509,695	\$ 647,446,154	\$ 632,544,990	\$ 14,901,165
<i>Adjusted Chariho</i>	616,626	13,716,480	13,457,216	259,263

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2012

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

B. The Governor recommends using federal education jobs funds that districts will receive for use in FY 2011 and FY 2012 in lieu of general revenues. Column **B** shows the amount of the general revenue reduction.

C. Column **C** includes the Governor's FY 2012 general revenue recommendation. This is the total funding minus the jobs fund allocation.

D. Column **D** shows the amount from federal education jobs funds that districts will receive for use in FY 2011 and FY 2012. The Governor assumes that charter and state schools will carry forward their FY 2011 allocation for use in FY 2012.

E. Column **E** shows the Governor's FY 2012 recommended formula aid from general revenues and federal education jobs funds.

F. Column **F** is the starting point for calculating FY 2011 base formula aid. It is the FY 2011 enacted aid plus an adjustment done by the Department of Elementary and Secondary Education based on Budget Office target instructions sent out in July 2010. The reason for this adjustment is unclear.

G. Column **G** is the difference between the total FY 2012 recommended funding in Column **E** and the FY 2011 base amounts in Column **F**.

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2012

<i>School</i>	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>
	<i>FY 2012 Recommended Formula Aid</i>	<i>Education Jobs Fund</i>	<i>Recommended General Revenues</i>	<i>Education Jobs Fund Offset</i>
Beacon	\$ 1,732,711	\$ (85,927)	\$ 1,646,784	\$ 85,927
Blackstone	1,553,292	(71,435)	1,481,856	71,435
Compass	609,710	(29,362)	580,348	29,362
Greene School	681,222	(26,637)	654,585	26,637
Highlander	2,713,276	(125,425)	2,587,851	125,425
International	2,887,024	(134,076)	2,752,948	134,076
Kingston Hill	724,215	(35,188)	689,027	35,188
Learning Community	5,786,707	(230,278)	5,556,429	230,278
New England Laborers	1,645,409	-	1,645,409	-
Nurses Institute	1,126,220	-	1,126,220	-
Paul Cuffee	6,719,793	(279,528)	6,440,265	279,528
Mayoral Academies Blackstone Valley	3,942,777	(93,285)	3,849,492	93,285
Segue Institute	2,541,835	(79,612)	2,462,223	79,612
Textron	2,314,584	-	2,314,584	-
Times2 Academy	7,107,590	-	7,107,590	-
Trinity	727,112	(18,714)	708,398	18,714
<i>Charter Schools Subtotal</i>	42,813,477	(1,209,467)	\$ 41,604,009	\$ 1,209,467
Davies Career and Tech	13,984,084	(673,955)	13,310,129	673,955
Met School	12,165,708	(593,721)	11,571,987	593,721
Total	\$ 68,963,269	\$ (2,477,143)	\$ 66,486,125	\$ 2,477,143

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2012

<i>School</i>	<i>E</i> <i>Total FY 2012</i> <i>Recommended</i>	<i>F</i> <i>FY 2011 For</i> <i>Base</i> <i>Calculation</i>	<i>G</i> <i>Change to</i> <i>FY 2011 Base</i> <i>Calculation</i>
Beacon	\$ 1,732,711	\$ 1,755,873	\$ (23,162)
Blackstone	1,553,291	1,563,108	(9,817)
Compass	609,710	642,210	(32,500)
Greene School	681,222	521,480	159,742
Highlander	2,713,276	2,741,436	(28,160)
International	2,887,024	2,932,501	(45,477)
Kingston Hill	724,215	769,530	(45,315)
Learning Community	5,786,707	5,267,909	518,798
New England Laborers	1,645,409	1,697,870	(52,461)
Nurses Institute	1,126,220	-	1,126,220
Paul Cuffee	6,719,793	6,259,303	460,490
Mayoral Academies Blackstone Valley	3,942,777	2,163,075	1,779,702
Segue Institute	2,541,835	1,740,632	801,203
Textron	2,314,584	2,341,876	(27,292)
Times2 Academy	7,107,590	7,217,958	(110,368)
Trinity	727,112	397,647	329,465
<i>Charter Schools Subtotal</i>	\$ 42,813,476	\$ 38,012,408	\$ 4,801,068
Davies Career and Tech	13,984,084	14,820,328	(836,244)
Met School	12,165,708	13,013,531	(847,823)
Total	\$ 68,963,268	\$ 65,846,267	\$ 3,117,001

Table 2: Calculation of New Funding Formula for FY 2012

- A.** The FY 2010 student counts are shown in Column **A** based on the resident average daily membership as of June 30. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year.
- B.** Column **B** includes the number of students in pre-kindergarten through 12th grade that receive USDA reimbursable lunch as reported to the Department of Elementary and Secondary Education by the districts.
- C.** Column **C** includes the percent of students that are eligible for free and reduced price lunch - Column **B** divided by Column **A**.
- D.** Column **D** is the core instruction funding which is the FY 2010 student count in Column **A** times the core instruction per pupil amount of \$8,333. The legislation requires the core instruction per pupil amount to be updated annually.
- E.** Column **E** includes the student success factor funding which is a single poverty weight as a proxy for student supports and is 40.0 times the number of students in pre-K through 12th grade that receive free and reduced price lunch in Column **B** times the core instruction amount.
- F.** The total foundation amount in Column **F** is the sum of the core instruction amount in Column **D** plus the student success factor funding in Column **E**.
- G.** Column **G** is the state share ratio whose calculation is described in Table 4.
- H.** Column **H** includes the state foundation aid under the new funding formula based on FY 2010 data. It is the total foundation amount in Column **F** times the state share ratio in Column **G**.
- I.** Column **I** is the FY 2011 base calculation shown in Table 5.
- J.** Column **J** is first year transition amount. It is the amount that will be added or subtracted from the FY 2011 base aid amount. It assumes that districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years. The calculation is shown in Table 5.
- K.** Column **K** is the amount that districts would receive in the first year of the new formula's implementation pursuant to the ten-year phase in of the formula.
- L.** Column **L** is the difference between the first year of funding under the new formula and the total state foundation aid shown in Column **H**.

Table 2: Calculation of New Funding Formula for FY 2012

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>
<i>District</i>	<i>FY 2010 PK-12 RADM</i>	<i>FY 2010 FRPL RADM</i>	<i>%FRPL</i>	<i>Core Instruction Funding</i>	<i>Student Success Factor Funding</i>	<i>Total Foundation</i>
Barrington	3,339	141	4.2%	\$ 27,823,887	\$ 469,981	\$ 28,293,868
Burrillville	2,503	782	31.2%	20,857,499	2,606,562	23,464,061
Charlestown	948	208	21.9%	7,899,684	693,306	8,592,990
Coventry	5,119	1,205	23.5%	42,656,627	4,016,506	46,673,133
Cranston	10,082	3,478	34.5%	84,013,306	11,592,870	95,606,176
Cumberland	4,611	931	20.2%	38,423,463	3,103,209	41,526,672
East Greenwich	2,306	166	7.2%	19,215,898	553,311	19,769,209
East Providence	5,630	2,448	43.5%	46,914,790	8,159,674	55,074,464
Foster	242	38	15.7%	2,016,586	126,662	2,143,248
Glocester	547	115	21.0%	4,558,151	383,318	4,941,469
Hopkinton	1,250	290	23.2%	10,416,250	966,628	11,382,878
Jamestown	690	35	5.1%	5,749,770	116,662	5,866,432
Johnston	3,049	1,182	38.8%	25,407,317	3,939,842	29,347,159
Lincoln	3,179	779	24.5%	26,490,607	2,596,563	29,087,170
Little Compton	425	61	14.4%	3,541,525	203,325	3,744,850
Middletown	2,532	733	28.9%	21,099,156	2,443,236	23,542,392
Narragansett	1,452	220	15.2%	12,099,516	733,304	12,832,820
Newport	2,065	1,224	59.3%	17,207,645	4,079,837	21,287,482
New Shoreham	124	16	12.9%	1,033,292	53,331	1,086,623
North Kingstown	4,089	776	19.0%	34,073,637	2,586,563	36,660,200
North Providence	3,205	1,185	37.0%	26,707,265	3,949,842	30,657,107
North Smithfield	1,819	256	14.1%	15,157,727	853,299	16,011,026
Pawtucket	8,554	6,625	77.4%	71,280,482	22,082,450	93,362,932
Portsmouth	2,645	319	12.1%	22,040,785	1,063,291	23,104,076
Providence	22,557	19,726	87.4%	187,967,481	65,750,703	253,718,184
Richmond	1,153	208	18.0%	9,607,949	693,306	10,301,255
Scituate	1,617	210	13.0%	13,474,461	699,972	14,174,433
Smithfield	2,416	317	13.1%	20,132,528	1,056,624	21,189,152
South Kingstown	3,495	585	16.7%	29,123,835	1,949,922	31,073,757
Tiverton	1,902	426	22.4%	15,849,366	1,419,943	17,269,309
Warwick	10,078	3,050	30.3%	83,979,974	10,166,260	94,146,234
Westerly	3,116	996	32.0%	25,965,628	3,319,867	29,285,495
West Warwick	3,510	1,648	47.0%	29,248,830	5,493,114	34,741,944
Woonsocket	5,948	4,262	71.7%	49,564,684	14,206,098	63,770,782
Bristol-Warren	3,453	1,149	33.3%	28,773,849	3,829,847	32,603,696
Chariho	-	-	0.0%	-	-	-
Exeter-West Greenwich	1,844	266	14.4%	15,366,052	886,631	16,252,683
Foster-Glocester	1,348	196	14.5%	11,232,884	653,307	11,886,191
Central Falls	2,257	1,783	79.0%	18,807,581	5,943,096	24,750,677
Total	135,099	58,035		\$ 1,125,779,967	\$ 193,442,262	\$ 1,319,222,229
<i>Adjusted Chariho</i>	<i>3,351</i>	<i>706</i>		<i>27,923,883</i>	<i>2,353,239</i>	<i>30,277,122</i>

Table 2: Calculation of New Funding Formula for FY 2012

<i>District</i>	<i>G</i>	<i>H</i>	<i>I</i>	<i>J</i>	<i>K</i>	<i>L</i>
	<i>State Share Ratio (Table 4)</i>	<i>FY 2012 Base Funding</i>	<i>FY 2011 for Base Calculation</i>	<i>Adjusted Year One Difference (Table 5)</i>	<i>FY 2012 Recommended Formula Aid</i>	<i>Difference from Base Funding</i>
Barrington	20.4%	\$ 5,775,727	\$ 1,774,970	\$ 571,537	\$ 2,346,507	\$ (3,429,221)
Burrillville	52.5%	12,325,681	12,614,806	(28,913)	12,585,893	260,213
Charlestown	15.4%	1,324,603	1,706,167	(42,781)	1,663,386	338,783
Coventry	47.5%	22,162,712	17,965,552	605,247	18,570,799	(3,591,913)
Cranston	49.6%	47,460,402	31,692,604	2,257,270	33,949,874	(13,510,528)
Cumberland	42.1%	17,465,903	11,839,759	842,789	12,682,548	(4,783,356)
East Greenwich	12.9%	2,547,775	1,325,669	174,587	1,500,256	(1,047,519)
East Providence	55.6%	30,618,480	23,867,806	969,015	24,836,821	(5,781,659)
Foster	34.5%	739,487	1,291,538	(55,205)	1,236,333	496,846
Glocester	43.6%	2,153,262	2,942,635	(78,937)	2,863,698	710,436
Hopkinton	44.4%	5,054,184	5,689,355	(66,847)	5,622,508	568,324
Jamestown	3.7%	215,706	386,289	(17,334)	368,955	153,249
Johnston	43.7%	12,830,533	9,478,401	483,040	9,961,441	(2,869,092)
Lincoln	36.3%	10,548,180	6,177,926	636,410	6,814,336	(3,733,845)
Little Compton	12.7%	473,994	288,183	26,544	314,727	(159,266)
Middletown	33.9%	7,982,312	9,071,756	(108,944)	8,962,812	980,500
Narragansett	14.4%	1,842,057	1,421,698	60,051	1,481,749	(360,308)
Newport	44.6%	9,498,142	10,319,625	(82,148)	10,237,477	739,335
New Shoreham	8.9%	96,813	55,968	5,835	61,803	(35,010)
North Kingstown	29.9%	10,945,756	10,620,582	46,809	10,667,391	(278,365)
North Providence	52.2%	16,009,366	11,838,531	600,185	12,438,716	(3,570,650)
North Smithfield	39.5%	6,321,456	4,217,621	300,548	4,518,169	(1,803,288)
Pawtucket	80.7%	75,369,392	61,653,153	2,068,056	63,721,209	(11,648,183)
Portsmouth	13.9%	3,200,394	5,286,083	(208,569)	5,077,514	1,877,120
Providence	86.8%	220,260,265	176,895,067	6,365,547	183,260,614	(36,999,651)
Richmond	42.6%	4,388,050	5,662,917	(130,682)	5,532,235	1,144,185
Scituate	32.3%	4,579,724	2,909,955	238,923	3,148,878	(1,430,846)
Smithfield	24.4%	5,166,418	4,653,264	73,308	4,726,572	(439,846)
South Kingstown	16.4%	5,092,495	8,812,648	(375,703)	8,436,945	3,344,451
Tiverton	33.5%	5,790,770	5,269,012	74,537	5,343,549	(447,222)
Warwick	38.6%	36,333,677	33,094,322	466,440	33,560,762	(2,772,915)
Westerly	25.6%	7,504,547	5,714,140	256,688	5,970,828	(1,533,720)
West Warwick	60.8%	21,108,940	18,833,852	325,736	19,159,588	(1,949,352)
Woonsocket	81.3%	51,820,265	44,021,385	1,114,126	45,135,511	(6,684,754)
Bristol-Warren	33.1%	10,775,534	18,665,045	(788,951)	17,876,094	7,100,560
Chariho	0.0%	-	383,249	(38,325)	344,924	344,924
Exeter-West Greenwich	29.7%	4,830,220	6,491,006	(186,139)	6,304,867	1,474,647
Foster-Glocester	40.2%	4,782,246	5,213,947	(49,205)	5,164,742	382,496
Central Falls	92.6%	22,909,963	42,819,711	(2,365,326)	40,454,385	17,544,422
Total		\$ 708,305,432	\$ 622,966,197	\$ 13,939,218	\$ 636,905,415	\$ (71,400,017)
<i>Adjusted Chariho</i>		<i>10,766,837</i>	<i>13,441,688</i>	<i>(278,634)</i>	<i>13,163,054</i>	<i>2,396,217</i>

Table 3: Group Home Aid

<i>District</i>	<i>FY 2011 Enacted Aid</i>	<i>FY 2011 Revised Aid</i>	<i>Change to Enacted</i>	<i>FY 2012 Aid</i>	<i>Change to Enacted</i>	<i>Change to Revised</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	420,000	420,000	-	420,000	-	-
Charlestown	-	-	-	-	-	-
Coventry	120,000	120,000	-	120,000	-	-
Cranston	-	-	-	-	-	-
Cumberland	-	-	-	-	-	-
East Greenwich	-	-	-	-	-	-
East Providence	636,000	636,000	-	636,000	-	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	-
Jamestown	-	-	-	-	-	-
Johnston	120,000	120,000	-	120,000	-	-
Lincoln	135,000	135,000	-	135,000	-	-
Little Compton	-	-	-	-	-	-
Middletown	480,000	480,000	-	480,000	-	-
Narragansett	-	-	-	-	-	-
Newport	480,000	480,000	-	480,000	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	-	-	-	-
North Providence	255,000	255,000	-	255,000	-	-
North Smithfield	120,000	120,000	-	120,000	-	-
Pawtucket	1,020,000	1,020,000	-	855,000	(165,000)	(165,000)
Portsmouth	675,000	690,000	15,000	690,000	15,000	-
Providence	2,715,000	2,730,000	15,000	2,730,000	15,000	-
Richmond	-	-	-	-	-	-
Scituate	-	-	-	-	-	-
Smithfield	240,000	240,000	-	240,000	-	-
South Kingstown	375,000	375,000	-	375,000	-	-
Tiverton	-	-	-	-	-	-
Warwick	360,000	360,000	-	360,000	-	-
Westerly	-	-	-	-	-	-
West Warwick	-	-	-	-	-	-
Woonsocket	285,000	285,000	-	165,000	(120,000)	(120,000)
Bristol-Warren	210,000	210,000	-	210,000	-	-
Exeter-West Greenwich	210,000	210,000	-	210,000	-	-
Foster-Glocester	-	-	-	-	-	-
Central Falls	-	-	-	-	-	-
Total	\$ 8,856,000	\$ 8,886,000	\$ 30,000	\$ 8,601,000	\$ (255,000)	\$ (285,000)

Table 4: Calculation of State Share Ratio

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

A. The assessed value of real and tangible personal property for each city and town as of December 31 of the third preceding calendar year in accordance with Rhode Island General Law, Section 16-7-21. The assessed value as of December 31, 2007 is used for FY 2012 calculations. Property value is certified annually by the Department of Administration, Office of Municipal Affairs, based on local sales data and appraisals.

B. The adjusted equalized weighted assessed property valuations for the third preceding calendar year per current law, as of December 31, 2007 as reported by the Department of Administration's Office of Municipal Affairs. The total assessed local property value of a community is adjusted for differences in local assessment rates to allow the reporting of figures comparable on a statewide basis, resulting in the equalized weighted assessed valuation (EWAV).

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

C. The FY 2010 student counts are shown in Column **C** based on the resident average daily membership as of June 30, 2010. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year.

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

E. Column **E** includes the percentage of students eligible for USDA reimbursable school meals in pre-Kindergarten through 6th grade as of June 30, 2010.

F. The calculation in Column **F** is the square root of the sum of the state share ratio for the community calculation in Column **D** squared plus the district's percentage of students eligible for USDA reimbursable school meals in grades pre-Kindergarten through 6th in Column **E** squared, divided by two.

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

G. Column **G** shows what the share ratio would have been for FY 2011. It uses property valuations as of December 31, 2006 and student counts as of June 30, 2009.

H. Column **H** shows the difference between the share ratio for FY 2012 and that for FY 2011.

Table 4: Calculation of State Share Ratio

<i>District</i>	<i>A</i> <i>Assessed Value</i> <i>12/31/07</i>	<i>B</i> <i>Adjusted EWAV</i> <i>12/31/07</i>	<i>C</i> <i>June 2010 Student</i> <i>Count*</i>	<i>D</i> <i>Adjusted EWAV</i>
Barrington	\$ 3,372,315,367	\$ 5,121,253,027	3,346	28.5%
Burrillville	1,741,149,673	1,833,251,350	2,516	66.0%
Charlestown	2,788,196,102	2,999,989,805	1,045	0.0%
Coventry	4,053,897,812	4,199,820,158	5,163	62.0%
Cranston	9,164,925,032	8,948,376,217	10,344	59.6%
Cumberland	4,184,686,697	4,544,244,629	4,797	55.8%
East Greenwich	2,902,078,803	4,121,731,784	2,310	16.7%
East Providence	5,259,076,402	4,563,091,825	5,675	62.5%
Foster	308,079,599	279,102,614	242	46.2%
Glocester	512,669,423	493,695,931	548	57.9%
Hopkinton	1,113,262,790	1,167,141,628	1,252	56.5%
Jamestown	2,172,270,945	2,697,561,722	703	0.0%
Johnston	3,564,174,377	3,434,810,707	3,102	48.3%
Lincoln	3,406,793,533	3,891,394,814	3,306	45.0%
Little Compton	2,015,231,874	2,890,556,948	429	0.0%
Middletown	3,256,347,213	3,505,576,854	2,550	35.8%
Narragansett	5,368,924,516	5,530,360,036	1,477	0.0%
Newport	6,159,645,254	6,584,661,839	2,099	0.0%
New Shoreham	2,119,387,399	2,753,185,846	124	0.0%
North Kingstown	4,614,641,810	5,674,658,910	4,167	36.4%
North Providence	3,244,748,276	2,651,305,163	3,296	62.4%
North Smithfield	1,638,277,378	1,802,568,285	1,829	54.0%
Pawtucket	5,483,683,482	3,540,411,328	9,597	82.8%
Portsmouth	3,846,059,390	4,829,053,076	2,652	15.0%
Providence	14,869,419,941	7,868,651,855	25,059	85.3%
Richmond	991,356,630	1,072,133,252	1,168	57.1%
Scituate	1,029,316,656	2,004,236,360	1,635	42.8%
Smithfield	2,979,747,374	3,578,130,192	2,441	31.6%
South Kingstown	5,362,276,378	6,620,262,436	3,621	14.6%
Tiverton	2,816,389,976	2,424,595,995	1,915	40.9%
Warwick	12,462,172,432	12,050,921,020	10,131	44.5%
Westerly	6,592,452,929	6,621,513,725	3,146	1.7%
West Warwick	2,859,131,430	2,409,620,157	3,526	68.1%
Woonsocket	2,668,739,630	1,799,772,940	6,076	86.2%
Bristol/Warren	4,841,807,767	4,968,415,974	3,465	33.1%
Exeter/West Greenwich	1,948,444,063	2,457,913,772	1,890	39.3%
Foster/Glocester	1,146,684,334	1,328,430,917	1,358	54.3%
Central Falls	808,100,703	404,160,302	3,204	94.1%
Total	\$ 143,666,563,390	\$ 143,666,563,393	141,204	

*Includes charter and state school students

Table 4: Calculation of State Share Ratio

<i>District</i>	<i>E</i> <i>FY 2010 % of PK-6</i> <i>FRPL</i>	<i>F</i> <i>FY 2012 State</i> <i>Share Ratio</i>	<i>G</i> <i>FY 2011 State</i> <i>Share Ratio</i>	<i>H</i> <i>Change to Share</i> <i>Ratio</i>
Barrington	4.6%	20.4%	23.0%	-2.5%
Burrillville	34.1%	52.5%	52.1%	0.5%
Charlestown	21.8%	15.4%	14.4%	1.1%
Coventry	25.8%	47.5%	47.5%	0.0%
Cranston	37.1%	49.6%	47.5%	2.2%
Cumberland	20.6%	42.1%	40.1%	2.0%
East Greenwich	7.3%	12.9%	10.1%	2.8%
East Providence	47.7%	55.6%	54.4%	1.1%
Foster	15.7%	34.5%	33.2%	1.3%
Glocester	21.1%	43.6%	42.0%	1.6%
Hopkinton	27.4%	44.4%	44.0%	0.4%
Jamestown	5.2%	3.7%	3.5%	0.1%
Johnston	38.6%	43.7%	43.7%	0.0%
Lincoln	24.6%	36.3%	36.2%	0.1%
Little Compton	17.9%	12.7%	3.5%	9.1%
Middletown	31.9%	33.9%	32.0%	2.0%
Narragansett	20.3%	14.4%	12.7%	1.6%
Newport	63.1%	44.6%	43.8%	0.8%
New Shoreham	12.6%	8.9%	9.9%	-1.0%
North Kingstown	21.4%	29.9%	30.3%	-0.5%
North Providence	39.5%	52.2%	45.2%	7.1%
North Smithfield	14.2%	39.5%	39.6%	-0.1%
Pawtucket	78.6%	80.7%	78.2%	2.5%
Portsmouth	12.6%	13.9%	15.6%	-1.7%
Providence	88.3%	86.8%	86.0%	0.9%
Richmond	19.2%	42.6%	40.4%	2.3%
Scituate	16.0%	32.3%	28.4%	3.9%
Smithfield	13.8%	24.4%	26.1%	-1.7%
South Kingstown	18.0%	16.4%	19.4%	-3.0%
Tiverton	24.0%	33.5%	26.1%	7.4%
Warwick	31.6%	38.6%	38.8%	-0.2%
Westerly	36.2%	25.6%	25.3%	0.3%
West Warwick	52.4%	60.8%	59.5%	1.3%
Woonsocket	76.0%	81.3%	80.3%	1.0%
Bristol/Warren	33.0%	33.1%	34.1%	-1.0%
Exeter/West Greenwich	14.9%	29.7%	29.4%	0.3%
Foster/Glocester	17.0%	40.2%	39.4%	0.7%
Central Falls	91.0%	92.6%	92.4%	0.1%

Table 5: Transition Plan for Districts

The new funding formula results in a redistribution of aid among communities with some getting less aid than prior years. In an effort to mitigate any losses to communities and allow for an adjustment period, the law allows for a transition of up to ten years. The Department of Elementary and Secondary Education has developed a methodology to implement this transition based on how a district fares compared to funding distributions under the current system. It requires establishing the total gain or loss to each district.

A. Column *A* is FY 2011 enacted aid from all sources of funds.

B. Column *B* is an adjustment done by the Department of Elementary and Secondary Education based on Budget Office target instructions sent out in July 2010. This adjustment relates to expired funds and does not appear to be consistent with the methodology.

C. Column *C* is the sum of the FY 2011 enacted aid and the target adjustments done by the Department. This is the starting point for calculating FY 2011 base formula aid.

D. Column *D* purports what the formula would have produced in FY 2011 in order to establish base formula funding under the new formula. It uses June 2010 enrollment data adjusted for October 2010 charter school enrollment and projected charter school enrollment for FY 2012.

E. Column *E* is the difference between FY 2011 hypothetical formula funding and the FY 2011 base shown in Column *C*.

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

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

H. Column *H* is the first year transition amount. This is used in the calculation of the new funding formula for FY 2012 in Table 2.

Table 5: Transition Plan for Districts

<i>District</i>	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>
	<i>FY 2011 Enacted</i>	<i>Dept Target Adjustment</i>	<i>FY 2011 For Base Calculation</i>	<i>FY 2011 Base Formula Funding</i>
Barrington	\$ 1,777,692	\$ (2,722)	\$ 1,774,970	\$ 5,775,727
Burrillville	12,629,311	(14,505)	12,614,806	12,325,681
Charlestown	1,708,264	(2,097)	1,706,167	1,329,741
Coventry	17,986,570	(21,018)	17,965,552	22,202,281
Cranston	31,729,746	(37,142)	31,692,604	47,493,495
Cumberland	11,853,639	(13,880)	11,839,759	17,739,279
East Greenwich	1,327,711	(2,042)	1,325,669	2,547,775
East Providence	23,895,956	(28,150)	23,867,806	30,650,908
Foster	1,293,021	(1,483)	1,291,538	739,487
Glocester	2,946,000	(3,365)	2,942,635	2,153,262
Hopkinton	5,695,889	(6,534)	5,689,355	5,057,884
Jamestown	386,846	(557)	386,289	216,012
Johnston	9,489,655	(11,254)	9,478,401	12,859,679
Lincoln	6,185,678	(7,752)	6,177,926	10,632,793
Little Compton	288,570	(387)	288,183	473,994
Middletown	9,082,746	(10,990)	9,071,756	7,982,312
Narragansett	1,423,684	(1,986)	1,421,698	1,842,057
Newport	10,332,053	(12,428)	10,319,625	9,498,142
New Shoreham	56,080	(112)	55,968	96,813
North Kingstown	10,633,130	(12,548)	10,620,582	10,948,244
North Providence	11,852,542	(14,011)	11,838,531	16,039,827
North Smithfield	4,222,682	(5,061)	4,217,621	6,321,456
Pawtucket	61,723,324	(70,171)	61,653,153	76,129,544
Portsmouth	5,293,098	(7,015)	5,286,083	3,200,394
Providence	177,098,039	(202,972)	176,895,067	221,453,896
Richmond	5,669,397	(6,480)	5,662,917	4,391,600
Scituate	2,913,522	(3,567)	2,909,955	4,582,416
Smithfield	4,659,277	(6,013)	4,653,264	5,166,418
South Kingstown	8,823,691	(11,043)	8,812,648	5,096,592
Tiverton	5,275,223	(6,211)	5,269,012	5,790,770
Warwick	33,133,714	(39,392)	33,094,322	36,359,405
Westerly	5,721,305	(7,165)	5,714,140	7,510,954
West Warwick	18,855,253	(21,401)	18,833,852	21,114,003
Woonsocket	44,071,033	(49,648)	44,021,385	51,820,265
Bristol-Warren	18,686,441	(21,396)	18,665,045	10,775,534
Chariho	383,249	-	383,249	-
Exeter-West Greenwich	6,498,949	(7,943)	6,491,006	4,852,509
Foster-Glocester	5,219,945	(5,998)	5,213,947	4,788,952
Central Falls	42,865,645	(45,934)	42,819,711	24,514,324
Total	\$623,688,570	\$ (722,373)	\$622,966,197	\$712,474,424
<i>Adjusted Chariho</i>	<i>13,456,799</i>	<i>(15,111)</i>	<i>13,441,688</i>	<i>10,779,225</i>

Table 5: Transition Plan for Districts

<i>District</i>	<i>E</i> <i>Difference</i>	<i>F</i> <i>Transition =</i> <i>1/7th or 1/10th</i>	<i>G</i> <i>Adjustments to</i> <i>Difference</i>	<i>H</i> <i>Adjusted Year</i> <i>One</i> <i>Difference</i>
Barrington	\$ 4,000,757	\$ 571,537	\$ -	\$ 571,537
Burrillville	(289,125)	(28,913)	-	(28,913)
Charlestown	(376,426)	(37,643)	(5,138)	(42,781)
Coventry	4,236,729	605,247	-	605,247
Cranston	15,800,891	2,257,270	-	2,257,270
Cumberland	5,899,520	842,789	-	842,789
East Greenwich	1,222,106	174,587	-	174,587
East Providence	6,783,102	969,015	-	969,015
Foster	(552,051)	(55,205)	-	(55,205)
Glocester	(789,373)	(78,937)	-	(78,937)
Hopkinton	(631,471)	(63,147)	(3,700)	(66,847)
Jamestown	(170,277)	(17,028)	(306)	(17,334)
Johnston	3,381,278	483,040	-	483,040
Lincoln	4,454,867	636,410	-	636,410
Little Compton	185,811	26,544	-	26,544
Middletown	(1,089,444)	(108,944)	-	(108,944)
Narragansett	420,359	60,051	-	60,051
Newport	(821,483)	(82,148)	-	(82,148)
New Shoreham	40,845	5,835	-	5,835
North Kingstown	327,662	46,809	-	46,809
North Providence	4,201,296	600,185	-	600,185
North Smithfield	2,103,835	300,548	-	300,548
Pawtucket	14,476,391	2,068,056	-	2,068,056
Portsmouth	(2,085,689)	(208,569)	-	(208,569)
Providence	44,558,829	6,365,547	-	6,365,547
Richmond	(1,271,317)	(127,132)	(3,550)	(130,682)
Scituate	1,672,461	238,923	-	238,923
Smithfield	513,154	73,308	-	73,308
South Kingstown	(3,716,056)	(371,606)	(4,097)	(375,703)
Tiverton	521,758	74,537	-	74,537
Warwick	3,265,083	466,440	-	466,440
Westerly	1,796,814	256,688	-	256,688
West Warwick	2,280,151	325,736	-	325,736
Woonsocket	7,798,880	1,114,126	-	1,114,126
Bristol-Warren	(7,889,511)	(788,951)	-	(788,951)
Chariho	(383,249)	(38,325)	-	(38,325)
Exeter-West Greenwich	(1,638,497)	(163,850)	(22,289)	(186,139)
Foster-Glocester	(424,995)	(42,500)	(6,705)	(49,205)
Central Falls	(18,305,387)	(1,830,539)	(534,787)	(2,365,326)
Total	\$ 89,508,227	\$ 14,519,790	\$ (580,572)	\$ 13,939,218
<i>Adjusted Chariho</i>	<i>(2,662,463)</i>	<i>(266,246)</i>	<i>(12,388)</i>	<i>(278,634)</i>

Table 6: FY 2012 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>Beacon Charter School</i>	<i>Blackstone Academy</i>	<i>Compass</i>	<i>RI Mayoral Academies Blackstone Valley</i>	<i>Greene School</i>
Barrington	-	-	-	-	-
Burrillville	9	-	-	-	-
Charlestown	-	-	40	-	12
Coventry	6	-	1	-	28
Cranston	3	-	-	-	3
Cumberland	21	-	-	157	-
East Greenwich	2	-	2	-	-
East Providence	2	-	-	-	-
Foster	-	-	-	-	-
Glocester	2	-	-	-	-
Hopkinton	-	-	-	-	2
Jamestown	-	-	3	-	3
Johnston	6	-	-	-	3
Lincoln	11	-	-	56	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	8	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	35	-	3
North Providence	3	-	-	-	-
North Smithfield	8	-	-	-	-
Pawtucket	20	86	-	142	-
Portsmouth	-	-	-	-	-
Providence	6	-	-	1	14
Richmond	-	-	12	-	3
Scituate	1	-	-	-	3
Smithfield	2	-	-	-	-
South Kingstown	1	-	21	-	9
Tiverton	-	-	-	-	-
Warwick	1	-	3	-	2
Westerly	-	-	18	-	8
West Warwick	-	-	2	-	2
Woonsocket	118	-	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	8	-	25
Foster-Glocester	-	-	-	-	6
Central Falls	-	68	-	152	-
Total	222	154	153	508	126

Table 6: FY 2012 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>Highlander</i>	<i>International</i>	<i>Kingston Hill</i>	<i>Learning Community</i>	<i>New England Laborers</i>
Barrington	-	-	-	-	-
Burrillville	-	-	-	-	-
Charlestown	-	-	37	-	-
Coventry	2	-	-	-	-
Cranston	23	11	-	-	184
Cumberland	1	4	-	-	1
East Greenwich	-	-	-	-	-
East Providence	5	9	-	-	-
Foster	-	-	-	-	1
Glocester	-	-	-	-	1
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	5	-	-	6
Lincoln	3	9	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	11	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	31	-	-
North Providence	7	9	-	-	1
North Smithfield	2	-	-	-	-
Pawtucket	18	119	-	139	5
Portsmouth	-	-	-	-	-
Providence	208	92	1	108	13
Richmond	-	-	-	-	-
Scituate	-	-	-	-	12
Smithfield	-	-	-	-	-
South Kingstown	-	-	88	-	-
Tiverton	-	-	-	-	-
Warwick	7	1	1	-	5
Westerly	-	-	3	-	-
West Warwick	2	1	-	-	5
Woonsocket	-	-	-	-	-
Bristol-Warren	1	-	-	-	-
Exeter-West Greenwich	-	-	7	-	3
Foster-Glocester	-	-	-	-	-
Central Falls	3	43	-	285	-
Total	282	303	179	532	237

Table 6: FY 2012 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>	<i>Segue Institute</i>	<i>Textron</i>	<i>Times2</i>
Barrington	-	-	-	-	-
Burrillville	-	-	-	-	-
Charlestown	-	-	-	-	-
Coventry	-	-	-	-	-
Cranston	7	-	-	-	-
Cumberland	-	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	7	-	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	7	-	-	-	-
Lincoln	-	-	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	7	-	-	-	-
North Smithfield	-	-	-	-	-
Pawtucket	27	-	-	-	-
Portsmouth	-	-	-	-	-
Providence	54	619	-	214	644
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	7	-	-	-	-
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	-	-	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	20	-	220	-	-
Total	136	619	220	214	644

Table 6: FY 2012 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>Trinity</i>	<i>Davies Career & Tech Center</i>	<i>Metropolitan Career & Tech Center</i>	<i>Total</i>	<i>Charter/State School % of Total Enrollment</i>
Barrington	-	-	7	7	0.2%
Burrillville	-	1	3	13	0.5%
Charlestown	-	-	9	98	9.4%
Coventry	-	-	3	40	0.8%
Cranston	-	-	26	257	2.5%
Cumberland	-	-	1	185	3.9%
East Greenwich	-	-	-	4	0.2%
East Providence	-	2	17	42	0.7%
Foster	-	-	-	1	0.4%
Glocester	-	-	-	3	0.5%
Hopkinton	-	-	-	2	0.2%
Jamestown	-	-	7	13	1.8%
Johnston	-	-	23	50	1.6%
Lincoln	-	45	2	126	3.8%
Little Compton	-	-	3	3	0.7%
Middletown	-	-	16	16	0.6%
Narragansett	-	-	4	23	1.6%
Newport	-	-	34	34	1.6%
New Shoreham	-	-	-	-	0.0%
North Kingstown	-	-	6	75	1.8%
North Providence	-	56	7	90	2.7%
North Smithfield	-	-	-	10	0.5%
Pawtucket	-	446	25	1,027	10.7%
Portsmouth	-	-	6	6	0.2%
Providence	68	86	359	2,487	9.9%
Richmond	-	-	-	15	1.3%
Scituate	-	-	1	17	1.0%
Smithfield	-	17	4	23	0.9%
South Kingstown	-	-	8	127	3.5%
Tiverton	-	-	11	11	0.6%
Warwick	-	-	19	46	0.5%
Westerly	-	-	1	30	1.0%
West Warwick	-	-	5	17	0.5%
Woonsocket	-	1	3	122	2.0%
Bristol-Warren	-	-	9	10	0.3%
Exeter-West Greenwich	-	-	3	46	2.4%
Foster-Glocester	-	-	-	6	0.4%
Central Falls	-	140	7	938	29.3%
Total	68	794	629	6,020	4.3%

Table 7: Transition Plan for Charter and State Schools

The new funding formula results in a redistribution of aid among communities with some getting less aid than prior years. In an effort to mitigate any losses to communities and allow for an adjustment period, the law allows for a transition of up to ten years. The Department of Elementary and Secondary Education has developed a methodology to implement this transition based on how a district or school compared to funding distributions under the current system. It requires establishing the total gain or loss to each district.

A. Column **A** is FY 2011 enacted aid for charter schools. It includes general revenues and federal fiscal stabilization funds.

B. Column **B** purports what the formula would have produced in FY 2011 in order to establish base formula funding under the new formula. It uses June 2010 enrollment data adjusted for October 2010 charter school enrollment and projected charter school enrollment for FY 2012.

C. Column **C** is the difference between FY 2011 base funding and FY 2011 enacted aid.

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

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

F. Column **F** is the first year transition amount. This is used in the calculation of the new funding formula for FY 2012.

G. Column **G** is the FY 2012 formula aid. It is shown in Table 1B.

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

Table 7: Transition Plan for Charter and State Schools

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>
	<i>FY 2011 Base</i>			
<i>School</i>	<i>FY 2011 Enacted</i>	<i>Formula Funding</i>	<i>Difference</i>	<i>Transition = 1/7th or 1/10th</i>
Beacon	\$ 1,755,873	\$ 1,524,252	\$ (231,621)	\$ (23,162)
Blackstone	1,563,108	1,464,948	(98,160)	(9,816)
Compass	642,210	317,214	(324,996)	(32,500)
Greene School	521,480	280,789	(240,691)	(24,069)
Highlander	2,741,436	2,459,838	(281,598)	(28,160)
International	2,932,501	2,477,729	(454,772)	(45,477)
Kingston Hill	769,530	316,377	(453,153)	(45,315)
Learning Community	5,267,909	4,700,412	(567,497)	(56,750)
New England Laborers	1,697,870	1,173,256	(524,614)	(52,461)
Nurses Institute	-	-	-	-
Paul Cuffee	6,259,303	5,279,464	(979,839)	(97,984)
Mayoral Academies Blackstone	2,163,075	1,839,967	(323,108)	(32,311)
Segue Institute	1,740,632	1,453,181	(287,451)	(28,745)
Textron	2,341,876	2,068,959	(272,917)	(27,292)
Times2 Academy	7,217,958	6,114,282	(1,103,677)	(110,368)
Trinity	397,647	335,663	(61,985)	(6,198)
<i>Charter Schools Subtotal</i>	\$ 38,012,408	\$ 31,806,330	\$ (6,206,078)	\$ (620,608)
Davies Career and Tech	14,820,328	6,457,884	(8,362,444)	(836,244)
Met School	13,013,531	4,535,303	(8,478,228)	(847,823)
Total	\$ 65,846,267	\$ 42,799,517	\$ (23,046,750)	\$ (2,304,675)

Table 7: Transition Plan for Charter and State Schools

<i>School</i>	<i>E</i> <i>Adjustments to</i> <i>Difference</i>	<i>F</i> <i>Adjusted Year</i> <i>One Difference</i>	<i>G</i> <i>FY 2012</i> <i>Recommended</i> <i>Formula Aid</i>	<i>H</i> <i>FY 2012</i> <i>Difference</i> <i>from Base</i> <i>Funding</i>
Beacon	\$ -	\$ (23,162)	\$ 1,732,711	\$ 208,459
Blackstone	-	(9,816)	1,553,292	88,344
Compass	-	(32,500)	609,710	292,496
Greene School	183,811	159,742	681,222	400,433
Highlander	-	(28,160)	2,713,276	253,438
International	-	(45,477)	2,887,024	409,295
Kingston Hill	-	(45,315)	724,215	407,838
Learning Community	575,548	518,798	5,786,707	1,086,295
New England Laborers	-	(52,461)	1,645,409	472,153
Nurses Institute	1,126,220	1,126,220	1,126,220	1,126,220
Paul Cuffee	558,474	460,490	6,719,793	1,440,329
Mayoral Academies Blackstone	1,812,013	1,779,702	3,942,777	2,102,810
Segue Institute	829,948	801,203	2,541,835	1,088,654
Textron	-	(27,292)	2,314,584	245,625
Times2 Academy	-	(110,368)	7,107,590	993,309
Trinity	335,663	329,465	727,112	391,449
<i>Charter Schools Subtotal</i>	\$ 5,421,677	\$ 4,801,069	\$ 42,813,477	\$ 11,007,147
Davies Career and Tech	-	(836,244)	13,984,084	7,526,200
Met School	-	(847,823)	12,165,708	7,630,405
Total	\$ 5,421,677	\$ 3,117,002	\$ 68,963,269	\$ 26,163,752

Table 8: FY 2012 Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Beacon Charter School</i>	<i>Blackstone Academy</i>	<i>Compass</i>	<i>Academies Blackstone Valley</i>	<i>Greene School</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	48,151	-	-	-	-
Charlestown	-	-	52,409	-	15,414
Coventry	23,742	-	3,957	-	118,708
Cranston	14,065	-	-	-	14,065
Cumberland	79,209	-	-	651,195	-
East Greenwich	2,148	-	2,148	-	-
East Providence	9,265	-	-	-	-
Foster	-	-	-	-	-
Glocester	8,715	-	-	-	-
Hopkinton	-	-	-	-	7,400
Jamestown	-	-	919	-	919
Johnston	21,859	-	-	-	10,930
Lincoln	38,076	-	-	186,148	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	9,569	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	87,080	-	7,464
North Providence	16,536	-	-	-	-
North Smithfield	30,268	-	-	-	-
Pawtucket	169,521	761,497	-	1,243,151	-
Portsmouth	-	-	-	-	-
Providence	49,192	-	-	7,234	136,002
Richmond	-	-	44,015	-	10,649
Scituate	2,692	-	-	-	8,077
Smithfield	4,064	-	-	-	-
South Kingstown	1,366	-	29,771	-	12,291
Tiverton	-	-	-	-	-
Warwick	3,216	-	12,221	-	6,432
Westerly	-	-	40,145	-	18,791
West Warwick	-	-	14,177	-	10,126
Woonsocket	1,002,169	-	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	20,803	-	65,876
Foster-Glocester	-	-	-	-	21,457
Central Falls	-	703,450	-	1,564,252	-
Total	\$ 1,524,254	\$ 1,464,947	\$ 317,214	\$ 3,651,980	\$ 464,601

Table 8: FY 2012 Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Highlander</i>	<i>International</i>	<i>Kingston Hill</i>	<i>Learning Community</i>	<i>New England Laborers</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	-	-	-	-	-
Charlestown	-	-	48,555	-	-
Coventry	7,914	-	-	-	-
Cranston	114,998	55,431	-	-	876,966
Cumberland	3,505	14,019	-	-	3,505
East Greenwich	-	-	-	-	-
East Providence	30,576	49,107	-	-	-
Foster	-	-	-	-	2,875
Glocester	-	-	-	-	3,631
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	22,588	-	-	23,316
Lincoln	12,692	29,614	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	16,028	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	80,114	-	-
North Providence	37,423	49,608	-	-	6,092
North Smithfield	6,580	-	-	-	-
Pawtucket	150,685	1,010,397	-	1,276,786	44,398
Portsmouth	-	-	-	-	-
Providence	2,019,767	792,860	7,234	1,038,820	125,874
Richmond	-	-	-	-	-
Scituate	-	-	-	-	34,462
Smithfield	-	-	-	-	-
South Kingstown	-	-	134,926	-	-
Tiverton	-	-	-	-	-
Warwick	26,371	3,216	3,216	-	17,366
Westerly	-	-	8,969	-	-
West Warwick	14,177	5,063	-	-	27,341
Woonsocket	-	-	-	-	-
Bristol-Warren	2,754	-	-	-	-
Exeter-West Greenwich	-	-	17,336	-	7,430
Foster-Glocester	-	-	-	-	-
Central Falls	32,396	445,827	-	2,960,354	-
Total	\$ 2,459,838	\$ 2,477,730	\$ 316,378	\$ 5,275,960	\$ 1,173,256

Table 8: FY 2012 Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>	<i>Segue Institute</i>	<i>Textron</i>	<i>Times2</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	-	-	-	-	-
Charlestown	-	-	-	-	-
Coventry	-	-	-	-	-
Cranston	32,266	-	-	-	-
Cumberland	-	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	37,988	-	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	29,874	-	-	-	-
Lincoln	-	-	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	35,683	-	-	-	-
North Smithfield	-	-	-	-	-
Pawtucket	238,136	-	-	-	-
Portsmouth	-	-	-	-	-
Providence	526,644	5,837,938	-	2,068,959	6,114,282
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	25,084	-	-	-	-
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	-	-	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	200,545	-	2,283,129	-	-
Total	\$ 1,126,220	\$ 5,837,938	\$ 2,283,129	\$ 2,068,959	\$ 6,114,282

Table 8: FY 2012 Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Trinity</i>	<i>Davies Career and Technical Center</i>	<i>Metropolitan Career and Technical Center</i>	<i>Total</i>
Barrington	\$ -	\$ -	\$ 11,907	\$ 11,907
Burrillville	-	4,377	14,883	67,411
Charlestown	-	-	13,616	129,994
Coventry	-	-	13,454	167,775
Cranston	-	-	129,063	1,236,854
Cumberland	-	-	3,505	754,938
East Greenwich	-	-	-	4,296
East Providence	-	9,265	97,287	233,488
Foster	-	-	-	2,875
Glocester	-	-	-	12,346
Hopkinton	-	-	-	7,400
Jamestown	-	-	2,145	3,983
Johnston	-	-	96,908	205,475
Lincoln	-	157,742	6,044	430,316
Little Compton	-	-	3,586	3,586
Middletown	-	-	51,987	51,987
Narragansett	-	-	5,263	30,860
Newport	-	-	156,158	156,158
New Shoreham	-	-	-	-
North Kingstown	-	-	15,923	190,581
North Providence	-	292,424	32,201	469,967
North Smithfield	-	-	-	36,848
Pawtucket	-	3,705,236	213,919	8,813,726
Portsmouth	-	-	6,926	6,926
Providence	671,327	801,541	3,360,974	23,558,648
Richmond	-	-	-	54,664
Scituate	-	-	2,692	47,923
Smithfield	-	36,978	8,127	49,169
South Kingstown	-	-	11,471	189,825
Tiverton	-	-	32,972	32,972
Warwick	-	-	71,394	168,516
Westerly	-	-	2,135	70,040
West Warwick	-	-	33,416	104,300
Woonsocket	-	9,480	28,440	1,040,089
Bristol-Warren	-	-	26,989	29,743
Exeter-West Greenwich	-	-	9,411	120,856
Foster-Glocester	-	-	-	21,457
Central Falls	-	1,440,839	72,505	9,703,297
Total	\$ 671,327	\$ 6,457,882	\$ 4,535,301	\$ 48,221,195

Table 9: Recommended Categorical Aid

<i>Sending District</i>	<i>High Cost Special Education</i>	<i>High Cost Career & Tech</i>	<i>Transportation</i>	<i>Regionalization Bonus</i>	<i>Total</i>
Barrington	\$ -	\$ -	\$ 11,920	\$ -	\$ 11,920
Burrillville	-	-	3,716	-	3,716
Charlestown	-	-	-	33,372	33,372
Coventry	-	-	-	-	-
Cranston	-	-	106,220	-	106,220
Cumberland	-	-	18,664	-	18,664
East Greenwich	-	-	4,350	-	4,350
East Providence	-	-	3,037	-	3,037
Foster	-	-	1,069	-	1,069
Glocester	-	-	2,667	-	2,667
Hopkinton	-	-	-	112,627	112,627
Jamestown	-	-	-	-	-
Johnston	-	-	74,255	-	74,255
Lincoln	-	-	301	-	301
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	-	-	35,970	-	35,970
North Smithfield	-	-	10,011	-	10,011
Pawtucket	-	-	-	-	-
Portsmouth	-	-	-	-	-
Providence	-	-	-	-	-
Richmond	-	-	-	110,394	110,394
Scituate	-	-	5,573	-	5,573
Smithfield	-	-	8,115	-	8,115
South Kingstown	-	-	16,139	-	16,139
Tiverton	-	-	-	-	-
Warwick	-	-	65	-	65
Westerly	-	-	-	-	-
West Warwick	-	-	11,765	-	11,765
Woonsocket	-	-	4,472	-	4,472
Bristol-Warren	-	-	176,781	359,219	536,000
Chariho	-	-	290,294	6,739	297,033
Exeter-West Greenwich	-	-	175,913	126,218	302,131
Foster-Glocester	-	-	112,546	103,330	215,876
Central Falls	-	-	13,997	-	13,997
Subtotal	\$ -	\$ -	\$ 1,087,840	\$ 851,899	\$ 1,939,739
Charters & State Schools	-	-	-	-	-
Total	\$ -	\$ -	\$ 1,087,840	\$ 851,899	\$ 1,939,739

Table 10: Education Aid for FY 2006 – FY 2010

<i>District</i>	<i>FY 2006</i>	<i>FY 2007</i>	<i>FY 2008</i>	<i>FY 2009</i>	<i>FY 2010</i>
Barrington	\$ 2,479,907	\$ 2,599,526	\$ 2,599,526	\$ 1,593,304	\$ 1,991,517
Burrillville	13,145,661	13,779,743	13,854,743	12,585,902	13,612,645
Charlestown	1,910,676	2,002,838	2,002,838	1,719,967	1,796,445
Coventry	19,151,316	20,075,081	20,075,081	17,533,300	19,048,388
Cranston	33,943,638	35,580,911	35,580,911	30,795,673	33,415,011
Cumberland	12,646,981	13,257,009	13,257,009	11,420,258	12,483,950
East Greenwich	1,860,042	1,949,761	1,949,761	1,161,275	1,600,301
East Providence	25,530,776	26,762,254	26,888,254	24,035,893	25,828,242
Foster	1,351,283	1,416,463	1,416,463	1,255,877	1,356,544
Glocester	3,065,960	3,213,847	3,213,847	2,869,463	3,086,716
Hopkinton	5,954,153	6,241,352	6,241,352	5,508,449	5,986,133
Jamestown	507,432	531,908	531,908	346,587	425,179
Johnston	10,413,088	10,915,364	10,915,364	9,303,192	10,127,678
Lincoln	7,062,603	7,403,268	7,403,268	6,074,101	6,729,719
Little Compton	351,839	368,810	368,810	247,714	314,871
Middletown	10,014,086	10,497,116	10,497,116	9,285,331	10,051,682
Narragansett	1,809,860	1,897,159	1,897,159	1,319,879	1,560,864
Newport	11,253,278	11,796,080	11,871,080	10,591,134	11,331,160
New Shoreham	101,451	106,345	106,345	36,668	70,241
North Kingstown	11,434,463	11,986,005	11,986,005	10,248,855	11,223,268
North Providence	12,623,955	13,232,872	13,382,872	11,712,879	12,742,673
North Smithfield	4,611,787	4,834,237	4,834,237	4,104,570	4,583,159
Pawtucket	63,782,029	66,858,559	67,023,559	61,245,410	65,487,899
Portsmouth	6,632,443	6,250,042	6,700,042	5,666,900	6,254,079
Providence	185,142,176	193,974,756	194,109,756	175,986,254	187,887,861
Richmond	5,903,843	6,188,615	6,188,615	5,466,053	5,958,086
Scituate	3,250,400	3,407,183	3,407,183	2,800,441	3,094,571
Smithfield	5,407,726	5,668,568	5,743,568	4,766,755	5,276,397
South Kingstown	9,948,816	10,428,698	10,548,698	8,857,916	9,745,434
Tiverton	5,659,091	5,932,058	5,932,058	5,083,992	5,564,928
Warwick	35,894,621	37,626,000	37,626,000	32,427,446	35,327,749
Westerly	6,528,189	6,843,077	6,843,077	5,468,551	6,113,006
West Warwick	19,499,965	20,440,547	20,440,547	18,356,525	19,747,950
Woonsocket	45,425,511	47,616,613	47,661,613	43,506,928	46,417,513
Bristol-Warren	19,554,956	20,498,190	20,498,190	18,438,436	19,774,182
Exeter-West Greenwich	7,308,493	7,661,019	7,661,019	6,609,853	7,189,110
Chariho	380,004	398,334	398,334	369,091	398,437
Foster-Glocester	5,466,199	5,729,861	5,729,861	5,053,390	5,477,881
Central Falls	41,319,965	43,313,036	44,358,224	40,883,924	44,674,937
Met School Operations	8,814,530	10,406,956	11,487,734	11,830,303	12,758,767
Total	\$ 667,143,195	\$ 699,690,061	\$ 703,232,027	\$ 626,568,439	\$ 676,515,174

Revenues Changes

The Governor recommends \$2.4 million more general revenues than estimated at the November 2010 Revenue Estimating Conference for FY 2011 and \$307.8 million more for FY 2012. The Revenue Estimating Conference increased the enacted FY 2011 estimates by \$16.7 million to \$3,037.4 million and includes \$2,938.0 million for FY 2012. The table below shows the changes, followed by paragraphs explaining them.

Recommended General Revenues Changes	FY 2011	FY 2012
Taxes		
Motion Picture Tax Credit Elimination	\$ -	\$ 1,627,201
Separate Postings of Tax Delinquents	-	1,788,667
Offset Lottery Winnings for Taxes Owed	-	141,457
Corporate Income Tax Rate Reduction Phase-In	-	(8,525,365)
Jobs Development Act Three Year Phase-Out	-	4,845,502
Corporate Minimum Tax Restructure	-	(6,117,310)
Implement Combined Reporting	-	8,891,640
Reduce Nursing Home Expenditure Base	-	(704,000)
Sales and Use Tax Rate from 7.0 Percent to 6.0 Percent	-	(117,714,286)
Expansion of Sales Tax Base	-	195,908,719
1.0 Percent Sales Tax on Certain Items Currently Exempt	-	85,000,451
Tax Retail Sale of Medical Marijuana	-	802,659
Eliminate Exemption for Insurance Proceeds as Trade-In Allowance	-	882,857
Phase-In Transfer of Registration and License Fees to Department of Transportation	-	(9,800,000)
Total Taxes	\$ -	\$ 157,028,192
Departmental Revenues		
DBR: Increase Securities Sales Representative License Fee	\$ -	\$ 1,183,440
DBR: Increase Federal Covered Advisor Fee	-	41,000
DEM: Increase Beach Parking Fees	-	1,897,106
DCYF: Institute Fee For Background Clearances	-	110,000
DHS: Hospital Licensing Fee	-	141,816,544
DMV: Require Driving Record Abstracts	-	2,965,689
DMV: No Sufficient Funds Check Return Fee	-	18,720
DMV: Phase-In Transfer of DMV Fees to DOT	-	(2,222,096)
DOC: Offset Income Tax Refunds for Fees Owed	-	153,576
DOH: Influenza Hospitalization Surveillance	97,880	-
DOH: Dissolution of Health Services Council	-	(371,320)
DOR: 4.0 Percent Surcharge on Compassion Center	-	556,092
DOR: Letter of Good Standing Fee Increase	-	122,925
DOR: Increase Estate Tax Filing Fee	-	108,915
DPS: Increase Fire Code Inspection Fee	-	40,000
DVA: Increase Veterans' Home Assessment	-	786,248
ELSEC: Indirect Cost Recovery Telecommunications	-	74,160
Other Miscellaneous Revenue		
Rhode Island Resource Recovery Corporation Transfer	-	3,500,000
Bond Proceeds from State Police Headquarters Project	2,268,285	-
Total General Revenue Changes	\$ 2,366,165	\$ 307,809,191

Taxes. The Governor’s budget includes \$157.0 million more in tax revenues for FY 2012. Of this, \$163.2 million is from changes to the sales and use tax. Changes from his Business Tax Competitiveness Proposal produce a decrease of \$0.9 million, and conversion of other taxes to transportation use lower taxes deposited as general revenues by \$9.8 million.

- **Motion Picture Tax Credit Elimination.** The Governor’s FY 2012 budget recommends the elimination of the Motion Picture Tax Credit and assumes increased revenues of \$1.6 million. Effective July 1, 2011, no new credits would be issued unless an initial certification had already been granted. He maintains the program in the general law. 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.
- **Separate Postings of Tax Delinquents.** The Division of Taxation currently posts a list of the top 100 tax delinquents. The FY 2012 Budget assumes \$1.8 million in revenues by dividing the list into the top 100 individuals and the top 100 businesses that are delinquent in paying taxes in excess of 90 days. According to the Division of Taxation, the average tax owed by an individual and a business that would be placed on the top 100 lists are \$41,051 and \$40,348, respectively.
- **Offset Lottery Winnings for Taxes Owed.** The FY 2012 Budget assumes \$141,457 in revenues from garnishing lottery winnings over \$600 when unpaid state taxes are owed. There are currently two other setoffs against lottery winnings; child support and benefit overpayments from the Department of Labor and Training.

Business Taxes

The Governor’s budget includes four separate proposals relating to taxes on businesses that have a combined impact of a \$0.9 million revenue loss in FY 2012 growing to \$14.5 million in FY 2016. These are summarized in the table below and described separately in the paragraphs that follow.

Business Tax Proposal	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Corp. Income Tax Rate Reduction	\$ (8.5)	\$ (20.0)	\$ (34.0)	\$ (35.3)	\$ (36.5)
Jobs Development Act Phase-Out	4.8	9.3	15.4	16.0	16.5
Corp. Minimum Tax Restructure	(6.1)	(6.2)	(6.2)	(6.3)	(6.4)
Combined Reporting	8.9	10.0	11.0	11.4	11.8
Total Impact	\$ (0.9)	\$ (6.8)	\$ (13.9)	\$ (14.2)	\$ (14.6)

in millions

- **Corporate Income Tax Rate Reduction Phase-In.** The Governor proposes to decrease the Corporate Income Tax rate from 9.0 percent by 0.5 percent per year until reaching 7.5 percent for tax year 2014. The Budget assumes a revenue loss of \$8.5 million in FY 2012, \$20.0 million in FY 2013, \$34.0 million in FY 2014, \$35.3 million in FY 2015 and \$36.5 million in FY 2016.
- **Jobs Development Act Three Year Phase-Out.** The Governor’s FY 2012 budget assumes \$4.8 million in revenues from phasing out the Jobs Development Act rate reduction over three years beginning in tax year 2012. The first year impact is based on a third of FY 2008 expenditures. The Jobs Development Act provides for rate reductions of one quarter of one percent (0.25 percent) for each 50 new jobs created by eligible companies for

three years past the base year. The reduction cannot be more than six percent. The amounts for the tax credit were \$16.2 million in FY 2008, \$14.2 million in FY 2009 and \$21.3 million in FY 2010.

- **Corporate Minimum Tax Restructure.** The Governor proposes to restructure the Corporate Minimum Tax to subject limited partnerships and limited liability partnerships to the tax; they are currently exempt from the tax but are required to pay a filing fee with the Secretary of State. He also proposes to replace the corporate minimum and minimum franchise taxes with a tiered system through which businesses would be taxed based on their Rhode Island gross receipts. The maximum amount of tax paid would be \$2,000 for a business with gross receipts of \$5.0 million or more. The Budget assumes a revenue loss of \$6.1 million in FY 2012. The corporate minimum tax has been \$500 since January 2004 and 45,063 corporations paid this in tax year 2008.

- **Implement Combined Reporting.** The Budget includes \$8.9 million in revenues from requiring business corporation tax filers to file as a “unitary business” or single enterprise, commonly referred to as combined reporting, effective January 1, 2012. The corporate income tax system allows multi-state corporations the ability to shift income out-of-state to other portions of their operation in states where there is little or no corporate tax and, thus, lower tax liability in Rhode Island. According to a report issued by the Division of Taxation, 23 states have combined reporting requirements, including Massachusetts, New Hampshire, Vermont and New York.

Health Care Provider Tax

- **Reduce Nursing Home Expenditure Base.** The Governor’s budget includes a five percent reduction to the rates paid to nursing homes, reducing expenditures by \$12.8 million. The rate reduction results in lower revenues for nursing homes, which result in \$0.7 million less in taxes, which are assessed at 5.5 percent of nursing home gross revenues.

Sales and Use Tax

The Governor’s budget includes proposals to extend the 6.0 percent tax to additional items and institute a new 1.0 percent tax on other currently exempt items. The proposals have a combined impact of \$163.2 million revenue in FY 2012. These are summarized in the table below and described separately in the paragraphs that follow.

Proposal	FY 2012 Impact
Sales and Use Tax Rate from 7.0 Percent to 6.0 Percent	\$(117,714,286)
Expansion of Sales Tax Base	195,908,719
1.0 Percent Sales Tax on Certain Items Currently Exempt	85,000,451
Total	\$ 163,194,884

- **Sales and Use Tax Rate from 7.0 Percent to 6.0 Percent.** The Budget proposes to decrease the current 7.0 percent sales and use tax on items currently taxed to 6.0 percent and assumes a revenue loss of \$117.7 million.

- **Expansion of Sales Tax Base.** The Budget includes \$197.6 million from the imposition of a 6.0 percent sales and use tax on certain services that were previously exempt from the sales tax. Some of the services included are theater and museum admissions, car washes, veterinary services, repairs, laundry and dry cleaning and hair cuts. It includes \$0.9 million from the disallowance of a sales tax exemption towards the purchase of a car as a trade-in allowance on the value of a stolen or totaled vehicle. It also includes \$0.8 million from the

imposition of a 6.0 percent sales and use tax on medical marijuana. The table below summarizes the general categories and impacts.

Sales Tax Base Modernization at 6.0 Percent	Estimated Revenue
Goods	
Prewritten Computer Software delivered Electronically	\$ 7,578,075
Non-Prescription Drugs including Medical Marijuana	9,314,223
All Other Goods	5,109,741
Services	
Building Services, incl. Landscaping, House Cleaning & Pest Control	23,336,753
Employment Agencies	19,083,406
Personal Care Services (Salons)	18,117,434
Business Support Services	9,473,322
Facilities Support Services	8,524,376
Taxicabs, Scenic and Sightseeing Transportation	9,276,683
Moving, Storage, incl. Warehouse, & Freight Services	8,247,240
Garbage Collection, including Remediation Services	6,729,745
All Other Services	19,780,181
Recreation and Entertainment	
Amusement Parks, Campgrounds	9,965,763
Membership Clubs	4,388,153
All Other Recreation and Entertainment	6,445,646
Labor on Maintenance and Repairs	
Motor Vehicles, including Car Washes	18,231,874
All Other Labor on Maintenance and Repairs	8,884,166
All Other	
	5,107,454
Total	\$ 197,594,235

- 1.0 Percent Sales Tax on Certain Items Currently Exempt.** The Budget includes \$85.0 million in revenues from the imposition of a 1.0 percent sales and use tax on certain exempt items, such as clothing, aircraft and boats and for purchases made by nonprofit entities. It also includes a revenue loss of \$1.8 million for noncompliance with the Streamlined Sales and Use Tax Agreement, which allows the state to receive payments from certain internet sellers not otherwise obligated to collect sales taxes. The Governor proposes that this expansion be repealed upon passage of federal legislation requiring remote sellers to collect sales tax on behalf of states that impose such taxes.

Sales Tax Base Expansion at 1.0 Percent	Estimated Revenue
Purchases Used for Manufacturing Purposes	\$ 42,186,374
Sales to Charitable, Educational or Religious Organizations	10,600,111
Clothing and Footwear	6,656,864
Manufacturers' Machinery and Equipment	2,769,835
Agricultural Products for Human Consumption	2,593,582
Trade-In Value of Boats & Private Passenger Autos	2,496,123
Heating Fuels in Homes and Residential Premises	2,168,789
All Other	17,368,784
<i>Subtotal</i>	<i>\$ 86,840,462</i>
Noncompliance with Streamlined Sales Tax Agreement	\$ (1,840,011)
Total from 1.0 Percent Tax	\$ 85,000,451

- **Phase-In Transfer of Registration and License Fees to Department of Transportation.** The Budget includes a reduction of \$12.0 million in FY 2012 due to the phased in transfer of 20.0 percent of registration and license fees collected by the Division of Motor Vehicles to the Intermodal Surface Transportation Fund for use by the Department of Transportation. The Governor’s proposal would increase the transfer by 20.0 percent each year until FY 2016, when 100 percent of the fees would be dedicated to the Department. The transfer consists of \$9.8 million from motor vehicles registration and \$2.2 million from titles, driving license reinstatement, and commercial driver license fees.

Departmental Revenues. The Governor recommends additional revenues of \$0.1 million and \$147.3 million in departmental receipts in FY 2011 and FY 2012, respectively. Of the amount for FY 2012, \$141.8 million relates to the extension of the hospital licensing fee.

- **DBR: Increase Securities Sales Representative License Fee.** The Governor proposes legislation to increase the licensing fee for a securities sales representative from \$60 to \$75. The budget includes \$1.2 million in additional revenues in FY 2012. The Department of Business Regulation annually licenses approximately 79,000 securities sales representatives nationwide.

- **DBR: Increase Federal Covered Advisor Fee.** The Governor proposes legislation to increase the federally covered advisor licensing fee from \$250 to \$300. The budget includes \$41,000 in additional revenues. The Department of Business Regulation licenses 820 advisors registered in Rhode Island. A federally covered advisor is an investment advisor who manages assets in excess of \$25.0 million for other investors.

- **DEM: Increase Beach Parking Fees.** The Governor recommends increasing the daily and annual parking fees at state beaches, with the total value of the increase accruing to the state. The FY 2012 Budget includes an additional \$1.9 million generated by raising the fees for residents and non-residents, including senior citizens. These fees were last increased in April 2002. The table below summarizes the changes.

	Current	Proposed
<i>Season Pass</i>		
Resident	\$ 30.00	\$ 60.00
Senior Resident	\$ 15.00	\$ 30.00
Non-Resident	\$ 60.00	\$ 120.00
Senior Non-Resident	\$ 30.00	\$ 60.00
<i>Daily Parking - Weekday</i>		
Resident	\$ 6.00	\$ 10.00
Senior Resident	\$ 3.00	\$ 5.00
Non-Resident	\$ 12.00	\$ 20.00
Senior Non-Resident	\$ 6.00	\$ 10.00
<i>Daily Parking - Weekend</i>		
Resident	\$ 7.00	\$ 15.00
Senior Resident	\$ 3.50	\$ 8.00
Non-Resident	\$ 14.00	\$ 25.00
Senior Non-Resident	\$ 7.00	\$ 13.00

- **DCYF: Institute Fee for Background Clearances.** The Governor includes \$110,000 in revenues from instituting a \$10 fee on background clearances for an adult who wishes to care for a child. The Department of Children, Youth and Families performs a review to identify if an adult has maltreated a child or if there has been other involvement with the Department that would disqualify the person from caring for a child.

a child. The Department estimates that it conducts 11,000 clearances each year for individuals seeking employment in licensed residential and child day care programs to become caregivers through private agencies, and to adopt children through private agencies.

- **DHS: Hospital Licensing Fee.** The Governor recommends Article 19 to extend the licensing fee for FY 2012 at the current rate of 5.465 percent of net patient services revenue. The Budget includes the enacted level of \$141.8 million in revenue, which includes \$135.8 million from the community hospitals and \$6.0 million from Eleanor Slater Hospital. The licensing fee appears annually in the Appropriations Act and this is not included in consensus revenue estimates.

- **DMV: Require Driving Record Abstracts.** The Governor's budget includes \$3.0 million in revenues from requiring insurance companies to use driving record abstracts at least every three years for rating and underwriting policies. The cost to obtain the record is \$17.50, including the \$1.50 technology surcharge. There is an additional convenience fee if records are obtained online. Currently, insurance companies have the option of using credit reports or the driving record abstracts.

- **DMV: No Sufficient Funds Check Return Fee.** The Budget includes \$18,720 in revenues by allowing the Division of Motor Vehicles the authority to assess a fee up to \$50 on returned checks. The Division of Motor Vehicles indicates that it incurs \$3.71 in various fees whenever a check is returned for insufficient funds. The estimate assumes a fee of \$25.

- **DMV: Increase Dealer Special Use Tags Fee.** Current law allows car dealers to purchase temporary registration plates in a packet of 10 at a fee of \$200, which equates to \$20 each. The dealership then assigns the temporary plate as cars are purchased. The Governor proposes legislation to allow the Division of Motor Vehicles to assess a fee not to exceed \$25 for each temporary registration plate. The Division indicates that it would maintain the fee of \$20, which would result in no change to revenues; however, the dealers would have to purchase the temporary plate from an online vendor, which could charge for a convenience fee up to \$5.

- **DMV: Plate Issuance and Reissuance.** The 2009 Assembly enacted legislation to mandate that the state issue a general reissuance plate beginning on September 1, 2011 and no less than every 10 years. The state last conducted a general plate reissuance during 1996 and 1997, with the "wave" plate design. The cost for the plate printing, notification, staffing and mailing is estimated at \$4.9 million, resulting in a net loss of \$3.3 million. It is estimated that \$1.6 million would be generated from the recapture of unregistered vehicles. This is based on the assumption that 3.0 percent of vehicles are unregistered. The Governor proposed legislation to repeal the reissuance requirement. There are no revenue changes, since the November Revenue Conference did not estimate any revenue from this requirement; nor did any current service estimate include the expense.

- **DMV: Phase-In Transfer of DMV Fees to DOT.** The Budget includes a reduction of \$12.0 million in FY 2012 due to the phased in transfer of 20.0 percent of registration and license fees collected by the Division of Motor Vehicles to the Intermodal Surface Transportation Fund for use by the Department of Transportation. The Governor's proposal would increase the transfer by 20.0 percent each year until FY 2016, when 100 percent of the fees would be dedicated to the Department. The transfer consists of \$9.8 million from motor vehicles registration and \$2.2 million from titles, driving license reinstatement, and commercial driver license fees.

- **DOC: Offset Income Tax Refunds for Fees Owed.** The Budget assumes \$0.2 million in revenue from fees owed to the Department of Corrections. The Department has outstanding debts of \$3.8 million for

home confinement, probation, parole and electronic monitoring programs. It appears that the proposed legislation contained in Article 24, Section 2 may not be sufficient to allow this.

- **DOH: *Influenza Hospitalization Surveillance.*** The Governor's FY 2011 revised budget includes \$97,880 from general revenues from the contract to participate in the influenza hospitalization surveillance project, which concludes on May 3, 2011. Rhode Island will report pandemic and seasonal flu hospitalizations to the Council of State and Territorial Epidemiologists.

- **DOH: *Dissolution of Health Services Council.*** The Governor proposes to dissolve the Health Services Council within the Department of Health and includes a revenue loss of \$0.4 million. The Council, for a fee, reviews and approves initial health care facility licensure, new medical services and equipment and any changes in ownership or control of any health care facility. There are offsetting expenditure savings.

- **DOR: *4.0 Percent Surcharge on Compassion Center.*** The Budget assumes \$0.6 million in new revenues from a 4.0 percent surcharge on net patient revenues from three compassion centers to be established. The estimate is based on the average of the net patient revenues from the 18 compassion center applications and applying the 4.0 percent tax.

- **DOR: *Letter of Good Standing Fee Increase.*** The Budget includes \$122,925 in revenues by increasing the fee to obtain a letter of good standing from the Division of Taxation from \$25 to \$50. In FY 2010, 4,197 letters of good standing were issued.

- **DOR: *Increase Estate Tax Filing Fee.*** The Governor proposes legislation to increase the estate filing fee from \$25 to \$50 and includes an additional \$108,915 in revenues. This assumes 4,356 returns will be filed.

- **DPS: *Increase Fire Code Inspection Fee.*** The FY 2012 budget includes \$40,000 in additional revenue from increasing the fire code inspection fee from \$100 to \$125, based on the Department's estimate of 1,600 annual fire code inspections.

- **DVA: *Increase Veterans' Home Assessment.*** The Governor's budget assumes revenues of \$0.8 million from increasing the monthly fee assessed to residents of the Veterans' Home from 80.0 percent to 100 percent of countable income. The resident will continue to retain a portion of any monthly payments received up to \$150, plus any other allowable disregards, and the state will retain the balance. The budget assumes the assessment increase will generate an additional \$1.0 million in FY 2012; the state will deposit 80.0 percent into the General Fund and the remaining 20.0 percent will be deposited into the Department of Veterans Affairs' restricted receipt account to be used for activities and operations at the Veterans' Home.

- ***Indirect Cost Recovery Telecommunications Access Fund.*** The Governor's FY 2012 budget includes legislation to reduce the assessment for the Telecommunications Education Access Fund from \$0.26 to \$0.15 and expand it to include wireless lines. This is expected to generate an additional \$0.7 million in revenue to be deposited as restricted receipts. His budget includes \$74,160 in additional revenues from the 10.0 percent indirect cost recovery charge.

Other Miscellaneous Revenue. The Governor also recommends other miscellaneous revenues of \$2.3 million in FY 2011 and \$3.5 million in FY 2012.

- ***Rhode Island Resource Recovery Corporation Transfer.*** The Budget includes the transfer of \$3.5 million from insurance settlement proceeds from the Rhode Island Resource Recovery Corporation to state

general revenues in FY 2012. The Corporation was last required to make a transfer of \$7.5 million in FY 2009. It spread the payment over two years, including \$4.5 million in FY 2009 and \$3.0 million in FY 2010.

- ***Bond Proceeds from State Police Headquarters Project.*** The Governor's FY 2011 revised budget includes a transfer of \$2.3 million from unused bond proceeds from the State Police Headquarters project to the General Fund. There is an offsetting increase to debt service expenditures since that is how these proceeds were reflected in the enacted budget.

Other Sources

- ***Motor Vehicles Registration, Licenses and Fees to Transportation.*** The Budget assumes a five year phase-in of a plan to dedicate all motor vehicles registration, licenses and fees currently used as general revenues for transportation uses. The loss to general revenues would be \$12.0 million in FY 2012, \$24.4 million in FY 2013, \$37.2 million in FY 2014, \$50.5 million in FY 2015 and \$64.2 million in FY 2016. The funds will now be deposited into the Intermodal Surface Transportation Fund.

Restricted Receipts

- ***Meals and Beverage Tax.*** The Governor's budget assumes taxpayers would not see a change to the amount of total taxes paid on meals and beverages. The 1.0 percent difference as a result of lowering the general sales tax, estimated to be \$19.3 million will still be collected by doubling the current 1.0 percent meals and beverage tax. That additional 1.0 percent would go into a separate restricted fund to support the Municipal Accountability, Stability and Transparency Fund to encourage municipalities to address unfunded liabilities for pensions and Other Post Employment Benefits.

- ***Hotel/Room and Lodging Rental.*** The Governor's budget assumes no change to the amount of total taxes paid on hotel rooms. The 1.0 percent difference as a result of lowering the general sales tax, estimated to be \$2.6 million, will still be collected but go into a separate restricted fund to be used for tourism related improvements. Estimated revenues total \$2.1 million.

- ***Children's Health Account.*** The Governor's budget includes additional restricted receipt revenues of \$4.2 million, which directly offset general revenue expenditures from increasing the maximum assessment on insurers for certain home and community based treatment services from \$6,000 to \$7,500 and further defines the services to be assessed.

- ***Local Education Agencies to Pay Education Costs at Training School.*** The Governor's budget includes \$2.1 million in revenues from requiring Local Education Agencies to finance the educational expenses of children in the juvenile justice system. Currently, cities and towns finance educational expenses for non-adjudicated children in programs with on-site school programs. The city or town deemed responsible must pay the per-pupil special education cost to the Department of Children, Youth and Families or to the facility providing the education. This includes programs at the Thomas C. Slater Training School, Camp E-Hun-Tee, the North American Family Institute, and Ocean Tides.

- ***Telecommunications Access Fund.*** The Governor's FY 2012 budget includes legislation to reduce the assessment for the Telecommunications Education Access Fund from \$0.26 to \$0.15 and expand it to include wireless lines. This is expected to generate an additional \$0.7 million in revenue to support libraries and schools acquiring, installing and using telecommunications technologies to access the Internet. It should be noted that, although the wireless customers are not currently charged for this expense, they do pay a different \$0.26 charge that goes to general revenues.

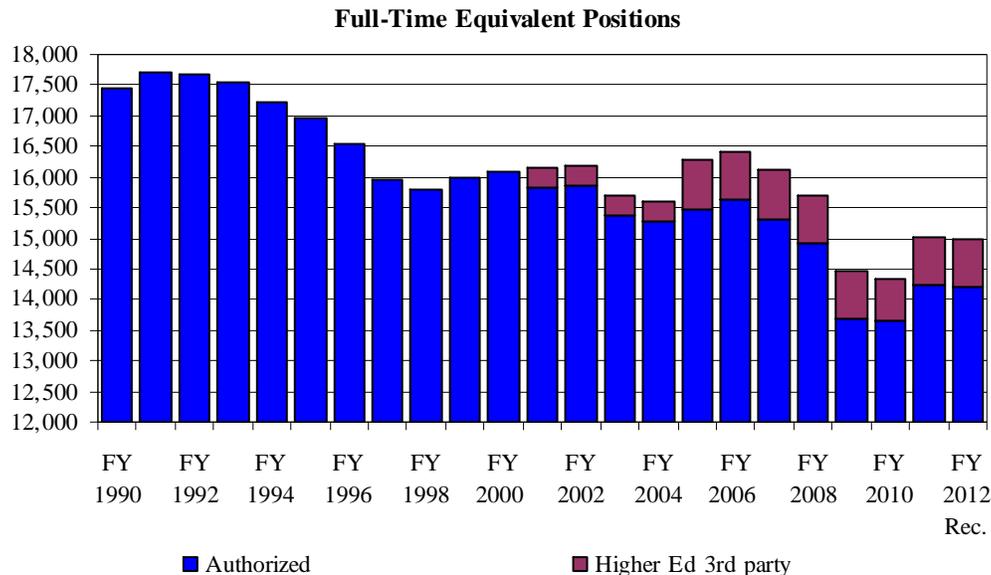
- ***Local Education Aid for the Davies Career and Technical School.*** Beginning with FY 2012, the Davies Career and Technical School will be funded pursuant to the new education funding formula adopted by the 2010 Assembly. Davies will be funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil contribution of the sending district. The Governor creates a restricted receipt account for the local contribution and estimates that Davies will collect \$0.7 million in local tuition for FY 2012 based on student enrollment data as of June 30, 2010.

- ***DVA: Increase Veterans' Home Assessment.*** The Governor's budget assumes revenues of \$0.2 million into the Veterans' Home restricted receipt account from the state increasing the monthly fee assessed to residents of the Veterans' Home from 80 percent to 100 percent of countable income. The resident will continue to retain a portion of any monthly payments received up to \$150, plus any other allowable disregards, and the state will retain the balance. His budget assumes the assessment increase will generate an additional \$1.0 million in FY 2012; the state will deposit 80 percent into the General Fund and the remaining 20 percent will be deposited into the Department's current restricted receipt account to be used for activities and operations at the Home.

State Government Personnel and Staffing

Summary

The Governor recommends \$1,734.5 million for personnel expenditures and 14,990.6 full-time equivalent positions, including 785.0 higher education positions dedicated for research or supported by other third-party funds. The recommendation is \$72.7 million and 163.0 positions more than the FY 2011 enacted budget. The expenditures include both salaries and benefits, as well as contracted services.

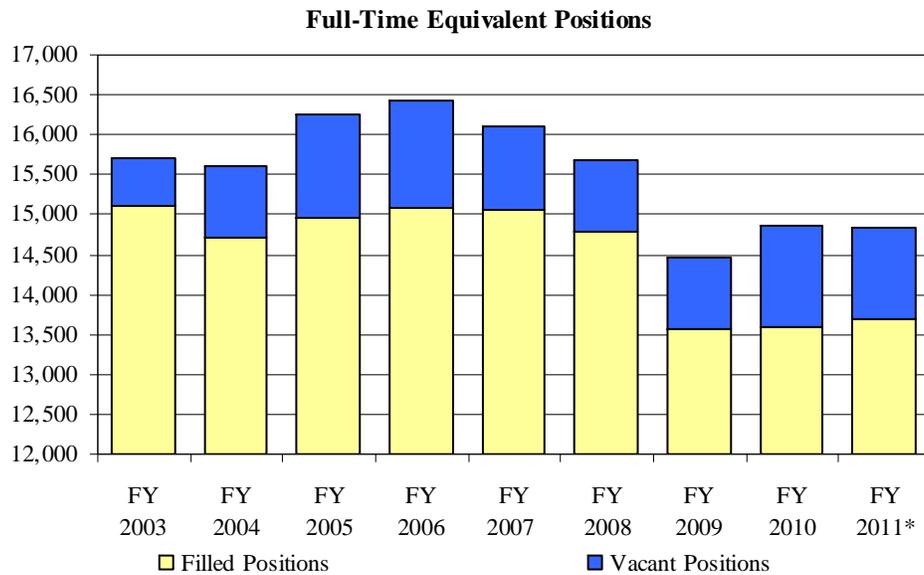


The General Assembly sets personnel limits for each agency and department defined as the maximum allowable number of full-time equivalent positions filled during any pay period. These limits are referred to as authorized levels. The authorized levels do not include temporary or seasonal employees or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

The chart on the next page shows the staffing levels from FY 2003 through FY 2011. Authorized levels peaked in FY 2006; however, filled positions peaked in FY 2003. A significant reduction to both authorized and filled positions is apparent in FY 2009, FY 2010 and FY 2011 due to a major surge of retirements. Other significant issues during that are period are noted below.

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

- Total authorized positions peaked in FY 2006 from an additional 151.9 authorized positions primarily from a new class of correctional officers at the Department of Corrections and new nursing programs at each of the colleges. However, filled positions remained consistent with prior years.
- During FY 2007, the Governor proposed initiatives including measures to encourage eligible individuals to retire such as ending statutory status and payment for unused sick leave and revisions to accrued vacation leave, freezing longevity payments, shutting down government operations for two days, and establishing limited service positions. The Assembly did not concur with the proposal; however, it did adopt a 5.0 percent reduction of vacant general revenue funded positions, eliminating 419.4 vacant positions.



**Average through pay period ending February 26, 2011*

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

The FY 2011 enacted budget includes authorization for 14,827.6 positions, but the funding does not allow all of the positions to be filled. The Governor's FY 2011 revised recommendation adds 180 positions, but he assumes turnover savings equivalent to 576 positions, leaving funds for approximately 14,432 positions. As of February 26, 2011 there was an average of 13,698.7 positions filled. Turnover in his FY 2012 recommendation is equivalent to 701 positions, leaving 14,290 positions funded. It is important to note the Governor's savings include a 3.0 percent reduction to staffing costs for cabinet agencies, excluding Higher Education and a 2.0 percent reduction to elected officials, the Legislature, and the Judiciary for savings of \$19.6 million or approximately 208 positions in FY 2012. Similar unidentified savings totaling \$3.2 million are included in his FY 2011 recommendation.

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 \$1,502.8 million for salaries and benefits and \$231.7 million for contracted services. These expenditures represent an increase of \$72.7 million, or 4.4 percent, from the FY 2011 enacted budget. Salaries and benefits increase by \$63.2 million, or 4.4 percent and contracted services increase by \$9.5 million, or 4.3 percent. General revenue expenses for salaries and benefits increase by 6.5 percent and contracted services decrease by 3.9 percent. The data are shown in the following table and do not include personnel costs funded from internal service funds.

FY 2012 Governor	General		Restricted		Total
	Revenues	Federal Funds	Receipts	Other Funds	
Salaries and Wages	\$ 511,931,320	\$ 170,519,469	\$ 34,915,471	\$ 273,982,564	\$ 991,348,824
Benefits	283,883,317	101,302,068	19,883,248	106,392,372	511,461,005
Total Salaries and Benefits	\$ 795,814,637	\$ 271,821,537	\$ 54,798,719	\$ 380,374,936	\$ 1,502,809,829
Contracted Services	45,965,198	137,774,153	28,479,260	19,517,300	231,735,911
Total Personnel	\$ 841,779,835	\$ 409,595,690	\$ 83,277,979	\$ 399,892,236	\$ 1,734,545,740

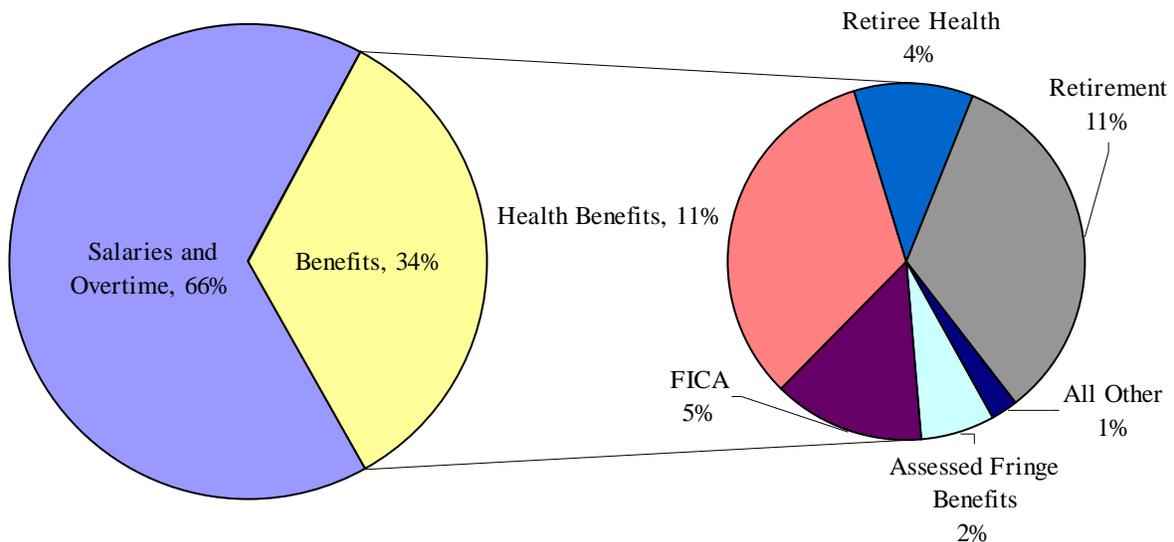
Internal service funds, often called rotary accounts, are established to finance and account for the operations of certain overhead type programs that provide services to other state agencies on a charge for services basis. The expenditures appear as state operations costs in the agencies being charged,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

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

Employee status refers to an employee’s protection during reorganizations or layoffs. When an employee is first hired, he or she may have temporary or probationary status, which provides the least protection. All employees that were hired prior to August 7, 1996 will have statutory status when he or she reaches 20 years of state service. This means that the state is required to find a suitable position for that employee in the case of reorganization or layoffs. If a state employee is also a veteran, statutory status will be acquired after 15 years of service. Currently there are 3,660 employees with statutory status, including 217 employees which were eligible through the veteran provision.

Salaries and benefits make up 86.6 percent of personnel costs. The following charts represent the total cost of salaries and benefits. The larger pie chart divides salaries, including overtime, and benefits. The smaller pie chart breaks out the percentage of each benefit type. Each of the items included in the table is described in further detail in the paragraphs that follow.

FY 2012 Recommended Salaries and Benefits



Salaries. Direct salaries refer to the wages paid to state employees. This amount may increase due to many factors. For many state employees, pay scales are determined by position grade and classification. An employee will have a base salary and there will be increases along a five step scale annually after the employee’s first six months. After an employee has been in state service for a specified number of years, he or she becomes eligible for longevity increases. These increases are applied to the base salary. This is determined by collective bargaining agreements for union employees, with different increases for education agencies; it is personnel policy for all non-union employees. The following table shows the years that an employee is eligible for these increases. The Governor includes Article 8 in 2011-H 5894 to freeze longevity increases for the Board of Regents.

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

Collective bargaining agreements also determine if an employee will receive a cost-of-living adjustment. This adjustment differs from a longevity increase because it applies to all employees in that pay grade, for example if all state employees receive a 3.0 percent cost-of-living increase on July 1, then an employee with a pay grade ranging from \$50,000 to \$59,000 will now be in a pay grade of \$51,500 to \$60,770. The following table identifies the recent cost-of-living adjustments and any other notable adjustments to employee salaries.

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

Overtime. Overtime expenses make up 3.2 percent of total salary and benefit expenses. The majority of overtime expenses occur in the Department of Corrections for correctional officers, followed by the Higher Education.

Overtime	
Corrections	45.5%
Higher Education	10.7%
Public Safety	8.1%
Children, Youth, & Families	8.1%
Behavioral Health., Developmental Disab. & Hospitals	6.8%
Transportation	6.1%
Human Services	5.1%
Veterans' Affairs	2.1%
All Others	7.5%
Total	100%

Health Benefits. All full-time state employees and certain part-time employees are eligible for health benefits, including medical, dental and vision through United HealthCare and Delta Dental. During FY 2005, employees began contributing to the cost of this health care. Some employees paid a percentage of salary, depending on salary range, and some employees paid 5.0 percent of the cost of the health plans. Currently an employee's contribution depends on his or her salary and the type of plan chosen. The following table shows the cost of health benefits and the state/employee co-shares for FY 2012 for both individual and family plans.

<i>FY 2012 Recommended</i>	Salary Ranges					
	Below \$47,741		\$47,741 - \$95,481		Over \$95,481	
	Individual	Family	Individual	Family	Individual	Family
Total Annual Cost of Benefits	\$ 7,024	\$ 19,629	\$ 7,024	\$ 19,629	\$ 7,024	\$ 19,629
% of Premium: State	80.0%	85.0%	0.8	80.0%	75.0%	75.0%
Annual Cost to State per Employee	\$ 5,619	\$ 16,685	\$ 5,619	\$ 15,703	\$ 5,268	\$ 14,722
% of Premium: Employee	20.0%	15.0%	20.0%	20.0%	25.0%	25.0%
Annual Cost to Employee	\$ 1,405	\$ 2,944	\$ 1,405	\$ 3,926	\$ 1,756	\$ 4,907

For budget planning purposes, a weighted average is used to calculate the cost of medical benefits for vacant positions. The following table shows the weighted average per benefit type. The FY 2011 revised request and the FY 2012 request are from the Budget Office instructions

Weighted Average	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Rev. Rec.	FY 2012 Request	FY 2012 Gov. Rec.
Medical	\$ 12,864	\$ 14,291	\$ 14,291	\$ 15,506	\$ 14,730
Dental	153	148	148	154	154
Vision	807	807	796	838	838
Total	\$ 13,824	\$ 15,246	\$ 15,235	\$ 16,498	\$ 15,722

The Governor’s recommendation is lower than the planning values because of a one-time federal reimbursement to employment based health plans to be used to offset premium increases for both active and retired employees. This is discussed in more detail later in this report.

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

Retirement. Participation in Rhode Island’s defined benefit plan is mandatory for all state employees, except for certain higher education employees who participate in a defined contribution plan. Under the current plan, state employees must be 62 years old to retire. The salary basis is the five highest consecutive years and cost-of-living adjustments are limited to the first \$35,000 of a pension, indexed to inflation but capped at 3.0 percent beginning on the later of the employee’s third anniversary of retirement or age 65. There have been many changes to the retirement system over the past few years. These changes are discussed later in the report.

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

Assessed Fringe. The assessed fringe benefit internal service fund was established in August 1999 to eliminate the fluctuations in agency budgets that result from workers’ compensation claims, unemployment claims, and unused leave. A biweekly assessment is applied to the amount of salaries and wages paid from all accounts and funds. This fund allows the costs to be spread out over all fund sources, as opposed to only general revenues. The rate for most employees is 4.0 percent for FY 2012; however, the rate for Public Safety and Workers’ Compensation Investigations Unit personnel is 1.9 percent and the rate for Higher Education faculty is 3.49 percent. The following table shows the rates from FY 2000 to the present.

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

FICA. The Federal Insurance Contributions Act tax is a United States payroll tax imposed by the federal government on both employees and employers to fund Social Security and Medicare. This rate is calculated on salaries and overtime; however, the Social Security portion has a salary limit. In calendar year 2012, the

year 2012, the estimated salary limit is \$116,100. There is no salary limit for the Medicare portion.

The total rate is 7.65 percent, including 6.20 percent for the Social Security portion and 1.45 for the Medicare portion.

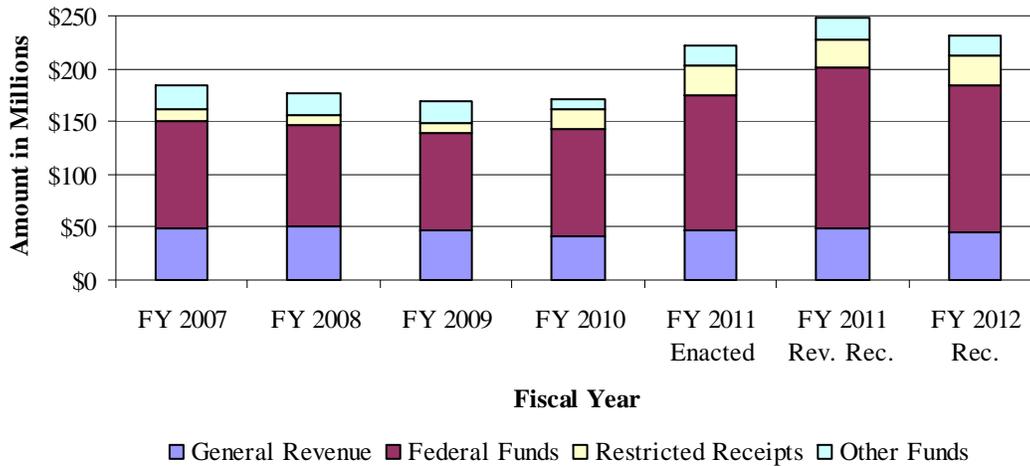
Total Costs. The true cost of two employees who have salaries of \$50,000 and \$100,000 and a family health plan in FY 2012 is broken out in the next table. Each of the items included in the table is described in further detail in the following sections.

Cost of a Position - FY 2012 Recommended				
	Expense	% of Salary	Expense	% of Salary
Salary	\$ 50,000		\$ 100,000	
Assessed Fringe	2,000	4.0%	4,000	4.0%
FICA	3,825	7.7%	7,650	7.7%
Retiree Health	3,200	6.4%	6,400	6.4%
Retirement	11,490	23.0%	22,980	23.0%
Subtotal	\$ 20,515	41.0%	\$ 41,030	41.0%
Health Benefits	19,629	Family Plan	19,629	Family Plan
Total % co-share	(3,926)		(4,907)	
Subtotal Benefits	\$ 36,218	72.4%	\$ 55,752	55.8%
Total Cost	\$ 86,218		\$ 155,752	

Contracted Services. Contracted services make up the remaining 13.4 percent of personnel costs. The Governor's FY 2012 budget includes \$231.7 million for expenditures the state classifies as contracted services, often referred to as consultants. These expenditures reflect the compensation paid for the services of non-employee individuals or firms and include payments to professional practitioners and other independent contractors who sell their services. By fund source, 59.5 percent of the expenses are supported by federal grants and 19.8 percent are funded from general revenues. The Department of Human Services accounts for nearly one fourth of all of these expenses from all sources as well as those exclusively funded from general revenues.

The following chart shows the costs of contracted services from FY 2007 through FY 2012. The total cost has remained relatively consistent through FY 2007 to FY 2010; however, there is a decline in the amount of general revenues spent over time.

Contracted Services, FY 2007 to FY 2012

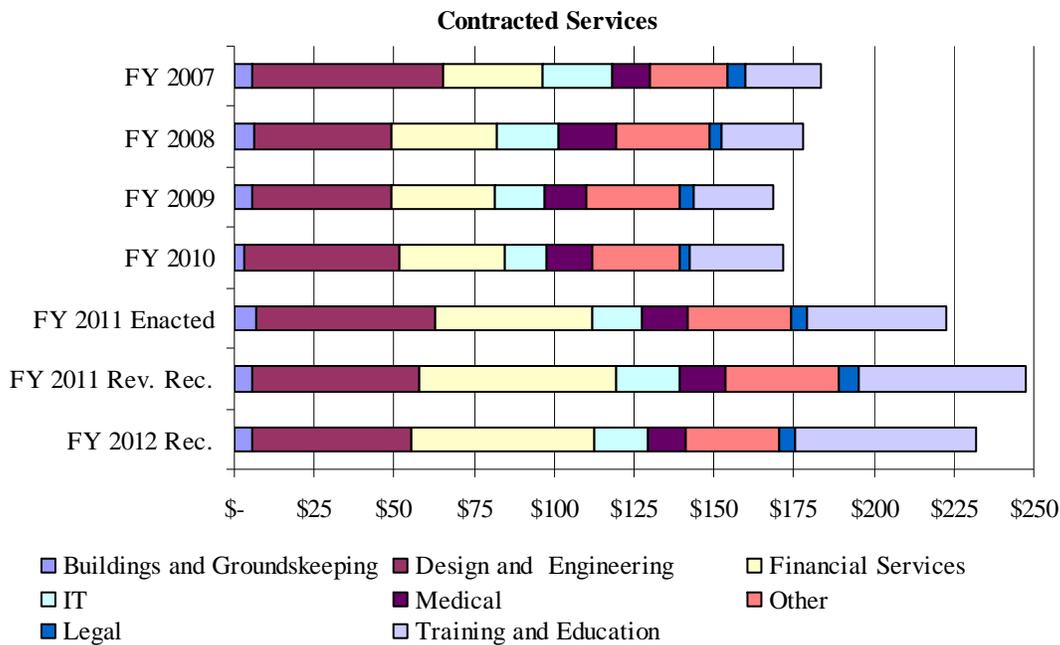


Over the past few fiscal years, the Assembly required state agencies to be held more accountable for contract services they purchase. The 2007 Assembly added language to the general laws to correct a situation concerning contract employees that were doing the same work as state employees, under state employee supervisors. Departments and agencies would be allowed to convert those positions to state employee positions within available funding. The law also required that an agency or department may not employ contracted employees or employee services where the contracted employees would work under state employee supervisors after October 1, 2007 without determination of need by the Director of Administration acting upon the positive recommendations of the Budget Officer and the Personnel Administrator and 15 days after a public hearing.

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

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

The increase in FY 2011 from the enacted is also related to several programs through the Department of Health and Race to the Top stimulus funding in the Department of Elementary and Secondary Education, as well as additional stimulus funding in the Coastal Resources Management Council and the Department of Environmental Management.



Governor Recommended Personnel Initiatives

The FY 2011 and FY 2012 budgets include several initiatives affecting personnel costs, including revisions to pension contributions, across the board savings, and adjustments to medical benefits. These are described in the paragraphs that follow.

- Employee Pension Contributions.** The Governor proposes that effective July 1, 2011, state employees and teachers contribute 11.75 percent towards pension benefits. State employees currently contribute 8.75 percent and teachers contribute 9.5 percent and those rates are set in statute. The additional funds will be used to pay down the unfunded liability in the system; there would be no reduction in the employer share and the budget assumes no savings from this proposal.

- Statewide Savings.** The Budget includes unidentified statewide personnel savings in both FY 2011 and FY 2012. In FY 2012, the Governor recommends a 3.0 percent reduction to cabinet agencies, excluding Higher Education and a 2.0 percent reduction to elected officials, the Legislature, and the Judiciary for savings of \$19.6 million. Similar savings totaling \$3.2 million are included in the FY 2011 revised budget. The following table identifies the savings in each fiscal year.

Unidentified Statewide Savings Summary					
Salaries and Benefits	FY 2011 Reduction		FY 2012 Reduction		Total
Cabinet Agencies (Excl. Higher Ed.)	0.5%	\$ 2,573,878	3.0%	\$ 16,984,484	\$ 19,558,362
Elected Officials, Leg, Judiciary	0.5%	619,547	2.0%	2,660,208	3,279,755
Total Salaries and Benefits		\$ 3,193,425		\$ 19,644,692	\$ 22,838,117

- Medical Benefits.** The Governor's FY 2012 budget includes savings of \$8.2 million from all sources, including \$4.3 million from general revenues from two initiatives to reduce medical benefit costs for current employees and retirees. Recently, the state has received approval from the federal government to participate in the Early Retiree Reimbursement Program through the Affordable Health Care Act. This program provides a one-time reimbursement to employment based expenses it incurs for early retiree health

plans to be used to offset premium increases. Since the state provides a single benefit plan, it is required to use the reimbursement across both active and retiree health plans.

The Governor also includes an initiative that encourages members who are on select non-specialty medications, commonly referred to as Tier 3, to fill their prescriptions through the mail or switch to a lower cost option. Members on selected medications will receive two grace period refills of the higher cost Tier 3 medicine at their retail pharmacy. Members on specialty medications do not have to switch to generic drugs; they are encouraged to order their medications through the mail as well. The Office of Employee Benefits indicates that during this grace period, members on non-specialty medications will receive letters and phone calls to inform them of the program and the low cost alternatives. Additionally, the dispensing pharmacist will inform the member of the low cost alternatives. If the member does not switch to a low cost alternative, he/she will continue to access the original prescription by mail order.

FY 2012 Statewide Medical Benefit Savings		
	General Revenues	All Funds
One-time Early Retiree Reimbursement Prog.	\$ 3,945,525	\$ 7,687,955
New United Healthcare Programs	352,437	561,366
Total Savings	\$ 4,297,962	\$ 8,249,321

The savings are reflected as a reduction to the benefit rates for each employee.

Recent Compensation and Benefit Revisions

The FY 2010 and FY 2011 budgets included several initiatives affecting personnel costs including savings from reducing retirement benefits and implementing pay reductions for state employees. The budgets also included a 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 2009 Assembly adopted pension changes that apply to all state employees, including judges and teachers eligible to retire on or after October 1, 2009 and were not eligible before passage of the legislation. The 2009 changes include establishing a minimum retirement age of 62 with a proportional application of that minimum age to current members based on their current service as of October 1, 2009. Changes also include freezing service credits for those in Plan A, and shifting all future accrual to the lower accruals of Plan B. The cost-of-living adjustments were based on the Plan B model of the lesser of inflation or 3.0 percent on the third anniversary, and the salary basis for benefits is the five consecutive highest years, increased from three.

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

- **Retiree Health Benefits.** The 2008 Assembly enacted legislation to change its provision of retiree health benefits from a pay-as-you-go system along with significant benefit reductions to future retirees effective October 1, 2008. Based on a recommendation in the Governor's FY 2009 revised budget, the 2009 Assembly enacted legislation to delay the move for two years.

- **Pay Reductions.** The 2010 Assembly included two initiatives negotiated with employee unions to generate personnel savings. The first was to implement eight pay reduction days in FY 2010 and four pay

reduction days in FY 2011. The Department of Administration entered into negotiations with collective bargaining units in the summer of 2009 to reach an agreement to achieve savings while avoiding layoffs. For each pay reduction day, an employee will accrue one and one quarter additional days of paid leave, for a maximum of ten days in FY 2010 and five days in FY 2011. The employee may request to discharge this leave day during any pay period following the period in which it was earned or the employee may elect to receive a cash payment upon termination of state employment. The second savings initiative was to delay the 3.0 percent cost-of-living adjustment from July 1, 2010 to January 2, 2011. Together these initiatives save approximately \$29.5 million from all sources, including \$17.5 million from general revenues in FY 2011. In FY 2010, the initiatives accounted for savings of \$26.8 million from all sources, including \$15.0 million from general revenues. These savings end for FY 2012 and the contract calls for a 3.0 percent increase effective July 1, 2011.

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

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 2011 revised and FY 2012 sections of the *Budget Analysis*.

Distribution of Positions

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

FY 2012 Changes to Enacted FTE	Gen. Govt.	Human Services	Education	Public Safety	Natural Res.	Transp.	Total
<i>FY 2011 Enacted</i>	2,479.4	3,560.6	4,568.9	3,000.5	446.0	772.2	14,827.6
FY 2011 Prog. Changes & Transfers	-	29.0	-	-	-	-	29.0
Stimulus	(42.0)	-	-	-	-	-	(42.0)
Transfers	(180.0)	-	-	180.0	-	-	-
New Positions	8.1	91.0	114.1	6.0	-	0.4	219.6
Other Program Changes	(6.2)	(28.9)	(8.6)	0.1	-	-	(43.6)
Total Change to Enacted	(220.1)	91.1	105.5	186.1	-	0.4	163.0
FY 2012 Recommended	2,259.3	3,651.7	4,674.4	3,186.6	446.0	772.6	14,990.6

The following is a brief summary of the distribution of positions by function. A description of the position changes from the FY 2011 enacted budget follows. Most of the positions in state government are in the education and human services functions, which together account for 55.6 percent of all positions.

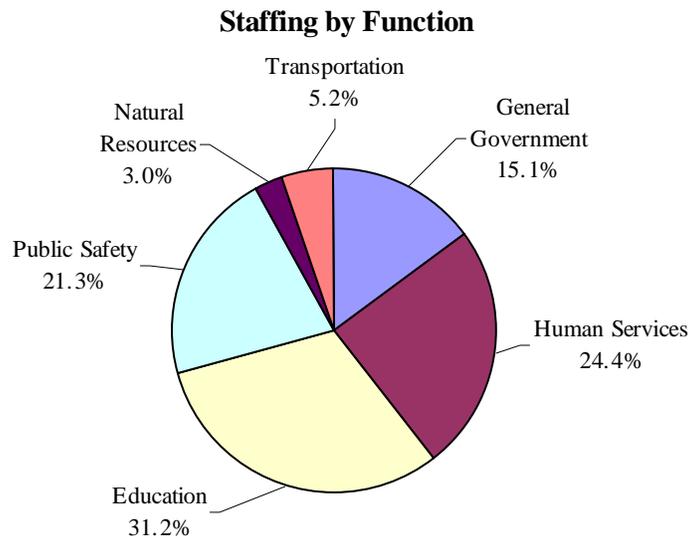
The Budget includes 2,259.3 full-time equivalent positions for general government agencies, 15.1 percent of the distributed positions. This is a decrease of 220.1 full-time equivalent positions compared to the FY 2011 enacted budget, primarily from the elimination of workforce development and unemployment insurance claims processing positions and the transfer of the Sheriffs from the Department of Administration to the Department of Public Safety.

The Budget provides 3,651.7 full-time equivalent positions for human services, or 24.4 percent of all distributed positions. This is 91.1 more positions than the FY 2011 enacted budget, primarily from an increase of federally funded positions in the Departments of Human Services and Health and an additional 39.0 positions for the new Department of Veterans Affairs. This is offset by the elimination of vacant positions in the Department of Children, Youth and Families.

The Budget includes 4,674.4 full-time equivalent positions for education, 31.2 percent of all distributed positions. This is 105.5 more positions than the FY 2011 enacted budget, primarily from additional Race to the Top positions and new teaching and student support staff at Rhode Island College and the Community College of Rhode Island. The total includes 785.0 higher education positions that are dedicated for research or supported by other third party funds.

There are 3,186.6 full-time equivalent positions for public safety agencies, 21.3 percent of all distributed positions. This is 186.1 more positions than the FY 2011 authorized level, primarily from the transfer of the Sheriffs from the Department of Administration to the Department of Public Safety.

The Budget provides 446.0 full-time equivalent positions for natural resources agencies, consistent with the enacted level. The Budget provides 772.6 full-time equivalent positions for transportation, 0.4 more positions than the FY 2011 authorized level.



Program Changes to FY 2011 Enacted Staffing Levels

Administration. The Governor recommends 873.6 full-time positions for FY 2011, 2.0 positions more than the authorized level. It includes a number of transfers within department functions, including shifting a current vacancy from Accounts and Control to the Division of Purchasing to administer transportation related procurement and two transfers from the Office of Energy Resources to the Division of Legal Services and Statewide Planning. The request reflects the elimination of a vacant position from the Division of Information Technology and adds three positions, one in the State Budget Office and two new positions, including an executive director and an assistant to the executive director, in Central Management.

He recommends 693.6 positions for FY 2012, 180.0 positions less than his revised budget to reflect the transfer of the Sheriffs to the Department of Public Safety, in addition to all his revised budget changes.

Business Regulation. The Governor recommends 93.0 full-time equivalent positions, 3.0 more than the authorized level. The additional 3.0 positions are funded through federal grants to manage the rate review process and review financial statements and rate filings of commercial health insurers in Rhode Island.

Labor and Training. The Governor recommends 470.2 full-time equivalent positions, which is 49.2 positions less than enacted and 59.2 positions more than requested. This includes a reduction of 42.0 stimulus and emergency temporary assistance to needy families funded positions and the elimination of 7.2 vacant positions. The recommendation does not eliminate the 73.8 income support positions excluded from the Department's budget request, since additional funding became available to support these positions after the request was submitted.

Revenue. The Governor recommends FY 2011 and FY 2012 staffing of 428.5 full-time equivalent positions, 2.5 more positions than enacted. The recommendation reflects the conversion of a half position to a full position for a customer service representative in the Registry of Motor Vehicles and adds 2.0 full-time positions to assist the state appointed receiver in Central Falls.

Legislature. The Governor recommends 298.5 full-time equivalent positions for FY 2011 and FY 2012. This is 2.6 positions more than enacted.

Lieutenant Governor. The Governor includes 7.0 positions, which is 1.0 fewer than authorized to reflect the elimination of a vacant position.

Office of Health and Human Services. The Governor includes 149.0 positions, which is 73.4 more than enacted. He transfers 80.0 administrative and policy positions from the Department of Human Services' Medicaid program. He also realigns positions within the departments under the office's umbrella resulting in a net transfer of 9.6 positions back to the individual agencies and also adds 3.0 new positions.

Children, Youth and Families. The Governor includes 662.5 full-time equivalent positions, which is 28.5 less than enacted. He eliminates 30.5 positions to be achieved through attrition resulting from the consolidation of the girl's training school into the boy's facility and program reductions. He also adds 2.0 positions transferred from the Office of Health and Human Services.

Elderly Affairs. The Governor includes 32.0 positions, which is 1.0 more than enacted to reflect the transfer of 3.0 positions from the Office of Health and Human Services and 2.0 positions to the Office.

Health. The Governor recommends 473.3 positions, 62.6 more than the FY 2011 authorized level. He includes 46.0 new federally funded positions and transfers 12.0 positions from the Department of Human Services for the Women, Infants and Children program. He also shifts 5.6 positions from the Office of Health and Human Services.

Human Services. The Governor includes 674.0 positions, which is 289.6 less than enacted. He includes 32.0 new federally funded positions and 5.0 new general revenue funded positions. He also shifts 12.0 positions back to the Department of Health for the Women, Infants and Children program, 229.2 positions to the new Department of Veterans' Affairs, 84.0 positions to the Office of Health and Human Services, and eliminates 4.4 positions.

Veterans' Affairs. The Governor recommends 268.2 positions for the new Department, which is 39.0 more than enacted for the Division of Veterans Affairs within the Department of Human Services. This includes 4.0 new positions, including a Director, for the full year and 35.0 clinical positions in the final four

four months of FY 2012 in preparation for increasing the census in FY 2013.

Behavioral Healthcare, Developmental Disabilities and Hospitals. The Governor recommends 1,376.2 positions, which is 4.0 more than enacted transferred from the Office of Health and Human Services.

Elementary and Secondary Education. The Governor recommends 22.0 new full-time equivalent positions in FY 2011 and FY 2012 to be funded from federal Race to the Top funds. The new positions are time-limited for the four years that the grant funding will be available. The Governor also recommends 1.0 general revenue funded position to work on the uniform chart of accounts initiative.

Public Higher Education. The Governor recommends 4,234.6 positions, which is 82.5 more than enacted. He adds 17.5 new faculty positions at Rhode Island College and 65.0 new positions at the Community College, including 3.0 positions for workforce development coordination and 62.0 teaching and support positions.

Military. The Governor recommends 117.0 positions, which is 6.0 more than enacted to reflect new firefighters funded from federal sources.

Public Safety. The Governor's budget includes 603.2 positions for the Department of Public Safety. This is 180.1 positions more than enacted, including the transfer of 180.0 sheriffs from the Department of Administration and 0.1 for an adjustment to a part-time position.

Transportation. The Governor's budget includes 772.6 full-time equivalent positions, 0.4 more than enacted. The increase reflects a part-time legal counsel position being upgraded to a full-time position.

Medicaid

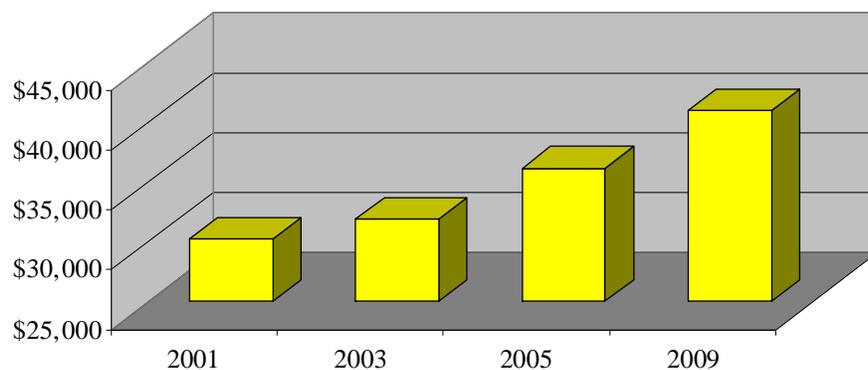
Medicaid is a health insurance program jointly funded by the federal government and the states to provide services to low-income children, pregnant women, parents of dependent children, the elderly, and people with disabilities. The federal government’s share of a state’s expenditure for most Medicaid services is called the federal medical assistance percentage (FMAP). The remainder is referred to as the nonfederal or state share.

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

FY 2012 Recommended	General Revenues	All Funds	% of Medicaid
Human Services	\$ 756,939,002	\$ 1,663,535,074	77.0%
BHDDH	178,258,116	383,964,369	17.8%
Children, Youth and Families	43,528,310	83,859,435	3.9%
Elderly Affairs	7,058,463	15,175,470	0.7%
OHHS	4,115,732	9,326,557	0.4%
Health	1,246,340	5,283,239	0.2%
Total	\$ 991,145,963	\$ 2,161,144,144	100%

Medicaid Rate. The federal medical assistance percentage (FMAP), also known as the federal Medicaid matching rate, is a calculation with significant impact on state health and human services spending. Each state has a separate Medicaid rate. The formula that determines an individual state’s Medicaid rate is based on that state’s three-year average per capita income relative to national per capita income and represents the portion of medical services delivered under the Medicaid program the federal government will contribute. States with a higher per capita income level are reimbursed a smaller share of their costs. By law, the Medicaid rate cannot be lower than 50 percent or higher than 83 percent. It is important to note that the federal contribution to any state’s program administration for Medicaid services is set at 50.0 percent. The following includes the change in the state’s per capita income during four calendar years.

State of Rhode Island Per Capita Personal Income



Medicaid – Enhanced Rate. The Federal Medical Assistance Percentage rate not only determines the state

state and federal share of Medicaid, the state's largest health and human services program, but also applies to adoption assistance, foster care, and child care. The Medicaid rate is the basis for calculating the Enhanced Federal Medical Assistance Percentage rate, the federal matching rate for the Children's Health Insurance Program (CHIP). The enhanced Medicaid rate is 30.0 percent higher than the Federal Medical Assistance Percentage rate. As a state's Medicaid rate may increase or decrease depending on the adjustment to a state's per capita income, so does the enhanced Medicaid rate.

The American Recovery and Reinvestment Act of 2009. The federal stimulus package provides for temporary increases in the Medicaid rates to provide fiscal relief to states. The rate was originally set to expire January 1, 2011; however, the federal government extended it until June 30, 2011. The enhanced rate took effect October 1, 2008 and the state is expected to save approximately \$524.1 million over ten fiscal quarters: \$149.6 million in FY 2009, \$203.1 million for FY 2010, and projected savings of \$171.4 million for FY 2011.

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

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

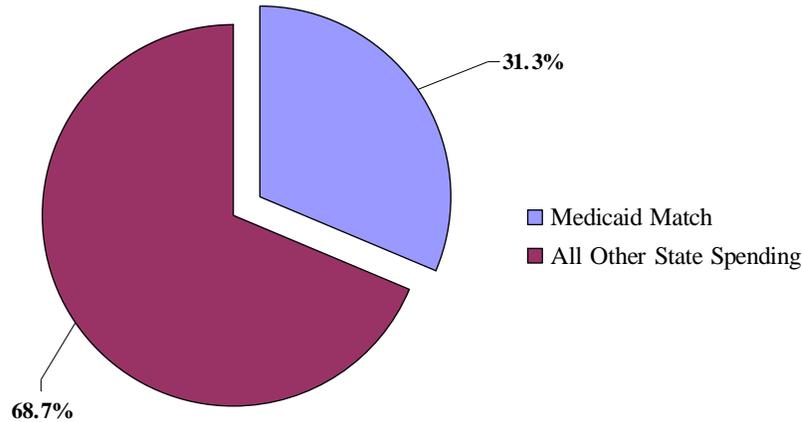
Under the American Recovery and Reinvestment Act, states receiving the enhanced Medicaid rate had to maintain its eligibility requirements until the expiration of the rate, or June 30, 2011. The Patient Protection and Affordable Health Care Act also has similar maintenance requirements unless a state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

The state is projected to save \$524.1 million over the three-year period as a result of the enhanced Medicaid rate included in the American Recovery and Reinvestment Act of 2009. The following shows the savings by fiscal year.

Medicaid Savings	
FY 2009 Actual	\$ 149.6
FY 2010 Actual	203.1
FY 2011 Gov. Rec.	171.4
Total	\$ 524.1

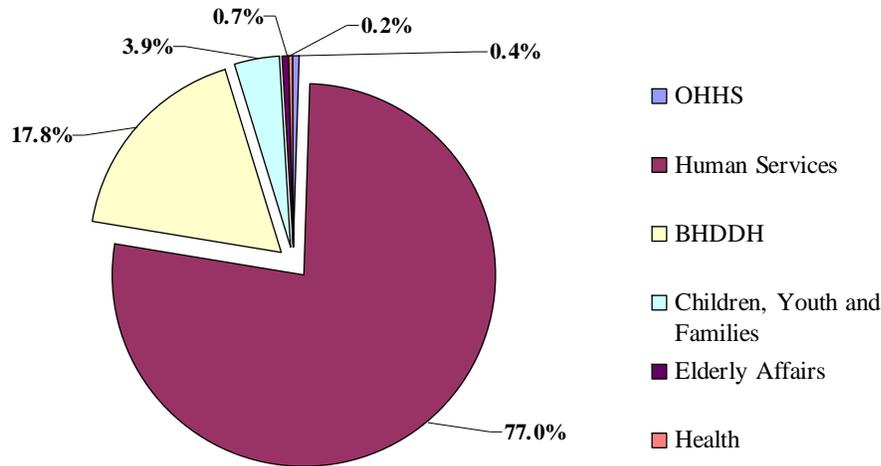
Medicaid as a Percent of the State Budget. Programs supported by Medicaid are approximately 27.9 percent of total spending in the Governor's recommended budget and 31.3 percent of spending from general revenues.

Medicaid as Percent of General Revenue Spending



The programs and recipients receiving Medicaid funded services are discussed separately, including the state’s mandated coverage for these populations, the number of individuals receiving services and the cost as well as other optional services that the state provides through the health and human service agencies. The following shows the percent of Medicaid spending by department. It should be noted that the Department of Human Services’ budget includes medical benefit expenses for populations receiving residential and community-based services through the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals and Children, Youth and Families.

Medicaid Spending by Department



Rhode Island Consumer Choice Global Compact Waiver. The Rhode Island Global Consumer Choice Compact Waiver, or Medicaid Global Waiver, was approved by the Centers for Medicare & Medicaid Services (CMS) on January 16, 2009. The Global Waiver establishes a new federal-state agreement that provides Rhode Island with the flexibility to provide services in the least restrictive, cost effective way to meet the needs of its citizens. The waiver is effective from January 16, 2009 through December 31, 2013, at which time the state can reapply for the global waiver. If the state does not reapply for the global waiver, it can continue to operate the Medicaid program but must apply for separate waivers for any programs it provides or recipients it chooses to cover beyond what is mandated by the federal government.

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

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

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

Enrollment and expenses for the aged population is slightly lower than the national average when comparing enrollment but higher than the national average when comparing percent of enrollment to total enrollment and higher than the national average for cost per enrollee. Expenses supporting this population are in the Department of Human Services and Elderly Affairs.

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

* in millions

Poverty Guidelines

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

Percent of Federal Poverty Level based on Annual Income								
Family Size	100%	125%	133%	150%	175%	180%	200%	250%
1	\$ 10,830	\$13,538	\$14,404	\$16,245	\$18,953	\$19,494	\$21,660	\$27,075
2	14,570	18,213	19,378	21,855	25,498	26,226	29,140	36,425
3	18,310	22,888	24,352	27,465	32,043	32,958	36,620	45,775
4	22,050	27,563	29,327	33,075	38,588	39,690	44,100	55,125
5	25,790	32,238	34,301	38,685	45,133	46,422	51,580	64,475
6	29,530	36,913	39,275	44,295	51,678	53,154	59,060	73,825
7	33,270	41,588	44,249	49,905	58,223	59,886	66,540	83,175
8	37,010	46,263	49,223	55,515	64,768	66,618	74,020	92,525

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

The guidelines are updated annually by the federal Department of Health and Human Services. The poverty guidelines (also referred to as the federal poverty level) are based on the calculations made for the

poverty threshold used by United States Census Bureau mainly for statistical purposes, for instance, preparing the estimates of the number of Americans in poverty for each year's report.

The poverty guidelines are the other version of the federal poverty measure. They are issued each year, generally in the winter, in the Federal Register by the United States Department of Health and Human Services. The guidelines are a simplification of the poverty thresholds to use for such purposes as determining financial eligibility for certain federal programs. They are adjusted for families of different sizes.

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

Medicaid Recipients

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

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

Populations	
Mandatory	Optional
Low Income Medicare Beneficiaries	Low income elderly or adults with disabilities and individuals eligible for home & community care waiver services
Individuals who would qualify under 1996 AFDC eligibility standards (50% of poverty)	Parents to 175% of poverty
Supplemental Security Income or Social Security Disability Income recipients	Individuals who are medically needy
Children under 6 and pregnant women at of below 133 of poverty	Children to 250% of poverty
Children 6 to 19 at of below 100% of poverty	
Children in adoption assistance or who live in foster care under a Title IV-E program	Children under 18 who would otherwise need institutional care
Infants born to Medicaid enrolled pregnant women	Women eligible for breast and cervical cancer treatment services

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

Children and Parents. Medical services are provided to children whose family income is at or below 250 percent of poverty and parents if the income is at or below 175 percent of poverty through the RItE Care and RItE Share programs. Medical services are also provided to children who are placed in foster care or an adoptive placement through the Department of Children, Youth and Families.

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

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

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

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

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

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

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

Medicaid - Benefits

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

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

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

The following includes both the mandatory and optional benefits provided through the state's Medicaid program for long term care and home and community care services.

Long Term Care Benefits	
Mandatory	Optional
Institutional	
Nursing facility services for those 21 or older needing that level of care	Intermediate Care Facility
	Individuals 65 or older in an institute of mental disease
	Inpatient psychiatric hospital service for those under 21
Home and Community Care Services	
Home health care services for those entitled to nursing home care	Home & Community Based Care
	Targeted Case Management
	Hospice - personal care
	PACE Program

The Executive Office of Health and Human Services' FY 2009 Annual Medicaid report includes a breakdown by cost by mandatory and optional populations and mandatory and optional services. The state spent \$1,730.0 million in federal and state funds on Medicaid services. Of this total \$634.7 million, or 36.6 percent, was spent on mandatory services for mandatory populations.

Mandatory Populations		
Mandatory	Gen. Rev.	All Funds
Mandatory Services	\$ 247.4	\$ 634.7
Optional Services	115.1	295.4
<i>Subtotal - Mandatory Populations</i>	<i>\$ 362.5</i>	<i>\$ 930.1</i>
Optional Populations		
Mandatory Services	\$ 233.2	\$ 578.6
Optional Services	86.2	221.3
<i>Subtotal - Optional Populations</i>	<i>\$ 319.4</i>	<i>\$ 799.9</i>
Total Expenses	\$ 681.9	\$ 1,730.0

The following includes Medicaid spending for FY 2009 by population and cost per person according to the Office of Health and Human Services' FY 2009 Annual Medicaid report.

Populations	Persons	Costs*	Per Person
Children/Parents	117,047	\$ 405.0	\$ 3,458
Elderly	17,291	437.0	25,248
Disabled - Children	12,314	225.0	18,252
Disabled - Adults	28,006	663.0	23,640
<i>*in millions</i>			

Medicaid Programs

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

Medical Benefits

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

The federal government allows states to provide medical benefits to individuals beyond the populations it mandates and that coverage is provided through Medicaid waivers. Rhode Island chooses to provide benefits to children whose family income is at or below 250 percent of poverty (for example, a family of four with an income that does not exceed \$55,125) and to parents if the family income is at or below 175 percent of poverty (for that same family of four, an income that is not above \$38,588). If a family's income is at or below 200 percent of poverty, the child (or children) would receive RIte Care benefits but the parent (or parents) would not because the annual income is too high.

RIte Care Cost Sharing Requirement. RIte Care recipients above 150 percent of the federal poverty level pay a monthly cost sharing requirement that is no more than five percent of their annual income. The following chart shows the three separate payments based on a family's annual income.

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

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

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

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

option allowing for an unlimited number of program participants.

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

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

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

Long Term Care Residential and Community Care Services

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

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

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

Home and Community Care Services. Through the Medicaid Global Waiver, the state provides home care and community care services to allow individuals to remain in their home instead of moving into a nursing home. The Departments of Human Services and Elderly Affairs operate the home care and adult day care community programs.

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

Residential Services/Other Programs

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

Services provided under the Global Waiver are optional services with mandated medical benefits provided through the Department of Human Services' budget. The federal regulations governing the waiver mandate

that in order to receive services a person must meet three eligibility criteria: diagnostic, functional and financial.

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

Rhode Island statute defines a developmentally disabled adult as someone who is either a mentally retarded developmentally disabled adult or is a person with a severe, chronic disability.

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

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

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

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

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

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

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

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

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

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

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

Executive Office of Health and Human Services

The Executive Office of Health and Human Services is the umbrella agency for the five health and human services departments and each agency is analyzed separately in the *House Fiscal Advisory Staff Budget Analysis FY 2012*. The following shows the services provided by population and the Department that is responsible for the expenses.

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

American Recovery and Reinvestment Act

Introduction

On February 17, President Obama signed the American Recovery and Reinvestment Act of 2009. Generally referred to as the Stimulus Act, it provides nearly \$800 billion of federal spending designed to prevent further deterioration in the national economy, provide relief to states and individuals, and create new jobs. By the end of FY 2012, the bill will have provided over \$1.5 billion to Rhode Island through direct budget relief as well as competitive and formula grants. The types and uses of this funding will be further explained in this report.

Types of Funding

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

In Rhode Island, direct budgetary relief was in the form of funds that could support expenses in the Departments of Elementary and Secondary Education, agencies with Medicaid expenses, Human Services, Corrections and Public Safety. Availability of these funds impacted the whole budget by limiting the reductions that may have occurred without these funds. Including amounts recommended by the Governor for FY 2011, direct budget relief from stimulus funds beginning in FY 2009 totals \$659.5 million. The distribution of these funds to the state agencies is illustrated in the following table.

Budgetary Relief

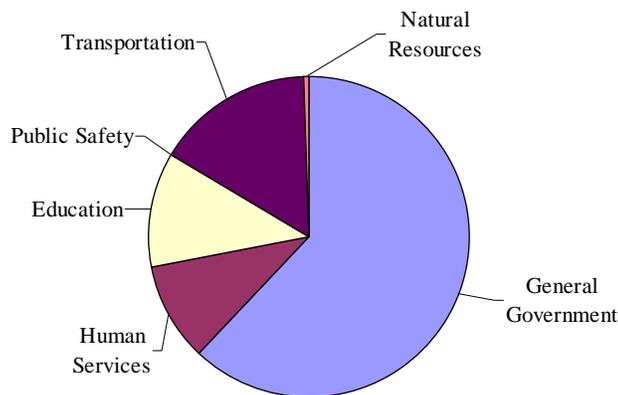
Agency/Department	FY 2009 Spent	FY 2010 Spent	FY 2011 Recommended	Total
Behavioral Healthcare, Developmental Disabilities and Hospitals	\$ 36,399,655	\$ 46,349,449	\$ 34,768,702	\$ 117,517,806
Children, Youth and Families	8,017,764	7,494,219	5,634,827	21,146,810
Corrections	19,900,003	147,201	180,620	20,227,824
Elderly Affairs	686,286	975,239	882,402	2,543,927
Health	90,509	546,880	3,342,809	3,980,198
Human Services	104,446,998	148,569,520	128,549,394	381,565,912
Public Safety	-	9,612,212	-	9,612,212
Elementary and Secondary Education	36,358,945	44,182,425	22,146,055	102,687,425
Total	\$ 205,900,160	\$ 257,877,145	\$ 195,504,809	\$ 659,282,114

Competitive and Formula Grants. The Stimulus Act provides additional funding in the form of competitive and formula grants. For ongoing formula grant programs, additional funding was provided to the federal agency and then distributed to states based on existing formulas. An example of this is the Department of Transportation's Federal Highway Funding. The annual funding the Department receives is based on a federally determined formula. When more funding became available through the Act, the Department was allocated its additional share based on the existing formula. This process provided the Department with an additional \$137.1 million for construction projects on highways, roads and bridges.

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

Including amounts recommended by the Governor for FY 2011; state agencies will receive \$780.2 million from formula and competitive grants through the Stimulus Act. Over 61 percent of these grants are for general government functions, the largest of which is dedicated to unemployment benefits in the Department of Labor and Training. This accounts for over \$400 million of the grants provided to the state from fiscal years 2009 through 2011. The following chart illustrates the proportion of funding each function of state government is receiving through the Act.

Competitive and Formula Grants by Function



Oversight

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

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

Rhode Island’s Stimulus Award

Beginning in FY 2009 and including amounts budgeted for FY 2012; state agencies will receive \$1,530.9 million from all stimulus funds. Funding is budgeted in 18 separate agencies throughout the FY 2009 through FY 2012 period, with the largest amount spent in FY 2010. During FY 2009, the Stimulus Act was in its beginning stages and federal guidance was limited. Because of this, \$259.9 million or 17.0 percent of current stimulus funding was spent in the first year. The \$1,212.9 million included in fiscal years 2010 and 2011 was distributed in a more even manner, with over \$700 million spent in FY 2010 and over \$500 million budgeted for FY 2011. As Stimulus Act funds begin to extinguish in FY 2012, recommended funding drops to \$58.1 million.

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

Agency/Department	FY 2009 Spent	FY 2010 Spent	FY 2011 Recommended	FY 2012 Recommended	Total
Board of Governors for Higher Education Administration	\$ -	\$ 981,675	\$ 28,073,678	\$ 6,462	\$ 29,061,815
Behavioral Healthcare, Developmental Disabilities and Hospitals	-	6,561,549	39,625,018	12,977,105	59,163,672
Children, Youth and Families	36,399,655	46,349,449	34,768,702	-	117,517,806
Corrections	8,017,764	7,494,219	5,634,827	-	21,146,810
Elderly Affairs	19,900,003	147,201	180,620	-	20,227,824
Environmental Management	686,286	1,460,239	1,068,765	-	3,215,290
Health	-	366,087	3,120,000	848,000	4,334,087
Human Services	90,509	546,880	3,342,809	1,769,664	5,749,862
Labor and Training	113,893,389	189,478,953	155,420,750	-	458,793,092
Public Safety	38,623,025	290,965,409	104,657,980	857,635	435,104,049
Revenue	-	10,919,924	3,133,442	475,619	14,528,985
Transportation	-	6,025	19,622	-	25,647
Elementary and Secondary Education	5,411,801	65,264,681	53,854,035	13,602,754	138,133,271
Governor's Office	36,364,130	82,672,031	73,748,095	26,408,145	219,192,401
Military Staff	544,470	975,903	852,289	917,574	3,290,236
Public Utilities Commission	-	365,006	174,496	-	539,502
Rhode Island Council on the Arts	-	32,993	194,105	199,979	427,077
General Treasurer	-	291,500	-	-	291,500
	-	185,863	-	-	185,863
Total	\$ 259,931,032	\$ 705,065,587	\$ 507,869,233	\$ 58,062,937	\$ 1,530,928,789

Education. Including amounts budgeted for FY 2011; the state will receive \$178.5 million from stimulus funds, including \$111.3 million in direct budgetary relief and \$67.2 million from competitive and formula grants. Education funding is to be used for three distinct purposes, which are summarized in greater detail below.

State Fiscal Stabilization Fund. The \$131.6 million provided to Rhode Island is being used to avoid reductions in public higher and elementary and secondary education. The funds were made available to Rhode Island for use in FY 2009 and can continue to be spent through FY 2012. These funds are eligible for general use, as well as education related activities such as school repair, renovation or modernization. In lower education, funding was used as education aid to districts in lieu of general revenues. In higher education, funding was used for fire safety repair work at the institutions, and distributed based on the square feet of existing academic buildings that needed fire safety improvements.

Education for Disadvantaged Title I. The Stimulus Act contains a total of \$39.0 million through FY 2011 to be distributed through Title I funding streams. The purpose of funding is to help school districts mitigate the effects of recent reductions in local revenues and state support. Funding will be distributed through the existing formula, which flows through the Department of Elementary and Secondary Education. The formulas are based on census poverty estimates and per pupil expenditures for each state.

Special Education. This is a formula grant that provides funding for students with disabilities. The Act provided a total of \$40.7 million for students with disabilities through three formulary-funding streams during FY 2010 and FY 2011. A state is eligible to receive this funding if it submits a state plan with assurances that it has policies to provide a free and appropriate public education to children with disabilities between the ages of 3 and 21. Funding is distributed through the existing formula, which flows through the Department of Elementary and Secondary Education.

Medicaid. The Federal Medical Assistance Percentage (FMAP), also known as the federal Medicaid matching rate, is a calculation with significant impact on state health and human services spending. Each state has a separate Medicaid rate. The formula that determines an individual state’s Medicaid rate is based on that state’s three-year average per capita income relative to national per capita income and represents the portion of medical services delivered under the Medicaid program the federal government will contribute.

The federal stimulus package provides for temporary increases in the Medicaid rate to allow for fiscal relief to states. The rate was originally set to expire January 1, 2011; however, the federal government extended it until June 30, 2011. The state is projected to save \$524.1 million from FY 2009 through FY 2011 as a result of the enhanced Medicaid rate included in the Stimulus Act. The following table shows the savings by fiscal year.

Medicaid Savings		
FY 2009 Actual	\$	149.6
FY 2010 Actual		203.1
FY 2011 Gov. Rec.		171.4
Total	\$	524.1

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

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

Unemployment Insurance. The Stimulus Act provided full federal funding of state extended benefits, which are normally funded 50 percent from state funds and 50 percent from federal funds. Rhode Island extended benefits were triggered in July 2008 when the state’s 13-week average unemployment rate was 6.5 percent. The Stimulus Act also provided for up to an additional 40 weeks of benefits, fully funded with federal funds. Full federal funding means that the benefit payments do not come from the state’s Trust Fund account. All regular unemployment insurance benefits are paid from the state’s Trust Fund and normally, half of the extended benefit payments are paid from this account. The additional 40 weeks of benefits would not have been available to claimants if the Stimulus Act and the following extensions had not been provided. The state spent \$282.4 million from stimulus funds for additional unemployment benefits in FY 2010, with \$128.0 million budgeted for FY 2011.

Transportation. The Department identified 55 separate projects for construction, reconstruction, rehabilitation, resurfacing, restoration, and operational improvements for highways, interstates and bridges. These projects were included in the current Transportation Improvement Program, and the stimulus funds allowed the project start dates to be moved forward. The Department spent \$65.3 million for these purposes in FY 2010, with \$57.9 million programmed for FY 2011.

Weatherization Assistance Program. This program provides cost effective, energy efficient weatherization improvements. It also provides low-income individuals, particularly elderly, persons with disabilities, families with children, high residential energy users, and households with a high energy burden, with weatherization improvements to lower utility costs. In FY 2010, \$3.8 million was spent for these purposes with \$11.2 million budgeted for FY 2011.

State Energy Program. The State Energy Program provides direct funding to state energy offices and the states use the funds to address their energy priorities and programs to adopt or support energy efficiency and renewable energy programs and strategies. In FY 2010, \$0.2 million was spent for the program with \$19.3 million budgeted for FY 2011.

Stimulus Jobs

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

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

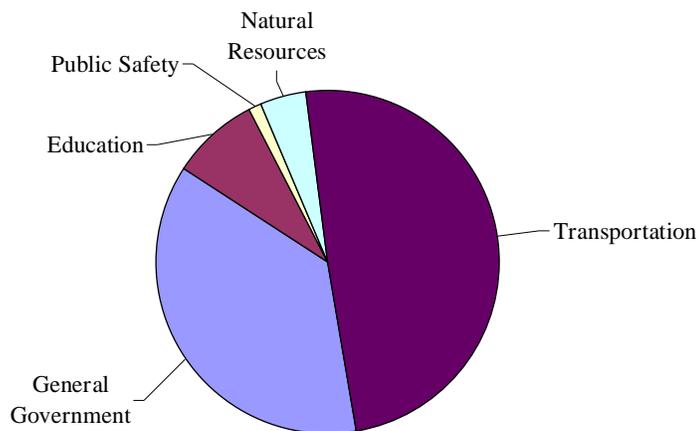
These job numbers include the positions hired directly by the state or quasi-state agency because of stimulus funding, as well as jobs performed by vendors doing work associated with stimulus funded programs. The vendors who receive jobs or payments from prime recipients of stimulus funding are referred to as sub-recipients. As of the end of 2010, over 1,200 full-time equivalent positions were supported with stimulus funding. It should be noted that in the early stages of the Act, the federal government had planned to track the number of jobs that would be “created” or “saved” through the Act.

Due to the difficulty of translating the reported data into reliable and transparent statistics, the language concerning jobs has subsequently been altered to reflect jobs that are paid for with stimulus funding. Jobs discussed in this report refer to jobs that are paid for with Stimulus Act funding, as to not be misinterpreted as “created” or “saved”.

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

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

State Stimulus Jobs by Function



FY 2012 and Beyond

The FY 2012 budget recommendation contains over \$58 million in stimulus funded expenditures, with the majority of expenditures requested for education, transportation and energy related programs. Beginning in FY 2012, substantial funding previously provided through the Stimulus Act will no longer be received by the state. Because of the direct budget relief provided by some of these funds in previous budgets, the removal of funding causes a sharp drop off in resources, which will result in a “cliff” effect for the state. If not resolved by other measures, this is estimated to contribute \$240 million to the budget shortfall that was projected for FY 2012.

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

Fiscal Year	Number of Awards	ARRA Funds Remaining
2009	189	\$ 1,893,177,313
2010	163	\$ 1,695,924,548
2011*	123	\$ 600,966,241
2012*	90	\$ 348,406,413
2013*	81	\$ 299,526,198
2014*	78	\$ 197,681,411
2015*	1	\$ 1,675,756

**Estimated ARRA funds remaining*

As the above table indicates, Stimulus funding will continue to have a significant impact on the state through FY 2014, and will not be completely exhausted until FY 2015.

Limitations of Data

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

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

Additional Resources

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

Mergers and Consolidations

Introduction

Merger and consolidation proposals have appeared regularly in budgets. The FY 1991 budget presented to the 1990 General Assembly listed 72 state agencies and departments. By contrast, the FY 2011 budget adopted by the 2010 General Assembly contains 40 state agencies and departments. The Governor's FY 2012 recommendation of 41 state agencies and departments includes several administrative transfers, conversions, and revisions to some of the changes enacted by the 2010 Assembly. These are noted below along with additional changes.

FY 2012

State Aid Transfer. The Budget reflects the transfer of some of the appropriation for the State Aid program from the Department of Administration to the Department of Revenue. These include the distressed communities relief fund, motor vehicles excise tax, payment in lieu of taxes program, and the newly proposed Municipal, Accountability, Stability and Transparency fund. State aid for library operations and library construction will remain in the Department of Administration.

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

Office of the Health Insurance Commissioner. The Governor recommends the creation of a new program within the Department of Business Regulation for the Office of the Health Insurance Commissioner. Currently, the Office is part of the Insurance Regulation division.

Training School – Girl's Facility. The Governor's budget includes the consolidation of the girl's training school into the existing boy's facility. The girls temporarily reside in the Mathias Building; however, the approved capital plan assumes renovating the Adolph Meyer building for this population. The Governor does not recommend the renovations and includes a plan for the girls to move into one of the four residential pods in the Youth Development Center. The Department indicates that based on current population trends, three of the four residential pods are sufficient to house the male population.

Department of Veterans' Affairs. The 2009 Assembly included legislation to create a Department of Veterans' Affairs; however, the 2010 Assembly delayed this by one year, from July 1, 2010 to July 1, 2011. The Governor's budget includes the creation of the Department of Veterans' Affairs. The new Department will be under the guidance of the Office of Health and Human Services. Currently, the Division of Veterans' Affairs is part of the Department of Human Services.

Women, Infants and Children Transfer. The Governor recommends repeal of the statute transferring the Women, Infants and Children supplemental nutrition program from the Department of Health to the Department of Human Services.

The 2010 Assembly included legislation to transfer the Women, Infants, and Children program on October 1, 2010 to coincide with the beginning of the new federal fiscal year. The United States Department of

Agriculture informed the state that the Department of Human Services did not meet the standard established for state agencies that could administer the program.

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

Dispatch Unit and Port Security. The Governor's budget does not include the transfer of the dispatch and port security surveillance units from the Department of Environmental Management to the Department of Public Safety. He proposes legislation to reverse the 2010 Assembly action that required the transfer to occur no later than January 1, 2011.

History

FY 1991

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

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

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

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

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

FY 1992

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

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

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

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

FY 1993

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

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

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

FY 1994

Consumers Council. The Council was abolished as recommended.

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

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

Children's Code Commission. This agency was abolished.

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

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

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

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

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

FY 1995

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

FY 1996

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

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

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

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

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

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

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

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

FY 1997

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FY 1998

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

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

FY 2000

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

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

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

FY 2002

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

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

FY 2003

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

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

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

FY 2004

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

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

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

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

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

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

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

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

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

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

FY 2005

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

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

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

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

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

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

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

FY 2006

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

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

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

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

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

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

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

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

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

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

Shepard Building. Governor Carcieri recommended transferring operating support for the Shepard building, previously shown in Administration's budget, to the Office of Higher Education and the

Department of Elementary and Secondary Education. He included \$2.0 million for Higher Education for parking and operating costs and \$0.2 million for parking costs for Elementary and Secondary Education. The Assembly concurred.

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

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

FY 2007

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

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

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

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

Registry and School Bus Inspection Unit Closure. Governor Carcieri recommended closure of the school

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

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

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

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

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

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

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

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

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

FY 2008

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

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

Boards for Design Professionals. The Assembly merged the four boards for design professionals into a division under the Department of Business Regulation. The Division will contain equal representation from each of the current boards and will regulate engineers, architects, land surveyors, and landscape architects.

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

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

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

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

Department of Children, Youth and Families Managed Care Transfer. Governor Carcieri recommended completing the transfer of all managed care expenses for children in the custody of the

Department of Children, Youth and Families to the Department of Human Services and provided \$79.9 million from all sources of funds for the expenses. The Assembly concurred.

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

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

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

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

FY 2009

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

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

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

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

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

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

Governor Carcieri included that consolidation, with the exception of the Fire Code Commission, in his FY 2009 Budget noting that its functions were better aligned with the Building Code Commission in the Department of Administration. The Assembly included the Sheriffs and Fire Code Commission within the Department of Administration, and concurred with the remainder of the consolidation.

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

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

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

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

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

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

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

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

Economic Policy Council. Governor Carcieri recommended that the Economic Development Corporation assumes responsibility for staffing the Council and eliminated its \$0.3 million appropriation, which had been matched by the same amount from the business community. The Assembly concurred.

FY 2010

Local Government Assistance Program. Governor Carcieri's Budget reflects the transfer of the Local Government Assistance program from the Department of Administration to the Department of Revenue. The program provides assistance to municipal offices, mainly for city and town clerks. It also produces a series of publications including local government directories and handbooks as well as salary surveys and a compilation of local charters, most of which are updated annually. The Assembly concurred.

Contractors' Registration and Licensing Board. Governor Carcieri recommended the transfer of the Contractors' Registration and Licensing Board and its 12.0 full-time equivalent positions from the Department of Administration to the Department of Business Regulation. The Assembly did not concur and maintained the Board in the Department of Administration.

Registry Branch Closures. Governor Carcieri recommended the closures of the Registry of Motor Vehicles satellite branches in Warren, West Warwick and Westerly. There is no staffing reduction associated with the closures. Current staff from the three branches would be moved to the Division's main office and other branches. The Warren branch is mandated by Rhode Island General Law to stay open at least three days per week. The Governor's FY 2009 revised budget includes legislation to repeal the statute. The Assembly did not pass legislation to close the branch office in Warren. It provided funds to maintain offices in the Towns of Warren and Westerly. The Assembly concurred with the closure of the West Warwick office.

State Lab Consolidation. Governor Carcieri recommended the transfer of the Forensic Sciences Unit with the exception of toxicology and its 12.6 full-time equivalent positions from the Department of Health to the Department of Public Safety and added 3.0 new staff. The proposal is based on the activities being more in line with the public safety function. The Governor submitted Article 12 of 2009-H 5983 to shift the

Forensic Science Unit from the Department of Health to the Department of Public Safety. The Governor did not include a proposal for the University of Rhode Island Crime Lab, which is funded through an appropriation in the Office of the Attorney General's budget.

The Assembly provided for the consolidation of the University of Rhode Island Crime Lab and the Department of Health Forensic Science Unit into the Department of Health. The consolidation includes the current Department of Health's 12.6 positions and \$1.6 million associated funding as well as \$675,000 from general revenues for the crime lab from the Office of the Attorney General.

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

Managed Care Transfer. Governor Carcieri recommended shifting the residential portion of managed care expenses for children in the custody of the Department of Children, Youth and Families back from the Department of Human Services and provided \$37.5 million from all sources of funds for the expenses. In FY 2008, a portion of both residential and hospital based programs and funding were shifted from the Department of Children, Youth and Families to the Department of Human Services as part of an initiative to provide more efficient services to children. After the transfer, it was determined that the residential services portion of the transfer did not fit the managed care model. The Assembly concurred.

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

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

Client Protective Services. The Assembly enacted legislation to transfer client protective services functions for children, elderly, and adults with developmental and other disabilities from the four separate human services agencies into the Office of Health and Human Services by January 1, 2011.

Community Health Centers. The 2008 Assembly added \$1.2 million from general revenues to support uncompensated care expenses at the 12 community health centers for FY 2009. Governor Carcieri's FY 2010 budget continued that funding but substituted \$0.6 million from available federal matching funds. The 2009 Assembly shifted the expense from the Department of Health to the Department of Human Services.

OHHS/Department of Health. Governor Carcieri recommended in his initial recommendation and subsequent amendments decoupling the Department of Health from the Office of Health and Human Services and transferring 7.6 positions previously part of the Department from the Office back to Health. The Assembly did not concur and maintained the Department of Health as an agency within the Office of Health and Human Services and retained the positions within the Office.

Veterans' Affairs. The 2009 Assembly passed 2009-H 5082, Substitute A, as amended and Governor Carcieri signed it into law on November 9, 2009 which created a separate Department of Veterans' Affairs,

effective July 1, 2010. The Division of Veterans' Affairs is currently a division within the Department of Human Services.

Water Resources Board Corporate Transfer to Clean Water Finance Agency. The 2009 Assembly transferred the Water Resources Board Corporate into the Clean Water Finance Agency. The transfer will become effective once the debt of the Board Corporate is paid off, which is projected to be in 2014. The Board Corporate is the funding component for the state's Water Resources Board. Due to the capacity and capabilities of the Agency, it will absorb the functions of the Board Corporate to allow for more efficient and cost effective lending for water infrastructure projects.

FY 2011

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

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

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

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

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

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

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

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

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

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

Explanations of Budget Articles

2011-H 5894

Article 1

Section 1. Appropriations. This section of Article 1 contains the appropriations for FY 2012.

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 2012. 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 2012. This section appears annually.

Section 9. University and College Funds. This section of Article 1 had appeared annually to appropriate all funds for Higher Education. It appears to duplicate authority already granted in state law. The 2005, 2006, 2007, 2008, and 2009 Assemblies removed this section from the FY 2006, FY 2007, FY 2008, FY 2009, and FY 2010 appropriations bills as unnecessary. It was included in the FY 2011 Act.

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 2012. 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

Explanations of Budget Articles

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.

Total staffing is 14,990.6 full-time equivalent positions, which are 149.0 more than the FY 2011 enacted budget.

Section 12. Multi Year Appropriations. Section 12 of Article 1 makes multi-year appropriations for a number of capital projects included in the FY 2012 through FY 2016 Capital Budget that are funded from Rhode Island Capital Plan funds. The FY 2012 and multi-year appropriations supersede appropriations made for capital projects in Section 12 of Article 1 of the FY 2011 Appropriations Act.

Section 13. Reappropriations. This section of Article 1 provides that any unexpended and unencumbered funds for Rhode Island Capital Plan fund projects may be reappropriated at the recommendation of the Governor in FY 2012. The Governor shall submit a report of the reappropriations to the Chairs of the House and Senate Finance Committees stating the final enacted amount, the amount spent and the amount reappropriated by August 15, 2011.

Four of the previous five budgets included language that allowed 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 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 \$1.2 million of Preservation, Recreation and Heritage general obligation bonds until June 30, 2014, and \$5.0 million of Emergency Water Interconnect general obligation bonds and \$21.9 million of Open Space Recreation, Bay and Watershed Protection general obligation bonds until November 2, 2013.

Section 15. Resource Recovery Transfer. This section would mandate the transfer of \$3.5 million from insurance settlement proceeds from the Resource Recovery Corporation to general revenues by June 30, 2012.

Section 16. This section of Article 1 requires that the Rhode Island Housing Mortgage Finance Corporation provides \$1.5 million from its resources to fund the Neighborhood Opportunities Program for FY 2012.

Section 17. Effective Date. This section of Article 1 establishes July 1, 2011 as the effective date of the article.

Article 2. FY 2011 Revised Appropriations

Section 1. FY 2011 Appropriations. This section of Article 2 contains the revised appropriations for FY 2011.

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

Explanations of Budget Articles

Section 3. Internal Service Funds. Section 3 of Article 2 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 2 limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2011. 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 15,007.6 full-time equivalent positions, 180.0 more than the FY 2011 enacted budget.

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

Article 3. Budget Reserve

The FY 2011 enacted budget includes a one-time expenditure of \$22.0 million to pay back the Rhode Island Capital Plan Fund for funds borrowed from the state budget reserve and cash stabilization account 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 2013.

Article 4. Unemployment Insurance

This article makes two changes to increase the taxable wage base and six changes to benefit rates and eligibility in order to progressively increase the balance of the Employment Security Trust Fund over the next four years, making incremental changes each year. Tax changes begin January 1, 2012 and benefit and eligibility changes begin July 1, 2012. The article assumes additional revenues of \$15.4 million into the Trust Fund in FY 2012, including \$7.1 million from tax changes and \$8.3 million from benefit and eligibility changes.

Article 5. Education Aid

Article 5 makes changes to FY 2011 and FY 2012 education aid to districts. Section 1 reduces FY 2011 education aid to districts by \$0.7 million to reflect less available state fiscal stabilization funds based on the final allocation between elementary and secondary education and higher education and to adjust group home beds consistent with current law requirements. Section 2 appears to include the Governor's proposal for FY 2012 to use \$32.0 million from federal education jobs funds that districts will receive for use in FY 2011 and FY 2012 in lieu of general revenues for FY 2012.

Article 6. Host Beach Community Reimbursement

This article will decrease the reimbursement rate for the distribution of beach revenue collections to the four

Explanations of Budget Articles

four host beach communities of Charlestown, Westerly, Narragansett and South Kingstown from 27.0 percent to 16.0 percent. The Department of Environmental Management collects fees for daily and seasonal parking at seven facilities across the state and reimburses the host communities. The budget assumes the Department would raise the fees through its administrative rules process, and the article decreases the reimbursement rate to maintain communities' payments while capturing the additional \$1.9 million of revenue for state use.

Article 7. Telecommunications Access Fund

Article 7 reduces the assessment for the Telecommunications Education Access Fund from \$0.26 to \$0.15 per line effective July 1, 2011 and expands it to include wireless lines. This is expected to generate an additional \$0.7 million in revenue to substitute for the current state support. This Fund is designed to provide financial assistance for qualified libraries and schools to acquire, install, and use telecommunications technologies to access the Internet. It should be noted that, although wireless customers are not currently charged for this, they do pay a different \$0.26 charge that goes to the General Fund. It had initially been imposed to support geo-coding for the state's E-911 calls.

The Governor's FY 2012 budget includes \$350,000 less general revenues than enacted based on the enhanced restricted receipt revenues. He also includes \$74,160 for the state's indirect cost recovery.

Article 8. Longevity Payments

Article 8 would eliminate longevity payments for non-union, non-classified employees of the Board of Regents. Any longevity payments earned as of June 30, 2010 would be frozen in the base salary. Under current law, non-classified employees of the Board of Regents at the Department of Elementary and Secondary Education are entitled to an additional 5.0 percent of salary after 10 years of state service and 10.0 percent after 20 years of state service.

Article 9. Government Restructuring

Section 1. Public Safety Communications Dispatch. This section of the article reverses the transfer of the dispatch functions of the Division of Enforcement from the Department of Environmental Management to the Department of Public Safety approved by the 2010 Assembly, effective January 1, 2011.

Sections 2 and 3. Supplemental Nutrition Program for Women, Infants and Children. This article reverses the transfer of the Women, Infants and Children supplemental nutrition program from the Department of Health to the Department of Human Services approved by the 2010 Assembly. The United States Department of Agriculture determined that the Department of Human Services did not meet the federal standard for oversight of this program.

Section 4. Rhode Island State Crime Lab. Section 4 of Article 9 shifts the funding and responsibilities for the Rhode Island State Crime Lab from the Department of Health to the Rhode Island State Forensics Program at the University of Rhode Island. The Governor includes the enacted level of \$775,000 from general revenues to support the lab.

Article 10. Education

Explanations of Budget Articles

Article 10 makes technical changes to the statewide transportation statutes to clarify the intent of the legislation. It also allows districts to use small vans to transport students if the vans meet certain safety requirements. Article 10 also authorizes the School for the Deaf to rent or lease space in its school building and retain the rental fees in a restricted receipt account to support its operations.

This article also creates a restricted receipt account for local tuition payments to the Davies Career and Technical School from local school districts in accordance with the new education funding formula.

Finally, Article 10 eliminates the requirement that the state reimburse certain costs allowed under the textbook loan program. The Budget assumes savings of \$240,000 from this.

Article 11. Children's Health Account

This article changes the method of the annual assessment applied to all insurers for home health services, children and adolescent intensive treatment services and Comprehensive Evaluation, Diagnosis, Assessment, Referral and Re-evaluation services by charging the assessment for each individual service provided. Currently, the assessment is charged on the aggregate costs of services within one of the three expense categories. The article also increases the maximum assessment from \$6,000 to \$7,500 per child per service per year.

Article 12. School Housing Aid for Charter Schools

Article 12 would set the state reimbursement for charter school construction projects at the three year weighted average share ratio of the sending districts for any project completed after June 30, 2011. Unless sponsored by a school district, charter schools are currently eligible for reimbursement at 30.0 percent. There is no fiscal impact for FY 2012; FY 2013 would be the first year with a fiscal impact.

Article 13. Retirement

Article 13 would require that effective July 1, 2011, all state employees and teachers contribute 11.75 percent towards pension benefits. State employees currently contribute 8.75 percent and teachers contribute 9.5 percent and those rates are set in statute. There would be no reduction in the employer share and the budget assumes no savings from this proposal.

Article 14. Tourism Asset Protection Fund

Article 14 establishes the Tourism Asset Protection Fund to be used for tourism related improvements. The Fund is supported by the retention of a 1.0 percent sales tax on the rental of rooms and lodging; with the proposed rollback of the regular sales tax rate, the total sales tax would be unchanged from the current level. Use of the funds is at the discretion of the Department of Administration and the FY 2012 budget assumes \$1.7 million will be used for the restoration projects at Fort Adams and \$0.9 million is budgeted in the Department of Administration for unspecified capital expenditures. The article takes effect upon passage.

Article 15. Land Sales

Explanations of Budget Articles

This article would require the proceeds in excess of \$1.0 million from land sales to be deposited into the Rhode Island Capital Plan Fund. The voters approved a constitutional amendment in 2006 to allow the capital account to be used solely for capital projects beginning in FY 2009. The article takes effect upon passage and does not appear to have an impact on the FY 2012 budget.

Article 16. Medicaid Global Waiver

Article 16 is a resolution to notify the Assembly and seek approval to make nine changes to the Medicaid global waiver for programs through the Department of Human Services, the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, and the Department of Children, Youth and Families. The changes affect reimbursement methodologies for services provided by nursing homes, hospitals, and agencies serving adults with developmental disabilities. The article also makes changes to programs provided to adults with mental health and substance abuse issues and children through the Department of Children, Youth and Families. These changes are considered category 2 and assumes requiring statutory changes or changes to the state's rules and regulations. The Governor's budget assumes savings of \$21.4 million from all funds, \$12.9 million from general revenues.

Article 17. General Public Assistance-Hardship Contingency Fund

This article provides \$420,000 from general revenues that the Director of the Department of Human Services may provide for hardship contingency payments for FY 2012. This is \$58,000 less than the enacted level.

Article 18. Hospital Uncompensated Care

This article extends the uncompensated care payments to the community hospitals with the state making a payment for FY 2013 that does not exceed \$125.4 million.

Article 19. Hospital Licensing Fee

This article extends the hospital licensing fee in FY 2012 at a rate of 5.465 percent of hospitals' net patient services revenue for the hospital fiscal year ending on or after September 30, 2009. It also includes the due date for the filing of hospital returns with the Division of Taxation to be before June 18, 2012 and for hospital payments of the fee to be on or before July 16, 2012. The budget includes \$141.8 million in revenue for FY 2012.

Article 20. Fees

Section 1. Department of Business Regulation. This section of Article 20 amends Rhode Island General Law to increase fees for the application and/or the renewal of two specific professional licenses. The security sales representative licensing fee would increase by \$15 from \$60 to \$75 and the federal covered advisor licensing fee by \$50 per year from \$250 to \$300. These increases will yield \$1.2 million in additional revenues for FY 2012.

Explanations of Budget Articles

Section 2. Commercial Drivers License. Section 2 of Article 20 authorizes the Board of Governors for Higher Education to establish a fee of up to \$100 for the Community College of Rhode Island to administer a skill test examination for a commercial driver's license. Currently, there is a \$50 fee for a skill test examination administered by the division, which is dedicated to the Community College of Rhode Island to offset administrative costs of conducting the driving skills examination.

Section 3. Department of Public Safety. This article increases the fee for fire inspections by \$25 from \$100 to \$125. The increase of the fee will provide \$40,000 of additional anticipated revenues in FY 2012 based on 1,600 annual fire inspections. This article is effective July 1, 2011.

Article 21. MBTA Indemnification

This article would provide for the full indemnification of the Massachusetts Bay Transit Authority for its operation of the South County Commuter Rail. The Rhode Island Public Rail Corporation currently indemnifies Amtrak for the state's use of its tracks south of Providence through an existing insurance policy, which partially includes the Authority. The article would add the Authority to the existing policy and fully indemnify it against any claim, which is expected to reduce the total cost of federally funded insurance for the project.

Article 22. Transportation Funding

This article provides for a five-year phased transfer of certain transportation related fees previously deposited as general revenues to the Intermodal Surface Transportation Fund beginning in FY 2012. The share of fees dedicated to this fund increases by 20.0 percent each year until FY 2016, when 100 percent of the fees will be dedicated to transportation. The article would reduce available general revenue by \$12.0 million in FY 2012, \$24.4 million in FY 2013, \$37.2 million in FY 2014, \$50.5 million in FY 2015 and \$64.2 million in FY 2016. The Governor's budget assumes these resources would eventually be used to match federal funds in lieu of the current practice of issuing general obligation bond debt.

Article 23. Transfer of Sheriffs to Department of Public Safety

This article transfers the funding, positions, and responsibilities of the Division of Sheriffs from the Department of Administration to the Department of Public Safety. This consolidation had been initially proposed as part of Governor Carcieri's recommendation for the creation of the Department of Public Safety in FY 2009 and again in FY 2011. Unlike previous versions, this proposal maintains the 10-year appointment of the Executive High Sheriff, the Sheriffs and the Chief Deputy Sheriffs. This article will take effect on July 1, 2011.

Article 24. Revenues

Section 1. Lottery Set-Off. This section of Article 24 would allow for the garnishing of lottery winnings over \$600 when unpaid state taxes are owed. The FY 2012 Budget assumes \$141,457 in revenues from this action.

Explanations of Budget Articles

Section 2. Motion Picture Tax Credit. This section of Article 24 ends the issuance of any tax credit for the Motion Picture Tax Credit effective July 1, 2011, unless an initial certification had already been granted. The Governor's FY 2012 budget assumes increased revenues of \$1.6 million, that amount would grow to \$15.0 million in FY 2016. 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 2008 Assembly capped the amount of motion picture tax credits that could be issued at \$15.0 million per tax year.

Section 3. Estate Filing Fee. This section increases the estate filing fee from \$25 to \$50. The FY 2012 Budget assumes increased revenues of \$108,915.

Section 4. Letter of Good Standing. This section of Article 24 increases the fee to obtain a letter of good standing from the Division of Taxation from \$25 to \$50. The FY 2012 Budget assumes increased revenues of \$122,925.

Section 5. Compassion Center Surcharge. This article imposes a 4.0 percent surcharge on net patient revenues generated at new Compassion Centers to be established. In FY 2012, it is estimated to generate \$0.6 million which will be deposited into the general fund.

Section 6. Delinquent Taxpayers. This section of Article 24 allows the Division of Taxation to list the top 100 individuals and the top 100 businesses that are delinquent in paying taxes in excess of 90 days. The Division of Taxation currently posts a list of the top 100 tax delinquents. The FY 2012 Budget assumes revenues of \$1.8 million from passage of this section.

Section 7. Returned Check Fee. This section of Article 24 authorizes the Division of Motor Vehicles to assess a fee up to \$50 on returned checks. The Division of Motor Vehicles indicates that it incurs \$3.71 in various fees whenever a check is returned as a result of insufficient funds. The FY 2012 Budget includes \$18,720 in revenues, which assumes a fee of \$25.

Section 8. Driving Record Abstracts. This section requires that insurance companies use driving record abstracts at least every three years for rating and underwriting policies. Currently, insurance companies have the option of using credit reports or driving record abstracts. The Governor's FY 2012 budget includes \$3.0 million in revenues from this requirement. The cost to obtain the record is \$17.50, including the \$1.50 technology surcharge. There is an additional convenience fee if records are obtained online.

Section 9. Collections of Debts. This section of Article 24 enables the Division of Taxation to contract with state agencies and municipalities to collect debts on their behalf. The Division of Taxation can charge a reasonable fee, negotiated with the contracting agency or municipality. The section was intended to allow the Division of Taxation to offset tax refunds for outstanding debt owed to state agencies, but the proposed language may not be sufficient to allow this. The FY 2012 Budget assumes \$0.2 million in revenues based on estimates for only the Department of Corrections.

Article 25. Business Taxes

Explanations of Budget Articles

This article subjects limited partnerships and limited liability partnerships to the Corporate Minimum Tax. These filers are currently exempt from the tax but are required to pay a filing fee with the Secretary of State. It phases out the Corporate Income Tax rate from 9.0 percent by 0.5 percent per year until reaching 7.5 percent for tax year 2014 and replaces the corporate minimum and minimum franchise taxes with a tiered system. The articles also phases out the Jobs Development Act rate reduction over three years beginning in tax year 2012 by one-third and requires corporate tax filers to file as a “unitary business” or single enterprise, commonly referred to as combined reporting, effective January 1, 2012. The article has a combined impact of a \$0.9 million revenue loss in FY 2012 growing to \$14.5 million in FY 2016.

Business Tax Proposal	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Corp. Income Tax Rate Reduction	\$(8,525,365)	\$(20,005,564)	\$(33,967,968)	\$(35,345,444)	\$(36,466,135)
Jobs Development Act Phase-out	4,845,502	9,345,814	15,367,882	15,991,083	16,498,109
Corp. Minimum Tax Restructure	(6,117,310)	(6,166,843)	(6,241,142)	(6,290,675)	(6,364,975)
Combined Reporting	8,891,640	9,993,357	10,955,116	11,399,371	11,760,808
Total Impact	\$ (905,533)	\$ (6,833,236)	\$ (13,886,112)	\$ (14,245,665)	\$ (14,572,193)

Article 26. Sales Tax

This article decreases the current 7.0 percent sales and use tax on items currently taxed to 6.0 percent. It imposes a 1.0 percent sales and use tax on certain exempt items, such as clothing, aircraft and boats, purchases made by nonprofit entities and the Economic Development Corporation Project Status designees. It expands the sales tax to certain services that were previously exempt from the sales tax. Some of the services included are household services, including landscaping and pest control, employment agencies and personal care services. It disallows the sales tax exemption towards the purchase of a car as a trade-in allowance on the value of a stolen or totaled vehicle. It also imposes of a 6.0 percent sales and use tax on medical marijuana. The article has a combined impact of \$164.9 million in additional revenues in FY 2012 growing to \$173.3 million in FY 2016.

Article 27. Pharmaceutical Assistance to the Elderly

This article eliminates the Pharmaceutical Assistance to the Elderly program and creates the Supplemental Prescription Assistance Program, which will assist individuals who will be adversely impacted by the elimination of the program. Federal reform will eliminate the Medicare Part D “donut hole” and the need for supplemental coverage by 2020. The Budget includes \$0.3 million for the new program, \$1.7 million less than enacted, including \$1.4 million less from general revenues.

Article 28. Veterans' Home

This article provides for an increase in the monthly maintenance fee assessed to all residents of the Veterans' Home from 80.0 to 100 percent of the resident's income, after discounting the \$150.00 per month personal needs allowance and other income disregards established in current law. The article assumes an additional \$1.0 million in revenues, including \$0.8 million in general revenues into the General Fund and \$0.2 million into the restricted receipt account for operating expenses at the Home.

Explanations of Budget Articles

Article 29. Certificate of Need

This article eliminates the Health Services Council, which is a statutory advisory council appointed by the Governor, Speaker of the House and President of the Senate. The Department of Health provides staff support to the Council and, for a fee, reviews and approves initial health care facility licensure, new medical services and equipment and any changes in ownership or control of any health care facility. The budget assumes offsetting revenue and expenditure adjustments.

Article 30. Nursing Home Reimbursement Rates

This article eliminates the current nursing home principles of reimbursement and replaces it with a methodology to pay a base rate to each nursing home continuing to recognize patient acuity and the minimum occupancy requirements. The methodology to calculate the base rates has not been determined.

The Governor's budget assumes \$12.8 million in savings, including \$6.0 million from general revenues, from a five percent reduction to nursing home expenses that is not specified in the article.

Article 31. Abused and Neglected Children

This article amends the definition of child abuse and neglect to conform with federal standards in the Child Abuse and Prevention Act. Currently, the Department may remove a child from the home if child protective investigators feel that a child has suffered abuse or neglect and that continued care and custody by the parents may result in further harm to the child. This article amends current law to define child abuse as any recent act or failure to act on the part of a parent or caretaker which results in death, serious physical or emotional harm, sexual abuse or exploitation. The budget assumes savings of \$0.6 million from general revenues from reduced investigations and removals from homes.

Article 32. Delinquent and Dependent Children

Article 32 requires Local Education Agencies to finance the educational expenses of children in the juvenile justice system for general revenue savings of \$2.1 million. These expenses are currently paid for by the state and these youth are not included in the student enrollment data used in the calculations of the new education funding formula. This article requires that the city or town deemed responsible pay the per-pupil special education cost to the Department of Children, Youth and Families or to the facility providing the education. This includes programs at the Thomas C. Slater Training School, Camp E-Hun-Tee, the North American Family Institute, and Ocean Tides.

Article 33. Hospital Payments

Article 33 restricts the rates used by the Department of Human Services to pay hospitals for both inpatient and outpatient services through the managed care plans, which cannot be higher than national growth rates set by the Centers for Medicare and Medicaid Services. The current restriction on outpatient rates is set to expire on January 1, 2012 with the inpatient restriction expiring January 1, 2013.

Explanations of Budget Articles

This article also specifies that fee-for-service outpatient rates will be equal to what Medicare pays for similar services. The article is effective upon passage. The Governor's budget assumes savings of \$5.6 million from this change, including \$2.7 million from general revenues.

Article 34. Tolling

This article authorizes the Department of Transportation to participate in the Federal Highway Administration Interstate System Construction Toll Pilot Program. Currently, no state has the authority to place tolls on roads constructed with federal funds unless it is participating in the pilot study. The article would also enable the Department to commission a study on instituting tolls on interstate and non-interstate highways and bridges, while examining regional impacts of tolls in conjunction with Massachusetts and Connecticut. The authorizations contained in the article are included because the enabling legislation of the Department does not specifically allow it to apply for the pilot program or commission the study.

Article 35. Vehicle Registration

Current law allows car dealers to purchase temporary registration plates in a packet of 10 at a fee of \$200, which equates to \$20 each. This article allows the Division of Motor Vehicles to assess a fee up to \$25 for each temporary registration plate. The amount charge above \$20 would be retained by a vendor for a convenience fee. The article also deletes the requirement that the state issues a general reissuance plate beginning on September 1, 2011 and no less than every 10 years. The Budget Office estimated that \$1.6 million would be generated from the recapture of unregistered vehicles. The cost for the plate printing, notification, staffing and mailing is estimated at \$4.9 million, resulting in a net cost of \$3.3 million.

Article 36. Lease Approval

This article eliminates the requirement that state agencies obtain legislative approval before entering into a long-term lease agreement, five years or more or lease agreements that are more than \$0.5 million. The article takes effect upon passage.

Article 37. Unclassified Positions

This article includes a new unclassified deputy director for each department. This position will be appointed by the person or group of persons having power by virtue of the constitution, a statute, lawfully delegated authority or the Governor. Positions in the unclassified service generally include the employees of elected officials, courts, independent agencies or public authorities and various policy making positions.

Article 38. Retiree Health Care Trust Fund

Article 38 amends the retiree health care trust fund statute based on recommendations made by the Other Post Employment Benefits (OPEB) Board. It clarifies that the board may collect contributions from quasi-public agencies that are part of the Trust Fund. It also removes the Board's authority to interpret or decide claims for benefits or resolve disputes and gives the Board the right to research, question, investigate and make recommendations of findings to the Department of Administration. It also delays the submission of the first report of the Board to February 2012; it had been January 2011. It also changes the requirement

Explanations of Budget Articles

for actuarial valuation and experience study from every year to every two years. Finally, it modifies the method of payment of administration costs from the Fund.

Article 39. Municipal Accountability, Stability and Transparency

Article 39 establishes the Municipal Accountability, Stability and Transparency Fund to encourage municipalities to address unfunded liabilities for pensions and other post-employment benefits. The Fund would be supported from a 1.0 percent sales tax on meals and beverages; with the rollback of the regular sales tax rate, the total tax on meals and beverages would be unchanged from the current level.

Municipalities must meet set criteria in order to be eligible to receive funding from the Municipal Accountability, Stability and Transparency Fund. In FY 2012, all municipalities must provide a five-year forecast to the Division of Municipal Finance including options for fully funding annually required post employment benefit liabilities, provide fiscal impact statements for changes in health care plans, submit financial data on time, join the Municipal Uniform Chart of Accounts and fulfill other requirements. By FY 2014, municipalities not in compliance will receive a decrease in the state's contribution towards the employer cost of teacher retirement expenses.

The Budget includes \$19.3 million from a 1.0 percent sales tax on meals and beverages and will be distributed based on per capita income and local tax burdens using FY 2009 data from the General Revenue Sharing Program. Municipalities that are in compliance will receive a payment in March of each fiscal year.

Article 40. Distressed Communities

The FY 2011 budget provides an additional \$5.2 million for the Distressed Communities Relief Fund. This article requires that distressed communities submit a five year budget forecast to the Division of Municipal Finance by June 20, 2011 in order to obtain the additional funding. The forecast must include a scenario reflecting pensions and other post-employment benefits obligations at 100 percent of the annual required contribution for both general and unrestricted school funds. Currently, eight communities receive funding from this program.

Article 41. Restricted Receipts

Articles 14 and 39 establish the Tourism Asset Protection and the Municipal Accountability, Stability and Transparency funds. This article exempts them from the 10.0 percent indirect cost recovery charge.

Article 42. Tax Anticipation Notes

Article 42 allows the state to borrow a maximum of \$350.0 million during FY 2012 for cash flow purposes in anticipation of tax receipts. The note must be repaid by June 30, 2012.

Article 43. Effective Date

Explanations of Budget Articles

Article 43 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

General Revenues

	FY 2011 Enacted	FY 2011 Gov. Rev.	FY 2012 Consensus	FY 2012 Governor
Personal Income Tax	\$ 937,900,000	\$ 936,500,000	\$ 947,800,000	\$ 950,004,002
General Business Taxes				
Business Corporations	119,000,000	123,300,000	131,000,000	130,364,537
Public Utilities Gross	98,000,000	97,000,000	99,000,000	99,000,000
Financial Institutions	1,000,000	250,000	500,000	500,000
Insurance Companies	101,250,000	98,200,000	100,700,000	100,904,966
Bank Deposits	2,200,000	1,900,000	1,950,000	1,950,000
Health Care Provider	39,800,000	40,500,000	41,800,000	41,371,888
Sales and Use Taxes				
Sales and Use	787,000,000	805,500,000	824,000,000	989,482,799
Motor Vehicle	48,500,000	51,800,000	51,900,000	42,100,000
Motor Fuel	1,000,000	1,100,000	1,100,000	1,100,000
Cigarettes	134,000,000	135,000,000	131,800,000	131,800,000
Alcohol	11,700,000	12,000,000	12,200,000	12,200,000
Other Taxes				
Inheritance and Gift	27,600,000	28,300,000	28,900,000	28,900,000
Racing and Athletics	1,300,000	1,250,000	1,100,000	1,100,000
Realty Transfer	6,900,000	6,400,000	6,500,000	6,500,000
Total Taxes	\$ 2,317,150,000	\$ 2,339,000,000	\$ 2,380,250,000	\$ 2,537,278,192
Departmental Receipts	345,226,745	334,797,880	197,300,000	344,580,999
Gas Tax Transfer	-	-	-	-
Other Miscellaneous	5,331,000	13,123,285	3,790,000	7,290,000
Lottery	346,938,800	347,500,000	351,500,000	351,500,000
Unclaimed Property	6,000,000	5,300,000	5,200,000	5,200,000
Total General Revenues	\$ 3,020,646,545	\$ 3,039,721,165	\$ 2,938,040,000	\$ 3,245,849,191

Expenditures from All Funds

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
General Government				
Administration	\$ 499,299,809	\$ 524,787,282	\$ 490,558,982	\$ 415,042,687
Business Regulation	10,899,430	11,416,788	12,331,648	12,924,686
Labor and Training	833,558,439	863,956,343	494,817,148	495,678,123
Revenue	236,330,417	260,103,279	236,912,874	335,895,736
Legislature	39,049,144	38,545,405	40,345,629	38,697,252
Lieutenant Governor	924,479	889,100	1,004,575	997,002
Secretary of State	7,503,274	7,340,745	7,107,506	6,931,292
General Treasurer	33,018,358	27,352,850	32,330,333	32,677,673
Board of Elections	3,957,971	3,219,832	2,829,426	1,965,905
Rhode Island Ethics Commission	1,482,659	1,454,869	1,564,833	1,560,008
Governor's Office	6,251,152	5,267,194	6,228,239	5,256,095
Human Rights	1,371,667	1,386,914	1,505,630	1,455,570
Public Utilities Commission	7,726,656	7,715,020	8,442,708	8,105,006
Subtotal - General Government	\$ 1,681,373,455	\$ 1,753,435,621	\$ 1,335,979,531	\$ 1,357,187,035
Human Services				
Health and Human Services	\$ 7,167,709	\$ 7,741,985	\$ 6,271,713	\$ 16,778,680
Children, Youth and Families	237,598,173	230,109,530	243,598,793	210,943,797
Elderly Affairs	26,712,596	32,213,748	29,092,280	27,486,148
Health	116,146,808	156,861,874	157,847,383	151,467,696
Human Services	2,285,305,550	2,222,635,065	2,312,563,396	2,239,993,085
BHDDH	446,750,327	455,264,821	507,683,621	441,952,625
Veterans' Affairs	-	-	-	28,688,112
Child Advocate	589,627	602,749	661,826	652,432
Deaf and Hard of Hearing	362,824	364,802	398,033	387,985
Commission on Disabilities	824,453	818,629	833,208	829,892
Mental Health Advocate	440,950	438,733	476,799	468,718
Subtotal - Human Services	\$ 3,121,899,017	\$ 3,107,051,936	\$ 3,259,427,052	\$ 3,119,649,170
Education				
Elementary and Secondary	\$ 1,128,732,869	\$ 1,173,230,843	\$ 1,180,772,224	\$ 1,138,601,394
Higher Education	937,802,389	996,080,552	1,026,335,243	994,958,261
Arts Council	3,054,336	3,072,855	3,384,463	3,027,174
Atomic Energy	1,492,350	1,472,182	1,565,590	1,511,526
HEAA	25,789,109	27,516,773	28,611,779	27,412,147
Historical Preservation	2,663,971	2,719,579	2,902,493	2,826,017
Public Telecommunications	1,672,717	1,626,059	1,796,547	1,781,172
Subtotal - Education	\$ 2,101,207,741	\$ 2,205,718,843	\$ 2,245,368,339	\$ 2,170,117,691

Expenditures from All Funds

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Public Safety				
Attorney General	\$ 23,861,219	\$ 25,176,626	\$ 26,194,439	\$ 25,344,121
Corrections	187,181,519	193,995,086	208,816,721	198,975,598
Judicial	97,379,996	99,199,016	107,805,128	102,703,922
Military Staff	26,638,164	61,539,354	36,087,794	35,161,325
Public Safety	86,749,570	92,466,029	86,070,412	102,344,254
Public Defender	10,020,401	10,160,218	10,907,942	10,876,941
Subtotal-Public Safety	\$ 431,830,869	\$ 482,536,329	\$ 475,882,436	\$ 475,406,161
Natural Resources				
Environmental Management	\$ 93,120,711	\$ 100,664,644	\$ 99,409,076	\$ 97,582,385
CRMC	4,383,711	9,265,099	9,222,155	4,954,375
Water Resources	1,436,540	1,829,540	1,900,208	1,430,267
Subtotal-Natural Resources	\$ 98,940,962	\$ 111,759,283	\$ 110,531,439	\$ 103,967,027
Transportation				
Transportation	\$ 428,893,766	\$ 450,858,459	\$ 408,907,850	\$ 434,974,524
Subtotal-Transportation	\$ 428,893,766	\$ 450,858,459	\$ 408,907,850	\$ 434,974,524
Total	\$ 7,864,145,810	\$ 8,111,360,471	\$ 7,836,096,647	\$ 7,661,301,608

Expenditures from General Revenues

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
General Government				
Administration	\$ 324,063,375	\$ 325,928,779	\$ 331,128,523	\$ 250,047,213
Business Regulation	9,156,047	8,919,355	9,477,437	9,696,378
Labor and Training	7,117,031	7,005,613	9,308,826	7,262,954
Revenue	35,479,085	36,130,650	39,130,938	91,720,012
Legislature	37,474,136	36,970,091	38,696,430	37,048,053
Lieutenant Governor	924,479	889,100	1,004,575	997,002
Secretary of State	6,908,707	6,754,217	6,607,322	6,434,744
General Treasurer	2,270,649	2,253,614	2,207,471	2,240,128
Board of Elections	3,957,971	3,219,832	2,829,426	1,915,905
Rhode Island Ethics Commission	1,482,659	1,454,869	1,564,833	1,560,008
Governor's Office	4,752,606	4,414,905	5,210,551	4,338,521
Human Rights	1,014,978	1,222,547	1,204,098	1,154,038
Public Utilities Commission	-	-	-	-
Commission on Women	-	-	-	-
Subtotal - General Government	\$ 434,601,723	\$ 435,163,572	\$ 448,370,430	\$ 414,414,956
Human Services				
Health and Human Services	\$ 3,420,163	\$ 3,541,112	\$ 3,781,529	\$ 9,623,834
Children, Youth and Families	153,046,095	152,873,449	168,317,215	139,413,049
Elderly Affairs	10,100,599	9,648,239	12,040,293	9,319,591
Health	27,624,903	28,322,576	32,907,714	26,748,244
Developmental Disabilities *				
Human Services	715,328,654	736,566,357	915,411,424	864,108,853
BHDDH	163,684,244	170,929,040	233,627,093	190,519,884
Veterans' Affairs	-	-	-	19,039,528
Child Advocate	543,822	556,047	612,778	603,384
Deaf and Hard of Hearing	362,824	364,802	398,033	387,985
Commission on Disabilities	367,229	363,308	389,496	388,786
Mental Health Advocate	440,950	438,733	476,799	468,718
Subtotal - Human Services	\$ 1,074,919,483	\$ 1,103,603,663	\$ 1,367,962,374	\$ 1,260,621,856
Education				
Elementary and Secondary	\$ 856,068,541	\$ 847,414,195	\$ 903,926,435	\$ 869,014,643
Higher Education	163,606,843	162,573,194	192,524,933	173,400,638
Arts Council	1,668,346	1,687,286	1,976,399	1,619,110
Atomic Energy	875,781	861,031	895,381	879,592
HEAA	6,723,347	7,320,186	7,253,497	6,163,104
Historical Preservation	1,348,717	1,402,519	1,578,095	1,501,641
Public Telecommunications	1,035,967	979,325	1,113,335	1,097,960
Subtotal - Education	\$ 1,031,327,542	\$ 1,022,237,736	\$ 1,109,268,075	\$ 1,053,676,688

Expenditures from General Revenues

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Public Safety				
Attorney General	\$ 21,209,730	\$ 21,443,366	\$ 23,300,327	\$ 22,580,366
Corrections	178,329,401	178,561,565	196,462,562	188,141,365
Judicial	84,575,255	84,392,428	90,477,502	88,111,808
Military Staff	2,782,435	4,166,145	3,922,867	3,618,028
Public Safety	67,024,490	68,565,272	74,546,208	89,407,711
Public Defender	9,590,261	9,541,448	10,331,581	10,300,580
Subtotal-Public Safety	\$ 363,511,572	\$ 366,670,224	\$ 399,041,047	\$ 402,159,858
Natural Resources				
Environmental Management	\$ 34,403,329	\$ 34,268,194	\$ 38,053,127	\$ 35,495,587
CRMC	2,038,515	2,063,203	2,647,594	2,236,814
Water Resources	1,316,540	1,298,362	1,338,208	1,230,267
Subtotal-Natural Resources	\$ 37,758,384	\$ 37,629,759	\$ 42,038,929	\$ 38,962,668
Transportation				
Transportation	\$ -	\$ -	\$ -	\$ -
Subtotal-Transportation	\$ -	\$ -	\$ -	\$ -
Total	\$ 2,942,118,704	\$ 2,965,304,954	\$ 3,366,680,855	\$ 3,169,836,026

Expenditures from Federal Grants

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
General Government				
Administration	\$ 79,572,545	\$ 103,620,313	\$ 63,500,280	\$ 69,057,151
Business Regulation	-	758,454	519,999	1,460,861
Labor and Training	181,957,663	153,430,142	46,148,254	49,345,402
Revenue	2,289,770	2,365,000	2,635,067	2,636,059
Legislature	-	-	-	-
Lieutenant Governor	-	-	-	-
Secretary of State	100,000	127,092	-	-
General Treasurer	1,108,180	1,115,608	1,107,207	1,117,483
Board of Elections	-	-	-	50,000
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	-	132,605	139,280	139,898
Human Rights	356,689	164,367	301,532	301,532
Public Utilities Commission	296,330	296,330	309,495	309,373
Commission on Women	-	-	-	-
Subtotal - General Government	\$ 265,681,177	\$ 262,009,911	\$ 114,661,114	\$ 124,417,759
Human Services				
Health and Human Services	\$ 2,873,533	\$ 3,309,016	\$ 1,581,593	\$ 6,250,134
Children, Youth and Families	77,855,163	72,769,129	66,968,900	62,869,525
Elderly Affairs	15,936,066	21,820,418	16,376,056	17,769,466
Health	63,259,111	102,553,414	98,482,159	97,985,313
Developmental Disabilities *				
Human Services	1,556,245,695	1,470,449,888	1,383,390,021	1,359,554,881
BHDDH	259,918,758	264,422,374	239,530,982	220,049,930
Veterans' Affairs	-	-	-	8,005,072
Child Advocate	45,805	46,702	49,048	49,048
Deaf and Hard of Hearing	-	-	-	-
Commission on Disabilities	193,598	196,213	184,448	181,842
Mental Health Advocate	-	-	-	-
Subtotal - Human Services	\$ 1,976,327,729	\$ 1,935,567,154	\$ 1,806,563,207	\$ 1,772,715,211
Education				
Elementary and Secondary	\$ 239,980,896	\$ 299,418,836	\$ 238,157,737	\$ 238,146,015
Higher Education	15,004,667	32,657,457	3,788,294	4,594,756
Arts Council	950,990	950,569	973,064	973,064
Atomic Energy	300,159	314,104	304,104	324,104
HEAA	12,044,337	13,175,928	13,617,562	13,508,323
Historical Preservation	835,804	841,508	846,217	846,195
Public Telecommunications	-	-	-	-
Subtotal - Education	\$ 269,116,853	\$ 347,358,402	\$ 257,686,978	\$ 258,392,457

Expenditures from Federal Grants

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Public Safety				
Attorney General	\$ 1,248,830	\$ 1,978,333	\$ 1,404,506	\$ 1,391,520
Corrections	2,794,860	3,695,618	2,914,494	2,914,545
Judicial	2,326,527	3,937,011	3,290,123	3,293,751
Military Staff	22,150,754	54,794,249	30,330,616	29,933,986
Public Safety	7,131,554	11,854,997	6,515,722	6,541,865
Public Defender	430,140	618,770	576,361	576,361
Subtotal-Public Safety	\$ 36,082,665	\$ 76,878,978	\$ 45,031,822	\$ 44,652,028
Natural Resources				
Environmental Management	\$ 35,386,175	\$ 42,330,832	\$ 38,358,643	\$ 38,356,542
CRMC	2,095,196	6,951,896	2,038,461	2,038,461
Water Resources	-	-	-	-
Subtotal-Natural Resources	\$ 37,481,371	\$ 49,282,728	\$ 40,397,104	\$ 40,395,003
Transportation				
Transportation	\$ 318,808,127	\$ 340,116,026	\$ 301,623,800	\$ 316,591,958
Subtotal-Transportation	\$ 318,808,127	\$ 340,116,026	\$ 301,623,800	\$ 316,591,958
Total	\$ 2,903,497,922	\$ 3,011,213,199	\$ 2,565,964,025	\$ 2,557,164,416

Expenditures from Restricted Receipts

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
General Government				
Administration	\$ 17,140,339	\$ 25,689,655	\$ 20,112,557	\$ 19,898,084
Business Regulation	1,743,383	1,738,979	2,334,212	1,767,447
Labor and Training	17,529,145	18,004,845	27,077,706	17,104,361
Revenue	824,191	1,966,459	903,304	21,191,727
Legislature	1,575,008	1,575,314	1,649,199	1,649,199
Lieutenant Governor	-	-	-	-
Secretary of State	494,567	459,436	500,184	496,548
General Treasurer	29,420,614	23,756,475	28,814,631	29,103,041
Board of Elections	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	1,498,546	719,684	878,408	777,676
Human Rights	-	-	-	-
Public Utilities Commission	7,430,326	7,418,690	8,133,213	7,795,633
Commission on Women	-	-	-	-
Subtotal - General Government	\$ 77,656,119	\$ 81,329,537	\$ 90,403,414	\$ 99,783,716
Human Services				
Health and Human Services	\$ 874,013	\$ 891,857	\$ 908,591	\$ 904,712
Children, Youth and Families	2,306,915	2,485,137	2,507,678	5,571,223
Elderly Affairs	675,931	745,091	675,931	397,091
Health	25,082,953	25,869,684	26,394,110	26,670,739
Developmental Disabilities *				
Human Services	9,446,201	10,587,200	9,401,951	11,873,994
BHDDH	10,688,634	8,049,478	8,000,421	7,997,979
Veterans' Affairs	-	-	-	1,643,512
Child Advocate	-	-	-	-
Deaf and Hard of Hearing	-	-	-	-
Commission on Disabilities	13,626	9,108	9,264	9,264
Mental Health Advocate	-	-	-	-
Subtotal - Human Services	\$ 49,088,273	\$ 48,637,555	\$ 47,897,946	\$ 55,068,514
Education				
Elementary and Secondary	\$ 23,930,750	\$ 19,019,883	\$ 24,049,421	\$ 24,039,421
Higher Education	930,000	930,000	943,666	941,338
Arts Council	-	-	-	-
Atomic Energy	-	-	-	-
HEAA	-	-	-	-
Historical Preservation	479,450	475,552	478,181	478,181
Public Telecommunications	-	-	-	-
Subtotal - Education	\$ 25,340,200	\$ 20,425,435	\$ 25,471,268	\$ 25,458,940

Expenditures from Restricted Receipts

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Public Safety				
Attorney General	\$ 1,202,659	\$ 1,317,657	\$ 1,129,606	\$ 1,122,235
Corrections	87,134	124,774	34,348	34,371
Judicial	9,628,214	10,018,790	10,222,503	10,198,363
Military Staff	842,475	376,782	389,311	389,311
Public Safety	803,106	384,413	256,850	335,749
Public Defender	-	-	-	-
Subtotal-Public Safety	\$ 12,563,588	\$ 12,222,416	\$ 12,032,618	\$ 12,080,029
Natural Resources				
Environmental Management	\$ 14,136,916	\$ 14,674,427	\$ 14,187,895	\$ 15,831,035
CRMC	250,000	250,000	4,536,100	250,000
Water Resources	-	-	-	-
Subtotal-Natural Resources	\$ 14,386,916	\$ 14,924,427	\$ 18,723,995	\$ 16,081,035
Transportation				
Transportation	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Subtotal-Transportation	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Total	\$ 180,035,096	\$ 178,539,370	\$ 195,529,241	\$ 209,472,234

Expenditures from Other Funds

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
General Government				
Administration	\$ 78,523,550	\$ 69,548,535	\$ 75,817,622	\$ 76,040,239
Business Regulation	-	-	-	-
Labor and Training	626,954,600	685,515,743	412,282,362	421,965,406
Revenue	197,737,371	219,641,170	194,243,565	220,347,938
Legislature	-	-	-	-
Lieutenant Governor	-	-	-	-
Secretary of State	-	-	-	-
General Treasurer	218,915	227,153	201,024	217,021
Board of Elections	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	-	-	-	-
Human Rights	-	-	-	-
Public Utilities Commission	-	-	-	-
Commission on Women	-	-	-	-
Subtotal - General Government	\$ 903,434,436	\$ 974,932,601	\$ 682,544,573	\$ 718,570,604
Human Services				
Health and Human Services	\$ -	\$ -	\$ -	\$ -
Children, Youth and Families	4,390,000	1,981,815	5,805,000	3,090,000
Elderly Affairs	-	-	-	-
Health	179,841	116,200	63,400	63,400
Developmental Disabilities *	-	-	-	-
Human Services	4,285,000	5,031,620	4,360,000	4,455,357
BHDDH	12,458,691	11,863,929	26,525,125	23,384,832
Veterans' Affairs	-	-	-	-
Child Advocate	-	-	-	-
Deaf and Hard of Hearing	-	-	-	-
Commission on Disabilities	250,000	250,000	250,000	250,000
Mental Health Advocate	-	-	-	-
Subtotal - Human Services	\$ 21,563,532	\$ 19,243,564	\$ 37,003,525	\$ 31,243,589
Education				
Elementary and Secondary	\$ 8,752,682	\$ 7,377,929	\$ 14,638,631	\$ 7,401,315
Higher Education	758,260,879	799,919,901	829,078,350	816,021,529
Arts Council	435,000	435,000	435,000	435,000
Atomic Energy	316,410	297,047	366,105	307,830
HEAA	7,021,425	7,020,659	7,740,720	7,740,720
Historical Preservation	-	-	-	-
Public Telecommunications	636,750	646,734	683,212	683,212
Subtotal - Education	\$ 775,423,146	\$ 815,697,270	\$ 852,942,018	\$ 832,589,606

Expenditures from Other Funds

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Public Safety				
Attorney General	\$ 200,000	\$ 437,270	\$ 360,000	\$ 250,000
Corrections	5,970,124	11,613,129	9,405,317	7,885,317
Judicial	850,000	850,787	3,815,000	1,100,000
Military Staff	862,500	2,202,178	1,445,000	1,220,000
Public Safety	11,790,420	11,661,347	4,751,632	6,058,929
Public Defender	-	-	-	-
Subtotal-Public Safety	\$ 19,673,044	\$ 26,764,711	\$ 19,776,949	\$ 16,514,246
Natural Resources				
Environmental Management	\$ 9,194,291	\$ 9,391,191	\$ 8,809,411	\$ 7,899,221
CRMC	-	-	-	429,100
Water Resources	120,000	531,178	562,000	200,000
Subtotal-Natural Resources	\$ 9,314,291	\$ 9,922,369	\$ 9,371,411	\$ 8,528,321
Transportation				
Transportation	\$ 109,085,639	\$ 109,742,433	\$ 106,284,050	\$ 117,382,566
Subtotal-Transportation	\$ 109,085,639	\$ 109,742,433	\$ 106,284,050	\$ 117,382,566
Total	\$ 1,838,494,088	\$ 1,956,302,948	\$ 1,707,922,526	\$ 1,724,828,932

Full-Time Equivalent Positions

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
General Government				
Administration	871.6	873.6	871.6	693.6
Business Regulation	90.0	93.0	92.0	93.0
Labor and Training	519.4	512.2	411.0	470.2
Revenue	426.0	428.5	426.5	428.5
Legislature	295.9	298.5	297.8	298.5
Lieutenant Governor	8.0	7.0	8.0	7.0
Secretary of State	57.0	57.0	57.0	57.0
General Treasurer	82.0	82.0	82.0	82.0
Board of Elections	12.0	11.0	12.0	12.0
Rhode Island Ethics Commission	12.0	12.0	12.0	12.0
Governor's Office	45.0	45.0	45.0	45.0
Human Rights	14.5	14.5	14.5	14.5
Public Utilities Commission	46.0	46.0	49.0	46.0
Subtotal - General Government	2,479.4	2,480.3	2,378.4	2,259.3
Human Services				
Health and Human Services	75.6	77.6	75.6	149.0
Children, Youth and Families	691.0	691.0	691.0	662.5
Elderly Affairs	31.0	31.0	31.0	32.0
Health	410.7	468.7	483.1	473.3
Human Services	963.6	988.2	1,081.2	674.0
BHDDH	1,372.2	1,372.2	1,432.2	1,376.2
Veterans' Affairs	-	-	-	268.2
Child Advocate	5.8	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	3,560.6	3,645.2	3,810.6	3,651.7
Education				
Elementary and Secondary	325.4	348.4	340.9	348.4
Higher Education	4,152.1	4,217.1	4,231.0	4,234.6
Arts Council	8.6	8.6	8.6	8.6
Atomic Energy	8.6	8.6	8.6	8.6
Higher Education Assistance Authority	41.6	41.6	41.6	41.6
Historical Preservation	16.6	16.6	16.6	16.6
Public Telecommunications	16.0	16.0	16.0	16.0
Subtotal - Education	4,568.9	4,656.9	4,663.3	4,674.4

Full-Time Equivalent Positions

	FY 2011 Enacted	FY 2011 Revised	FY 2012 Request	FY 2012 Recommended
Public Safety				
Attorney General	231.1	231.1	231.1	231.1
Corrections	1,419.0	1,419.0	1,419.0	1,419.0
Judicial	723.3	723.3	723.3	723.3
Military Staff	111.0	117.0	117.0	117.0
Public Safety	423.1	423.2	430.2	603.2
Public Defender	93.0	93.0	93.0	93.0
Subtotal-Public Safety	3,000.5	3,006.6	3,013.6	3,186.6
Natural Resources				
Environmental Management	410.0	410.0	409.0	410.0
CRMC	30.0	30.0	36.0	30.0
Water Resources	6.0	6.0	7.0	6.0
Subtotal-Natural Resources	446.0	446.0	452.0	446.0
Transportation				
Transportation	772.2	772.6	772.2	772.6
Subtotal-Transportation	772.2	772.6	772.2	772.6
Total Positions	14,827.6	15,007.6	15,090.1	14,990.6

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