
Section III

Agency Analyses

Department of Administration

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Program				
Central Management	\$ 3,790,943	\$ 3,681,723	\$ 2,496,328	\$ 2,789,779
Accounts & Control	4,080,143	4,036,146	4,160,011	4,147,433
Office of Management & Budget	4,146,713	4,634,737	10,885,256	11,178,610
Purchasing	3,085,408	2,897,430	3,192,155	3,181,348
Auditing	1,476,262	1,426,416	-	-
Human Resources	10,371,075	10,032,930	10,864,170	10,842,300
Personnel Appeal Board	119,874	134,444	133,510	133,419
General	61,669,353	54,431,516	60,571,760	57,771,898
Debt Service	150,262,732	165,050,610	202,822,559	181,811,292
Legal Services	2,166,696	2,156,082	2,191,192	2,185,988
Facilities Management	37,681,225	38,414,050	-	-
Capital Projects & Prop. Mgt.	3,612,931	1,638,278	-	-
Information Technology	39,971,076	46,183,809	43,716,833	41,697,145
Library Programs	2,434,428	2,483,496	2,607,246	2,543,100
Planning	5,644,655	5,317,425	5,720,845	5,354,825
Energy Resources	10,601,458	19,597,078	14,692,328	14,692,328
Construction Permitting, Approvals & Licensing	3,024,913	2,965,466	3,268,132	3,263,975
Statewide Savings	(8,225,000)	(2,000,000)	(1,548,413)	(116,421)
Health Benefits Exchange	30,926,620	31,773,795	12,383,627	12,383,627
Diversity, Equity & Opportunity	1,190,135	1,158,756	1,391,113	1,387,633
Capital Asset Mgt. & Maintenance	-	-	44,841,750	42,446,394
Total	\$ 368,031,640	\$ 396,014,187	\$ 424,390,402	\$ 397,694,673
Expenditures by Category				
Salaries and Benefits	\$ 71,613,868	\$ 74,986,825	\$ 86,445,020	\$ 83,730,208
Contracted Services	34,925,561	35,682,246	15,653,140	15,651,640
Subtotal	\$ 106,539,429	\$ 110,669,071	\$ 102,098,160	\$ 99,381,848
Other State Operations	32,575,448	33,047,457	35,404,429	36,406,141
Aid to Local Units of Government	11,436,698	11,436,698	11,299,521	10,685,292
Assistance, Grants, and Benefits	18,159,267	27,807,519	15,276,472	15,756,472
Capital	49,158,066	48,102,832	57,589,261	53,753,628
Capital Debt Service	150,162,732	164,950,610	202,722,559	181,711,292
Operating Transfers	-	-	-	-
Total	\$ 368,031,640	\$ 396,014,187	\$ 424,390,402	\$ 397,694,673
Sources of Funds				
General Revenue	\$ 197,494,291	\$ 216,525,887	\$ 261,949,455	\$ 243,008,631
Federal Aid	43,302,629	43,989,894	15,389,473	14,896,706
Restricted Receipts	28,853,407	45,364,953	40,337,798	35,983,267
Other	98,381,313	90,133,453	106,713,676	103,806,069
Total	\$ 368,031,640	\$ 396,014,187	\$ 424,390,402	\$ 397,694,673
FTE Authorization	711.7	723.7	775.7	743.7

Summary. The Department requests FY 2017 expenditures totaling \$424.4 million from all sources of funds. This is \$56.4 million more than enacted, including \$64.5 million more from general revenues, of which \$52.6 million is for debt service adjustments. The request also includes \$8.2 million in distributed statewide personnel and operational savings. Expenditures from federal funds are \$27.9 million less primarily reflecting the end of federal sources for the establishment of the exchange. The request includes \$11.5 million more from restricted receipts from the Regional Greenhouse Gas Initiative and for projects funded from the Information Technology Investment Fund and expenditures from other funds are \$8.3 million more than enacted. The Department requests staffing of 775.7 full-time equivalent positions, 64.0 positions more than authorized.

The Governor recommends expenditures totaling \$397.7 million from all funds, including \$243.0 million from general revenues. The recommendation is \$29.7 million more than enacted, including \$45.5 million from general revenue, reflective of distributed personnel, debt, and other savings. The Governor also includes legislation in Article 4 of 2016-H 7454 for reorganization of several programs. She recommends staffing of 743.7 full-time equivalent positions, 32.0 more than enacted.

Reorganization

The budget request reflects a reorganization of several programs within the Department. This includes the merger of Capital Projects and Facilities Management to create the Division of Capital Asset Management and Maintenance. It also reflects the consolidation of internal auditing functions and the transfer of positions from the Bureau of Audits and the Departments of Transportation and Human Services, Executive Office of Health and Human Services, the Office of the Postsecondary Commissioner and the University of Rhode Island into the Office of Management and Budget. The request also transfers the Office of Digital Excellence from Central Management to the Division of Information Technology. *The Governor concurs with the reorganization and includes legislation in Article 4 to effectuate the changes.*

Target Issues. The Budget Office provided the Department with a general revenue target of \$250.9 million. The amount includes current service adjustments of \$60.3 million, including \$60.8 million for the restoration of budgeted savings, and a 7.5 percent target reduction totaling \$6.9 million, adjusted for certain exclusions. The request includes \$8.6 million for several new initiatives including: \$2.3 million for new positions and staffing changes in the Division of Capital Asset Management and Maintenance, \$0.8 million for snow removal, \$1.0 million for building maintenance, \$2.0 million for the consolidation of state internal auditing functions and funding for several staff training initiatives. The Department includes revenue enhancements to offset the increase above the current service budget.

FY 2017 Budget	Department of		
	Budget Office	Administration	Difference
FY 2016 Enacted	\$ 197,494,291	\$ 197,494,291	\$ -
Current Service Adjustments	60,293,281	55,889,687	(4,403,594)
New Initiatives	-	8,565,477	8,565,477
Change to FY 2016 Enacted	\$ 60,293,281	\$ 64,455,164	\$ 4,161,883
FY 2017 Current Service/ Unconstrained Request	\$ 257,787,572	\$ 261,949,455	\$ 4,161,883
Target Reduction/Initiatives	(6,894,296)	(8,819,969)	(1,925,673)
FY 2017 Constrained Target/Request	\$ 250,893,276	\$ 253,129,486	\$ 2,236,210
<i>Change to FY 2016 Enacted</i>	<i>\$ 53,398,985</i>	<i>\$ 55,635,195</i>	<i>\$ 2,236,210</i>

The constrained request is \$2.2 million above the target level primarily from audit functions from other state agencies moving into the Department. The proposals to achieve the reductions are noted among the items described below where appropriate. *The recommendation is \$7.9 million less general revenues than the target.*

Staffing Authorization. The Department requests staffing of 775.7 full-time equivalent positions, 64.0 positions more than the authorized level. The request reflects the merger of Capital Projects and Facilities Management into the Division of Capital Asset Management and Maintenance and increases staffing by 27.0 positions, including 19.0 new senior maintenance technicians, 4.0 new senior staff, and the transfer of 5.0 positions from the Departments of Transportation and Behavioral Healthcare, Developmental Disabilities and Hospitals, and the elimination of a vacant position. It includes a net increase of 36.0 positions or 7.0 less than currently budgeted in various departments to reflect the consolidation of internal auditing functions into the Office of Management and Budget; and includes the transfer of positions from the Departments of Transportation and Human Services, Executive Office of Health and Human Services, and the Office of the Postsecondary Commissioner and the University of Rhode Island. The request also includes three new positions in the Office of Management and Budget. It reflects the transfer of funding and staffing for the Office of Digital Excellence into the Division of Information Technology.

The 2014 Assembly concurred with Governor Chafee's recommendation to eliminate 8.0 unidentified positions in the Department. The Department did not adjust subsequent budget requests to reflect its priorities and retained the unidentified reduction. The current request further increases the number of unidentified positions to be eliminated to 16.7.

The Governor recommends FY 2017 staffing of 743.7 full-time equivalent positions, which is 32.0 more than the authorized level and 32.0 less than requested to primarily reflect 18.0 less positions transferred to the Office of Internal Audit and not funding the requested 19.0 senior maintenance technicians. She also adds authorization for a new cybersecurity director position. The recommendation assumes 12.7 unidentified positions will be eliminated.

Statewide

Distributed Personnel Reform Savings. The request reflects the distribution of \$5.0 million from general revenues in statewide personnel reform savings, which was included in the Department of Administration for later distribution. *The Governor recommends funding as requested.*

Distributed Operational Savings. The enacted budget assumes \$2.0 million in statewide operational general revenue savings, based on the Division of Purchasing and Bureau of Audits reviewing recent state commodity and deliverable based contracts to ensure that the state has achieved all attainable savings. The Department will also obtain outside services to identify the savings; it is in the process of obtaining the vendor. *The recommendation includes the savings in the Department of Administration; they have not yet been achieved or allocated.*

Distributed Printing Savings. The request reflects the distribution of the enacted \$0.1 million included in the Department of Administration from the Division of Information Technology conducting a review of state printing to reduce the number of office printers. The savings are reflected in agency budgets. *The Governor recommends funding as requested.*

Distributed Telephone Savings. The enacted budget included \$0.1 million in general revenue savings from the Division of Information Technology conducting a review of desk phones to identify and eliminate unused and underused telephone lines. The request reflects the distribution of the savings, which were included in the Department for later distribution. The savings are reflected in agency budgets. *The Governor recommends funding as requested.*

Distributed Energy Procurement Savings. The enacted budget included \$1.0 million in general revenue savings from the Office of Energy Resources establishing a competitive procurement program for the state's electricity supply. Based on the result of the auction that was held in October 2015, the Department's request includes an additional \$816,000 in savings from general revenues for FY 2017. The FY 2017

savings is \$0.2 million less than the FY 2016 enacted based on 10 months for a total contract term of 22 months. The Department and the Office of Energy Resources are in the process of allocating the savings to agencies in the Executive and Judicial branches. The Department indicates that the distribution of the savings will be reflected in agency budgets as part of the Governor's budget recommendation. *The budget reflects the distribution of savings. Of the requested \$816,000 in savings for FY 2017, 80.1 percent was allocated to the Department and is noted later in this analysis.*

Phone Line Conversion Savings. The Information Technology Investment Fund includes total expenditures of \$0.9 million through FY 2020, including use of \$0.4 million in the current year to purchase technologies needed to convert approximately 3,200 phone lines that are currently leased from Verizon to state owned lines. The current cost to lease each line with the 222 extension is \$119 annually. The proposed plan from leasing to state owned lines would start in July 2016 with the Department of Transportation and proceed with the following buildings: Department of Administration, State House, Department of Health and Department of Elementary and Secondary Education. The Department indicates that once implementation is completed, annual savings would be \$365,965. The constrained request assumes \$116,421 based on two to three months of savings from certain agencies. The Administration indicates that the savings could be less if agencies wish to maintain their current line. *The Governor concurs with the constrained request and includes the savings.*

Workers' Compensation Assessment - Correction. The assessed fringe benefit internal service fund was established in August 1999 to comply with federal regulations and to eliminate the fluctuations in agency budgets that result from workers' compensation claims, unemployment claims, and unused leave. A biweekly assessment is applied to the amount of salaries and wages paid from all accounts and funds and is used to pay workers' compensation claims, unemployment claims and unused leave.

The FY 2017 planning values assume a 4.75 percent assessment, which is projected to generate \$41.6 million in FY 2017. Expenditures for workers' compensation account for approximately 80 percent of the total assessment.

The request includes statewide savings of \$0.3 million from general revenues from a reduction to the assessed fringe benefits, specifically related to Workers' Compensation. The Department of Labor and Training calculates the necessary assessment for this component, which is partially based on a classification of employees. A Bureau of Audit review revealed that certain higher education employees were misclassified and this classification resulted in a higher assessment than required. The Department notes that this correction will result in savings of \$0.5 million from all funds; however, the Department of Labor and Training would receive less for managing the state's Workers' Compensation program. The proposed savings is less than 0.1 percent of the total assessment.

The Budget assumes the savings in expenditure reductions from the assessed fringe benefit internal service fund. It does not distribute the savings to agencies.

Forward Capacity Market Agreement. The Department includes \$0.1 million in savings from a proposal to enter into a Forward Capacity Market agreement, in which the state must commit to a one hour twice per year test to demonstrate its ability to decrease demand for use of electricity. If the state is successful, an incentive payment is made. The Department indicates that a total of \$0.7 million in revenues through FY 2019 could be received. The last agreement covered FY 2011 through FY 2014 and the state received a total of \$409,463. *The Budget assumes the revenues.*

Local Aid

Library Aid. The Department requests the enacted amount of \$8.8 million to level fund state support of public libraries. The request is \$1.4 million or 15.2 percent less than allowed under current law. 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 80.0 percent of the previous year's amount.

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

Of the \$8.8 million for library aid, \$1.0 million is for the Reference Resource Center at the Providence Public Library. The reference resource grant to the Providence Public Library enables the library to develop its reference collection, extend its hours, and provide statewide reference research for all Rhode Island libraries and residents. Additionally, the Center provides expertise in specialized areas such as patents and private foundation funding, reference and computer training for library staff, database access for public libraries and public library cardholders, online reference service via email, and live help via "AskRI.org."

The constrained request reduces funding for the Center by \$0.3 million or 30.8 percent, of which \$212,500 is for tutoring sessions, citizenship tests and, prepping for the General Education Diploma; \$63,826 is for the Heritage Quest and African American Heritage research databases, and \$35,000 is for business and marketing reference databases. The Department suggests the Department of Elementary and Secondary Education could find a non-general revenue source to fund some of the proposed reduction.

The Governor concurs with the Department's constrained proposal and reduces expenditures by \$0.3 million.

Library Construction Aid. Consistent with the current service estimate, the Department requests \$2.5 million for library construction aid, \$137,177 less than enacted to reflect current funding requirements for FY 2017 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 were \$2.3 million in FY 2015, \$2.5 million each in FY 2014 and FY 2013, and \$2.8 million in FY 2012. The 2011 Assembly adopted legislation to set a three-year moratorium on the acceptance of applications for library construction aid projects. Effective July 1, 2014, the Office could begin to accept applications; however, as of January 2016, it has not received any applications. *The Governor recommends \$2.2 million for current funding; \$0.3 million less than requested to reflect that two library projects for Providence were paid ahead of schedule.*

HealthSource RI

Summary. The request includes expenditures of \$12.4 million from all funds for HealthSource RI. This includes the enacted amount of \$2.6 million from general revenues, \$1.2 million from federal funds and \$8.6 million from the health reform assessment. The request is \$18.5 million less than enacted, including \$23.6 million less from federal funds, reflective of establishment grants expiring offset by \$5.0 million from restricted receipts to reflect annual collection from the assessment based on premiums sold on the exchange. Of the requested \$12.4 million, \$9.3 million or 75.2 percent is for consultant services, including the contact center, the website, public outreach and information technology. *The Governor recommends funding as requested.*

Health Reform Assessment. The 2015 Assembly adopted legislation authorizing the Department of Administration to charge a health reform assessment to support the operations of HealthSource RI. The legislation limits the revenues from the assessment to the amount that would be raised through the federally facilitated marketplace, which is currently 3.5 percent. This percent is then assessed on the total market premiums sold on the state based exchange, which HealthSource RI had projected to be \$246.6 million. The \$8.6 million requested from the assessment appears to have assumed enrollments of 34,724 from the individual/family group and 14,515 from the small business group. As of December 31, 2015, enrollments were: 31,632 in the individual/family group and 3,976 in the small business group.

If the director of the Department of Administration determines that the level of receipts from the assessment is in excess of the budget for HealthSource RI, it must submit a report to the Governor, the Speaker of the House of Representatives and the Senate President identifying the surplus and detailing how the assessment may be offset in a future year to reconcile with impacted insurers and how any future budgets may be amended accordingly. *The Governor recommends funding as requested.*

Contact Center. The Department's request includes \$1.6 million from restricted receipts for HealthSource's share of the contact center costs. This is \$1.4 million less than enacted, including \$2.9 million less from federal funds, reflective of establishment grants expiring. The request is \$0.6 million less than the revised request to reflect a new bid for a contract. The Office indicates that it has substantially reduced the scope of work previously acquired. *The Governor recommends funding as requested.*

Information Technology and Other Contracts. The Department's request includes \$7.8 million from all funds, including the enacted amount of \$2.6 million from general revenues, \$1.0 million from federal funds and \$4.1 million more from restricted receipts for all other contracted services. The request is \$17.3 million less than enacted, reflective of establishment grants expiring. Use of \$1.0 million from federal funds in FY 2017 is due to the Office receiving a no-cost extension for a grant through calendar year 2016.

Of the requested \$7.8 million, \$4.9 million or 62.8 percent is for information technology services to be provided by DeLoitte and \$2.1 million is for the website. The remaining \$0.7 million is for outreach, financial audit of the trust fund and other services. The legislation authorizing the health reform assessment also requires HealthSource to annually audit its functions and operations. *The Governor recommends funding as requested.*

Salaries and Benefits. The Department requests \$2.6 million from all sources to fund salary and benefit costs of 16.0 full-time equivalent positions for HealthSource. The request is \$242,049 more than enacted and consistent with the revised request, the request includes \$155,853 to fund an appeals officer position in the Office of Health and Human Services. The request includes \$70,692 to upgrade several positions. The remaining \$15,504 is for updated benefit rates consistent with the FY 2017 planning values. Consistent with the enacted budget, the request does not assume any turnover savings; however, as of the last pay period in December 2015, the Office had four positions vacant. *The Governor recommends funding as requested.*

Other Operating. The request includes \$0.5 million from the health reform assessment for all other operating costs for HealthSource. This is \$160,959 less than enacted to primarily reflect savings of \$131,585 from rent; on June 1, 2015, HealthSource moved to state-owed space at the Pastore Center. *The Governor recommends funding as requested.*

Office of Energy Resources

Regional Greenhouse Gas Initiative (1.0 New FTE). The Department requests \$11.7 million, \$2.5 million more than enacted from the Regional Greenhouse Gas Initiative restricted receipt fund. The receipts are derived from the sale of carbon emission credits through an auction process. Through January 2016,

30 regional auctions have been held for a total of \$2,371.0 million. Rhode Island's share of that is \$48.0 million. The state was allocated just over 2.6 million tons of emission allowances, which can be sold to energy producers in the state 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 Department reported expenditures for FY 2015 totalling \$4.5 million or 50.3 percent of the final appropriation. The Office noted that its FY 2015 projected expenditures was based on the Regional Greenhouse Gas Initiative Allocation Plan being approved in May 2015; however, the plan was approved in August 2015. At the end of FY 2015, the fund balance was \$21.4 million. The FY 2016 and FY 2017 requests reflect the Office's intent to disburse prior grants for various projects.

The 2014 Assembly adopted legislation to allow the Department of Environmental Management and the Office to use up to 10.0 percent or \$0.3 million, whichever is greater of the auction proceeds for administrative costs. Of the \$2.5 million increase, \$2.3 million is for grants. The request includes \$0.3 million more for salaries and benefits to reflect more staff time being allocated to the initiative, funding for a new position and benefit rates consistent with the planning values for FY 2017. *The Governor recommends funding as requested.*

Delivered Fuels Energy Efficiency Program (1.0 New FTE). The request includes a proposal to establish a Delivered Fuels Energy Efficiency Program. The Office of Energy Resources notes that approximately a third of the homes in the state use delivered fuels for heating. However, there is currently no program available to provide these consumers with assistance for energy efficiencies. The Office indicates that it is negotiation with the Rhode Island Oil Institute to structure this program and that legislation is needed to effectuate its creation. The Office further notes that the potential surcharge from this program would be less than a penny per gallon of oil. The request includes \$1.5 million from this restricted source, of which \$1.4 million would be used to provide energy efficiency assistance to households and businesses. The remaining \$0.1 million would be used to fund a new 1.0 full-time equivalent position to administer the program.

The Governor's budget includes funding and staffing as requested, but does not include legislation to establish the program. Subsequently, the Administration indicated that separate legislation may be submitted.

Reconciliation Funding. The Office of Energy Resources includes a proposal for reconciliation funding capabilities to obtain contracted services when needed for consultant and legal services for energy docket and legal hearings. This proposal will require legislative approval. The Office notes that the 2014 Assembly authorized this funding mechanism for the Distributed Generation Board, which has since submitted two separate funding requests to the Public Utilities Commission for approval for design and annual implementation of the Renewable Energy Growth program. The Office indicates that a surcharge of several cents would appear on customers' electric and gas bills. The request assumes use of \$150,000 for contracted services. The Office indicates that this authority is needed to carry out its statutory responsibilities under the Energy Resources Act of 2006.

The Governor's budget includes funding as requested; however, the budget does not include legislation to establish the program.

Other. The Department requests \$1.4 million for all other expenses for the Energy Office, including \$0.4 million from federal funds and \$1.0 million from restricted receipts. This is \$100,320 less than enacted; all but \$9,547 is from restricted receipts. The request includes \$960,675 for salaries and benefits for the remaining 7.1 full-time equivalent positions. Consistent with the revised request, this is \$0.2 million less than enacted to reflect a shift to the Regional Greenhouse Gas Initiative based on available resources. The request includes the annualized value of the cost-of-living adjustment that occurred in October 2015 and

benefit rates consistent with FY 2017 planning values. The request includes \$0.1 million more than enacted for various weatherization grants. *The Governor recommends funding as requested.*

Debt Service

Historic Structures Tax Credit. Consistent with the current service estimate, the request includes \$31.0 million from general revenues to fund debt service costs for historic tax credits. This is \$335,375 less than enacted to reflect a lower than budgeted interest rate for the issuance of \$75.0 million in new bonds in May 2015 to cover expected credits. The debt comes from the 2008 Assembly's legislation, which significantly modified the program. It required upfront processing fees, placed a moratorium on new projects, reduced the overall effective credit from 27.75 percent to 22.0 percent, and authorized borrowing sufficient funds to cash out all credits. The 2013 Assembly adopted legislation to allow new projects to replace those projects that are not progressing and developed new requirements and standards. As of October 31, 2015, the Division of Taxation had conditionally approved projects totaling \$57.1 million. The Historical Preservation and Heritage Commission has reviewed and provided Phase II approval for 34 projects totaling \$49.0 million. *The Governor recommends funding as requested.*

RI Public Transit Authority Debt Service. The Department's request includes the enacted amount of \$1.7 million from general revenues for the Rhode Island Public Transit Authority's debt service payment. Initially, the Authority's debt service payment was proposed to be paid with general revenues for two years in order to help reduce the Authority's projected operating shortfalls in FY 2013 and FY 2014. However, the 2014 Assembly and the 2015 Assembly concurred with Governor Chafee and Governor Raimondo's recommendations for a third and fourth payment with general revenues. The 2014 Assembly also adopted legislation to transfer 5.0 percent of funding from the surcharges enacted in FY 2011 and motor vehicle fees to the Authority to support its operations beginning in FY 2016.

The Department's constrained budget request excludes the general revenue funding. It proposes that the Authority pays its debt with the increase resources from the motor vehicle fees transfer.

The Governor recommends funding the Authority's debt service with general revenues. The budget includes \$1.2 million for FY 2017, which is \$0.5 million less than enacted, reflective of a refinancing that occurred in July 2015.

Convention Center Authority. The request includes \$22.5 million from general revenues for debt service for the Convention Center Authority. This is \$0.5 million less than enacted and consistent with the current service estimate to reflect savings from a refinancing that occurred in 2015. Under the terms of the lease agreement between the state and the Authority, the minimum rentals payable by the state in any fiscal year are equal to the gross debt service costs in that year; the state would be responsible for covering any operating shortfalls and recoups any operating profits.

The Authority's FY 2017 operating budget request totaled \$50.5 million, of which \$25.2 million or 49.8 percent is from state sources. This includes \$22.5 million for the aforementioned debt service and \$2.7 million from Rhode Island Capital Plan funds to renovate the Convention Center, the Dunkin' Donuts Center and the Veterans Memorial Auditorium. The remaining \$25.3 million of expenditures are supported by events, parking, rental, and food and beverage revenues from the three entities: the Convention Center, the Dunkin' Donuts Center and the Veterans Memorial Auditorium. *The Governor recommends funding as requested.*

38 Studios. Consistent with the current service estimate, the Department requests \$12.5 million to reflect the actual debt service due relating to 38 Studios. According to the Commerce Corporation, a settlement of \$9.9 million was received in late October 2015. Net of attorney fees, settlements received are deposited into the Capital Reserve Fund, which can ultimately be used to reduce the state's contribution. Debt service

payments are made in November and May of each year. Legislation contained in Chapter 29 of 2010 Public Laws authorized the Economic Development Corporation to establish a Job Creation Guaranty Program and allowed guaranteed loans in an amount not to exceed \$125.0 million. In 2010, the Corporation backed a \$75.0 million loan to 38 Studios through the Job Creation Guaranty Program.

The Governor recommends \$10.0 million less than enacted, reflective of the settlement received.

DMV Computer Modernization Project. The request includes the enacted amount of \$1.8 million from restricted receipts for debt service costs associated with the Division of Motor Vehicles' computer modernization project. The debt service is supported from a \$1.50 surcharge on all transaction. As a result of additional revenues, the state made two advance payments; \$400,000 in October 2014 and \$1.1 million in October 2015. *Based on available receipts, the Governor's revised recommendation includes an additional \$1.3 million in FY 2016 to make the final principal payment. The FY 2017 recommendation excludes the enacted amount to reflect that the debt has been paid.*

Other Debt. The Department requests \$133.3 million from all funds, including \$84.1 million from general revenues for all other debt; \$53.4 million more from general revenues than enacted. This reflects the restoration of \$45.0 million, which includes savings of \$19.4 million for the second year of a 2-year plan. Governor Raimondo's FY 2016 budget recommendation included a restructuring of general obligation bond debt, where principal payments are deferred and/or shortened to provide additional savings in particular years. The FY 2016 budget includes savings of \$64.5 million in FY 2016, with anticipated FY 2017 savings of \$19.4 million. The state's debt service would increase in FY 2018, remain flat in FY 2019 and then increase by approximately \$15.0 million per year from FY 2020 to FY 2025 as compared to the current debt structure. In total, an additional \$90.0 million of long term debt would be incurred to save the projected \$83.9 million in FY 2016 and FY 2017. The Administration indicates that the transaction for the restructuring occurred in July 2015, and the savings are actually \$16.8 million more than assumed for FY 2017.

All other debt service costs are \$8.4 million more from general revenues than enacted, including \$1.2 million less for debt related to the principal payment for the School for the Deaf, for which the payment was made in FY 2015. Funds had been shifted from FY 2015 to the FY 2016 enacted budget based on conflicting information on the timing of the payment. The error was discovered after the budget became law. This is offset by \$9.4 million for general obligation bond debt service for projected new issuances and \$0.2 million more from Certificates of Participation for technology and energy conservation related projects. The request includes the enacted amount of \$0.5 million for the I-195 land acquisition, \$47.9 million for the Department of Transportation's debt service and \$3.3 million for required payments under the Fidelity Job Rent Credits agreement. Under the incentive based agreement between the state and Fidelity, the state provides job rent credits for each full-time equivalent employee in excess of a 1,000 employee base.

The Governor recommends \$124.7 million, including \$76.1 million from general revenues. This is \$44.7 million more than enacted and is \$8.7 million less than requested to reflect savings from general obligation bonds. As part of the debt restructuring, general obligation bonds debt service related to the Department of Transportation was lowered by \$13.9 million. The FY 2017 recommended budget assumes that transportation funding continues to support the \$45.9 million owed before the restructuring as the budget intended to dedicate the full savings to economic development initiatives.

Capital Asset Management and Maintenance

4.0 New Senior Staff. The Department requests \$0.7 million from general revenues to fund four new senior level positions in the new Division of Capital Asset Management and Maintenance. The FY 2016 enacted budget reflects the consolidation of construction, property and asset management functions into the

Department of Administration. The positions consist of a chief engineer, a chief planner, a chief of integrated facilities management and a chief of strategic planning, monitoring and evaluation. The revised request includes \$0.4 million to fund the positions on the assumption that they would be filled in December 2015; however, as of January 5, 2016, one of the positions has been filled. *The Governor recommends funding and staffing as requested.*

19.0 New Senior Maintenance Technicians. The Department's request includes \$1.0 million from all funds, including \$0.8 million from general revenues to fund 19.0 new senior maintenance technician positions in the newly created Division of Capital Asset Management and Maintenance. The request assumes that the positions will be filled in October. The Department indicates that the positions are being requested because the new Division has been tasked to increase the level of facility maintenance throughout state owned facilities. The positions would be responsible for overseeing after hour vendor operations, scheduled repairs to offices, preventive maintenance of heating, ventilating, and air conditioning systems, light replacement and others. The Department further notes that these functions are being done but not at the frequency that they should be; thereby, required maintenance is delayed, which increases replacement costs.

The Department notes that the current structure allows for first shift operations on the Pastore Center, Capitol Hill and the Zambarano Campus; however, the Veterans' Home is staffed on a 24-hour basis. The request for the additional 19.0 new positions is based on adding two shifts at each location and adding a first shift on Saturdays and Sundays. The Department's constrained request excludes the funding as well as the staffing authorization for the new positions.

The Governor does not recommend funding or authorization for the positions.

Other Salaries and Benefits. The Department requests \$13.7 million from all funds, including \$12.0 million from general revenues for 132.5 full-time equivalent positions. This is \$0.6 million more than enacted, including a general revenue increase of \$0.9 million. Consistent with the revised request, the request includes \$0.3 million from general revenues to correct a cost allocation. As part of the consolidation of capital project management, the enacted budget had assumed full funding from the Departments of Transportation, Corrections and Behavioral Healthcare, Developmental Disabilities and Hospitals; however, based on where certain work is being performed, the Department can only charge the agencies based on an adopted square footage cost of their facilities. Costs that are not allocated to the agencies are covered by general revenues.

All other general revenue costs are \$0.6 million more, including \$45,000 more for overtime, \$0.3 million to restore turnover savings for which the enacted budget assumed \$0.7 million and \$0.2 million for statewide benefits, offset by the annualized value of the cost-of-living adjustment and benefit rates consistent with the FY 2017 planning values. The request also includes \$0.1 million to upgrade positions for the following trades: carpenters, electricians, plumbers, painters and steamfitters. This is consistent with the memorandum of settlement agreement reached in April 2014, which required a wage adjustment for certain trades. The enacted budget did not assume this cost, as the personnel classification and compensation study was underway. The Department indicates that in October 2015, it received sufficient information from the vendor to include the wage adjustment in the request.

Consistent with the revised request, the request is 5.0 more positions than enacted, reflective of positions transferred from the Departments of Transportation and Behavioral Healthcare, Developmental Disabilities and Hospitals. The enacted budget included the positions in the respective agencies, as the Department had not finalized the plan for the consolidation. The positions are now included in the Department of Administration, which it indicates will allow the Division the flexibility to assign specific tasks to the individuals.

The Department's constrained budget shifts \$1.3 million of general revenues for salary and benefit costs for 10.0 full-time positions to Rhode Island Capital Plan funds. The Department indicates that the positions would be entirely dedicated to the development, oversight, and completion of capital projects. The Department further notes that the intent of this initiative is to develop a system to capture the time spent on various projects in a transparent means. If the initiative is adopted, a billing methodology will be developed to charge staff time to individual projects. Rhode Island Capital Plan funds have been limited to use on physical assets. The funds were used nearly exclusively for debt service in the early 1990s. The voters approved a constitutional amendment in 2006 to allow the funds to be used solely for capital projects beginning in FY 2008. This initiative was included in the Department's FY 2013 through FY 2015 budget requests; they were rejected by the Assembly.

The Governor recommends \$56,188 less from all funds than requested to reflect statewide medical benefit savings. The recommendation includes the proposal to charge staff time to Rhode Island Capital Plan funds. The methodology for the charges has not been provided, nor do project costs appear to have been increased to accommodate the additional expense.

Utilities. The Department's request projects utility costs of \$18.9 million from all funds, including \$16.0 million from general revenues at state buildings under the jurisdiction of Capital Asset Management and Maintenance, including the Pastore Campus. The projection is 2.0 percent or \$0.3 million more than FY 2016 anticipated costs and is \$1.1 million or 6.1 percent more than FY 2015 reported expenditures of \$17.8 million. The request is \$1.4 million less than enacted, including \$1.1 million less from general revenues. This reflects savings of \$0.7 million from natural gas based upon decreased consumption, and \$0.6 million less for oil to reflect current pricing. Remaining costs are \$0.1 million less, primarily from electricity.

The Governor recommends \$0.7 million less from general revenues than requested, reflecting the allocation of savings from the electricity procurement initiative noted previously.

Snow Removal. The Department requests \$1.0 million from all funds for snow removal costs; all but \$146,000 is from general revenues. The Division of Capital Asset Management and Maintenance is responsible for the snow removal of facilities located on the Capital Center, including the State House, Departments of Administration, Transportation and Health, Chapin Lab, as well as the Washington Government Center and several other buildings. The request is \$0.9 million more than enacted, of which \$0.4 million would be used to fund snow removal at the last three year's average costs. The remaining \$0.5 million is to increase the frequency of snow removal and snow removal costs at the Pastore Center, which was previously done by the Department of Corrections. The Division indicates that snow removal on state facilities is its responsibility, and that it previously received complaints that sometimes snow removal was not properly performed, thereby creating a liability. It should be noted that the Department of Corrections' budget request does not assume a savings from no longer performing this task.

The Department's constrained request assumes \$0.5 million less, which it indicates would result in reduction in frequency and quality of snow removal. FY 2015 reported expenditures were \$0.8 million.

The Governor recommends \$0.4 million more than enacted, to concur with the Department's constrained proposal.

Facility Charges. The Facilities Management billings are based upon occupied square footage and human services is billed based upon the number of filled positions by agencies. The Department indicates that when this structure was established in 2007, programs funded with restricted receipts within the Department were not billed. The request assumes \$356,549 in facility charges for centralized services for facilities and human resources from various programs, including the Office of Energy Resources and Contractor's Registration Board. *The recommended budget does not appear to have included this initiative.*

Building Maintenance. The Department requests \$3.0 million from all funds for building maintenance expenditures; all but \$0.3 million is from general revenues. This is \$1.1 million more than enacted, including \$1.0 million from general revenues. The Department attributed some of the increase to now performing maintenance of group homes currently under the purview of the Department of Children, Youth and Families and the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The Department indicates that if this initiative is adopted, the Governor's budget recommendation will reflect some savings from the aforementioned departments. The additional funds will also be used to address maintenance that the Department indicates has been deferred. As noted earlier, the Department requests additional positions to perform maintenance related tasks and indicates that it will be undertaking a higher level of both preventive and emergency maintenance. It indicates that if the positions are not authorized, it will rely on contractors to perform some of the work.

The Department's constrained request assumes \$0.1 million less for building maintenance costs. *The Governor recommends \$1.0 million more than enacted from all funds, which is \$0.1 million less than requested to concur with the Department's constrained proposal.*

Staff Training Initiatives. Consistent with the FY 2016 revised request, the Department requests expenditures of \$145,578 from all funds, including \$128,417 from general revenues to provide training and education of its staff in the Division of Capital Asset Management and Maintenance. The Department notes that one of the initiatives will include training and certifying staff to use certain machinery. Currently, certain jobs are delayed and or contracted out, which the Department indicates increases overall operating costs. Certifying staff will allow it to perform certain functions in-house. *The Governor recommends funding as requested.*

Other Operating. The Department requests \$6.2 million from all funds, including \$5.3 million from general revenues for all other expenditures for the Division of Capital Asset Management and Maintenance. This is \$232,953 more than enacted, of which \$219,447 is from general revenues. Expenditures for the operations of the central power plant account for more than 40 percent of the request and are projected to be \$0.2 million less than enacted and are \$0.1 million more than the FY 2016 revised request. The contract for the operations of the power plant has two components: the direct labor paid, which is a fixed amount, and consumables, which depend on repair costs. The Department notes a recent renegotiation resulted in a savings of approximately 10 percent.

This savings was offset by increases of \$75,000 for computers, printers and two software maintenance agreements, which the Department indicates it has not purchased; \$40,000 to purchase a snow plowing vehicle; \$50,509 for property insurance costs, for which the enacted budget included \$475,391 and FY 2015 reported expenditures were \$500,838. All other costs are \$0.2 million more than enacted, which the Department indicates is based on ongoing needs. Consistent with the revised request, the FY 2017 request includes \$851,500 for janitorial services and supplies, which is \$15,735 more than enacted and is \$73,411 more than FY 2015 reported expenditures.

The Department's constrained request reduces costs for janitorial services by \$0.1 million. The constrained request is \$12,354 less than FY 2015 reported expenditures. *The Governor recommends \$0.1 million more than enacted, which is \$0.1 million less than requested to concur with the Department's constrained proposal.*

Division of Information Technology

The Division of Information Technology was created by an executive order in 2004 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 Governor proposes legislation in Article 4 of 2016-H 7454 to replace the current Division of Information Technology with the Division of Enterprise Technology Strategy and Services to be managed by the chief of digital excellence. The Division will also consist of the following offices: Information Technology and Digital Excellence.

Office of Digital Excellence. The request includes \$1.0 million from general revenues to support 7.0 full-time positions and operating expenses for the Office of Digital Excellence. This is \$56,088 less than enacted including \$78,423 more for the annualized value of the cost-of-living adjustments that occurred in October 2015 and for benefit rates consistent with FY 2017 planning values. This is offset by \$57,401 for staff time allocated to the Unified Health Infrastructure Project and turnover savings of \$77,029, for which the enacted budget did not assume any. As of the last pay period in December 2015, the Office had two positions vacant.

The 2012 Assembly adopted legislation to create the Office of Digital Excellence within the Department of Administration. The request reflects the transfer of the Office from Central Management to the Division of Information Technology. The Department notes that this transfer will enable it to recoup certain costs as part of the billed rates or the statewide cost allocation plan.

The request includes \$49,919 for operating expenses, which is \$81 less than enacted to reflect statewide savings from telephones. *The Governor concurs, with exception of providing \$1,871 less from general revenues to reflect additional statewide medical benefit savings.*

Cybersecurity Unit. In May 2015, Governor Raimondo issued an executive order to establish a Cybersecurity Commission, consisting of 15 members from various state agencies and the private sector. The Commission was tasked with: creating a framework for coordinated response, simulation testing, conducting an assessment of the current cybersecurity workforce development and education activities in the state, including curricula, certificates, and training credits offered and developing an inventory of existing businesses in the cybersecurity industry within the state. Funding for this was not included in the Department's request.

The Governor's budget includes \$0.8 million from general revenues to fund a Cybersecurity Unit within the Department of Administration. This includes \$0.3 million in funding for a director of cybersecurity position as well as funding for consultants and providing cybersecurity training for employees. The FY 2016 revised and FY 2017 recommended budgets also include \$50,000 in the Military Staff's budgets for potential cybersecurity events.

Electronic Permitting System. The revised budget includes \$527,000 from general revenues from FY 2015 unspent funds for the purchase or lease and operation of a web-accessible plan review management and inspection software system. This would create a standardized system available to the State Building Code Commission and all municipalities and fire districts. A vendor has been selected for the development of the system and the Department hopes to have phase I, which includes permits for building and fire codes of ten municipalities: Cranston, Newport, North Kingstown, North Providence, North Smithfield, Pawtucket, Warwick, West Warwick, Westerly and Woonsocket completed by the first quarter of calendar year 2016 and the remaining municipalities by the end of the fiscal year. The FY 2016 enacted budget also included \$250,000 from the Information Technology Investment Fund for the system, which the Department revised to \$750,000. The Department's five-year plan includes \$2.8 million for the system; this brings total support to \$3.3 million.

The Governor recommends an additional \$0.5 million from general revenues to expand the system to include 25 additional communities by the end of FY 2017.

Financial Accounting Network System. The Department requests \$2.0 million from general revenues for ongoing maintenance and support of the state's financial accounting network system. The request is \$274,507 more than enacted, which includes \$323,729 for salaries and benefits, of which \$24,613 is for benefit rates consistent with FY 2017 planning values, \$95,272 to restore turnover savings for which the enacted budget included \$141,620 and \$0.2 million to fund a new database administrator position. The request reflects a savings of \$100,000, for which the enacted budget included \$225,000 for contracted information technology services assuming filling of the database administrator position. It should be noted that the Department has historically stated difficulties in filling this position. The system is currently supported by 3.5 full-time equivalent positions; however, one of the positions is vacant.

Operating costs are \$45,957 more than enacted, of which \$42,535 is for software maintenance agreements, consistent with the current service estimate. *The Governor concurs, with the exception of providing \$1,890 less general revenues to reflect statewide medical benefit savings.*

Information Technology Investment Fund. The Department requests \$11.4 million from the Information Technology Investment Fund, \$2.2 million more than enacted. This fund was created by the 2011 Assembly for acquiring information technology improvements, including, but not limited to, hardware, software, and ongoing maintenance. The 2012 Assembly transferred \$9.0 million into the fund. The 2014 Assembly adopted legislation to transfer an amount of not less than \$10.0 million from tobacco bond refinancing proceeds into the fund; proceeds were \$26.3 million, and the Assembly also adopted legislation to transfer 10.0 percent of the \$1.00 monthly surcharge on wireless and land lines into the fund, effective July 1, 2015, which is estimated to generate \$1.5 million annually.

The Information Technology Investment Fund Review Committee consists of five members: chief information officer, chief digital officer, director of the Office of Management and Budget or designee, a designee from the Department of Administration and the chief financial officer of the Department of Administration who approves all the projects. According to the policies and procedures adopted for use of the fund, priority is given to projects that benefit multiple agencies.

Of the \$11.4 million requested, \$9.0 million is for projects under the purview of the Office of Digital Excellence for the Data Center, cyber security upgrades, a new software system for asset management and several other projects. The remaining \$2.4 million is for the third and final year of support for the Unified Health Infrastructure Project, for total funding of \$6.4 million, consistent with the 2015 Assembly's intent for use of the fund.

The Governor recommends \$2.4 million less than requested to reflect a shift to FY 2016 of funding planned for the Unified Health Infrastructure Project.

Other Staffing. The Department requests expenditures of \$24.1 million from all funds, including \$15.6 million from general revenues to fund the remaining 184.0 full-time positions in the Division of Information Technology. This is \$0.4 million more than enacted, including \$0.5 million from general revenues and 3.0 fewer positions to reflect the transfer of an administrator of financial management, a supervisor of financial services and a chief implementation aide to realign financial services within Central Management.

The request includes the statewide benefit savings and benefit rates consistent with the planning values for FY 2017. The request is \$0.2 million more than the current service estimate to reflect the restoration of turnover savings. It assumes turnover savings of \$1.2 million from salaries and benefits. As of the last pay period in December 2015, the Division had 16.0 positions vacant. *The Governor recommends \$0.1 million less from general revenues than requested, reflective of statewide medical benefit savings.*

Other Operating. The Department requests \$5.4 million from all funds, including \$3.3 million from general revenues for all other expenses for the Division. Software maintenance and telephone expenditures

account for approximately 40 percent of the requested amount. The request is \$39,070 less than enacted from all funds, including \$16,270 less from general revenues. This includes \$204,500 more for internet services, for which the enacted budget included \$0.5 million. The Department indicates that it is in the process of moving services from Verizon to Cox Communications; however, due to delays in moving the lines from Verizon, it anticipates paying a higher fee. Reported expenditures for internet services were \$0.7 million in FY 2015. This increase was offset by various reductions, including software maintenance and statewide savings for telephones. *The Governor recommends funding as requested.*

Human Resources

Staffing. The Department requests \$10.4 million from all funds, including \$7.7 million from general revenues for salary and benefit costs to fund 95.5 full-time equivalent positions in the Division of Human Resources. This is \$329,382 more than enacted and the authorized level of staffing. In addition to adjustments for the annualized value of the cost-of-living adjustment that occurred in October 2015 and other current service adjustments, the request adds \$0.2 million to reduce turnover savings from the enacted level of \$0.6 million.

In 2013, a comprehensive personnel study found that the current structure, organization and staffing of the Division of Human Resources is not sufficient to support the state's need, the recruiting process is highly paper-based, job classification structures do not reflect qualifications to deliver the services, and the compensation structures are non-competitive. The study included a total of 16 recommendations, including restructuring the division to be headed by a new chief of human resources that will be dedicated to establishing strategic direction and developing policies. The Department filled that position in December 2013.

The Department indicates that the Division is moving forward with implementing other recommendations from the study and that the first phase is to implement an Office of Human Resource Liaisons, which will serve as the primary point of contact for all departments. *The Governor concurs, with the exception of providing \$21,870 less from general revenues to reflect statewide medical benefit savings.*

Personnel Classification and Compensation Study. The Department requests \$250,000 to obtain outside services to redesign the state's classification and compensation system. The goals of the study are to increase the state's ability to attract and maintain a high quality workforce and increase flexibility within the classification and compensation systems. This request is \$250,000 less than the enacted budget and brings total funding to \$1.2 million; however, the total cost of the study is \$0.8 million. The Department indicates that services for implementation of the study once it is completed, which is expected in spring 2016, will be acquired. The vendor is currently working on the job descriptions. *The Governor recommends funding as requested.*

Parental Leave. The Governor's budget includes \$750,000 from general revenues for a "parental leave" initiative. No further documentation for intended use has been provided.

On-Line Recruiting Software. Consistent with the revised request, the Department includes \$0.1 million from general revenues for annual costs associated with the state's on-line recruiting software subscription. The Department indicates that transitioning to an on-line recruitment has saved numerous staff hours from collecting and copying of resumes, and has resulted in a user friendly system to apply for jobs. The software was purchased from the Information Technology Investment Fund. *The Governor recommends funding as requested.*

Staff Training Initiatives. The Department's request includes new general revenue expenditures of \$0.1 million to obtain outside services for the development of training programs to be consistent with agencies' strategic goals. Funding will also be used for a learning management system, which is a software

application for tracking, reporting and documenting electronic educational technology courses. The selected vendor will also be responsible for evaluating current training programs and providing recommendations. The Department's constrained request removes the funding. *The Governor recommends funding as requested.*

Other Operating. The Department requests \$221,001 from all funds, including \$187,458 from general revenues for all other expenses for the Division. This is \$47,185 less than enacted, including \$21,081 from general revenues for adjustments for mileage reimbursement, printing and office supplies to reflect anticipated expenditures. The request is \$14,249 more than FY 2015 reported expenditures and \$7,800 less than the revised request to reflect one-time costs for office furniture. *The Governor recommends funding as requested.*

Accounts and Control

Staffing and Operating. The Department requests \$4.2 million from general revenues for staffing and operating costs for the Office of Accounts and Control. The request includes \$4.1 million to fund 37.0 full-time equivalent positions, the authorized level. This is \$79,868 more than enacted, including \$84,088 to reflect the annualized value of the cost-of-living adjustment that occurred in October 2015 and benefit changes consistent with FY 2017 planning values. The request increases turnover savings to \$111,425 compared to the enacted level of \$40,439. The turnover savings is equivalent to 1.0 position and the Office has maintained two vacancies since submitting the budget request.

The request includes \$139,445 for all operating costs, \$4,220 less than enacted, including \$1,743 less to reflect anticipated expenditures for membership dues for the National Association of State Auditors, Comptrollers and Treasuries as well as fees associated with state employees obtaining or viewing their paystubs online. This is a fee based system, with a charge of \$0.05 for each direct deposit. This equates to an annual cost of \$1.30 per employee. *The Governor concurs, with the exception of providing \$12,578 less from general revenues to reflect statewide medical benefit savings.*

Purchasing

Staffing and Operating (1.0 New FTE). The Department requests \$3.2 million from all sources, including \$3.1 million to fund salary and benefit costs for 31.0 positions in the Division of Purchasing. This is \$106,747 more than enacted and 1.0 position more than authorized to reflect a new administrative officer position, which the Department indicates it has filled. The request includes the annualized value of the cost-of-living adjustment that occurred in October 2015 and benefit rates consistent with the planning values for FY 2017. The request reflects a shift of \$87,847 previously reimbursed from the Office of Postsecondary Commissioner for two positions in the Division of Purchasing for processing procurements for higher education projects. The Department indicates that the Office has requested less service from the Division. The request funds one position as well as partial salary and benefit costs of other staff providing services to the Office. The request assumes \$147,101 in turnover savings, \$30,695 more than enacted. As of the last pay period in December 2015, the Office had 5.0 positions vacant and the Department indicates that turnover savings from filling those vacancies at lower pay will support the added administrative officer position.

The request includes \$93,710 for all operating costs, which is \$1,016 less than enacted. This includes \$15,000 for outside legal services to examine the Division of Purchasing's procedures and regulations. The Department indicates that the examination is needed in order to reduce the number of protests, reissuing procurements, cancellations and change orders. This increase was offset by various reductions for waste disposal and statewide savings from telephone and postage. *The Governor concurs, with the exception of providing \$10,807 less from general revenues to reflect statewide medical benefit savings.*

Office of Management and Budget

Consolidation of Internal Audit. The Department proposes to consolidate internal auditing functions, including the Front End Detection/Fraud Waste Investigation, Quality Control and Program Integrity, which are currently performed in several agencies, into the Office of Management and Budget. The Department indicates that this consolidation will increase efficiency and decrease fraud and waste. This proposal reflects the merger of the 12.0 positions from the Bureau of Audits, 8.0 positions from the Department of Transportation, 13.0 positions from the Department of Human Services, 13.0 positions from the Executive Office of Health and Human Services and 1.0 each from the Office of Postsecondary Commissioner and the University of Rhode Island. It should be noted that the information submitted with the budget request had assumed different staffing, which the Department subsequently revised to reflect updated data.

The request includes \$6.2 million from all funds, including \$3.4 million from general revenues for staffing and operations and establishes the following offices: Performance Audit, which will be responsible for the audit of state departments and agencies and higher education entities; Continuous Auditing, for the ongoing control assessment and ongoing risk assessment of key process controls; and Investigations will be responsible for a statewide fraud detection system, and ensuring accountability and compliance of all state programs, including Medicaid, by detecting and preventing fraud, waste, and program abuse.

The enacted budget included \$6.4 million from all funds for staffing of 55.0 full-time equivalent positions from the aforementioned agencies. The request includes \$5.8 million for staffing costs of 48.0 full-time equivalent positions. This assumes the elimination of 7.0 full-time equivalent positions for a savings of \$0.6 million from all funds, including \$0.3 million from general revenues. The request includes \$0.4 million for operating costs, including of \$38,160 from general revenues, \$26,950 from other funds and \$300,000 from restricted receipts for the auditing of quasi-public corporations, which current law allows the Chief of the Bureau of Audits to charge a reasonable cost.

Agency	Program	Budget Request	Staff Follow-Up	Gov. Rec. Transfer	Governor's	
					Program Reduction	Gov. Rec. Transfer
Bureau of Audits		12.0	12.0	12.0	-	12.0
Department of Transportation		6.0	8.0	8.0	(1.0)	7.0
Executive Office of Health and Human Services	Program Integrity	12.0	13.0	-	-	-
	Front End Detection /Fraud					
Department of Human Services	Investigation	9.0	8.0	10.0	(1.0)	9.0
Department of Human Services	Quality Control	6.0	5.0	-	-	-
Office of Post-Sec. Commissioner		1.0	1.0	1.0	-	1.0
University of Rhode Island		2.0	1.0	1.0	-	1.0
Total		48.0	48.0	32.0	(2.0)	30.0

The Governor recommends \$2.3 million less than requested, including \$1.2 million less from general revenues to reflect that 16.0 fewer positions are transferred. The Budget assumes savings of \$0.2 million, including \$0.1 million from general revenues from the elimination of 2.0 vacant positions.

The Governor proposes legislation in Article 4 of 2016-H 7454 to repeal the Bureau of Audits and establish the Office of Internal Audit within the Office of Management and Budget. The Office of Internal Audit is authorized to conduct audits of any state department, agency or private entity that is a recipient of state funding or state grants. The Office is also tasked with evaluating the efficiency of operations and internal controls, preventing and detecting fraud, waste, abuse or mismanagement of funds. The Assembly adopted new RhodeWorks legislation in 2016-H 7409, Substitute A, as amended that the Governor signed into law on February 11, 2016. The legislation transfers the Department of Transportation's external audit staff to the Department of Administration.

Fraud and Waste Data Tool Revenue Enhancement. As part of the constrained budget request, the Office of Management and Budget is proposing to invest \$1.0 million to purchase a fraud and waste data tool that will combine data across agencies including the Department of Labor and Training, the Department of Revenue and health and human service agencies to detect fraud and waste. The Department indicates that one of the data that could be shared is quarterly wage information to detect income tax fraud. The request assumes \$0.5 million for annual service agreements. The Department estimates that this could generate \$5.0 million in new revenues, which it previously indicates was based on New York's implementation of a similar fraud prevention tool. The Department indicates that the estimate utilized the total revenue that the state is currently forecasting for FY 2016, and utilized the 2012 Internal Revenue Service tax gap estimate. It assumed that the state is currently not receiving 15 percent of the tax gap wages on individual income due to wage reporting issues and 5.0 percent on sales and use tax. The savings assumed a collection rate of 35 percent on the individual income and 20 percent on sales tax. *The Governor recommends funding as requested; the Budget assumes the revenues.*

Office of Regulatory Reform. The Department requests \$0.7 million from general revenues, \$144,416 more than enacted for staffing and operating costs of the Office of Regulatory Reform. Of the increase, \$76,256 would be used to fund two temporary positions for the whole year; however, pursuant to Section 10 of the FY 2016 Appropriations Act, a seasonal or intermittent position cannot exceed 26 consecutive weeks or 925 hours. Subsequently, the Department indicates that the funds will be used to fill a current vacancy as well as funding for an intern. The Department notes that the temporary positions would assist with policy initiatives and research to help the Office fulfill its responsibilities. The request includes \$60,379 to upgrade three positions for the Office and \$11,290 for the annualized value of the cost-of-living adjustment that occurred in October 2015 and benefit rates consistent with FY 2017 planning values. The enacted budget assumed staffing of six positions; the request appears to have shifted a position to the Office of Performance Management. As of the last pay period in December 2015, the Office had one position vacant. The request reduces turnover savings by \$28,355.

Consistent with the revised request, the Office requests \$4,797 for remaining expenses, \$53 less than enacted. *The Governor concurs, with the exception of providing \$1,995 less from general revenues to reflect statewide medical benefit savings.*

Office of Performance Management - 3.0 New Positions. The Department's request includes \$0.4 million from general revenues to fund 3.0 new positions in the Office of Performance Management. The request assumes that the positions would be filled in December 2015, and the FY 2016 revised request includes \$0.2 million for eight months of funding. The Department indicates that the positions are requested in order to increase the scope and frequency of performance management. The additional staff will analyze departmental performance data and provide management support to agencies. *The Governor recommends funding and staffing authorization as requested.*

Transparency Portal - Open Performance. In 2013, the state implemented a transparency portal, which contains data on state expenditures. It also includes financial reports, audits, forms, and other financial information, such as grants and quasi-public agency expenditures. The portal contains various sections, including the Performance Measures, where data on state programs can be obtained. The Department's request did not include funding for modifying the Performance Measures section of the portal.

The Governor recommends \$120,000 from general revenues to make modifications to the portal, tying performance measures to the departments' new strategic plans. This includes one-time costs of \$80,000 for the development and \$40,000 for annual hosting cost.

Transition Employment Grant. The Pay for Service Pilot program is intended to increase employment and reduce recidivism of formerly incarcerated individuals. The project will provide skills development employment training and access to transitional jobs and permanent employment. Grant payments will be

made to service providers after outcomes have been achieved. *The Governor's budget includes \$0.5 million from general revenues for transitional employment grants for approximately 75 to 100 formerly incarcerated people. Funding is included in the Office of Management and Budget.*

Other Staffing. The Department requests \$3.4 million from general revenues for salary and benefit costs of 23.0 full-time equivalent positions, one more than authorized for the Office of the Director of Management and Budget, the Budget Office and the Office of Performance Management. The request is \$0.1 million more than enacted and reflects statewide benefit savings, offset by the value of the cost-of-living adjustment and benefit rates consistent with FY 2017 planning values. The request includes authorization but not funding for an associate director of finance position; the costs are allocated to other agencies. The Department has not provided a reason for this inclusion. Consistent with the enacted budget, the request assumes \$0.2 million in turnover savings.

The Governor concurs, with the exception of providing \$8,517 less from general revenues to reflect statewide medical benefit savings.

Other Operating. The Department requests \$242,414 from general revenues for all other expenses for the Office of Management and Budget. This is \$45,358 less than enacted, including \$50,000 less for outside legal costs to assist the Office with review and recommendations of regulations and general laws. All other remaining expenses are \$4,642 more to reflect adjustments for staff training, printing and travel costs. The request includes the enacted amount of \$0.1 million for the Statewide Lean Processing Grant Program, which will be administered by the Office of Management and Budget. Agencies will submit applications to the Office and the agencies will be able to use these funds to conduct Lean Processing activities. As of December 2015, 11 lean initiatives have been completed, including banking licensure and architect and engineer licensure for the Department of Business Regulation, hearing process for the Division of Motor Vehicles and pothole claims for the Department of Transportation. The Department also conducts training sessions for state employees on lean tools. *The Governor recommends funding as requested.*

Statewide Planning

Staffing. The Department requests \$3.1 million from all funds including \$1.4 million from general revenues for salary and benefit costs for 26.0 full-time equivalent positions for the Division of Planning. This is \$350,061 more than enacted and 1.0 position less than the authorized level. Of the increase, \$261,551 is to restore the enacted amount of turnover savings, of which \$136,192 will be used to fund an existing principal supervising engineer position at the Water Resources Board and \$106,611 is for an existing principal planner. The request includes the annualized value of the cost-of-living adjustment that occurred in October 2015 and benefit rates consistent with FY 2017 planning values. Of the remaining increase, \$39,041 is from general revenues; the Department indicates that the allocation of projects approved by the Federal Highway Administration has been including a greater share of the planning work being allocated to general revenues. The request does not assume any turnover savings and as of the last pay period ending in December 2015, the Division had four positions vacant.

The constrained request assumes \$242,804 of turnover savings from leaving the aforementioned principal planner and the principal supervising engineer positions vacant. *The Governor recommends funding consistent with the constrained proposal to maintain two additional vacancies.*

Water Allocation Plan. The Department requests \$0.1 million from general revenues to restore funding for the Water Allocation Plan, which consists of multiple projects that involve hydrologic and geological data collection, watershed and water system investigations, including groundwater and surface water modeling. These projects are a partnership between the Board and the United States Geological Survey intended to develop water management and allocation strategies based upon best available science.

Funding for this plan had previously been provided; however, the Department's FY 2015 budget request removed the funding to save general revenues; the Governor and the Assembly concurred.

The constrained budget excludes funding for the plan. *The Governor excludes the funding, consistent with the Department's constrained proposal.*

Big River Student Tuition Reimbursement. Consistent with the revised request, the FY 2017 request includes \$20,000 from general revenues to pay tuition to the Exeter/West Greenwich Regional School District for a student living in the Big River Management Area. The Water Resources Board is responsible for paying the tuition costs for students living in the Big River Management Area who attend surrounding schools. The request is based on the 2012-2013 school year per pupil cost calculation. The Department indicates that FY 2016 is the first request for reimbursement it has received since the Water Resources Board was merged into the Department in FY 2012.

The constrained budget excludes the funding. *The Governor does not fund this expense for FY 2017, but the FY 2016 revised budget includes the funds.*

Other Operations. The Department requests \$2.4 million for all other expenses for the Division of Planning. This is \$0.4 million less than enacted, including \$2,129 from general revenues for office supplies, travel and postage; \$0.1 million less from federal funds and \$0.3 million less from other funds, which are reimbursed by the Federal Highway Administration through the Department of Transportation for planning related projects. The Transportation Advisory Committee advises the State Planning Council on transportation planning and encourages public participation in the process. The Committee also reviews and provides input into the transportation planning documents that are the responsibility of the State Planning Council including the Ground Transportation Plan and the Transportation Improvement Program. This reduction is consistent with the revised request. *The Governor recommends funding as requested.*

Office of Library and Information Services

Interlibrary Delivery System. The Department requests \$821,000 from all funds for the interlibrary delivery system, which includes the delivery of books, audio/visual materials and other resources which are shared between and among more than 180 public libraries, academic libraries, state institution libraries, school libraries and other special libraries, such as the Rhode Island Historical Society. The request is \$54,550 more than enacted including \$79,550 from general revenues, of which \$17,400 is to reflect current service estimates and \$62,150 is to backfill potential loss of federal funds. In May 2015, the Administration entered into a new contract for delivery services, which increased from \$6.90 to \$24.53 per stop, effective May 1, 2015. Reported expenditures were \$376,802 in FY 2014 and \$414,679 in FY 2015.

The constrained request excludes the \$62,150 added to offset any federal grant losses. *The Governor recommends \$17,400 from general revenues, consistent with the current service estimate.*

Staffing. The Department requests \$1.5 million from all funds for salary and benefit costs of 13.0 full-time equivalent positions for the Office of Library and Information Services. This is \$120,044 more than enacted and includes the authorized level of positions. Of the increase, \$100,873 is to restore turnover savings for a library program specialist position, which has been vacant for approximately two years. The request includes the annualized value of the cost-of-living adjustment that occurred in October 2015 and benefit rates consistent with FY 2017 planning values. As of the last pay period in December 2015, the Office had two positions vacant.

The Governor recommends \$1,996 less than requested from general revenues, reflective of statewide medical benefit savings. She also includes legislation in Article 4 of 2016-H 7454 amending current law to place the Office of Library and Information Services within the Division of Enterprise Technology

Strategy and Services and requires the chief of library services to be under the supervision of the chief of digital excellence.

Overhead Functions

Office of Diversity, Equity and Opportunity. The Department requests \$1.4 million from all funds, including \$1.3 million from general revenues for staffing and operating costs for the Office of Diversity, Equity and Opportunity. This is \$200,978 more than enacted and staffing consistent with the authorized level of 9.0 full-time positions. The request includes \$0.1 million more for salaries and benefits, including new expenditures of \$26,108 for an intern, \$80,986 to restore the enacted turnover savings, the annualized value of the cost-of-living adjustment that occurred in October 2015 and benefit rates consistent with the FY 2017 planning values. As of the last pay period ending in December 2015, the Office had two positions vacant.

The request includes \$139,160 for operating costs, \$81,657 more than enacted. Consistent with the revised request, the request includes \$53,500 to centralize outreach advertising expenditures in the Office of Diversity, Equity and Opportunity. It also includes \$30,000 for conference and training related activities, which the Office indicates would reduce potential claims of discrimination in the workplace. All other costs are \$1,843 less to reflect adjustments for mileage reimbursement and postage.

The Governor concurs, with the exception of providing \$3,480 less from general revenues to reflect statewide medical benefit savings.

She also includes legislation in Article 4 of 2016-H 7454 to establish the Office in statute; the Office is currently operating under an executive order. The legislation also places the State Equal Opportunity Office under the administrative supervision of the Office of Diversity, Equity and Opportunity instead of the Division of Human Resources and requires the Office of Personnel Administration to consult with the Office in preparing a comprehensive plan to maintain and secure equal opportunity. It also adds the associate director of the Office as a member of the Labor Relations Committee, which currently consists of five members.

Labor Contract Negotiations. The Department requests \$0.1 million from general revenues in FY 2017 for labor negotiations with the Rhode Island Brotherhood of Correctional Officers union. The Department indicates that arbitration has not started. In April 2014, the Administration reached agreements with its largest unions. *The Governor recommends funding as requested.*

RIPTA Operating Support. The request reflects the removal of \$2.0 million for one-time expenditures for operating support for the Rhode Island Public Transit Authority. *The Governor concurs.*

Community Service Grants. The Department requests \$146,049 from general revenues for six grants administered by the Department. The request is \$825,000 less than enacted to reflect the removal of one-time funding for four grants: \$0.3 million for the Adams Library, \$0.1 million for the Center for Women and Enterprise, \$0.3 million for Central Falls shared services and \$0.1 million for planning support to Cranston. *The Governor recommends funding as requested.*

State Small Business Incentive Credit. The request removes \$4.3 million from federal funds for the State Small Business Incentive Credit Program, to reflect the end of the federal award. In September 2010, President Obama signed into law the Small Business Jobs Act of 2010, which created the State Small Business Credit Initiative and was funded with \$1.5 billion to ramp up state programs that support lending to small businesses. The state was awarded a total of \$13.1 million for this program. The following entities were approved as “participating state programs” and received the following amounts: \$9.0 million for the Slater Technology Fund, \$2.0 million for the Small Business Loan Fund, and \$2.0 million for Betaspring.

Funding for this grant was not transferred to the Executive Office of Commerce last year because the Department of Administration was the original grant recipient for the state. *The Governor concurs.*

Central Management & Building Code Commission (2.0 new FTE). The Department requests \$0.3 million from all funds including \$0.2 million from general revenues to fund 2.0 new positions. This includes \$120,552 for a programming services officer for the Building Code Commission to process permits and compliance reports for building, plumbing, electrical and mechanical construction codes. The request includes \$143,546 for a billing specialist in Central Management to perform billing services in regards to centralized functions, including information technology and human resources. *The Governor recommends funding and staffing as requested.*

Other Salaries and Benefits. The Department requests \$7.2 million from all sources of funds, including \$5.8 million from general revenues for salary and benefit costs for 68.6 full-time equivalent positions to support the following programs: Central Management, Legal Services, Personnel Appeal Board, and Construction Permitting, Approvals and Licensing. The request is \$28,128 less than enacted, including \$42,467 less from general revenues, reflecting additional turnover savings of \$62,914 from Legal Services. As of the last pay period in January, Legal Services had four vacancies.

The request also reflects a transfer of 3.0 full-time equivalent positions, including administrator of financial management, a supervisor of financial services and a chief implementation aide from the Division of Information Technology to Central Management to realign financial services. For billing purposes, funding for the positions remain in the Division of Information Technology. *The Governor concurs, with the exception of providing \$15,044 less from general revenues, reflective of statewide medical benefit savings.*

Building Code Commission Lease. The request includes \$54,805 for rent cost for the Building Code Commission to move to the Foundry Building. The Department indicates that the Department of Environmental Management has sufficient space to accommodate the Building Code Commission staff. Though the Department of Administration's request assumes cost for rent for the Commission, the Department of Environmental Management should reflect a like amount reduction for its rent. The Department indicates that moving the Commission's operation to the Foundry Building will allow the Commission to better serve its clients and that currently several other registration and compliance functions are housed there. *The Governor recommends funding as requested.*

Other Operating. The Department requests \$0.8 million from all sources of funds, including \$0.4 million from general revenues for all other operating expenses. This is \$40,611 more than enacted, including \$41,355 more from general revenues. The request includes \$20,000 for outside legal services for the Personnel Appeal Board and all other costs are \$18,631 more to reflect adjustments for office supplies, postage and mileage allowance. *The Governor recommends funding as requested.*

Capital - Board of Elections Office. Consistent with the Department's capital budget, the FY 2017 request includes \$1.7 million from Rhode Island Capital Plan funds to renovate the Board of Elections' current facility on Branch Avenue in Providence. Planned renovations include exterior improvements, bathroom and carpet repairs, improvements to office space, upgrading the heating, ventilating and air conditioning system and the fire alarm and sprinkler systems, which were deferred, since a prior plan had assumed a new facility for the Board of Elections. The total project cost is \$3.5 million and the capital improvement plan assumes use of \$0.4 million in FY 2016, \$1.7 million in FY 2017 and \$1.4 million in FY 2018. *The Governor does not recommend funding this project.*

Capital - Chapin Health Lab. Consistent with the capital budget, the request includes \$3.3 million or \$2.7 million more than enacted from Rhode Island Capital Plan funds to renovate the Chapin Health Laboratory. Infrastructure updates will include laboratory exhaust retrofit, new decomposition room ventilation, a new boiler system and upgrading the heating, ventilating and air conditioning system. The

current lighting system will also be replaced throughout the building. In 2013, Siemens conducted an analysis of the current HVAC system and recommended that the state retain a “certified hazardous materials firm to investigate the extent of any potential contamination in the building.” The request appears to have restored some of the funding, which had been reduced over the years as the Department awaited the completion of several studies, including the Health Laboratory and the analysis conducted by Siemens. The Department indicates that it received a \$50,000 grant from National Grid to conduct a full assessment of the building’s energy efficiency.

The Governor recommends a total project cost of \$7.2 million, including \$2.0 million in FY 2017. This is \$1.5 million more than enacted and is \$1.3 million less than requested; however, the total project cost is \$0.2 million more than the capital budget request. A detailed analysis of the project is included in the Capital Budget section of this publication.

Capital - Other Projects. The Department requests \$41.1 million from Rhode Island Capital Plan funds for 26 capital projects expenditures, \$1.8 million more than the enacted and is \$8.7 million more than the approved plan. The request is consistent with the capital budget request.

The Governor recommends total capital expenditures of \$41.0 million for 24 projects. A detailed analysis of the projects is included in the Capital Budget section of this publication.

Department of Business Regulation

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Program				
Central Management	\$ 1,326,772	\$ 1,404,483	\$ 1,409,151	\$ 1,405,909
Banking Regulation	1,711,773	1,857,824	2,007,647	1,896,123
Securities Regulation	966,197	984,696	1,111,826	1,107,753
Commercial Licensing, Racing & Athletics	1,220,883	1,288,144	1,443,379	3,223,310
Insurance Regulation	5,763,467	5,314,577	5,809,368	5,799,785
Office of the Health Insurance Commissioner	3,341,757	3,273,824	3,295,886	3,293,573
Board of Accountancy	16,654	6,000	6,000	6,000
Boards for Design Professionals	273,009	263,547	273,725	273,080
Total	\$ 14,620,512	\$ 14,393,095	\$ 15,356,982	\$ 17,005,533
Expenditures by Category				
Salaries and Benefits	\$ 11,045,169	\$ 10,791,750	\$ 11,881,402	\$ 12,229,953
Contracted Services	2,960,317	2,918,332	2,755,000	2,755,000
Subtotal	\$ 14,005,486	\$ 13,710,082	\$ 14,636,402	\$ 14,984,953
Other State Operations	521,288	589,275	626,842	726,842
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	80,000	80,000	80,000	80,000
Capital	13,738	13,738	13,738	1,213,738
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 14,620,512	\$ 14,393,095	\$ 15,356,982	\$ 17,005,533
Sources of Funds				
General Revenue	\$ 9,236,495	\$ 9,135,640	\$ 11,583,939	\$ 12,750,654
Federal Aid	2,795,240	2,768,904	1,100,710	1,100,710
Restricted Receipts	2,588,777	2,488,551	2,672,333	3,154,169
Other	-	-	-	-
Total	\$ 14,620,512	\$ 14,393,095	\$ 15,356,982	\$ 17,005,533
FTE Authorization	98.0	98.0	99.0	104.0

Summary. The Department of Business Regulation requests FY 2017 expenditures of \$15.4 million from all funds, including \$11.6 million from general revenues. The request is \$0.7 million more than enacted, including \$2.3 million more from general revenues, \$1.7 million less from federal funds, and \$0.1 million more from restricted receipts. The Department requests 99.0 full-time equivalent positions, 1.0 more than the authorized level.

The Governor recommends \$17.0 million from all sources, which is \$1.6 million more than requested. Recommended general revenues are \$3.5 million more than enacted and \$1.2 million more than requested. The recommendation includes the requested level of \$1.1 million from federal funds and \$3.2 million from restricted receipts, \$0.5 million more than requested.

She recommends 104.0 full-time positions, 6.0 more than the authorized level and 5.0 more than requested, including 1.0 new position in the Insurance Regulation division and 5.0 new positions associated with the restructuring of the state's medical marijuana program in the Commercial Licensing, Racing, and Athletics division.

Target Issues. The Budget Office provided the Department of Business Regulation with a general revenue target of \$8.7 million. The amount includes current service adjustments of \$0.1 million and a 7.5 percent target reduction of \$0.7 million.

FY 2017 Budget	Budget Office		DBR		Difference
FY 2016 Enacted	\$	9,236,495	\$	9,236,495	\$ -
Current Service Adjustments		114,572		563,885	449,313
New Initiatives		-		1,783,559	1,783,559
Change to FY 2016 Enacted	\$	114,572	\$	2,347,444	\$ 2,232,872
FY 2017 Current Service/Unconstrained Request	\$	9,351,067	\$	11,583,939	\$ 2,232,872
Target Reduction/Initiatives		(693,888)		(1,952,179)	(1,258,291)
FY 2017 Constrained Target/Request	\$	8,657,179	\$	9,631,760	\$ 974,581
Change to FY 2016 Enacted	\$	(579,316)	\$	395,265	\$ 974,581

The constrained budget submitted by the agency is \$1.0 million above the Budget Office target. It includes the elimination of nine positions from the Office of the Health Insurance Commissioner and three unidentified positions from its other divisions.

The Department also includes \$1.1 million in new revenue collections resulting from enhanced enforcement of current law. The proposals to achieve the reductions are noted among the following items, described where appropriate. *The Governor's recommendation is \$4.1 million more than the target.*

Executive Office of Commerce. The 2013 Assembly adopted several pieces of legislation pertaining to economic development, one of which created the Executive Office of Commerce, effective February 1, 2015. The Office oversees and serves as the lead Executive branch agency for managing the promotion of commerce and the state's economy. Also on February 1, 2015, the Office assumed the power to operate functions from the Department of Business Regulation.

In his recommended FY 2015 budget, Governor Chafee included legislation to delay the establishment of the Office and its secretary position to July 1, 2015. The Assembly did not concur. The first Secretary of Commerce was approved by the Senate in February 2015. In her FY 2016 recommended budget, Governor Raimondo did not include Business Regulation as a division of the Executive Office, as intended in the establishing legislation. Instead, the Budget maintained the Department as a separate state agency, falling within the oversight of the Office and the Secretary; the enacted budget reflects this arrangement. *The Governor's recommended budget maintains the Department as an agency separate from the Executive Office of Commerce.*

Efficiency and Transparency Initiatives. Consistent with its revised FY 2016 request, the Department requests \$134,900 from general revenues for Lean process training, professional development, and information technology purchases to expand departmental efficiency and transparency initiatives. This includes \$54,900 for Lean process management training for the Banking Regulation, Securities Regulation, and Insurance Regulation divisions. Also included is \$40,000 for professional development and other

training and \$40,000 for information technology purchases, including large format displays and smart boards, for public postings and advertisement of Commerce Corporation programs and services.

The Department's request appears to be based on internal estimates; its revised FY 2016 request includes funding for the same expenditure items at the same levels. The entirety of the requested funds may not be necessary if information technology purchases are made in the current year. *The Governor recommends funding as requested.*

Medical Marijuana Regulation. Under current law, the Department of Health is responsible for administration of the state's medical marijuana system, including licensing and registration of patients and caregivers. The Department of Health is also responsible regulating the state's three licensed compassion centers.

The Governor includes Article 14 of 2016-H 7454 to significantly restructure the state's medical marijuana program and expand associated regulations. Changes include shifting the licensing and regulation of caregivers and compassion centers to the Department of Business Regulation, establishing additional license types for individuals growing marijuana plants, and instituting a plant tagging system for certain licensed growers. The Department of Health would continue to license patients and would establish a new license for patients' authorized buyers.

The Governor recommends \$1.8 million from all sources and 5.0 new positions in the Commercial Licensing, Racing, and Athletics division for the Department to administer the majority of the medical marijuana program, effective July 1, 2016. The recommendation includes \$1.3 million from general revenues for implementation of a new software system for the tracking of plant tags; \$0.1 million from general revenues for staff training efforts associated with the regulatory changes and institution of the tracking system; and \$0.5 million from new restricted receipts available from caregiver and compassion center license fees for program staffing.

Actuarial Services for Rate Review Filings. Consistent with the revised request, the Department includes FY 2017 expenditures of \$1.5 million from restricted receipts, \$49,000 less than enacted for the costs of actuaries for the Insurance program. The Department renewed its contracts with Deloitte Consulting, Dewesse Consulting, Milliman USA, Oliver Wyman Actuarial, and Merlinos Associates reflective of a recent increase in the number of rate filings. The contracts include a 5.0 percent inflator each year and are in effect through June 30, 2016. The Department indicates that the inflator reflects increasingly more complex rate filings, primarily for long-term care and lender place insurance contracts. The Department is statutorily required to review the rate filings of insurers to determine whether they are inadequate, excessive, or unfairly discriminatory. Licensed actuaries must be used in order to appropriately make such determinations.

The need for actuarial costs has historically been overstated, compared to actual expenditures. The request is \$0.4 million more than FY 2015 reported expenditures and expenses through the first quarter of the fiscal year 2016 totaled \$0.1 million. *The Governor recommends funding as requested.*

Office of the Health Insurance Commissioner – Rate Review Grant Activities. The Office of the Health Insurance Commissioner requests total expenditures of \$2.1 million, \$0.1 million less than enacted from all sources to fund the authorized level of 9.0 full-time equivalent positions and operations costs associated with the Office's insurance rate review activities, which are current funded from federal Rate Review Grant funds. The request shifts \$1.5 million from federal funds to state sources to reflect the grants' expiration on September 30, 2016.

This includes \$0.9 million of staffing costs for 9.0 full-time equivalent positions tasked with researching the state's health insurance market, developing educational materials on rate filings and rate drivers for public consumption, and working with health insurance stakeholders to determine whether rate increases

are appropriate. Also included is the shift of \$0.6 million from federal sources to general revenues for the continued development and support of the Office's consumer-oriented website that publishes health pricing data and the continued maintenance of the Rhode Island Resource, Education, and Assistance Consumer Helpline.

As part of its constrained request, the Department proposes the elimination of the 9.0 full-time equivalent positions funded from federal sources, effective October 1, 2016 for general revenue savings of \$1.0 million. It also proposes the elimination of helpline contracted services and associated operations costs for savings of \$0.6 million. Elimination of the contracted services would effectively shut down the hotline.

The Governor recommends funding the loss of federal funds consistent with the unconstrained request.

Office of the Health Insurance Commissioner - Other Staffing. The Office requests \$0.5 million, which is \$16,187 more than enacted from general revenues for the remaining 3.0 authorized full-time equivalent positions, including the Health Insurance Commissioner. Consistent with the enacted budget and the revised FY 2016 request, no turnover savings are assumed; the Office reports that it anticipates one vacant position will be filled in the current year. The remainder of the request is consistent with current staffing, statewide medical benefit savings, employee benefit selections, and updated Budget Office planning values.

As part of its constrained request, the Office proposes 25 furlough days for these positions for additional savings of \$0.1 million.

The Governor recommends \$2,313 less from general revenues than the unconstrained request to reflect additional statewide medical benefit savings.

Office of the Health Insurance Commissioner - Other Operations. The Office of the Health Insurance Commissioner requests \$0.1 million, which is \$33,229 more than enacted from all sources for all other expenses. This includes \$35,170 more from general revenues, \$1,941 less from federal funds, and the enacted amount of \$11,500 from restricted receipts. The Office reports that the shift to state sources is reflective of the expiration of federal grant funds on September 30, 2016. However, it should be noted that the request includes \$52,734 more from all sources than actual FY 2015 expenditures for these items.

As part of its constrained request, the Department proposes reductions to general office expenditures, and includes \$33,878 of associated savings from general revenues. *The Governor recommends funding consistent with the unconstrained request.*

Gaming Regulation. The Department requests \$0.7 million, which is \$144,205 more than enacted from restricted receipts for costs associated with the regulation of Twin River and Newport Grand casinos. Consistent with the revised request, the request includes \$0.1 million and authorization for 1.0 new full-time pari-mutuel operations specialist position, which it reports is necessary to remain responsive to the needs of the two casinos and to fulfill its statutory obligations. The enacted budget includes authorization for 2.0 pari-mutuel operations specialists. Under current law, the state is reimbursed 150 percent of Department costs for casino regulation.

The request also shifts a portion of salary and benefit costs for three positions assigned to the Central Management division, including the director, senior legal counsel, and executive counsel, and the deputy director of the Securities Regulation division from general revenues to restricted receipts. The Department currently bills the casinos for a percentage of time spent by the deputy director and the two legal positions on a quarterly basis, approximately \$0.1 million annually, which is often understated in the enacted budget. The request allocates costs for 15.0 percent of the positions' hours worked to restricted receipts based on historical hours worked.

The Department includes the requested shift of costs for 10.0 percent of the director's hours worked to reflect anticipated needs associated with casino regulation resulting from the construction of a hotel at Twin River casino and the potential move of Newport Grand Casino to Tiverton.

The request includes \$3,000 less for postage, which is more reflective of historical expenditures than funding included in the enacted budget, but still \$7,740 more than FY 2015 expenditures and \$5,482 more than FY 2014. *The Governor recommends funding as requested.*

Other Salaries and Benefits. The Department requests \$9.0 million, which is \$0.6 million more than enacted from all sources for salary and benefit costs for the remaining 81.2 full-time equivalent positions. This is \$0.6 million more from general revenues and \$29,851 more from restricted receipts. The request restores \$0.5 million of the \$0.8 million of turnover savings included in the enacted budget and assumes approximately six vacant positions will be filled at lower salary levels in the current year. Consistent with the revised request, the Department includes a salary increase for the director as approved at a public hearing in July 2015, the elimination of the administrator of financial management position assumed in the enacted budget; and the creation of an assistant director of financial and contract management position, as approved by the Department of Administration in May 2015. The Department underspent budgeted salaries and benefits in FY 2015 by \$0.4 million due to greater than anticipated turnover savings. Excluding a vacant position in the Office of Health Insurance Commissioner, the Department reported 16.0 vacancies as of the pay period ending November 14, 2015.

As part of its constrained request, the Department proposes \$0.3 million in general revenue savings from the elimination of 2.0 unidentified positions; \$0.1 million is included in Central Management for the elimination of 0.8 of a non-revenue generating position and \$0.2 million is included in the Insurance Regulation division for the elimination of 1.2 positions.

The Governor recommends \$0.1 million less from general revenues than the unconstrained request, including \$0.1 million of turnover savings in the Banking Regulation division, equivalent to 1.2 positions, and \$26,420 in additional statewide savings.

The recommendation adds 1.0 new senior insurance analyst position in the Insurance Regulation division and assumes one Banking Regulation vacancy unfunded in the enacted budget will be filled. The Budget includes \$0.4 million in additional revenues associated with banking and insurance examinations.

Other Operations. The Department requests \$0.6 million, which is \$31,560 less than enacted from all sources for all other departmental operations. This includes \$9,940 more from general revenues and \$41,500 less from restricted receipts. The request is essentially consistent with FY 2015 expenditures from general revenues, includes an increase reflective of the licensing fee for the Department's e-licensing software, and reflects anticipated reimbursable expenses associated with the regulation of the banking, insurance, and securities industries. *The Governor recommends funding as requested.*

Target - Enhanced Fee and Assessment Collections. As part of its constrained request, the Department proposes enhanced collections of insurance fees and assessments through the active billing of insurance companies licensed to write policies in Rhode Island but domiciled in other states. Under current law, those companies are obligated to report the difference between taxes, fees, and assessments charged by their home state and those in Rhode Island; if fees and assessments are greater under Rhode Island law or Department rules and regulations, the company must pay the difference.

The Department reports that it currently relies on insurance companies to voluntarily report the difference on their Rhode Island premium tax returns and that annual fee and assessment collections are approximately \$0.7 million. The proposal includes the active auditing of returns by current Department staff. No statutory changes would be required. The Department estimates that the impact of the proposal would be an

additional \$1.1 million in revenues. *The Governor recommends the initiative; the Budget includes an associated \$1.1 million in new revenues.*

Executive Office of Commerce

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Program				
Executive Office of Commerce	\$ 956,254	\$ 952,964	\$ 1,156,032	\$ 1,200,198
Housing & Community Dev.	14,376,885	15,664,351	20,798,650	20,658,132
Quasi-Public Appropriations	16,133,206	16,303,511	28,290,148	13,014,018
Commerce Programs	-	-	-	13,750,000
Economic Dev. Initiatives Funds	43,458,000	43,458,000	23,993,222	35,000,000
Total	\$ 74,924,345	\$ 76,378,826	\$ 74,238,052	\$ 83,622,348
Expenditures by Category				
Salaries and Benefits	\$ 2,137,602	\$ 2,037,670	\$ 2,356,043	\$ 2,326,349
Contracted Services	-	-	90,000	60,000
Subtotal	\$ 2,137,602	\$ 2,037,670	\$ 2,446,043	\$ 2,386,349
Other State Operations	98,558	307,835	138,639	101,981
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	15,268,471	16,443,302	21,546,492	21,109,493
Capital	305,000	305,000	300,000	300,000
Capital Debt Service	-	-	-	-
Operating Transfers	57,114,714	57,285,019	49,806,878	59,724,526
Total	\$ 74,924,345	\$ 76,378,826	\$ 74,238,052	\$ 83,622,349
Sources of Funds				
General Revenue	\$ 60,840,542	\$ 61,014,948	\$ 53,793,346	\$ 63,281,421
Federal Aid	10,983,803	11,063,878	15,394,706	15,290,927
Restricted Receipts	2,800,000	4,000,000	4,750,000	4,750,000
Other	300,000	300,000	300,000	300,000
Total	\$ 74,924,345	\$ 76,378,826	\$ 74,238,052	\$ 83,622,348
FTE Authorization	16.0	16.0	16.0	16.0

Summary. The Executive Office of Commerce requests total expenditures of \$74.2 million for FY 2017, including \$53.8 million from general revenues, \$15.4 million from federal funds, \$4.8 million from restricted receipts, and \$0.3 million from other sources. The request is \$0.7 million less than the enacted budget, including \$7.0 million less from general revenues. The Office requests the authorized level of 16.0 full-time equivalent positions, including 5.0 positions for the Executive Office and 11.0 positions for the division of Housing and Community Development.

The Office also submitted a constrained request that includes \$26.5 million less from general revenues than the unconstrained request.

The Governor recommends \$83.6 million, which is \$9.4 million more than requested from all funds, including \$9.5 million more from general revenues and \$0.1 million less from federal funds. She includes the authorized 16.0 full-time equivalent positions.

Target Issues. The Budget Office provided the Office with a general revenue target of \$35.0 million. The amount includes current service reductions of \$24.9 million and a 7.5 percent target reduction of \$962,093.

FY 2017 Budget	Budget Office	Exec. Office of Commerce	Difference
FY 2016 Enacted	\$ 60,840,542	\$ 60,840,542	\$ -
Current Service Adjustments	(24,887,947)	(9,747,196)	15,140,751
New Initiatives		2,700,000	2,700,000
Change to FY 2016 Enacted	\$ (24,887,947)	\$ (7,047,196)	\$ 17,840,751
FY 2017 Current Service/Unconstrained Request	\$ 35,952,595	\$ 53,793,346	\$ 17,840,751
Target Reduction/Initiatives	(962,093)	(26,533,942)	(25,571,849)
FY 2017 Constrained Target/Request	\$ 34,990,502	\$ 27,259,404	\$ (7,731,098)
Change to FY 2016 Enacted	\$ (25,850,040)	\$ (33,581,138)	\$ (7,731,098)

The constrained request submitted by the Office is \$7.7 million below the target, achieved by unspecified reductions to new and existing economic development initiatives. As of January 2016, the Office had not provided information regarding which of four initiatives included in its FY 2017 request would be reduced or eliminated. *The Governor's recommendation is \$28.3 million above the target.*

Economic Development Initiatives

Debt Restructuring. The FY 2016 enacted budget proposed a restructuring and refinancing of general obligation bond debt, for which principal payments are deferred and/or shortened to provide additional savings in particular years. The Governor's FY 2016 recommended budget assumed general revenue savings of \$84.0 million over two years, which the Governor proposed to use to fund several economic development initiatives, using \$64.5 million in FY 2016 and \$19.4 million in FY 2017. The 2015 Assembly concurred with the majority of the funds' proposed uses. At the time of the refinancing, it was determined that the actual savings available for FY 2017 are \$36.2 million, \$16.8 million more than expected.

Impact Faculty. In August 2015, the Administration announced that the Brookings Institution would be conducting a privately financed study of the state's economy with the aim of producing immediately actionable recommendations for improving the overall economic climate, attracting more businesses to Rhode Island, and growing jobs.

On January 19, 2016, the study, "Rhode Island Innovates" was released. It includes recommendations to develop or grow advanced industries, defined as science, technology, engineering, mathematics, high-tech manufacturing, and industrial design fields. The recommendations include attracting professors and other academics who have successfully commercialized their research to the state's colleges and universities.

The Governor recommends a total of \$2.8 million, of which \$1.5 million is from debt refinancing proceeds, to create a program administered by the Commerce Corporation to assist the state's institutions of higher education to attract and secure the hiring of faculty members who have had professional success commercializing their research. However, the Budget does not include any associated legislation for the program.

Air Service Development Fund. In August 2015, the Administration announced that the Brookings Institution would be conducting a privately financed study of the state's economy with the aim of producing

immediately actionable recommendations for improving the overall economic climate, attracting more businesses to Rhode Island, and growing jobs.

On January 19, 2016, the study, “Rhode Island Innovates” was released. It includes recommendations to develop or grow advanced industries, defined as science, technology, engineering, mathematics, high-tech manufacturing, and industrial design fields. The recommendations include easing transportation in and out of the state and developing areas of the state as “live/work” hubs for employees of advanced industries.

The Governor recommends \$1.5 million from general revenues for an initiative to support additional direct air routes to and from major metropolitan areas via T.F. Greene Airport. The program would be administered by the Commerce Corporation, which would be empowered to provide revenue guarantees to airlines adding direct flights to their schedules. The Budget does not include any associated legislation for the program.

Rhody Rail Commuter Pass. The Office requests \$2.7 million from general revenues for a new commuter rail pass smart phone application system for passengers traveling from Boston to Rhode Island to enhance commuter connectivity. The application would provide reduced fares as well as schedule information for passengers; however, the Office was unable to provide information regarding the logistics and administration of the program. It reported that additional information would be contained in the January 19, 2016 release of the Brookings Institution’s formal recommendations regarding economic improvement. It is likely that a portion of requested funds would be required on an annual basis to maintain the program.

As part of its constrained request, the Office proposes the exclusion of some or all of the requested funds.

The Governor recommends \$1.5 million, which is \$1.2 million less than requested from general revenues available from one-time debt refinancing proceeds. Although it appears this initiative could be an annual cost, it is not clear how much development would cost and how much is for direct subsidies.

Research and Development Tax Credit. In August 2015, the Administration announced that the Brookings Institution would be conducting a privately financed study of the state’s economy with the aim of producing immediately actionable recommendations for improving the overall economic climate, attracting more businesses to Rhode Island, and growing jobs.

On January 19, 2016, the study, “Rhode Island Innovates” was released. It includes recommendations to develop or grow advanced industries, defined as science, technology, engineering, mathematics, high-tech manufacturing, and industrial design fields. The recommendations include investing in industries reliant on high levels of research and development and developing a workforce skilled in the advanced industries.

The Governor includes \$5.0 million from general revenues and Sections 7 and 8 of Article 17 of 2016-H 7454 to establish a new refundable tax credit program to assist companies with significant research and development investments, effective July 1, 2016. Businesses would apply to the Commerce Corporation for credits up to the lesser of the business’s municipal tax liability associated with the investment or \$0.2 million. Credits could be carried forward up to five years but would be fully refundable in the year issued. The legislation does not include a sunset date for the program.

Rebuild Rhode Island Tax Credit. The Office requests \$17.3 million, which is \$16.3 million more than enacted for the Rebuild Rhode Island Tax Credit program, which establishes a real estate development tax credit for qualified construction. Credits valued between 20.0 and 30.0 percent of qualified project costs up to a maximum of \$15.0 million are available to projects that have demonstrated a gap between available funding and total estimated project cost. Projects’ incorporation of historical structures, affordable housing, public transit, and other factors may receive increased credits, at the discretion of the Commerce Corporation. Beginning in FY 2017, the Corporation and the Division of Taxation will report annually on

credits assigned, credits taken, and the measurable impacts of the program. No credits will be assigned to any projects after December 31, 2018.

The Office reports that as of December 2015, the Commerce Corporation had received 30 applications for over \$100 million in credits under the Rebuild Rhode Island program.

Documents supporting the Governor's FY 2016 recommended budget included the use of \$12.1 million from general revenues available from general obligation bond debt refinancing and restructuring for this program in FY 2017. Documents supporting the Office's FY 2017 request suggest an expansion of the program to \$30.0 million of credits assigned per fiscal year from FY 2017 through FY 2021 for a program total of \$150.0 million in assigned tax credits.

At its January 25, 2016 meeting, the Commerce Corporation Board approved a total of \$8.3 million in tax credits to two development projects, both located in Providence.

As part of its constrained request, the Office eliminates funding for the Rebuild Rhode Island tax credit program for FY 2017, essentially eliminating the program.

The Governor recommends \$20.6 million from general revenues available from debt refinancing proceeds for the program. This is \$19.6 million more than enacted and \$3.3 million more than requested. She includes Sections 5 and 6 of Article 17 of 2016-H 7454 to permit the funds appropriated for this program to be used by the Commerce Corporation to fund tax stabilization incentives and to permit the Commerce Corporation to use funds appropriated for Anchor Institution tax credits for this program.

Anchor Institution Tax Credit. The Office requests \$3.9 million, which is \$2.2 million more than enacted from general revenues for the Anchor Institution Tax Credit program that establishes a credit of an unspecified amount that may be applied against corporate income tax liability for up to five years. The credit is available to qualifying businesses that have successfully solicited the relocation of a separate business to the state or the relocation of at least ten employees of that separate business on a permanent basis. No more than 75.0 percent of the total funds allowed for the program in a fiscal year may be assigned to a single recipient. The program will sunset on December 31, 2018; no credits will be assigned to any projects after that date.

The request is consistent with documents supporting the Governor's recommended FY 2016 budget, which assumed the use of \$3.9 million from general revenues available from general obligation bond debt refinancing and restructuring for the second and final year of funding for this program in FY 2017.

Final rules and regulations for this program were filed with the Office of the Secretary of State on November 5, 2015 and the application became available to the public two weeks later. As this program is more subjective than the other economic development programs, in that it allows for the Commerce Corporation to solicit applications and provide a credit of an unspecified amount to a business of its choosing, no applications had been received as of December 2015.

The Governor does not recommend additional funding for the program. She includes Section 6 of Article 17 of 2016-H 7454 to permit the Commerce Corporation to use funds appropriated for Anchor Institution tax credits for the Rebuild Rhode Island Tax Credit program. The enacted budget includes \$1.8 million for the program in FY 2016; in her revised budget recommendation, the Governor reduces funding for the Anchor Institution Tax Credit Fund by \$1.0 million.

First Wave Closing Fund. The Office's request excludes additional funding for the First Wave Closing Fund, which was enacted by the 2015 Assembly to provide financing to ensure that certain transactions that are critical to the state's economy occur, subject to the Commerce Corporation's Board approval. The

funds can be used for working capital, equipment, furnishings, fixtures, construction, rehabilitation, purchase of property, or other purposes approved by the Corporation. The FY 2016 enacted budget provides \$5.0 million for the Fund. The request is consistent with documents supporting the Governor's FY 2016 budget, which did not include a second year of funding for this program from general obligation bond restructuring. Rules and regulations for this program were filed for a period of notice and comment the week of December 28, 2015. *The Governor recommends the enacted level of \$5.0 million from general revenues available from debt refinancing proceeds, for total funding of \$10.0 million over two years.*

Small Business Innovative Research. The Office requests the enacted amount of \$1.0 million from general revenues to support the Innovate RI Small Business Fund and the Bioscience and Engineering Internship Programs. The Science and Technology Advisory Council developed guidelines to administer the programs. To be eligible, a business must meet the following conditions: be a Rhode Island-based business with 50 or fewer employees and have at least 51.0 percent of its employees residing in the state. A business must also certify that at least 51.0 percent of its research will be conducted in the state. Pursuant to the guidelines, an applicant may receive a matching grant of 30 percent of the amount of the recipient's federal award with a maximum matching grant not to exceed \$45,000.

As part of her FY 2016 recommended budget, the Governor included \$1.0 million, \$0.5 million more than enacted for FY 2015, to support the programs. The 2015 Assembly concurred with the appropriation and enacted Section 2 of Article 19 of 2015-H 5900, Substitute A, as amended, which removed the matching loan provision for Phase II proposals under the program and increased the maximum grant award from \$100,000 to \$150,000. *The Governor recommends \$1.0 million more than requested from general revenues for total program funding of \$2.0 million in FY 2017.*

Competitive Industry Cluster Grants. The Office's FY 2017 request includes \$1.3 million, which is \$0.5 million more than enacted from general revenues for the Industry Cluster Grants Program, which establishes a voucher program to provide Rhode Island businesses with startup and technical assistance grants ranging from \$75,000 to \$250,000; and to provide competitive grants ranging from \$100,000 to \$500,000 for activities within an industry cluster and to close industry cluster gaps. The program ends on December 31, 2018; no grants may be assigned after that date.

The request is consistent with documents supporting the Governor's recommended FY 2016 budget, which assumed the use of \$1.3 million from general revenues available from general obligation debt refinancing and restructuring for the second and final year for this program in FY 2017.

The application for these grants became publicly available on November 19, 2015. Corporation and Office staff report that they are currently working with industry sponsors of the Real Jobs Rhode Island program, which is under the administration of the Department of Labor and Training, as the majority of the sponsors are representative of significant industry clusters. *The Governor recommends funding as requested.*

Innovation Initiative - Network Grants. The Office requests \$1.5 million, which is \$1.1 million more than enacted from general revenues for the Innovation Network Grants program, which empowers the Commerce Corporation to provide innovation grants to organizations, including non-profit organizations, for-profit organizations, universities, and co-working space operators, that offer technical assistance and access to capital to businesses in advanced or targeted industries. The Corporation may not provide a grant to an organization unless the grant total is matched by a private sector or non-profit partner.

Documents supporting the Governor's recommended FY 2016 budget assumed the use of \$0.5 million from general revenues for this program in FY 2017; the request is \$1.1 million more than that. As of January 2016, the Office reports that it is likely that it would utilize \$525,000 of the additional \$1.1 million it has requested for the Innovation Initiative grants program and utilize the remaining \$525,000 for the Innovation Initiative vouchers program.

As part of its constrained request, the Office proposes the exclusion of some or all of the requested expansion. *The Governor does not recommend funding for the network grants program.*

Innovation Initiative - Vouchers. The Office requests the enacted amount of \$0.5 million for the Innovation voucher program. As enacted by the 2015 Assembly, the Innovation Initiative for small businesses is for companies with less than 500 employees. Its purpose is to facilitate the purchase of research and development support from the state's institutions of higher education and other providers through vouchers of between \$5,000 and \$50,000 per business. The program ends on December 31, 2018; no vouchers may be assigned after that date.

The request is consistent with documents supporting the Governor's FY 2016 recommended budget, which suggested the Governor would recommend an additional \$0.5 million from general revenues available from general obligation debt refinancing and restructuring for this program for FY 2017. However, as of January 2016, the Office reports that it is likely that it would utilize \$525,000 of the additional \$1.1 million it has requested for the Innovation Initiative grants program and use the remaining \$525,000 for the Innovation Initiative vouchers program.

The application for this program became publicly available on November 19, 2015. At its January 25, 2016 board meeting, the Commerce Corporation approved vouchers totaling \$451,897 for 11 businesses and reported that it received 34 applications for vouchers totaling over \$1.4 million. The program ends on December 31, 2018; no vouchers may be assigned after that date.

The Governor recommends \$1.0 million more than requested from general revenues available from debt refinancing proceeds, for total funding of \$1.5 million for Innovation Initiative vouchers in FY 2017.

Wavemaker Fellowships. The Office requests \$8.5 million, which is \$6.8 million more than enacted from general revenues for a fellowship program for a student loan repayment tax credit program for graduates of accredited institutions of higher education who receive an associate's, bachelor's or master's degree and who remain in or become a resident of and employed in the state in the fields of life, natural or environmental sciences; computer, information or software technology; engineering or industrial design; and medicine or medical device technology.

The amount of the tax credit is up to a maximum of \$1,000 for an associate's degree, \$4,000 for a bachelor's degree and \$6,000 for a graduate degree for up to four years. The legislation requires that the Commerce Corporation reserve 70.0 percent of the awards per calendar year to permanent residents of the state. It also requires that recipients must work at least 35 hours per week for an employer located in the state, which is defined as having at least 51.0 percent of its employees located in the state.

The Office reports that it and the Commerce Corporation have received a significant number of inquiries regarding this program. As of December 2015, draft rules and regulations are under Office of Regulatory Reform review and the program application is in development.

It should be noted that the Commerce Corporation reports that for FY 2016, up to \$192,484 of the \$1.8 million enacted for Wavemaker Fellowships will be spent on staff costs for this program. It can be assumed that a similar amount of funds would be expended in FY 2017 from the requested \$8.5 million total.

As part of its constrained request, the Office proposes the exclusion of some or all of the requested expansion.

The Governor recommends \$3.5 million less than requested from general revenues for total funding of \$5.0 million in FY 2017. She includes Sections 1 and 2 of Article 17 of 2016-H 7454 to make significant changes to the program, including eliminating the existing annual credit limits for recipients, including automatic

approval of credits for applicants who meet specific criteria, eliminating the employer-blind requirement for recipient selection, and allowing businesses to reserve up to 15 percent of total credits available in a fiscal year for eligible employees.

P-Tech Initiative. The Office requests \$1.5 million, which is \$0.6 million more than enacted from general revenues for the High School, College, and Employer Partnerships program, which supports partnerships among high schools, the Community College of Rhode Island, other institutions of higher education, and employers to offer courses towards high school diplomas, internships, and associate degrees. The program sunsets on December 31, 2018; the Corporation may not enter into any agreement for grants or incentives after that date.

At the December 21, 2015 Commerce Corporation board meeting, the first three partner school districts were chosen. They include Providence, Westerly, and Newport.

Documents supporting the Office's request note that the requested \$1.5 million would provide additional funding to the three districts selected for FY 2016 and would extend funding to an additional three districts in FY 2017 for the 2017/2018 school year. Additionally, the Office and Corporation report that up to \$0.1 million would be spend on Corporation staff salary and benefit expenses for program administration.

As part of its constrained request, the Office proposes the exclusion of some or all of the requested expansion. *The Governor recommends \$0.1 million less than requested to provide total funding for at least five districts, including Providence, Westerly, and Newport.*

Main Street Streetscape Fund. The Office requests the enacted amount of \$1.0 million from general revenues for streetscape improvements. The Commerce Corporation is authorized to award loans, matching grants and other forms of financing to enhance sidewalks, signage of public space and lighting in order to create an attractive environment in local business districts.

Applications for these funds became available on December 12, 2015. Although no applications have been received as of December 30, 2015, Office staff reports that it is actively soliciting applications. *The Governor recommends funding as requested.*

Affordable Housing Fund. The Office's request excludes additional funding from general revenues for the Affordable Housing Fund, administered by Rhode Island Housing, which will leverage federal resources and private equity for the program. The enacted budget includes \$3.0 million for the Fund. These funds are available until exhausted or the program ends.

The request is consistent with documents supporting the Governor's FY 2016 budget, which did not provide a second year of funding for this program from general obligation bond debt restructuring. *The Governor recommends \$1.0 million from general revenues available from debt refinancing proceeds.*

I-195 Redevelopment Fund. The Office's request excludes additional funding from general revenues for real estate development incentives for construction on former I-195 land. The 2015 Assembly created the I-195 Redevelopment Project Fund, to be administered by the I-195 District Commission. The FY 2016 enacted budget includes \$25.0 million from general revenues for the Fund. These funds are available until exhausted or the program ends.

The Fund is to be used to provide developers and businesses with financing for capital investment, including land acquisition in order to promote the development of the land. The legislation allows the Commission to adopt rules and regulations to implement the program. The program sunsets on December 31, 2018; the Corporation may not enter into any agreement for funding or incentives after that date.

The request is consistent with documents supporting the Governor's FY 2016 budget, which did not include a second year of funding for this program from general obligation bond debt restructuring.

As of December 2015, the Commission has entered into one purchase and sale agreement for development on the former I-195 land. At the November 2015 Commission board meeting, conditional approval was granted to enter into a second agreement with CV Properties of Boston and Wexford Science and Technology of Baltimore for the construction of a one million square foot biosciences and information technology complex. As of January 2016, the Commission reports that the companies have expressed interest in applying for incentives from the Fund. The rules and regulations for the fund became effective February 1, 2016. *The Governor does not recommend additional funding.*

Small Business Assistance Fund. The Office's request excludes additional funding from general revenues for the Small Business Assistance Program. The program is for businesses with less than 200 employees that are having difficulties obtaining financing from traditional lending organizations. It includes a \$750,000 maximum amount that any one business can obtain from the fund. Legislation adopted by the 2015 Assembly enables the Commerce Corporation to partner with an outside lending organization to administer the program funds and provided \$5.5 million from general revenues for FY 2016. The request is consistent with documents supporting the Governor's FY 2016 budget, which did not include a second year of funding for this program from general obligation bond debt restructuring.

The program requires that 10.0 percent of funding must be set-aside for a microloan program to be administered by a third party with expertise in microloans. Microloans may be made in principal amounts of \$2,000 to \$25,000.

The Office reports that partner lenders for this program will be selected through the competitive bidding process. It anticipates recommendations for both lender types will be brought before the Commerce Corporation board of directors at a meeting in January 2016. *The Governor does not recommend additional funding.*

Tax Stabilization Agreements. Consistent with the enacted budget, the Office does not include funds for the Tax Stabilization Incentive program created along with the other new initiatives. This program allows the state to incentivize municipalities to enter into tax stabilization agreements with developers in exchange for the development or redevelopment of specific areas in qualifying communities. The Commerce Corporation is empowered to provide qualifying municipalities with reimbursements up to 10.0 percent of property tax revenues that would have otherwise been collected, if the developed property were not party to a tax stabilization agreement. No agreement with a municipality may be entered into after December 31, 2018. Documents supporting the Governor's FY 2016 recommended budget noted that \$0.6 million was assumed for these incentives in FY 2017. The request does not appear to reflect that assumption.

The Governor does not recommend funding for the program. She includes Section 5 of Article 17 of 2016-H 7454 to permit funds appropriated for Rebuild Rhode Island tax credits to be used by the Commerce Corporation to fund tax stabilization incentives. The Budget also includes Section 3 of Article 17, to amend the current program to allow the Corporation to annually reimburse up to five municipalities meeting specific criteria up to 50.0 percent of foregone property tax revenue. Municipalities would be selected for the larger reimbursements via a competitive process.

Qualified Jobs Tax Credit. The Office's request does not include funding from general revenues for the Qualified Jobs Tax Credit program, which provides an annual reduction in tax liability for qualifying businesses for new full-time employees hired before December 31, 2018. Qualified businesses may receive credits from \$2,500 up to \$7,500 per new full-time job, subject to certain criteria including the creation of new jobs in targeted industries, jobs created in specific communities, and jobs created by businesses that relocate from out-of-state. Credits may not exceed the income tax withholdings of the employees in the

new jobs. The program will sunset on December 31, 2018; no credits will be assigned after that date. The enacted budget assumes an associated revenue reduction of \$1.0 million.

The request is consistent with documents supporting the Governor's FY 2016 budget, which did not assume FY 2017 funding for this program from general obligation bond debt restructuring or other state sources. *The Governor does not include funding for the program.*

Tax Increment Financing. The Office does not request any funding from general revenues for the Tax Increment Financing program, which is designed to be revenue neutral. The program permits the Commerce Corporation to contract with developers to develop or redevelop specific areas in qualifying communities in exchange for payments or tax exemptions of up to 75.0 percent of state revenues realized as a result of the redevelopment project. Contracts may only be undertaken if a developer can prove a gap between available project funding and total estimated project cost. The Division of Taxation is required to assist the Commerce Corporation in the determination of all state revenues collected as a result of the project. Agreements between the Commerce Corporation and a developer cannot exceed a 20-year period. Beginning in FY 2017, the Corporation will report annually to the Governor, the Speaker of the House of Representatives, and the President of the Senate on agreement totals, schedules for payment, and the measurable impacts of the program. The Corporation may not enter into any agreement after December 31, 2018. *The Governor does not include funding for the program.*

Quasi-Public Appropriations

Commerce Corporation Operations. The Office requests \$7.8 million, which is \$0.7 million more than enacted from general revenues for the Commerce Corporation's operating budget. The request includes \$5.3 million for 51 positions, including \$0.1 million for a 3.0 percent cost-of-living adjustment for current employees, effective July 1, 2016. Also included in the request is an additional \$0.1 million to renew the Corporation's current lease, which ends June 30, 2015.

As part of its constrained request, the Office proposes reducing the Corporation's operating budget by \$0.7 million and indicates that this would be achieved by maintaining current vacancies, eliminating the requested cost-of-living increase, and not renewing the Corporation's current lease. As of January 2016, the Office reports that the Corporation could not feasibly move to an alternative location, should its current lease not be renewed; it is unlikely that lease-related savings would be achievable. *The Governor recommends \$0.5 million less than requested. She includes \$0.1 million for the actual increase to the Corporation's lease payment. She excludes the funds for cost-of-living increases and assumes the Corporation will fill vacancies within the current level of funding.*

Tourism and Marketing. The Corporation's FY 2017 budget request assumes the use of \$5.0 million from general revenues and redirected occupancy tax collections to fund a state tourism and marketing campaign. This includes \$4.0 million for a tourism marketing campaign and \$1.0 million for a business attraction marketing campaign.

At its September 30, 2015 meeting, the Corporation's board of directors voted to retain Milton Glaser, Inc. and the Mechanism, as well as Havas, Inc. to conduct extensive research and develop the tourism marketing and business attraction marketing campaigns. Corporation and Office staff report that they anticipate marketing materials will be available for public dissemination in March 2016.

It should be noted that the enacted budget assumes a portion of FY 2016 funding for state tourism and business marketing would be for one-time administrative and startup campaign costs. In January 2016, the Office reported that requested funds would be used to expand the tourism and business marketing initiatives begun in the current year, including an increased number of advertising purchases and participation in professional and marketing trade shows. *The Governor recommends funding as requested.*

Building and Fire Permit Initiatives. The Office requests the enacted amount of \$250,000 from general revenues for the Commerce Corporation to expedite building permit and fire inspection processes for state supported projects. Section 1 of Article 19 of 2015-H 5900, Substitute A, as amended established that projects receiving Commerce Corporation incentives be subject only to the state building and fire codes with the inspections done by the state. *The Governor recommends an additional \$250,000 from general revenues available from debt refinancing proceeds, for total funding of \$0.5 million to expedite inspection processes.*

I-195 Redevelopment District Commission. The Office's request includes \$1.4 million, which is \$0.4 million more than enacted from all sources for capital and operations needs of the I-195 Redevelopment District Commission. This includes \$0.4 million more from general revenues and the enacted amount of \$0.3 million from Rhode Island Capital Plan funds. The Commission was created by the 2011 Assembly as the responsible authority for the sale, marketing and oversight of available land resulting from the relocation of Interstate 195. Under current law, the Commission is empowered to establish fees at rates necessary to become self-sufficient. As of February 2016, it does not appear the Commission has a plan.

The request includes funding for three full-time positions at the Commission, one more than is funded by the enacted budget. Current Commission staffing includes an executive director and a project director; the request includes \$0.2 million for a second project director position. The request also includes \$0.2 million more for contracted legal services. The Commission anticipates the position and the additional legal services will be necessary to meet administrative and legal needs associated with the development of former I-195 land and to assist the Commission board of directors with the administration of the I-195 Redevelopment Fund. The Department of Administration's FY 2017 request includes \$0.5 million for debt service payments for the \$38.4 million of borrowing authorized by the 2011 Assembly to support the I-195 relocation, for which the Commission is required to reimburse the state from land sale proceeds.

In January 2016, the Office reported that the Rhode Island Capital Plan funds would be used for legal services associated with new building projects, which is not an appropriate use of these funds.

As part of its constrained request, the Office proposes reducing the Commission's operating budget by \$0.4 million and indicates this would be achieved by eliminating the requested new position and increase for legal services.

The Governor recommends \$0.3 million less than requested from general revenues. She includes \$0.1 million for a project manager position in anticipation of increased development activity, instead of the requested project director position, but does not include the requested increase for legal services. The recommendation includes the requested \$0.3 million from Rhode Island Capital Plan funds.

College and University Research Collaborative. As part of his revised FY 2013 and FY 2014 recommended budgets, Governor Chafee proposed \$0.2 million from general revenues for the establishment of a College and University Research Collaborative to conduct ongoing economic analysis by the state's public and private higher education institutions. The Collaborative included fellows, research and policy partners, and the Association of Independent Colleges and Universities. *The Governor recommends \$0.2 million to reestablish the Collaborative.*

Community Service Grants. The Office requests the enacted amount of \$0.1 million for sixteen community service grants administered by the Commerce Corporation.

As part of its constrained request, the Office proposes eliminating a portion of the community service grants administered by the Corporation, and includes \$0.4 million of savings. However, the FY 2016 enacted budget also includes three one-time grants totaling \$437,000. It appears the constrained proposal essentially reflects the actual amount of community service grants that can be reasonably assumed to continue beyond

a one-time granting of funds for FY 2016. *The Governor recommends funding essentially consistent with the constrained request; she eliminates the three one-time grants.*

Other Pass-Through Initiatives. The Office requests the enacted level of \$3.6 million for several pass-through initiatives that are part of the Commerce Corporation's budget but are not part of its core operations. The request includes the enacted amounts of \$1.2 million for participation in the National Science Foundation's Experimental Program to Stimulate Competitive Research; \$1.0 million for Airport Impact Aid payments; and \$0.4 million for the Chafee Center at Bryant University. *The Governor recommends funding as requested.*

Housing and Community Development

Lead Abatement and Housing Rental Subsidies. The 2014 Assembly adopted legislation to increase the real estate conveyance tax from \$2.00 to \$2.30 per \$500 or fractional part paid for the purchase of property conveyed for more than \$100. The fee increase will provide a permanent stream of funding to be used by the Housing Resources Commission for lead hazard abatement, rental subsidy and shelter operations. The 2015 Assembly further amended the statutes to essentially extend the real estate conveyance tax and its existing distribution of proceeds to the sale of a controlling interest in a business entity that holds interest in the property.

The request includes \$4.8 million, \$2.0 million more than enacted from restricted receipts available from the real estate conveyance tax, consistent with estimates provided to the Office by the Budget Office following the May 2015 Revenue Estimating Conference. Based on the November 2015 Revenue Estimating Conference results, it can be estimated that \$3.3 million will be available in the current year and \$3.4 million will be available in FY 2017. *The Governor recommends funding as requested, which is \$1.4 million more than November estimates.*

Salaries and Benefits. The Office requests \$1.3 million, which is \$54,723 more than enacted from all funds for salaries and benefits for the authorized level of 11.0 full-time equivalent positions in the division of Housing and Community Development. This includes \$30,877 more from general revenues and \$23,846 more from federal funds. The request is consistent with updated Budget Office planning values. Consistent with the enacted budget, the request does not assume any turnover savings. However, for the first half of FY 2016, the division's executive assistant position has been vacant.

The Governor recommends \$0.1 million less than requested from all sources, including \$6,739 less from general revenues and \$103,779 less from federal funds. The recommendation reflects additional statewide medical benefit savings and assumes the executive assistant position will be held vacant.

Other Operating. The Office requests \$14.8 million, which is \$4.4 million more than enacted from all sources for other Housing and Community Development expenses. This includes \$29,985 more from general revenues and \$4.4 million more from federal funds. The Office requests \$30,000 more than enacted for a memorandum of agreement with the Department of Administration for reimbursements for support services provided by the Division of Planning. The general revenue request is \$15 less from statewide telecommunications savings. Also included is \$4.4 million more than enacted from federal funds for Housing and Community Development disaster assistance, community development, and shelter grant programs, reflective of available and anticipated funding.

As part of its constrained request, the Office proposes savings of \$30,000 from unspecified operations reductions in the division of Housing and Community Development. *The Governor recommends funding consistent with the constrained request.*

Executive Office

Staffing and Operations. The Office requests \$1.2 million, which is \$0.2 million more than enacted from general revenues for all Executive Office expenses. This includes \$163,718 more than enacted for salary and benefit costs for the authorized level of 5.0 full-time equivalent positions.

On December 12, 2015, a public hearing was held regarding the creation of a deputy secretary position, a chief of staff position, and a general counsel position in the Office. Article 15 of the FY 2016 Appropriations Act permits a secretary, deputy secretary, chief of staff, communications director, legislative director, and a policy director as unclassified positions within the Office. Legal counsels for state agencies are also permitted under current law. As of February 2016, two of the positions included in the request are functionally filled by current employees of the Commerce Corporation. The Office anticipates that the chief of staff, general counsel, and deputy secretary positions will be filled in the current year. The request reflects updated Budget Office planning values for benefits.

The request includes \$0.1 million for 3.0 percent raises, comparable to that included for employees of the Commerce Corporation. The positions in the office were part of the recent series of raises afforded to most state employees, and the newly requested raises are inconsistent with personnel rules and regulations for state employees; the request, therefore, is likely overstated. The remainder of the request reflects updated Budget Office planning values.

The request also includes \$0.1 million, which is \$36,060 more than enacted for other Office expenses, including \$5,000 less to reflect information technology hardware purchases made in FY 2016, \$30,000 for unspecified contracted management consultants services, and \$11,060 more for general office costs, including subscriptions and office supplies.

The Governor recommends \$44,166 more than requested. This includes a full year of funding for an executive assistant position, upgraded from an implementation aide in the current year, and assumes an associated step increase in FY 2017. The recommendation does not appear to correct the overfunding of staff salaries included in the request. The recommendation does not include the requested funds for contracted management consultants and includes reductions for general office supplies reflective of expenditures for the first half of FY 2016.

Department of Labor and Training

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Program				
Central Management	\$ 2,236,803	\$ 3,646,830	\$ 2,554,808	\$ 2,554,448
Workforce Development Services	30,519,841	56,107,453	39,805,719	39,205,719
Workforce Regulation and Safety	2,925,633	2,942,475	2,943,566	2,935,554
Income Support	399,156,134	377,624,865	368,318,888	368,318,420
Injured Workers Services	8,501,946	8,719,425	8,662,501	8,662,501
Labor Relations Board	389,651	400,005	433,603	402,491
Total	\$ 443,730,008	\$ 449,441,053	\$ 422,719,085	\$ 422,079,133
Expenditures by Category				
Salaries and Benefits	\$ 38,810,888	\$ 40,962,072	\$ 40,200,321	\$ 40,160,369
Contracted Services	7,158,685	9,706,104	5,758,808	5,758,808
Subtotal	\$ 45,969,573	\$ 50,668,176	\$ 45,959,129	\$ 45,919,177
Other State Operations	4,294,723	4,836,096	4,476,159	4,476,159
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	383,255,728	374,709,020	364,182,771	363,582,771
Capital	1,953,242	3,840,217	2,012,606	2,012,606
Capital Debt Service	-	35,000	-	-
Operating Transfers	8,256,742	15,352,544	6,088,420	6,088,420
Total	\$ 443,730,008	\$ 449,441,053	\$ 422,719,085	\$ 422,079,133
Sources of Funds				
General Revenue	\$ 8,324,769	\$ 8,472,717	\$ 10,962,731	\$ 10,322,779
Federal Aid	38,164,061	56,691,604	38,514,938	38,514,938
Restricted Receipts	21,495,150	39,298,684	23,878,696	23,878,696
Other	375,746,028	344,978,048	349,362,720	349,362,720
Total	\$ 443,730,008	\$ 449,441,053	\$ 422,719,085	\$ 422,079,133
FTE Authorization	410.0	416.5	416.5	416.5

Summary. The Department of Labor and Training requests \$422.7 million from all fund sources, including \$11.0 million from general revenues. The request is \$21.0 million less than enacted, including \$26.4 million less from other funds, primarily related to unemployment and temporary disability insurance benefits, with increases of \$2.6 million from general revenues, \$0.4 million from federal funds, and \$2.4 million from restricted receipts. The request includes 416.5 full-time equivalent positions, which is 6.5 above the enacted level and consistent with the revised request.

The request is \$2.6 million above the Budget Office's general revenue current services target of \$8.4 million. The Department submitted a constrained request that totals \$8.1 million and includes \$2.9 million less from general revenues than the unconstrained request.

The Governor recommends \$422.1 million from all sources, including \$10.3 million from general revenues. This is \$0.6 million less than requested from general revenues. The recommendation includes \$2.0 million from general revenues for a new TechHire Initiative. She recommends 416.5 full-time equivalent positions, which is 6.5 more than enacted and consistent with the Department's request.

Target Issues. The Budget Office provided the Department with a general revenue target of \$8.1 million. The amount includes current service adjustments of \$37,962 and a 7.5 percent target reduction of \$0.3 million, adjusted for certain exclusions. The constrained budget submitted by the Department exactly meets the target by excluding general revenue funding for the Real Jobs RI program and reducing job development funding for the work immersion and non-trade apprenticeship programs, discussed separately. *The Governor's budget is \$2.3 million more than the target.*

FY 2017 Budget	Budget Office	Labor and Training	Difference
FY 2016 Enacted	\$ 8,324,769	\$ 8,324,769	\$ -
Current Service Adjustments	37,962	37,962	-
New Initiatives	-	2,600,000	2,600,000
Change to FY 2016 Enacted	\$ 37,962	\$ 2,637,962	\$ 2,600,000
FY 2017 Current Service/ Unconstrained Request	\$ 8,362,731	\$ 10,962,731	\$ 2,600,000
Target Reduction/Initiatives	(312,623)	(2,912,623)	(2,600,000)
FY 2017 Constrained Target/Request	\$ 8,050,109	\$ 8,050,109	\$ -
<i>Change to FY 2016 Enacted</i>	\$ (274,661)	\$ (274,661)	\$ -

Staffing. Consistent with the revised request, the Department's FY 2017 request includes 416.5 full-time equivalent positions, which is 6.5 more than the enacted authorization. The request adds 3.0 positions for the Task Force on the Underground Economy and Employee Misclassification, 3.0 positions for federal grant auditing and monitoring, and 1.0 position to conduct research for a new federal grant award while it eliminates a 0.5 legal position that is no longer required. The request also shifts positions among programs with no overall change.

The Department requests \$40.2 million for all salary and benefit expenses, including \$3.3 million from general revenues, \$20.4 million from federal funds, \$9.6 million from restricted receipts and \$6.8 million from other funds. This is \$1.4 million more than enacted, including increases of \$0.8 million from restricted receipts, \$0.7 million from other funds and reductions of \$0.1 million from federal sources and \$27,562 from general revenues. Compared to the enacted budget, this represents a 3.6 percent increase in funding along with a 1.6 percent increase in the authorized number of positions. The request includes benefit rates consistent with Budget Office planning values, except that it includes retirement related benefits for Labor Relations Board members who do not receive retirement or health benefits. *The Governor recommends staffing as requested. She recommends \$39,952 less than requested from general revenues. This includes \$31,112 to correct the benefits for the Labor Relations Board members and \$8,840 in additional statewide medical benefit savings.*

Real Jobs RI. The Department requests \$7.2 million for the new Real Jobs RI program. Funding includes the remaining \$1.0 million of a \$5.3 million two-year federal award; \$2.3 million federal Workforce Investment Act funding from both traditional awards and incentive awards; and \$1.3 million in restricted receipt funding from employer contributions into the Job Development Fund, awarded through the Governor's Workforce Board. It also includes \$2.6 million from general revenues to supplement the federal funds that were expended in FY 2016 from the \$5.3 million federal award. The funding will support 3.0 positions shifted from other programs in the Department and portions of other staff members as needed, providing budget and oversight related functions. The vast majority of the funding is for implementation grants to companies to support the creation of strategic industry partnerships and develop training, education, and human resources solutions needed to address their business and talent needs.

The program aims to develop job partnerships connecting industry employers and key stakeholders to build alliances and address business workforce demands. It is designed to ensure that Rhode Island employers have the talent they need to compete and grow, while providing targeted education and skills training for resident workers for jobs that exist now.

As part of its constrained request, the Department excludes the general revenue funding for this program. *The Governor does not recommend the requested general revenues.*

TechHire Initiative. Rhode Island was selected by the White House to participate in a TechHire initiative, which will train workers for high-paying jobs in a short amount of time through non-traditional approaches like “coding boot camps” and high-quality online courses. As part of this initiative, the Department of Labor and Training, the Executive Office of Commerce, Rhode Island higher education institutions and non-profit organizations will work with employers to use data and innovative hiring practices to expand accessibility to non-traditional training opportunities that prepare students in months rather than years.

The Governor’s budget funds this initiative to provide online courses and other non-traditional approaches to rapidly train workers in the field of information technology. The stated goal of this initiative is to train and place 2,000 Rhode Islanders, in the next five years. The Governor recommends \$2.0 million from general revenues for FY 2017.

Work Immersion and Non-Trade Apprenticeships. The Department requests the enacted level of \$704,517 from general revenues for certain job development programs, including \$554,517 for work immersion and \$150,000 for non-trade apprenticeships. Work immersion is a paid employment program where individuals are partnered with businesses for a short-term work experience to increase the individual’s employability and assist businesses by training individuals for potential employment. The Department reimburses the employer for up to 50 percent of the cost of up to 200 hours of work during a ten-week period and up to 75 percent if the individual is hired at the completion of the program. The non-trade apprenticeship program works with industry partners to establish, develop and prepare curriculum plans for apprenticeship-style programs in specific industries. The employer pays the wages for any apprenticeship and department expenses are for administration.

As part of its constrained request, the Department requests a reduction of \$312,623 from these new job development programs, though specific program reductions have not been identified and would be determined at a later date. *The Governor recommends funding consistent with the unconstrained request.*

Misclassification Task Force Positions (3.0 FTEs). The Department requests \$0.2 million from all sources, including \$0.1 million from both general revenues and restricted receipts, for 3.0 new positions for the Task Force on the Underground Economy and Employee Misclassification. These new Labor Standards Examiners will assist the Task Force in enforcing the compliance of labor standard laws, conducting extensive in-depth investigations and audits, preparing detailed reports upon completion of investigations and audits, determining potential litigation cases and developing such cases for litigation, and promoting an effective public relations program. All three positions were filled at the end of the first quarter of FY 2016 and are anticipated to remain filled for FY 2017. Funding is split between restricted receipts from the workers’ compensation program and general revenues within the workforce regulation and safety program. *The Governor recommends the new positions and funding as requested.*

State Workforce and Education Alignment Project (1.0 FTE). The Department requests \$104,042 from other funds for the second year of funding for a new two-year project called State Workforce and Education Alignment Project (SWEAP). This National Skills Coalition initiative seeks to demonstrate and create system-wide use of workforce education and training program information to better align programs with each other and with employers’ skills needs. The goal is to create better cross-program information that allows state policy leaders to see how these programs can work together, and how individuals can advance

through these programs over time in the pursuit of post-secondary credentials and higher-paying employment.

Requested funding includes \$94,331 for 1.0 new Principal Research Technician to administer this program and \$9,711 for administrative expenses. The requested position was filled October 1, 2015. The state was awarded \$180,000 over two years for this project, along with three other states. *The Governor recommends the new position and funding as requested.*

Grant Monitoring and Evaluation (3.0 FTEs). The Department requests \$305,723, including \$183,430 from restricted receipt job development funds and \$122,292 from federal workforce development funds for 3.0 new positions to audit, monitor, and evaluate job services and workforce development related federal grants and awards. This team will review both the financial and programmatic aspects and outcomes of grant awards. The positions include 1.0 Principal Auditor and 2.0 Senior Employment and Training Monitoring and Evaluations Specialists; the request assumes that the positions will be filled for the full year. Although there is some monitoring and auditing that occurs regularly, there has been an increased focus on performance accountability, which requires greater scrutiny of programs and expenditures. *The Governor recommends the new positions and funding as requested.*

Governor's Workforce Board - Grants and Operations. The Department requests \$9.4 million from restricted receipts or \$0.3 million more than enacted to support workforce development grant awards and employment and training initiatives through the Governor's Workforce Board. The increase reflects the anticipation of carry forward funding as several grant initiatives and partnership programs have just started in FY 2015 and FY 2016, which may cause delays in spending grant awards as implementation delays occur. The grant awards for FY 2017 will be determined in FY 2016.

The Council receives primary funding from the Job Development Fund, a 0.21 percent assessment of the employer's payroll tax. The assessment generates approximately \$12.5 million for the Council's use. Administrative costs are approximately \$3.1 million, including the Department's internal expenses for staff and operations. The balance is distributed for workforce development activities, including adult education and these requested grant expenditures. *The Governor recommends funding as requested.*

Other Workforce Development Grants and Operations. The Department requests \$21.2 million from federal funds for all other workforce development grants. This is \$0.9 million more than enacted, including increases of \$0.6 million for Workforce Investment Act programs for adults, youth and dislocated workers, \$0.7 million for programs aimed to help the long-term unemployed, veterans and individuals with disabilities, and \$0.6 million in smaller adjustments to ongoing grants, partially offset by \$1.0 million less for the trade adjustment act program, as funds appear to have been deferred to other programs aimed at the same populations.

The request includes \$10.5 million for salaries and benefits, which is \$0.3 million more than enacted from the Department shifting approximately three positions to this division from other programs. It also includes \$9.0 million for job services, training and placement programs and \$1.7 million for all operating expenditures, including lease costs, computer and information technology services and office supplies. *The Governor recommends funding as requested.*

Unemployment Insurance Benefits. The Department requests \$156.3 million from the Employment Security Trust Fund for the payment of up to 26 weeks of regular unemployment insurance benefits. The request is \$19.2 million less than enacted, including \$1.5 million less from federal funds and \$17.7 million less from the Trust Fund. Requested expenditures include traditional benefits and also benefits through the WorkShare program, which allows employers to reduce staff hours to avoid layoffs and allows the workers to collect unemployment benefits for those reduced hours. The federal funding for the WorkShare program

ended in FY 2015, so these benefits are once again paid from the Trust Fund. *The Governor recommends funding as requested.*

Unemployment Insurance IT System. The request includes \$4.3 million from federal funds for expenses related to the replacement of the unemployment benefit and tax systems. The request includes \$2.8 million for system development, \$1.4 million for salaries and benefits, and \$0.2 million for operational expenditures, such as lease costs, supplies and utilities. The request is \$0.6 million less than enacted, including \$1.1 million less for contracted information technology services, \$0.6 million more for department staffing to take over the operation and maintenance of the project once it is completed and operational, and \$0.1 million less for purchases of computer equipment and related items.

Rhode Island joined into a consortium with Maine and Mississippi to develop new automated unemployment insurance tax and benefit systems, based on Mississippi's systems. The U.S. Department of Labor awarded the consortium \$90.0 million for the project, \$60.0 million for the centralized program development and \$10.0 million to each state to develop the program to its specific needs. The Department was able to secure \$1.5 million in additional federal funds to support staffing expenses related to developing the system, which expired September 30, 2015; however, the Department was able to secure a second grant, from which approximately one quarter of funding is included in the request. *The Governor recommends funding as requested.*

Unemployment Insurance Administration. The Department requests \$13.5 million, including \$9.5 million from federal funds and \$4.0 million from restricted sources for the administration and operations of the unemployment insurance program, including salaries and benefits. The request includes \$11.8 million for 145.4 positions, which is \$1.0 million and approximately 13 positions less than assumed in the enacted budget, including the elimination of a 0.5 full-time equivalent legal position with reductions to contracted legal services as the number of disputed claims has decreased. The request includes \$1.7 million for all other operating expenditures, including computer and information technology services, legal services and printing.

The request is \$1.4 million less than enacted, including \$1.7 million less from federal funds to reflect fewer available funds specifically for administration of the state's unemployment insurance system and includes \$0.3 million more from restricted receipts to reflect utilization of alternate funding sources that the Department has been available to replace the reduced federal funding. *The Governor recommends funding as requested.*

The Governor also recommends legislation in Article 16 that would make changes to the unemployment insurance taxes that some employers pay and lower the amount the trust fund must hold in reserve in order to save Rhode Island employers an estimated \$30 million in 2017 from a reduction in unemployment insurance taxes.

Police and Fire Relief Fund. The Department requests \$4.0 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 consists of \$3.4 million for pension benefits and \$0.6 million for education benefits; the request is \$0.1 million less than enacted from a recent trend of decline in the number of certain eligible recipients. *The Governor recommends funding as requested.*

Temporary Disability Insurance Benefits. The Department requests \$168.0 million from the Temporary Disability Insurance Fund for the benefit payments that protect eligible workers against wage loss resulting from a non-work related illness or injury. This is \$7.0 million less than enacted and \$3.0 million more than the revised request. Requested benefits decrease 4.0 percent from the enacted level to reflect a smaller

increase than had been anticipated; however, the request reflects a 1.8 percent increase from the revised request and a 2.7 percent increase from FY 2015 expenditures, which is closer to pre-recession growth.

The Governor recommends funding as requested. She also recommends legislation in Article 16 that would reduce the amount of time a claimant has to apply for temporary disability insurance benefits from 52 weeks to 90 days.

Temporary Disability Insurance Administration. The Department requests \$6.8 million from the Temporary Disability Insurance Fund for administrations of the Temporary Disability Insurance program, which is \$0.8 million more than enacted, primarily for salaries and benefits. The request includes \$6.0 million for salaries and benefits for 60.4 positions, \$0.9 million above the enacted level from shifting 8.0 positions from other programs, continuing the increased utilization of staff experienced in FY 2015 and overtime, and annualizing the final cost-of-living adjustment. It also includes \$0.8 million for administrative expenditures, including \$0.4 million for postage, \$0.2 million for computer and information technology related services and \$0.2 million for all other expenditures, including office supplies, utilities and printing. The request is \$0.1 million less for non-staffing expenditures, primarily for computer and information technology costs, consistent with the revised request.

The Governor recommends funding as requested. She also proposes legislation in Article 16 to establish a Temporary Disability Insurance Fraud and Integrity Task Force charged with educating workers, employers and healthcare professionals about the program. The task force will include the following members or their designees: director of labor and training, secretary of health and human services, director of health, director of office of management and budget, and attorney general.

Temporary Caregiver Benefits. The Department requests \$9.5 million from the Temporary Disability Insurance Fund for benefits for the temporary caregiver insurance program. This is \$0.5 million less than enacted and \$0.9 million above FY 2015 expenditures, which was the first full year of the program. The Department anticipates that benefit payments will continue to increase slightly as more workers become aware of the program and feel more confident in their employment status to access the time off. The FY 2017 request is 9.9 percent above FY 2015 expenditures and 5.5 percent above the revised request.

The program began on January 1, 2014, and allowed eligible claimants up to four weeks of benefits to care for a seriously ill child, spouse, domestic partner, parent, parent-in-law or grandparent, or to bond with a newborn child, new adopted child or new foster care child. The benefit rate is the same as temporary disability insurance benefits. *The Governor recommends funding as requested.*

Temporary Caregiver Administration. The Department requests \$0.7 million from the Temporary Disability Insurance Fund, which is \$0.3 million less than enacted for administration of the temporary caregiver program. This includes \$0.7 million for salaries and benefits, which is \$0.3 million less than enacted from shifting 2.8 positions to other divisions, for a total of 7.2 positions, along with statewide benefit savings. The request also includes \$22,849 for all other administrative expenditures, such as postage, office supplies and utilities, which is \$1,144 less than enacted though it reflects an average of a 2.0 percent increase from the revised request. The request is \$0.6 million above FY 2015 expenditures, which reflected the first full fiscal year of the program; the entire increase is for salaries and benefits, which appear to have been reported in part with the Temporary Disability Insurance program in FY 2015. *The Governor recommends funding as requested.*

Workers' Compensation. The Department requests \$9.2 million from workers' compensation restricted receipts for administration of the workers' compensation program, including salaries and benefits. This includes \$3.7 million for operations at the Donley Rehabilitation Center, \$2.5 million for claims processing, \$1.7 million for the Administration Fund for payment of claims for second injuries, \$0.6 million for the education unit and \$0.7 million for all other operating and administrative costs. The request includes \$4.8

million for 40.4 full-time equivalent positions, which is \$0.2 million and 1.3 more positions than assumed in the enacted budget for the Donley Center and in the divisions' central office. The request also includes \$4.3 million for doctors, dentists, nurses, employing a graduate student under a training program and other medical services at the Donley Center, for claims determinations, information technology expenses and all other operating expenses, such as insurance, utilities and office supplies. Requested operating reductions for postage and printing are offset by increases for computer and information technology related services. *The Governor recommends funding as requested.*

Capital Improvements. The Department requests \$1.9 million from Rhode Island Capital Plan funds for a series of seven asset protection projects at the Center General Complex and Donley Rehabilitation Center. This is consistent with the Department's capital budget request. The Department does not request any funding for the roof replacement project since it is expected to be completed in FY 2016.

As part of its constrained request, the Department eliminated this funding, which it indicated was an unintentional error. *The Governor recommends funding consistent with the unconstrained request. A more detailed description of this project is included in the Capital Budget section of this publication.*

Operating Transfers. Excluding items mentioned previously, the Department's request includes \$6.1 million for expenditures classified as "operating transfers," which is \$2.1 million less than enacted. The reductions include \$2.0 million for the payment of unemployment insurance benefits to other states, \$0.2 million for reimbursements to the three state institutions of higher education, and \$0.1 million from Temporary Disability Insurance funds to support the employer tax unit in the Department of Revenue. It also includes \$0.1 million more for the WorkShare unemployment insurance program. 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 employment security funds and among state agencies. These transfers double count expenditures that appear elsewhere in this budget or in other state agencies. *The Governor recommends funding as requested.*

Other Salaries and Benefits. The Department requests \$3.1 million from general revenues for all other salary and benefit expenses for the remaining 41.1 authorized positions. The request is \$0.1 million less than enacted; it includes \$0.2 million less for the workforce regulation and safety division from shifting some expenditures to available restricted receipts in the income support division and increases general revenues by \$42,558 for the Police and Fire relief program from adding 0.3 positions from other divisions, for a total of 1.0 position for that program. The increase also reflects the annualized cost-of-living adjustment from FY 2016 and adds \$48,097 for the Labor Relations Board; however, it includes benefits related to retirement for Labor Relations Board members, which overstates the request by \$26,597, since board members do not receive these benefits and it provides funding for all board members' stipends, though it is known that one member does not accept the stipend, valued at \$13,531.

The Governor's recommendation is \$39,952 less from general revenues than requested. This includes \$31,112 to correct the benefit overstatement for members of the Labor Relations Board and \$8,840 in additional statewide medical benefit savings.

Other Operations. The Department requests \$0.4 million from general revenues for all other operations. The request includes \$276,342 for the workforce regulation and safety division, \$21,019 for central management, \$42,262 for the Labor Relations Board and \$13,907 for the Police and Fire Relief program. The request is \$0.2 million or 76.4 percent more than enacted. The increase is primarily in the Workforce Regulation and Safety program, which experienced increased expenditures in FY 2015 that have carried forward into FY 2016 and FY 2017. These include expanding the assessment of the statewide, centralized fees and expenses to non-federal sources, and increases for a review of the program's computer and information technology needs. In addition, there appears to be approximately \$30,000 in added one-time payments to some employees of a company that violated labor laws and owed wages to some of its

employees, but the expected offsetting revenue, which has been or will be received, did not offset this expenditure in the request. The request is essentially consistent with the revised request. *The Governor recommends funding as requested.*

Department of Revenue

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Program				
Office of Director	\$ 1,144,238	\$ 787,580	\$ 1,149,808	\$ 1,147,047
Office of Revenue Analysis	574,490	553,232	781,266	806,836
Lottery Division	303,850,780	356,454,202	382,434,640	382,271,870
Division of Municipal Finance	2,186,998	2,462,726	2,194,672	2,391,184
Taxation	22,819,933	22,831,280	23,405,332	23,571,898
Registry of Motor Vehicles	24,465,170	26,837,251	26,622,539	28,565,229
State Aid	68,165,640	68,302,182	61,946,781	63,845,475
Total	\$ 423,207,249	\$ 478,228,453	\$ 498,535,038	\$ 502,599,539
Expenditures by Category				
Salaries and Benefits	\$ 47,430,708	\$ 47,519,733	\$ 49,719,085	\$ 49,789,261
Contracted Services	1,882,007	5,703,146	2,300,781	4,328,281
Subtotal	\$ 49,312,715	\$ 53,222,879	\$ 52,019,866	\$ 54,117,542
Other State Operations	302,661,838	353,127,808	381,172,251	381,267,251
Aid to Local Units of Government	68,321,548	68,431,221	62,102,689	63,974,514
Assistance, Grants, and Benefits	108,923	108,623	108,623	108,623
Capital	2,734,124	3,269,821	3,063,508	3,063,508
Operating Transfers	68,101	68,101	68,101	68,101
Total	\$ 423,207,249	\$ 478,228,453	\$ 498,535,038	\$ 502,599,539
Sources of Funds				
General Revenue	\$ 113,198,446	\$ 110,571,771	\$ 109,003,977	\$ 111,231,248
Federal Aid	1,315,154	5,288,759	2,145,367	2,145,367
Restricted Receipts	3,894,326	4,935,486	3,947,043	5,947,043
Other	304,799,323	357,432,437	383,438,651	383,275,881
Total	\$ 423,207,249	\$ 478,228,453	\$ 498,535,038	\$ 502,599,539
FTE Authorization	514.5	514.5	517.5	523.5

Summary. The Department of Revenue requests expenditures of \$498.5 million for FY 2017, including \$109.0 million from general revenues, \$2.1 million from federal funds, \$3.9 million from restricted receipts, and \$383.4 million from other sources including Lottery funds. The request is \$75.3 million more than the enacted budget. This includes \$4.2 million less from general revenues, \$0.8 million more from federal funds, \$52,717 more from restricted receipts, and \$78.6 million more from other sources, primarily Lottery funds.

The Governor recommends \$502.6 million, which is \$79.4 million more than enacted and \$4.1 million more than requested from all funds. Recommended general revenues are \$111.2 million, \$2.0 million less than enacted and \$2.2 million more than requested. The recommendation includes \$2.0 million more than requested from restricted receipts and \$0.2 million less than requested from Lottery funds.

Staffing Authorization. The Department requests 517.5 full-time equivalent positions, 3.0 more than authorized. The request is reflective of the creation of two new revenue analyst positions within the Office of Revenue Analysis and one new revenue agent position within the Division of Taxation associated with an enhanced collection initiative. *The Governor recommends total staffing of 523.5 full-time equivalent positions, 9.0 more than the authorized level and 6.0 more than requested. She adds 2.0 positions for the Office of Revenue Analysis, 1.0 position for the Division of Municipal Finance for a recommended municipal transparency initiative, and 6.0 positions for the Division of Taxation to implement recommended collections and compliance initiatives.*

Target Issues. The Budget Office provided the Department of Revenue with a general revenue target of \$104.4 million. The amount includes current service reductions of \$5.6 million and a 7.5 percent target reduction of \$3.2 million.

FY 2017 Budget	Budget Office		DOR		Difference
FY 2016 Enacted	\$	113,198,446	\$	113,198,446	\$ -
Current Service Adjustments		(5,574,104)		(4,194,469)	1,379,635
Change to FY 2016 Enacted	\$	(5,574,104)	\$	(4,194,469)	\$ 1,379,635
FY 2017 Current Service/Unconstrained Request	\$	107,624,342	\$	109,003,977	\$ 1,379,635
Target Reduction/Initiatives		(3,246,064)		(683,149)	2,562,915
FY 2017 Constrained Target/Request	\$	104,378,278	\$	108,320,828	\$ 3,942,550
Change to FY 2016 Enacted	\$	(8,820,168)	\$	(4,877,618)	\$ 3,942,550

The constrained budget submitted by the Department is \$3.9 million more than the target. The constrained request proposes \$0.7 million of savings from general revenues and \$4.1 million in new revenues resulting from enhanced collections and suggested changes to current law. The proposals to achieve the reductions and new revenues are noted among the following items, described where appropriate. *The Governor's recommendation is \$6.8 million above the target.*

Office of the Director

Staffing and Operations. The Department requests \$1.1 million from general revenues, which is \$5,570 more than enacted for staffing and operations in the Office of the Director. The Office oversees overall Departmental operations and is comprised of two units: the director of revenue and legal services.

The request includes \$1.1 million, \$9,922 more than enacted, for salaries and benefits for the authorized level of 9.0 full-time positions for the Office of the Director. As of November 28, 2015, 8.0 positions were filled. The request assumes that the currently vacant director position will be filled as of July 1, 2016, annualizes the cost-of-living adjustment, and uses updated Budget Office planning values.

The Department also requests \$17,942, which is \$4,352 less from general revenues for Office operating expenses, primarily reflective of historical expenditures for staff training and information technology equipment purchases made in FY 2014 and FY 2015.

As part of its constrained request, the Department proposes \$0.2 million of savings from maintaining the director position vacancy for the fiscal year. *The Governor recommends \$2,761 less than the unconstrained request to reflect additional statewide medical benefit savings.*

Office of Revenue Analysis

New Revenue Analysts. The Department requests \$0.2 million from general revenues for the creation of two new revenue analyst positions in the Office of Revenue Analysis. The positions are intended to provide the Office with appropriate staffing to fulfill its statutory analysis and reporting obligations under the Rhode

Island Economic Development Tax Incentives Evaluation Act of 2013 and to assist with analysis of economic development and tax policy proposals.

In the second half of FY 2015, the Office notified the chairpersons of the House and Senate Finance Committees that its report on the first set of incentives to be analyzed under the Act, according to the schedule set by the Office itself, would not be issued in that fiscal year, due to a lack of staffing. The Office experienced two unanticipated vacancies in the third quarter of FY 2015, which it noted made comprehensive study of incentive outcomes on its original timetable impossible.

As part of its constrained request, the Department excludes the positions. *The Governor recommends the requested funding and new positions.*

Other Staffing and Operations. The Department requests \$0.6 million, which is \$15,196 less than enacted from general revenues for all other Office of Revenue Analysis staffing and operations. This includes \$0.5 million, \$15,137 less than enacted, to fund salaries and benefits for the authorized level of 4.0 full-time positions. The request reflects savings from the filling of two unanticipated vacancies at lower salaries in FY 2016, the annualized cost-of-living adjustment, and updated Budget Office planning values. Consistent with the enacted budget and current staffing, the request does not include turnover savings.

The Department also requests \$20,549, which is \$59 less than enacted from general revenues for all other Office expenses, reflective of the Office's share of statewide telecommunications savings. It should be noted that the request eliminates the biennial license cost of economic modeling software, which the Office utilizes in its analysis work. The licensing fee was last paid in FY 2015; it will be owed again in FY 2017. The Department reports that these funds were excluded in error. *The Governor recommends \$25,570 more than requested; the recommendation includes funding for the biennial software fee offset by additional statewide medical benefit savings.*

Lottery Division

Commission Payments. The Department requests \$359.6 million, \$76.1 million more than enacted, from Lottery funds for commission payments to reflect November estimates and an increase in the number and type of table games available at Twin River Casino. The request includes \$20.2 million more for table gaming payments and \$55.9 million more for traditional Lottery games reflecting an estimated five percent increase in net terminal income for both Twin River and Newport Grand Casino and a five percent increase in traditional Lottery sales. The appropriations act historically includes language authorizing the Lottery to pay winning prize funds and commission payments to Twin River and Newport Grand casinos for the fiscal year. *The Governor recommends funding as requested.*

Network Security Audits. The Department requests \$0.1 million from Lottery funds for contracted network security audits to ensure Division information technology policies, procedures, documentation, and implementation are in line with industry best practices and to safeguard Lottery funds. Funding to perform the audits was included in the Department's FY 2016 operating budget request. The Governor did not recommend the funding and the Assembly concurred. *The Governor recommends funding as requested.*

Casino Facilities Marketing. The Department requests \$8.5 million, \$1.3 million more than enacted, from Lottery funds for the state's share of casino facilities marketing expenditures, reflecting an estimated five percent increase in net terminal income for both Twin River and Newport Grand Casino. The request is consistent with statutory changes enacted by the 2015 Assembly, providing an additional 1.9 percent of annual net terminal income from the Newport Grand casino to UTGR, Inc., owner of the facility, for both FY 2016 and FY 2017. The enacted budget recognized the revenue loss, but did not adjust Lottery expenditures to reflect the change. The additional funds may only be spent on marketing expenditures, which must be approved by the Division. *The Governor recommends funding as requested.*

Salaries and Benefits. The Department's request includes \$9.6 million, \$0.7 million more than enacted, from Lottery funds to fully fund the Division's authorized level of 84.0 full-time equivalent positions. It reflects the annualized cost-of-living adjustment and updated Budget Office planning values and eliminates the \$0.4 million of turnover savings included in the enacted budget. By comparison, final FY 2015 expenditures for staff salaries and benefits were \$0.2 million less than enacted, reflective of unanticipated vacancies in the second half of the fiscal year. As of the pay period ending November 28, 2015, the Division reported 5.0 vacancies. *The Governor recommends \$0.2 million less than requested to reflect historical expenditures and additional statewide medical benefit savings. The recommendation assumes that three vacant positions will be filled in the current year.*

Other Operations. The Department requests \$4.5 million, \$0.4 million more than enacted from Lottery funds, for all other Lottery expenses. This includes \$1.5 million, which is \$0.1 million more than enacted for payments to the Department of Public Safety for the State Police Gaming Unit. Also included is \$1.4 million, \$0.1 million more than enacted, for advertising expenses, which assumes a five percent increase in traditional Lottery game sales. The request includes \$0.5 million, \$24,132 more than enacted, for insurance expenses, based on actual premium costs and \$0.1 million, \$13,477 more than enacted, to reflect historical expenditures for college students presenting winning Lottery numbers. The Division also requests \$0.2 million, \$0.1 million more than enacted, for general office supplies. For FY 2015, the Division expended \$122,214, which is \$68,829 more than enacted for these items. While the request appears to better reflect historical spending than the enacted level of funding, it is \$33,647 more than FY 2015 expenditures. *The Governor recommends funding as requested.*

Division of Municipal Finance

Transparency Portal. Under current law, municipalities are required to submit quarterly budget information to the Division of Municipal Finance. The Division is responsible for monitoring local governments' financial health, calculating property value information for the purposes of state aid, and providing technical assistance to local governments. Municipalities are required to provide their quarterly financial information in a format prescribed by the Division; however, in practice, cities, towns, and other local governments use different forms to show their fiscal year budget to actual spending comparisons and submit their information to the Division in different ways, including hard-copy.

The Governor includes Article 15 of the Budget, to implement a standardized method of financial reporting for municipalities and develop an online portal for municipal report submission to publicly post municipal financial information. She includes \$0.2 million from general revenues and 1.0 new full-time programming services officer position to administer the initiative. The recommendation includes \$0.1 million for design and development of the portal and \$0.1 million to fund the position.

Oversight Reimbursement. The Department requests the enacted amount of \$0.2 million from general revenues for municipal finance oversight reimbursements. The request is consistent with state law enacted by the 2013 General Assembly, which requires that the state reimburse 50.0 percent of the cost for a finance advisor to municipalities that have improved in financial standing so as to no longer require a receiver. The request includes reimbursements to Central Falls, East Providence, and Woonsocket. *The Governor recommends \$26,869 less than requested to reflect historical expenditures; this is consistent with her revised FY 2016 recommendation.*

Other Operations. The Department requests \$2.0 million, which is \$7,674 more than enacted from general revenues, for all other Division of Municipal Finance expenses. The request includes \$1.9 million, \$13,128 more than enacted, for staff salaries and benefits. Consistent with the enacted budget, the request includes \$0.1 million of turnover savings, equivalent to 0.7 of a full-time position. The request assumes all vacant positions will be filled at the lowest salary level in FY 2016 and includes the annualized cost-of-living

adjustment and updated Budget Office planning values. As of the pay period ending November 28, 2015, the Division reported 2.0 vacancies.

The request also includes \$0.2 million, \$5,454 less than enacted, for all other Division operations, of which \$5,000 is for legal services, following the September 30, 2015 end of the Central Coventry Fire District receivership, and \$454 is for statewide communication savings.

As part of its constrained request, the Department proposes holding two positions, a programming services officer and a supervisor of local government assistant, vacant for the fiscal year. The constrained request includes savings of \$0.1 million from general revenues. It appears the proposal underestimates the savings available from the vacancies by \$0.1 million. *The Governor recommends \$5,458 less than the unconstrained request to reflect additional statewide medical benefit savings.*

Local Aid

Payment in Lieu of Taxes. The Department requests the enacted amount of \$40.1 million from general revenues for the Payment in Lieu of Taxes program, which 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 statutorily based on 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation. If the appropriation is less than the amount necessary to reimburse at 27.0 percent, the reimbursements are ratably reduced. The state makes one payment to communities in July of each year. The FY 2017 request represents a reimbursement of 25.8 percent of the value; this is higher than FY 2016 at 23.7 percent. *The Governor recommends a total of \$42.0 million, \$1.9 million more than enacted, to fully fund the program for FY 2017.*

Distressed Communities Relief Fund. The Department requests the enacted amount of \$10.4 million from general revenues to fund the Distressed Communities Relief program for FY 2017. 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. Since FY 2010, funding for the program has been subject to appropriation.

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. For FY 2016, Central Falls, East Providence, North Providence, Pawtucket, Providence, West Warwick, and Woonsocket qualified for the program. The 2005 Assembly also mandated 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 2016, East Providence qualified for the program. For FY 2017, East Providence is not a qualifying community; however, Cranston is.

The Governor recommends funding as requested. The Budget includes Section 4 of Article 15 to require communities qualifying as distressed to participate in the Division of Taxation's refund offset program within three months of notification of distressed status. As of December 2015, three of the seven communities that qualify for FY 2017 participate: Pawtucket, West Warwick, and Woonsocket. East Providence is also a participant in the program.

Motor Vehicles Excise Tax Program. The Department requests the enacted amount of \$10.0 million from general revenues to level fund the Motor Vehicles Excise Tax program for FY 2017. The 2010 Assembly enacted legislation mandating a \$500 exemption for which the state will reimburse municipalities an amount subject to appropriation. The legislation allowed municipalities to provide an additional exemption not subject to reimbursement, 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, allowed rates to be lowered from existing frozen levels, and restored the authority for fire districts to levy a motor vehicles excise tax. *The Governor recommends funding as requested.*

Property Revaluation Reimbursements. The Department requests \$0.6 million, \$1.2 million less than enacted from general revenues, to reimburse communities conducting scheduled property revaluations or statistical updates in FY 2017. The request reflects anticipated expenses for maximum allowable reimbursements for communities scheduled to complete revaluations in FY 2016. Expenditures fluctuate annually; they were \$0.7 million in FY 2015, \$0.4 million in FY 2014, \$0.9 million in both FY 2013 and FY 2012, \$0.7 million in FY 2011, \$1.5 million in FY 2010 and \$1.0 million in FY 2009. In FY 2017, the communities that qualify for reimbursement are Charlestown, Cumberland, Gloucester, Hopkinton, North Providence, Richmond, and West Greenwich.

The Governor recommends funding as requested. The Budget includes Section 5 of Article 15 to expand the statutory municipal property revaluation schedule to statistical property valuations every fifth and tenth year, with full revaluations occurring every fifteenth year. The changes would be effective as of the assessment date of December 31, 2017 and would impact associated state reimbursements beginning in FY 2018.

Municipal Incentive Aid. Consistent with current law, the Department does not request funding for FY 2017 for the Municipal Incentive Aid program, for which FY 2016 is the third and final year of a \$5.0 million appropriation. *The Governor does not recommend funding for the program.*

Car Rental/Surcharge - Warwick Share. The Department requests the enacted amount of \$0.9 million from restricted receipts for the City of Warwick, reflective of updated estimates. 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 account for the City of Warwick. *The Governor recommends funding as requested.*

Division of Taxation

Nexus Revenue Policy Analyst. The Department requests \$0.1 million from general revenues to create a new revenue policy analyst position for FY 2017 to analyze whether business entities that legally conduct business in the state also have nexus, requiring the entity to register with the Secretary of State's office and work with the Division regarding any potential taxes owed. The Division of Taxation had an active nexus program from FY 1993 through FY 2010, which it reports generated approximately \$19 million in collections over that period. The Department reports that FY 2011 budget constraints resulted in a shift in Division resources away from the Nexus program. The requested new position would be responsible for administering the program.

As part of its constrained request, the Department proposes restarting the nexus program and estimates an associated \$1.0 million in tax collections. Including the requested position, the net impact of restarting the nexus program would be an estimated increase of \$0.9 million for FY 2017. *The Governor recommends funding as requested and includes authorization for the position. The Budget assumes a net impact of \$0.9 million in new revenues from restarting the program.*

Other Salaries and Benefits. The Department requests \$21.4 million, which is \$0.5 million more than enacted from all sources for salaries and benefits for the authorized level of 225.0 full-time equivalent positions in the Division of Taxation. This includes \$0.3 million more from general revenues, \$0.1 million more from federal funds, \$52,717 more from restricted receipts, and \$55,468 more from Temporary Disability Insurance funds. The request assumes 4.7 percent or \$1.0 million in turnover savings, equivalent to 9.0 vacant positions; this is \$0.2 million less savings than the enacted budget, which assumes savings

equivalent to 10.9 vacancies. As of November 28, 2015, the Division reported 208.0 filled positions, 17.0 less than assumed funded in the enacted budget. The request includes the annualized cost-of-living adjustment and reflects updated Budget Office planning values.

As part of its constrained request, the Department proposes a \$0.2 million increase in turnover savings in Compliance and Collections. Assuming collections by revenue officers of between \$0.5 million and \$0.6 million and collections of \$0.8 million by revenue agents, it can be estimated that the Department's proposal would result in a revenue loss of \$1.1 million to \$1.2 million for FY 2017.

The Governor recommends \$0.2 million more than requested from general revenues. The recommendation includes \$0.6 million for 5.0 new full-time compliance and collections positions, including 3.0 revenue officer I positions and 2.0 revenue agent I positions. The Budget assumes a net impact of \$3.0 million in new revenues generated by the positions, including \$2.1 million from the new revenue officers and \$0.9 million from the new revenue agents. The remainder of the recommendation reflects historical expenditures, savings from filling unanticipated vacancies at a lower cost in the current year, and additional statewide medical benefit savings.

Other Operations. The Department requests \$1.9 million, which is \$890 less than enacted from general revenues for all other Division of Taxation operations. The request reflects the Division's share of statewide telecommunications savings and is consistent with historical expenditures for contracted financial services, printing, postage, and other office expenses. However, it should be noted that the request is inconsistent with the revised FY 2016 request, which includes savings of \$25,000 from general revenues for postage costs, which the Department reports reflects the efficacy of enhanced compliance and collections initiatives over the past several fiscal years. *The Governor recommends \$25,000 less than requested to reflect savings for postage, consistent with the revised FY 2016 recommendation.*

Target Proposal - IRS Code 482 Audit. As part of its constrained request, the Department proposes enabling the Division of Taxation to partner with third party vendors to evaluate potential liabilities owed by tax filers conducting transactions with related companies prior to the institution of combined reporting. The Division estimates net collections of \$2.3 million in owed corporate income taxes, and notes that the estimate was developed by an external vendor using preliminary analyses used in other jurisdictions, adjusted for economic and tax differences in Rhode Island. The Department reports that no statutory change would be required for this proposal, as it would be able to utilize the contingency fee contract allowance enacted by the 2015 Assembly. It appears that these revenues would be available in the current year as well as FY 2017. *The Governor recommends the initiative; the Budget assumes an associated \$6.7 million in one-time revenues.*

Target Proposal - Refund Offsets. As part of its constrained request, the Department proposes instituting a fee for refund collections of \$25.00 per transaction. Legislation enacted by the 2011 Assembly enables any government entity to contract with the Division of Taxation to collect outstanding liabilities owed to that entity. Government entities are defined as any state agency, board, commission, department, public institution of higher learning, all political subdivisions of the state, fire districts, and quasi-state agencies. Using calendar year 2015 data, the Division estimates that additional revenues of \$0.5 million would result from this proposal. *The Governor does not recommend the initiative.*

The Division of Motor Vehicles

License Plate Reissuance. The Department requests \$3.2 million, \$0.2 million more than enacted from general revenues, to continue production of new license plates in FY 2017. The 2015 Assembly enacted legislation postponing the reissuance of the plates from September 2015 to July 2016. Each plate set is anticipated to cost up to \$12.50 to produce; the Department anticipates producing approximately 36,500 plate sets per month over a period of 24 months. Current law allows a \$6 per plate fee, which remains

unchanged. License plate design is anticipated to be finalized by January 2016 in concurrence with the state tourism and marketing campaign administered by the Executive Office of Commerce. The Department reports that production of the plates will likely commence in the third quarter of FY 2016. Pursuant to current law, any unspent funds appropriated for this purpose in FY 2016 will be reappropriated to FY 2017.

The request includes the enacted level of \$3.0 million for license plate production costs; the Department also requests \$75,000 for anticipated postage costs associated with mailing new plates and \$150,000 for payment to Correctional Industries for the production costs. The Department reports that it anticipates that any unspent funds in FY 2017 will be reappropriated to FY 2018 to complete the reissuance process.

The Governor recommends funding as requested; however, the Budget shifts \$3.0 million in revenues from FY 2016 to FY 2017, consistent with the reissuance delay from July 2016 to April 2017 proposed in Article 19. Documents supporting the recommendation note that the reissuance should occur after the anticipated December 2016 deployment of the Registry's modernized information technology system, for administrative ease.

Extended Hours. The Department requests \$0.1 million from general revenues for staffing costs associated with opening two registry branch offices for extended hours. The request includes salary and benefit costs for three customer service representatives and one supervisor position, as well as an additional capitol police officer, per branch. The Department reports it is researching possible locations for extended hours, with likely offerings at a branch location in the north of the state and a branch location in the south.

No operations costs are included in the request, as those costs are contingent upon the locations chosen. As of December 2015, no branch locations have been chosen to pilot the extended hours. *The Governor recommends funding as requested, though no plan has been formalized.*

Satellite Office. The Department requests \$0.4 million from general revenues for staffing costs and limited operations costs associated with opening an additional registry satellite office for up to 40 hours per week. The request funds salary and benefit costs for three customer service representatives and one supervisor position, and reflects the assumption that the new branch will open in FY 2016; however, as of December 2015, no location had been determined to pilot the program and no formal staffing plan had been established. No lease costs are included in the request, as those costs are contingent upon the location of the new branch office. Additionally, it should be noted that the request does not include the cost of capitol police, who currently staff each of the Division's registry branches. *The Governor does not recommend the initiative.*

Information Technology Modernization. The Department requests \$2.8 million, \$0.8 million more than enacted from federal funds, for Registry information technology hardware and software modernization. The request includes the enacted amount of \$2.1 million from restricted receipts. The project is intended to expand available online functions and reduce overall registry wait times. The revised request is consistent with the Department's capital budget request and reflects the new contract amendment between the state and Hewlett Packard for system design and development, which was agreed to in November 2015. Vital modules of the project are anticipated to be usable in early FY 2017 with the remainder of the system deployed in December 2016. *The Governor recommends \$2.0 million more than requested from restricted receipts to reflect an updated project scope to make more user modules available earlier in FY 2017.*

Driver's License Imaging. The Department requests \$0.1 million from general revenues for software licensing costs associated with an upgrade to the cameras used by the registry branches for photo imaging for driver's licenses and other credentials, such as state identification cards. In the first quarter of FY 2016, the Division of Information Technology and Department of Administration approved the purchase of new cameras from the Information Technology Investment Fund. The cameras and associated software

upgrades are anticipated to assist the Division with lowering wait times for licenses and other forms of identification as well as meet standards associated with the federal Real ID program. The funds are also included in the Department's revised FY 2016 request. *The Governor recommends funding as requested.*

Other Salaries and Benefits. The Department requests \$14.4 million from all funds, which is \$0.3 million more than enacted from general revenues for all other Division of Motor Vehicles salaries and benefits for the authorized level of 176.5 full-time positions. The request includes the annualized cost-of-living increase and \$0.5 million of turnover savings, equivalent to 5.6 full-time positions. This is \$0.1 million less than assumed in the enacted budget. Also included is \$4,696 more for staff overtime costs. The Department reports that the restoration of turnover savings and overtime increase reflect FY 2015 over-expenditures and an attempt to decrease wait times, which began to steadily climb over the past year. The remainder of the request reflects statewide benefit savings and updated Budget Office planning values. *The Governor recommends \$0.3 million more than requested, reducing turnover savings to facilitate the hiring of staff to reduce wait times and to maintain customer service staffing levels to assist the public while personnel are trained on the new information technology system.*

Other Operations. The Department requests \$4.4 million, \$0.3 million more than enacted from general revenues, for all other Division operations. The request includes \$1.1 million, which is \$0.1 million less than enacted for software maintenance and licensing agreements for the registry's current information technology system, which must be maintained until the new system is fully operational. The request also includes \$0.1 million more than enacted for rental of non-state owned property, reflective of anticipated lease costs for the Division's branch registration offices, \$41,000 more than enacted for general office supplies and equipment, consistent with FY 2015 expenditures and is otherwise reflective of FY 2015 expenditures. *The Governor recommends funding as requested.*

Target Proposal - No Registration Refunds. As part of its constrained request, the Department proposes amending current law to eliminate refunds for registrations that are valid for more than one year at the time they are returned to the Division of Motor Vehicles. The proposal assumes that the elimination of these refunds would result in savings of \$327,000 per fiscal year, based an average of 5,450 registrations returned to the Division annually. However, it is unclear how many of the returns are the result of registrations leaving the state and how many result from a registrant changing registration or plate type. *The Governor does not recommend the initiative.*

Legislature

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Program				
General Assembly	\$ 5,526,121	\$ 6,727,584	\$ 5,757,267	\$ 5,725,048
Fiscal Advisory Staff	1,846,092	1,899,935	1,898,307	1,893,563
Legislative Council	5,018,501	4,916,064	5,378,729	5,357,247
Joint Comm. on Legislative Affairs	23,170,750	25,171,175	24,477,098	24,414,329
Office of the Auditor General	5,579,580	5,377,177	5,655,241	5,645,215
Special Legislative Commissions	13,900	13,900	13,900	13,900
Total	\$ 41,154,944	\$ 44,105,835	\$ 43,180,542	\$ 43,049,302
Expenditures by Category				
Salaries and Benefits	\$ 35,293,497	\$ 34,005,488	\$ 36,520,782	\$ 36,389,542
Contracted Services	421,350	625,350	529,500	529,500
Subtotal	\$ 35,714,847	\$ 34,630,838	\$ 37,050,282	\$ 36,919,042
Other State Operations	2,876,597	5,813,497	3,092,760	3,092,760
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,300,000	2,300,000	2,300,000	2,300,000
Capital	263,500	1,361,500	737,500	737,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 41,154,944	\$ 44,105,835	\$ 43,180,542	\$ 43,049,302
Sources of Funds				
General Revenue	\$ 39,474,071	\$ 42,490,012	\$ 41,483,970	\$ 41,352,730
Federal Aid	-	-	-	-
Restricted Receipts	1,680,873	1,615,823	1,696,572	1,696,572
Other	-	-	-	-
Total	\$ 41,154,944	\$ 44,105,835	\$ 43,180,542	\$ 43,049,302
FTE Authorization	298.5	298.5	298.5	298.5

Summary. The Legislature estimates FY 2017 expenditures of \$43.2 million and 298.5 full-time equivalent positions. This includes \$41.5 million from general revenues and \$1.7 million from restricted receipts and includes funding for statewide benefit adjustments. *The Governor recommends \$131,240 less from general revenues than requested to reflect additional statewide medical benefit savings.*

Office of the Lieutenant Governor

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 1,063,157	\$ 948,604	\$ 1,075,702	\$ 1,045,167
Contracted Services	40,750	60,750	30,750	30,750
Subtotal	\$ 1,103,907	\$ 1,009,354	\$ 1,106,452	\$ 1,075,917
Other State Operations	87,964	32,964	32,909	32,909
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	750	750	750	750
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,192,621	\$ 1,043,068	\$ 1,140,111	\$ 1,109,576
Sources of Funds				
General Revenue	\$ 1,127,621	\$ 1,043,068	\$ 1,140,111	\$ 1,109,576
Federal Aid	65,000	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 1,192,621	\$ 1,043,068	\$ 1,140,111	\$ 1,109,576
FTE Authorization	8.0	8.0	8.0	8.0

Summary. The Office of the Lieutenant Governor requests total expenditures of \$1.1 million for FY 2017, which is \$52,510 less than enacted. The changes include \$12,490 more from general revenues and \$65,000 less from federal funds to reflect the elimination of the State Innovation Models Grant. The request includes 8.0 full-time equivalent positions, consistent with the enacted authorization. *The Governor recommends \$1.1 million from all funds, which is \$83,045 less than enacted and \$30,535 less than requested. She includes staffing as enacted and requested.*

Target Issues. The Budget Office provided the Office with a general revenue target of \$1.1 million. The amount includes current service adjustments of \$12,490 and a 7.5 percent target reduction of \$85,508. The constrained budget submitted by the agency is \$258 less than the target.

FY 2017 Budget	Budget Office	Lieutenant Governor	Difference
FY 2016 Enacted	\$ 1,127,621	\$ 1,127,621	\$ -
Current Service Adjustments	12,490	12,490	-
Change to FY 2016 Enacted	\$ 12,490	\$ 12,490	\$ -
FY 2017 Current Service/Unconstrained Request	\$ 1,140,111	\$ 1,140,111	\$ -
Target Reduction/Initiatives	(85,508)	(85,766)	(258)
FY 2017 Constrained Target/Request	\$ 1,054,603	\$ 1,054,345	\$ (258)
Change to FY 2016 Enacted	\$ (73,018)	\$ (73,276)	\$ (258)

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.*

Staffing. The Office requests \$1.1 million from general revenues for salaries and benefits for 8.0 full-time equivalent positions. This is \$12,545 more than enacted to reflect the annualized cost-of-living adjustment and benefit rate changes consistent with planning values for FY 2017. The Office anticipates fully staffing its 8.0 authorized positions in FY 2016 and maintaining this level through FY 2017.

The Office's constrained request reduces funding for salaries and benefits by \$21,357, but the Office does not identify how it would achieve these savings. This lowest cost position has a combined salary and benefits cost of \$104,130.

The Governor recommends \$17,990 less than enacted from general revenues, which is \$30,535 less than the unconstrained request. The recommendation reflects the filling of 1.0 position at a lower pay grade than assumed in the request as well as additional statewide medical benefit savings.

State Innovation Models Grant. The Office's request excludes the \$65,000 enacted for the State Innovation Models Grant. The Office received these federal funds in FY 2013 and FY 2014, which reflects an award from the Centers for Medicare and Medicaid Services to support the development and testing of state-based models for multi-payer medical claim payments. The Office indicates that the current administration has no involvement with this initiative. *The Governor's recommendation excludes funding as requested.*

All Other Operating. The Office requests \$64,409, or \$55 less than enacted from general revenues for all other expenses. The changes include statewide savings on mobile phone expenses and shifts among types of expenditures to align with planned spending, consistent with the revised request. The Office reduces communications and media relations expenses by \$40,000 and adds \$6,000 for conferences, \$4,000 for general office expenditures, and \$30,000 for outside legal services related to ongoing Public Utilities Commission hearings regarding National Grid utility rate increases. The legal funds reflect an initiative begun by the new administration to intervene on behalf of consumers facing unexpected rate hikes.

The Office's constrained request eliminates all funding for non-personnel expenses. It is unlikely that all such expenses could be eliminated.

The Governor recommends funding consistent with the unconstrained request.

Secretary of State

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Program				
Administration	\$ 2,553,390	\$ 2,576,437	\$ 3,545,524	\$ 3,539,219
Corporations	2,302,691	2,214,793	2,303,805	2,192,627
State Archives	653,374	575,551	882,616	750,240
Elections	1,017,899	892,316	1,754,055	3,182,103
State Library	551,744	555,903	561,160	560,784
Office of Public Information	907,786	949,433	525,133	524,232
Total	\$ 7,986,884	\$ 7,764,433	\$ 9,572,293	\$ 10,749,205
Expenditures by Category				
Salaries and Benefits	\$ 5,680,095	\$ 5,483,037	\$ 6,048,075	\$ 5,994,759
Contracted Services	330,000	341,360	687,067	781,067
Subtotal	\$ 6,010,095	\$ 5,824,397	\$ 6,735,142	\$ 6,775,826
Other State Operations	1,288,931	1,285,695	2,539,945	3,676,173
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	150,611	150,611	150,611	150,611
Capital	537,247	503,730	146,595	146,595
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 7,986,884	\$ 7,764,433	\$ 9,572,293	\$ 10,749,205
Sources of Funds				
General Revenue	\$ 6,951,530	\$ 6,747,368	\$ 8,818,249	\$ 10,092,686
Federal Aid	-	22,859	-	-
Restricted Receipts	599,108	531,285	654,044	556,519
Other	436,246	462,921	100,000	100,000
Total	\$ 7,986,884	\$ 7,764,433	\$ 9,572,293	\$ 10,749,205
FTE Authorization	57.0	57.0	59.0	59.0

Summary. The Office of the Secretary of State requests FY 2017 expenditures of \$9.6 million, which is \$1.6 million more than the FY 2016 enacted budget. The request includes \$1.9 million more from general revenues, \$54,936 more from restricted receipts, and \$336,246 less from other fund sources. The request includes 59.0 full-time equivalent positions, 2.0 positions above the enacted authorization.

The Governor recommends total expenditures of \$10.7 million, including \$10.1 million from general revenues. The recommendation is \$2.8 million more than enacted from all funds and \$3.1 million more from general revenues. Compared to the request, the recommendation is \$1.3 million more from general revenues primarily to reflect new voting equipment. She recommends 59.0 full-time equivalent positions as requested.

Target Issues. The Budget Office provided the Office of the Secretary of State with a general revenue target of \$7.2 million. The amount includes current service adjustments of \$0.8 million and a 7.5 percent target reduction of \$0.5 million. The Office of the Secretary of State did not submit a constrained budget request. The Office's request is \$1.1 million above the Budget Office's current services level and \$1.6 million above the target. *The Governor's recommendation is \$2.9 million above the target.*

FY 2017 Budget	Secretary of		
	Budget Office	State	Difference
FY 2016 Enacted	\$ 6,951,530	\$ 6,951,530	\$ -
Current Service Adjustments	794,701	1,026,395	231,694
New Initiatives	-	840,324	840,324
Change to FY 2016 Enacted	\$ 794,701	\$ 1,866,719	\$ 1,072,018
FY 2017 Current Service/Unconstrained Request	\$ 7,746,231	\$ 8,818,249	\$ 1,072,018
Target Reduction/Initiatives	(514,612)	-	514,612
FY 2017 Constrained Target/Request	\$ 7,231,619	\$ 8,818,249	\$ 1,586,630
<i>Change to FY 2016 Enacted</i>	<i>\$ 280,089</i>	<i>\$ 1,866,719</i>	<i>\$ 1,586,630</i>

Personnel Overview. The Office requests 59.0 full-time equivalent positions in FY 2017, which is 2.0 positions above the enacted authorization to develop, implement and maintain the proposed changes to the Code of State Regulations, though they will not be filled until the second half of FY 2017. The enacted budget includes authorization for 57.0 positions and provides funding for approximately 56 positions, leaving approximately 1 position unfunded. As of October 31, the Office had 52.0 filled positions, leaving approximately 4 funded, but vacant positions within the enacted authorization. The Office averaged 55.0 filled positions in FY 2014 and 53.0 positions in FY 2015. The Office has sufficient clearance to increase the number of funded positions without increasing the number of positions authorized, though it intends to fully fund all current vacant positions in FY 2017.

The Office requests \$6.0 million from all sources for salary and benefit expenses. This is \$0.4 million more than enacted, primarily from general revenues. This includes increases from step increases for 17 new employees hired under the new Secretary, annualizing the most recent cost-of-living adjustment, updated benefit rates consistent with Budget Office planning values, and filling the position that was assumed vacant in the enacted budget. This is offset by \$17,083 less from statewide medical insurance savings. The request also shifts staffing and correlating expenditures among programs and fund sources, resulting in 0.75 fewer positions for the Records Center, 1.0 fewer position for both the Elections and Civics division and the Office of Public Information, 1.35 fewer positions for the Corporations division, and increases of 4.5 positions in administration and 1.6 positions in the State Archives.

Secretary of State Positions Changes - FY 2016 Revised and FY 2017						
Program	FY 2016 Enacted	FY 2016 Revised	Revised to Enacted	FY 2017 Request	Request to Enacted	Request to Revised Request
Administration	15.5	19.0	3.5	20.0	4.5	1.0
Corporations	22.35	21.0	(1.35)	21.0	(1.35)	-
State Archives	3.4	4.0	0.6	5.0	1.6	1.0
Elections and Civics	4.0	3.0	(1.0)	3.0	(1.0)	-
State Library	3.0	3.0	-	3.0	-	-
Office of Public Information	4.0	3.0	(1.0)	3.0	(1.0)	-
Records Center	4.75	4.0	(0.75)	4.0	(0.75)	-
Total	57.0	57.0	(0.0)	59.0	2.0	2.0

The Governor recommends \$6.0 million from all sources to support 59.0 positions as requested. This is \$0.1 million less than requested primarily to reflect the shifting of costs from Historical Records Trust

restricted receipts to Record Center internal service funds, that do not appear in the Appropriations Act, to more closely align projected collections with actual expenditures based on FY 2015 experience.

State Agency Rules and Regulations (2.0 FTEs). The Office requests \$0.7 million from general revenues to revise the State's Administrative Procedures Act to create an online, indexed and searchable Code of State Regulations that will also record the intermediate steps in the process, not just the final rules and regulations adopted as currently recorded. This project is in conjunction with the state's Office of Regulatory Reform and together, the two agencies determined that 2.0 full-time equivalent positions, two contracted employees and funding for hardware, licensing and maintenance would be required in order to develop, implement and maintain the proposed Code of State Regulations. Amending the State's Administrative Procedures Act requires legislation. *The Governor recommends funding and staffing as requested.*

Information Technology Reconfiguration. The Office requests \$0.3 million for information technology expenditures, which is \$48,111 or 15.4 percent more than enacted. After the new Secretary was sworn in, a new Chief Innovation Officer was hired, an agency-wide information technology review was conducted, and subsequently, priorities and projects were rearranged, resulting in the need for less funding in FY 2016 and additional funding in FY 2017. The request reflects the Office's updated technology priorities, includes \$26,400 for the lobby tracker module and adds \$50,000 to replace two programs and machines that provide and store data backups, to be done by March 2017 when the existing ones will exceed their useful lives. The FY 2017 request reflects the end of a three-year process of information technology reconfiguration and the Office indicates that expenditures in the near future will be more of a maintenance nature than purchases of new equipment. *The Governor recommends shifting \$6,965 requested from general revenues for computer maintenance from FY 2016 to FY 2017 and concurs with the remainder of the request.*

Online Voter Registration. The Office requests \$50,000 in FY 2016 and \$80,000 in FY 2017 from general revenues for the implementation of an online voter registration portal. This would allow residents to register to vote and/or change their voter registration information online, which is intended to improve the accuracy of the voter rolls. This funding would be used to purchase the system software and integrate the voter verification process into the state's registration database. Statutory changes are required to allow such online voter registration activities. *The Governor recommends the entire \$130,000 requested over FY 2016 and FY 2017 for FY 2017.*

Voting Equipment. During the 2015 Session, the General Assembly enacted legislation contained in 2015-H 6312, Substitute A, authorizing the Secretary of State to submit and approve the specifications used by the Department of Administration in procuring voting systems, voting system-related services and accessible voting equipment, on behalf of the state. The state last purchased voting machines in 1997. The House Oversight Committee's *Review of the 2012 Elections* report included a recommendation that the current voting machines are outdated and no longer adequate. The current maintenance budget for the voting equipment is \$0.4 million with \$0.1 million in the Office and the remaining budgeted in the Board of Elections budget. The Office's budget request includes only the \$0.1 million pending the outcome of the procurement process.

The Governor recommends adding \$1.3 million from general revenues for a total of \$1.4 million to allow the Secretary of State to enter into a multi-year purchase and maintenance agreement for new voting equipment. It reduces funding in the Board of Elections budget by \$0.3 million making the net increase to the state in FY 2017 \$1.0 million.

Voter Rolls (ERIC). The Electronic Registration Information Center, which was formed in 2012 with assistance from the Pew Charitable Trusts, provides its members with reports that show voters who have moved within the state, voters who have moved out-of-state, voters who have died, duplicate registrations in the same state and individuals who are potentially eligible to vote but have not yet registered. The

Electronic Registration Information Center currently has 11 member states and the District of Columbia; however, its current membership does not include Florida, where many Rhode Islanders have retired over the years, nor does it include any of the other ten most populous states.

The Secretary of State requests \$46,000 from general revenues in FY 2017 for maintaining and updating the state's voter rolls, which includes \$26,000 for annual dues and \$20,000 for mailings to people who have moved out of state and within the state with new addresses. The enacted budget includes \$100,000, \$54,000 more than requested, including \$40,000 for mailings to eligible voters who have not yet registered, and \$14,000 for design of the mailings, which are not included in the FY 2017 request. *The Governor recommends funding as requested.*

Elections and Civics Personnel. The Office requests \$0.3 million from general revenues for salaries and benefits for 3.0 positions in the Elections and Civics Division, which is \$19,600 less and 1.0 fewer position than enacted. This includes lower expenditures from one fewer position and statewide savings of \$1,382 along with additional funding for step increases for new staff hired under the new Secretary, annualizing the most recent cost-of-living adjustment, and updated benefits rates, consistent with Budget Office planning values. There were two vacancies in the division when the budget was submitted, but the request assumes that the division will be fully staffed throughout FY 2017.

The Governor recommends \$47,487 more than requested based on a requested change in the roster after the agency submission to fill an additional Deputy Director of Elections position rather than an Administrative Assistant position. The recommendation reflects the full annual cost of the new position.

Referenda Expenses. The Office requests \$119,400 for referenda costs, which are a biennial expense. Referenda costs include printing of referenda pamphlets, legal counsel and translator expenses. The request is \$9,400 above the Budget Office's current services level. The Office spent \$134,355 on referenda costs in FY 2013 and \$116,350 in FY 2015, the last two on-years in the two-year election cycle. *The Governor recommends funding as requested.*

Other Election Expenses. The Office requests \$0.9 million in expenditures from general revenues, which is \$0.6 million more than enacted for election expenses, excluding the items previously mentioned. This includes \$700,000 for printing expenses, \$60,000 for postage, \$57,418 for lease costs, \$50,000 for advertising, \$20,000 for special legal services, and \$47,334 for all other expenses, including utilities, office supplies and travel related expenditures. The request is \$100,000 above the Budget Office's current services estimate for printing costs; it is also \$21,605 less than the Office's spending in FY 2015, the last on-year in the two-year election cycle, and the largest change from FY 2015 is a reduction in expenditures for advertising. *The Governor recommends \$9,970 less from general revenues than requested. The recommendation includes \$10,000 less for contracted special legal counsel and \$30 more for insurance.*

State Archives Relocation. The Office requests \$5,500 in FY 2016 and \$68,297 in FY 2017 to move over 10,000 cubic feet of archival records and related equipment out of the leased office space on Westminster Street in Providence into leased space on West River Street in Providence. The funding in FY 2016 reflects the cost of moving all the documents and equipment from the basement storage area while the FY 2017 funding reflects the moving of the main floor of the current State Archives. This is in anticipation of finding an alternative location for the state archives, which is part of the Department's FY 2017 request, discussed separately. *Consistent with the revised recommendation, the Governor does not recommend funding pending finalization of relocation plans.*

Digital Data and Records. The State Archives is responsible for the identification, acquisition, and preservation of state government records that are deemed to have permanent historical or informational value. The Office's request includes \$15,150 from general revenues to acquire technology in order to better accept, arrange and preserve the state's permanent digital data and records. This includes an annual

subscription fee of \$11,950 for a cloud service and the purchase of two terabytes of digital storage; in the future, additional terabytes of storage will be needed to store additional records. This is a new project that will be on-going as the State moves towards creating digital records and away from paper records. *The Governor recommends funding as requested.*

Relocation Study. The Office requests \$100,000 from Rhode Island Capital Plan funds for a study of what the State Archives would need in a new, permanent location. The Office indicated that upon completion and review of the study, it intends to seek voter approval of general obligation bond funds in 2018 for the purpose of construction of a new facility for the State Archives. This is consistent with the Office's capital budget request and the project is discussed in greater detail in the Capital Budget section of this publication. *The Governor recommends funding as requested.*

State Archives - All Other. The Office requests \$683,310 from all fund sources, including \$69,266 from general revenues and \$614,044 from restricted receipts from the Historical Records Trust Fund for the operation of the state archives. The request is \$29,936 more than enacted from the Trust Fund, based on the projected receipts for FY 2016 and FY 2017; however, the requested expenditures exceed the available Trust Fund revenues for both FY 2016 and FY 2017. The request includes \$0.4 million for 4.0 positions in the division, which are currently filled, adding 0.6 positions to the division and accounting for the majority of the increased expenditures, which also include annualizing the most recent cost-of-living adjustment and updated benefit rates. The request includes \$0.2 million for operating costs, primarily lease costs for the Westminster Street location with \$32,320 for insurance, utilities and office supplies.

The Governor recommends \$48,220 less than requested from all sources including \$49,305 more from general revenues. Consistent with the revised recommendation, the Governor's budget shifts \$0.1 million of salary and benefit expenses from Historical Records Trust restricted receipts to Record Center internal service funds.

Records Center. The Records Center is an internal service program that does not appear in the Appropriations Act. Its expenses are budgeted in user agencies that pay a portion of their operating costs into this fund for record storage and retrieval. The Center requests expenditures of \$801,359, which is \$12,328 less than the enacted appropriation and \$8,827 more than the revised request. Besides salaries and benefits, the revised request includes a \$13,322 decrease, including \$2,240 more to rent storage and for security services, with reductions for telephone charges and miscellaneous operating expenditures, essentially consistent with the revised request.

Consistent with the revised recommendation, the Governor recommends \$0.1 million more than enacted and requested to reflect shifting approximately \$0.1 million from Historical Records Trust restricted receipts to Record Center internal service funds in an effort to more closely align projected collections with actual expenditures based on FY 2015 experience. She recommends operating expenditures as requested.

Other Salaries and Benefits. The request includes \$5.2 million, or \$0.3 million more than enacted from general revenues for salary and benefit expenses to fully fund the 46.0 remaining full-time equivalent positions. The increase primarily reflects the shift of 1.2 positions from the Records Center and elections to the administration division, updated benefit rates consistent with Budget Office planning values, step increases for 16 positions filled under the new Secretary, and annualizing the most recent cost-of-living adjustment for state employees, with a reduction of \$16,692 from statewide benefit adjustments.

The Governor recommends \$32,096 less than requested from all funds including \$61,479 less from general revenues. The recommendation includes statewide medical benefit savings of approximately \$30,000 and shifts approximately \$30,000 from general revenues to restricted receipts from the State House Visitor's Center and Gift Shop to partially fund the visitor center administrator position.

Rhode Island Government Owner's Manual. The Office requests \$15,000 to publish the Rhode Island Government Owner's Manual, which is only printed in odd numbered years, per Rhode Island General Law 22-3-12. This is \$3,252 less than FY 2015 expenditures and \$1,608 less than the average cost from the last three printings. *The Governor recommends funding as requested.*

State House Tours. Consistent with its revised request, the Office requests the enacted level of \$15,000 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 are at the request of General Assembly members and accommodate the various educational institutions throughout the state. Students volunteer to lead tours, but the University coordinates the schedules of the students and handles their training. Past expenditures average \$12,522 annually from FY 2007 through FY 2015. *The Governor recommends funding as requested.*

State House Visitor's Center. The Office requests \$40,000 from restricted receipts to fund the State House Visitor's Center and Gift Shop, which opened in December 2013. Staffing is provided by unpaid interns from Johnson & Wales University and merchandise sales are used to fund the restricted receipt account. The receipts will in turn be used to replenish the merchandise. The request is \$25,000 more than the enacted budget to reflect an increased promotion of the visitor's center, which will begin in FY 2016, and is expected to increase foot traffic and increase sales, requiring more frequent replenishment of the merchandise. *The Governor recommends reducing operating expenditures by \$29,383 in order to partially fund the visitor center administrator position currently funded from general revenues solely.*

Rhode Island Charter Encasement. The enacted budget includes \$436,246 from Rhode Island Capital Plan funds for work associated with the encasement of the Rhode Island Charter. Since this project will be completed in FY 2016, these funds are not included in the FY 2017 request. *The Governor recommends funding as requested.*

Community Service Grants. The Office requests funding as enacted from general revenues for the three community service grants it administers. This includes \$121,620 for the Rhode Island Historical Society, \$18,396 for the Newport Historical Society, and \$9,619 for the Museum of Work and Culture. *The Governor recommends funding as requested.*

All Other Operations. The Office requests \$0.6 million from general revenues for all other operations, or \$37,634 less than enacted. This primarily reflects reduced lease costs at the West River Street location, partially offset by increased utility costs, since they are no longer included in the new lease contract, with small adjustments to statewide expenses, operating supplies, printing costs and all other operating expenditures. *The Governor recommends \$27,744 less from general revenues than requested. This primarily reflects electricity savings based on a Department of Administration electricity procurement initiative partially offset by additional insurance costs.*

Office of the General Treasurer

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Program				
General Treasurer	\$ 2,979,865	\$ 3,080,280	\$ 3,213,255	\$ 3,511,620
Unclaimed Property	22,350,267	22,011,476	21,115,990	21,115,990
Employees' Retirement System	11,782,495	12,733,555	10,072,947	10,040,273
Crime Victim Compensation	1,982,066	2,067,133	1,985,882	2,103,272
Subtotal	\$ 39,094,693	\$ 39,892,444	\$ 36,388,074	\$ 36,771,155
Expenditures by Category				
Salaries and Benefits	\$ 9,103,112	\$ 9,255,189	\$ 9,706,476	\$ 9,854,210
Contracted Services	5,990,039	6,886,094	3,885,250	3,930,250
Subtotal	\$ 15,093,151	\$ 16,141,283	\$ 13,591,726	\$ 13,784,460
Other State Operations	22,200,267	21,952,886	20,943,573	21,013,920
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,755,000	1,755,000	1,785,000	1,905,000
Capital	46,275	43,275	67,775	67,775
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 39,094,693	\$ 39,892,444	\$ 36,388,074	\$ 36,771,155
Sources of Funds				
General Revenue	\$ 2,420,250	\$ 2,407,642	\$ 2,438,376	\$ 2,856,231
Federal Aid	891,955	1,019,884	954,981	952,881
Restricted Receipts	35,263,670	35,875,484	32,319,470	32,286,796
Other	518,818	589,434	675,247	675,247
Total	\$ 39,094,693	\$ 39,892,444	\$ 36,388,074	\$ 36,771,155
FTE Authorization	84.0	87.0	87.0	88.0

Summary. The Office requests unconstrained expenditures of \$36.4 million, which is \$2.7 million less than enacted. This includes \$18,126 more from general revenues. The Office requests 87.0 full-time equivalent positions, 3.0 more than the authorized level.

The Governor recommends \$36.8 million from all funds, which is \$0.4 million more than requested, primarily from general revenues to reflect funding for a new office of debt management and new funding for the crime victim compensation program to expand benefits. She recommends 88.0 full-time equivalent positions, which is 1.0 more than requested to add authorization for a position to staff the new office of debt management.

Target Issues. The Budget Office provided the Office with a general revenue target of \$2.3 million. The amount includes current service adjustments of \$21,521 and a 7.5 percent target reduction of \$183,133.

The Office did not submit a constrained budget. *The Governor's budget is \$0.6 million more than the target.*

FY 2017 Budget	Budget Office	Treasurer	Difference
FY 2016 Enacted	\$ 2,420,250	\$ 2,420,250	\$ -
Current Service Adjustments	21,521	18,126	(3,395)
Change to FY 2016 Enacted	\$ 21,521	\$ 18,126	\$ (3,395)
FY 2017 Current Service/ Unconstrained Request	\$ 2,441,771	\$ 2,438,376	\$ (3,395)
Target Reduction/Initiatives	(183,133)	-	183,133
FY 2017 Constrained Target/Request	\$ 2,258,638	\$ 2,438,376	\$ 179,738
<i>Change to FY 2016 Enacted</i>	\$ (161,612)	\$ 18,126	\$ 179,738

CollegeBoundfund. Consistent with its revised request, the Office requests \$124,837 and 1.0 new full-time equivalent position for a new program director for the CollegeBoundfund, the state's tuition savings program. The request assumes the position is filled for the entire year. Consistent with the Governor's recommendation, the 2015 Assembly enacted legislation to transfer administrative responsibility of the tuition savings program to the Office of the General Treasurer from the Rhode Island Higher Education Assistance Authority. The enacted budget includes 1.0 full-time equivalent position and \$300,000 for costs associated with administering the Fund consistent with what had historically been expensed annually for operations. The program director will assist with monitoring the investments of the Fund, ensuring proper management, and assisting in developing a strategy to grow the program. The current position is responsible for customer service and promotion of the Fund to potential customers.

The investments are managed by AllianceBernstein, the Fund manager, and oversight and plan selection is under the purview of the State Investment Commission. Prior to FY 2016, the Rhode Island Higher Education Assistance Authority had administrative responsibility for the CollegeBoundfund; 0.5 of a position was dedicated to maintaining the relationship with AllianceBernstein and fixed overhead costs were also allocated to this funding source.

It would appear that the duties of the requested new position could be done by the person currently responsible for customer service and Fund promotion. The State Investment Commission is responsible for ensuring proper management and monitoring the investments and developing a strategy to grow the program. *The Governor recommends the new position and funding as requested. It should be noted that this position was filled in January.*

New Office of Debt Management. Subsequent to its original budget submission, the Office made a new request for \$0.3 million to fund a new Office of Debt Management. The funding would support 1.0 full-time equivalent position responsible for monitoring and managing the process by which the state and other governmental units issue and manage public debt. Funding would also support contracted services and technology upgrades for a public web portal to track Rhode Island's public debt and enhancements to the state's internal debt management software.

The Governor recommends the new position and funding as requested. She shifts \$32,674 of personnel costs from Retirement System restricted receipts that supported a portion of a position dedicated to supporting the Public Finance Management Board to general revenues for the new position. Her budget also includes an additional \$0.3 million in revenues from the Public Finance Management Board, through its existing authority to set fees through rules and regulations, no longer exempting the fee paid for debt issuances for taxable issues and refundings and by municipalities.

Unclaimed Property Transfer to General Fund. The Office requests \$8.8 million for the transfer from unclaimed property to the state, \$1.3 million less than enacted. Transfers of unclaimed property to the state are shown as expenditures in the Office's operating budget. Although this represents the agency's estimate,

the transfer is adopted by the Revenue Estimating Conference that meets in November and May and expenditures reflect that. *The Governor recommends funding as requested, which is consistent with the November estimate.*

Unclaimed Property Claims. The Office requests \$11.1 million for payment of unpaid property claims, which is \$0.3 million less than enacted to reflect estimated claims activity. Although this represents the agency's estimate, these expenditures will be based on the estimate adopted by the Revenue Estimating Conference that meets in November and May. *The Governor recommends funding as requested, which is \$1.4 million less than the November estimate.*

Unclaimed Property Change in Liability. The Office requests an increase of \$0.2 million in the amount of revenues set aside for future claims liability. Although this represents the agency's estimate, these expenditures will be based on the estimate adopted by the Revenue Estimating Conference that meets in November and May. *The Governor recommends funding as requested, which is \$0.3 million more than the November estimate.*

Crime Victim Compensation. The FY 2017 request includes \$1.5 million for crime victim compensation claims, which is consistent with the enacted budget and includes \$0.9 million from restricted receipts and \$0.6 million from federal funds. The program pays claims from restricted receipts and federal grant awards. Restricted monies come from fees collected by the state courts. Federal funds come from the Victims of Violent Crimes program administered by the United States Department of Justice and are drawn down on a reimbursement basis after awards are paid or administrative expenses are incurred. The grant award is 60.0 percent of the court receipts disbursed for claims from the previous federal period.

The Governor recommends \$120,000 in new general revenue support for a new justice reinvestment initiative to provide additional funding for relocation benefits and transportation. The Governor does not recommend any legislative change; relocation and total benefits are capped under law at \$2,500 and \$25,000, respectively. It is not clear why the additional funding is necessary, since there is currently no waitlist for benefits.

She also recommends legislation that would expand eligibility for compensation to any minor or person in the care and custody of the Department of Children, Youth and Families and who is identified as a victim of sex trafficking or sexual exploitation. It should be noted that these individuals are currently eligible for crime victim compensation benefits and have been recipients of program benefits.

Retirement System Legal. The FY 2017 request for \$0.2 million reflects a decrease of \$0.8 million from Retirement System restricted receipts for legal expenses associated with the legal challenges to the changes made during the 2009 and 2011 legislative sessions. A pension settlement agreement was signed by all the parties (except municipal police and Cranston fire) in April 2015 and determined by the Court to be fair, adequate and reasonable in May 2015. The 2015 Assembly enacted legislation to codify the pension settlement agreement. *The Governor recommends funding as requested.*

Retirement System Computer Upgrades. The FY 2017 budget request for \$1.9 million is \$1.4 million less than enacted from Retirement System administration restricted receipts for the implementation of a new computer system. The Office anticipates the new system going live at the end of May 2016. Reduced expenditures reflect the completion of the upgrades, but not having to run parallel systems during FY 2017. *The Governor recommends funding as requested.*

New Retirement System Positions. Consistent with its revised request, the Office requests \$0.2 million and 2.0 new full-time equivalent positions for the System: a junior accountant and a customer experience manager. The customer experience manager will assist in the implementation of the new computer system and will develop strategies to assess and improve member interactions with the System and the junior

accountant will work on financial reporting capabilities of the System as required by new Governmental Accounting Standards Board requirements. The new computer system will be fully operational during the spring of 2016. There should be no more implementation work during FY 2017. *The Governor recommends the new positions and funding as requested.*

Other Retirement System Adjustments. The Office requests \$7.8 million for all other expenses associated with the Retirement System. This is \$0.3 million more than enacted and reflects filling 3.0 vacant positions previously unfunded: 2.0 analysts and 1.0 management position within Retirement System administration. It also includes an additional \$44,000 for capitol police security, which is consistent with FY 2015 spending and \$30,000 more for disability determinations to reflect an increase in both the fees charged for independent medical exams and the number of people applying for disability pensions. *The Governor recommends funding as requested.*

All Other Salaries and Benefits. The Office requests \$3.8 million for all other salaries and benefits for FY 2017. This is \$0.2 million more than enacted and includes \$21,637 more from general revenues. The request reflects current service adjustments, as well as revisions to cost allocations between programs and updates to salaries based on the current filled positions. *The Governor recommends \$6,066 less from general revenues to reflect statewide medical benefit savings.*

All Other Operating Adjustments. The Office requests \$1.2 million for all other expenses, which is \$12,740 more than enacted including \$3,511 less from general revenues. This reflects minor adjustments made to various supplies, laptops and travel expenditures. *The Governor recommends \$2,100 less than requested to reflect available federal grant funding for computer software for the crime victim compensation program.*

Rhode Island Board of Elections

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 1,196,343	\$ 1,132,527	\$ 1,544,386	\$ 1,439,944
Contracted Services	73,488	79,883	97,788	79,883
Subtotal	\$ 1,269,831	\$ 1,212,410	\$ 1,642,174	\$ 1,519,827
Other State Operations	526,784	492,458	737,384	454,880
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	85,000	-	-
Capital	21,690	8,000	21,690	8,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,818,305	\$ 1,797,868	\$ 2,401,248	\$ 1,982,707
Sources of Funds				
General Revenue	\$ 1,818,305	\$ 1,797,868	\$ 2,401,248	\$ 1,982,707
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 1,818,305	\$ 1,797,868	\$ 2,401,248	\$ 1,982,707
FTE Authorization	11.0	11.0	12.0	12.0

Summary. The Rhode Island Board of Elections requests \$2.4 million from general revenues, which is \$0.6 million more than enacted, and 12.0 full-time equivalent positions, which is one more than the enacted authorization based on an increased workload related to new election laws.

The Governor recommends \$2.0 million from general revenues, which is \$0.4 million less than requested for maintenance of voting machines primarily based on her recommendation to purchase new machines in FY 2017. The Governor includes the requested 12.0 positions.

Target Issues. The Budget Office provided the Board with a general revenue target of \$2.1 million. The amount includes current service adjustments of \$0.4 million and a 7.5 percent target reduction of \$0.1 million.

The Board's constrained budget request is \$0.3 million more than the target. *The Governor's budget is \$148,143 below the target.*

FY 2017 Budget	Budget Office	Board of Elections	Difference
FY 2016 Enacted	\$ 1,818,305	\$ 1,818,305	\$ -
Current Service Adjustments	428,762	428,762	-
New Initiatives	-	154,181	154,181
Change to FY 2016 Enacted	\$ 428,762	\$ 582,943	\$ 154,181
FY 2017 Current Service/Unconstrained Request	\$ 2,247,067	\$ 2,401,248	\$ 154,181
Target Reduction/Initiatives	(116,217)	(75)	116,142
FY 2017 Constrained Target/Request	\$ 2,130,850	\$ 2,401,173	\$ 270,323
Change to FY 2016 Enacted	\$ 312,545	\$ 582,868	\$ 270,323

New Campaign Finance Position (1.0 FTE). The Board requests \$0.1 million from general revenues and 1.0 new full-time equivalent position for the agency to enforce compliance with new campaign finance laws enacted by the 2015 Assembly. *The Governor recommends the position and funding as requested.*

Seasonal Staff. The Board requests \$210,000 for seasonal staff for the November 2016 election. The enacted budget does not include funding for seasonal staff to reflect that FY 2016 is an off-year in the two-year election cycle. The Board spent \$190,992 on seasonal staff in FY 2015 for the November 2014 election. *The Governor recommends funding as requested.*

Other Salaries and Benefits. The Board requests \$1.3 million, or \$0.1 million more than enacted from general revenues for salaries and benefits to fully fund 11.0 full-time equivalent positions for FY 2017 consistent with Budget Office planning values.

The Governor recommends \$35,238 less than enacted to reflect turnover savings based on current vacancies and statewide medical benefit savings.

Election Supplies. Consistent with the Budget Office current service adjustments, the Board requests \$200,000 in costs associated with the November 2016 election. This includes \$135,000 for delivery services and \$70,000 for printing. The enacted budget does not include funding for delivery costs to reflect that FY 2016 is an off-year in the two-year election cycle. *The Governor recommends funding as requested.*

New Voting Equipment. During the 2015 Session, the General Assembly enacted legislation contained in 2015-H 6312, Substitute A, authorizing the Secretary of State to submit and approve the specifications used by the Department of Administration in procuring voting systems, voting system-related services and accessible voting equipment, on behalf of the state. The state last purchased voting machines in 1997. The House Oversight Committee's *Review of the 2012 Elections* report included a recommendation that the current voting machines are outdated and no longer adequate. The current maintenance budget for the voting equipment is \$0.4 million with \$0.1 million in the Secretary of State's Office and the remaining budgeted in the Board of Elections budget. The Board of Elections requests \$10,535 more than enacted.

The Governor recommends adding \$1.3 million from general revenues for a total of \$1.4 million in the Secretary of State's budget to allow the Secretary of State to enter into a multi-year purchase and maintenance agreement for new voting equipment. It reduces funding in the Board of Elections budget by \$0.3 million making the net increase to the state in FY 2017 \$1.0 million.

Legal Services. Consistent with its revised request, the Board requests \$84,000 from general revenues for legal services, or \$24,000 more than the enacted level. The Board spent an average of \$46,961 for legal services from FY 2012 through FY 2014, but spent \$77,712 in FY 2015, and anticipates its need to continue to exceed previously budgeted funding levels.

The Governor recommends \$66,095, which is \$17,905 less than requested and consistent with the revised recommendation.

All Other Operations. The Board of Elections requests \$0.1 million from general revenues for all other operations, including utilities, insurance, security, information technology and other office supplies. The request is \$365 more than enacted mostly for stenographic services.

The constrained request includes \$75 less for waste disposal.

The Governor recommends \$3,155 less than requested to reflect electricity savings.

Rhode Island Ethics Commission

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 1,438,149	\$ 1,410,533	\$ 1,472,050	\$ 1,452,796
Contracted Services	25,000	29,100	29,600	27,000
Subtotal	\$ 1,463,149	\$ 1,439,633	\$ 1,501,650	\$ 1,479,796
Other State Operations	175,609	167,160	174,803	169,261
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	6,118	4,326	4,326	4,326
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,644,876	\$ 1,611,119	\$ 1,680,779	\$ 1,653,383
Sources of Funds				
General Revenue	\$ 1,644,876	\$ 1,611,119	\$ 1,680,779	\$ 1,653,383
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 1,644,876	\$ 1,611,119	\$ 1,680,779	\$ 1,653,383
FTE Authorization	12.0	12.0	12.0	12.0

Summary. The Ethics Commission requests FY 2017 expenditures of \$1.7 million, which is \$35,903 more than enacted from general revenues, and the authorized level of 12.0 full-time equivalent positions. The Commission also submitted a constrained request that is \$135,967 lower. *The Governor recommends \$1.7 million from general revenues, which is \$8,507 more than enacted and \$27,396 less than requested. She recommends staffing consistent with the authorized level.*

Target Issues. The Budget Office provided the Ethics Commission with a general revenue target of \$1,545,387, including current service adjustments of \$17,137 and a 7.5 percent reduction of \$116,626.

	Ethics		
FY 2017 Budget	Budget Office	Commission	Difference
FY 2016 Enacted	\$ 1,644,876	\$ 1,644,876	\$ -
Current Service Adjustments	17,137	35,903	18,766
Change to FY 2016 Enacted	\$ 17,137	\$ 35,903	\$ 18,766
FY 2017 Current Service/Unconstrained Request	\$ 1,662,013	\$ 1,680,779	\$ 18,766
Target Reduction/Initiatives	(116,626)	(135,967)	(19,341)
FY 2017 Constrained Target/Request	\$ 1,545,387	\$ 1,544,812	\$ (575)
Change to FY 2016 Enacted	\$ (99,489)	\$ (100,064)	\$ (575)

The constrained budget submitted by the agency is \$575 below the target. The agency's proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's recommendation is \$107,996 more than the target.*

Salaries and Benefits. The Commission requests \$1.5 million, which is \$33,901 more than enacted from general revenues for salary and benefit expenses for the authorized level of 12.0 full-time equivalent positions. The request includes the annualized cost-of-living adjustment and adjusts for current planning values.

The Commission includes savings of \$130,306 in its constrained request to meet its target. This includes eliminating funding for the research aide position and funding for the administrative assistant beginning March 2017; both positions are currently filled.

The Governor recommends \$19,254 less than requested which includes savings from filling a position that is vacant due to a recent retirement at a lower cost and additional statewide medical benefit savings.

Legal and Other Contracted Services. The Commission requests \$29,600 for legal and other contracted services which is \$4,600 more than enacted and \$500 more than its revised request. This includes \$17,000, or \$4,000 more than enacted, for legal services, and \$2,500, or \$600 more for than enacted, for transcription services. The request includes the enacted level of \$9,000 paid to RI Interactive for development, support and maintenance for online filings for annual financial statement submissions.

The Commission's constrained request reduces contracted legal services by \$1,000. *The Governor adds \$2,000 for legal services which is \$2,600 less than requested.*

Other Operations. The Commission requests \$179,129, which is \$2,598 less than enacted from general revenues for other operations. The request includes \$1,792 less for a leased copier, \$1,000 less for record center charges based on anticipated storage and \$194 more for all other expenses. The Office includes the enacted level of \$107,000 for its office space at 40 Fountain Street.

As part of its constrained request, the Commission proposes operating reductions totaling \$4,661 from general revenues, reflecting the exclusion of funding for conference participation and reductions to staff training. *The Governor recommends funding as requested with the exception of reducing rent expenses by \$5,542 consistent with the revised request and the current agreement.*

Office of the Governor

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 4,365,317	\$ 4,441,764	\$ 4,561,691	\$ 4,554,702
Contracted Services	500	500	500	500
Subtotal	\$ 4,365,817	\$ 4,442,264	\$ 4,562,191	\$ 4,555,202
Other State Operations	267,750	427,425	265,967	265,967
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	250,000	250,000	250,000	250,000
Capital	19,900	19,900	19,900	19,900
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 4,903,467	\$ 5,139,589	\$ 5,098,058	\$ 5,091,069
Sources of Funds				
General Revenue	\$ 4,903,467	\$ 5,139,589	\$ 5,098,058	\$ 5,091,069
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 4,903,467	\$ 5,139,589	\$ 5,098,058	\$ 5,091,069
FTE Authorization	45.0	45.0	45.0	45.0

Summary. The Office of the Governor requests FY 2017 expenditures of \$5.1 million from general revenues and staffing of 45.0 full-time equivalent positions. This is \$194,591 more than enacted and staffing consistent with the authorized level. *The Governor concurs, with the exception of providing \$6,989 less from general revenues to reflect statewide medical benefit savings.*

Target Issues. The Budget Office provided the Office with a general revenue target of \$4.6 million. The amount includes current service adjustments of \$0.1 million, and a 7.5 percent target reduction of \$0.4 million. The Office of the Governor did not submit a constrained budget. The request is \$0.5 million more than the target. *The recommendation is \$0.5 million more than the target.*

	Budget Office	Office of the Governor	Difference
FY 2017 Budget			
FY 2016 Enacted	\$ 4,903,467	\$ 4,903,467	\$ -
Current Service Adjustments	50,380	52,163	1,783
New Initiatives	-	142,428	142,428
Change to FY 2016 Enacted	\$ 50,380	\$ 194,591	\$ 144,211
FY 2017 Current Service/ Unconstrained Request	\$ 4,953,847	\$ 5,098,058	\$ 144,211
Target Reduction/Initiatives	(352,789)	-	352,789
FY 2017 Constrained Target/Request	\$ 4,601,058	\$ 5,098,058	\$ 497,000
Change to FY 2016 Enacted	\$ (302,409)	\$ 194,591	\$ 497,000

Salaries and Benefits. The Office requests expenditures of \$4.6 million from general revenues for salary and benefit expenses for its 45.0 positions. This is \$0.2 million or 4.5 percent more than enacted and staffing consistent with the authorized level. Of the increase, \$52,163 is to reflect FY 2017 benefit rates and the annualized value of the cost-of-living adjustment that occurred in October 2015. Overall, salaries increased by \$0.1 million. This reflects an additional \$0.3 million, which is partially offset by additional turnover savings and costs allocated to the Department of Administration. The request assumes \$0.8 million in turnover savings from salaries or \$0.1 million more than enacted. Based on the average of \$84,109 in salary costs, 9.0 full-time positions would have to remain vacant for the entire fiscal year in order for the turnover savings to be achieved. Through the last pay period in January 2016, the Office had an average of 4.0 positions vacant. *The Governor recommends \$6,989 less than requested to reflect statewide medical benefit 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 average expenditures for the last five fiscal years totaled \$75,040. *The Governor recommends funding as requested.*

Other Operating. Consistent with the revised request, the Office requests FY 2017 expenditures of \$0.3 million from general revenues for all other operating expenses. This is \$1,783 less than enacted to reflect statewide telephone savings. *The Governor recommends funding as requested.*

Rhode Island Commission for Human Rights

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 1,310,285	\$ 1,283,126	\$ 1,312,122	\$ 1,308,501
Contracted Services	2,760	8,550	8,550	8,550
Subtotal	\$ 1,313,045	\$ 1,291,676	\$ 1,320,672	\$ 1,317,051
Other State Operations	234,965	263,090	264,372	264,372
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,548,010	\$ 1,554,766	\$ 1,585,044	\$ 1,581,423
Sources of Funds				
General Revenue	\$ 1,252,174	\$ 1,243,892	\$ 1,261,749	\$ 1,258,128
Federal Aid	295,836	310,874	323,295	323,295
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 1,548,010	\$ 1,554,766	\$ 1,585,044	\$ 1,581,423
FTE Authorization	14.5	14.5	14.5	14.5

Summary. The Commission for Human Rights requests FY 2017 expenditures of \$1.6 million, which is \$37,034 more than the FY 2016 enacted budget. The request includes \$9,575 more from general revenues and \$27,459 more from federal sources. The Commission also submitted a constrained request that includes \$0.1 million less from general revenues than the unconstrained request to be achieved through the elimination of 1.3 full-time equivalent positions. *The Governor recommends \$1.6 million from all funds, which includes \$3,621 less general revenues than requested.*

Target Issues. The Budget Office provided the Commission with a general revenue target of \$1.2 million. The amount includes current service adjustments of \$11,584 and a target reduction of \$0.1 million. The Commission's constrained budget is \$1,877 below the target.

FY 2017 Budget	Budget Office	Commission for Human Rights	Difference
FY 2016 Enacted	\$ 1,252,174	\$ 1,252,174	\$ -
Current Service Adjustments	11,584	9,575	(2,009)
Change to FY 2016 Enacted	\$ 11,584	\$ 9,575	\$ (2,009)
FY 2017 Current Service/Unconstrained Request	\$ 1,263,758	\$ 1,261,749	\$ (2,009)
Target Reduction/Initiatives	(80,689)	(80,557)	132
FY 2017 Constrained Target/Request	\$ 1,183,069	\$ 1,181,192	\$ (1,877)
Change to FY 2016 Enacted	\$ (69,105)	\$ (70,982)	\$ (1,877)

The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's recommendation is \$0.1 million above the Budget Office target.*

Federal Receipts. The Commission's budget request assumes that federal receipts available to be spent in FY 2017 total \$323,295. Based on available receipts anticipated from a carry forward balance, it appears the Commission will have a surplus of \$54,735 for FY 2017. *The Governor recommends funding as requested.*

Information Technology Improvements. The Commission requests \$8,148 from general revenues for information technology upgrades, for which no funding is included in the enacted budget. The funding includes \$2,388 for licensing costs associated with Microsoft Office 365 and \$5,760 for increasing the Commission's bandwidth. The Commission indicates that the Division of Information Technology recommended the upgrades. *The Governor recommends funding as requested.*

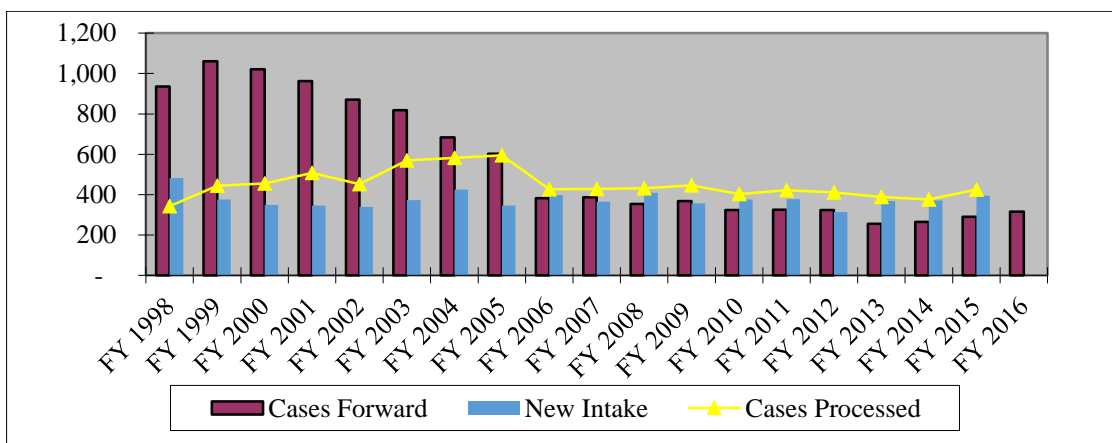
All Other Operations. The Commission requests \$1.5 million from all funds for all other expenses, which is \$28,886 more than enacted, including \$1,427 more from general revenues and \$27,459 more from federal funds. The request includes statewide medical benefit savings, benefit rate changes consistent with planning values for FY 2017, annualized impact of the cost-of-living adjustment as well as a step increase.

The Commission also submitted a constrained request that includes \$0.1 million less from general revenues than the unconstrained request. The savings in the constrained request would be achieved through the elimination of 1.3 full-time equivalent Investigator positions. The Commission notes that this could lead to a drastic reduction in case processing, which would in turn lead to a loss of federal reimbursements for cases processed. The Commission estimates that federal funds would decrease by \$57,381 for FY 2017.

The Governor recommends \$3,621 less from general revenues than the unconstrained request to reflect additional statewide medical benefits savings; she does not include the proposed staffing reduction.

Caseloads. Over 15 years ago, 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 into 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. In FY 2004, federal funding was exhausted and the 2.0 full-time equivalent positions were eliminated. As the graph shows, the intake and closures have been relatively stable.

For FY 2015, the Commission intake of 394 new cases was offset by 425 closed cases with 315 cases forwarded to FY 2016.



Public Utilities Commission

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 6,015,293	\$ 6,002,957	\$ 6,515,151	\$ 6,266,580
Contracted Services	1,673,525	1,658,525	1,658,525	1,658,525
Subtotal	\$ 7,688,818	\$ 7,661,482	\$ 8,173,676	\$ 7,925,105
Other State Operations	936,530	951,530	951,531	951,531
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	337	337	337	337
Capital	59,000	59,000	50,000	50,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 8,684,685	\$ 8,672,349	\$ 9,175,544	\$ 8,926,973
Sources of Funds				
General Revenue	-	-	-	-
Federal Aid	90,000	90,000	104,669	104,669
Restricted Receipts	8,594,685	8,582,349	9,070,875	8,822,304
Other	-	-	-	-
Total	\$ 8,684,685	\$ 8,672,349	\$ 9,175,544	\$ 8,926,973
FTE Authorization	50.0	50.0	52.0	51.0

Summary. The Public Utilities Commission requests FY 2017 expenditures of \$9.2 million, which is \$0.5 million more than enacted from all sources including \$14,669 more from federal funds and \$0.5 million more from restricted receipts. 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 52.0 full-time equivalent positions, 2.0 more than the authorized level.

The Public Utilities Commission does not receive general revenue funding and was not required to meet a specific target set by the State Budget Office. *The Governor recommends \$8.9 million from all sources, including \$0.2 million less than requested from restricted receipts, and 51.0 full-time equivalent positions, one less than requested.*

Senior Legal Counsel. The Commission requests \$116,675 from restricted receipts for a new full-time senior legal counsel position for the Division, reflective of a reported increase in consumer utility termination proceedings that require the opening of formal termination dockets and of the number of formal decisions that are appealed to Superior Court. The Commission reports that although the Office of the Attorney General is statutorily obligated to represent the Division in all dockets and before the state's courts, the Office has refused to do so. For FY 2016, the Commission has entered into a contract for outside legal services; however, given its anticipation that the number of issues requiring legal expertise will increase, the Division has determined that the addition of a new senior legal counsel is preferable. *The Governor recommends funding as requested and provides authorization for the position.*

New Consumer Agent. The Commission requests \$72,663 from restricted receipts for a new full-time consumer agent position, which it reports is necessary to mitigate a current and projected ongoing and growing backlog within the Division's consumer section. The Commission reports that between FY 2014 and FY 2015, the Division experienced a 44.6 percent increase in the total number of consumer complaints that required at least informal review by its consumer section, over which the requested position is intended to provide the agency with additional management and oversight. *The Governor does not recommend the position.*

Other Salaries and Benefits. The Commission requests \$6.3 million, which is \$0.3 million more than enacted from all sources for all other salary and benefit expenses for the remaining 50.0 positions. The request includes \$14,668 more than enacted from federal funds. Also included is \$0.3 million more from restricted receipts, reflective of statewide savings, current planning values, and the anticipated filling of all vacant positions in FY 2016. The request restores \$0.2 million of turnover savings, equivalent to 2.1 positions, which was included in the enacted budget. As of October 31, 2015, the Commission reported 46.0 filled full-time equivalent positions, four less than authorized. *The Governor includes \$0.2 million less than requested from restricted receipts to reflect historical expenditures and current vacancies.*

Rate Case Reserve Account. The Commission requests the enacted amount of \$1.1 million from restricted receipts for expenses incurred for hearings and investigations of 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.*

Expert Testimony. The Commission requests the enacted amount of \$0.4 million from restricted receipts for expert and consultant services associated with the state's renewable energy standard. The Commission typically over-estimates these expenditures in its requests, as the number and type of applications, petitions, and reviews to be heard determine the scope of necessary legal and other expert services. As its contracted services needs change on an ongoing basis, the Commission reports it cannot predict with certainty the funding required each year. Expenditures have historically been significantly lower than enacted. *The Governor recommends funding as requested.*

All Other Operations. The Commission requests \$1.1 million from all sources, which is \$8,999 less than enacted for all other operations expenditures. This includes \$1 more from federal funds, reflective of current Commission grant awards, and \$9,000 less from restricted receipts, consistent with the FY 2016 purchase of a new vehicle to replace an SUV that has reached the end of its useful life. *The Governor recommends funding as requested.*

Executive Office of Health and Human Services

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Program				
Central Management	\$ 124,237,973	\$ 209,223,316	\$ 149,521,026	\$ 149,288,662
Medical Assistance	2,263,665,980	2,254,338,729	2,341,569,455	2,260,027,827
Total	\$ 2,387,903,953	\$ 2,463,562,045	\$ 2,491,090,481	\$ 2,409,316,489
Expenditures by Category				
Salaries and Benefits	\$ 23,824,387	\$ 24,321,080	\$ 25,168,490	\$ 25,136,126
Contracted Services	74,966,136	151,397,440	95,221,539	95,021,539
Subtotal	\$ 98,790,523	\$ 175,718,520	\$ 120,390,029	\$ 120,157,665
Other State Operations	4,321,897	6,241,492	4,577,964	4,577,964
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,284,497,916	2,278,561,303	2,365,718,947	2,284,177,319
Capital	293,617	3,040,730	403,541	403,541
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 2,387,903,953	\$ 2,463,562,045	\$ 2,491,090,481	\$ 2,409,316,489
Sources of Funds				
General Revenue	\$ 909,934,065	\$ 926,021,780	\$ 961,104,492	\$ 914,720,115
Federal Aid	1,462,232,758	1,522,294,853	1,515,456,587	1,476,096,972
Restricted Receipts	15,737,130	15,245,412	14,529,402	18,499,402
Other	-	-	-	-
Total	\$ 2,387,903,953	\$ 2,463,562,045	\$ 2,491,090,481	\$ 2,409,316,489
FTE Authorization	187.0	187.0	187.0	187.0

Summary. The Executive Office requests \$2,491.1 million from all sources, including \$961.1 million from general revenues, \$1,515.5 million from federal funds and \$14.5 million from restricted receipts and a staffing level of 187.0 in its current services request. The request is \$103.2 million more than enacted, including \$51.2 million more from general revenues, \$53.2 million more from federal funds and \$1.2 million less from restricted receipts.

The Executive Office's constrained request lowers medical assistance expenditures by \$40.8 million from all sources, including \$24.1 million from general revenues, \$20.6 million from federal funds and adds \$4.0 million more from restricted receipts. It does not make any reductions in the Central Management program.

The request assumes the use of a \$1.5 million one-time settlement in the medical assistance program that is being used to restore unachieved administrative savings from the Reinventing Medicaid initiative. There is a similar \$1.0 million adjustment assumed in the revised budget. *The Governor recommends \$21.4 million more than enacted, including \$4.8 million more from general revenues. Her recommendation is \$81.5 million less than the conference estimate, including \$38.2 million less from general revenues; it is*

also \$81.8 million less than the requested, including \$46.4 million less from general revenues. She includes the enacted level of 187.0 positions.

Note to Reader. There is a separate Medicaid report in the *Special Reports* section of this publication with more extensive detail on Medicaid spending, benefits, programs, rules and comparisons.

Target Issues. The Budget Office provided the Executive Office with a general revenue target of \$882.1 million. The amount includes current service adjustments of \$43.7 million and a 7.5 percent target reduction of \$71.5 million.

FY 2017 Budget	Budget Office	Office of Health & Human Services	Difference
FY 2016 Enacted	\$ 909,934,065	\$ 909,934,065	\$ -
Current Service Adjustments	43,669,637	51,170,427	7,500,790
Change to FY 2015 Enacted	\$ 43,669,637	\$ 51,170,427	\$ 7,500,790
FY 2017 Current Service/Unconstrained Request	\$ 953,603,702	\$ 961,104,492	\$ 7,500,790
Target Reduction/Initiatives	(71,520,278)	(24,145,927)	47,374,351
FY 2017 Constrained Target/Request	\$ 882,083,424	\$ 936,958,565	\$ 54,875,141
<i>Change to FY 2015 Enacted</i>	\$ (27,850,641)	\$ 27,024,500	\$ 54,875,141

The constrained budget submitted by the agency is \$54.9 million above the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's recommendation is \$32.6 million above the target.*

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 Executive Office of Health and Human Services. The 2016 guidelines are shown in the following table.

Percent of Federal Poverty Level based on Annual Income								
Family Size	100%	125%	150%	180%	185%	200%	225%	250%
1	\$ 11,880	\$ 14,850	\$ 17,820	\$ 21,384	\$ 21,978	\$ 23,760	\$ 26,730	\$ 29,700
2	16,020	20,025	24,030	28,836	29,637	32,040	36,045	40,050
3	20,160	25,200	30,240	36,288	37,296	40,320	45,360	50,400
4	24,300	30,375	36,450	43,740	44,955	48,600	54,675	60,750
5	28,440	35,550	42,660	51,192	52,614	56,880	63,990	71,100
6	32,580	40,725	48,870	58,644	60,273	65,160	73,305	81,450
7	36,730	45,913	55,095	66,114	67,951	73,460	82,643	91,825
8	40,890	51,113	61,335	73,602	75,647	81,780	92,003	102,225

For families with more than 8 members, add \$4,160 for each additional member for the 100 percent calculation.

Medicaid Expenses - State/National Comparison. The following table compares national and state 2012 Medicaid spending using the Medicaid and CHIP Payment and Access Commission (MACPAC) MACStats Data Book (December 2015). It shows spending for all enrollees, including individuals who receive Medicare and for whom the state provides a partial Medicaid benefit, including co-payments, deductibles and Part D drug coverage. Full benefit enrollees have access to all Medicaid benefits. It also divides the enrollees into population groups.

Rhode Island's spending on children and parents (adults), primarily through RItE Care, is higher than the national average. There are not many who receive only a partial benefit; therefore, there is little difference between the two comparisons. The Medicaid expenses for these populations are in the Executive Office of Health and Human Services' budget.

For disabled individuals, expenses for this population appear in the budgets of the Executive Office of Health and Human Services, as well as the Departments of Human Services, Behavioral Healthcare, Developmental Disabilities, and Hospitals, and Children, Youth and Families. Costs for this population are also above the national average when comparing only full-benefits enrollees and all enrollees.

Finally, expenses for the aged population are also higher when comparing both the full benefit enrollees and all enrollees. Because of the availability of Medicare for this population, roughly 20 percent of the total population served does not receive a full benefit. Expenses supporting this population are in the budgets of the Executive Office of Health and Human Services and the Department of Human Services.

Medicaid Expenses/Cost Per Enrollee				
	All Enrollees		Full Benefit Enrollees	
Population	US	RI	US	RI
Children	\$ 2,679	\$ 4,256	\$ 2,696	\$ 4,254
Adults	4,044	7,677	4,696	7,726
Blind/Disabled	17,848	20,625	19,660	21,321
Aged	15,346	18,357	19,563	21,304
Average	\$ 6,833	\$ 10,689	\$ 7,482	\$ 10,978
<i>Source: MACStats: Medicaid and CHIP Data Book December 2015; Medicaid Benefit Spending for FY 2012; in millions</i>				

Caseload Estimating Conference. The medical and caseload assistance caseload estimating conference, as outlined in Rhode Island General Law 35-17 meets at least twice a year, November and May, to provide for a more stable and accurate method of financial planning and budgeting. The conference estimators take testimony from the Executive Office for medical assistance expenses, including long-term care, managed care programs, hospitals, pharmacy and other medical services. The Department of Human Services provides testimony for Rhode Island Works, SSI state program, general public assistance, and child care. The separate agencies report a preliminary estimate in testimony which forms the basis for the caseload estimate adopted by the State Budget Officer and House and Senate Fiscal Advisors.

The estimates are based only on current law and practice. The November Caseload Conference adopted estimate is starting point for the Governor’s revised and budget year recommendations. Any changes in the Governor’s budgets for either medical assistance or cash assistance are made to the estimate and must represent a status or policy change not contemplated in the current law estimate. Any expenditures changes in the May estimate are incorporated into the final appropriation adjusting for any changes made by the Assembly.

The Governor includes Sections 3 and 4 of Article 22 to make changes to the medical assistance and public assistance caseload estimating conferences that include removing cash assistance from the caseload estimate and eliminating any statutory reference to the Department of Human Services; allowing for further review between the principals, or their staff, of the material that is presented by the Executive Office in its testimony before the estimate is adopted to propose modifications to the estimates and reach a provisional consensus estimate before the estimate is officially adopted; and allowing the Executive Office of Health and Human Services the opportunity to rebut the consensus estimate in the event of a disagreement and the principals will consider the objections before adopting a final estimate.

The Governor’s FY 2016 revised budget lowers medical assistance expenditures by \$16.0 million, including \$8.0 million from general revenues; she does not identify the changes or submit legislation to make any program or eligibility changes in the current year. Instead, language is proposed giving the Secretary broad authority to implement undefined fiscal controls.

Reinventing Medicaid

On February 26, 2015, Governor Raimondo signed an executive order establishing the Working Group to Reinvent Medicaid, which was comprised of Medicaid stakeholders who conducted a comprehensive review of the Medicaid program and made recommendations for short and long-term plans to transform the program.

The Governor included \$92.3 million in savings in her recommended budget, including \$46.4 million from general revenues in the health and human service agencies from the initiative. She then proposed revisions to those savings that included increased revenues as well as expenditure reductions. The Assembly enacted the FY 2016 budget with a majority of the proposals.

The following table shows only the expenditure savings assumed for the Executive Office from Reinventing Medicaid. A majority of the savings, \$70.3 million from all sources, is from a reduction to rates paid to hospitals, nursing facilities and the managed care plans. There are over 40 initiatives and the table aggregates some of the program efficiencies, such as residency verification and coordinated coverage for those with Medicare or other third party coverage. The status noted represents the testimony provided at the November Caseload Estimating Conference at the end of October 2015.

Proposal	FY 2016 Enacted		Status
	Gen. Rev.	All Funds	
Hospital/Nursing Home & Managed Care Payments	\$ (30,688,081)	\$ (70,287,551)	On Target
Pilot Coordinated Care Program	(3,000,000)	(6,038,647)	On Target
Community Health Teams	(1,000,000)	(2,012,882)	On Target
Home Stabilization Initiatives	(1,750,000)	(3,522,544)	Delayed
Assisted Living Opportunities	(1,801,320)	(3,625,845)	Delayed
STOP Program	(500,000)	(1,006,440)	On Target
Adult Day Services	(500,000)	(1,006,441)	On Target
Coordinated Care Management for SPMI	(3,000,000)	(6,038,647)	Delayed
Eleanor Slater Hospital*	(1,000,000)	(2,012,882)	On Target
Medicaid Eligible Adults to Expansion	(1,500,000)	-	On Target
Electronic Visit Verification*	(1,523,299)	(3,066,222)	Delayed
Other Program Efficiencies	(8,989,820)	(18,095,451)	On Target
Total	\$ (55,252,520)	\$ (116,713,553)	
<i>*Initiatives also impact Department of Behavioral Health Care, Developmental Disabilities & Hospitals</i>			

The November Caseload Estimating Conference considered the Executive Office's testimony, but reduced overall savings associated with Reinventing Medicaid initiatives in the revised budget but assumes savings would be met in FY 2017. Conference principals' individual assumptions on the savings and timing of the initiatives varied; therefore, there was no consensus on the specific values of the delays. The caseload estimate totals reflect less progress being made towards meeting those savings in FY 2016, based on the current status for implementation of each item.

The Governor's recommended budget reduces the FY 2016 caseload estimate by \$16.1 million from all sources, including \$8.0 million from general revenue initiatives, apparently re-estimating initiatives tied to Reinventing Medicaid. The savings are taken in the RItE Care (managed care) program, but have not been identified. She includes Section 9 of Article 9 to instruct the Secretary of Health and Human Services to identify and implement fiscal controls within the overall budget to achieve the full savings that were enacted for FY 2016 as part of Reinventing Medicaid. There is no other indication of how these savings will occur. Legislative action is unlikely to occur before the fourth quarter of the fiscal year. This adjustment is inconsistent with current law and past practice regarding caseloads.

For FY 2017, the Governor includes Article 7 seeking authorization to further clarify the savings taken in FY 2016 to expand opportunities for housing and access to Medicaid services; this language was also included in Article 5 of 2015-5900, Substitute A, as amended.

Medical Assistance

The Caseload Estimating Conference met on November 4, 2015, and based on current law set the FY 2017 medical assistance expenditures at \$2,322.5 million, including \$919.6 million from general revenues, which is \$58.9 million more than enacted from all sources and \$35.5 million more from general revenues.

Medical Assistance	FY 2015 Spent	FY 2016 Enacted	FY 2016 Nov. CEC	FY 2016 Gov. Rev.	FY 2017 Nov. CEC	FY 2017 Gov. Rec.
Hospitals						
Regular Payments	\$ 66.9	\$ 79.3	\$ 77.7	\$ 73.7	\$ 73.3	\$ 69.6
DSH Payments	138.3	140.5	140.5	140.5	140.4	125.2
Total	\$ 205.2	\$ 219.8	\$ 218.2	\$ 214.2	\$ 213.7	\$ 194.8
Long Term Care						
Nursing and Hospice Care	\$ 181.0	\$ 180.8	\$ 183.7	\$ 183.7	\$ 186.0	\$ 199.6
Home and Community Care	68.5	73.1	70.10	70.10	73.7	77.1
Total	\$ 249.4	\$ 253.9	\$ 253.8	\$ 253.8	\$ 259.7	\$ 276.7
Managed Care						
Rite Care	\$ 571.6	\$ 533.5	\$ 558.7	\$ 542.6	\$ 585.5	\$ 567.1
Rite Share	9.1	9.4	8.9	8.9	8.8	8.8
Fee For Service	54.6	69.6	56.6	56.6	51.6	46.2
Total	\$ 635.3	\$ 612.4	\$ 624.3	\$ 608.2	\$ 646.0	\$ 622.1
Rhody Health Partners	\$ 256.9	\$ 275.5	\$ 266.4	\$ 266.4	\$ 258.9	\$ 234.9
Rhody Health Options	\$ 269.2	\$ 253.8	\$ 291.2	\$ 291.2	\$ 317.0	\$ 298.6
Pharmacy	\$ (1.5)	\$ 0.9	\$ 0.0	\$ 0.0	\$ 0.1	\$ (1.3)
Pharmacy Part D Clawback	\$ 50.1	\$ 53.8	\$ 53.7	\$ 53.7	\$ 56.5	\$ 56.5
Medicaid Expansion	\$ 412.2	\$ 468.9	\$ 450.8	\$ 450.8	\$ 478.5	\$ 466.9
Other Medical Services	\$ 113.8	\$ 105.7	\$ 97.0	\$ 97.0	\$ 92.1	\$ 91.8
Federal Funds	\$ 1,309.2	\$ 1,349.9	\$ 1,345.5	\$ 1,335.3	\$ 1,392.3	\$ 1,345.1
General Revenues	888.8	884.1	899.4	889.4	919.6	881.4
Restricted Receipts	11.4	10.6	10.6	10.6	10.6	14.6
Total*	\$ 2,190.7	\$ 2,244.7	\$ 2,255.5	\$ 2,235.3	\$ 2,322.5	\$ 2,241.0

*Expenditures in millions

The Executive Office submits a FY 2017 constrained request of \$2,300.8 million, of which \$903.5 million is from general revenues, that is \$37.1 million more than enacted from all sources and \$19.4 million more from general revenues. The request is also \$21.7 million less than the adopted estimate, including \$16.1 million less from general revenues.

The Executive Office's constrained budget proposes savings of \$40.8 million from all sources and \$24.1 million from general revenues.

Program - Delivery	Constrained Budget Savings by Program			Governor's Budget Proposals by Program		
	General Revenues	Federal Funds	Total	General Revenues	Federal Funds	Total
<i>Managed Care Benefits</i>						
Managed Care	\$ (12.4)	\$ (8.8)	\$ (21.2)	\$ (10.7)	\$ (13.2)	\$ (23.9)
Rhody Health Partners	(5.3)	(3.8)	(9.0)	(11.8)	(12.2)	(24.0)
Rhody Health Options	(3.8)	(1.9)	(5.7)	(9.0)	(9.3)	(18.4)
Medicaid Expansion	-	(7.4)	(7.4)	-	(11.7)	(11.7)
Subtotal	\$ (21.4)	\$ (21.8)	\$ (43.3)	\$ (31.5)	\$ (46.4)	\$ (77.9)
<i>Fee-For-Service Benefits</i>						
Hospitals	\$ (8.0)	\$ (8.0)	\$ (16.0)	\$ (10.3)	\$ (8.6)	\$ (18.9)
Long Term Care	9.2	9.3	18.5	8.3	8.6	17.0
Pharmacy	-	-	-	(0.7)	(0.7)	(1.4)
Other Medical Services	(3.9)	4.0	0.1	(4.1)	3.8	(0.3)
Subtotal	\$ (2.7)	\$ 5.2	\$ 2.5	\$ (6.8)	\$ 3.2	\$ (3.6)
Total	\$ (24.1)	\$ (16.6)	\$ (40.8)	\$ (38.2)	\$ (43.3)	\$ (81.5)

In millions

The Executive Office's request includes 14 savings proposals that impact the medical assistance program. Some of the initiatives impact only one program, but many impact multiple programs, including long term care, RItE Care, Rhody Health Partners, Rhody Health Options and other medical services. The presentation contains tables to display the initiatives' total savings as well as the savings in each affected program.

The Governor recommends \$2,241.0 million, including \$881.4 million from general revenues; she includes \$81.5 million in savings, including \$38.2 million from general revenues in the medical assistance program.

Constrained Budget Proposals - Managed Care Benefits

Managed care benefits savings of \$43.3 million, including \$21.4 million from general revenues are from seven proposals in the four programs. The savings are shown by proposal and program in the following table.

Managed Care Benefits	Managed Care		Rhody Health Partners		Rhody Health Options		Medicaid Expansion**		Total		Governor's Action*
	Gen. Rev.	Total	Gen. Rev.	Total	Gen. Rev.	Total	Gen. Rev.	Total	Gen. Rev.	Total	
Affordable Care Organizations	\$ (6.1)	\$ (12.1)	\$ (2.6)	\$ (5.2)	\$ (1.1)	\$ (2.1)	\$ -	\$ (4.6)	\$ (9.7)	\$ (24.0)	Accepted
Premium Tax Rate to 2.75%	(3.5)	(3.5)	(1.5)	(1.5)	(2.0)	(2.0)	-	-	(7.0)	(7.0)	Rejected
Managed Care Capitated Payments	(1.3)	(2.6)	(0.6)	(1.1)	(0.3)	(0.5)	-	(1.4)	(2.1)	(5.6)	Accepted
Managed Care Administrative Rate	(1.3)	(2.6)	(0.6)	(1.1)	(0.3)	(0.5)	-	(1.4)	(2.1)	(5.6)	Accepted
Patient Liability Payments	-	-	-	-	(0.6)	(1.2)	-	-	(0.6)	(1.2)	Accepted
Home Care Rates	-	-	-	-	0.3	0.6	-	-	0.3	0.6	Accepted
Katie Beckett Optional Payment	(0.3)	(0.5)	-	-	-	-	-	-	(0.3)	(0.5)	Rejected
Total (millions)	\$ (12.4)	\$ (21.2)	\$ (5.3)	\$ (9.0)	\$ (3.8)	\$ (5.7)	\$ -	\$ (7.4)	\$ (21.4)	\$ (43.3)	

**Savings were changed in the Governor's recommended budget.*

***FY 2017 requires a state match so any proposals impacting this program should also include a state savings; however, the constrained budget does not.*

Of the \$43.3 million in savings, four proposals impact benefits across managed care programs; those proposals are discussed in the following sections as well as noted again in the program sections. There are also three proposals that affect a single program only and are discussed only in the program sections in this analysis.

The Governor recommends savings of \$79.3 million, including \$31.5 million from general revenues in the managed care and expansion programs. She does not include general revenue savings from the proposals that impact the expansion population and includes savings from additional initiatives.

Unified Health Infrastructure Project Savings. The Executive Office's budget does not include any savings in the medical assistance program related to the July 12, 2016 go-live date for the Unified Health Infrastructure Project. The joint venture between the Executive Office and HealthSource RI will create smoother transitions for individuals, who upon entering their personal information are not eligible for the exchange, to seamlessly enroll in Medicaid or other assistance programs without calling a different office and re-entering their information. The Executive Office has submitted documentation that indicates savings in the managed care programs from improving program integrity through income verification and maximizing federal funds by individuals being enrolled in the appropriate program.

The Governor assumes savings \$42.6 million, including \$19.1 million from general revenues, from medical assistance benefit savings from efficiencies through the Unified Health Infrastructure Project. She includes \$9.4 million in RIte Care, \$14.7 million in both Rhody Health Partners and Rhody Health Options; general revenues savings are \$4.6 million and \$7.2 million respectively. The majority of the savings is from ensuring eligibility standards are met through additional income verification sources.

She also does not reduce revenues through the 2.0 percent health care assessment; if the savings are applied to the benefits provided through the capitated rates, the revenue loss would be \$0.9 million.

Affordable Care Organizations. The FY 2016 enacted budget includes six months of savings totaling \$6.0 million, including \$3.0 million from general revenues from the state entering into an agreement with an affordable care entity. The November Caseload Conference Estimate includes a full year of savings at \$12.1 million, including \$6.1 million from general revenues.

The Executive Office plans to contract with integrated provider organizations to be responsible for the cost of care and healthcare quality and outcomes of a designated population to be enrolled in the entities. The Executive Office plans to begin enrollment of high cost/high utilizing populations when the contracts are awarded. Payment will be made part on performance for certain the health system metrics established by the state through the community stakeholder process.

The Executive Office proposes additional savings of \$24.0 million, including \$9.7 million from general revenues in the RIte Care (Managed Care), Rhody Health Partners, Rhody Health Options and the expansion program for total savings of \$36.0 million from this initiative. This triples the current expected annualized savings of \$12.1 million. The Executive Office has not provided the methodology for the savings. The supporting documentation indicates enrolling 30,000 additional members, but the Executive Office has not provided any additional information.

The Governor includes additional savings of \$6.8 million, including \$2.0 million in general revenues from for total savings of \$18.8 million in FY 2017; this represents about a third of the savings assumed by the Executive Office.

Managed Care Administrative Rate. The Executive Office proposes savings of \$5.6 million, including \$2.1 million from general revenues from paying a set administrative rate and not one based on a percentage of a capitated cell.

The Executive Office has been asked for the methodology to this proposal but has not provided any supplemental details to the budget submission. As noted, the savings from the change to the administrative rate are the same as the savings from reducing the capitated payments.

The Governor includes savings of \$8.8 million, including \$3.3 million from general revenues and includes language in Article 7 for the change. The Governor's recommended budget does not includes the lower revenues from the 2.0 percent health care assessment that would result from decreased payments to the paid through the managed care plans estimated to be \$0.1 million.

Target - Managed Care Capitated Payments. The state contracts pay a monthly capitated payment to both Neighborhood Health and UnitedHealthcare to provide medical benefits for its Rite Care and Rhody Health enrollees. The contracts end June 30, 2017.

The state also negotiates a risk share/gain share agreement within the payment system to offset any losses or gains the state may incur with the managed care plans during the reconciliation process. The Executive Office proposes savings of \$5.6 million, including \$2.1 million from general revenues from reducing the managed care capitation payments. This action would result in lower revenues \$112,000 from the 2.0 percent assessment made on the plan premiums for a net general revenue savings of \$1.9 million.

This is the fifth consecutive year this initiative has been proposed; it has been recommended by the Governor and approved by the Assembly in FY 2013, FY 2014, FY 2015 and FY 2016 budgets. The savings occur in Managed Care, Rhody Health Partners, Rhody Health Options and the expansion program; the savings for each program are noted separately in the appropriate sections of this analysis.

Supporting documentation from the Executive Office suggests that it would reduce the medical component of the capitated payment. The Executive Office has not provided the specific methodology for this proposal. It should be noted the savings are exactly the same as a proposed reduction to the administrative component described in the next proposal.

The Governor does not propose lowering the capitated payment but does include savings of \$6.8 million, including \$2.0 million from re-procuring the contract, which has the same intended effect and includes Article 7 to accomplish this. Supporting documentation indicates nine months of savings from a September 1, 2016 contract start date.

Transportation Contract. The state entered into a three-year contract with Logisticare to provide transportation services to its Medicaid population which ends June 30, 2017. The contract allows the state to modify the approved budget but it must be mutually agreed upon between the Executive Office and the contractor. The November caseload estimate includes \$31.5 million from all sources for transportation costs in FY 2017. *The Governor includes savings of \$2.4 million, \$1.0 million from general revenues from the vendor accepting a lower payment; this represents a 7.6 percent reduction.*

Pharmacy Utilization Management Protocols. The FY 2015 enacted budget included savings of \$5.0 million from two actions: recovering the state's share of pharmacy rebates that are collected from managed care organizations for medications billed by physicians and ensuring non-payment for prescriptions submitted by providers not participating in the Medicaid program through the managed care plans. Those savings were achieved the Executive Office did not include any proposals in FY 2016 or FY 2017 impacting pharmacy expenses.

The Governor includes savings of \$4.1 million, \$2.0 million from general revenues from the Executive Office meeting with the managed care medical directors and chief pharmacists monthly for review of utilization and management methods to ensure appropriate use of high cost drugs. This assumes that there are individuals using high costs drugs that the plans have not already identified and, if appropriate, have not adjusted the prescription.

Target - Premium Tax Rate to 2.75 percent. The Executive Office proposes generating \$7.0 million of new revenue from increasing the 2.0 percent tax rate charged to health plans; this requires a statutory change. The new revenue is net of the \$4.0 million that would be added to the plans to pay for the rate increase and it should be noted that this increase also impacts private pay, fully insured, non-Medicaid funded health plans. *The Governor does not recommend this proposal.*

Constrained Budget Proposals - Fee-For-Service Benefits

Fee-for-service benefits increase by \$2.5 million from all sources, including \$2.7 million less from general revenues in the programs where the benefit is provided on for a fee-for-services basis. The table below shows those savings by proposal and program.

Fee-For-Service Benefits	Hospitals		Long Term Care		Other Medical		Total		Governor's Action*
	Gen. Rev.	Total	Gen. Rev.	Total	Gen. Rev.	Total	Gen. Rev.	Total	
Upper Payment Limit Reimbursements	\$ (13.9)	\$ (27.9)	\$ -	\$ -	\$ -	\$ -	\$ (13.9)	\$ (27.9)	Accepted
Disproportionate Share	(7.5)	(15.0)	-	-	-	-	(7.5)	(15.0)	Accepted
Graduate Medical Education	(2.0)	(4.0)	-	-	-	-	(2.0)	(4.0)	Accepted
Hospital Incentive Program	15.4	30.9	-	-	-	-	15.4	30.9	Accepted
Nursing Home Incentive Program	-	-	8.3	16.6	-	-	8.3	16.6	Accepted
Home Care Rate Increase	-	-	1.7	3.3	0.03	0.1	1.7	3.4	Accepted
Patient Liability Payments	-	-	(0.4)	(0.8)	-	-	(0.4)	(0.8)	Accepted
Acuity Payment Elimination	-	-	(0.4)	(0.7)	-	-	(0.4)	(0.7)	Accepted
Children's Health Account	-	-	-	-	(4.0)	-	(4.0)	-	Rejected
Total (millions)	\$ (8.0)	\$ (16.0)	\$ 9.2	\$ 18.5	\$ (3.9)	\$ 0.1	\$ (2.7)	\$ 2.5	

*Savings were changed in the Governor's recommended budget.

Finally, there are two proposals that impact programs in both the managed care and fee-for-service programs: patient liability payments and home care rates; each is discussed as follows.

Target - Patient Liability Payments. In Rhode Island, there are two pathways for an elderly individual to receive Medicaid-funded long term care services; either he or she is categorically eligible for Medicaid by meeting the federal disability criteria and income threshold for the Supplemental Security Income program and the Department's criteria for its long term care supports program, or he or she is "medically needy". To be considered "medically needy," an individual meets the criteria for the program and the federal disability definition but has income that is higher than \$721 a month. In this situation, the state allows the individual to pay a portion of the services monthly, referred to as "cost of care", until he or she meets the monthly income limit of \$922 and then the state pays for the remainder of the services. The provider collects the recipient's cost of care and adjusts its monthly billing to reflect the state offset.

The Executive Office proposes savings of \$2.0 million, including \$1.0 million from general revenues for collecting the individual's share. The Executive Office has been asked to provide the methodology for these savings and also why the individuals who are not making the appropriate payment continue to receive services. It is also unclear why individuals who have not met the requirement for Medicaid eligibility are continuing to receive services. This is also an issue in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.

The Governor assumes savings of \$3.1 million, including \$1.5 million from general revenues from this proposal in the Executive Office's budget. She includes Article 7 to accomplish this action. This proposal also impacts developmentally disabled adults receiving services through the Department of Behavioral Healthcare, Developmental Disabilities and Hospital. That budget does not show any savings, but it appears that \$0.6 million of the total savings should be shown there instead.

Target - Home Care Rates. The FY 2017 requests adds \$4.1 million from all funds, including \$2.0 million from general revenues based on a seven percent increase in rates for personal care attendants and home health aides. The Executive Office reports that an increase in these rates will allow for increased access to home care providers to prevent an unnecessary nursing home placement. The Executive Office did not take any savings in nursing home costs from this proposal.

The Executive Office has been asked to provide the methodology for this increase but has not provided a response. It should also be noted that Neighborhood Health Plan of RI has provided a ten percent rate

increase to the home care providers for those enrolled in Rhody Health Options. The Executive Office sets the rates for those enrolled in the fee-for-service programs.

The Governor includes \$4.1 million, \$2.0 million from general revenues for rate increases in the managed care and fee-for-service programs. The Governor's recommendation equates to seven percent based on the November caseload conference estimate but the proposal is based on funding, not a set percentage. She includes Section 7 of Article 9 to give a rate increase for home care service providers in order to increase the pay for personal care attendants and home health aides. There are provisions for repayment by the providers if the increase is used for other purposes not deemed appropriate by the Secretary of Health and Human Services. The providers must file a report by September 1, 2016, attesting that the increase was passed through to the direct care workers.

Supporting documentation indicates that the proposal is to increase capacity in home and community care programs to delay entry into a nursing home, however there are no offsetting savings in nursing home costs based on this proposal.

Hospitals

The November Caseload Estimating Conference estimate includes hospital expenses totaling \$213.7 million, \$105.6 million from general revenues. It includes \$73.3 million for direct medical services and \$140.4 million for uncompensated care payments to community hospitals. *The Governor includes \$194.8 million, \$95.3 million from general revenue; this is \$18.9 million less than the conference estimate, including \$10.3 million less from general revenues.*

Hospitals. The November Caseload Estimating Conference estimate includes FY 2017 expenditures at \$73.3 million, including \$36.0 million from general revenues. The estimate is \$6.0 million less than enacted including \$3.0 million from general revenues.

The estimate also includes the \$27.9 million upper payment limit reimbursement made to the community hospitals and \$4.0 million for graduate medical education activities. The Executive Office's constrained request includes proposals that lower total hospital spending by \$37.8 million from all sources, including \$19.4 million from general revenues, each is shown in the following table and discussed separately.

Hospitals - Constrained Budget Savings Proposals			
Proposals	General Revenues	All Funds	Gov. Rec.
Hospital Incentive Program	\$ 15,363,958	\$ 30,894,748	Accepted
Upper Payment Limit Reimbursements	(13,860,233)	(27,870,969)	Accepted
Disproportionate Share Payments	(7,459,500)	(15,000,000)	Accepted
Graduate Medical Education	(2,006,051)	(4,033,885)	Accepted
Total	\$ (7,961,826)	\$ (16,010,106)	

The Governor recommends \$69.6 million, including \$33.2 million from general revenues, which is \$3.7 million less than the conference estimate, \$2.8 million less from general revenues. The recommendation assumes that funding from three current hospital payment mechanisms will be eliminated or reduced in order to fund incentive program for both hospital and nursing homes. She includes legislation to effectuate the reductions or eliminations and to authorize the hospital and nursing home incentive programs, though the details on implementation are not clear. The \$16.0 million reduction to hospitals largely represents the amount included for the nursing home incentive noted elsewhere in this analysis. Supporting documents suggest that the reductions to hospitals would not occur if alternate match were found. The Governor also includes Section 2 of Article 9 so that any hospital payment does not exceed the Centers for Medicare and Medicaid Services national outpatient prospective payment system index.

Hospital Incentive Program. The 2015 Assembly added Section 10 of Article 5 of 2015-H 5900 Substitute A, as amended, for the hospital and nursing facility incentive programs and authorized the Secretary of Health and Human Services to seek the federal authority required to implement a hospital and nursing home incentive program. The program provides participating licensed hospitals and nursing facilities the ability to obtain certain payments for achieving performance goals established by the Secretary; payments are to be made no sooner than July 1, 2016.

It was reported during the 2015 session that the plan was to reinvest any savings achieved beyond the rate reductions included in the FY 2016 budget that could be used for match for the incentive pools.

The Executive Office has been asked for an updated plan but instead proposes to fund both programs through the reallocation of existing hospital funds. The Executive Office's FY 2017 constrained request includes \$30.9 million from all sources, including \$15.4 million from general revenues and reallocates existing resources to fund the Hospital Incentive Program. The request redirects funding for the inpatient and outpatient upper payment limit reimbursements and graduate medical education payments to pay for both the hospital and nursing home incentive programs.

Article 7 includes language for the Executive Office to leverage all available resources to identify match for this program, but a more specific plan has not been submitted. Instead, the budget reallocates reductions to other hospital payment programs to serve as the state match. Supporting documents suggest that the reductions to hospitals would not occur if alternate match were found.

Upper Payment Limit Reimbursements. The November caseload estimate includes the enacted level of \$27.9 million from general revenues, including \$13.3 million from general revenues for the outpatient and inpatient upper payment limit reimbursement made to the community hospitals. The Executive Office's FY 2017 request also includes the enacted level; however, it does not adjust for the updated Medicaid rate.

Hospitals currently receive quarterly inpatient and outpatient supplemental upper payment limit reimbursement-based payments and the FY 2016 budget includes \$17.8 million for the inpatient supplemental payment and \$10.1 million for the outpatient payment. As of November 2015, the state has not received approval to make the inpatient payment.

The reimbursement provides adjustments to increase resources to community hospitals by paying a rate that is equal to what Medicaid would pay for the same services. Under current federal regulations, states have great flexibility in setting the Medicaid rates that they pay to nursing homes, hospitals and other providers. The regulations establish that states may pay facilities a total amount up to the level that Medicare would pay for the same services, group facilities together in calculating this upper payment limit, and pay some facilities more than others. This has allowed states to recognize that some public facilities have higher operating costs due to patient populations that are sicker and more likely to have no health care coverage at all.

The Executive Office's constrained budget includes savings of \$28.2 million from all sources, of which \$13.9 million is general revenues from eliminating both payments. This requires a statutory change. The Executive Office is using the available resources to fund the hospital and nursing home incentive programs; it shifts resources among hospital programs.

The Governor includes Section 4 of Article 7 to eliminate the inpatient and outpatient upper payment limit reimbursements. Supporting documents suggest that this and other reductions to hospitals would not occur if alternate match for the hospital and nursing home incentives were found.

Disproportionate Share Payments to Hospitals. The Caseload Estimating Conference includes \$140.4 million from all sources for the disproportionate share payments for uncompensated care costs to the

hospitals, consistent with the enacted budget. This includes \$69.6 million from general revenues and \$70.8 million from federal funds. Funding is provided to Eleanor Slater Hospital and the state's community hospitals through the Executive Office of Health and Human Services. The Executive Office's request is consistent with the enacted budget.

Rhode Island's calculation for the uncompensated care payments includes the costs incurred treating uninsured individuals and the Medicaid "shortfall", which represents the difference between payments made by the state for its Medicaid recipients (including managed care enrollees and fee-for-service patients) and what the hospital's costs are for that treatment. Each hospital has its own set of costs for each procedure so there may be different charges for the same procedures among hospitals; the difference is that the reimbursements through the state are the same.

The Executive Office's constrained request lowers the uncompensated care payments by \$15.0 million from all sources, including \$7.5 million from general revenues to be used to fund the nursing home incentive program. The constrained proposal likely does not impact all hospitals the same way, shifting existing resources among them.

The Governor recommends the proposal and includes Section 3 of Article 9 to lowers the uncompensated care payment by \$15.2 million from all funds, \$7.5 million from general revenues. Supporting documents suggest that this and other reductions to hospitals would not occur if alternate match for the hospital and nursing home incentives were found.

Hospital Payments	FY 2015 Reported	FY 2016 Enacted	FY 2017 Nov. CEC	FY 2017 Gov. Rec.	Gov. Change to Enacted
Community Hospitals					
State	\$ 62,549,661	\$ 69,493,490	\$ 69,579,573	\$ 61,345,653	\$ (8,147,837)
Federal	65,747,555	69,506,586	70,803,968	62,305,860	(7,200,726)
Subtotal	\$ 128,297,216	\$ 139,000,075	\$ 140,383,541	\$ 123,651,512	\$ (15,348,563)
Eleanor Slater Hospital					
State	\$ 755,119	\$ 774,421	\$ 774,421	\$ 774,421	\$ -
Federal	793,722	774,421	774,421	774,421	-
Subtotal	\$ 1,548,841	\$ 1,548,841	\$ 1,548,841	\$ 1,548,841	\$ -
Upper Payment Limit					
State	\$ 5,482,285	\$ 13,846,298	\$ 13,693,007	\$ -	\$ (13,846,298)
Federal	5,570,152	14,024,671	14,177,962	-	(14,024,671)
Subtotal	\$ 11,052,437	\$ 27,870,969	\$ 27,870,969	\$ -	\$ (27,870,969)
Graduate Medical Education					
State	\$ -	\$ 2,000,000	\$ 2,000,000	\$ -	\$ (2,000,000)
Federal	-	2,025,765	2,070,832	-	(2,025,765)
Subtotal	\$ -	\$ 4,025,765	\$ 4,070,832	\$ -	\$ (4,025,765)
Total	\$ 140,898,494	\$ 172,445,650	\$ 173,874,183	\$ 125,200,353	\$ (47,245,297)

Graduate Medical Education. The Executive Office includes \$4.0 million from all sources, including \$2.0 million from general revenues to support graduate medical education activities at Lifespan; this is consistent with the enacted level. It should be noted that the state applied for, but was denied approval on December 15, 2015, to match the state payment with Medicaid funds; therefore only the general revenues can be expended.

The Executive Office's constrained budget includes savings of \$4.0 million, including \$2.0 million from general revenues from eliminating the payment and shifting resources to the incentive programs. The constrained proposal likely does not impact all hospitals the same way, shifting existing resources among them. It should be noted the general revenues reduction is more than what is included in the enacted budget

to make the payment, leaving a slight deficit in the hospital program. *The Governor includes Section 11 of Article 9 to eliminate the payment. The Budget reduces general revenues but does not adjust matching federal funds.*

Hospital License Fee. The Assembly included Section 2 of Article 5 of 2015-H 5900 Substitute A, as amended, which set the FY 2016 license fee at 5.862 percent based on 2014 revenues for all hospitals, including the state-run Eleanor Slater Hospital, except for South County Hospital and Westerly Hospital, which will pay a lower 3.67 percent fee, subject to federal approval of a waiver.

The Governor includes revenues consistent with the enacted level and proposes Article 8 for the FY 2017 license fee; however, the legislation inadvertently includes two separate rates, 5.703 percent and 5.846 percent. The proposed revenues tie to the 5.846 percent rate.

FY 2017 Hospital License Fee	FY 2015 Enacted	FY 2016 Enacted	FY 2017 Gov. Rec.	Gov. Change to Enacted
<i>Base Year</i>	<i>2013</i>	<i>2014</i>	<i>2014</i>	
<i>Tax Rate</i>	<i>5.703%</i>	<i>5.862%</i>	<i>5.862%</i>	
Community Hospital License Fee	\$ 153,548,271	\$ 166,519,794	\$ 166,519,794	\$ -
Washington County Hospitals Waiver	(3,942,912)	(4,212,877)	(4,212,877)	-
Subtotal Licensing fee	\$ 149,605,359	\$ 162,306,917	\$ 162,306,917	\$ -
Slater License Fee	6,466,243	6,743,533	6,743,533	-
Total	\$ 156,071,602	\$ 169,050,450	\$ 169,050,450	\$ -

Long Term Care

The Caseload Estimating Conference estimate includes long term care expenses at \$259.7 million, of which \$127.6 million is from general revenues. This includes \$186.0 million for nursing facilities and hospice care and \$73.7 million for home and community care. The estimate is \$5.8 million more than enacted, including \$1.5 million more from general revenues; it is \$5.9 million above the revised estimate for FY 2016.

The constrained budget adds \$18.5 million, including \$9.2 million from general revenues in long term care from four proposals; two of the proposals, patient liability payments and home care rates, have been discussed in the previous section.

Long Term Care - Constrained Budget Savings Proposals			
Proposal	General Revenues	All Funds	Gov. Rec.
Nursing Home Incentive Program	\$ 8,276,455	\$ 16,642,781	Accepted
Patient Liability Payments	(397,840)	(800,000)	Accepted
Acuity Payment Elimination	(355,650)	(715,162)	Accepted
Home Care Rate Increase	1,661,010	3,340,057	Accepted
Total	\$ 9,183,975	\$ 18,467,676	

The Governor recommends \$276.7 million from all funds, \$135.9 million from general revenues, which is \$6.0 million more than requested, \$1.3 million more from general revenues and \$17.0 million more than the caseload estimate, including \$8.3 million more from general revenues.

Nursing Facilities and Hospice Care. The Caseload Estimating Conference estimate includes FY 2017 expenditures of \$186.0 million, of which \$91.4 million is from general revenues for the state's 84 nursing facilities. The estimate is \$5.2 million more than enacted, including \$1.6 million more from general revenues and \$2.3 million more than the revised estimate for FY 2016.

The Executive Office's request adds \$15.1 million from all sources, including \$7.5 million from general revenues in its constrained budget. Each proposal is discussed separately.

The Governor recommends \$199.6 million, including \$98.1 million from general revenues, which is \$13.6 million more than the caseload estimate, including \$6.7 million from general revenues. The Budget funds the nursing home incentive program, provides an increase in home care rates and eliminates the October 1, 2016 rate adjustment and acuity payments.

The Governor also includes Section 8 of Article 9 to eliminate benefit choice and adds options for counseling in a person-centered care planning process to help an individual make an informed choice. This proposal was included in her Reinventing Medicaid recommendation but it was not accepted by the 2015 Assembly.

It should be noted that eliminating benefit choice mandates enrollment in the Rhody Health Options managed care plan so that there would be limited expenses in the fee-for-service program. However, the Governor increases the rates paid to health care providers in the fee-for-service program which, if the benefit choice were eliminated, would shift to the Rhody Health Options program. The recommended budget does not show a shift to the managed care program for the proposed legislation.

Nursing Home Incentive Program. The 2015 Assembly adopted Section 10 of Article 5 of 2015-H 5900 Substitute A, as amended, for the hospital and nursing facility incentive programs and authorized the Secretary of Health and Human Services to seek the federal authority required to implement a nursing home and hospital incentive program. The program provides participating licensed hospitals and nursing facilities the ability to obtain certain payments for achieving performance goals established by the Secretary; payments are to be made no sooner than July 1, 2016.

It was reported during the 2015 session that the plan was to reinvest any savings achieved beyond the rate reductions included in the FY 2016 budget that could be used for match for the incentive pools.

The Executive Office has been asked for an updated plan but instead proposes to fund both programs through the reallocation of existing hospital funds. The Executive Office's FY 2017 constrained request includes \$30.9 million from all sources, including \$15.4 million from general revenues and reallocates existing resources to fund the nursing home incentive program.

The Governor includes \$16.8 million from all sources, including \$8.3 million from general revenues for the nursing home incentive program. The recommendation assumes that funding from three current hospital payment mechanisms will be eliminated or reduced in order to fund incentive program for both hospital and nursing homes. She includes legislation to effectuate the reductions or eliminations and to authorize the hospital and nursing home incentive programs, though the details on implementation are not clear. The \$16.0 million reduction to hospitals noted elsewhere in this analysis largely represents the amount included for the nursing home incentive. Supporting documents suggest that the reductions to hospitals would not occur if alternate match were found.

Nursing Facilities Rate Freeze. The November caseload conference estimate includes \$2.0 million from all sources, \$1.0 million from general revenues for the October 1, 2016 rate increase for the nursing facilities in the fee-for-service program. *The Governor assumes the savings and includes Section 2 of Article 9 to eliminate the 2016 rate increase. She reduces nursing homes expenditures, which would lower the taxes paid by \$0.1 million through the 5.5 percent assessment on a facility's gross revenues; however, the budget does not recognize the loss of revenue.*

Patient Liability Payments. The Executive Office proposes savings of \$2.0 million, including \$0.1 million from general revenues for collecting the individual's share and includes \$0.8 million, \$0.4 million from

general revenues in the long term care program. *The Governor includes Article 8 to instruct the Executive Office to make the necessary system changes to collect the payments automatically and assumes \$3.1 million, including \$1.5 million from general revenues. The Budget does not include any funding for system upgrades.*

Acuity Payment. The Executive Office includes savings of \$0.7 million, including \$0.4 million from general revenues from eliminating the final phase of the payment made to certain nursing facilities so that the facility does not lose or gain more than \$5 in the daily rate reimbursement. This is a five year phase-in process and this proposal eliminates the final year. It should be noted that a proposal in the Reinventing Medicaid initiative delayed the payment that was to be made in FY 2016 to FY 2017, and this proposal eliminates it. The savings are consistent with the funding included in the caseload conference estimate for this activity. *The Governor includes Section 2 of Article 9 to delay the final year of the phase-out but does not include the requested savings from the delay.*

Home and Community Care. The November Caseload Estimating Conference estimate includes \$73.7 million for home and community care expenses, including \$36.2 million from general revenues for FY 2017. This is \$0.6 million more than enacted, including \$0.1 million less from general revenues and \$3.6 million more than the revised estimate. The estimate includes resources to support the Reinventing Medicaid initiative to expand assisted living opportunities to delay nursing home placements and caseload and cost inflators consistent with the Executive Office's testimony at the caseload conference. *The Governor recommends \$77.1 million, including \$37.9 million from general revenues. This is \$3.4 million more than the caseload estimate, including \$1.7 million from general revenues to fund a rate increase, discussed below.*

Target - Home Care Rates. The Executive Office adds \$4.1 million from all funds, including \$2.0 million from general revenues from a seven percent increase in rates for personal care attendants and home health aides; \$3.4 million, including \$1.7 million from general revenues has been added in the home and community care program. *The Governor proposes the rate change and the necessary legislation to accomplish it. Supporting documentation indicates that the proposal is to increase capacity in home and community care programs to delay entry into a nursing home.*

Managed Care

The Caseload Estimating Conference estimate includes managed care expenses of \$646.0 million, of which \$299.3 million is from general revenues. The estimate includes RIte Care expenses at \$585.5 million, RIte Share at \$8.8 million and fee-for-service expenses at \$51.6 million; a discussion of each follows.

The November estimate is \$33.6 million more than enacted, including \$10.3 million from general revenues and \$15.0 million more than the Executive Office's request, including \$3.7 million more from general revenues. The Executive Office's constrained request is \$21.2 million less the enacted budget, including \$12.4 million less from general revenues and does not reflect the adopted estimate.

The Governor includes \$622.1 million, including \$288.7 million from general revenues; this is \$23.9 million less than the caseload conference estimate, including \$11.8 million from general revenues. Her budget does not lower projected revenues resulting from reduced expenses in the managed care program, which if approved would be a loss of \$0.3 million from the 2.0 percent health insurer tax.

She includes Article 9 to make the necessary changes to the RIte Care and premium assistance program to reflect requirements under the Affordable Care Act.

RIte Care. The Caseload Estimating Conference estimated RIte Care expenditures at \$585.5 million including \$286.3 million from general revenues. This is \$52.0 million more than enacted, including \$25.5

million more from general revenues with higher than anticipated RItE Care enrollment, including higher retention through recertification in the new eligibility system.

The following table shows the proposal savings specific to the RItE Care program. As previously described in the summary section, the first four proposals impact multiple managed care programs; all the proposals are described separately.

Managed Care			
Proposals	General Revenues	All Funds	Gov. Rec.
Affordable Care Organizations	\$ (6,069,325)	\$ (12,085,880)	Accepted*
Premium Tax to 2.75%	(3,500,000)	(3,500,000)	Rejected
Managed Care Capitated Payments	(1,274,082)	(2,562,000)	Rejected
Managed Care Administrative Rate	(1,274,083)	(2,562,000)	Accepted
Katie Beckett Optional Payment	(251,758)	(506,250)	Rejected
Total	\$ (12,369,248)	\$ (21,216,130)	
<i>*Savings were changed in the Governor's recommended budget</i>			

The Governor recommends \$567.1 million, including \$259.0 million for the managed care program, which is \$18.4 million less than the caseload estimate. She includes \$1.5 million, \$0.7 million from general revenues, to support opioid treatment services recommended by the Overdose Task Force in the RItE Care program. It should be noted that she has not added to the Rhydy Health Partners or expansion program where these services also occur.

Overdose Prevention and Intervention Task Force. The Governor’s Overdose Prevention and Intervention Task Force issued a final report on November 10, 2015 to address the issue of addiction and overdose. The intent is to build capacity for medication assistance treatment and develop “center for excellence” to expand the number of providers offering treatment and expand into new settings. The center would provide comprehensive evaluations, stabilization services and enhanced treatment services.

The Governor includes \$1.5 million, \$0.7 million from general revenues, to support opioid treatment services recommended by the Overdose Task Force in the RItE Care program. She also adds \$2.5 million in the Department of Corrections’ budget for treatment and prevention activities.

Unified Health Infrastructure Project Savings. The Executive Office’s budget does not include any savings in the medical assistance program related to the July 12, 2016 go-live date for the Unified Health Infrastructure Project. *The Governor includes \$9.4 million including \$4.6 million from general revenues from unidentified changes in RItE Care. The Governor also does not reduce revenues through the 2.0 percent health care assessment if the savings are applied to the services provided through the capitated rates, which would be \$0.9 million.*

Affordable Care Organizations. The Executive Office’s proposes additional savings of \$24.0 million from expanding enrollment in affordable care organizations, \$9.7 million from general revenues, including \$12.1 million, \$6.1 million from general revenues in the RItE Care program. *The Governor includes savings of \$2.4 million, \$1.2 million from general revenues; total savings from all funds is \$6.8 million.*

Managed Care Capitated Payments. The Executive Office’s proposal for savings of \$5.6 million, including \$2.1 million from general revenues, by reducing the managed care capitation payments includes \$2.6 million, \$1.3 million from general revenues in RItE Care. *The Governor does not recommend the reduction to the capitated rates but the Budget includes savings from re-procuring the contract and includes \$2.6 million, \$1.3 million from general revenues in RItE Care.*

Transportation Services. The state entered into a three-year contract with Logisticare to provide

transportation services to its Medicaid population, which ends June 30, 2017. *The Governor includes savings of \$0.9 million, \$0.5 million from general revenues in RItE Care from renegotiating the current contract in the RItE Care program.*

Managed Care Administrative Rate. The Executive Office's proposal for savings of \$5.6 million, including \$2.1 million from general revenues from paying a flat administrative rate and not one based on a percentage includes savings of \$2.6 million, \$1.3 million from general revenues, in RItE Care. *The Governor recommends savings of \$4.0 million, including \$2.0 million from general revenues from this proposal in RItE Care.*

Pharmacy Utilization Management Protocols. The FY 2015 enacted budget included savings of \$5.0 million from two actions: recovering the state's share of pharmacy rebates that are collected from managed care organizations for medications billed by physicians and ensuring non-payment for prescriptions submitted by providers not participating in the Medicaid program through the managed care plans. The Executive Office did not include any proposals in FY 2017 impacting pharmacy expenses. *The Governor includes savings of \$0.4 million, \$0.2 million from general revenues in the managed care program.*

Premium Tax Rate to 2.75 percent. The Executive Office proposes to generate \$7.0 million of new revenues from increasing the 2.0 percent tax rate charged to health plans; this includes \$3.5 million in RItE Care. *The Governor does not recommend this proposal.*

Katie Beckett Optional Payment. The Executive Office proposes savings of \$0.5 million, including \$0.3 million from general revenues, from assuming that 500 of the approximately 1,000 families receiving services through the Katie Beckett optional program will voluntarily pay a \$150 monthly payment. *The Governor does not recommend this proposal.*

RItE Share. The November Caseload Estimating Conference estimate includes RItE Share expenditures of \$8.8 million, including \$4.4 million from general revenues. This is \$0.5 million less than enacted, including \$0.3 million less from general revenues, based on decreased enrollment. The Executive Office's request is consistent with the enacted budget and does not reflect the adopted 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 participants if the coverage is similar to the cost and services offered through RItE Care. The Executive Office testified to lower enrollment in the premium assistance program.

The Governor recommends funding consistent with the caseload estimate. She also includes Section 5 of Article 9 to expand this premium assistance program to all Medicaid enrollees with access to employer sponsored coverage, including individuals enrolled in the expansion program. She includes savings of \$200,000 from this proposal.

Fee-Based Managed Care. The Caseload Estimating Conference estimate includes FY 2017 fee-based managed care expenditures of \$51.6 million from all sources, of which \$25.6 million is general revenues. The estimate is \$17.6 million less than enacted, including \$8.6 million less from general revenues from shifting some expenses from RItE Care to fee-based managed care and increased transportation expenditures. Fee-based managed care provides additional services to those in the contracted managed care system. The Executive Office's request is consistent with the enacted budget and does not reflect the adopted estimate.

The Governor includes savings of \$5.4 million from all funds, including \$1.0 million from general revenues from negotiating a bundled rate for neo-natal intensive care unit services. It appears that the savings should be \$2.0 million from all sources not \$5.4 million as recommended from leveraging enhanced Medicaid funds, which are not allowable for this activity.

Early Intervention Services. The state provides early intervention services to certain children through age three through the medical assistance and non-medical assistance programs. The November caseload conference estimate includes \$1.8 million, including \$0.9 million from general revenues for early intervention services through the Medicaid waiver’s cost not otherwise matchable (CNOM) program in the medical assistance program. From the non-Medicaid program, the requests including \$2.3 million, including \$0.3 million from general revenues.

The Governor’s recommendation assumes savings of \$0.5 million from general revenues from shifting costs to additional federal grant resources. Those resources are not identified and it is unclear how these savings can be achieved, if the services are currently matched by Medicaid.

The Governor also includes Section 1 of Article 9 to reverse an action recommended by the Governor for FY 2016, and accepted by the 2015 Assembly which eliminated the threshold commercial insurers must reimburse for early intervention services. This section reinstates reimbursements that are equal to or greater than the prevailing Medicaid rate. Staff has not received a response from the Executive Office as to the reason for this action.

Rhody Health Partners

The Caseload Estimating Conference estimate includes expenditures of \$258.9 million from all sources, including \$128.4 million from general revenues for the managed care program for adults with disabilities in FY 2017. The Executive Office’s constrained request is \$9.0 million less than its unconstrained budget, of which \$5.2 million is from general revenues and includes several savings proposals, discussed separately.

The Executive Office’s constrained budget includes savings of \$9.0 million, including \$5.3 million from general revenues from four proposals that impact multiple programs where the benefit is provided through a managed care provider including the Rhody Health Partners program.

Rhody Health Partners - Constrained Budget Savings Proposals			
Proposals	General Revenues	All Funds	Gov. Rec.
Affordable Care Organizations	\$ (2,591,967)	\$ (5,212,080)	Accepted*
Premium Tax to 2.75%	(1,540,000)	(1,540,000)	Rejected
Managed Care Capitated Payments	(563,939)	(1,134,000)	Rejected
Managed Care Administrative Rate	(563,938)	(1,134,000)	Accepted
Total	\$ (5,259,844)	\$ (9,020,080)	
<i>*Savings were changed in the Governor's recommended budget</i>			

Unified Health Infrastructure Project Savings. The Executive Office’s budget does not include any savings related to the July 12, 2016 go-live date for the Unified Health Infrastructure Project. *The Governor assumes savings of \$14.7 million, including \$7.2 million from general revenues in Rhody Health Partners.*

Affordable Care Organizations. The Executive Office proposes additional savings of \$24.0 million, \$9.7 million from general revenues from expanding enrollment in affordable care organizations, including \$5.2 million, \$2.6 million from general revenues in Rhody Health Partners. *The Governor includes savings of \$1.6 million, \$0.8 million from general revenues from this proposal in Rhody Health Partners from increased enrollment and correcting the annualized savings assumption.*

Managed Care Capitated Payments. The Executive Office’s proposal for savings of \$5.6 million, including \$2.1 million from general revenues, by reducing the managed care capitation payments includes \$1.1 million, \$0.6 million from general revenues, in Rhody Health Partners. *The Governor does not recommend this proposal but instead includes savings from re-procuring the contract, of which \$1.4 million, \$0.7 million from general revenues, is in Rhody Health Partners.*

Transportation Services. The state entered into a three-year contract with Logisticare to provide transportation services to its Medicaid population, which ends June 30, 2017. *The Governor includes savings of \$0.3 million, \$0.2 million from general revenues in Rhody Health Partners from renegotiating the current contract.*

Managed Care Administrative Rate. The Executive Office’s proposal for savings of \$5.6 million, including \$2.1 million from general revenues from paying a flat administrative rate and not one based on a percentage, includes savings of \$1.1 million, \$0.6 million from general revenues, in Rhody Health Partners. *The Governor includes savings of \$2.6 million, \$1.3 million from general revenues from this proposal in Rhody Health Partners.*

Pharmacy Utilization Management Protocols. The FY 2015 enacted budget included savings of \$5.0 million from two actions: recovering the state’s share of pharmacy rebates that are collected from managed care organizations for medications billed by physicians and ensuring non-payment for prescriptions submitted by providers not participating in the Medicaid program through the managed care plans. The Executive Office did not include any proposals for FY 2017 impacting pharmacy expenses. *The Governor includes savings of \$3.3 million, \$1.6 million from general revenues in Rhody Health Partners.*

Target - Premium Tax Rate to 2.75 percent. The Executive Office proposes to generate \$7.0 million of new revenue from increasing the 2.0 percent tax rate charged to health plans; this includes \$1.5 million in Rhody Health Partners. *The Governor does not recommend this proposal.*

Rhody Health Options

On November 1, 2013, the state entered into a managed care contract with Neighborhood Health Plan of Rhode Island to manage acute care and long term care services for individuals eligible for both Medicare and Medicaid. Consistent with the Executive Office’s testimony, the caseload conference estimate includes \$317.0 million from all sources, including \$155.8 million from general revenues for the program.

The Executive Office’s constrained budget includes savings of \$5.7 million, including \$3.8 million from general revenues from six proposals. The following table shows the proposal savings specific to Rhody Health Options.

The Governor recommends \$298.6 million, including \$146.8 million from general revenues, which is \$18.4 million less than the conference estimate, including \$9.0 million less from general revenues.

Rhody Health Options - Constrained Budget Savings Proposals			
Proposals	General Revenues	All Funds	Gov. Rec.
Affordable Care Organizations	\$ (1,055,987)	\$ (2,123,440)	Rejected *
Premium Tax to 2.75%	(1,960,000)	(1,960,000)	Rejected
Managed Care Capitated Payments	(250,639)	(504,000)	Rejected
Managed Care Administrative Rate	(250,639)	(504,000)	Rejected
Patient Liability Payments	(596,760)	(1,200,000)	Accepted
Home Care Rate Increase	310,938	625,252	Accepted
Total	\$ (3,803,087)	\$ (5,666,188)	

**Accepted but not applicable in Rhody Health Options*

Unified Health Infrastructure Project Savings. The Executive Office’s budget does not include any savings related to the July 12, 2016 go-live date for the Unified Health Infrastructure Project. *The Governor assumes savings of \$14.7 million, including \$7.2 million from general revenues in Rhody Health Options. The budget does not reduce revenues through the 2.0 percent health care assessment if the savings are applied to the services provided through the capitated rates which would be \$0.9 million.*

Nursing Facilities Rate Freeze. The November caseload conference estimate includes savings of \$2.0 million from all sources, \$1.0 million from general revenues for the October 1, 2016 rate increase for the nursing facilities paid through the managed care program. *The Governor assumes the savings and includes Section 2 of Article 9 to eliminate the 2016 rate increase. The Budget lowers revenues, which would lower taxes paid by \$40,830 through the 2.0 percent assessment on the health plan gross revenues; however, she does not include the loss of revenue in her recommended budget.*

Patient Liability Payments. The Executive Office's proposal for savings of \$2.0 million, including \$0.1 million from general revenues for collecting the individual's share includes \$1.2 million, \$0.6 million from general revenues in Rhody Health Options. *The Governor includes savings of \$1.8 million, including \$0.9 million from general revenues from this proposal.*

Home Care Rates. The Executive Office adds \$4.0 million from all funds, including \$2.0 million from general revenues from a seven percent increase in rates for personal care attendants and home health aides; \$0.6 million, including \$0.3 million from general revenues has been added in Rhody Health Options. *The Governor recommends funding as requested.*

Transportation Contract. The state entered into a three-year contract with Logisticare to provide transportation services to its Medicaid population, which ends June 30, 2017. *The Governor includes savings of \$0.4 million, \$0.2 million from general revenues in Rhody Health Options from renegotiating the current contract.*

Target - Affordable Care Organizations. The Executive Office proposes additional savings of \$24.0 million, including \$9.7 million from general revenues from enrollment in affordable care organizations, including \$2.1 million, \$1.1 million from general revenues in Rhody Health Options. *The Governor does not recommend savings from this proposal in the Options program. It was determined that since the individuals in this program receive services from both Medicare and Medicaid and for the those enrolled in the Phase I of options any savings would be to Medicare.*

Target - Premium Tax Rate to 2.75 percent. The Executive Office proposes to generate \$7.0 million of new revenues from increasing the 2.0 percent tax rate charged to health plans; this includes \$2.0 million in Rhody Health Options. *The Governor does not recommend this proposal.*

Target - Managed Care Capitated Payments. The Executive Office's proposal for savings of \$5.6 million, including \$2.1 million from general revenues, by reducing the managed care capitation payments includes \$0.5 million, \$0.3 million from general revenues in Rhody Health Options. *The Governor does not recommend this proposal.*

Target - Managed Care Administrative Rate. The Executive Office's proposal for savings of \$5.6 million, including \$2.1 million from general revenues from paying a flat administrative rate and not one based on a percentage includes savings of \$0.5 million, \$0.3 million from general revenues, in Rhody Health Options. *The Governor does not recommend any savings from this proposal in Rhody Health Options.*

Pharmacy

The Caseload Estimating Conference estimate includes pharmacy expenses of \$56.6 million; this is \$2.0 million more than enacted. This includes direct pharmacy costs and the state's estimated Medicare Part D clawback payment. The Department's revised request is consistent with the enacted budget and does not reflect the adopted 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 \$55.2 million which is \$1.4 million less than the November conference estimate.*

Fee-for-Service. The Caseload Estimating Conference estimate includes FY 2017 pharmacy expenditures of \$0.1 million, of which \$0.8 million is from general revenues offset by federal rebates. This is \$0.8 million less than enacted, including \$0.5 million less from general revenues. Elderly and disabled individuals who are not enrolled in Rhody Health receive this fee-for-service pharmacy benefit. The caseload estimate separates the actual pharmacy costs for fee-for-service clients and the state’s payment for the Medicare Part D clawback, discussed below.

The Governor reduces pharmacy expenses based on two proposals not included in the request: \$1.0 million, including \$0.5 million from general revenues, from increased pharmacy rebates by ensuring that the highest drug rebates are available and \$0.4 million, including \$0.2 million from general revenues, from pharmacy utilization management protocols.

Medicare Drug Benefit - Part D Clawback. The Caseload Estimating Conference estimate includes the state payment for the Medicare Part D clawback provision at \$56.5 million, \$2.7 million more than enacted. The Executive Office’s request is \$4.2 million more than the enacted budget and \$1.4 million more than the conference estimate. The plan provides coverage with a series of deductibles and co-payments based on the recipient’s income level. For individuals enrolled in Medicaid as well as Medicare, commonly referred to as dual eligibles, the state paid a portion of their drug costs matched by the federal participation rate. The state no longer directly pays for the drug costs; however, the state does pay a portion of the savings to the federal government, or a clawback, which has been calculated based on a nationwide formula. The dual eligibles do not pay any annual deductible, but pay a \$1 co-payment for generic drugs or \$3 co-payment for brand names. *The Governor recommends savings consistent with the November caseload estimate.*

Medicaid Expansion

The November conference estimate includes \$478.5 million from all sources to provide health benefits to certain adults through the Medicaid expansion program. This includes \$466.4 million from federal funds and \$12.1 million from general revenues; FY 2017 is the first year that a state match must be provided for this program. The FY 2017 match rate is based on no match rate for the first six months and a five percent match rate for the final six months or a “blended” rate of 2.5 percent.

The Executive Office’s constrained budget includes savings of \$7.4 million from federal funds from three proposals. The Executive Office budget does not include savings from the 2.5 percent state match that is required in FY 2017.

The Governor recommends \$466.9 million, including \$12.1 million from general revenues, which is \$11.7 million less than the conference estimate. She includes savings from federal funds only and does not include the \$0.3 million in general revenue savings that should be applied to her recommended proposals.

The following table shows the proposal savings specific to the expansion program.

Medicaid Expansion - Constrained Budget Savings Proposals			
Proposal	General Revenues**	All Funds	Gov. Rec.
Affordable Care Organizations	\$ -	\$ (4,578,600)	Accepted*
Managed Care Capitated Payments	-	(1,400,000)	Rejected
Managed Care Administrative Rate	-	(1,400,000)	Accepted
Total	\$ -	\$ (7,378,600)	
*Savings changed in the Governor's recommended budget.			
**FY 2017 is the first year of the state match for this program; however, neither the Office's constrained request or the Governor's budget include any general revenue savings for the three proposals.			

Unified Health Infrastructure Project Savings. The Executive Office's budget does not include any savings related to the July 12, 2016 go-live date for the Unified Health Infrastructure Project. *The Budget includes \$3.9 million in federal fund savings in the expansion program. The Governor does not reduce revenues through the 2.0 percent health care assessment if the savings are applied to the services provided through the capitated rates which would be \$0.1 million.*

Affordable Care Organizations. The Executive Office's proposal for additional savings of \$24.0 million, including \$9.7 million from general revenues for this proposal includes \$4.6 million from federal funds for enrollment in affordable care organizations. *The Governor includes savings of \$2.7 million from federal funds; she does not include any general revenue savings. The recommended budget should include \$67,847 in general revenue savings from the 2.5 percent match rate.*

Premium Assistance for Expansion Population. The state provides RItE Share, a premium assistance program for families enrolled in the RItE Care program who have access to employer sponsored health insurance, for which is based on family income, families have a monthly payment. The state expanded Medicaid for the certain uninsured adults to provide access to health insurance through the Medicaid program who similar to other Medicaid and similar adults with disabilities, there is no monthly cost for these individuals.

The Governor includes Section 5 of Article 9 to extend the current RItE Share premium assistance program to individuals receiving medical benefits through the expansion program. The Budget assumes \$0.2 million in general revenue savings from this proposal but it is unclear who the target population is and how the savings will be achieved.

Managed Care Capitated Payments. The Executive Office proposes savings of \$5.6 million, including \$2.1 million from general revenues by reducing the managed care capitation payments and includes saving \$1.4 million from federal funds in the expansion program. *The Governor does not recommend this proposal but does recommend re-procuring the contract and includes \$2.7 million in federal fund savings.*

Transportation Services. The state entered into a three-year contract with Logisticare to provide transportation services to its Medicaid population, which ends June 30, 2017. *The Governor includes savings of \$0.4 million in federal funds savings.*

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.

Other Medical Services. The Caseload Estimating Conference estimate includes expenditures for other medical services at \$92.1 million, which includes \$46.2 million from general revenues. The estimate is \$2.5 million more than the enacted budget, including \$1.5 million more from general revenues. The Executive Office's FY 2017 request is \$1.5 million more than enacted and \$4.7 million more than the conference estimate and includes several savings initiatives, each is discussed separately.

The Executive Office's constrained budget includes general revenue savings of \$3.9 million and an all funds add of \$0.1 million from two proposals.

The Governor recommends \$91.8 million, including \$29.3 million from general revenues, which is \$0.3 million less from all funds, \$4.1 million less from general revenues.

Other Medical Services - Constrained Budget Savings Proposals			
Proposal	General Revenues	All Funds	Gov. Rec.
Children's Health Account	\$ (3,970,000)	\$ -	Accepted
Home Care Rate Increase	34,103	68,576	Accepted
Total	\$ (3,935,897)	\$ 68,576	

Children's Health Account. The enacted budget includes \$10.6 million from restricted receipts, which provide direct general revenue savings, for the children's health account. Every insurance provider that delivers certain services to children with special health care needs receives an assessment equivalent to the amount paid by the Executive Office of Health and Human Services for those services, not to exceed \$7,500 per service per child per year. Expenses are paid from this account that would otherwise require general revenues. The payments from insurance providers as assessments are deposited in the children's health restricted receipt 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. Each category has a number of specific services within it.

The constrained proposal increases the assessment from \$7,500 per service to \$12,500 per service per child per year for general revenue savings of \$4.0 million in FY 2017. This action requires a statutory change. This change was also proposed in the FY 2016 recommended budget but not accepted by the Assembly. *The Governor includes Section 10 of Article 9 to make this change.*

Transportation Services. The state entered into a three-year contract with Logisticare to provide transportation services to its Medicaid population, which ends June 30, 2017. *The Governor includes savings of \$0.4 million, including \$0.2 million from general revenues in the other Medical Services program.*

Home Care Rates. The Executive Office adds \$4.0 million from all funds, including \$2.0 million from general revenues from a seven percent increase in rates for personal care attendants and home health aides; \$68,576, including \$34,103 from general revenues has been added in the fee-for-service program. *The Governor recommends this proposal.*

Central Management

Office of Health Analytics and Policy. The Governor's Working Group for Healthcare Innovation recommended the creation of a central office to oversee health policy initiatives and coordinate public hearings that inform the state's understanding of its health care spending, the associated drivers, and possible solutions for cost containment. The Executive Office would oversee the cost trends hearing, which is the public examination of health care costs, and a contractor with claims analysis and health care actuarial experience.

The Governor recommends \$0.8 million, including \$0.4 million from general revenues to hire a contractor; she does not include any new positions or operating funds for the new Office. Supporting budget documents indicate that there was a request by the agency to create a new position of Director of Analytics and the Office of Health Analytics and Policy. However, there is no legislation to create such an Office or position in the Governor's budget as recommended.

FY 2015 Primary Care Physician Payment Settlement. The Medical Assistance program provided increased payments to certain Medicaid providers through the Affordable Care Act that were fully federally funded until December 31, 2014. The state paid providers using a mix of federal and state funds and is currently conducting a process to settle the federal payments. If it is determined that state resources were used instead of Medicaid funds, the state can recoup those federal funds and realize state savings. The

Executive Office projects \$2.5 million in state savings will be realized once the process is finalized. Instead of waiting for the results and having them appear in the caseload estimate or as adjustments to closing expenditures, the request underfunds administrative expenses by \$1.0 million in FY 2016 and \$1.5 million in FY 2017. *The Governor underfunds expenses in both years, as requested, and contrary to typical practice.*

Reinventing Medicaid - Unachieved Savings. The enacted budget includes savings of \$2.0 million, including \$1.0 million from general revenues, in the budgets of the Executive Office of Health and Human Services and the Department of Human Services from administrative changes made through the process to reinvent Medicaid that were part of the Working Group recommendations and the Governor's amendment, which was accepted by the Assembly. The Executive Office's request restores its share of the savings, \$1.0 million, including \$0.5 million from general revenues and does not explain its inability to meet these savings. *The Governor includes savings of \$500,000 including \$250,000 from the Executive Office restoring half the savings.*

Unified Health Infrastructure Project. The Unified Health Infrastructure Project is a joint venture between the Executive Office of Health and Human Services, and HealthSource RI to create smoother transitions for individuals, who upon entering their personal information are not eligible for the exchange, to seamlessly enroll in Medicaid or other assistance without calling a different office and re-entering their information.

The Executive Office submitted a new plan in July 2015 that increased project costs to \$363.7 million, including \$79.0 million for the state match. The updated plan calls for a one year delay to July 1, 2016 and a fully integrated system, RI Bridges, instead of two separate systems for its human services eligibility, application and worker accessibility activities in the affected agencies. This is \$154.2 million more than the October 2014 plan and increases state funding by \$27.2 million. Project completion and implementation have been delayed one year, until July 12, 2016, and include a fully integrated system, RI Bridges, instead of two separate systems for human services eligibility, application and worker accessibility activities in the Executive Office and Department of Human Services. This also includes approximately \$73.0 million in new state and federal requirements, however it should be noted that the Executive Office has not submitted information as requested for the breakdown of costs for the requirements.

The Executive Office requests \$21.0 million more from all sources for total FY 2017 funding of \$52.0 million, including \$10.0 million, or \$6.8 million more than enacted from general revenues for the Unified Health Infrastructure Project. This includes \$11.3 million more for the integrated system, including \$4.4 million from general revenues.

The Executive Office also requests \$9.7 million, including \$2.4 million from general revenues for costs associated with operating the contact center. The Executive Office entered into a new contract with Automated Health Systems, which will begin March 1, 2016. The enacted budget includes only \$160,000 to support the contact center, which was the remaining funds available through the federal grants for this purpose to fund the Connexions contract, which ended December 31, 2015. This is consistent with funding in the revised request.

The Governor recommends \$56.7 million from all sources for the Executive Office and the Department of Human Services; this includes \$11.0 million from general revenues. She recommends funding as requested in the Executive Office's budget.

CurrentCare. The Executive Office's FY 2017 request includes \$0.3 million from general revenues to be matched with \$2.7 million from Medicaid for a total payment of \$3.0 million for the state's payment for medical assistance recipients in the exchange. The Rhode Island Quality Institute has partnered with the state to develop *currentcare*, Rhode Island's electronic health information exchange, an electronic network

that gives medical professionals access to their patients' health information. *The Governor recommends funding as requested.*

Electronic Health Records. In July 2011, the Department began the Electronic Health Records Incentive program through which eligible medical providers and acute care hospitals with at least 30 percent and 10 percent of Medicaid patients in the prior calendar year, respectively, may be eligible for these incentive payments to adopt and upgrade certified health records technology. All incentive payments to providers and hospitals are paid with federal funds. The Executive Office includes \$8.1 million from federal funds to support the electronic health records initiative in FY 2017; this is \$1.9 million above the enacted level for projected expenses. *The Governor recommends funding as requested.*

Race to the Top Funds. The Executive Office requests \$5,427 less than enacted for total funding of \$100,085 from the federal Race to Top grant award to be used in FY 2017. *The Governor recommends funding as requested.*

State Innovation Models Grant. The Executive Office was awarded a four-year \$20.0 million State Innovation Models Grant to address health care delivery and includes \$4.0 million for contracted financial services, or \$0.1 million more than enacted, which includes \$1.5 million to be awarded to the Rhode Island Quality Institute to implement a statewide common provider directory that is needed in order to increase the health information technology infrastructure in the state to support health care reform and value based payment initiatives.

The Executive Office has also developed a Request for Proposals to hire a contractor with expert skill in behavioral health systems to identify the strategies and activities for integrating the behavioral health system with the physical health system. *The Governor recommends funding as requested.*

Medicaid Program Administration. The Executive Office requests \$2.4 million more than enacted, including \$1.3 million more from general revenues, for total funding of \$10.1 million for Medicaid administrative activities including the RItE Care program. This includes \$0.8 million in audit fees shifted from the Department of Human Services for Medicaid activities. The request restores savings taken in the FY 2016 enacted budget, based on prior year spending. *The Governor includes savings of \$0.5 million, including \$0.3 million from general revenues from reducing program costs for the contract with Xerox to administer the RItE Care program.*

Medicaid Management Information System Expenses. The Executive Office's request adds \$0.3 million, including \$0.1 million from general revenues for total funding of \$25.7 million for expenses related to the Medicaid Management Information System. This is \$0.3 million more than the revised request. The state's contract with HP Enterprises to manage the system is in effect from January 1, 2013 through December 31, 2017. The contractor processes an estimated 11 million transactions a year at \$0.20 a transaction, manages the data warehouse, and performs prior authorization, utilization and claims reviews, training and outreach activities, and other core system functions.

The request also includes funding for the multi-state collaborative for the Medical Assistance Provider Incentive Repository Resources (known as MAPIR) and other system enhancements. The application is the state-level information system for the electronic health record incentive program and will track and act as a repository for information related to payments, applications, attestations, oversight functions, and interface with the Centers for Medicare and Medicaid Services' national level repository. *The Governor recommends funding as requested.*

Electronic Visit Verification. The Executive Office requests the enacted level of \$0.4 million from all sources, including \$0.1 million from general revenues to support an electronic visit verification system for home health care providers. The November caseload estimate for FY 2017 expenses includes savings of

\$6.1 million, including \$3.2 million from general revenues from this activity. As of February 1, 2016, the Executive Office has not hired a contractor. *The Governor recommends funding as requested.*

Predictive Modeling Initiative. The enacted budget includes \$2.0 million from all sources, of which \$0.2 million is from general revenues for a predictive modeling initiative to make enhancements to the Medicaid management information system to incorporate the use of real-time predictive modeling of Medicaid claims, allowing the Executive Office to disqualify claims before being paid and disqualifying Medicaid providers.

The FY 2017 request is \$2.3 million from all sources, including \$0.3 million from general revenues, which is \$0.2 million more than enacted including \$43,706 more from general revenues. *The Governor recommends funding as requested.*

Connecticut Peer Review Contract. The enacted budget includes \$2.6 million from all funds, including \$0.7 million from general revenues for a contract with Connecticut Peer Review, or Qualidigm, for hospital admission screening and utilization review for several programs including the Community Care Choice Partners program and neo-natal intensive care unit services. The FY 2017 request reduces funding by \$0.6 million, but adds \$0.2 million from general revenues for an adjustment to previously allowable expenses at the higher Medicaid match rate for total funding of \$2.1 million. *The Governor recommends funding as requested.*

HIV Treatment Services and Administration. The Executive Office's request includes \$7.6 million from all sources, including \$3.8 million from restricted receipts and \$3.8 million from federal funds for HIV treatment services and administration. The request is \$0.5 million more than enacted from Medicaid and drug rebate funds, and supports six positions. The Executive Office's request adds \$0.4 million to drug costs for total funding of \$4.4 million to support approximately 600 individuals. *The Governor recommends funding as requested.*

Demonstration Ombudsman Grant. The Executive Office requests \$41,406 from newly awarded federal funds. This new grant award will provide services to individuals enrolled in Phase II of the Integrated Care Initiative. The revised request includes \$124,217 for this program.

The Executive Office of Health and Human Services is mandated to have an ombudsman solely for the purpose of addressing the needs of individuals in Rhody Health Options in Phase II of the initiative and is issuing a Request for Proposals for this initiative. *The Governor recommends funding as requested.*

Early Intervention Services. The state provides early intervention services to certain children through age three through the medical assistance and non-medical assistance programs. The November caseload conference estimate includes \$1.8 million, including \$0.9 million from general revenues for early intervention services through the Medicaid waiver's cost not otherwise matchable (CNOM) program in the medical assistance program. From the non-Medicaid program, the request includes \$2.3 million, of which \$0.3 million is from general revenues.

The Governor recommends \$2.3 million in state funds and federal grants for early intervention services in addition to the \$1.9 million in the medical assistance program. As noted previously, the Budget assumes \$0.5 million in general revenue savings from shifting Medicaid caseload expenses to available federal grant funds. It is unclear what these federal funds are, as the services in question are already matched by Medicaid.

Central Administration Expenses. The Executive Office requests \$24.4 million, including \$13.0 million from general revenues for central administration operations. This is \$0.1 million more from all sources, including \$0.3 million more from general revenues than the enacted budget. This includes administrative

oversight and contract management of the Medicaid program, centralized legal and fiscal services for the health and human services agencies and program management.

The request includes \$23.5 million for the remaining 180 positions, which reflects the annualized value of the cost-of-living adjustment and benefit rates consistent with the FY 2017 planning values. The request also restores \$0.2 million in turnover savings equivalent to keeping eight positions vacant; the enacted budget included turnover savings equivalent to approximately 11 vacant positions. Additionally, positions that are being filled appear to cost more than prior positions assumed in the enacted budget.

The request also includes \$0.9 million in other central administration expenses including information technology services and \$0.1 million for various operating expenses. *The Governor recommends \$32,223 less than requested from general revenues to reflect statewide savings.*

Special Education. The Executive Office requests \$27.0 million from federal funds for special education services provided by the local education agencies. This includes the enacted level of \$19.0 million for direct services and \$4,000 less than enacted for administration costs totaling \$8.0 million. *The Governor recommends funding as requested.*

2016-H 7454

The Governor recommends legislation that affects implementation and operation for some of the Executive Office's programs. These are included as articles in the Governor's FY 2017 recommended budget and are summarized as follows.

Article 7. Medicaid Resolution. Article 7 includes the resolution language to make program changes requiring legislative approval that are included in the Governor's FY 2017 budget. There are three statutory changes included in separate legislation: eliminate the nursing home October 1, 2016 rate adjustment, end beneficiary choice, and increase wages for home care workers. The remaining proposals are not separately identified in the legislation and include: collecting of patient liability, reducing administrative rates paid to managed care plans and re-procurement of those plans, and identifying opportunities to leverage and repurpose resources for hospital and nursing home incentive programs. It includes waiver authority to expand services to non-elderly adults with dementia and allow access to non-medical services and supports such as housing stabilization services. It allows the Executive Office of Health and Human Services to seek federal opportunities that do not adversely impact beneficiaries or increase program expenses beyond the FY 2017 appropriation. The Governor's budget assumes \$18.7 million, including \$6.7 million in savings.

Article 8. Hospital Licensing Fee. This article appears to extend the hospital licensing fee in FY 2017 at a rate of 5.862 percent on net patient services revenue for the hospital fiscal year ending on or after September 30, 2017, for all community hospitals except South County and Westerly, which will be assessed a 3.67 percent fee. It includes the due date for filing returns and making the payment. The legislation also reflects a 5.703 percent license fee, which appears to be in error.

Revenue from the two-tiered fee will be \$169.1 million, including \$162.3 million from community hospital payments and \$6.7 million from state payments for Eleanor Slater Hospital. This article appears annually in the Appropriations Act.

Article 9 Medical Assistance and Uncompensated Care. The article extends the uncompensated care payments to the community hospitals, with the state making a payment for FY 2017 and FY 2018 that does not exceed \$125.0 million. It also eliminates the two upper payment limit reimbursements made to

community hospitals and graduate medical education activities and ties any rate changes to a national index. This lowers hospital spending by \$43.3 million, including \$21.3 million from general revenues.

The article eliminates the October 1, 2016 inflation adjustment for nursing facilities and acuity adjustments, and eliminates beneficiary choice for enrollment in the Integrated Care Initiative and includes options for counseling in a person-centered planning process. It also directs Medicaid funded home health providers to increase the pay for personal care attendants and home health aides. There are provisions for repayment by the providers if the increase is used for other purposes not deemed appropriate by the Secretary of Health and Human Services. The providers must file a report by September 1, 2016, attesting that the increase was passed through to the direct care workers.

The article allows those eligible for Medicaid through the expansion options group to enroll in the premium assistance program and expands services to Medicaid beneficiaries, including community health teams.

The article reverses the component of reinventing Medicaid legislation that eliminated minimum reimbursement amounts paid from third party commercial insurers for early intervention services and increases the \$7,500 assessment made against commercial insurers to \$12,500 to be deposited into the children's health account.

Finally, the article directs the Secretary to identify and implement fiscal controls within the overall budget to achieve full savings in the FY 2016 budget under the Reinventing Medicaid initiative. The budget reduces the November adopted caseload estimate for revised medical assistance expenses by \$16.1 million, including \$8.0 million from general revenues from these unidentified controls.

Article 22. State Budget. Sections 3 and 4 of Article 22 make changes to the medical assistance and public assistance caseload estimating conferences that include removing cash assistance from the caseload estimate and eliminating any statutory reference to the Department of Human Services; allowing for further review between the principals, or their staff, of the material that is presented by the Executive Office in its testimony before the estimate is adopted to propose modifications to the estimates and reach a provisional consensus estimate before the estimate is officially adopted; and allowing the Executive Office of Health and Human Services the opportunity to rebut the consensus estimate in the event of a disagreement and the principals will consider the objections before adopting a final estimate.

Department of Children, Youth and Families

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Program				
Central Management	\$ 7,864,120	\$ 8,767,260	\$ 9,894,881	\$ 9,882,523
Child Welfare	170,717,855	176,251,351	177,288,674	170,735,766
Juvenile Corrections	26,402,700	26,336,375	26,156,704	25,208,465
Children's Behavioral Health	11,407,735	11,209,053	9,950,030	10,083,325
Higher Education Incentive Grants	200,000	200,000	200,000	200,000
Total	\$ 216,592,410	\$ 222,764,039	\$ 223,490,289	\$ 216,110,079
Expenditures by Category				
Salaries and Benefits	\$ 71,293,937	\$ 69,599,539	\$ 72,823,524	\$ 71,901,196
Contracted Services	5,251,141	4,972,437	4,972,437	4,972,437
Subtotal	\$ 76,545,078	\$ 74,571,976	\$ 77,795,961	\$ 76,873,633
Other State Operations	8,364,834	8,115,064	8,126,897	8,126,897
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	129,443,912	137,504,642	137,422,296	130,859,549
Capital	2,238,586	2,572,357	145,135	250,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 216,592,410	\$ 222,764,039	\$ 223,490,289	\$ 216,110,079
Sources of Funds				
General Revenue	\$ 152,587,731	\$ 154,782,322	\$ 161,709,661	\$ 151,984,020
Federal Aid	58,927,126	61,708,997	58,753,858	60,409,483
Restricted Receipts	2,838,967	3,700,363	2,967,395	3,466,576
Other	2,238,586	2,572,357	59,375	250,000
Total	\$ 216,592,410	\$ 222,764,039	\$ 223,490,289	\$ 216,110,079
FTE Authorization	672.5	672.5	674.0	672.5

Summary. The Department of Children, Youth and Families requests \$223.5 million from all funds, including \$161.7 million from general revenues, \$58.8 million from federal funds, \$3.0 million from restricted receipts, \$0.1 million from other funds and 674.0 full-time equivalent positions. This is \$6.9 million more than enacted including \$9.1 million more from general revenues, \$0.2 million less from federal funds, \$0.1 million more from restricted receipts, and \$2.2 million less from other funds. The Department's staffing request for 674.0 full-time equivalent positions is 1.5 more than the enacted authorization.

The Governor recommends \$7.4 million less than requested from all funds, including \$9.7 million less from general revenues, \$1.7 million more from federal funds, \$0.5 million more from restricted receipts, and \$0.2 million more from Rhode Island Capital Plan funds. The Governor recommends the authorized level of 672.5 full-time equivalent positions, 1.5 less than requested.

Target Issues. The Budget Office provided the Department with a general revenue target of \$143.3 million. The amount includes current service adjustments of \$2.1 million and a 7.5 percent target reduction of \$11.4 million.

FY 2017 Budget	Budget Office	Children, Youth and Families	Difference
FY 2016 Enacted	\$ 152,587,731	\$ 152,587,731	\$ -
Current Service Adjustments	2,109,451	2,109,453	2
New Initiatives	-	7,012,477	7,012,477
Change to FY 2016 Enacted	\$ 2,109,451	\$ 9,121,930	\$ 7,012,479
FY 2017 Current Service/Unconstrained Request	\$ 154,697,182	\$ 161,709,661	\$ 7,012,479
Target Reduction/Initiatives	(11,364,286)	(8,696,422)	2,667,864
FY 2017 Constrained Target/Request	\$ 143,332,896	\$ 153,013,239	\$ 9,680,343
Change to FY 2016 Enacted	\$ (9,254,835)	\$ 425,508	\$ 9,680,343

The constrained budget submitted by the agency is \$9.7 million above the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's recommendation is \$8.7 million above the target.*

Placements and Services

System of Care. The Department of Children, Youth and Families requests \$79.1 million including \$57.2 million from general revenues, \$18.8 million from federal funds and \$3.0 million from restricted receipts for expenses related to the System of Care. This is \$5.4 million more than enacted including \$4.6 million more from general revenues, \$0.6 million more from federal funds, and \$0.1 million more from restricted receipts. The major drivers of the increased costs reflected in the request include \$2.4 million more for residential services, \$1.1 million more for contingency funds in the event there are unbudgeted expenditures, and \$2.0 million more for management expenses. The increased funding for residential services is reflective of FY 2015 spending and does not include proposals to reduce costs in the current year that will also affect FY 2017. Those are shown as savings initiatives and described separately here.

In March of 2015, the Department indicated that it was considering nonrenewal of the contracts with the Ocean State Network and Rhode Island Care Management Network. Subsequently, the contract was extended in July 2015 through December 31, 2015. As a result of the contract extension, responsibility for coordinating and facilitating wrap-around services was transferred back to permanent staff within the Department. The Department's request indicates it plans to revise services provided through the System of Care due to consistent cost overruns over the three years the current system has been in place. The Department also intends to bring some or all of the placement services for children in its care back to permanent staff. As of January 2016, the Department has signed a temporary three month extension with the two lead agencies providing services through the System of Care, extending the contract through March 31, 2016. Spending under the contract is shown in the table below.

System of Care	General Revenues	All Funds
FY 2013*	\$ 55,181,413	\$ 73,153,022
FY 2014	\$ 56,402,965	\$ 78,518,177
FY 2015	\$ 59,658,118	\$ 82,618,029
FY 2016 Enacted	\$ 52,580,961	\$ 73,723,106
FY 2016 Revised	\$ 53,542,935	\$ 79,483,807
FY 2017 Recommended	\$ 51,340,416	\$ 75,490,197

**This is an estimate provided by the Department. Prior to FY 2014, it did not track the types of services received by 18-21 year olds.*

The Department submitted a constrained request that proposes three initiatives to reduce the cost of services provided through the System of Care, each described separately below. These proposals are also contained in the revised request. Total savings proposed from the System of Care in the Department's constrained request amount to \$3.2 million from general revenues and \$0.6 million from all funds.

The Governor recommends \$3.8 million more than enacted for base system expenses including \$3.4 million from general revenues. This increase is offset by savings from the three initiatives in the Department's constrained request, noted below, which are expected to produce a total general revenue savings of \$4.7 million.

Target - System of Care Management. The Department's constrained proposal identifies \$0.6 million in administrative savings that it anticipates to realize in FY 2017 compared to its unconstrained projections that such expenses will cost \$2.0 million. The Department indicates that it will reduce contract management expenses by bringing responsibilities back under direct control of Department staff. *The Governor's budget excludes the full \$2.0 million of expected administrative costs which reflects the plan to bring system administration under Department control in the final months of FY 2016.*

Target - Medicaid Reimbursement. The constrained request shifts \$2.1 million from general revenues to federal funds by increased billings for Medicaid eligible services within the System of Care. These services are primarily community-based and home-based services provided to children and teens with serious behavioral and emotional health issues. A similar reduction is included in the Department's revised request and is based upon spending patterns within the System of Care for the first quarter of FY 2016. The savings assumes a 75.0 percent Medicaid eligibility rate for the services the Department intends to claim. The Department indicates that it is currently coordinating with the Executive Office of Health and Human Service's Medicaid Office and various providers to acquire documentation needed to file claims for the services which have been identified as potentially Medicaid eligible.

The Governor's recommendation includes these savings.

Target - SSI Recovery. The Department's constrained request proposes shifting \$550,000 from general revenues to restricted receipts for the children's trust account based on a new initiative that would achieve savings by claiming Supplemental Security Income funds administered by the Social Security Administration. A similar proposal is included in the revised request. The Department indicates that it is currently conducting a review with a consulting firm to determine whether certain children are eligible for Supplemental Security Income benefits. The Department's estimate assumes that for FY 2017 sixty additional children in its care will be eligible for benefit claims and the FY 2016 estimate reflects the entire \$0.6 million despite having only half of FY 2016 remaining to do so because it is able to claim benefits for services that were rendered in past years. The Department currently has 214 children in its care that receive these benefits. Upon completion of this review, the Department will claim the maximum amount of these funds available. *The Governor includes the savings as proposed.*

Daycare. The Department requests \$5.4 million for daycare subsidies provided to children in the Department's care, including \$4.7 million from general revenues and \$0.7 million from federal funds. Compared to the enacted budget, this is \$1.1 million more from all sources and \$1.2 million more from general revenues. The Department indicates that it experienced a caseload of 623 children in FY 2015. The Department's FY 2017 request assumes the same caseload as FY 2015, adjusted to reflect the 3.0 percent childcare provider rate increase in the enacted budget that became effective July 1, 2015. While the Department's request is significantly more than enacted for daycare subsidies, it is in-line with FY 2015 spending for these services and identical to the Department's revised request. The value of the provider rate increase is \$157,033. *The Governor recommends funding as requested.*

Foster Care and Adoption. The Department requests \$27.1 million including \$20.3 million from general revenues and \$6.8 million from federal funds for foster care and adoption services. Consistent with the revised request, this is \$0.3 million less than enacted, including \$0.8 million more from general revenues and \$1.1 million less from federal funds. The Department attributes the increased request from general revenues to overestimated Title IV-E matching funds in the enacted budget, which was based upon FY 2015 experience. It requests a similar adjustment in its FY 2016 revised budget.

The request also assumes \$1.0 million provided in the enacted budget to fund a 15.8 percent increase in the average foster care reimbursement rate. This rate increase took effect January 1, 2016 and will increase the average daily reimbursement rate from \$16.05 to \$18.59. Foster care placements averaged 3,930 per month in FY 2015. The Department's FY 2016 revised and FY 2017 requested budgets assume the same FY 2015 caseload of 3,930 average monthly subsidies. *The Governor recommends funding as requested.*

Community Service Grants. The Department requests the enacted level of \$210,256 from general revenues for its six community service grants. *The Governor recommends funding as requested.*

Other Services Outside the System of Care. The Department requests \$22.9 million including \$14.5 million from general revenues and \$8.3 million from federal funds for all other services outside the System of Care. This is \$1.5 million more than enacted including \$1.9 million more from general revenues and \$0.4 million less from federal funds. These include community-based services to children still residing in the home and services to families, such as in-home parenting training, individual and family counseling, and emergency services. Providers include North American Family Institute, Foster Forward, Parent Support Network of Rhode Island, and Community Care Alliance among others. These cost increases are largely attributed to the Department's efforts to decrease higher-cost residential placement services, many of which are provided through the System of Care.

The Department's constrained request includes a proposal to reduce contract costs for services outside of the System of Care by \$1.0 million. The Department indicates that this effort is underway and it is actively working to identify and eliminate redundant provider services. This is related to a similar initiative identified in the Department's FY 2016 revised request which saves \$0.4 million. The Department indicates that the estimated savings for FY 2016 were used as a baseline to estimate the savings identified in this constrained proposal. It should be noted that the Department has not yet identified particular contracts or providers that these contract reductions would affect. It appears the review will include all contracts and a change in the management and payment processes.

The Governor recommends \$2.1 million less than the unconstrained request, including \$2.0 million less from general revenues. The request is \$0.6 million less than enacted including \$0.1 million less from general revenues. This assumes the savings identified in the constrained proposal from contract review as well as additional savings through re-procurement of contracts not eliminated.

Juvenile Corrections

Education Costs. The Department's request includes \$3.7 million from general revenues for 28.0 teachers and administrative staff at the Training School and associated educational services and operations. This is \$0.3 million less than enacted and reflects \$0.1 million in turnover savings for a 0.5 unfilled position and current service adjustments. This also reflects the reallocation of 1.5 positions with administrative responsibilities and \$0.2 million from the Training School educational program to the Central Management program. These positions include a 0.5 Special Education Director/Principal position and a 1.0 Assistant Principal of Youth and Career Development position.

The Department's constrained request would shift all costs associated with educational services provided at the Training School from the Department to the home districts of youth housed at the Training School for a total savings of \$3.7 million. This would require a legislative change to allow the Training School to bill home districts for the educational services it provides to youth in its care and shifts these costs to the local districts.

The Governor recommends \$8,908 less from general revenues than the unconstrained request to reflect additional statewide medical benefit savings.

Other Salaries and Benefits. The Department requests \$17.8 million including \$17.5 million from general revenues and \$0.2 million from federal funds for all other salaries and benefits in the Juvenile Corrections program. This is \$0.2 million more than enacted and reflects approximately \$0.2 million in current service adjustments and \$0.4 million to fill approximately four unfunded positions, partially offset by shifting 3.0 positions with administrative responsibilities to Central Management. These positions include a storekeeper position, an Associate Director of Financial Management position, and an Associate Director of Juvenile Correctional Services position. *The Governor recommends \$52,160 less than requested to reflect additional statewide medical benefit savings.*

Other Services. The Department requests \$1.5 million from general revenues which is \$0.4 million more than enacted for other services provided to youth currently incarcerated at the Training School and on probation or parole. It is unclear why the Department is requesting additional funding for these services, as the Department's probation and parole caseload has decreased in recent years as has the number of youth housed at the Training School. The request is consistent with the revised request and \$0.5 million more than spent in FY 2015. *The Governor recommends \$37,395 more than enacted. This is \$0.3 million less than requested and reflects an adjustment for a \$0.1 million overstatement of contract costs in the request and a \$0.2 million reduction consistent with contract savings assumed as part of the FY 2016 revised budget.*

Lifespan Contract. The Department's enacted budget includes \$1.5 million for medical services to youth at the Training School through a multi-year contract with Lifespan effective February 1, 2012 through January 31, 2017. These services include mental health services, general medical care, and dental care. The contract allows for revisions by mutual consent of the parties. *The Governor recommends \$0.5 million in savings to be achieved through a renegotiation of this contract in recognition of the declining Training School populations. A similar proposal was included in the FY 2015 enacted budget, but the savings were not achieved.*

Operations. The Department requests \$1.7 million including \$1.6 million from general revenues and \$79,260 from federal funds for other Juvenile Corrections expenses. This is \$1,606 more than enacted, almost entirely from general revenues, and includes \$50,248 less for office supplies, \$5,507 less for temporary clerical services, offset by \$42,880 for a new vehicle, \$14,135 more for groundskeeping services, and \$5,354 more for utility expenses at the Training School. *The Governor excludes the \$42,880 requested for the vehicle and recommends remaining funding as requested.*

Overhead and Other Programs

Central Management Staffing. The Department requests \$6.9 million for staffing costs within the Central Management program, including \$4.6 million from general revenues and \$2.3 million from federal funds. This is \$2.3 million more than enacted, including \$1.6 million more from general revenues and \$0.7 million more from federal funds. The request includes approximately \$0.1 million in current service adjustments. The Department's request also restores \$0.9 million in turnover savings assumed in the enacted budget and adds \$0.4 million to fully fund all 55.4 requested positions within the Central Management program. The request also reflects \$1.1 million from the reallocation of 4.5 positions from the Juvenile Corrections program and 3.0 positions from the Children's Behavioral Health program to move Policy and Systems Specialist positions with administrative responsibilities to the Central Management program. The request includes 0.4 of the newly requested Associate Director of Child Welfare position.

The Governor recommends \$12,358 less than requested to reflect additional statewide medical benefit savings. Her recommendation includes 55.4 Central Management positions as requested.

All Other Staffing. The Department requests \$44.8 million for all salaries and benefits outside of the Juvenile Corrections and Central Management programs, including \$26.5 million from general revenues and \$18.3 million from federal funds. This is \$0.7 million less than enacted including \$1.5 million less from general revenues and \$0.8 million more from federal funds for all other salaries and benefits. This reflects approximately \$1.0 million in turnover savings and current service adjustments of \$0.6 million. This also reflects the reallocation of 3.0 administrative positions and \$0.3 million from the Children's Behavioral Health program to the Central Management program. These positions include 2.0 Assistant Administrator positions and 1.0 Senior Word Processing Specialist position. Consistent with its revised request, the Department also adds a 1.0 Associate Director of Child Welfare position, of which 0.6 is allocated to the Child Welfare program and 0.4 is allocated to Central Management.

The Department's constrained request proposes to shift \$782,000 of staffing costs within the Child Welfare program from general revenues to federal Temporary Assistance for Needy Families block grant funds. *The Governor recommends general revenue funding consistent with the constrained request and includes \$0.1 million in additional statewide medical benefit savings. However, she does not shift costs to federal block grant funds but instead assumes additional turnover savings.*

Network and Data Maintenance. The Department requests \$2.5 million to maintain the child information system and for a data analysis contract. This is \$0.2 million less than enacted from federal funds and consistent with the revised request, which the Department indicates reflects actual FY 2015 expenditures for its contract with NTT Data Incorporated for network maintenance. The Rhode Island Children's Information System is the state central registry for child abuse and neglect complaints and maintains data on all children involved with the Department. The System was launched in 1997, and the Department spends \$1.8 million for a contract with NTT Data Incorporated for network maintenance and updates. The Department also spends \$0.7 million for a contract with Yale University to conduct data analysis and technical assistance with producing contract funds status reports for federal grants. *The Governor recommends funding as requested.*

Capital Projects. The Department requests \$0.1 million from Rhode Island Capital Plan funds for capital projects. The requested funding is for designing the replacement of the controls for the new air conditioning system recently installed at the North American Family Institute Center. This is \$2.2 million less than enacted, reflecting planned completion of a number of projects in FY 2016 including the construction of a maintenance building and various other repairs and improvements at the Training School as well as the upgrade of fire safety systems in group homes that house youths in the Department's care. The request is not consistent with the Department's capital budget request, which programs \$250,000 for FY 2017 to

conduct a feasibility study for improvements to the Department's offices at 101 Friendship Street in downtown Providence.

The Governor recommends \$0.2 million more than requested. These projects are discussed in detail in the Capital Budget section of this publication.

Administrative Operations. The Department's request includes \$1.9 million for other Central Management expenses, including \$1.7 million from general revenues and \$0.2 million from federal funds. This is \$0.1 million less than enacted and identical to the revised request. The reduced request is primarily related to a \$0.1 million reduction in costs for staff training. The Department has not indicated what specific training programs would be affected by this reduction in funding. Additional reductions include \$24,268 less for temporary clerical services. *The Governor recommends funding as requested.*

Child Welfare and Children's Behavioral Health Operations. The Department requests \$6.8 million, including \$5.6 million from general revenues and \$1.3 million from federal funds for other expenses in the Child Welfare and Children's Behavioral Health programs. This is \$0.1 million less than enacted, including \$0.2 million more from general revenues and \$0.4 million less from federal funds.

Significant increases include \$0.2 million more from general revenues for contracted services within the Children's Behavioral Health program. The Department indicates that this increase reflects funding for contracts with Yale University for contract evaluation, AS220 for vocational and mentoring services at the Training School, and the Parent Support Network of Rhode Island for mental health services provided to children in the Department's care. The request also includes \$42,880 more than enacted for the purchase of a new vehicle for the Child Welfare program's fleet. These changes are also reflected in the Department's revised request.

The reduction in federal funds in part reflects \$0.2 million less from the expiration of two federal grants, including the Adoption and Well Being and A Family for Every Child grants. These grants promoted adoption and foster care for children with special needs. Further reductions include \$0.1 million less for temporary clerical services and \$0.1 million less for information technology and program supplies. These changes are also reflected in the Department's revised request. *The Governor excludes the \$42,880 requested for the vehicle and recommends remaining funding as requested.*

Department of Health

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Program				
Central Management	\$ 11,305,700	\$ 12,506,663	\$ 5,212,758	\$ 5,170,562
State Medical Examiner	2,913,581	2,904,052	-	-
Environmental & Health Serv. Reg.	18,529,373	17,786,507	-	-
Health Laboratories	9,352,021	9,239,630	-	-
Public Health Information	3,883,319	3,736,746	-	-
Community, Family Health, and Equity	68,571,092	79,386,935	-	-
Infectious Disease and Epidemiology	6,846,819	5,547,468	-	-
Community Health and Equity	-	-	106,074,047	105,984,171
Environmental Health	-	-	11,991,674	11,704,513
Health Lab. & Medical Examiner	-	-	12,670,962	12,250,481
Customer Services	-	-	12,192,798	11,033,372
Policy, Information & Communications	-	-	3,522,842	3,148,479
Preparedness, Response, Infectious Disease & Emergency Services	-	-	14,383,911	14,040,951
Total	\$ 121,401,905	\$ 131,108,001	\$ 166,048,992	\$ 163,332,529
Expenditures by Category				
Salaries and Benefits	\$ 53,543,413	\$ 51,506,978	\$ 58,298,325	\$ 56,474,707
Contracted Services	6,616,442	8,175,507	9,374,479	9,059,334
Subtotal	\$ 60,159,855	\$ 59,682,485	\$ 67,672,804	\$ 65,534,041
Other State Operations	45,452,574	48,716,040	52,186,905	51,611,375
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	15,631,996	22,366,349	45,993,721	45,993,721
Capital	157,480	343,127	195,562	193,392
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 121,401,905	\$ 131,108,001	\$ 166,048,992	\$ 163,332,529
Sources of Funds				
General Revenue	\$ 25,835,956	\$ 25,719,200	\$ 30,157,042	\$ 26,501,994
Federal Aid	65,752,434	70,070,913	100,449,514	100,365,021
Restricted Receipts	29,813,515	35,317,888	35,442,436	36,465,514
Other	-	-	-	-
Total	\$ 121,401,905	\$ 131,108,001	\$ 166,048,992	\$ 163,332,529
FTE Authorization	490.6	490.6	512.6	503.6

Summary. The Department of Health requests FY 2017 expenditures of \$166.0 million from all funds, including \$30.2 million from general revenues. The request is \$44.6 million more than enacted, including \$4.3 million from general revenues, \$5.6 million from restricted receipts and \$34.7 million from federal funds, of which \$26.1 million is to reflect the transfer of the Women, Infants, and Children nutrition assistance program from the Department of Human Services. The request includes staffing of 512.6 full-time equivalent positions, 22 more than the authorized level.

The Governor recommends \$163.3 million from all funds, including \$26.5 million from general revenues. This is \$41.9 million more than enacted, of which \$26.1 million is from a program transfer. The recommendation is \$2.7 million less than requested from all funds including \$3.7 million less from general revenues. The Governor recommends staffing of 503.6 full-time equivalent positions.

The Governor also proposes legislation in Article 14 to restructure the state’s medical marijuana regulation system; the Department will continue to license patients and registration and renewal fees will be deposited as restricted receipts to administer the program. The Budget includes \$0.4 million from this source.

Reorganization. The FY 2017 budget request reflects the Department’s proposed reorganization of functions, which it indicates will allow it to be “more efficient and make programs more impactful.” Certain programs such as the Health Laboratories and the Office of State Medical Examiners are merged. The request reflects the creation of the Division of Customer Services and includes the operations of Vital Records, which was previously under the Public Health Information program, and the operations of Licensing, Professional Boards and Commissions and the Center for Health Facilities Regulation, previously under the Environmental and Health Services Regulation program. The Department notes that this division will allow it to better serve all health professionals and the public. *The Governor concurs with the proposed reorganization.*

Target Issues. The Budget Office provided the Department with a general revenue target of \$24.1 million. The amount includes current service adjustments of \$0.2 million and a 7.5 percent target reduction of \$1.9 million, adjusted for certain exclusions. *The recommendation is \$2.4 million more than the target.*

FY 2017 Budget	Budget Office		Health		Difference
FY 2017 Enacted	\$	25,835,956	\$	25,835,956	\$ -
Current Service Adjustments		237,588		331,217	93,629
New Initiatives		-		3,989,869	3,989,869
Change to FY 2016 Enacted	\$	237,588	\$	4,321,086	\$ 4,083,498
FY 2017 Current Service	\$	26,073,544	\$	30,157,042	\$ 4,083,498
Target Reduction/Initiatives		(1,931,557)		(6,450,213)	(4,518,656)
FY 2017 Constrained Target/Request	\$	24,141,987	\$	23,706,829	\$ (435,158)
<i>Change to FY 2016 Enacted</i>	\$	<i>(1,693,969)</i>	\$	<i>(2,129,127)</i>	\$ <i>(435,158)</i>

The constrained request is \$0.4 million less than the target level. The Department reduces its requested expenditures by \$1.6 million and includes \$4.8 million in revenue enhancements to offset the increase above the current service budget. The proposals to achieve the reductions are noted among the items described below where appropriate.

Staffing. The Department requests \$58.3 million from all funds, including \$23.8 million from general revenues for all salary and benefit costs for 512.6 full-time equivalent positions. The request is \$4.8 million and 22.0 positions more than enacted. This includes \$1.5 million from federal funds shifted from the Department of Human Services for 13.0 positions to administer the Women, Infants, and Children nutrition assistance program, and \$0.9 million from general revenues to fund 9.0 new positions. It also includes \$0.5 million from federal funds to fund five positions as part of the Drinking Water Quality Protection Program, which the Department indicates it will fill within its current authorization. The request shifts \$0.6 million

of salary and benefit costs previously funded with its indirect cost recovery restricted receipts to general revenues and assumes \$1.1 million in turnover savings, \$0.9 million less than enacted and is \$1.3 million less than the FY 2016 revised request. It assumes \$0.2 million more for overtime based on FY 2015 expenditures. The request includes FY 2017 benefit rates and the annualized value of the cost-of-living adjustment that occurred in October 2015.

The constrained request includes staffing for 503.6 positions; it excludes authorization as well as the funding for the 9.0 new positions.

The Governor recommends staffing level consistent with the constrained request. She recommends funding for two positions: a scene investigator for the Office of State Medical Examiner and an associate director for the new Division of Customer Services; however, they must be filled within the Department's current authorization. The Department averaged 49.9 vacancies through the last pay period in January 2016.

Central Management

Community Service Grants. The Department requests the enacted amount of \$319,445 from general revenues for eight community service grants administered through the Department. This includes grants to agencies providing services related to AIDS, hepatitis, and cancer. *The Governor concurs.*

Other Operating. The request reflects the transfer of the Center of Emergency Preparedness and Response Program, previously in Central Management to a new program. Adjusting for this, the request includes \$0.7 million from restricted receipts, \$0.1 million more than enacted for all other costs for the Office of Central Management, which provides the overall leadership for the Department through strategic planning and public health policy development, centralized administrative services, and community affairs. The request consists of \$38,222 from donations and grants from nonprofits and private entities, \$15,128 less than enacted, and \$0.6 million from indirect cost recovery funds, \$0.1 million more than enacted for the various programs in the Department.

The Governor recommends \$42,196 less than requested from the indirect cost recovery funds to free up resources for salary and benefit costs.

Community Health and Equity

Women, Infants, and Children Nutrition Assistance Program. The Department's request reflects the transfer of the Women, Infants, and Children nutrition assistance program from the Department of Human Services and includes \$26.1 million from federal funds for the benefits and staffing of 13.0 full-time equivalent positions for its administration. This includes \$18.4 million for direct benefit payments, \$4.3 million for various vendors in the field who issue the benefit vouchers to recipients, and \$1.5 million for staffing. It also includes \$1.9 million for information technology, claims processing and various program operating costs. The request is \$0.5 million more than the FY 2016 enacted budget, which included \$25.5 million in expenditures in the Department of Human Services.

The 2009 Assembly transferred the program from the Department of Health initially to the Office of Health and Human Services effective March 1, 2010, but then amended that to the Department of Human Services, effective October 1, 2010 to coincide with the beginning of the new federal fiscal year. The Department indicates that it wants to transfer the program back to the Department of Health, since it is the agency that applies for and receives the funds. Additionally, the Department indicates that the federal government has consistently questioned the transfer of the program to the Department of Human Services. Currently, the Governor's Office is working with the Office of Health and Human Services and the Departments of Health and Human Services to have the program reside under the granting health agency.

The Governor recommends funding and staffing as requested. She includes legislation in Article 3 of 2016-H 7454 to effectuate the transfer.

Immunizations. The Department requests expenditures of \$42.1 million from all sources for immunization expenses, including \$13.9 million from federal funds and \$28.2 million from restricted receipts. This is \$4.7 million more than enacted and is \$1.0 million more than the revised request. This includes \$0.3 million more from federal funds based on the anticipated amount of free vaccines provided by the Centers for Disease Control and Prevention's federal immunization program and \$0.7 million more from restricted receipt expenditures for child and adult immunizations based on vaccine purchasing projections. Of the \$4.7 million increase, \$4.5 million is for vaccine costs.

The request includes \$2.7 million for staffing of 24.0 full-time equivalent positions, \$34,194 less than enacted, which reflects the removal of \$100,700 previously budgeted for seasonal employees and an increase of \$66,576 for the annualized value of the cost-of-living adjustment and FY 2017 benefit rates. All other operating costs are \$0.3 million more than enacted, to primarily reflect contracted services costs with KidsVax, for immunization assessment rates and other services.

The 2014 Assembly adopted legislation replacing the assessments that support the infant and adult immunization programs, effective on January 1, 2016 and establishing a new funding methodology. Pursuant to Rhode Island General Law 42-7.4-3, the Healthcare Services Funding Contribution will be based on a per-person enrollment for those in fully-insured or self-insured plans with the exception of municipal employees. State employees and employees of non-profit hospital corporations will be included beginning July 1, 2016. *The Governor recommends funding as requested.*

Infant and Early Childhood Development. The Department requests federal fund expenditures of \$9.5 million, \$3.6 million more than enacted to reflect a new \$9.0 million grant in funding for initiatives that focus on promoting good health habits, primarily for low income pregnant women, infants, and children, children with special health care needs and families. The FY 2016 revised budget assumes use of \$5.5 million of the new award. Of the increase, \$3.2 million will be awarded to various organizations such as Children's Friend and Service, Bradley Hospital and Family Service of RI. All other expenditures are \$0.4 million more than enacted, including \$0.3 million for salaries and benefits to support an additional three positions and FY 2017 benefit rates, and \$0.1 million for indirect cost surcharges. *The Governor recommends funding as requested.*

New Obesity and Other Diseases Prevention Grant. The Department received \$7.2 million for a four-year project cycle through September 2018 to focus on preventing obesity, diabetes, and heart disease and stroke among adults, with particular focus on priority populations to reduce health disparities. The FY 2016 revised budget assumes use of \$3.3 million and the FY 2017 request includes \$3.5 million, of which \$2.1 million will be awarded to various community-based organizations, \$1.0 million in salary and benefit costs to support 8.0 full-time equivalent positions and \$21,969 for an intern. The remaining funds will be used for program expenses, including a marketing campaign, a worksite wellness initiative and program costs, such as printing and travel expenditures. *The Governor recommends funding as requested.*

Cancer Screening Programs. The Department requests expenditures of \$3.1 million from all sources of funds, including \$3.0 million from federal funds, the enacted amount of \$0.1 million from general revenues and \$5,000 from restricted receipts for various cancer screening related programs, \$0.6 million more than enacted to primarily reflect a new award. Of the increase, \$0.4 million will be used for services provided by the Hospital Association, which maintains the state's cancer registry, a statewide surveillance database related to cancer patient population. Funding will also be used to expand and enhance data collection policies and procedures. Salary and benefit costs are \$0.3 million more than enacted, to primarily reflect funding for 2.6 full-time equivalent positions that will be dedicated to the programs and FY 2017 benefit

rates. All other operating costs are \$37,715 less than enacted, to primarily reflect anticipated expenditures for screening services. *The Governor recommends funding as requested.*

Tobacco Control. The Department requests \$2.0 million, including the enacted amount of \$0.4 million from general revenues and \$1.6 million from federal funds for tobacco control programs, including cessation and the telephone quit line. This is \$0.3 million more from federal funds than enacted. The request includes \$0.8 million for salary and benefit expenses for 6.6 full-time equivalent positions and is \$22,761 less than enacted to reflect staff time allocated to the program and FY 2017 benefit rates; \$0.5 million for services such as cessation, counseling and support, and education and information resources, and \$0.7 million for operations, including anti-smoking advertising, postage and printing expenses. *The Governor recommends funding as requested.*

Health Professional Loan Repayment Program. The Department requests expenditures of \$475,000 from federal funds and restricted receipts for the health professional loan repayment program, which pays a portion of an eligible health care professional's student loan if the participant agrees to work for two years in a health professional shortage area. The request is \$125,000 more than enacted from restricted receipts to reflect anticipated receipts from the Rhode Island Health Care Association, which the Department will use to provide the 50.0 percent minimum match on the federal grant. *The Governor concurs.*

Wise Woman Program. The Department requests \$1.3 million, \$0.5 million more than enacted from federal funds to primarily reflect costs for screening, medical evaluation follow-up services for the Wise Woman Program. The request includes the enacted level of \$60,000 from general revenues for a state pilot program that resembles the federal program, which provides screenings, referrals and follow-up services for low-income, uninsured and underinsured women ages 40 through 64 who are at risk for heart disease, diabetes and stroke. The Department indicates that the state received approval from the Centers for Disease Control and Prevention to reduce the eligibility age from 40 to 30 years old, which will increase the program's participants. The request includes \$0.4 million to fund 3.4 full-time equivalent positions, \$0.1 million more than enacted to fund an additional 0.6 full-time equivalent positions and benefit rates consistent with the FY 2017 planning values. *The Governor recommends funding as requested.*

Minority Health Program. The Department requests \$0.5 million from general revenues for the minority health program. The request is \$67,908 more than enacted including new expenditures of \$20,000 for the Department to provide operating support for the Commission for Health Advocacy and Equity, which was created in 2011 to provide advice to the director of health and set goals for health equity. The request also includes new expenditures of \$45,000 for contractual costs to monitor compliance pertaining to Hospital Charity Care regulations. Currently, the director is required to annually review each licensed hospital's level of performance in providing charity care and uncompensated care.

The request includes the enacted amount of \$149,748 in grants provided to community based organizations to reduce disparities and eliminate childhood obesity by providing health promotion, disease prevention, and referral services to the community. The request also includes \$0.3 million to support 1.9 full-time equivalent positions to administer the program. This is \$40,158 more than enacted to fund an additional 0.2 full-time equivalent positions and benefit rates consistent with the FY 2017 planning values. The request reflects \$35,248 less from general revenues for program evaluation support services provided by Brown University that is shifted to a federal grant elsewhere in the Department's programs.

The constrained budget removes the requested \$65,000 for the Commission for Health Advocacy and Equity expenditures relating to the Hospital Charity Care regulations. *The Governor concurs with the constrained request and also includes \$785 less from general revenues, reflective of statewide medical benefit savings.*

Race to the Top. The Department requests expenditures of \$0.6 million from federal Race to the Top funds for implementation of the education plan developed in FY 2013. In December 2011, the state was awarded \$50.0 million from federal Race to the Top funds to be used to improve education for pre-school students. This grant involves multiple human service agencies and the Department of Elementary and Secondary Education with funding allocated over four years that would end on December 31, 2015; however, the Department received a one year extension, by which the funds must be spent. The request is \$0.3 million less than enacted, to primarily reflect the end of the grant. The request assumes \$0.4 million for Healthcentric Advisors, which is developing the “Screening to Succeed” plan. Salary and benefit costs were reduced by \$0.3 million to reflect anticipated staff time allocated to the program. All other expenditures are \$0.1 million less for operating costs such as office supplies, printing and communication expenses. *The Governor recommends funding as requested.*

Environmental Health

Food Protection Program. The request includes \$4.6 million, of which \$3.4 million is from general revenues to fund the Food Protection Program. Of this, \$4.1 million is included to fund 38.3 full-time equivalent positions, which are responsible for licensing and regulating more than 7,300 food establishments from “farm to table” including restaurants, caterers, food markets, bakeries, food processors, dairy producers, bottlers, bottle beverage plants, and health care facilities. The Office also conducts inspections and investigates food related disease outbreaks and complaints.

The request is \$0.1 million more than enacted, reflecting \$0.2 million less from federal funds that the Department indicates are no longer available, offset by an increase of \$0.3 million from general revenues to cover that loss. The request includes benefit rates consistent with FY 2017 planning values and \$50,500 for overtime, based on FY 2015 reported expenditures.

The request includes \$0.4 million for all operating expenses, including \$0.1 million for travel expenses such as mileage reimbursement and \$0.2 million for clerical services, cell phones and other supplies such as ice. The Department notes that various food products are taken from restaurants and must be properly refrigerated before the samples are taken to the laboratory for testing. The general revenue request for operating expenses is \$1,335 more than enacted based on historical spending.

The Governor recommends \$0.2 million less than requested from general revenues to reflect turnover and statewide medical benefit savings.

5.0 New Sanitary Engineer Positions. The request includes \$0.5 million from federal funds to support five new sanitary engineers on a time-limited basis. The Department indicates that the positions will be responsible for making field surveys to determine level of pollution, examining reports for proposed sewage and industrial waste treatment plants, and preparing recommendations to municipalities, industries and individuals to assure the safety of drinking water supplies. The positions will be filled within the Department’s existing staffing authorization. *The Governor concurs.*

All Other Drinking Water Quality Program. Excluding the positions mentioned above, the Department requests \$3.1 million from all sources to fund the Drinking Water Quality Program, which is responsible for enforcing the provisions of the Safe Drinking Water Act and several state laws relating to safe drinking water, and regulating nearly 500 public water systems. The request is \$0.2 million less than enacted, including \$16,110 more from general revenues and \$261,253 less from the federal Safe Drinking Water Act Revolving Loan Fund, which was established to provide a mechanism to issue low interest loans to public water systems to improve their infrastructure.

The request includes \$2.1 million or \$18,922 less than the enacted budget for the remaining 18.7 full-time equivalent positions, reflective of salary and benefit costs allocated to the program. The request includes

reclassification of \$0.2 million previously categorized as grants to operations, based on where expenditures are occurring. All other operating costs are \$0.2 million less than enacted, including \$135,000 less for clerical services and \$77,001 less for program supplies. *The Governor recommends \$1,320 less from general revenues than requested, reflecting statewide medical benefit savings.*

Blood Lead Poisoning Prevention. The Department requests \$0.8 million from all sources for blood lead poisoning prevention, which is \$182,809 more than enacted, including \$189,567 from general revenues, and \$6,758 less from federal funds. The program provides state staff to investigate complaints and inquiries about lead poisoning, arrange inspections when elevated blood lead levels are found, make referrals for case management and provide follow up after the inspection to ensure the lead abatement was completed and the individual's blood lead level has returned to a reasonable level. The Providence Water Supply Board previously provided the Department a total of \$750,000 in funding, and through FY 2015 all but \$0.6 million was spent and the FY 2016 revised budget assumes use of the remaining \$0.1 million.

The FY 2017 request includes \$187,000 from general revenues to backfill loss of funding from the Providence Water Supply Board. This includes \$150,000 to support certified lead centers, which provide case management to lead poisoned children, \$25,000 for the Lead Elimination Surveillance system, which tracks blood lead levels, screening and case management, and \$12,000 to the Providence Plan for data analysis.

The constrained budget removes the requested \$187,000.

The Governor concurs with the request and includes \$50 less from general revenues, reflective of statewide medical benefit savings.

Poison Control Center. The Department requests the enacted amount of \$200,000 from general revenues to fund the Poison Control Center, which provides assistance and medical diagnosis of poisonings. The Center receives calls from individuals, hospitals and health care centers. *The Governor recommends funding as requested.*

Office of State Medical Examiners

New Scene Investigator Position. The Department requests \$0.1 million from general revenues to fund a new scene investigator position for the Office of State Medical Examiners. The Department indicates that this position is being requested per recommendation from the National Association of Medical Examiners, pursuant to an accreditation performed in April 2015. The Department further notes that this position will improve follow up time for case preparation and case closure. The Office currently has four scene investigator positions and as of the pay period ending November 28, 2015, they were all filled.

The constrained budget request removes funding and the authorization for the position. The Department indicates that filling this position is a top priority; however, it does not have the resources within its existing funding level to support it.

The Governor includes the funding as requested; the position must be filled within the Department's authorized staffing level.

Other Salaries and Benefits. The request reflects the consolidation of the Health Laboratories and the Office of State Medical Examiners programs. The Department requests staffing costs of \$2.6 million, all but \$63,400 is from general revenues for the Office. This includes \$2.6 million to fund 17.5 positions and \$15,000 for contracted services. The request is \$0.2 million more than enacted and is \$165,766 more than the current service. This includes \$32,000 in overtime based on FY 2015 reported expenditures and \$38,997 to fund half of a building administrator position, which supports both the Office and the health lab facilities.

The Department attributed the remaining increase to two desk audits that were approved in FY 2015 and \$25,544 to restore turnover savings, for which the enacted budget assumed a 5.5 percent rate. As of the pay period ending November 28, 2015, the Department had three positions vacant, including the medical examiner and an assistant medical examiner; however, the revised request assumes that these two positions will be filled in January 2016.

The Department's request includes the enacted amount of \$15,000 from general revenues for contracted medical examiners. This is \$350,000 less than the revised budget, which assumed that the chief medical examiner position would be vacant for half of FY 2016.

The Governor recommends \$0.1 million less than requested to reflect turnover and statewide medical benefit savings. The recommendation assumes that the chief medical examiner position will be filled in March.

Other Operating. The Office requests \$0.5 million from general revenues and federal funds for all other operating costs. This is \$12,877 less than enacted, including \$8,492 less from general revenues. This includes \$21,870 less for contracted services, such as livery, x-ray and histology services based on historical spending patterns; expenditures were \$151,463 in FY 2015, for which the final budget included \$210,000 and were \$207,639 in FY 2014. The request includes minor increases for waste disposal, travel costs and insurance to reflect FY 2015 reported costs. The request is \$13,323 less than the FY 2016 revised request to primarily reflect costs for clerical services, reflective of current staff. *The Governor recommends funding as requested.*

Health Laboratories

Salary and Benefit Adjustments. The Department requests \$6.8 million from all sources for salaries and benefits for 64.5 full-time equivalent positions for the Health Laboratories, including \$5.4 million from general revenues and \$1.4 million from federal funds. This is \$49,606 more than enacted, including \$24,958 more from general revenues, which is \$36,065 less than the current service to reflect funding for half of a position allocated to the Office of the State Medical Examiners. The request includes the annualized value of the cost-of-living adjustment and benefit rates consistent with FY 2017 planning values.

The Department notes that staffing for Health Laboratories is dictated by workload. It further notes that depending on the test requests, the requirements for when the test results are needed varies: tests for a pathogen that could cause a public health crisis must be completed within an hour and routine clinical tests, such as HIV or blood lead levels, are expected within days. As of September 30, 2015, the backlog of untested drug evidence was 264 cases, which the Department indicates is about six weeks. This reflects a reduction of over 1,300 from the prior year. The Department indicates that this backlog is now at a level that is acceptable to law enforcement agencies.

The Governor recommends \$0.3 million less from general revenues than requested, reflective of turnover and statewide medical benefit savings.

Laboratory Equipment Repair/Maintenance. The request includes \$0.4 million from all sources, including \$0.3 million from general revenues for laboratory equipment maintenance costs. This is \$93,915 more than enacted, including \$71,415 from general revenues for a 5.0 percent yearly increase for all maintenance agreements and maintenance costs for equipment, such as centrifuges and incubators. Additionally, several pieces of instruments are no longer covered by maintenance agreements and when they break, repair costs fluctuate substantially. It should be noted that the Department submitted a capital budget requesting a total of \$2.9 million from Rhode Island Capital Plan funds to create a funding stream to replace and or upgrade its medical equipment. The Department indicates that some of its current equipment will no longer be supported by the manufacturers potentially affecting its ability to process DNA samples or

upload data into the national database; conduct analysis of metals in drinking water and food, including arsenic, lead, mercury and copper; and measure certain substances, such as alcohol or drug level. It appears that some of the instruments have a useful life of 10-12 years but are more than 15 years old. *The Governor recommends funding as requested.*

Other Operating. The Department requests \$2.3 million from all funds, including \$1.8 million from general revenues for all other operating costs for the Health Laboratories program. This is \$12,018 less than enacted, including \$32,224 more from general revenues to primarily reflect an increase for medical supplies such as test kits, chemicals, reagents and glassware, for which the enacted budget included \$1.3 million. Consistent with the revised request, the request includes a savings of \$53,431 for the Millennium software, which tracks sample information, such as date of collection, specimen type, test requested, and patient demographic information. The request also includes minor adjustments for waste disposal and mileage allowance and funding for clerical services, to reflect historical spending patterns. In FY 2015, the Department incurred expenditures of \$19,069 for clerical services, or \$7,921 above the final appropriation. No funding for this was provided in the enacted budget. *The Governor concurs, with the exception of providing \$17,855 less from general revenues, representing no funding for clerical services.*

Division of Customer Services

Medical Marijuana. The Department of Health administers the medical marijuana program, which currently requires three positions and staffing cost of \$0.3 million from general revenues. The Department accepts, reviews and approves patient and caregiver applications and renewals as well as compassion center registration applications.

The Governor proposes legislation in Article 14 to restructure the state's medical marijuana regulation system. The Department will continue to license patients, but the Department of Business Regulation will be responsible for licensing caregivers and compassion centers. Additionally, the Department of Health will be responsible for licensing authorized marijuana purchasers, who will be allowed to purchase marijuana from compassion centers on behalf of a registered patient. The legislation allows the Department of Health to retain fees collected for registration and renewal of identification cards and a fee for licensing authorized marijuana purchasers. The Budget includes \$0.4 million from restricted receipts for the administration, which reflects a net increase of \$0.1 million.

3.0 New Positions. The request reflects the creation of the Division of Customer Services and includes the operations of Vital Records, which was previously under the Public Health Information program; and the operations of Licensing, Professional Boards and Commissions and the Center for Health Facilities Regulation, previously under the Environmental and Health Services Regulation program. The Department requests \$0.3 million from general revenues to fund 3.0 new positions in the new division. This includes \$157,884 for an associate director, who will be responsible for overseeing the implementation of programs, providing policy guidance and administrative direction; \$94,984 for a hospital inspector to conduct routine investigative surveys and reviewing facility compliance with state and federal regulations; and \$84,968 for a systems analyst position, who will support various software systems used by more than 90,000 health professionals for license and renewals.

The Department's constrained request removes the funding as well as the staffing authorization for the new positions.

The Governor recommends \$157,884 to fund the associate director position; however, the position must be filled within the Department's authorized staffing level.

Electronic Birth System Maintenance. The Department requests new expenditures of \$120,000 from general revenues for software maintenance costs associated with the electronic birth registration system,

which was completed in 2014. Updating the electronic birth registration system was a federal requirement and the Department obtained federal funds to upgrade the system. Residual federal funds were used in FY 2015 and FY 2016 for the maintenance costs. *The Governor recommends \$94,267 from general revenues.*

Electronic Death Registration and Surveillance Systems Maintenance. The Department submitted a capital budget requesting \$2.5 million, assuming use of \$1.9 million and \$0.6 million in FY 2016 and FY 2017, respectively to purchase modules for the vital records system, including death registration, marriage/civil union systems. It should be noted that currently there are no state or federal requirements to upgrade these systems, but the current systems are obsolete and do not communicate with other data systems in the 39 municipalities or any other states.

The FY 2017 request includes \$426,250 from general revenues for maintenance costs of the electronic death registration and surveillance systems. This is contingent on the capital budget request being approved. The Department currently records more than 15,000 deaths, fetal deaths and induced terminations of pregnancies, which are all classified as death vital records per year. These records are manually entered into a paper-based system that is approximately 25 years old. Death records are entered two to three months after the fact.

The Department's constrained budget excludes funding for this request. Provided that funding for the capital budget is approved, it will take at a minimum two years to upgrade the systems, based on the number of years it took to upgrade the birth registration system. *The Governor concurs with the constrained request.*

Vital Records Staffing. The Department requests \$1.5 million from all sources and 16.5 full-time equivalent positions for the Vital Records program, which is responsible for a statewide vital records system involving the births, marriages, deaths and fetal deaths that occur in the state. This is \$56,926 more than enacted, and includes an increase of \$214,338 from general revenues to reflect the restoration of turnover savings, substitute a reduction from federal funds, and funding an additional 0.5 full-time equivalent position. The request includes FY 2017 benefit rates and the annualized value of the cost-of-living adjustment, effective in October 2015. As of the pay period in January 2016, the division had four vacancies. *The Governor recommends \$0.2 million less than requested from general revenues to reflect turnover and statewide medical benefit savings.*

Vital Records - All Other Operating. The Department requests \$259,005 from general revenues and federal funds for all other operating for the Vital Records program. This is \$61,873 less than enacted, including an increase of \$22,017 from general revenues to backfill depletion of federal funds. Certain expenditures were also reduced to reflect FY 2015 reported costs, including \$30,400 less for office supplies and \$26,500 less for printing. *The Governor further reduces operating costs by \$12,489, including \$13,500 for printing, based on statewide savings.*

Contracted Dental Board Administrator. The Department requests new expenditures of \$50,000 from general revenues for contracted services to perform the duties of a dental administrator. Pursuant to Rhode Island General Law 5-31.1-5, the director is required to appoint this position, who is responsible for administering and supervising the investigatory and other activities of the Board of Examiners in Dentistry. Other duties of the dental administrator include coordinating licensing to ensure timely renewals, and leading the process for updating regulations pertaining to dentists and dental hygienists. It appears that the legislation pertaining to the dental board administrator was enacted in 1987; however, the position has never been funded. The Department indicates that the cost to fill this position is \$136,189. For FY 2015, there was no contract in place and for FY 2014, the Department indicated contractual costs were \$3,700 for this purpose. *The Governor does not recommending funding.*

Prescription Drug Monitoring and Other Software Maintenance. The Department requests expenditures of \$325,400 from general revenues for software maintenance costs of the Prescription Drug Monitoring Program and L2K, the Department's licensing system, which allows certain health professionals to renew their licenses online within the Environmental and Health Services Regulation Program. This is \$87,600 more than enacted including \$225,400 from general revenues for maintenance of the prescription drug monitoring software and a reduction of \$137,800 from federal funds included in the enacted level for contractual services from Apriss to upgrade the system and add a web services application program interface so the program data is accessible to participating providers through their electronic health record. The Department indicates that the federal funds from the Department of Justice were intended for the development and enhancement of the system and that once the program was implemented, the maintenance cost became a state expense. The system provides information regarding prescription of controlled substances in order to prevent improper or illegal use of controlled substances, pursuant to Rhode Island General Law section 21-28.3-1.

The Governor recommends total funding consistent with the request; however, provided funding from Licensing and Regulatory restricted receipts, which had \$0.5 million in carry-forward from FY 2015.

Division of Policy, Information & Communications

2.0 New Public Health Specialist Positions. The Department's FY 2017 budget request includes the creation of a new division: Policy, Information and Communications. This reflects the transfer of two units, Center for Health Data previously under the Public Health Information program, and the Health Systems Policy and Regulation from the Environmental Health and Service Regulation program. It includes three offices: Public Health Communications, Legislative and Regulation Affairs, and Office of the Associate Director, which will provide policy redirection and operational oversight and coordination.

The request includes \$0.2 million from general revenues to fund two new public health specialist positions to help meet mandated work. The Department indicates that currently, it has 0.6 of a full-time equivalent position dedicated to developing and implementing regulations. Of the requested two new positions, 1.5 full-time equivalent positions will be dedicated to regulations and the remaining half to constituent services.

The Department's constrained request excludes the funding and authorization for the new positions. *The Governor does not fund the new positions.*

Contracted Epidemiologist. The Department stated its intent to fill a senior public health epidemiologist position, which would provide technical expertise and support related to the epidemiology and analysis of data in several areas, including surveys of hospital utilization. The cost of the position is \$115,516 and would be funded half from general revenues and half from federal Medicaid funds. The Department had not secured Medicaid funding with the Office of Health and Human Services for the position when it submitted its budget. The budget request includes \$55,758 from new general revenues to obtain some services from a contracted epidemiologist. In the event that Medicaid funding is secured, the Department indicates that it would reclassify the general revenue funds as salaries and benefits and use a vacant position within its current authorized level. *The Governor does not recommend funding.*

Preparedness, Response, Infectious Disease, and Emergency Medical Services

3.0 New Positions. The request reflects the reorganization of several existing functions that were previously under several programs to recreate a new Division of Preparedness, Response, Infectious Disease, and Emergency Medical Services.

The Department requests \$0.3 million from general revenues to fund 3.0 new full-time equivalent positions. This includes a public health nurse to conduct activities related to the prevention and control of

communicable disease in the areas of HIV/AIDS, STDs, viral hepatitis and tuberculosis and two disease intervention specialists. These positions would be responsible for meeting with individuals who have already contracted a sexually transmitted disease in order to prevent the transmission of the disease to others. The Department indicates that in 2014, the state experienced its highest rates in ten years of reported cases of syphilis, gonorrhea, and chlamydia.

The constrained request excludes the funding and staffing authorization for the new positions. *The Governor does not recommend the requested funding.*

Ebola Response. In 2014, the federal administration submitted an emergency request of \$6.2 billion to Congress for FY 2015 to address the Ebola epidemic. The Centers for Disease Control and Prevention would receive \$1.8 billion to prevent, detect, and respond to the Ebola epidemic as well as other public health emergencies. According to information obtained from the Centers for Disease Control and Prevention, the state received \$3.8 million for public health emergency preparedness and the hospital preparedness program. The FY 2017 request includes expenditures of \$1.2 million, including \$750,000 in grant expenditures to various hospitals to ensure that the state is ready and able to care for suspected or confirmed individuals with Ebola. Remaining funds will be used to purchase equipment identified by the Centers for Disease Control and Prevention Laboratory Response Network, ambulance services for transporting of Ebola patients and consultant services for support. *The Governor recommends funding as requested.*

HIV/AIDS Prevention. The Department's request includes \$2.6 million, \$1.4 million less than enacted from federal funds for prevention and surveillance functions and tasks of the HIV/AIDS program. A similar reduction is included in the revised request to reflect the depletion of the federal funds. In the FY 2016 budget request, the program was restructured in anticipation of this reduction. Previously, 13.0 full-time equivalent positions supported the program and last year, staffing was reduced to seven positions. The current request includes \$0.7 million for staffing of 6.7 full-time equivalent positions.

Of the reduction, \$0.6 million is for operating costs, including medical supplies, medication test kits and printing costs for an awareness campaign. The request also reflects a reduction of \$0.6 million from grants to various community based agencies providing services. The Department funds HIV/AIDS awareness and prevention services and treatment services through a number of initiatives ranging from providing medication to non-insured residents to educating teachers who teach sex education classes in the high schools. The awareness and prevention services include community outreach programs, which are based on a request for proposals, where the Department will outline what the services are to be provided. *The Governor recommends funding as requested.*

National Electronic Disease Surveillance Software Maintenance. Consistent with the revised request, the Department requests an additional \$30,000 from general revenues and a reduction of \$10,000 from federal funds for total funding of \$0.3 million for maintenance of the national electronic disease surveillance system, which tracks infectious diseases in the state, as well as comparative trends across the nation. The Department indicates that the annual cost of the system fluctuates based upon the addition of new diseases added for reporting.

The constrained request removes the requested increase from general revenues. *The Governor does not recommend the requested general revenues.*

Indirect Cost Recovery Staffing Cost Shift. The Department uses its indirect cost recovery restricted receipts to offset costs associated with administering federally funded programs. Revenues for the indirect cost recovery account are based on the expenditure of certain federal grants and exclude expenditures such as assistance and grants. A portion of the Department's federal grants allow a 19.3 percent indirect cost recovery charge on the actual amount expended. The Department is anticipating the rate to decrease to 17.4

percent. In the past, the Department's revenues and carry-forward cash balance had exceeded expenditures, resulting in significant cash balances. In FY 2015, the Department depleted the carry forward cash balance in lieu of requesting additional general revenue support; FY 2015 reported expenditures were \$2.1 million and \$3.0 million more than FY 2014 and FY 2015, respectively.

In anticipation of the rate reduction, coupled with the depleted carry forward balance, the Department's request shifts \$0.6 million for staffing costs for 5.75 full-time equivalent positions to general revenues, including partial funding for the director and a few senior level positions.

Based on resources available, the Governor recommends shifting general revenue expenditures of \$288,778 to the indirect cost recovery account. This was achieved by decreasing expenditures in the FY 2016 revised budget. The recommended budget assumes a year-end balance of \$0.1 million from the indirect cost recovery restricted receipts.

Other Salaries and Benefits. Excluding items previously mentioned, the Department requests salary and benefit costs of \$25.9 million from all funds, including \$8.8 million from general revenues, to fund the remaining 246.3 full-time equivalent positions in Central Management; Community Health and Equity; Environmental Health; Customer Services; Policy, Information and Communications, and the Division of Emergency Preparedness, Response, Infectious Disease, and Emergency Medical Services. The request is \$0.2 million or 0.8 percent more than enacted, including \$0.2 million more from restricted receipts and \$0.6 million more from general revenues. Federal fund expenditures are \$0.7 million less than enacted to reflect the end of certain grants and staffing allocated elsewhere in the Department. The enacted budget assumes a 5.5 percent rate on all filled positions and the request includes a rate of 2.0 percent and holding some other positions vacant. The request includes the annualized value of the cost-of-living adjustment that occurred in October 2015 and benefit rates consistent with FY 2017 planning values.

The Governor recommends \$0.5 million less than requested, including \$0.4 million less from general revenues, reflective of statewide medical benefit and turnover savings.

Compounding Pharmacies Inspection. Consistent with the revised request, the FY 2017 budget includes \$36,000 for contracted service costs relating to inspection of pharmacies. The Department indicates that there are 20 sterile compounding pharmacies, which specialize in creating individualized pharmaceutical products to meet the unique needs of a patient in the state and that the Department does not have the staff expertise to properly inspect these facilities. The Department further notes that its intent is to also have the contractor help train the current pharmacy inspector during the inspections so that he can perform them in subsequent years. *The Governor does not recommend funding in FY 2017; the revised budget includes \$47,000 from general revenues.*

Other Federal Grant Adjustments. The Department requests \$15.5 million from federal funds, \$2.6 million more than enacted to primarily reflect anticipated expenditures from several preventive block grants, which the Department utilizes to support health prevention programs that are community based. Of this, \$2.4 million is budgeted for contracted services and grants to various entities for suicide, oral disease and rape prevention. The Department routinely overestimates its ability to spend federal funds. *The Governor recommends funding as requested.*

All Other Operating. The Department requests \$3.5 million from all funds for all other operating expenditures. This is \$0.5 million or 2.6 percent more than enacted, including an increase of \$69,043 general revenues for various items, including \$26,000 for software maintenance that the Department indicates was previously funded with restricted indirect cost recovery funds; \$24,195 for staff training; and \$15,100 to purchase a vehicle for the Tuberculosis program, which staff from the Department uses to conduct home visits for the Tuberculosis program. Expenditures from restricted receipts are \$0.4 million more than enacted, of which \$0.3 million is for newborn screening services. *The Governor recommends*

\$43,087 less than requested from all funds, including \$27,870 less from general revenues, of which \$26,000 is from not funding the software maintenance request.

Target - Revenue Enhancements

Food Protection Revenue Enhancement. The Department's budget assumes additional revenue of \$1.0 million from increasing and instituting new fees for the food protection program. This would require various changes to the general laws. This includes \$0.5 million in new fees, including \$0.1 million from a \$100 fee on 1,000 food managers and charging restaurants a \$250 re-inspection fee. The food program is responsible for licensing and regulating 7,300 food establishments from "farm to table" including restaurants, caterers, food markets, bakeries, food processors, dairy producers and bottlers, bottle beverage plants, and health care facilities. *The Governor does not recommend this fee increase.*

Drinking Water Quality Program Revenue Enhancement. The Department's budget assumes new revenues of \$20,000 by instituting a new three-year licensing fee of \$75 to certify drinking water facilities to generate \$15,000 and \$5,000 from a \$150 fee for certifying 35 drinking water operators annually. Currently, there is no fee for the certification. The Drinking Water Quality Program is primarily responsible for enforcing the provision of the Safe Drinking Water Act and several state laws relating to safe drinking water, and regulating nearly 500 public water systems. *The Governor does not recommend this fee increase.*

Facilities Licensing Fees. The Division of Facilities Regulation is responsible for ensuring that more than 2,600 state-licensed and federally qualified Medicare and Medicaid certified health care facilities meet the applicable health and safety standards. The Department's request assumes revenues of \$1.3 million from amending current law and regulations to increase these licensing fees. This includes \$0.6 million from a \$75 per bed fee on all nursing facilities, \$0.3 million for radiation facilities, which applies to all x-ray facilities, certain providers of services to x-ray facilities, and radioactive materials licenses, and all users of radioactive material. According to the Department, there are 1,003 x-ray facilities. The remaining \$0.4 million of revenues applies to other health facilities, including adult day care, hospitals and home care providers. *The Governor does not recommend this fee increase.*

Emergency Medical Services. Current law requires the director to charge a license fee for an annual license for an ambulance service, for an annual vehicle license, and for an emergency medical technician license. The law allows the director to charge an examination fee for an emergency medical technician license and an inspection fee for a vehicle license; however, this excludes city and town employees, volunteer or not-for-profit organizations. The Department assumes revenues of \$0.2 million from repealing the exemption granted to city and town employees, volunteer or not-for-profit organizations.

Current law allows the Courts and or the Traffic Tribunal to collect a \$1 assessment on each motor vehicle violation. The assessment generates \$0.1 million annually and the funds are deposited into the general fund. The request includes a proposal that would allow the Department of Health to collect the assessment and earmark it for its program, the Center for Emergency and Medical Services. This initiative actually decreases the amount of money that is currently going into the general fund. *The Governor does not recommend this fee increase.*

Department of Human Services

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Program				
Central Management	\$ 10,114,001	\$ 9,612,987	\$ 10,286,600	\$ 10,281,729
Child Support Enforcement	9,642,411	9,795,524	9,766,506	9,521,790
Individual and Family Support	155,980,278	172,722,543	154,935,385	107,142,869
Veterans' Affairs	29,393,531	29,351,392	29,871,430	30,099,941
Health Care Eligibility	19,509,318	22,268,320	20,835,055	19,677,655
Supplemental Security Income	18,706,478	18,359,000	18,589,210	18,502,100
Rhode Island Works	90,434,358	90,032,019	89,760,460	99,561,084
State Funded Programs	269,743,880	283,654,900	283,743,880	283,654,900
Elderly Affairs	18,879,250	18,282,938	18,720,652	19,075,957
Total	\$ 622,403,505	\$ 654,079,623	\$ 636,509,178	\$ 597,518,025
Expenditures by Category				
Salaries and Benefits	\$ 94,805,139	\$ 96,591,343	\$ 96,851,744	\$ 93,393,908
Contracted Services	17,557,341	18,928,082	14,215,500	12,990,133
Subtotal	\$ 112,362,480	\$ 115,519,425	\$ 111,067,244	\$ 106,384,041
Other State Operations	17,443,538	16,949,671	16,324,827	15,375,966
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	486,129,024	514,974,941	459,876,102	469,201,605
Capital	537,717	705,339	575,667	625,667
Capital Debt Service	-	-	-	-
Operating Transfers	5,930,746	5,930,247	48,665,338	5,930,746
Total	\$ 622,403,505	\$ 654,079,623	\$ 636,509,178	\$ 597,518,025
Sources of Funds				
General Revenue	\$ 98,271,683	\$ 97,728,070	\$ 99,029,041	\$ 103,282,109
Federal Aid	517,462,308	549,854,594	488,441,742	487,860,220
Restricted Receipts	2,076,036	1,368,481	1,210,325	1,282,218
Other	4,593,478	5,128,478	47,828,070	5,093,478
Total	\$ 622,403,505	\$ 654,079,623	\$ 636,509,178	\$ 597,518,025
FTE Authorization	959.1	959.1	960.1	955.1

Summary. The Department of Human Services requests \$636.5 million from all fund sources, including \$99.0 million from general revenues, \$488.4 million from federal funds, \$1.2 million from restricted receipts and \$47.8 million from other funds. This is \$14.1 million more than enacted, including increases of \$0.8 million from general revenues, \$43.2 million from other funds with decreases of \$29.0 million from federal funds and \$0.9 million from restricted receipts. The Department also requests 960.1 full-time equivalent positions, 1.0 more than enacted and 46.0 less than the revised request.

The Governor recommends expenditures of \$597.5 million, including \$103.3 million from general revenues. This is \$37.0 million less than requested, including \$4.3 million more from general revenues. She transfers the Women, Infants, and Children’s program to the Department of Health. She recommends 955.1 full-time equivalent positions, she adds three positions in Veterans’ Affairs, transfer seven to the Department of Administration but does not lower the authorization for the program transfer to the Department of Health.

Target. The Budget Office provided the Department with a general revenue target of \$91.9 million. The amount includes current service adjustments of \$0.7 million and a 7.5 percent target reduction of \$7.0 million, adjusted for certain exclusions. The Department’s request is \$2.3 million above the current services estimate; the constrained budget submitted by the Department is \$2.4 million above the target.

FY 2017 Budget	Budget Office	Human Services	Difference
FY 2016 Enacted	\$ 98,271,683	\$ 98,271,683	\$ -
Current Service Adjustments	660,652	757,358	96,706
Change to FY2016 Enacted	\$ 660,652	\$ 757,358	\$ 96,706
FY 2017 Current Services	\$ 98,932,335	\$ 99,029,041	\$ 96,706
Target Reduction/Initiatives	(7,035,125)	(4,767,235)	2,267,890
FY 2017 Recommendation/Request	\$ 91,897,210	\$ 94,261,806	\$ 2,364,596
Change to FY 2016 Enacted	\$ (6,374,473)	\$ (4,009,877)	\$ 2,364,596

The Department proposes savings initiatives of \$4.8 million from general revenues with a corresponding federal funds reduction of \$1.0 million. The items are discussed separately, where appropriate. The Governor’s recommendation is \$11.4 million above the target.

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 Executive Office of Health and Human Services. The 2016 guidelines are as follows.

Percent of Federal Poverty Level Based on Annual Income								
Family Size	100%	133%	150%	180%	185%	200%	225%	250%
1	\$ 11,880	\$ 15,800	\$ 17,820	\$ 21,384	\$ 21,978	\$ 23,760	\$ 26,730	\$ 29,700
2	16,020	21,307	24,030	28,836	29,637	32,040	36,045	40,050
3	20,160	26,813	30,240	36,288	37,296	40,320	45,360	50,400
4	24,300	32,319	36,450	43,740	44,955	48,600	54,675	60,750
5	28,440	37,825	42,660	51,192	52,614	56,880	63,990	71,100
6	32,580	43,331	48,870	58,644	60,273	65,160	73,305	81,450
7	36,730	48,851	55,095	66,114	67,951	73,460	82,643	91,825
8	40,890	54,384	61,335	73,602	75,647	81,780	92,003	102,225

For families with more than 8 members, add \$4,160 for each additional member for the 100 percent calculation.

Staffing. The Department requests 960.1 full-time equivalent positions in FY 2017, which is 1.0 position above the enacted authorization and 46.0 fewer positions than the revised request. The request removes 46.0 of the 47.0 positions that were requested to be added in the FY 2016 revised request, though they are not all the same positions that were added. The reduction includes 20.0 of the 47.0 Unified Health Infrastructure Project positions, 13.0 positions from transferring the Women, Infants, and Children’s program to the Department of Health and 13.0 positions from achieving operational efficiencies with the General Public Assistance Program.

The enacted budget includes authorization for 959.1 positions and provides funding for approximately 865 positions, leaving approximately 94 positions unfunded. As of December 16, 2015, the Department had 876.1 filled positions, and has been averaging 863.7 filled positions in FY 2016. The Department averaged

840.0 filled positions in FY 2014 and 856.5 positions in FY 2015, although the number of filled positions has been slowly increasing from a low of 781.2 in November 2011.

The Department's constrained request shifts general revenue staffing expenses for the general public assistance bridge program, which the constrained request eliminates, to the supplemental nutrition assistance and Medicaid programs that utilize 50 percent federal funding. The total staffing costs and number of positions remain the same, but general revenue staffing expenses would be reduced by \$0.4 million. *The Governor recommends 955.1 positions. She adds three positions in Veterans' Affairs, and transfers seven to the Department of Administration for the Office of Internal Audits. The budget does not lower the staffing authorization to reflect the 13.0 positions that will be transferred to the Department of Health along with the funding for the Women, Infants, and Children program.*

Unified Health Infrastructure Project. The Unified Health Infrastructure Project is a joint venture between the Executive Office of Health and Human Services and HealthSource RI to create smoother transitions for individuals, who upon entering their personal information are not eligible for the exchange, to seamlessly enroll in Medicaid or other assistance without calling a different office and re-entering their information.

The Office submitted a new plan in July 2015 that increased project costs to \$363.7 million, including \$79.0 million for the state match. The updated plan calls for a one year delay to July 1, 2016 and a fully integrated system, RI Bridges, instead of two separate systems for its human services eligibility, application and worker accessibility activities in the affected agencies. This is \$154.2 million more than the October 2014 plan and increases state funding by \$27.2 million. Project completion and implementation have been delayed one year, until July 12, 2016, and include a fully integrated system, RI Bridges, instead of two separate systems for its human services eligibility, application and worker accessibility activities in the Executive Office of Health and Human Services and the Department of Human Services. This also includes approximately \$73.0 million in new state and federal requirements, however it should be noted that the Executive Office has not submitted information requested for the breakdown of costs for the requirements.

The Department requests \$6.0 million from all sources, including \$1.5 million from general revenues and \$4.5 million from federal funds for 64.0 positions and operations related to the Unified Health Infrastructure Project. This is \$1.5 million less than enacted, including \$1.1 million less from general revenues and \$0.4 million less from federal funds, and 27.0 added positions. The request includes \$2.8 million for information technology expenses through a contract with the main vendor, Deloitte, which is \$1.3 million less than enacted. It also includes \$3.2 million for salaries and benefits, which is \$0.1 million and 27.0 positions more than enacted. There are no operating expenditures requested for which \$0.3 million is included in the enacted budget.

As part of its constrained request, the Department reduces expenditures by \$1.4 million, including \$0.5 million from general revenues from efficiencies that will be created from the implementation of the project. The Department indicates that implementation will automate current processes and increase the ability for applicants and/or program recipients to apply and access their account information on-line and creates several opportunities for savings. This represents partial year savings and assumes finalization of the implementation by August 2016 instead of the expected December 2016. It is unclear why this item is a constrained item when the savings appear to be achievable without policy or any other specific action by the Governor or General Assembly.

The Governor recommends \$56.7 million from all source in the Executive Office and the Department of Human Services; this includes \$11.0 million from general revenues for the Unified Health Infrastructure Project.

In the Department of Human Services, she includes \$5.4 million from all sources, \$1.0 million from general revenues, which is \$0.6 million less than requested from all sources, including \$0.5 million less from general revenues.

InRhodes Eligibility System. The Department requests \$3.0 million from all fund sources, including \$1.3 million from general revenues and \$1.7 million from federal funds to operate and maintain the InRhodes eligibility system in addition to transition to the new eligibility system in FY 2017. The request is \$1.1 million less than enacted, including \$0.2 million more from general revenues and \$1.3 million less from federal funds. InRhodes, which processes applications for cash assistance and Medicaid program eligibility, is over 30 years old and is being replaced with the new system being developed as part of the Unified Health Infrastructure Project, discussed previously.

The request is \$1.6 million less than the revised request because the new eligibility system is expected to be rolled out in July 2016, which should require less expenditures for this program in FY 2017 since the new system replaces most of this one. Northrup Grumman will continue support InRhodes for up to six months and will continue to operate the child support interface since that component is not part of the new eligibility system. The child support division uses InRhodes to verify an individual's eligibility for or participation in one of these programs; InRhodes is not used to determine eligibility for child support services.

Because the programs, excluding child support, are being converted to the new system, their funding for InRhodes will transition to the new eligibility system once it is operational, which is currently budgeted with the Unified Health Infrastructure Project expenditures. Although the InRhodes contract will be reduced once child support is the only program requiring support, the cost is no longer spread among all the programs. *The Governor recommends \$0.4 million less than requested, including \$0.3 million less from general revenues for updated costs to continue to maintain the system. It should be noted that the Department and Executive Office are still in the process of determining the cost to add a child support enforcement function to the Unified Health Infrastructure Project.*

Cash Assistance Programs

The Caseload Estimating Conference estimate includes \$116.2 million from all sources, including \$35.9 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 caseload estimate is \$5.6 million more than enacted, including \$4.3 million more from general revenues. The Department's request reduces the enacted level by \$0.6 million from federal funds for cash assistance and does not reflect the estimate adopted at the November Caseload Estimating Conference since the request was submitted prior to the conference.

The following table itemizes cash assistance expenditures as adopted by the caseload estimators, and recommended by the Governor, along with comparable data for FY 2014 and FY 2015. Each category is discussed separately.

The Governor recommends \$2.2 million more than the conference estimate. She includes \$2.2 million from general revenues for child care related activities that the Department has reported it is not able to use child care development block grants funds to support; however, the recommendation does not lower the federal resources so that the recommendation for child care is consistent with the caseload estimate, regardless of fund source.

Maintenance of Effort Requirement. The Department is required to spend \$60.4 million from general revenues as its maintenance of effort requirement for the \$95.0 million temporary assistance to needy families' block grant, assuming it meets its work participation rates. The state has separate one-parent and

two-parent participation rates, but receives the penalty if either rate is not met. For Rhode Island, this increases by \$4.0 million to \$64.4 million if one or both of the work participation rates are not met. The state has not met its 90 percent two-parent participation rate, so it must maintain the higher maintenance of effort.

Work participation rates are the percent of qualified parents that are participating in work, work-like activities or the individualized employment plan. Almost all individuals receiving Rhode Island Works are required to immediately enter into individualized employment plans, which can include job search and readiness, vocational or adult education, on-the-job training and subsidized employment. The Department has not met its 90 percent two-parent work participation rate, which requires one parent to engage in work activities for 35 hours a week, because families who are in non-compliance with their work plan remain on the active caseload. The rules and regulations call for individuals and families to be sanctioned and have benefits reduced or eliminated when they are not in compliance with the individual employment plan, miss appointments, or refuse or quit employment.

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 Departments of Children, Youth and Families and Labor and Training. The Department's request assumes that the higher \$64.4 million requirement will be met. *The Governor's recommended budget meets the maintenance of effort requirement.*

Cash Assistance	FY 2015 Reported	FY 2016 Enacted	FY 2016 Nov. CEC	FY 2016 Gov. Rev.	FY 2017 Nov. CEC	FY 2017 Gov.
Rhode Island Works						
Persons	12,941	12,216	11,524	11,524	10,744	10,744
Monthly Cost per Person	\$ 181.38	\$ 181.71	\$ 180.40	\$ 180.40	\$ 180.57	\$ 180.57
General Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	30.5	29.2	27.3	27.3	25.5	25.5
Total Costs*	\$ 30.5	\$ 29.2	\$ 27.3	\$ 27.3	\$ 25.5	\$ 25.5
Child Care						
Subsidies	7,838	8,629	8,832	8,832	9,500	9,500
Annual Cost per Subsidy	\$ 6,823	\$ 7,100	\$ 7,100	\$ 7,100	\$ 7,450	\$ 7,450
General Revenue	\$ 9.7	\$ 11.4	\$ 11.4	\$ 11.4	\$ 16.0	\$ 18.2
Federal Funds	44.6	49.9	51.3	51.3	54.8	54.8
Total Costs*	\$ 54.3	\$ 61.3	\$ 62.7	\$ 62.7	\$ 70.8	\$ 73.0
SSI						
Persons	33,780	34,101	33,900	33,900	34,165	34,165
Monthly Cost per Person	\$ 44.88	\$ 45.59	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00
Total Costs/General Revenue*	\$ 18.2	\$ 18.7	\$ 18.4	\$ 18.4	\$ 18.5	\$ 18.5
SSI Transition/Bridge						
Persons	431	434	395	395	395	395
Monthly Cost per Person	\$ 134.25	\$ 135.00	\$ 135.00	\$ 135.00	\$ 135.00	\$ 135.00
Total Costs*	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4
General Revenue	29.3	31.5	31.1	31.1	35.9	38.1
Federal Funds	75.1	79.1	78.7	78.7	80.3	80.3
Total Cash Assistance*	\$ 104.4	\$ 110.5	\$ 109.8	\$ 109.8	\$ 116.2	\$ 118.4

*Expenditures in millions

Rhode Island Works. The November Caseload Estimating Conference estimate includes program expenditures of \$25.5 million entirely from federal funds. The estimate decreased the monthly caseload by 1,472 cases to a level of 10,744 and the monthly cost per person decreases by \$1.14 to \$180.57. The estimated program expenditures are \$3.4 million less than the enacted budget, primarily from the reduced number of persons with \$0.3 million less for transportation expenses along with minor adjustments for clothing and other supportive services. The Department requests \$0.6 million less than enacted for the program in error; the request does not reflect the estimate adopted at the November caseload conference. *The Governor recommends funding consistent with the November caseload estimate.*

Child Care. The November Caseload Estimating Conference estimate includes child care expenditures of \$70.8 million, of which \$16.0 million is from general revenues. This is \$9.5 million more than enacted, including \$4.9 million more from federal funds and \$4.6 million more from general revenues. The estimate adds 871 child care subsidies for a monthly level of 9,500 and also increases the annual cost by \$350 to \$7,450 for FY 2017. The estimate assumes continued program growth and the impact of the new federal requirements, which are anticipated to begin in FY 2017. These new requirements include such changes as 12 months of uninterrupted child care benefits, three months of continued eligibility when a family faces a job loss, and increased funding allocated towards quality improvement activities.

The Department's request reduces program expenses by \$0.1 million but adds \$0.1 million from general revenues in error; the request does not reflect the estimate adopted at the November caseload conference. A family is eligible for child care assistance either automatically as participants in the Rhode Island Works program or if they have income at or below 180 percent of federal poverty. The 2013 Assembly enacted a pilot program allowing families who initially qualify through income to remain eligible until the family income exceeds 225 percent of poverty, from October 1, 2013 through September 30, 2014. The 2014 Assembly extended the pilot through September 30, 2016.

The Governor recommends the estimated number of program participants and annual cost but adds \$3.3 million from general revenues for child care related activities that the Department has reported it is not able to use child care development block grant funds to support. The Budget does not lower the federal resources so that the recommended funding for child care is consistent with the caseload estimate, regardless of fund source.

Target - Child Care Access/Training Programs. As part of its constrained budget request, the Department proposes to eliminate \$251,650 from federal funds for the child care program that allows eligible parents to have access to child care while in training programs starting July 1, 2016. The Department will use the newly available federal funds to offset general revenue costs that have yet to be identified in the budget. The 2015 Assembly enacted legislation to make this pilot program permanent, thus legislation would be required for this change. *The Governor does not recommend the proposal.*

Target - Monthly Co-Payments. As part of its constrained budget request, the Department proposes to increase the co-payments made by families with income over 100 percent of poverty level for child care by 1.0 percent, effective July 1, 2016, for savings of \$43,336, including \$21,668 from both general revenues and federal sources. Currently, the co-payment rates range from 2 percent of gross countable income for families between 100 percent and 125 percent of poverty to 14 percent for families with income between 200 and 225 percent. This provision would increase the family contribution, thus lowering the state's contribution to the child care costs. The rates are set through rules and regulations and it is the Department's policy to provide at least two weeks' notice when a family's co-payment obligation increases. *The Governor does not recommend the proposal.*

Target - Subsidized Child Care Limitations. As part of its constrained budget request, the Department proposes to limit child care subsidies to families that require 20 or more hours of child care per week for savings of \$520,942, including \$260,471 from both general revenues and federal funds. This change would

be effective July 1, 2016, and would reduce the number of families eligible for child care subsidies. There is currently no minimum requirement for the number of hours in which child care is needed; this change would be made in departmental rules and regulations and the Department will be required to notify families, in order that they may make alternate arrangements. *The Governor does not recommend the proposal.*

Child Care Providers Collective Bargaining Agreement. The state entered into a collective bargaining agreement with the Service Employees International Union 1199NE covering the Child Care Assistance Program family child care providers. The contract started July 1, 2015 and ends June 30, 2017 and includes reimbursement increases in FY 2016 for which the Assembly included legislation and funding as part of the FY 2016 enacted budget. The value of this increase, which was also granted for center-based providers as well as the family providers covered under the contract, is estimated in the caseload conference at \$2.3 million.

Starting in FY 2017, there are also educational step increases and recognition of vacations and closings as well as holidays and professional days; these items are part of current regulations and practice and are therefore already accounted for in the FY 2017 caseload conference estimate. Other items that are part of the collective bargaining agreement, but not tied to the existing statute, total \$0.5 million and are discussed separately below. The revised request assumes that existing federal resources through its Child Care Development Block Grant that are not allowed for direct care would be available to support these activities.

The statute authorizing the collective bargaining states that “Any aspects of a contract requiring appropriation by the federal government, the general assembly, or revisions to statutes and/or regulations shall be subject to passage of those state or federal appropriations or statutory and/or regulatory revisions.”

Family Training. The contract notes that for FY 2016 the state agrees to allocate \$250,000 into a training and support fund, jointly administered by the Department and the union, to contract with vendors, agencies, colleges, instructors or provider peer mentors to offer family child care related trainings and support for trainings in order to fill needs not currently set by the current training contract. The Department includes \$125,000 in its revised request. It reports that there has been little progress made on this issue and it continues to work with the union to identify a process to administer the fund. Once the process is set up, there will need to be communication to the providers as to how to access these funds and to set up training sessions. The FY 2017 request includes the remaining \$125,000. *The Governor recommends funding as requested.*

Home Business Computers. Starting July 1, 2016, family child care providers may be eligible for the one-time purchase of a home business computer to be selected and purchased by the state with input from the union. Only those providers who have delivered at least six months of services within the past 12 months, and do not currently own a computer (desktop, laptop, or tablet) are eligible. The revised request includes \$212,500 from federal funds for this purpose. The Department did not include funding in FY 2017, which is when the expense will likely occur.

The state intent of this benefit is to facilitate providers’ use of the state’s online program administration resources for registration, billing, and fulfilling all related administrative filings; to communicate with the state using the provider email hotline; to participate in online training, professional development, and educational opportunities; as well as to access online resources for curriculum development, record keeping, business processes and other business and quality improvements. *The Governor does not include the funding in FY 2017 but does provide funding in the revised budget.*

Incentive Pool. The contract calls for \$250,000 to be designated to fund a quality incentive pool for family child care providers that will be provided in a tiered manner starting July 1, 2016. The method of funding is to be agreed to by the parties through the collective bargaining process no later than November 30, 2015, unless the parties mutually agree to extend this timeline within which to conclude negotiations on the tiered

quality incentive payment. The Department did not include funding for this activity in its FY 2017 budget request. *The Governor also did not recommend the funding.*

Registration Fees. The agreement includes a provision that the state will pay an annual registration fee, which is not to exceed \$50, for each child receiving subsidized care for those licensed providers who have a written policy to charge all families a registration fee including those who are not supported by the state. The FY 2017 request includes \$113,200 from federal funds for these fees. *The Governor recommends funding as requested.*

Direct Deposit Bonus. The Department's revised request includes \$50,000 from federal funds to pay a \$100 one-time bonus to child care providers who are currently enrolled in, or do enroll in, direct deposit. It did not include funding in FY 2017 for the payment. *The Governor also does not include the funding.*

Orientation Payment. The Department's revised request includes \$7,500 from federal funds to pay child care providers \$75 for attending either an initial orientation or subsequent orientations held at the request of the Department in its revised request. The Department will determine the orientation's content to include but not be limited to: program eligibility, enrollment, attendance, and billing policies; basic information on licensing and who to contact with licensing questions; information on quality enhancement initiatives and HealthSource RI. It did not include funding in FY 2017. *The Governor also does not include the funding.*

Certification Bonus Payment. The Department's revised request includes \$6,500 for a \$500 one-time bonus payment to a license-exempt provider, such as a family member, who becomes a certified family care provider in its revised request. It did not include funding in FY 2017. *The Governor also does not include the funding.*

Supplemental Security Income Payments. The November Caseload Estimating Conference estimate includes FY 2017 direct supplemental security income expenditures at \$18.5 million from general revenues, or \$0.2 million less than enacted. The caseload increases by 64 persons to a monthly level of 34,165. Estimators decreased the monthly cost per person by \$0.59 to \$45.00. The estimate also includes transaction fees of \$53,000, \$1,000 more than enacted. The Department requests \$0.1 million less than enacted for the program; the request does not reflect the estimate adopted at the November caseload conference.

As part of its constrained budget, the Department proposes limiting access to the state optional benefit that allows individuals to have moving expenses paid for under certain conditions for savings of \$100,000. The Department indicates it spends \$256,000 on this benefit; however, this is not an expense adopted through the caseload conference. Although the Department indicates that it pays for moving expenses through this program, the funds are not appropriated through this program. This program makes monthly payments to recipients and does not include any additional expenses. The Department has not provided the information as to which program supports this activity; the reduction is taken in the caseload conference estimate, which is an error. *The Governor recommends funding consistent with the caseload estimate.*

The following table includes the categories and monthly payments for calendar years 2015 and 2016.

Supplemental Security Income Payments	Beginning 7-1-2015		
	State	Federal	Total
Individual Living Alone	\$ 39.92	\$ 733.00	\$ 772.92
Couple Living Alone	\$ 79.38	\$ 1,100.00	\$ 1,179.38
Individual Living with Others	\$ 51.92	\$ 488.67	\$ 540.59
Couple Living with Others	\$ 97.30	\$ 733.34	\$ 830.64
Resident in State Licensed Supportive Residential Care	\$ 300.00	\$ 733.00	\$ 1,033.00
Resident in Assisted Living	\$ 332.00	\$ 733.00	\$ 1,065.00
Resident in Medicaid certified long-term care residence with income over 120% FPL	up to \$465.00	\$ 733.00	up to \$1,198.00
Resident in Medicaid certified long-term care residence with income up to 120% FPL	\$ 797.00	\$ 733.00	\$ 1,530.00
Supplement	\$ 20.00	\$ 30.00	\$ 50.00

Assisted Living State Supplemental Payment. The Department requests the enacted level of \$359,198 from general revenues, which is \$2,744 more than the amount spent in FY 2015, for additional state supplemental payments of \$206 per month to individuals who receive the state supplemental security income payment and live in a state licensed assisted living facility that is not eligible to receive Medicaid. The 2014 Assembly expanded the payment to individuals living in an assisted living facility that was financed by Rhode Island Housing prior to January 1, 2006, beginning on October 1, 2014. *The Governor recommends funding as requested.*

Supplemental Security Income Transition/Bridge Program. The November Caseload Estimating Conference estimates expenditures for the supplemental security income transition/bridge program at \$1.4 million, entirely from general revenues. The estimate includes \$0.7 million for cash payments and \$0.7 million for burials, reducing the projected number of persons by 39 to 395 and retaining the enacted monthly cost per person at \$135.00. The estimate is \$88,980 more than enacted. The Department requests \$1.4 million from general revenues, which is consistent with the enacted level and does not reflect the conference estimate. This program is designed for individuals who maintain an active application for the supplemental security income program.

As part of its constrained request, the Department eliminates the cash assistance payments from the general public assistance program for general revenue savings of \$633,080 while maintaining burials. However, the savings would be \$703,080 from the enacted budget and \$639,900 from the November 2015 caseload estimate. This would require statutory changes. The request assumes the program will end in June 2016, and no payments will be made in FY 2017. *The Governor recommends funding consistent with the caseload estimate.*

Hardship Payments. The Department requests \$210,000 from general revenues, consistent with the enacted budget for hardship contingency payments, which provide temporary support to persons who do not qualify for the supplemental security income or Rhode Island Works programs. The Department spent \$100,766 in FY 2015, \$112,775 in FY 2014 and \$151,675 in FY 2013; it has indicated that the rules and criteria for the program are strict and applicants often do not want to fill out the paperwork for the \$100 payment, especially since the applicants must reapply each month in which they request the payment.

As part of its constrained request, the Department proposes eliminating this program in conjunction with the other general public assistance reductions; however, the constrained request only reduces expenditures by \$70,000 while the savings would be \$210,000. This program could be eliminated independently. *The Governor recommends the enacted level of \$210,000.*

Cash Assistance Administration

Rhode Island Works Pilot. The Department requests the enacted level of \$1.5 million from federal temporary assistance for needy families block grant funds for on-the-job training programs, job search and placement services, disability assessments and services, and overall service delivery redesign. *The Governor recommends funding as requested.*

Cash Assistance Administration. The Department requests \$29.0 million from all sources for administrative costs related to the Rhode Island Works, subsidized child care, supplemental security income and general public assistance programs, including \$5.5 million from general revenues and \$23.5 million from federal funds. The request is \$0.7 million more than enacted, including \$0.3 million less from general revenues and \$1.0 million more from federal funds, and is \$0.7 million less than the revised request.

The request includes \$12.2 million for salary and benefit expenses, \$0.9 million less than enacted from all sources and \$0.4 million less from general revenues. The Department has not provided the information for the staffing changes between programs.

Requested operating expenditures total \$16.8 million, \$1.7 million more than enacted. The request includes grant expenditures of \$8.7 million for training and work activities for Rhode Island Works recipients and \$3.0 million for child care related programs, including licensing functions, resource and referral services, and training programs; this is \$1.3 million more than enacted and \$0.4 million more than the revised request. It also includes \$1.7 million for lease and security costs for the field offices, \$0.8 million for postage and printing, \$0.3 million for interpreters and translators, and \$0.3 million for the monthly fee to charge the electronic benefit cards for the Rhode Island Works recipients. It also includes \$2.0 million for office supplies, utilities, and various maintenance expenses; operating adjustments are essentially consistent with the revised request.

The Department's constrained request eliminates funding for the general public assistance administrative expenses and reallocates resources among other programs.

The Governor recommends \$0.6 million less than requested, including \$0.5 million less from general revenues. She includes administrative efficiency savings of \$0.6 million from the Unified Health Infrastructure Project and reallocates the general public assistance administration expenses.

Target - Security Services. As part of its constrained request, the Department proposes eliminating one security guard at the Pawtucket field office, effective July 1, 2016, for savings of \$28,156, including \$11,071 from general revenues. There are currently two security officers while the office is open from Monday to Friday. The Department has been asked to verify the savings, which appear to be low. *The Governor does not recommend the savings.*

Division of Veterans' Affairs

Office of Veterans' Affairs. The policy, administrative and fiscal functions of the Division of Veterans' Affairs are within the Department of Human Services. The enacted budget includes 240.1 positions to support the Veterans' Home, Cemetery and division activities. This includes \$0.1 million from general revenues for the Division Director position; the position has been included in the budgets prior to FY 2016, but not funded.

The Governor proposes an Office of Veterans' Affairs within the executive branch and legislation for the change is in Section 16 of Article 4. This also includes a Director who reports directly to the Governor. The administrative activities, including the budget, would remain in the Department of Human Services. She also adds \$0.3 million for three new positions: two chief of Veterans' Affairs and one implementation

aide. This includes the \$0.2 million in additional federal per diem resources and \$0.1 million more from general revenues.

Federal per Diem. The Veterans' Home is paid a per diem rate by the federal government to assist in the daily costs of care of the residents at the Home. This rate is increased annually on October 1 and the percent increase is tied to the increases in healthcare costs nationally. The state received an increase October 1, 2015 of 1.2 percent for most residents. This adjustment has already been accounted for in the FY 2016 enacted budget and revised request; however, the federal FY 2017 increase was not included in the FY 2017 current services request.

As part of its constrained request, the Department shifts general revenue expenditures of \$200,000 to expected available federal funds. This reduction was not incorporated into the current services request because the division was tasked with finding a certain amount of savings, and this allowed the division to reach its goal for savings proposals. *The Governor's budget includes the \$200,000 in federal resources to support the new positions, as noted above; she does not include a reduction from general revenues.*

Staffing and Contracted Nurses. The Department requests \$26.6 million from all sources for staffing and contracted nurse expenses including \$17.9 million from general revenues and \$8.7 million from federal funds for 240.1 positions. This is \$0.8 million more than enacted, including increases of \$0.2 million from general revenues and \$0.6 million from federal funds and restricted receipts while the number of positions is 0.5 above the enacted level. The request includes \$0.3 million to restore savings from keeping positions vacant, and \$0.5 million for the annualized cost-of-living adjustments and other benefit changes consistent with Budget Office projections. *The Governor adds \$15,080 more than requested, \$0.1 million less from general revenues to reflect statewide savings.*

Target - Continuous Recruitment. As part of its constrained budget request, the Department proposes the creation of a continuous recruitment program for hiring seasonal institutional attendants for the Veterans' Home. The budget includes general revenue savings of \$67,000 from reducing the need to utilize overtime for the remaining certified nurse attendants, both staff and contracted, while the positions are filled. It is not clear why this practice has not yet been instituted and is instead proposed as a reduction, only if necessary. *The Governor's budget assumes the savings.*

All Other Operating. The Department requests \$3.3 million for all other operating expenses, including \$2.8 million from general revenues, \$0.3 million from federal funds and \$0.2 million from restricted receipts. This is \$0.4 million less than enacted, including \$0.1 million less from general revenues, \$0.4 million less from restricted receipts and \$0.2 million more from federal funds. The request includes \$1.0 million for medical supplies, testing and pharmaceuticals, \$0.9 million for food, \$0.7 million for janitorial and linen expenses, \$0.1 million for computer information technology related expenses, and \$0.6 million for other operating expenses. The restricted receipt reduction appears to be an error in the budget submission and does not match supporting documentation. *The Governor recommends funding as requested.*

Target - Weekend Burials. As part of its constrained budget request, the Department proposes eliminating Saturday burials and services, which would reduce overtime for general revenue savings of \$40,000. Each full burial requires four staff members to comply with safety requirements while each niche interment requires two staff members. Each burial lasts 45-60 minutes for a total staff time of between 3 and 4 hours per Saturday. In FY 2015, 180 Saturday burials were conducted over 50 Saturdays with an average of 3.6 burials per Saturday, including full burials and columbarium burials. The cemetery would remain open on Saturdays for visitors, which does not require any staff time. The proposal assumes a start date of July 1, 2016; however, notification of funeral home directors is required at least thirty days prior. *The Governor does not recommend this proposal.*

Capital Projects. The Department requests the enacted level of \$61,000 from restricted receipts for the replacement of two vehicles at the Veterans' Cemetery in Exeter. However, the revised request also includes the vehicles, thus the FY 2017 request acts a placeholder in case additional vehicles are needed.

Although not reflected in the expenditure totals, the Department requests expenditures of \$47.2 million from general obligation bond proceeds for the design and construction of the new Veterans' Home in FY 2017. *The Governor includes \$27.0 million in new bond authorization to be put before the voters on the November 2016 ballot for the new home; this project is discussed in greater detail in the Capital Budget section of this publication.*

Division of Elderly Affairs

Pharmaceutical Assistance to the Elderly. The request includes \$48,800 from restricted receipts to support a 0.5 position to administer the program. This is \$88,266 less than enacted and reflects a reduction from 1.0 to 0.5 full-time equivalent positions. Although participation and utilization of the program continues to decrease each year, the request inadvertently excludes operating or rebate receipts; it appears that the intent was to request \$45,000 from rebates, but the funds were excluded from the request. Operating expenditures are nominal and included with the Division's other operating expenditures. *The Governor adds \$71,893 to the request to reflect available resources.*

Home and Community Care Services. The Department requests \$6.0 million from all sources, including \$3.0 million from general revenues for home care, adult day and case management services. This is \$25,499 less than enacted, including \$21,501 more from general revenues and \$47,000 less from federal funds to reflect the expected federal match rate. It should be noted that the Division spent \$5.3 million in FY 2014 and \$5.0 million in FY 2015. While not noted in the budget request, it appears the Division is expanding program eligibility by increasing the income threshold and expanding services to non-elderly adults with dementia, each is discussed separately.

These programs serve low-income elders who pay a portion of the costs of the services, which include bathing, dressing, household chores, ambulatory needs, adult day activities, and case management services based on needs assessments in physical, cognitive, social, emotional, financial, nutritional, and environmental domains. *The Governor recommends funding as requested.*

Home and Community Care Program Eligibility. The program assists low-income elders who pay a portion of the costs of the services, which include bathing, dressing, household chores, ambulatory needs, adult day activities, and case management services based needs assessments with incomes up to 200 percent of poverty. The Division has changed its rules and regulations and increased the income threshold to 250 percent. The Division has completed the public hearing process but as of February 1, 2016, it has not filed the change with the Secretary of State's Office. The Medicaid waiver allows for this coverage; however, Rhode Island General Law 42-12.4-7 (1) mandates that "*any change that requires the implementation of a rule or regulation or modification of a rule or regulation in existence prior to the demonstration shall require prior approval of the general assembly*".

The Governor does not include the necessary statutory language to make this change.

Services to Non-Elderly Adults with Dementia. The Division has also changed its rules and regulations to expand home and community based services to non-elderly individuals with dementia through the Medicaid waiver. The Division has completed the public hearing process and can file the change with the Secretary of State's Office by mid-January; as of February 1, 2016, it has not done so. The Medicaid waiver allows for this coverage but it has been past practice to notify the Assembly of any significant program changes before starting the process of making any changes especially those that have a fiscal impact; that did not happen with this change. The Division reports that the fiscal impact will be minimal and is subject to state

appropriation. *The Governor includes Article 7 to seek Assembly approval to provide these services through the Medicaid waiver but does not include a proposed cost.*

Long Term Care Ombudsman. The Department requests the enacted level of \$320,900 for the long term care ombudsman, including \$167,650 from general revenues. The Long Term Care Ombudsman, Alliance for Better Long Term Care advocates on behalf of residents of nursing homes, assisted living residences and certain other facilities, as well as recipients of home care services. The ombudsman program identifies, investigates, and resolves complaints raised by the aforementioned parties.

The constrained request reduces funding by \$90,000, including \$45,000 from general revenues. The reason is not explained. *The Governor includes the funding reduction.*

Volunteer Guardianship Program. The Department requests the enacted level of \$81,512 from general revenues to support the volunteer program which provides guardianship services to low-income, older, at-risk persons residing throughout the state who have been identified by a referral source as being in need of this advocacy service; guardianships under this program do not involve decision-making regarding the property or finances of the person.

The Division eliminates this funding as part of its constrained request. The Department indicates that the program is not furthering its primary objective of helping elders remain in the community since most of the individuals reside in nursing homes. *The Governor recommends eliminating the program.*

Cost Allocation Plan. The FY 2016 enacted budget does not include any federal or restricted resources from the Division from entering into a new cost allocation plan which will offset general revenue expenses.

As part of its constrained request, the Department assumes the new cost allocation proposal will be accepted and implemented for general revenue savings of \$71,893. It is not clear why this is not part of the current services request, since the cost allocation plan can be applied to expenditures once the approval is received, and does not require additional approval or guidance from the Governor or General Assembly. *The Governor includes the savings in her recommendation.*

Other Operating. The Department requests \$10.9 million from all sources for all grant and operating expenditures within the division, including \$2.2 million from general revenues and \$8.7 million from federal funds. This is \$44,873 less than enacted including \$75,507 more from general revenues and \$120,380 less from federal sources. The request includes \$3.3 million for salaries and benefits for 31.0 positions, which is \$137,931 more than enacted; it also includes \$7.2 million for grants, benefits and services to assist seniors, which is \$0.2 million less than enacted from updated awards. The request also includes \$0.4 million for travel expenses, advertising, software maintenance agreements and other operating expenses.

As part of its constrained request, the Department proposes shifting \$69,242 in general revenue expenses to existing Title III federal funds, which potentially lowers federal funding available to support community activities. This includes \$44,000 to fully fund the subscription renewal and maintenance of synergy database to maintain the network; \$15,242 for in-state travel costs for the protective services unit and \$10,000 in various administrative costs. *The Governor recommends funding \$0.1 million less than requested for all other operations including statewide savings.*

Other Programs

Reinventing Medicaid - Unachieved Savings. The enacted budget includes savings of \$2.0 million, including \$1.0 million from general revenues, in the budgets of the Department of Human Services and the Office of Health and Human Services from administrative changes made through the process to reinvent

Medicaid that were part of the Working Group recommendations and the Governor's amendment which was accepted by the Assembly. The Department's FY 2016 revised and FY 2017 requests restores its share of the savings, \$1.0 million, including \$0.5 million from general revenues and does not explain its inability to meet these savings. *The Governor restores the savings as requested.*

Health Care Determination Administration - Staffing. The Department requests \$15.0 million from all sources for expenses related to eligibility determinations for Medicaid and long term care services, including \$7.4 million from general revenues matched by Medicaid. This is \$2.4 million more than enacted, including \$1.2 million more from general revenues. This revision may be connected to the \$1.2 million staffing reduction for cash assistance administration, but the Department has not responded to inquiries to clarify the reasons for these changes.

Staff in this program work in the field offices processing Medicaid eligibility claims or are long term care administrators that determine eligibility for state long term care medical assistance services and determine post-eligibility treatment of income. *The Governor recommends \$1.3 million less than requested, including \$0.6 million less for administrative savings reflecting full implementation of the Unified Health Infrastructure Project.*

Health Care Determination Administration Operations. The Department requests \$1.4 million from all sources for other operations related to eligibility determinations for Medicaid and long term care services, including \$0.7 million from general revenues and \$0.6 million from federal funds. This is \$1.4 million less from federal funds and \$0.2 million less from general revenues. It appears that this is not the correct Medicaid match rate since the state is able to leverage 50 percent Medicaid match for administrative activities.

The request includes \$1.2 million for operating expenses, including \$0.9 million for rent at the Fountain Street location and \$0.3 million for postage and appears to eliminate all other expenses. The Department has not provided an explanation for this reduction. The request also includes \$0.1 million for contracted services, including janitorial, security and medical services. *The Governor recommends funding as requested.*

Child Support Enforcement Program. The Department requests \$8.5 million from all sources for other expenditures related to child support enforcement. This includes \$2.8 million from general revenues and \$5.6 million from federal funds and is \$0.7 million more than enacted, including \$0.3 million from general revenues. The request includes \$5.2 million for salaries and benefits, which is \$0.3 million more than enacted and 60.0 positions. It assumes turnover for 5.2 positions, which is 3.3 less than assumed in the enacted budget, and includes updated benefit rates and annualizes the final cost-of-living adjustment.

The request includes \$3.3 million for all operating expenses, which is \$0.4 million more than enacted; \$0.2 million for a settlement, which is consistent with the revised request. The request also includes \$0.7 million for processing payments and claims, \$0.7 million for lease and security costs, \$0.4 million for constable services, \$0.4 million for postage and printing, \$0.3 million for tax intercepts and \$0.5 million for all other operating expenditures. *The Governor recommends \$30,745 more than requested, including \$15,745 more from general revenues for postage and statewide savings.*

Target - Postage and Notifications. The Department includes savings of \$181,000, including \$61,540 from general revenues from reducing the number and variety of notices sent to families. This includes nine adjustments to the amount, frequency, format and content of notifications and the Department indicated the initiative can be completed within six months; however, a full year of savings are assumed in the constrained request.

This includes eliminating: employer transmittals generated monthly; non-custodial parent monthly statements; Kenyon (or pass through) monthly notices to custodial parents describing child support received and pass through remitted; elimination of the mailing of court orders to Department of Children, Youth and Families, legal services and the Department of Corrections (interoffice mail or hand delivered); electronic submission of income withholding notices to employers instead of mailing of income withholding orders; suppression of mailings to bad addresses, incomplete addresses, fictitious addresses and homeless addresses being mailed; and combining three notices into one statement of amount due and programming is required. A federal waiver is required for the Kenyon notice, to reduce the frequency from monthly to quarterly; it has already been submitted, but the Department has not received notification yet of a decision. *The Governor recommends this proposal.*

Target - Interpreters at the Family Court. As part of its constrained request, the Department proposes eliminating agency supplied interpreters at the Family Court for savings of \$31,540, including \$7,990 from general revenues. Providing interpreters is not required by law and this action may shift the costs to the Family Court and may create longer wait times for individuals who need access to interpreters. The Department indicates that this initiative can be accomplished within six months, to provide for proper notice; however, the savings assumed are for a full year. *The Governor does not recommend this proposal.*

Target - Constables for Service of Process. As part of its constrained request, the Department proposes to reduce the use of constables for two specific initiatives for savings of \$420,000, including \$142,800 from general revenues. This includes eliminating all contempt motions for which both parties are served by a constable to appear for a hearing, which are filed because the non-custodial parent owes past due support and all administrative enforcement remedies have not produced assets or income. The other is to mail a letter to the custodial parent notifying the parent of an appointment so that he or she can provide information and sign the paternity complaint instead of the current appointment letters processed by constables. The Department indicates the two initiatives can be completed within approximately 9 months; however, a full year of savings is assumed. *The Governor does not recommend this proposal.*

Women, Infants, and Children's Nutrition Program. The Department's request transfers the Women, Infants, and Children program, including \$25.5 million from federal funds and 13 positions, to the Department of Health. This requires a statutory change.

The 2009 Assembly transferred the program from the Department of Health initially to the Office of Health and Human Services, effective March 1, 2010, but then amended that to the Department of Human Services, effective October 1, 2010 to coincide with the beginning of the new federal fiscal year. The Department of Health indicates that it wants the program transferred back since it is the agency that applies and receives the funds. Additionally, the Department indicates that the federal government has consistently questioned the transfer of the program to the Department of Human Services. Currently, the Governor's Office is working with the Executive Office of Health and Human Services and the Departments of Health and Human Services to have the program reside under the granting health agency. *The Governor includes Section 13 of Article 4 for the transfer and adds 13.0 positions to the Department of Health's budget; however, she does not reduce staffing authorization in the Department of Human Services' budget accordingly.*

Supplemental Nutrition Assistance Program - Benefits. The Department requests \$282.0 million from federal funds for direct benefit payments for the Supplemental Nutrition Assistance program in FY 2017. This is \$14.0 million more than enacted and \$0.8 million more than the amount spent in FY 2015. The FY 2016 enacted level was based on FY 2014 expenditures; however, there has been a slight decline in utilization, which is expected to continue as the economy improves and the temporary increase in benefit levels from the Stimulus Act ended in November 2013, automatically reducing benefit payment levels, compared to the FY 2013 level. *The Governor recommends funding as requested.*

Supplemental Nutrition Assistance Program - Staffing. The Department requests \$11.5 million, including \$5.6 million from both general revenues and federal funds, for staffing expenses to administer the supplemental nutrition assistance program. This is \$1.3 million less than enacted, including \$0.7 million from general revenues. This revision may be connected to the staffing reductions for cash assistance administration, but the Department has not responded to inquiries to clarify the reasons for these changes. The request also lowers overtime by \$0.1 million to \$0.9 million and includes benefit adjustments consistent with Budget Office planning values.

As part of its constrained request, the Department increases federal funds by \$0.2 million and decreases general revenues by \$0.1 million. The request assumes that by eliminating the general public assistance program, discussed separately, the general revenue funded positions will be transferred to the supplemental nutrition assistance program where staffing expenses are split with federal funds. It should be noted that the general revenues for these transferred positions remain budgeted in the Rhode Island Works program in the constrained request while the federal funds are included with the nutrition program.

The Governor recommends \$1.2 million less for staffing than requested, including \$0.8 million less from general revenues. This includes \$0.6 million from all sources to reflect the transfer of seven positions to the Department of Administration's Office of Internal Audits. She also includes \$0.6 million in savings, including \$0.6 million from general revenues for administrative efficiencies savings from the Unified Health Infrastructure Project.

Supplemental Nutrition Assistance Program - Operations. The Department requests \$7.8 million from all funds, including \$1.7 million from general revenues, \$5.6 million from federal funds and \$0.5 million from one-time bonus funds for operating expenses for administration of the supplemental nutrition assistance program. The request is \$0.2 million more than enacted, primarily from general revenues and reflects increased and newly awarded grants for education, employment and training services, and supports while in training programs. The request includes \$1.1 million for administrative grants to participating vendors, \$1.2 million for the electronic benefit cards, \$0.9 million for printing and postage expenses, \$0.6 million for information technology support and \$0.7 million for lease and security costs. It also includes \$1.2 million for nutrition education, and \$0.9 million for employment and training services. The request contains \$1.2 million for all other operating expenditures, such as interpreters, audit fees, utilities and office supplies. *The Governor recommends \$0.1 million less than requested, including \$0.4 million less from general revenues and includes savings from the bonus payment.*

Target - Supplemental Nutrition Assistance Program Bonus. The Department includes savings of \$0.5 million from shifting general revenue expenses to a one-time federal program bonus. It is unclear why this is part of the constrained request; however, the Department also includes the bonus in its revised request and has not verified whether or not this is a one-time bonus that has been double counted. *The Governor includes the payment.*

LIHEAP and Weatherization Assistance Programs. The Department requests \$12.6 million from federal sources and other funds for benefits and operating expenses related to the low income home energy assistance and weatherization assistance programs. This includes \$11.7 million for home energy and weatherization projects; this is \$13.3 million less than enacted due to the spending of prior year awards and continued reductions in funding for the low income home energy assistance program. The request includes \$0.8 million for salary and benefit expenses for 6.0 positions, which is \$0.1 million more than enacted and appears to overfund staffing needs, and \$0.1 million for operating expenses.

The low income home energy assistance program costs assists Rhode Island's low income households and currently assists approximately 37,000 low income households with home energy costs. Grants range from \$300 to \$450 monthly depending on income level. The weatherization assistance 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 Governor recommends funding as requested.*

Race to the Top. The Department requests \$1.6 million from federal Race to the Top funds, which is \$4.6 million less than enacted to reflect the end of the program on December 31, 2015; there has been a year extension. The request includes \$1.2 million, or \$1.2 million more than enacted for contracts and grants for several programs and initiatives the Department developed and \$0.4 million for staffing, \$0.4 million less than enacted. The programs and initiatives include the Bright Stars quality rating and improvement system, a new professional development technical assistance center for community-based technical support to improve programs, a contract with the Community College of Rhode Island to award credits for experience for early childhood workers who want to obtain an early childhood degree, quality improvement grants to help providers improve the quality of care and quality awards to providers who have a high rating in order to help them maintain high quality of care.

The Department received the award in December 2011, made no expenditures in FY 2012 and spent \$168,879 in FY 2013, \$3.6 million in FY 2014 and \$10.8 million in FY 2015. The grant award is set to expire December 31, 2015, but has been extended, and the Department requests \$8.9 million in FY 2016 and \$1.6 million in FY 2017 to complete activities within the grant award. *The Governor recommends federal funding consistent with the request and adds \$1.1 million from general revenues to continue funding programs that were supported through the federal grant.*

Paratransit Services for the Elderly. The Department requests \$6.4 million from all sources for elderly transportation services, including \$1.5 million from general revenues, and \$0.5 million from federal funds. It intended to request the enacted level of \$4.4 million from the Department's one-cent share of the motor fuel tax; however, instead included \$47.2 million from gas tax proceeds, in error.

The state leverages Medicaid funds under the global waiver for certain transportation expenses that were previously state only and the requested general revenue increase of \$11,131 from the enacted level reflects 2.4 percent growth for these expenses but the Department does not include the Medicaid match which overstates state spending. *The Governor recommends \$6.4 million from all sources, including \$1.5 million from general revenues. She corrects the gas tax error but also does not adjust for the Medicaid match rate.*

Community Services Block Grant. The Department requests the enacted level of \$3.7 million from federal funds for expenses related to the community services block grant, including salaries and benefits. The request includes \$3.7 million for direct grants awarded to the state's nine community action agencies, \$0.1 million for staffing expenses and all other operating expenditures. *The Governor recommends funding as requested.*

Crossroads. The Department requests the enacted level of \$360,000 from general revenues to support activities provided by Crossroads Rhode Island that address homelessness and other related issues. Crossroads Rhode Island is the largest homeless services organization in the state that provides 24-hour assistance, seven days a week. The request also includes \$302,500 provided as a community service grant for total funding of \$662,500.

As part of its constrained request, the Department excludes the \$360,000 and continues to provide funding through the community service grant. *The Governor recommends the enacted level of funding for both.*

Meal on Wheels. The Department requests the enacted level \$530,000 from general revenues to support Meal on Wheels; this is awarded as a community services grant to the organization.

As part of the constrained request, the Department proposes to shift \$165,000 of general revenue costs to Medicaid, restricting the use of \$330,000 of program funds to Medicaid eligible individuals. It is unclear why the Division has taken the opportunity to match Medicaid in order to expand access to the program and instead used a federal match to reduce state expenses. *The Governor recommends funding consistent with the enacted level.*

Community Service Grants. The Department requests the enacted level of \$3.1 million from general revenues for the remaining community service grants that support over 100 social service agencies and community organizations. *The Governor adds \$600,000 to expand funding for senior center activities.*

Domestic Violence. The Department requests \$0.9 million for domestic violence prevention activities, including \$0.8 million from federal family violence prevention funding and \$135,553 from general revenues. The request is \$1,500 more than enacted from federal funds to include out of state travel expenses that were not anticipated prior to FY 2016. Funding is contracted through the RI Coalition Against Domestic Violence and distributed to domestic violence shelters in the state. The general revenue funding is used for counselors and operations of the shelters.

As part of its constrained request, the Department reduces the general revenue funding by \$120,000 to \$15,553. *The Governor does not reduce funding for domestic violence prevention activities and includes \$0.9 million, including \$0.1 million from general revenues in her recommendation.*

Head Start. The Department requests the enacted level of \$0.8 million from general revenues to support the local Head Start agencies. Head Start is a federally funded program that provides services to approximately 2,500 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.

As part of its constrained request, the Department excludes \$60,000, representing a 7.5 percent reduction to Head Start funding. *The Governor includes the enacted level of \$0.8 million.*

Work Support Strategies. The Department's request reflects the expiration of the work support strategies grant provided by the Urban Institute that is being used to streamline access to and delivery of the services of the major programs that support low income families and reduces restricted receipts by \$0.3 million in FY 2017. *The Governor recommends funding as requested.*

Medicaid Rehabilitative Services. The Department requests \$1.0 million for three programs managed by the Office of Rehabilitation Services that provide services eligible for federal matching funds under provisions of the global Medicaid waiver. The services include social services for the blind, personal care attendants, and home modifications; these services are aimed at helping an individual maintain independence. The request includes \$0.4 million for personal care attendants, \$0.3 million for social services for the blind and \$0.2 million for home modification services. The request is \$23,243 more than enacted from general revenues and includes the enacted level of federal funds; this reflects increases of 2.39 percent for each program. It appears the request has a Medicaid match rate that is lower than the anticipated rate; correcting the rate would shift \$17,371 from general revenues in the request to federal funds if the grand total remained the same.

As part of its constrained request, the Department includes the elimination of two out of three of these programs for savings of \$0.6 million, including \$0.3 million each from general revenues and federal funds. The two proposed programs are the personal care attendants and home modifications. These services would still be available through the current providers and the community action agencies, but individuals would have to pay for the services out of pocket if the waiver services were eliminated. It is possible that these individuals cannot afford to pay for these services and may enter into an assisted living or long term care

facility if the state's waiver services are eliminated. This reduction has been included in prior budget requests.

The Governor recommends the elimination of the two programs consistent with the constrained request and she recommends the remainder of the request.

Office of Rehabilitation Services - Staffing and Operations. The Department requests \$31.5 million from all sources for staffing and operations for the Office of Rehabilitation Services, including \$4.0 million from general revenues, \$27.3 million from federal funds and \$0.2 million from restricted receipts. This is \$0.6 million more than enacted, including increases of \$0.2 million from general revenues and \$0.3 million from federal funds.

The request includes \$14.5 million for staffing costs, which is \$1.0 million more than enacted and contains benefit rates consistent with Budget Office planning values. This revision may be connected to other staffing changes for cash assistance administration, but the Department has not responded to inquiries to clarify the reasons for these changes.

The Department requests \$17.0 million to support program operations, which is \$0.4 million less than enacted, primarily to reflect the expectation of utilizing federal funds made available from other states that had not spent all of their allocations. The request includes \$9.8 million for rehabilitation services, \$2.1 million for medical services and supplies for individuals applying for disability, \$0.4 million for education and training programs, and \$0.9 million for grant awards within the vocational rehabilitation program. The request also includes \$0.9 million for contracted temporary clerical services to assist with processing applications, \$0.8 million for lease costs for the offices located at 20 Fountain Street in Providence, which is \$0.4 million less than enacted, and \$1.8 million for all other operating costs, which is \$0.2 million more than enacted for software maintenance agreements.

As part of the constrained request, the Department reduces general revenue spending on vocational rehabilitation services for disabled students through the local collaboratives by \$130,000 leaving \$4,466 for this activity. *The Governor recommends \$57,377 less than requested for statewide savings; she does not include the reduction for the local collaboratives.*

Capital - Blind Vending Facilities. The Department requests the enacted level of \$165,000 from Rhode Island Capital Plan funds for the ongoing construction and renovation of statewide vending facilities. The request is consistent with the Department's capital budget request, discussed in greater detail in the *Capital Budget* section of this publication. *The Governor recommends funding as requested.*

Other Staffing. The Department requests \$4.8 million from all sources, including \$2.1 million from general revenues, \$2.2 million from federal funds and \$0.5 million from restricted receipts for all other staffing expenses. This is \$1.2 million more than enacted, including \$0.2 million more from general revenues, \$1.1 million more from federal sources and \$0.2 million less from restricted receipts. The request includes benefit rates consistent with Budget Office planning values and the annualized cost-of-living adjustment but the Department has not provided the documentation for the positions that may be included in its staffing projections. *The Governor recommends \$5,277 less than requested for statewide savings.*

Other Programs and Operations. The Department requests \$1.9 million for other expenses, including \$0.2 million from general revenues and \$1.7 million from federal funds. This is \$131,321 more than enacted, including \$23,301 less from general revenues. The request includes \$1.3 million for shelter and housing services and emergency food assistance. It also includes \$0.6 million for all other expenses, including lease and security costs, computer and information technology expenses, office supplies, printing and postage and utilities. *The Governor recommends funding as requested.*

Target – Contract Management. The Department proposes savings of \$0.1 million from general revenues from reviewing contracts and implementing stronger performance measures; however, the Department has not identified which contracts will be impacted by this change. *The Governor recommends funding as requested.*

Dept. of Behavioral Healthcare, Developmental Disabilities and Hospitals

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Program				
Central Management	\$ 1,615,952	\$ 1,644,928	\$ 1,689,909	\$ 1,695,428
Services for the Dev. Disabled	230,874,476	237,747,945	244,551,008	235,223,032
Hosp. & Comm. System Support	2,780,863	2,665,877	2,866,195	2,914,190
Hospital & Comm. Rehab. Services	116,305,161	116,761,160	122,444,806	114,261,611
Behavioral Healthcare Services	19,369,242	21,023,077	20,598,890	20,911,615
Total	\$ 370,945,694	\$ 379,842,987	\$ 392,150,808	\$ 375,005,876
Expenditures by Category				
Salaries and Benefits	\$ 130,783,369	\$ 126,221,032	\$ 134,464,662	\$ 107,762,300
Contracted Services	3,380,227	5,472,380	3,758,132	3,542,312
Subtotal	\$ 134,163,596	\$ 131,693,412	\$ 138,222,794	\$ 111,304,612
Other State Operations	14,012,346	14,390,073	14,585,982	14,588,111
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	215,841,256	225,903,892	228,457,449	237,928,591
Capital	6,928,496	7,855,610	10,884,583	11,184,562
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 370,945,694	\$ 379,842,987	\$ 392,150,808	\$ 375,005,876
Sources of Funds				
General Revenue	\$ 172,488,711	\$ 174,461,291	\$ 181,207,923	\$ 168,143,778
Federal Aid	182,605,186	189,408,411	191,382,682	187,490,274
Restricted Receipts	9,180,797	8,365,757	9,199,203	8,435,824
Other	6,671,000	7,607,528	10,361,000	10,936,000
Total	\$ 370,945,694	\$ 379,842,987	\$ 392,150,808	\$ 375,005,876
FTE Authorization	1,421.4	1,419.4	1,421.4	1,417.4

Summary. The Department requests \$392.2 million from all sources including \$181.2 million from general revenues, \$191.4 million from federal funds, \$10.4 million from Rhode Island Capital Plan funds and \$9.2 million from restricted receipts. The request is \$21.5 million more than enacted and includes \$8.7 million more from general revenues, \$8.8 million more from federal funds, \$3.7 million more from Rhode Island Capital Plan funds, and \$18,406 more from restricted receipts.

The request also includes the current staffing authorization level of 1,421.4; the constrained request lowers that by 67.2 positions at the state-run hospital and 2.0 in the Division of Behavioral Healthcare Services.

The Governor recommends \$4.1 million more than enacted and \$17.4 million less than requested from all sources, which is \$13.1 million less than requested from general revenues. She includes 1,417.4 positions, four less than requested.

Target Issues. The Budget Office provided the Department with a general revenue target of \$160.4 million. The amount includes current service adjustments of \$0.9 million and a 7.5 percent target reduction of \$13.0 million, excluding community service grants.

FY 2017 Budget	Budget Office	Dept .of BHDDH	Difference
FY 2016 Enacted	\$ 172,488,711	\$ 172,488,711	\$ -
Current Service Adjustments	905,546	8,719,212	7,813,666
Change to FY 2016 Enacted	\$ 905,546	\$ 8,719,212	\$ 7,813,666
FY 2017 Current Service/Unconstrained Request	\$ 173,394,257	\$ 181,207,923	\$ 7,813,666
Target Reduction/Initiatives	(12,985,058)	(5,146,907)	7,838,151
FY 2017 Constrained Target/Request	\$ 160,409,199	\$ 176,061,016	\$ 15,651,817
<i>Change to FY 2016 Enacted</i>	\$ (12,079,512)	\$ 3,572,305	\$ 15,651,817

The constrained budget submitted by the Department is \$15.7 million above the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget is \$7.7 million above the target.*

Departmentwide

Capital Projects. The Department requests \$10.8 million from Rhode Island Capital Plan and Medicaid funds for capital projects, which is \$3.7 million more than enacted. The Capital Budget section of this publication includes project descriptions. *The Governor recommends \$4.3 million more than enacted and \$0.6 million more than requested. The Capital Budget section of this publication includes project descriptions.*

Division of Developmental Disabilities

Developmental Disabilities Programs. The Department's FY 2017 request includes \$244.6 million from all sources, of which \$121.6 million is from general revenues for programs to support adults with developmental disabilities. It includes \$1.6 million for the upkeep and maintenance of the state owned group homes and day programming sites in the privately operated community based system, primarily supported from Rhode Island Capital Plan funds. The Department's FY 2017 request is \$13.8 million more from all sources, including \$7.5 million more from general revenues. The enacted budget funds the monitoring activities and the conversion workshop to satisfy the requirement of the consent decree the state entered into with the Department of Justice regarding individuals whose day activities were at sheltered workshops.

The Department has been asked for the methodology for the increase and the number of individuals who have had a resource level increased to meet the consent decree. That information has not yet been provided.

The following table breaks down division expenses for developmentally disabled adults who receive residential, community based and home services through the state-run system and/or the privately operated system. The state operates a Medicaid funded program for individuals who qualify for services through one of three programs. First, the Medicaid waiver includes residential and community based services delivered through both the state-run and privately operated programs for individuals who meet the program's statutory requirements. The second program, for those who do not meet the statutory requirement, is the cost not otherwise matchable, or CNOM, program, which is also allowed through the Medicaid waiver. The third Medicaid program is the rehabilitation option. Services through the second and third programs noted are only community based and only through private providers. There are also individuals who receive case management services only. Each program is discussed separately.

Developmental Disabilities Services					
Program/Component	Individuals*	FY 2017 Request		FY 2017 Recommended	
		General Revenues	All Funds	General Revenues	All Funds
Privately Operated System - Residential and Day	3,306	\$ 98,280,585	\$ 196,561,170	\$ 100,968,808	\$ 206,032,363
Rehab Option - Day Programs	175	599,160	1,198,320	599,160	1,198,320
Medicaid CNOM - Day Programs	5	50,000	100,000	50,000	100,000
RICLAS (state-run) - Residential	170	16,893,376	35,793,249	7,467,721	17,761,877
Case Management Only	411	not separately available - included below			
Other State Only Services & Admin	0	5,784,732	9,348,269	5,173,460	8,980,472
Capital Projects	n/a	-	1,550,000	-	1,150,000
Total	4,067	\$ 121,607,853	\$ 244,551,008	\$ 114,259,149	\$ 235,223,032

*Enrollment as of December 2015

The Governor recommends \$235.2 million, including \$114.3 million from general revenues; this is \$4.3 million more than enacted, including \$0.1 million more from general revenues. The Governor adds \$19.8 million in the privately operated system, \$8.0 million from general revenues and assumes savings of \$15.5 million, \$7.8 million from general revenues in the state-run system.

Her changes are listed in the following table and discussed separately in the following sections.

Governor's Recommended Changes	Gen. Rev.	All Funds
Community Based Providers		
FY 2016 Spending - Provider Payments	\$ 6,015,388	\$ 12,243,818
Caseload Adjustment	2,873,368	5,848,500
Direct Care Worker Rate Increase	2,500,000	5,088,541
RICLAS to Shared Living Arrangements	1,627,839	3,200,000
Consent Decree	918,964	1,870,474
Medicaid Rate Adjustment	(1,710,082)	-
<i>Subtotal</i>	\$ 12,225,477	\$ 28,251,333
24-hour Residential to Shared Living Arrangement	(1,131,492)	(2,303,057)
Professional Supports	(2,161,720)	(4,408,214)
Resource Levels	(687,820)	(1,419,817)
<i>Subtotal</i>	\$ (3,981,032)	\$ (8,131,088)
Total Community-Based Providers	8,244,445	20,120,245
RICLAS		
RICLAS - Residential to Shared Living Arrangement	(6,491,138)	(13,924,839)
FY 2016 Current Spending	(1,234,555)	(1,726,124)
Total RICLAS	(7,725,693)	(15,650,963)
Total Change to Enacted	\$ 518,752	\$ 4,469,282
24-hour Residential to Shared Living Total Savings	\$ (5,994,791)	\$ (13,027,896)

Department of Justice Consent Decree - Monitor. The consent decree has two fiscal components: a monitor and a Trust Fund. The Department did not include any funding for the monitor, Charles Moseley from the National Association of State Directors of Developmental Disabilities Services, in FY 2017. The consent decree stipulates the state payment to the monitor is not to exceed \$300,000; the Department's request adds \$296,000 for monitoring costs that have not been identified.

The Governor recommends \$450,000 from all sources, including \$225,000 from general revenues and \$225,000 from Medicaid. This is \$150,000 less than requested and offsets general revenue costs with matching federal funds.

Department of Justice Consent Decree - Trust Fund. The consent decree also stipulates that by October 1, 2014, the state will establish and begin distributing from an \$800,000 Workshop Conversion Trust Fund which will be administered by the Paul V. Sherlock Center on Disabilities at Rhode Island College. The FY 2017 request eliminated the enacted level of \$400,000 from general revenues; funding was included in FY 2015 and FY 2016 for the Trust Fund for start-up costs for providers who convert services to supported employment and will be administered by the director of the Department of Human Services and the associate director of the Office of Rehabilitation Services. *The Governor eliminates the funding.*

Privately Operated System. The Department requests \$196.6 million including \$98.3 million from general revenues for privately provided residential, day and family support programs provided through the state's Medicaid global waiver in its current services request. This is \$12.9 million more than enacted, including \$6.7 million more from general revenues and \$6.2 million more from federal funds.

The Department's FY 2017 request is consistent with the revised request; however, there are two proposals that are included in the current services request to control spending and reduce costs by \$4.5 million, including \$2.3 million from general revenues. Each is discussed separately. These include decreasing the use of center-based day programs for individuals assigned to Tier A and Tier B for savings of \$3.4 million, including \$1.7 million from general revenues, and reducing the availability of group home beds for savings of \$1.1 million, including \$0.6 million from general revenues. The assigned levels, or tiers, are based on the individual's needs and assigned a specific resource level, or budget, to pay for services. The Department has been asked for the specific level of need in each tier but has not provided any specific information.

The Governor recommends \$206.0 million, including \$110.0 million from general revenues which is \$9.5 million more than requested, including \$2.7 million more from general revenues. The Governor's budget makes several program changes impacting service delivery and adjusts the Medicaid match rate.

Consistent with the revised request, she adds \$12.2 million, \$6.0 million from all sources to fund services currently provided to program recipients; she adjusts funding for the consent decree separately.

Caseload Adjustment. The Department provides services to approximately 3,300 developmentally disabled adults in the community based system. The number of individuals receiving services has been fairly consistent with enrollment for the prior years with individuals. *The Governor adds \$5.8 million from all sources, including \$2.9 million from general revenues for an anticipated increase in program participants based on increased awareness of Department programs for this population from the consent decree settlement; however, it has not provided the number of individuals it anticipates will be eligible for services.*

Consent Decree. The consent decree requires the Department to provide integrated services to adults with developmental disabilities. The Department did not request any additional funding or specify the number of individuals who must receive these services. This includes 50 adults in sheltered workshops and 25 adults in center based day programs. *The Governor adds \$1.9 million, including \$0.9 million from general revenues for the 75 adults and 71 youth in transition to meet the requirements. It should be noted that this appears to add the full cost of the services for these individuals but does not take into consideration that the individuals may already be receiving services accounted for in the budget. In these cases, the costs would only be incremental.*

Direct Care Worker Rate Increase. The Department reimburses direct care workers in the privately operated community based system to \$11.55 an hour. The wages paid to other workers, such as supervisors are built off the direct care workers rate. *The Governor adds \$5.1 million, including \$2.5 million from general revenues to raise rate to by \$0.45 to \$12.00. This provides an increase to the direct care workers and supervisors.*

Residential Placements. The Department proposes reducing costs in the privately operated program by \$1.1 million, including \$0.6 million from general revenues from reducing the availability of group home placements by 70 from 1,266 to 1,196. The Department estimates savings of \$16,000 per placement/per year in the less intensive placements.

Within the private system, the Governor adds \$3.2 million for the community based agencies to provide services to individuals recently relocated from the state-run system and assumes savings of \$2.3 million from moving 50 individuals in 24-hour privately operated group homes to shared living provider arrangements for a net impact of \$0.9 million. The proposal also affects individuals in the state-run system.

Professional Supports. The Department proposes savings in its revised budget from eliminating professional supports, such as physical, speech and occupational therapy, in its corrective action plan. The supporting documentation suggested two options, one starting January 1, 2016 for savings of \$1.1 million and the other starting March 1, 2016 for savings of \$0.7 million. The corrective action plan presented total savings of \$1.8 million apparently from adding together the two mutually exclusive options.

The Department then provided updated information that the savings would be achieved from providers billing an individual's medical coverage, either Medicare and/or Medicaid, for the services. If an individual is enrolled in the state's Rhody Health Partners or Rhody Health Options managed care plans, the plans are paid a per member per month capitated rate that would cover these services through the Executive Office budget; however, the Department was paying for the services through its budget.

The Governor includes savings of \$4.4 million from all sources, including \$2.2 million from general revenues but the reason for the savings is not consistent with the corrective action plan. Savings will now be achieved from providers billing an individual's medical coverage, either Medicare and/or Medicaid, for the services. If an individual is enrolled in the state's Rhody Health Partners or Rhody Health Options managed care plans, the plans are paid a per member per month capitated rate that would cover these services through the Executive Office's budget; however, the Department was paying for the services through its budget.

Resource Levels. The Department proposes keeping 96 individuals who have had their resource plan decrease because of an assessment change at the originally assessed lower level starting January 1, 2016 for general revenue savings of \$0.4 million in its revised budget. It did not include any adjustments in its FY 2017 request. *The Governor includes savings of \$1.4 million, including \$0.7 million from general revenues in FY 2017 from this action.*

Center Based Day Programs. The Department proposes savings of \$3.5 million, including \$1.8 million from general revenues from shifting center-based day program funding to community and supportive employment for those assigned to Tier A and Tier B in its current services request to reduce program costs and keep it consistent with the revised request. *The Governor does not recommend this proposal.*

Cost of Care - Unachieved Savings. If an individual meets the criteria for disability but has an income over the allowable limit that person can still receive services but must pay a portion of the services monthly, referred to as "cost of care", until he or she meets the monthly income limit and then the state pays the remainder of the services. The provider collects the recipient's cost of care and adjusts its monthly billing to reflect the state offset.

The Department included an initiative in its FY 2016 constrained budget that assumes collection of a program recipient's financial responsibility toward care will increase to 100 percent and includes savings of \$0.9 million from all sources, of which \$0.5 million is from general revenues from a newly automated system. The Governor recommended the savings and the Assembly concurred. The Department has not

made any changes to increase the collections and restored the savings in its FY 2016 revised and FY 2017 budgets.

As part of the Governor's initiative to Reinvent Medicaid, there is a proposal to collect patient share in both the Department and the Executive Office of Health and Human Services' home and community care program. It remains unclear why an individual who has not made the necessary contributions to qualify for Medicaid funded services is allowed to continue to receive these services in both departments.

The Governor includes Article 7 to expedite the process to collect the payments. She does not include any savings in the Department's budget from this initiative. She includes \$3.1 million, including \$1.5 million from general revenues, in the Executive Office of Health and Human Services' budget from the proposal.

Electronic Visit Verification - Unachieved Savings. The enacted budget includes savings of \$2.7 million, including \$1.4 million from general revenues from using an electronic visit verification system to monitor the delivery of home care services, including personal care and homemaker activities, to record the arrival and departure times of direct care workers providing the services to individuals receiving home based services. This is the same system that will be used by the Executive Office of Health and Human Services and provides the Department the opportunity to piggyback on that system for its home visits. The Department's FY 2017 request restores the funding. *The Governor recommends funding as requested.*

Rehab Option - Day Programs. The Department requests \$1.2 million from all sources, including \$0.6 million from general revenues, which is \$1,680 less than enacted for program expenses for day programming services provided through the Medicaid rehabilitation option. This optional program allows the state to provide day programming services to individuals who are Medicaid eligible but do not meet the state's criteria for these services through the primary developmental disabilities waiver. There are approximately 175 individuals receiving services at an annual cost of \$7,400.

The Governor recommends funding as requested and does not account for the impact of a \$0.45 rate increase to direct care workers in the privately operated system. This suggests the program is underfunded by approximately \$47,000, \$23,000 from general revenues.

Medicaid CNOM - Day Programs. The Department requests \$100,000 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 less than enacted, including \$0.3 million less from general revenues. This is consistent with the revised request to provide services to five individuals.

Similar to the rehab option program, the Governor recommends funding as requested but does not account for a \$0.45 rate increase to direct care workers in the privately operated system. This suggests the program is underfunded by \$4,000 from all sources.

Rhode Island Community Living and Supports Program (RICLAS). There are 29 state run group homes that provide overnight care, of which three are special needs facilities that have the capacity to provide residential services to 202 clients. As of November 2015 there were 173 clients in the state run facility with 15 vacancies. The Department has established a policy that clients would be admitted into the state-run system in emergency situations only. It should also be noted that of the 173 clients, 107 attend a day program run by a community based provider.

The Department proposes savings of \$1.5 million, including \$0.7 million from general revenues from closing two group homes through consolidation, staff reassignments and managing and reducing overtime by filling vacant positions through continuous recruitment. Each is discussed separately. However, the savings are not separately identified in the supporting documentation.

Current Services - State Operated Program. The Department requests \$31.2 million from all sources, including \$15.5 million from general revenues, to support staffing operations in the state-run system in FY 2017.

The Department adds \$2.6 million to the enacted budget for staffing costs at the state-run program for adults with developmental disabilities. This includes \$4.8 million for overtime, which is \$0.8 million more than enacted and funds 395.4 positions to provide services to approximately 180 developmentally disabled adults in the state-run system.

The enacted budget includes \$4.0 million in savings from all sources, including general revenue savings of \$2.0 million, from transitioning the state-run system to the private system starting January 1, 2016. The Department has instead including savings of \$2.1 million from the Department controlling staffing costs within the current system. It is assumed the staffing changes will net additional savings over time.

The remaining costs of \$3.2 million from all sources are used to operate the dental clinic and other operating expenses.

The Governor recommends \$15.5 million less than enacted, including \$7.8 million less from general revenues which is \$18.0 million less than requested including \$9.4 million less from general revenues. The recommendation reduces funding in the state-run system by 46.6 percent for transitioning 22 individuals on July 1, 2016 and another 22 on November 1, 2016. The revised budget includes shifting 50 to shared living arrangements for a total of 94 of the potentially 150 individuals that can be transitioned. The 32 individuals in the highly specialized care facilities will not be considered, and likely account for a higher per person cost.

Target - Group Home Closure/Overtime. The Department proposes savings of \$1.5 million, including \$0.7 million from general revenues from reducing overtime costs through consolidating existing vacancies within the state run system, closing two group homes, and continuous recruitment to fill vacant positions. There is no impact on staffing from the group home closure as individuals will be re-assigned to other homes to reduce overtime expenses so it is unclear why there would still be a need for continuous recruitment. *The Governor does not recommend this proposal.*

Target - Staff Reassignments. The Department includes a proposal to reassign staff in the state-run system where the group home residents attend a community based day program. The homes remain staffed during the day even if there are no residents present. The Department has not calculated a specific savings to this proposal. There are over 100 clients who attend a community based day program operated by a private provider. *The Governor does not recommend this proposal.*

RICLAS - Client Revenue. The Department requests \$1.8 million from restricted receipts to reflect client resources, including the \$749.92 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. This reflects the updated collection for the 173 individuals in the state-run system and is \$4,032 less than enacted.

The Governor recommends funding as requested. This does not account for the reduction in revenues from individuals being shifted to shared living arrangements. Their monthly income will be used for daily living expenses in the new setting.

Developmental Disabilities Other State Services. The Department requests \$9.3 million for other state services for adults with developmental disabilities, including \$5.8 million from general revenues in its FY 2017 request. This is \$51,959 less than enacted from all sources, including \$188,736 more from general

revenues. This includes staffing costs in the division as well as state funded services to individuals who are not Medicaid eligible or the services being provided are not eligible for Medicaid reimbursement.

Direct services are provided to individuals who are not eligible for Medicaid funded services through any of the three Medicaid waiver programs. Services include parent subsidies and day programming services. *The Governor recommends \$0.1 million less from all sources, \$0.1 million less from general revenues to reflect for statewide savings.*

Division of Behavioral Health

The state provides behavioral health services including Medicaid funded mental health and substance abuse services to individuals through the Office of Health and Human Services. The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals provides additional services through federal resources, primarily the Substance Abuse, Mental Health and Social Services block grants.

The 2014 Assembly transferred Medicaid funded behavioral healthcare services from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to the Office of Health and Human Services to align direct medical benefits with mental health and substance abuse services for disabled individuals. The Medicaid expansion opportunity through the Affordable Care Act that the state accepted allowed the Department's behavioral healthcare clients who received a limited benefit to have full access to Medicaid through the Office of Health and Human Services. With the transfer of the Medicaid funds to the Office of Health and Human Services, the state now pays for Medicaid funded direct care and behavioral healthcare benefits through the Rhody Health Partners managed care plan.

Substance Abuse Treatment Block Grant. The Department requests \$7.6 million from federal funds for the substance abuse treatment block grant, \$17,699 more than enacted. Funding is awarded to community agencies to support local programs. This includes \$0.9 million for the municipal substance abuse task forces and \$0.3 million for methadone maintenance treatment services for Medicare recipients. *The Governor recommends \$11,707 less than requested.*

The Governor includes Article 21 to identify the Department as the sole designated agency with the responsibility to plan, coordinate, manage, implement and report on state substance abuse policy and efforts that relate to federal substance abuse laws and regulations. The Executive Office of Health and Human Services is the co-designated agency for this purpose. The two agencies will also be co-designated for the calculation of expenditures and maintenance of effort for the federally awarded Substance Abuse Block Grant. The Department reports that the federal Substance Abuse and Mental Health Authority is requiring the dual designation because, as part of its maintenance of effort calculation, the Department includes Medicaid expenses which are shown in the Executive Office's budget.

Mental Health Block Grant. The Department requests \$1.8 million from the federally funded mental health block grant. Funding supports services provided by the community mental health centers and is \$755 less than the enacted level to reflect the projected grant award. *The Governor recommends \$2,631 less than requested.*

Mental Health - Social Services Block Grant. The Department requests the enacted level of \$1.1 million from federal funds to support mental health services through the social services block grant to reflect the grant award. Funds are provided through the Department of Human Services and are consistent with the revised request. *The Governor recommends \$2,631 less than requested.*

Behavioral Healthcare Clinics. The Department was recently awarded a \$1.0 million federal grant for the Rhode Island Certified Community Behavioral Health Clinic planning initiative to develop a behavioral health system of care that is person-centered, trauma informed and recovery oriented. The Department did

not include funding in its request. It should be noted that there are several initiatives through Reinventing Medicaid in the Office of Health and Humans Services' budget that addresses behavioral healthcare issues. *The Governor includes \$0.5 million in her revised recommendation and the remaining \$0.5 million in FY 2017.*

Homelessness - Veterans and Non-Veterans. The Department's request includes \$1.5 million in newly awarded federal funds to address the housing needs of veterans and other individuals in coordination with the state and treatment providers.

The Department received a three-year, \$5.4 million cooperative agreement from the Substance Abuse and Mental Health Services Administration. The Department plans to award \$1.5 million to a community mental health center and its homeless service partners to provide outreach, treatment, recovery supports and benefits connections to those experiencing chronic homelessness, including veterans. The Department has also partnered with Rhode Island Housing to provide 50 vouchers annually and has committed to providing services to another 50 individuals in housing who need support and outreach services to retain housing. *The Governor recommends funding as requested.*

Strategic Prevention Framework Grant. The Department requests federal funding totaling \$2.2 million from a strategic prevention framework state incentive grant to support activities that deliver and sustain effective substance abuse and/or mental health services. This includes: preventing the onset and reducing the progression of substance abuse, including childhood and underage drinking; reducing substance abuse-related problems in communities and building prevention capacity and infrastructure at the state and community levels.

The request includes \$2.0 million for grants and \$0.2 million for operations, including two positions; this is consistent with the revised request. *The Governor recommends \$5,252 less than requested.*

State Innovation Models Grant. The Department requests \$87,439 from the federally funded State Innovation Models grant to support a chief of system transformation position in the division; this is \$48,512 less than enacted. The grant was awarded to the Executive Office of Health and Human Services and in coordination with the Department of Health, Office of Health Insurance Commissioner and HealthSource RI to support the development and implementation of an innovation and integrated model in the behavioral healthcare system. *The Governor recommends \$40,345 more than enacted and \$88,860 more than requested to reflect anticipated funds.*

Transition from Prison to Community Program. The Department requests \$48,000 from federal funds for the Transition from Prison to Community Program to support a new pilot program for recovery housing to address the needs of recently incarcerated individuals with substance abuse disorders to prevent relapses. Services include job readiness, peer support and education classes and is \$65,000 less than enacted and is consistent with the revised request. *The Governor recommends funding as requested.*

Healthy Transitions Grant. The Department request federal funding of \$1.0 million from the healthy transitions grant, which includes \$0.9 million for grants and \$0.1 million for one employee and operating costs to manage the award. The purpose of this program is to improve access to treatment and support services for youth and young adults ages 16 through 25 who either have, or are at risk of developing a serious mental health condition. Services include outreach, screening and referral, coordinated specialty care treatment and wrap around supports. *The Governor recommends funding essentially as requested.*

Rhode Island Youth Treatment Program. The Department requests \$60,208 from newly awarded federal funds for the youth treatment program to fund one coordinator position and operating costs. The coordinator is responsible for systems integration with the Department of Children, Youth and Families and creation and implementation of a strategic plan. *The Governor recommends \$55,162 more than requested.*

Drug Abuse Reporting Grant. The Department requests \$84,913 from federal funds for the drug abuse reporting grant. This is \$40,087 less than enacted to reflect the actual grant award, which is provided to the Mental Health Association for technical assistance. *The Governor recommends funding as requested.*

School Prevention Grant. The Department requests \$310,219 from federal funds, \$116,944 less than enacted for activities through the school prevention grant. Funding supports one less position and includes \$38,000 for awards. *The Governor recommends \$7,820 less than requested.*

Community Service Grants. The Department requests the enacted level of \$260,148 from general revenues for the Department's five community services grants. *The Governor recommends funding as requested.*

SYNAR Activities. The Department requests the enacted level of \$48,000 from general revenues to operate SYNAR activities that monitor state tobacco compliance statutes in coordination with municipal law enforcement agencies. The state has paid for the activity with general revenues, although there is an opportunity to pay for a portion of the activity through its substance abuse block grant, it has chosen to use state funds. The activities that were allowable include paying the participant, but federal regulations did not allow a state to pay for the administrative aspects such as the police officer filling out paperwork related to issuing a citation. *The Governor recommends funding as requested.*

Rhode Island Housing - Thresholds. The Department requests the enacted level of \$30,000 from general revenues to pay Rhode Island Housing to administer the Thresholds program, which provides Rhode Island Capital Plan funds to the organization so that it can leverage other funding sources to build and rehabilitate housing for disabled individuals. The Department does not have a contract with Rhode Island Housing to administer the program. *The Governor recommends funding as requested.*

Post-Traumatic Stress Grant. The Department's request reflects the expiration of the post-traumatic stress grant and lowers federal funding by \$306,125. *The Governor recommends funding as requested.*

Other Salaries and Benefits. The Department requests \$2.5 million from all funds, \$2.1 million from general revenues for salaries and benefits to fund 35.0 positions in the Division of Behavioral Healthcare; the request leaves three positions vacant. The request is \$0.2 million more than enacted to reflect the transfer of two positions from other divisions, annualized cost-of-living adjustment and other benefit changes based on Budget Office planning values.

The Department proposes savings of \$250,000 in its constrained request from a redesign of the division's functions and the elimination of two positions. *The Governor recommends the proposal and includes the savings.*

Other Operations. The Department requests \$0.5 million from all sources, including \$0.1 million from general revenues for all other expenses. This is \$3,900 less than enacted from general revenues and includes \$0.4 million for grants, primarily from federal funds for homelessness prevention services and \$0.2 million for all other operating expenses. *The Governor recommends funding as requested.*

Eleanor Slater Hospital

Hospital Operations. The state hospital is a 495-bed licensed facility comprised of two campuses: 306 licensed beds at the Pastore campus in Cranston, of which 156 are occupied, and 189 licensed beds, of which 123 are occupied, at the Zambarano campus in Burrillville.

The FY 2017 budget request of \$122.4 million, including \$54.5 million from general revenues, is based on a census of 275 patients, which equates to an annual cost per person of \$445,254, taking into account the capital plan funding.

Excluding its capital request, the Department adds \$2.5 million for hospital costs; this includes \$1.0 million more from general revenues, \$1.5 million more from federal funds and a slight increase to restricted receipts. The Department adds \$0.7 million for staffing costs, \$0.6 million for contracted services, \$0.5 million for operating, \$0.4 million for grants, and \$0.3 million for capital projects.

The Governor recommends \$114.3 million, including \$49.0 million from general revenues, which is \$2.0 million less than enacted and \$8.2 million less than requested. She includes the savings from the reorganization proposal and adds \$1.0 million from Rhode Island Capital Plan funds for a feasibility study to determine the needs of the hospital system, including footprint at the Cranston and Zambarano campuses.

Hospital Licensing Fee. The enacted budget includes \$6.7 million from all sources to pay the 5.862 percent fee assessed on state and community hospitals' revenue for the hospital year ending September 30, 2014, including \$3.4 million from general revenues in FY 2016. The Department's request inadvertently adds \$0.4 million for a payment of \$7.3 million in FY 2017. *The Governor includes the enacted level of \$6.7 million to pay the 5.862 percent license fee that is included in Article 8.*

Hospital Administration. The Department requests \$88.9 million from all sources, including \$42.2 million from general revenues for staffing at the state hospital in FY 2017. This is \$0.7 million more than enacted for staffing and \$0.6 million more for management services contracted through Applied Systems Management. The request includes \$8.9 million from all sources for overtime, which is \$1.8 million more than enacted; the Department increases projected savings by \$1.5 million from keeping additional positions vacant.

Hospital Reorganization. The Department proposes savings of \$8.4 million from all sources, including \$4.2 million from general revenues from implementing a hospital reorganization plan based on a final report from Applied Systems Management. The proposal reduces staffing by 67.2 positions.

The savings are based on a 30 patient reduction from the current census of 176 at the Adolph Meyer psychiatric building, and includes direct care staff, medical and janitorial supplies, food and pharmaceuticals; however the Department is waiting for the reorganization plan before it begins to make any administrative changes within the state-run hospital system. *The Governor recommends this proposal and includes the savings in FY 2017.*

Contracted Medical and Other Services. In addition to the funding requested for the employees at the state hospital, the Department also requests \$6.2 million for various contracted services in FY 2017. This is \$10 less than enacted from all sources for additional medical services; this is consistent with the FY 2016 revised request. *The Governor recommends funding as requested.*

Other Operating. The Department requests \$10.2 million for all other operations, which is \$2.1 million more than enacted and includes \$0.4 million more from general revenues. The request increases costs for janitorial supplies and furniture and equipment; this is consistent with the revised request. *The Governor recommends \$0.4 million less than requested, including \$1.0 million less from general revenues to correct Medicaid rate.*

Hospital and Community System Support

Salaries and Benefits. The Department requests \$2.1 million from all sources, including \$1.4 million from general revenues for salaries and benefits to support 19.0 positions in the hospital and community support

program. This is \$19,606 less from all sources and \$20,172 less from general revenues and includes adjustments based on Budget Office planning values, annualized cost-of-living increases and keeps 0.5 positions vacant in FY 2017. *The Governor recommends \$47,995 more than requested, including \$22,148 from general revenues, to fully fund all positions.*

Operations. The Department requests \$87,206 from general revenues for operations in the home and community system support program. This includes \$83,598 for operating and \$3,608 for contracted services including information technology services and building maintenance and is \$4,938 more than enacted. *The Governor recommends funding as requested.*

Central Management

Salaries and Benefits. The Department requests \$1.6 million from all sources, including \$1.0 million from general revenues for staffing costs in central management. This is \$101,688 more than enacted, including \$104,385 more from general revenues, to fully fund 11.6 positions. The request adds a chief of strategic planning replacing a vacant administrator position and reduces the chief of information and public relations from a full-time position to a 0.6 position; this is consistent with the revised request. *The Governor recommends \$5,519 more than requested from general revenues for staffing costs.*

Other Expenses. The Department requests \$27,731 less than enacted for funding from general revenues for all other central management expenses. *The Governor recommends funding as requested.*

Office of the Child Advocate

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 679,461	\$ 676,024	\$ 700,396	\$ 667,945
Contracted Services	500	500	500	500
Subtotal	\$ 679,961	\$ 676,524	\$ 700,896	\$ 668,445
Other State Operations	26,312	26,893	26,578	26,137
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	11,000	11,000	1,000	1,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 717,273	\$ 714,417	\$ 728,474	\$ 695,582
Sources of Funds				
General Revenue	\$ 672,273	\$ 669,417	\$ 683,474	\$ 650,582
Federal Aid	45,000	45,000	45,000	45,000
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 717,273	\$ 714,417	\$ 728,474	\$ 695,582
FTE Authorization	6.0	6.0	6.0	6.0

Summary. The Office of the Child Advocate requests \$728,474 from all sources which is \$11,201 more than enacted. The request includes \$11,201 more from general revenues and the enacted level from federal funds. The request includes the authorized level of 6.0 positions. *The Governor recommends \$32,892 less than requested from general revenues.*

Target Issues. The Budget Office provided the Office with a general revenue target of \$619,389. The amount includes current service reductions of \$2,663 and a 7.5 percent target reduction of \$50,221. The constrained budget submitted by the agency is consistent with the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget is \$76,193 above the target*

FY 2017 Budget	Budget Office	Child Advocate	Difference
FY 2016 Enacted	\$ 672,273	\$ 672,273	\$ -
Current Service Adjustments	(2,663)	11,201	13,864
Change to FY2016 Enacted	\$ (2,663)	\$ 11,201	\$ 13,864
FY 2017 Current Service / Unconstrained Request	\$ 669,610	\$ 683,474	\$ 13,864
Target Reduction/Initiatives	(50,221)	(64,085)	(13,864)
FY 2017 Constrained Target/Request	\$ 619,389	\$ 619,389	\$ -
Change to FY 2016 Enacted	\$ (52,884)	\$ (52,884)	\$ -

Salaries and Benefits. The Office requests \$700,396, including \$655,396 from general revenues and \$45,000 from federal funds for salaries and benefits. This is \$20,935 more than enacted, including \$20,899 from general revenues and \$36 from federal funds. This primarily reflects step increases, the annualized cost-of-living adjustment, and benefit rate changes consistent with planning values for FY 2017.

The Office's constrained request reduces funding for salaries and benefits by \$61,325 from the unconstrained request and \$40,426 from the enacted budget. These savings would be achieved by a 26-day furlough of all the Office's 6.0 full-time employees.

It should be noted that 3.0 of the Office's 6.0 full-time employees are covered by collective bargaining agreements that prohibit this practice. The average cost of salaries and benefits for one of the Office's positions is \$109,233 from general revenues.

The Governor recommends \$32,451 less than the unconstrained request from general revenues. This reflects savings anticipated from hiring a new Child Advocate near the end of FY 2016 at a lower salary than the incumbent as well as additional statewide medical benefit savings.

One-Time FY 2016 Furniture Expenses. The FY 2016 enacted budget included \$10,000 for the one-time purchase of office furniture. These funds are excluded from the FY 2017 request. *The Governor's recommendation excludes these funds as requested.*

Other Operating. The Office requests \$28,078 for all other operations, all from general revenues. This is \$302 more than enacted from general revenues and \$36 less from federal funds. The request includes \$148 less from statewide savings on cellular/mobile costs and \$400 more for bi-monthly Child Advisory Committee meeting expenses, based on FY 2015 expenditures. These are consistent with adjustments requested in the revised budget.

The Office's constrained request reduces funding for all other operations by \$2,760. Reduced operations items include \$1,260 less for mileage and travel expenses achieved by reduced site visits, \$700 in savings achieved by eliminating the state smartphone currently used by the Assistant Child Advocate, \$542 less for conducting workshops and attending conferences, and \$258 in other unspecified operating reductions.

The Governor recommends \$441 less than the unconstrained request, including \$464 less from general revenues and \$23 more from federal funds. The recommendation does not fund requested meeting expenses and includes statewide telephone savings.

Commission on the Deaf and Hard of Hearing

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 351,042	\$ 374,150	\$ 452,611	\$ 426,986
Contracted Services	111,146	9,428	106,146	101,146
Subtotal	\$ 462,188	\$ 383,578	\$ 558,757	\$ 528,132
Other State Operations	26,195	28,985	26,195	56,114
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	23,398	-	-
Capital	3,500	-	3,500	3,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 491,883	\$ 435,961	\$ 588,452	\$ 587,746
Sources of Funds				
General Revenue	\$ 411,883	\$ 381,890	\$ 508,452	\$ 477,746
Federal Aid	-	21,181	-	-
Restricted Receipts	80,000	32,890	80,000	110,000
Other	-	-	-	-
Total	\$ 491,883	\$ 435,961	\$ 588,452	\$ 587,746
FTE Authorization	3.0	3.0	4.0	4.0

Summary. The Commission on the Deaf and Hard of Hearing requests FY 2017 expenditures of \$588,452 from all funds and 4.0 full-time equivalent positions. This is \$96,569 and one position more than enacted. *The Governor recommends \$706 less than requested, including \$30,706 less from general revenues offset by \$30,000 from the Emergency and Public Communication Access Fund. She recommends staffing at the requested level.*

Target Issues. The Budget Office provided the Commission with a general revenue target of \$384,647. The amount includes current service adjustments of \$3,952 and a 7.5 percent target reduction of \$31,188.

	Deaf and Hard of Hearing		Difference
FY 2017 Budget	Budget Office	of Hearing	
FY 2016 Enacted	\$ 411,883	\$ 411,883	\$ -
Current Service Adjustments	3,952	7,537	3,585
New Initiatives	-	89,032	89,032
Change to FY 2016 Enacted	\$ 3,952	\$ 96,569	\$ 92,617
FY 2017 Current Service/ Unconstrained Request	\$ 415,835	\$ 508,452	\$ 92,617
Target Reduction/Initiatives	(31,188)	(123,805)	(92,617)
FY 2017 Constrained Target/Request	\$ 384,647	\$ 384,647	\$ -
Change to FY 2016 Enacted	\$ (27,236)	\$ (27,236)	\$ -

The constrained request met the target level. The proposals to achieve the reductions are noted among the items described below where appropriate. *The recommendation is \$93,099 above the target.*

Interpreter Services. The Commission requests \$89,032 more than enacted from general revenues for all interpreter services. This includes 1.0 new full-time equivalent position and \$94,032 to fund a new staff interpreter position for public hearings, informational sessions, and interoffice communication. The Commission also requests \$45,146 from general revenues for contracted translation and interpreter services. This reflects a savings of \$5,000 based on the Commission filling a new staff interpreter position, which would lessen the need for interpreter services. This is \$7,271 more than FY 2015 reported expenditures and is \$3,000 less than the FY 2016 revised request.

The Commission's constrained budget excludes funding and authorization for the staff interpreter position. The constrained request further reduces contracted interpreter services by \$29,773. This includes a savings of \$13,146 from eliminating emergency interpreter services and reducing real time translation services for a savings of \$16,627. First responders, hospitals, and officials delivering emergency press conferences would not have access to the emergency referral service.

The Governor recommends \$60,310 more than enacted for interpreter services, including \$70,310 to fully fund the position offset by \$10,000 less for contracted translation and interpreter services. This is \$28,722 less than requested, based on utilizing a lower salary than the request.

Other Salaries and Benefits. The Commission requests FY 2017 salary and benefit costs of \$358,579 or \$7,537 more than enacted from general revenues for its authorized 3.0 full-time equivalent positions. The request includes the statewide medical benefit savings and benefit rate changes consistent with planning values for FY 2017. The request reflects the value of the annualized cost-of-living adjustment, effective in October 2015, as well as a step increase for an administrative position. *The Governor recommends \$1,903 less than requested to reflect additional medical benefit savings.*

Emergency and Public Communication Access. The 2013 Assembly created the Emergency and Public Communication Access program to be administered by the Commission. This is funded with \$80,000 annually from the Dual Party Phone Relay surcharge of \$0.09 on all landlines. The Commission requests the enacted amount of \$80,000. Expenditures include \$20,500 for interpreters and translators, \$40,000 for a new contracted employee to manage the program and \$500 for a conference on emergency readiness. This also includes \$19,000 for electronic communications equipment to be installed at state facilities, printing costs associated with advertising, travel, training, and additional computer equipment to accommodate the contracted employee.

The Governor recommends \$30,000 more than enacted from prior year balances to continue installing assistive listening systems in all public hearing rooms in the State House. Her FY 2016 revised recommendation includes \$50,000 to begin the project.

Other Operating. The Commission's request includes the enacted amount of \$14,195 for all other operating expenses, including travel, office supplies, and advertising costs. The request is \$81 more than the current service to primarily reflect expenditures for cellphone and insurance, reflective of FY 2015 reported expenditures. *The Governor provides \$81 less than requested to fund expenditures at the current service level.*

Governor's Commission on Disabilities

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 376,523	\$ 374,150	\$ 383,573	\$ 381,816
Contracted Services	8,665	9,428	10,501	10,501
Subtotal	\$ 385,188	\$ 383,578	\$ 394,074	\$ 392,317
Other State Operations	24,938	28,985	25,140	25,140
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	18,398	23,398	23,113	23,113
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 428,524	\$ 435,961	\$ 442,327	\$ 440,570
Sources of Funds				
General Revenue	\$ 383,056	\$ 381,890	\$ 386,745	\$ 386,147
Federal Aid	35,459	21,181	10,297	10,297
Restricted Receipts	10,009	32,890	45,285	44,126
Other	-	-	-	-
Total	\$ 428,524	\$ 435,961	\$ 442,327	\$ 440,570
FTE Authorization	4.0	4.0	4.0	4.0

Summary. The Commission requests FY 2017 expenditures of \$0.4 million from all funds and the authorized level of 4.0 full-time equivalent positions. This is \$13,803 more than enacted, including \$3,689 from general revenues. *The Governor concurs, with the exception of providing \$1,757 less from all funds to reflect statewide medical benefit savings.*

Target Issues. The Budget Office provided the Commission with a general revenue target of \$358,181. The amount includes current service adjustments of \$4,167 and a 7.5 percent target reduction of \$29,042.

FY 2017 Budget	Budget Office	Commission on Disabilities	Difference
FY 2016 Enacted	\$ 383,056	\$ 383,056	\$ -
Current Service Adjustments	4,167	3,689	(478)
Change to FY 2016 Enacted	\$ 4,167	\$ 3,689	\$ (478)
FY 2017 Current Service/Unconstrained Request	\$ 387,223	\$ 386,745	\$ (478)
Target Reduction/Initiatives	(29,042)	(28,569)	473
FY 2017 Constrained Target/Request	\$ 358,181	\$ 358,176	\$ (5)
Change to FY 2016 Enacted	\$ (24,875)	\$ (24,880)	\$ (5)

The constrained request is \$5 below the target level. The proposals to achieve the reductions are noted among the items described below where appropriate. *The recommendation is \$27,966 above the target.*

Help America Vote Act Grants. The Commission was awarded a total of \$0.3 million of federal Help America Vote Act funds. Through FY 2015, all but \$31,478 has been spent. The Commission has up to September 30, 2016 to spend all the funds at which point all unspent funds will be refunded to the federal government. The FY 2016 revised request assumes use of \$21,181 and the FY 2017 request assumes use of the remaining \$10,297. *The Governor recommends funding as requested.*

Salaries and Benefits. The Commission requests \$383,573 from all sources for salary and benefit costs for its 4.0 full-time equivalent positions. This is \$7,050 more than enacted, including \$3,331 more from general revenues to primarily reflect FY 2017 benefit rates and the annualized value of the cost-of-living adjustment, effective in October 2015. Consistent with the enacted budget, the request does not assume any turnover savings.

As part of its constrained budget, the Commission includes staffing savings of \$28,569 from general revenues. The Commission indicates that this would be achieved by reducing staff hours and closing its office every Friday at noon, which would impact services that the Commission provides, as well as creating delays in accessibility design reviews and impacting its grants. It should be noted that three of four positions for the Commission are unclassified and all are non-union employees.

The Governor provides \$1,757 less than the unconstrained request to reflect statewide medical benefit savings.

Fellowships. The Commission requests \$20,078, including \$14,718 from general revenues and \$7,360 from restricted receipts for fellowships. This reflects full funding for four Mary Brennan Fellowships and two fellowships funded with restricted sources from the New England Americans with Disabilities Act Technical Assistance Center. These fellows aid in producing a weekly newsletter on state legislation, updating the Commission's websites and social media accounts, and compiling information in order to advocate for the disabled. This is \$3,680 more than enacted to reflect funding for an additional fellow. *The Governor recommends funding as requested.*

Other Operating. The Commission requests \$36,676 from all funds for all other operating expenses, which is \$3,073 more than enacted including \$358 from general revenues. Consistent with the FY 2016 revised budget, the request reflects restricted receipts funding from the New England Americans with Disabilities Act Technical Assistance Center, which is a non-profit organization; these funds were previously budgeted as federal funds.

The request includes new expenditures of \$1,000 from restricted receipts for the speaker's fee for a conference and \$1,035 from federal funds for grants to community based organization to improve accessibility on election days. It includes a savings of \$1,524 from the Commission's cancellation of its Westlaw subscription, to reflect utilization. The request includes \$6,417 or \$567 more than enacted for interpreter services and computer aided real-time transcription for individuals who are deaf or hard of hearing. *The Governor recommends funding as requested.*

Office of the Mental Health Advocate

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 485,332	\$ 526,645	\$ 530,893	\$ 529,115
Contracted Services	1,800	1,800	1,800	1,800
Subtotal	\$ 487,132	\$ 528,445	\$ 532,693	\$ 530,915
Other State Operations	11,119	10,974	11,094	11,094
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	10,000	10,000	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 508,251	\$ 549,419	\$ 543,787	\$ 542,009
Sources of Funds				
General Revenue	\$ 508,251	\$ 549,419	\$ 543,787	\$ 542,009
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 508,251	\$ 549,419	\$ 543,787	\$ 542,009
FTE Authorization	4.0	0.0	4.0	4.0

Summary. The Office of the Mental Health Advocate requests \$543,787 from general revenues, \$35,536 more than enacted to support the current authorized level of 4.0 positions and all other agency operations. *The Governor recommends funding as requested, with the exception of statewide medical benefit savings.*

Target Issues. The Budget Office provided the Office with a general revenue target of \$466,076. The amount includes current service adjustments that lower expenses by \$4,385, including elimination of \$10,000 in one-time funding, and a 7.5 percent target reduction of \$37,790.

FY 2017 Budget	Budget Office	Mental Health Advocate	Difference
FY 2016 Enacted	\$ 508,251	\$ 508,251	\$ -
Current Service Adjustments	(4,385)	35,536	39,921
Change to FY 2016 Enacted	\$ (4,385)	\$ 35,536	\$ 39,921
FY 2017 Current Service/Unconstrained Request	\$ 503,866	\$ 543,787	\$ 39,921
Target Reduction/Initiatives	(37,790)	(77,711)	(39,921)
FY 2017 Constrained Target/Request	\$ 466,076	\$ 466,076	\$ -
Change to FY 2016 Enacted	\$ (42,175)	\$ (42,175)	\$ -

The constrained budget submitted by the agency meets the target. The proposal to achieve the reduction is noted below where appropriate. *The Governor's recommendation is \$75,933 more than the target.*

Salaries and Benefits. The Office requests \$530,893 salary and benefit, \$45,561 more than enacted to fully fund 4.0 positions. The request assumes the administrative assistant's position that became vacant in December 2015 will be filled.

The Office includes 45 pay reduction days for savings of \$77,711 to meet its constrained target. It should be noted the Office does not have the independent authority to require its staff to take part in this proposal.

The Governor recommends funding as requested with the exception of \$1,778 in statewide medical benefits savings; she does not include the pay reduction days.

Other Operating. The Office requests \$12,894 for other expenses. This includes the enacted level of \$1,500 for psychiatric evaluations and \$3,000 for transcriptions and stenographic services and \$25 less for all other operating expenses. It excludes \$10,000 of one-time further expenses included in the enacted budget. *The Governor recommends funding as requested.*

Department of Elementary and Secondary Education

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Program				
State Aid	\$ 815,639,686	\$ 816,741,078	\$ 858,708,966	\$ 858,629,764
School Housing Aid	90,907,110	90,907,110	80,000,000	80,000,000
Teachers' Retirement	92,805,836	92,805,836	99,076,582	99,076,582
RI School for the Deaf	7,384,095	7,347,676	7,422,590	7,425,855
Central Falls School District	39,520,102	39,520,102	39,836,067	38,862,333
Davies Career & Technical School	18,916,400	18,685,188	19,340,725	19,864,784
Met. Career & Tech. School	13,700,795	13,754,489	9,482,753	9,629,888
Administration	229,616,671	237,596,833	235,152,855	236,890,367
Total	\$ 1,308,490,695	\$ 1,317,358,312	\$ 1,349,020,538	\$ 1,350,379,573
Expenditures by Category				
Salaries and Benefits	\$ 39,822,937	\$ 39,943,409	\$ 41,232,550	\$ 40,914,227
Contracted Services	38,070,507	44,035,407	40,970,796	39,909,272
Subtotal	\$ 77,893,444	\$ 83,978,816	\$ 82,203,346	\$ 80,823,499
Other State Operations	13,300,934	12,320,485	12,710,756	12,938,041
Aid to Local Units of Government	1,168,663,101	1,160,612,762	1,207,123,946	1,207,427,408
Assistance, Grants, and Benefits	20,091,579	21,005,448	23,324,373	25,384,373
Capital	7,615,527	8,281,789	3,964,225	4,165,225
Capital Debt Service	-	-	-	-
Operating Transfers	20,926,110	31,159,012	19,693,892	19,641,027
Total	\$ 1,308,490,695	\$ 1,317,358,312	\$ 1,349,020,538	\$ 1,350,379,573
Sources of Funds				
General Revenue	\$ 1,067,719,085	\$ 1,067,544,042	\$ 1,107,876,413	\$ 1,109,259,026
Federal Aid	203,962,314	211,023,436	206,208,757	206,229,553
Restricted Receipts	28,948,926	30,571,770	30,691,368	30,186,994
Other	7,860,370	8,219,064	4,244,000	4,704,000
Total	\$ 1,308,490,695	\$ 1,317,358,312	\$ 1,349,020,538	\$ 1,350,379,573
FTE Authorization				
Administration	151.4	153.4	155.4	153.4
Davies	126.0	126.0	126.0	126.0
School for the Deaf	60.0	60.0	60.0	60.0
Total Authorized Positions	337.4	339.4	341.4	339.4

Summary. The Council on Elementary and Secondary Education requests \$1,349.0 million from all sources of funds, including \$1,107.9 million from general revenues. The request is \$40.5 million more than enacted, including \$40.2 million more from general revenues. The staffing request includes 341.4 full-time

equivalent positions, 4.0 positions more than enacted. The Department also submitted a constrained request that totals \$1,104.3 million from general revenues, which is \$3.6 million less than the unconstrained request.

The Governor recommends \$1,350.4 million from all funds, which is \$41.9 million more than enacted and includes \$1,109.3 million from general revenues, which is \$41.5 million more than enacted and \$1.4 million more than requested. The Governor recommends 339.4 full-time equivalent positions, which is 2.0 more than enacted and 2.0 less than requested.

The Governor fully funds the sixth year of the funding formula. She recommends two new categories of aid for FY 2017, including English language learners and density aid for districts effected by large numbers of their students attending charter and state schools. She proposes legislation to expand the Central Falls stabilization fund to include Davies and Met, formerly fully state funded schools. Her recommendation includes \$3.9 million from general revenues for new initiatives designed to increase access to computer science, provide the PSAT and SAT for free, provide professional development to principals, make innovation grants to schools and provide teacher fellowships at the Department.

Target Issues. The Budget Office provided the Department with a general revenue target of \$1,101.5 million. The amount includes current service adjustments of \$35.7 million and a 7.5 percent target reduction, adjusted for certain exclusions, of \$1.9 million.

The constrained budget submitted by the agency is \$2.8 million above the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget is \$7.7 million more than the target.*

FY 2017 Budget	Budget Office	Elementary and Secondary Ed.	Difference
FY 2016 Enacted	\$ 1,067,719,085	\$ 1,067,719,085	\$ -
Current Service Adjustments	35,696,354	35,872,579	176,225
New Initiatives	-	4,284,749	4,284,749
Change to FY 2016 Enacted	\$ 35,696,354	\$ 40,157,328	\$ 4,460,974
FY 2017 Current Service/ Unconstrained Request	\$ 1,103,415,439	\$ 1,107,876,413	\$ 4,460,974
Target Reduction/Initiatives	(1,892,506)	(3,554,324)	(1,661,818)
FY 2017 Constrained Target/Request	\$ 1,101,522,933	\$ 1,104,322,089	\$ 2,799,156
<i>Change to FY 2016 Enacted</i>	<i>\$ 33,803,848</i>	<i>\$ 36,603,004</i>	<i>\$ 2,799,156</i>

Education Aid. The Council requests \$812.6 million for state aid to local school districts, excluding Central Falls School District and the Met School. This represents the sixth year of the education funding formula adopted by the 2010 Assembly. The request is \$36.1 million more than the enacted level based on updated data including enrollment and poverty. This is \$4.3 million less than the Budget Office current service calculation, which had assumed a higher core per pupil amount.

The Governor recommends \$2.5 million less than requested based on her proposal to repeal the 2014 legislation that required that beginning in FY 2017, the state would provide full funding, rather than transitioned aid, for any district converting from a half-day to a full-day kindergarten for the 2014-2015 school year or after. The recommendation excludes \$2.5 million in funding to the 13 districts that converted to full-day kindergarten in FY 2015 or after based on this repeal.

Central Falls School District. The budget includes \$39.8 million from general revenues to support the Central Falls School District for FY 2017, which is \$0.3 million more than enacted. The increase reflects year six of the funding formula as well as an allocation from the stabilization fund. The formula includes a stabilization fund to stabilize the Central Falls School District until the city can begin paying its local share. This is the third year the Department has requested stabilization funding in its request, which totals \$5.6

million or \$1.9 million more than it received for FY 2016. This offsets the \$1.6 million reduction resulting from enrollment of students in charter schools and other data updates with year six of the funding formula.

The Governor recommends \$1.0 million less than requested from general revenues for stabilization funding; however, Central Falls will receive an additional \$0.7 million in new categorical funding for English language learners and for its high enrollment of students in charter and state schools not reflected in these totals.

Metropolitan Career and Technical School. The Council requests \$9.2 million for the Metropolitan Career and Technical School, which is \$0.6 million less than enacted. The Met School is funded pursuant to the funding formula with the state paying a state share for each student and the sending districts contributing a local share. The decline is related to the transition from total state support to the formula, which includes local support and a lower cost per student.

Using projected FY 2016 enrollments of 837 and free and reduced price lunch students of 568, total formula aid is projected to be \$9.9 million, or approximately \$3.1 million less than FY 2016 enacted aid. This decrease will be transitioned over four years, the remainder of the ten-year transition plan.

The Department's request notes that the Met is now financially responsible for the costs of transporting students to and from school each day from respective sending districts within the applicable transportation regions. Therefore, at the same time the school's budget is being reduced as a result of funding formula calculations, the school must also absorb within its operating budget the cost of transportation of its students. In contrast, the state's other regional career and technical centers do not bear the cost of student transportation. Instead, sending districts remain responsible for transporting their students to their respective regional career and technical centers.

The Governor recommends \$0.3 million more from general revenues than requested from a new stabilization fund for the state schools in order to mitigate some of the losses in funding from the implementation of the funding formula and recognize the additional costs associated with running a stand-alone school that offers both academic and career and technical education. The Governor also proposes legislation to reduce the local tuition payments made to charter and state schools by \$355 per student in an effort to capture the cost differential between traditional districts and charter schools. This is estimated to reduce local tuition payments to charter and state schools by \$3.6 million; the impact to the Met School would be \$0.3 million less in local tuition payments.

Career and Technical Education Categorical Funding. The Council requests \$4.5 million for career and technical education categorical funding for FY 2017, which is \$1.0 million more than enacted. The request reflects year six of the ten-year phase in period, though funding has not increased since it was first provided in FY 2015. The funding formula allows for additional resources 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 is used to help transform existing programs or create new programs and to help offset costs associated with facilities, equipment maintenance and repairs and supplies. The Department developed criteria for the purpose of allocating funds provided by the Assembly each year and prorates the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. *The Governor recommends the enacted level, which is \$1.0 million less than requested.*

Early Childhood Categorical Funding. The Council requests \$5.2 million for early childhood categorical funding as part of the education funding formula, which is \$1.2 million more than enacted. The request reflects year six of the ten-year phase in period. Early childhood categorical funds are used as a match for a federal grant. The funding formula allows for additional resources from the state for specific purposes. Funding is used to increase access to voluntary, free, high-quality pre-kindergarten programs. In FY 2015, 13

organizations received funds through a request for proposal process. This pilot program began in FY 2010 with \$700,000.

Added funding is to reflect the required state match for the federal pre-kindergarten expansion grant that will span several years; the grant is discussed separately. *The Governor recommends funding as requested.*

High Cost Special Education. The Council requests \$4.5 million for high cost special education students as part of the education funding formula, which is \$2.0 million more than enacted. The request reflects year six of the ten-year phase in period. The formula allows for additional resources for specific purposes. The state assumes 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 prorates the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. The Department has indicated that the total cost of full implementation for FY 2016 would be \$11.7 million; this is based on 551 students.

The Governor recommends funding as requested. She also proposes legislation to reduce the threshold for eligibility to four times the per pupil core instruction amount and student success factor amount, effective FY 2018. Absent additional resources provided for the change in eligibility, this could reduce the share of funding for some districts as the total is divided among more students.

Transportation Categorical Funding. The Council requests \$5.5 million for transportation categorical funding, which is \$1.1 million more than enacted. The request reflects year six of the ten-year phase in period though funding has not increased since it was first provided in FY 2015. The funding formula allows for additional resources from the state for specific purposes. The state provides funding to mitigate the excess costs associated with transporting students to out-of-district non-public schools and within regional school districts. The state assumes the costs of non-public out-of-district transportation for those districts participating in the statewide transportation system. The state shares in the cost associated with transporting students within regional school districts. The state and regional school district share equally the student transportation costs, net any federal sources of revenue for these expenditures. The Department prorates the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. *The Governor recommends the enacted level, which is \$1.1 million less than requested.*

English Language Learners Categorical Funding. On October 22, 2015, the Governor created a Working Group to Review the Permanent Education Foundation Aid Formula through an executive order. The group was tasked with reviewing the degree to which the funding formula is meeting the needs of all students and schools, ensuring formula fairness between school types, and the degree to which the formula incorporates best practices in funding, efficiency and innovation. The group recommended that the state consider providing additional support for English language learners in order to improve education outcomes.

Based on the recommendation, the Governor recommends a new category of additional state support for high-cost English language learners and her budget includes \$2.5 million for FY 2017. The funding shall be used on evidence-based programs proven to increase outcomes and will be monitored by the Department of Elementary and Secondary Education. The calculation is ten percent of the core instruction amount, adjusted for the state share ratio, for students based on criteria determined by the Commissioner. FY 2017 is intended to be the first of a two-year phase up to a total of \$5.0 million for FY 2018 and beyond.

Charter Density Categorical Funding. On October 22, 2015, the Governor created a Working Group to Review the Permanent Education Foundation Aid Formula through an executive order. The group was tasked with reviewing the degree to which the funding formula is meeting the needs of all students and

schools, ensuring formula fairness between school types, and the degree to which the formula incorporates best practices in funding, efficiency and innovation. The group recommended that the state consider providing additional support to traditional districts with high percentages of students enrolled in public schools of choice, including charter and state schools.

Based on the group's recommendations, the Governor recommends a new category of additional state support and her budget includes \$2.6 million for FY 2017. For FY 2017, six districts would be eligible for this funding, which provides \$300 per pupil for every student sent to a school of choice if the district has at least 5.0 percent of their students enrolled at a school of choice. This amount shall be recalculated every three years in a manner to be determined by the Commissioner of Elementary and Secondary Education, though it is not clear what element would be recalculated and by what standard. It should be noted that this funding is not transitioned; the recommendation includes the entire entitlement.

Education Telecommunication Access Fund. The Department requests \$2.4 million, including \$0.9 million from general revenues and \$1.5 million from restricted receipts, to fund the education telecommunications access fund and related salaries and benefits for FY 2017 based on the Department's estimate of need. This is \$0.1 million more than enacted, including \$0.5 million more from general revenues offset by \$0.4 million less in available restricted receipts. The request is \$0.5 million more than the revised request and \$0.9 million more than spent in FY 2015.

The recent upgrades to the technology infrastructure in classrooms throughout the state and programs built from Race to the Top funds have increased the availability and usage of internet services by both teachers and students, which is the largest contributor to the requested increase in expenditures.

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, supported by general revenues when surcharge revenues are insufficient. The federal allocation varies based on the result of the local education agencies' technology surveys and applications and the number of students eligible for free and reduced price lunches. *The Governor recommends general revenues as requested but reduces restricted receipts by a like amount to provide the same level of funding as recommended for FY 2016.*

Group Home Aid. The Council requests \$4.3 million to fund beds for communities hosting group homes, which is \$0.8 million less than enacted. The request deducts the impact of group home beds from the education funding data, which results in a decrease in funding that is phased-in over the remaining years of the transition period. The reduction is shown in the group home aid total rather than the formula aid total. This is consistent with the enacted budget, which reflected a departure from prior practice in which the required fixed payment is made for each bed open as of December 31 outside the other formula distributions.

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. *The Governor recommends \$4.0 million, which is \$0.4 million less than requested based on 396 beds.*

School Housing Aid. The Council requests \$80.0 million from general revenues for school housing aid. This includes the enacted level of \$70.9 million from general revenues for the traditional program and \$9.1 million for the School Building Authority Capital Fund, for which the enacted budget included \$20.0 million from general revenues available from debt restructuring to start the new Fund.

Of the \$70.9 million requested as part of the traditional program, \$64.2 million of projects have already been completed. An additional \$8.4 million is not yet completed but is approved. Of this amount, the Department's request assumes that \$6.7 million completes by June 30, 2016 in order to be eligible for aid in FY 2017 and \$1.7 million does not complete in time. The 2015 Assembly passed legislation that required the Department to switch from a rolling to an annual approval process for traditional school housing aid project reimbursements. The Department has established a new schedule of deadlines which requires that the Council approve any new projects in May of each year. If a district misses that deadline, it must wait until the following year to apply.

The 2015 Assembly also established a new School Building Authority office within the Department of Elementary and Secondary Education and School Building Authority Capital Fund to be administered by the Rhode Island Health and Educational Building Corporation and to be used for financial assistance and loans for school construction projects. The Council on Elementary and Secondary Education must approve projects based on the recommendations of the Authority and state shares of aid are consistent with the existing formula.

The Governor recommends funding as requested. She also proposes placing \$40.0 million on the November 2016 ballot for voter approval of general obligation bond debt to support school housing aid through the School Building Authority Fund.

Teacher Retirement. The Council requests \$99.1 million to fund the state's share of the employer contribution for teacher retirement costs, an increase of \$6.3 million to the FY 2016 enacted level, based on FY 2017 rates and a 2.0 percent growth in teacher payroll. Teachers contribute 8.75 percent of their salary. 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. The 2015 Assembly passed legislation to codify the settlement arising out of a challenge to the 2011 pension changes that reduced benefits. It also allows municipalities to re-amortize unfunded liability four additional years; the state portion of teacher retirement costs cannot be re-amortized. *The Governor recommends funding as requested.*

Statewide Student Transportation. The Council's request for \$19.8 million is \$2.3 million more than enacted from restricted receipts for the statewide transportation system. This adjustment is consistent with the revised request, which reflects a 5.5 increase in the rates from a new contract and the addition of both standard buses and more costly special education buses.

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; this has been implemented for special needs students and for out-of-district transportation. 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.*

School Breakfast. The Council requests the enacted amount of \$270,000 from general revenues for the administrative cost reimbursement to districts for the school breakfast program. State law mandates that all public schools provide a breakfast program and costs, other than transportation, associated with this program in excess of federal money for the meals, shall be borne exclusively by the state. *The Governor recommends funding as requested.*

Textbook Reimbursement. The Council requests the enacted level of \$240,000 for the textbook loan program. The state currently reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12th grade. *The Governor recommends funding as requested; it is \$89,291 more than the FY 2016 final reimbursement.*

Progressive Support and Intervention. The Council requests the enacted level of \$0.3 million from the Permanent School Fund from duties paid by auctioneers for direct support for the state's lowest performing schools. *The Governor recommends shifting \$0.3 million from FY 2016 to FY 2017 in order to provide \$0.6 million in FY 2017 for a different purpose described below.*

Advanced Coursework Network Pilot Program. The enacted budget includes \$1.3 million in public higher education's budget for a dual enrollment initiative to allow qualified high school students to earn college credit at no cost to the student. *The Governor recommends \$0.6 million from permanent school funds in FY 2017 to support an advanced coursework network pilot program to support high school students in accessing personalized advanced coursework opportunities. Funding would support approximately 1,000 students. Her recommended budget for public higher education continues the \$1.3 million for dual enrollment.*

Nutrition Grants. The Council requests authorization to spend \$54.4 million from federal nutrition program funds. This is \$1.9 million more than the enacted level to reflect an increase in school lunch program participation as well as the number of free meals being served. *The Governor recommends funding as requested.*

Special Education Grants. The Council requests authorization to spend \$44.8 million, \$0.1 million more than enacted from federal special education funds to reflect updated 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 Council requests \$56.6 million in federal fund expenditures from Title I funds. This is \$2.4 million more than enacted from the restoration of the latest sequestration reduction related to the disadvantaged youth program and other award adjustments. Title I funds go directly to local schools, where they are used to provide extra help to low-achieving students. 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 funding as requested.*

Vocational Education Grants. The Council requests \$5.5 million from federal vocational education grants. This is \$46,022 more than the enacted level to reflect updated grant awards. Vocational Education funds are used to improve vocational educational programs statewide. *The Governor recommends funding as requested.*

Teacher Quality/Professional Development Grants. The Council requests \$11.9 million from federal funds that support teacher quality and professional development. This is \$0.5 million less than enacted to reflect a reduction in available Title II funding; it appears the enacted budget includes more funding than is available from this grant. *The Governor recommends funding as requested.*

Longitudinal Data Systems. The Council requests \$0.8 million from federal funds for information technology expenses to develop statewide data hubs, networks and a data warehouse. This is \$1.0 million less than enacted to reflect the grant period ending on June 30, 2016. There is a subsequent 90 day run-out period for states to reconcile payments, which is why there is \$0.8 million in the FY 2017 request. These data projects are aimed at linking and tracking student data from elementary grades through post-secondary

schooling, including adult and vocational education programs and health indicators, to show statewide trends and patterns of student progress and outcomes. *The Governor recommends funding as requested.*

State Assessments. The Council requests \$3.8 million from federal grants for state assessments, which is \$233,000 or 6.5 percent more than enacted reflecting anticipated expenditures. These grants are used to support the development of the additional state assessments and standards required by federal law. These grants are also used to support the administration of those assessments or to carry out other activities related to ensuring that the state's schools and local educational agencies are held accountable for results. *The Governor recommends funding as requested.*

Adult Education Grants. The Council requests \$5.5 million for adult education grants for FY 2017, including \$2.0 million from general revenues and \$3.5 million from Human Resource Investment Council funds. This is \$0.1 million less than enacted from updated federal awards. The Department administers adult education grants that are used to fund local adult education programs and literacy services, including workplace literacy services, family literacy services, and English literacy and civics education programs. Participation in these programs is limited to adults and high school drop outs aged 16 and older. Approximately 6,000 students participate in these programs with 25 percent of the program attendees for GED preparation services, 50 percent for English as a second language services, and 25 percent for low level literacy services. *The Governor recommends funding as requested.*

Community Service Grants. The Council requests \$1.6 million from general revenues for 18 community service grants to community organizations. This is \$50,000 and one grant fewer than enacted to reflect that one grant was specifically designated as a one-time grant. *The Governor recommends funding as requested.*

Early Childhood/Preschool. The Council requests \$6.3 million from federal funds for early childhood and preschool programs. This includes \$0.5 million from an annual, on-going award in addition to \$5.8 million from a new, multi-year award for preschool. The new preschool development grant will support the state in expanding high-quality preschool programs in high-need communities. Rhode Island is one of six states to receive this award, which is a follow-up to the race to the Top – Early Learning Challenge grant. Total grant funding of \$19.0 million is expected through September 2017. *The Governor recommends funding as requested.*

Race to the Top - Early Learning Challenge. The Council requests \$1.8 million from Race to the Top – Early Learning Challenge grant funds, which is \$4.1 million less than enacted as a result of the grant ending on December 31, 2016. The request includes \$0.8 million for 10.5 positions for six months, \$0.9 million to finish its quality initiatives and \$0.1 million for related operating expenditures. In December 2011, the state was awarded \$50.0 million to be used to improve education for pre-school students. This grant involves multiple human service agencies and the Department of Elementary and Secondary Education with funding allocated over four years beginning in FY 2012 and ending December 31, 2015, though the state received a no-cost one year extension. The Department began a kindergarten entry profile survey through which districts can receive technical assistance and strategic planning support to build capacity and sustainability for high-quality kindergarten curriculum, assessment and instruction practices.

The Governor recommends \$350,000 from general revenues for FY 2017 to continue the kindergarten entry profile survey initiative.

Race to the Top - Early Learning Challenge (3.3 FTEs). The Council requests \$219,700 from general revenues for 3.3 full-time equivalent positions to continue the programs created under the Race to the Top - Early Learning Challenge program. The grant expires December 31, 2016, and the Department requests maintaining 3.3 positions beyond the end of the program for infrastructure to sustain the finish and accomplish the grant's goals. The Department indicates that these positions represent the infrastructure necessary to fulfill the statutory requirements and to accomplish the grant's goals set forth in the

Department's strategic plan, which identifies early learning as a priority. The Department has not identified the specific positions, but has indicated that they will work on initiatives to expand high quality pre-kindergarten programs throughout the state.

As part of its constrained request, the Council excludes the funding and authorization for these positions. *The Governor recommends funding and staffing consistent with the unconstrained request.*

Race to the Top. The Council does not request any federal funds from the original Race to the Top grant since the grant period ended in FY 2015. The enacted budget includes \$200,000 for any final payments or late billing that may occur in FY 2016. The Department's total award of \$75.0 million was spent from FY 2011 through June 30, 2015. However, the request does include general revenue funding for positions and activities that had previously been funded from general revenues; they are discussed separately.

There was \$200,000 budgeted in FY 2016 for Race to the Top for any final expenditures. These funds were not needed in FY 2016 and are not available in FY 2017. *The Governor excludes funding as requested.*

Teacher Evaluation and Assessment Tools (RTTT). Consistent with its revised request, the Council requests \$290,000 from general revenues for two initiatives previously funded through federal Race to the Top funds. This request is consistent with the Department's original FY 2016 request, which the Assembly did not fund. The request includes \$140,000 to continue teacher evaluation support systems implemented with Race to the Top funds. Expenses support maintenance of the software that provides schools with access to roster verification, schedule observations, keeping track of evaluation ratings and is linked to the teacher certification system. The request also includes \$150,000 for the annual license fee to maintain student assessment tools, trainings and supports for teachers and schools. Itemized development information for assessment training and data analysis is used by teachers to assess and address the strengths and weaknesses of the students and access tools to help make improvements to student success. The Department indicates that if the state does not continue to fund the upkeep and licensure requirements, the local education agencies would have to replace the funds or the evaluation system would cease to operate, which would impact the local education agencies.

As part of its constrained request, the Council excludes this funding. *The Governor recommends funding consistent with the unconstrained request.*

Performance Management (RTTT - 1.0 FTE). The Council requests \$0.1 million in new general revenue funding and authorization for 1.0 full-time equivalent position that would be responsible for continuing the operation and maintenance of the Department's performance management system. Since the Race to the Top funding expired on June 30, 2015, the Council requests replacing staffing expenses formerly funded from federal Race to the Top funds with general revenues. The Department has continued the functions with existing staff since then, but indicates it is not sustainable; the request assumes the vacant position will be filled in January 2017; however, it also requested this position for six months in FY 2016. This position was requested for the FY 2016 budget, in which it was included as part of the Governor's recommendation, but excluded from the enacted budget.

As part of its constrained request, the Council excludes the funding and authorization for this position. *The Governor recommends staffing and funding consistent with the unconstrained request.*

Education Specialist (RTTT - 1.0 FTE). The Council requests \$0.1 million from general revenues and authorization for 1.0 full-time equivalent position that would support the Rhode Island Evaluation Model and provide technical assistance to local education agencies. This position was previously funded from federal Race to the Top funds but has been vacant since FY 2015. The request appears to fund the position for nine months of the fiscal year. This position and funding was requested as part of the FY 2016 request, in which it was included as part of the Governor's recommendation, but excluded from the enacted budget.

As part of its constrained request, the Council excludes the funding and authorization for this position. *The Governor recommends staffing and funding consistent with the unconstrained request.*

Family Engagement (2.0 FTEs). The Council requests \$0.3 million from general revenues and authorization for 2.0 new positions to support family engagement in education. These positions would be dedicated to cultivating parent engagement and empowerment at the classroom, building, community, and state levels. They will work with existing networks to establish a larger, statewide network focused on educational success for all students. They will also work with regional and national parent engagement experts to develop and implement best practices for in-class experiences and will include a mixed media strategy.

As part of its constrained request, the Council excludes the funding and authorization for these positions. *The Governor does not recommend funding or authorization for the positions.*

Other Salaries and Benefits. The Council's request includes \$18.4 million for the Department's other 135.7 administrative positions. This is \$0.4 million more from all funds, including \$0.3 million more from general revenues to reflect current service adjustments and the annualization of the cost-of-living adjustment. The request also restores \$0.2 million in turnover savings, equivalent to approximately two positions; the enacted budget included turnover savings equivalent to approximately 16 vacant positions.

As part of its constrained request, the Council includes savings of \$165,375 from general revenues from maintaining additional vacancies. *The Governor's recommendation is \$52,291 less from general revenues than the unconstrained request to reflect statewide medical benefit savings.*

Fellowships for Instructional Excellence. The Council requests \$1.1 million from general revenues to bring approximately eight master teachers into two-year fellowships at the Department of Elementary and Secondary Education. These competitive fellowships are intended to leverage and highlight some of Rhode Island's strongest teachers by creating a statewide cohort focused on promoting best-in-class instructional strategies in the core content areas. During the fellowship years, the cohort will have the opportunity to access professional development in areas related to their craft and they will be deployed through the state to support the needs of Rhode Island teachers and leaders. This is the same fellowship program the Department had several years ago whereby the Department pays the district for the salary and benefit costs of the teachers participating in the fellowship.

As part of its constrained request, the Council excludes this funding. *The Governor recommends \$750,000 for the first year of a proposed two-year fellowship, which would appear to fund five teachers.*

Innovation Empowerment Fund. The Governor's Work Group to Review the Permanent Education Foundation Aid Formula recommended that the state "investigate the use of state funding to promote innovation, flexibility and best practices to encourage autonomy".

Based on that recommendation, the Governor's budget includes \$1.0 million from general revenues to fund a new innovation and empowerment fund to support grants to schools to promote innovation, flexibility and best practices. Planning grants would be competitive and likely range from \$25,000 to \$50,000 per school. There is no other information on how funds would be used.

Principal Empowerment and Training. The Commissioner of Elementary and Secondary Education has spoken about his vision for public education that includes investing principals with more authority at the school level.

The Governor's budget includes \$1.0 million from general revenues to fund a new initiative to build a pipeline of instructional leaders and principals, support the growth of sitting principals and strengthen in-

state principal preparation programs. Approximately 35 educators from between five and eight schools would be expected to participate in the first year. Participants would be able to earn a newly created credential as a K-12 Instructional Leader.

Computer Science. The Council on Elementary and Secondary Education’s strategic plan for 2015 – 2020 identifies advocating for funding to increase one-student to one-computer technology needs across the state as something the Department will do in order to build statewide capacity to personalize.

The Governor’s budget includes \$260,000 from general revenues for a new initiative to expand access to computer science courses for elementary and secondary education students in order to improve science, technology, engineering and mathematics (STEM) education in Rhode Island schools.

PSAT/SAT. Currently, high school juniors and seniors take the PSAT and SAT, which are standardized tests widely used for college admission. The PSAT currently costs \$15; the SAT costs \$43 or \$54.50 with the essay. As of October 2015, there are 10,752 high school seniors and 9,847 high school juniors. The CollegeBoard currently offers a test fee waiver for low income students.

The Governor recommends \$0.5 million from general revenues for FY 2017 for a new initiative to provide the PSAT and SAT for free to all Rhode Island public school students. The initiative is intended to increase test participation to 100 percent, though supporting documents to the Budget do not include any information on how the program will work. It would cost \$0.6 million to provide the test to all juniors and seniors, assuming that none take the essay option; with the essay, the total cost would be \$0.7 million.

Uniform Chart of Accounts. The Council requests \$198,500 from general revenues for a one-time expense for enhancements to the state’s Uniform Chart of Accounts data warehouse. These enhancements will allow the display of school and district financial data in a user friendly format and will have the capacity to export data, identify outliers, accept new Uniform Chart of Accounts data annually and establish linkages between finance and other Department data sets. The application will also allow users to identify opportunities for cost containment and reallocation and compare the data with other peer groups as well as state averages. The Department notes that there may be future, on-going licensing or maintenance costs depending on what type of system is purchased that was not accounted for in the budget request; however, the Department is awaiting bids for the project before estimating such costs.

As part of its constrained request, the Council excludes this funding. *The Governor recommends funding consistent with the constrained request.*

Educator Support Initiatives. The Council requests \$105,000 from general revenues for several educator support programs, such as consultant services. These services include: human resources capacity for the development of talent management, professional development and organizational policies and procedures; educator quality initiatives such as evaluator trainers and principal support; support to educators in master scoring video for use throughout the state; and cost of membership to belong to the Council of Chief State School Officers’ network of Educator Quality initiatives.

As part of its constrained request, the Council excludes this funding. *The Governor recommends funding consistent with the constrained request.*

Quality Issues Initiatives. The Council requests \$75,000 from general revenues to support the local districts and charter schools in conducting evaluation sessions, student learning outcomes, quality improvement, high quality observations and feedback as well as other instructional quality areas. The Department would purchase training materials and allow schools to use them during training sessions.

As part of its constrained request, the Council excludes this funding. *The Governor recommends funding consistent with the constrained request.*

Network IT Support Contract. The Council requests \$150,000 from general revenues for a new five-year support and maintenance contract for its collection of systems that manages approximately 150 virtual servers.

As part of its constrained request, the Council excludes total funding. *The Governor recommends \$34,500 from general revenues to convert this contract to an annual renewal period.*

Met School Capital. The Council requests \$250,000 from Rhode Island Capital Plan funds for asset protection projects at the Metropolitan Career and Technical School. This is \$3.6 million less than enacted largely to reflect the completion of the HVAC project. This is consistent with the capital request. *The Governor recommends \$150,000 less than requested from Rhode Island Capital Plan funds. A detailed description of these projects is included in the Capital Budget section of this publication.*

Other Capital. The Council requests \$2.3 million from Rhode Island Capital Plan funds for all other capital projects. This is \$0.3 million more than enacted and includes work at the Warwick and Woonsocket career and technical centers. 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 \$95,000 more than requested from Rhode Island Capital Plan funds. A detailed description of these projects is included in the Capital Budget section of this publication.*

Department of Justice Settlement. The Council requests the enacted level of \$125,000 from general revenues for a federal monitor as part of a settlement with the United States Department of Justice for violations of Title II of the American Disabilities Act. The Department of Justice discovered that individuals with intellectual and developmental disabilities were being segregated through a “Training Thru Placement” program sheltered at the Harold A. Birch Vocational Program at Mount Pleasant High School. The Department of Justice’s investigation found that the majority of people receiving state and city-funded employment and daytime services through the segregated program could and wanted to work and receive services in more integrated community settings.

Under the Americans with Disabilities Act, people with disabilities have the right to receive services in the most integrated settings appropriate for them. As part of the settlement, the Department of Education must make certain remedial actions. The appropriation request will fund the remedies and the cost of the federal monitor that would validate compliance. In addition to the Department of Education, the Executive Office of Health and Human Services, the Departments of Human Services, and Behavioral Healthcare, Development Disabilities and Hospitals are included in the investigation. The settlement and monitoring fees will be allocated among these agencies. The Department spent \$44,862 in FY 2014 and anticipated spending \$125,000 in FY 2015 for the federal monitor and implementation of compliance programs, though no expenditures were made.

As part of its constrained request, the Council eliminates this funding, citing that it has not been notified of any payments or expenditures that may be required in FY 2017; however, it is not clear if this reduction is feasible. *The Governor recommends removing this funding from the Department’s budget in both FY 2016 and FY 2017 and funding the monitor in the Department of Behavioral Healthcare, Developmental Disabilities and Hospital’s budget.*

Channel 36 Transition Grant. The request includes the enacted level of \$200,000 from general revenues for the grant to Channel 36. The FY 2014 budget included \$300,000 and the FY 2015 budget included \$250,000 as pass through grants to assist in the transition of Channel 36 from a state agency to the control of the Rhode Island PBS Foundation. It should be noted that grant support at some level was intended to

be provided for two years; FY 2015 was the second year. The FY 2016 enacted budget provides \$200,000 to bring total transitional support to \$750,000, as was originally requested by the Foundation.

As part of its constrained request, the Department excludes this funding. *The Governor excludes this funding as it was only intended to be provided through FY 2016.*

Other Grants and Programming. The Council's request for \$17.2 million for the remaining Department programs includes adjustments in state, federal and restricted receipt expenditures producing a total decrease of \$0.1 million, including an increase of \$8,601 from general revenues. This includes \$15,000 from general revenues to join the Council of State School Officers network. Federal funds changes reflect actual grant awards and projected expenditures and include the end of several grants and increased awards for others. The request includes expenditures of \$3.2 million from general revenues, \$11.6 million from federal funds and \$0.3 million from restricted receipts. Some of the areas that receive general revenue funding are teacher assessment training and other professional development, human resources, information technology, teacher certification, policy, legal and board relations.

As part of its constrained budget, the Council proposes eliminating the subsidy for National Board Certification for savings of \$36,000, reducing subscriptions by \$11,000 and reducing human resources related legal services by \$25,000.

The Governor recommends \$38,100 more than requested from general revenues. This includes \$53,100 for membership in the Education Commission of the States, an organization that provides education policy research offset by exclusion of \$15,000 to join the Council of State School Officers network. She concurs with the remainder of the unconstrained request.

Davies Career and Technical School

Funding Formula. The Council requests \$16.3 million from all sources, including \$11.0 million from general revenues to fund the Davies Career and Technical School for FY 2017, the sixth year of the funding formula. This is \$0.9 million less than enacted including \$0.6 million less from general revenues, \$0.3 million less from restricted receipts and \$48,971 more from federal sources. Beginning with FY 2012, Davies falls under the education funding formula and its state aid is determined just as any other local education agency. FY 2017 is the sixth year of the funding formula. Using enrollments of 875 and free and reduced price lunch students of 594, total formula aid is projected to be \$7.9 million or approximately \$3.7 million less than FY 2016 enacted aid. This decrease will be transitioned over four years, the remainder of the ten-year transition plan.

The Governor recommends funding as requested. She also recommends legislation that reduces the local tuition payments made to charter and state schools by \$355 per student in an effort to capture the cost differential between traditional districts and charter schools. This is estimated to reduce local tuition payments to charter and state schools by \$3.6 million; the impact to Davies would be \$0.3 million less in local tuition payments.

Deficit/Funding Gap. The request includes \$1.7 million from general revenues for support outside of the education funding formula for Davies. There is currently no statutory allowance for such a payment. Although the local aid provided increased funding to Davies in FY 2014 and FY 2015, local tuitions were fully transitioned in year five of the formula implementation, FY 2016, while state reductions are transitioned over ten years. In FY 2016, the phase-in of the local share was completed, but the general revenue reduction of state aid will continue for five more years. Thus, beginning in FY 2017, Davies will start to experience a more significant decrease in funding as it experiences the full effect of the funding formula.

Davies is now fully financially responsible for district bus transportation, although it is a regional school. This change was effective and was phased-in beginning in FY 2012. As such, the district bus transportation has added \$600,000 of additional annual cost to the operating budget, being that students are transported to Davies from Central Falls, Pawtucket, Providence, North Providence, Smithfield and Lincoln.

It should also be noted that the funding formula continues to be phased-in through FY 2021, with substantial general revenue reductions to Davies continuing each year as per the formula calculations. However, Davies has submitted a current services request for FY 2017 in order to continue to sustain its existing technical and academic programs. The school has indicated that if it does not receive additional funding, technical program reductions and closures are inevitable upon full transition of the funding formula in FY 2021. The Department continues to analyze the impact and structure of the present education funding formula for purposes of possible revision.

The Governor recommends a new stabilization fund for the state schools in order to mitigate some of the losses in funding from the implementation of the funding formula and recognize the additional costs associated with running a stand-alone school that offers both academic and career and technical education. She recommends \$2.0 million in additional funding to Davies for FY 2017.

Capital. The Council's request includes \$1.3 million from Rhode Island Capital Plan funds for capital projects at the Davies Career and Technical School. This is \$0.3 million less than enacted for general asset protection projects. *The Governor recommends \$215,000 more than requested from Rhode Island Capital Plan funds. A detailed description of these projects is included in the Capital Budget section of the analysis.*

Rhode Island School for the Deaf

Salaries and Benefits. The Council's budget request contains \$6.3 million in salary and benefit expenditures for 60.0 full-time equivalent positions at the school. This is \$40,850 less than enacted, including \$15,436 in statewide savings. The School indicated subsequent to the budget submission that the reduction was made in error and it intended to reduce the budget by the value of the statewide savings only.

As part of its constrained request, the Council proposes reducing general revenue expenditures by \$353,015, including \$298,006 for salaries and benefits from maintaining additional vacancies, including library services and other positions yet to be determined, based on students' needs. The Department states that these vacancies or layoffs would cause a significant detriment to the School's functions and result in non-highly qualified teachers assuming roles for which they are not prepared.

The Governor's recommendation is \$3,265 more than requested, including \$17,531 less from general revenues to restore the federal funds erroneously removed from the request.

Other Operations. The Council requests \$1.1 million for all other expenses for the School for the Deaf, including \$0.7 million from general revenues. The request is \$79,345 more than enacted, including \$84,739 more from general revenues. The Council's request includes \$0.5 million for specialized care contracted services, such as speech pathologists, behavior specialists and personal care attendants, which is approximately \$10,000 more than enacted to reflect anticipated expenditures. Nearly half of the general revenue increase is for utilities and office supplies.

As part of its constrained request, the Council proposes reducing general revenue expenditures by \$353,015, including \$55,009 for expenditures not related to staff. This includes reductions to almost all operating expenditures, including contracted service providers, maintenance and utilities, and it is not clear that all of these reductions could be achieved. *The Governor recommends funding consistent with the unconstrained request.*

Public Higher Education

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Program				
Office of Postsecondary Comm.	\$ 28,302,867	\$ 28,633,244	\$ 28,857,311	\$ 31,005,470
University of Rhode Island	720,672,430	757,415,059	792,351,132	777,407,001
Rhode Island College	179,033,154	177,339,412	189,190,012	186,601,317
Community College of RI	162,150,985	159,621,470	166,636,968	168,403,651
Total	\$ 1,090,159,436	\$ 1,123,009,185	\$ 1,177,035,423	\$ 1,163,417,439
Expenditures by Category				
Salaries and Benefits	\$ 470,957,336	\$ 477,376,830	\$ 495,596,193	\$ 494,937,548
Contracted Services	26,387,730	28,237,477	34,423,959	33,693,805
Subtotal	\$ 497,345,066	\$ 505,614,307	\$ 530,020,152	\$ 528,631,353
Other State Operations	195,933,850	208,110,860	219,445,834	218,599,084
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	303,071,982	308,717,012	310,637,464	311,450,409
Capital	40,422,980	63,579,959	63,868,074	58,987,692
Capital Debt Service	53,385,558	36,987,047	53,063,899	45,748,901
Operating Transfers	-	-	-	-
Total	\$ 1,090,159,436	\$ 1,123,009,185	\$ 1,177,035,423	\$ 1,163,417,439
Sources of Funds				
General Revenue	\$ 196,304,956	\$ 180,983,077	\$ 220,551,979	\$ 199,498,689
Federal Aid	15,092,544	15,434,426	14,308,847	14,308,847
Restricted Receipts	653,200	653,200	660,795	660,795
Other	878,108,736	925,938,482	941,513,802	948,949,108
Total	\$ 1,090,159,436	\$ 1,123,009,185	\$ 1,177,035,423	\$ 1,163,417,439
Uses of Funds				
Unrestricted Use Funds	\$ 643,071,770	\$ 640,789,172	\$ 682,244,482	\$ 676,876,175
Restricted Use Funds	447,087,666	482,220,013	494,790,941	486,541,264
Total	\$ 1,090,159,436	\$ 1,123,009,185	\$ 1,177,035,423	\$ 1,163,417,439
FTE Authorization	3,513.4	3,513.4	3,556.4	3,548.0
<i>Limited to Third Party Funds</i>	<i>745.8</i>	<i>745.8</i>	<i>745.8</i>	<i>745.8</i>
Total Authorized Positions	4,259.2	4,259.2	4,302.2	4,293.8

Summary. The Council on Postsecondary Education requests \$1,177.0 million from all funds, including \$220.6 million from general revenues. This is \$86.9 million of new spending above the FY 2016 enacted budget for FY 2017 including \$24.2 million more in general revenue support, \$14.9 million more from other unrestricted sources and \$47.7 million more from restricted sources. The Council requests total funding from all sources of \$1,177.0 million for FY 2017, which is 8.0 percent growth over the FY 2016

enacted budget. The Council requests \$682.2 million from unrestricted use funds and \$494.8 million from restricted use funds. The unrestricted request represents 4.0 percent growth over FY 2016 revised expenditure projections; the restricted request represents 4.1 percent growth.

The Governor recommends \$1,163.4 million from all sources, which is \$73.3 million more than enacted and \$13.6 million less than requested. She recommends \$199.5 million from general revenues, which is \$3.2 million more than enacted and \$21.1 million less than requested. Adjusted for \$7.6 million in general obligation bond debt service savings, the increase from general revenues is \$10.8 million. Her recommendation also includes \$30.6 million more from other unrestricted sources and \$39.5 million more from restricted sources.

Additionally, the Governor's budget includes more unrestricted source expenditures than can be supported by available resources in FY 2017, though her intent is that the schools do not increase tuition rates to generate additional resources. Requested spending was not reduced in her FY 2017 recommendation to account for the lack of resources. It appears the assumption is that the schools will constrain spending in FY 2016 in order to carry more funds forward for use in FY 2017; however, the recommendation does not show an expenditure reduction for FY 2016 to signify this expectation.

Target Issues. The Council submits a current service budget in addition to the target budget required by the Budget Office. The Budget Office provided higher education with a general revenue target of \$184.0 million. The amount includes current service adjustments of \$0.4 million and a 7.5 percent target reduction, adjusted for certain exclusions, of \$12.7 million. The constrained budget submitted by the Council is \$10.6 million above the target. The proposals to achieve the reductions are noted among the items described in each institution's section where appropriate. *The Governor's recommendation is \$15.5 million more than the target.*

FY 2017 Budget	Budget Office	Higher Education	Difference
FY 2016 Enacted	\$ 196,304,956	\$ 196,304,956	\$ -
Current Service Adjustments	383,465	383,465	-
New Initiatives	-	23,863,558	23,863,558
Change to FY 2016 Enacted	\$ 383,465	\$ 24,247,023	\$ 23,863,558
FY 2017 Current Service/Unconstrained Request	\$ 196,688,421	\$ 220,551,979	\$ 23,863,558
Target Reduction/Initiatives	(12,690,210)	(25,932,008)	(13,241,798)
FY 2017 Constrained Target/Request	\$ 183,998,211	\$ 194,619,971	\$ 10,621,760
<i>Change to FY 2016 Enacted</i>	\$ (12,306,745)	\$ (1,684,985)	\$ 10,621,760

Full-Time Equivalent Positions. The FY 2017 request includes authority for 4,302.2 full-time equivalent positions, provided that 745.8 of those positions would be limited to third-party sources. This is 43.0 more than the enacted level, including 35.5 more positions at the University and 7.5 more positions at the College. The 2004 Assembly changed its treatment of research-funded positions to provide the institutions' estimates of staffing needs associated with additional research grants and other third-party funds. Article 1 separately lists the authorization for each institution and the Office of Postsecondary Commissioner and indicates how many positions are reserved for third-party funded activities.

The Governor recommends 4,293.8 full-time equivalent positions, which is 34.6 more than enacted and 8.4 less than requested. This includes 33.0 positions more for the University, 2.6 more for the College, and 1.0 less for the Office of Postsecondary Commissioner to reflect moving an internal auditor position to the Department of Administration as part of her initiative to centralize the audit function statewide. She recommends the enacted level of 745.8 third-party funded positions.

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 Assembly did not change the budget request and submission process; the law continues to require the Board of Education to review, develop and submit the higher education budget that it receives and approves from the Council on Postsecondary Education. Also, the institutions retained their authority to use additional resources they received above appropriated amounts, such as research grants and additional tuition and fees.

The Council continues to review and approve each institution's allocation of 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 Council specifies as requested, staff analysis starts from the allocations.

The Governor recommends \$8.2 million less than requested including \$15.3 million less from general revenues of which \$14.6 million reflects savings from refinancing general obligation bond debt and \$0.7 million represents additional turnover savings and statewide medical benefits savings. She also provides \$6.3 million more from Rhode Island Capital Plan funds to reflect her capital budget recommendations.

Higher Education Funding. Expenditures in Public Higher Education increased 60.4 percent during the period FY 2006 through FY 2016, which is an annual rate of 6.0 percent. They would grow 73.1 percent if the Council's FY 2017 request were funded, which is an annual rate of 6.7 percent. It should be noted that beginning in FY 2007, debt service expenditures, which had been shown in the Department of Administration's budget from FY 2000 through FY 2006, are again shown in Higher Education's budget.

The Governor's FY 2017 recommendation represents 71.1 percent growth during the FY 2006 through FY 2017 period, which is an annual rate of 6.5 percent.

In Rhode Island, as in many other states, expenditures and sources for public higher education are generally broken into two categories: (1) *unrestricted* budget and (2) *restricted* budget. The distinction is extremely important to the understanding of public higher education funding.

Unrestricted Budget. The unrestricted budget consists of those funds that can be used for any legitimate purpose. Those purposes fall within the education and general operations of the institutions. They include state general revenue appropriations, tuition and general fees, auxiliary indirect costs and miscellaneous revenue. The latter are the indirect costs added to research grants to reimburse the institution 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. The Council's unrestricted budget totals \$682.2 million, of which \$220.6 million is from general revenues. The general revenue portion is \$24.2 million more than the FY 2016 enacted budget; other unrestricted sources increase \$15.0 million.

The Governor recommends \$676.9 million from unrestricted sources, which is \$33.8 million more than enacted and \$5.4 million less than requested. General revenues are \$3.2 million more than enacted and \$21.1 million less than requested. Adjusted for \$7.6 million in general obligation bond debt service savings, the increase from general revenues is \$10.8 million more than enacted. Additionally, the Governor's budget includes more unrestricted source expenditures than can be supported by available resources in FY 2017, though her intent is that the schools do not increase tuition rates to generate additional resources. Requested spending was not reduced in her FY 2017 recommendation to account for the lack of resources. It appears the assumption is that the schools will constrain spending in FY 2016 in order to carry more funds forward for use in FY 2017; however, the recommendation does not show an expenditure reduction for FY 2016 to signify this expectation.

The following table displays the projected revenues and expenditures from the institutions' requests and the Governor's recommendation. Neither assumes tuition increases. Based on the Governor's

recommended expenditures, the institutions would have to generate \$16.2 million in additional revenues or reduce expenses by that amount or a combination of the two.

Non-General Revenue Unrestricted Budget	Request		Governor	
	FY 2016 Rev.	FY 2017	FY 2016 Rev.	FY 2017
Prior year balance	\$ 8,336,365	\$ 1,173,054	\$ 8,336,365	\$ 500,118
Current Revenues	451,969,883	460,792,503	451,969,848	460,721,923
Less Expenditures	(459,133,194)	(461,692,503)	(459,806,095)	(477,377,486)
Year End Balance	\$ 1,173,054	\$ 273,054	\$ 500,118	\$ (16,155,445)

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, including sponsored research overhead, are considered restricted use; the traditional display in the Governor’s budget presentation breaks them out separately. The Council requests restricted budgets of \$494.8 million for FY 2017. This is an increase of \$47.7 million, or 10.7 percent to the enacted FY 2016 level. Compared to the revised allocation, the request is \$19.0 million more. *The Governor recommends \$486.5 million from restricted sources, which is \$39.5 million more than enacted and \$8.2 million less than requested.*

Salaries and Benefits. The Council requests \$495.6 million for salary and benefit expenditures, of which \$398.3 million is from unrestricted sources and \$97.3 million is from restricted sources. The request represents a \$16.1 million or a 4.2 percent increase from the FY 2016 enacted level in unrestricted funding, and an \$8.5 million decrease in restricted funding, or 9.6 percent. Compared to the institutions’ FY 2016 revised projections, the unrestricted increase is \$17.3 million or 4.6 percent and restricted funding increases \$0.7 million or 0.7 percent. The Council’s request includes benefit adjustments consistent with Budget Office planning values, funding for 43.0 new unrestricted positions, as well as funding for cost-of-living adjustments resulting from recent contract negotiations with faculty, staff and adjunct faculty unions.

The Governor recommends \$23.9 million more than enacted and \$0.7 million less than requested for salaries and benefits. The unrestricted recommendation is \$15.4 million more than enacted and \$0.7 million less than requested.

Contracted Services. The Council requests \$34.4 million for contracted services for FY 2017, of which \$20.0 million is from unrestricted sources and \$14.5 million is from restricted sources. This is \$8.0 million more than the FY 2016 enacted budget and \$6.2 million more than the FY 2016 revised allocation. Compared to the revised allocation, unrestricted sources increase \$5.5 million or 38.1 percent and restricted sources increase \$0.7 million or 4.9 percent. The increase is primarily driven by online course curricula development at the University of Rhode Island and the opening of the new Nursing Education Center. *The Governor recommends \$9,654 less than enacted and \$0.7 million less than requested.*

Operating Expenses. The Council requests \$219.4 million for operating expenditures in FY 2017, of which \$100.9 million is from unrestricted sources and \$118.6 million is from restricted sources. This is \$23.5 million more than the FY 2016 enacted operating expenses. Compared to the institutions’ FY 2016 revised projections, the unrestricted increase is \$6.0 million, or 6.3 percent and the restricted budget increase is \$4.7 million or 4.2 percent. *The Governor recommends \$22.6 million more than enacted and \$0.8 million less than requested.*

Grants and Scholarships. The Council requests \$310.6 million for total grants and scholarships expenditures for FY 2017, an increase of \$7.6 million, or 4.3 percent to the enacted FY 2016 budget. The unrestricted budget accounts for \$122.2 million, an increase of \$5.0 million, or 4.3 percent. The restricted budget includes \$188.4 million, a 1.4 percent increase of \$2.5 million.

Total scholarships, grants, waivers and other aid from the three institutions would provide aid equal to 28.0 percent of the tuition and mandatory fees based on the Council's current service budget. Revised FY 2016 estimates are for 28.0 percent. In FY 2015, that share was also 28.0 percent. External student aid also includes the Ford Direct Student Loan and Parent Loan programs at the University. The University requests \$99.0 million related to the Ford Loans for FY 2017.

The Council's request also includes grant programs managed by the Office of Postsecondary Commissioner that were established in the FY 2016 enacted budget as a part of Article 7. The Dual Enrollment Program and the Last Dollar Scholarship Program replaced the state's need-based scholarship and grant program with more flexible state grant programs. Total funding includes \$1.3 million from tuition savings fees for the Dual Enrollment Program and \$10.1 million from tuition savings fees and guaranty agency reserve funds for the Last Dollar Scholarship Program. *The Governor recommends \$8.4 million more than enacted. She includes language in Article 1 that requires the institutions to maintain internal student financial aid for FY 2017 at the FY 2016 level.*

Capital. The Council requests \$63.9 million in total expenditures for capital outlays and improvements for FY 2017. The request includes \$38.9 million from Rhode Island Capital Plan funds of which \$19.3 million is for asset protection. It should be noted that the Rhode Island Capital Plan funds request is not consistent with the Council's five-year capital plan request. All projects are discussed in detail in the Capital Budget section of this publication. *The Governor recommends \$18.6 million more than enacted and \$4.9 million less than requested.*

Debt Service. The Council requests \$53.1 million in total expenditures for debt service expenses for FY 2017. Of this total, \$32.6 million is unrestricted. This is \$1.6 million more than the revised allocation and \$0.3 million less than enacted. General revenues are used to support general obligation bond debt service. *The Governor recommends \$45.7 million, which is \$7.6 million less than enacted, primarily related to debt restructuring.*

Enrollment. FY 2017 enrollment, based on revised estimates, would be 31,298 full-time equivalent students, which is approximately 0.1 percent more than the reported FY 2016 level. The Council's FY 2016 revised budget estimates an increase of 1.0 percent at the University that reflects 175 more students overall and a change in the mix of in-state and out-of-state students. The College projects FY 2016 enrollment of 6,935, which is 75 or 1.0 percent more than the enrollment assumptions in the enacted budget. The Community College projects a 3.0 percent decrease or 259 fewer students than in FY 2016. *The Governor's recommendation appears to reflect the Council's enrollment projections.*

Tuition and Fees. The Council's FY 2017 request includes \$420.5 million from tuition and fees. This represents a \$12.6 million, or 3.1 percent increase in revenues over the FY 2016 level and is \$6.3 million or 1.5 percent more than the revised allocation. The Council on Postsecondary Education approved tuition rates for FY 2017 at its October 2015 meeting. These include no tuition increases for any of the institutions but mandatory fee increases of 1.3 percent for the University and 0.8 percent for the College.

The three institutions have proposed further tuition rate increases to offset the general revenue reduction contained in the constrained budget instead of making expenditure reductions. The Council would have to approve new rates consistent with the constrained request. At its October 2015 meeting, it also voted to "retain the right to readjust tuition as needed upon notification of the Governor's recommendation and, later, upon the action of the legislature."

The Governor's budget assumes tuition will not increase and includes language in Article 1 to that effect.

Office of Postsecondary Commissioner

Office of Postsecondary Commissioner	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 2,810,007	\$ 3,063,984	\$ 3,150,951	\$ 2,694,570
Contracted Services	5,127,500	5,127,500	5,244,000	4,527,500
Subtotal	\$ 7,937,507	\$ 8,191,484	\$ 8,394,951	\$ 7,222,070
Other State Operating	4,284,032	4,360,432	4,381,032	4,280,213
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	16,072,994	16,072,994	16,072,994	16,072,994
Capital	8,334	8,334	8,334	3,430,193
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 28,302,867	\$ 28,633,244	\$ 28,857,311	\$ 31,005,470
Sources of Funds				
General Revenue	\$ 5,815,323	\$ 5,803,818	\$ 7,153,464	\$ 9,301,623
Tuition and Fees	-	-	-	-
Other Unrestricted	-	-	-	-
Total Unrestricted	\$ 5,815,323	\$ 5,803,818	\$ 7,153,464	\$ 9,301,623
Restricted	22,487,544	22,829,426	21,703,847	21,703,847
All Sources	\$ 28,302,867	\$ 28,633,244	\$ 28,857,311	\$ 31,005,470
FTE Authorizations				
	24.0	24.0	24.0	23.0
<i>Third-Party Funded Positions</i>	1.0	1.0	1.0	1.0
Total Positions	25.0	25.0	25.0	24.0

Summary. The Office requests \$28.9 million in FY 2017 expenditures from all sources and 25.0 full-time equivalent positions which reflects the Commissioner of Postsecondary Education's staffing and operations plan including the Division of Higher Education Assistance within the Office of Postsecondary Commissioner. This is \$0.6 million more than the enacted budget and includes \$1.3 million more from general revenues and \$0.8 million less from restricted sources. Staffing is consistent with the enacted authorization. This analysis segregates the two divisions of the Office of Postsecondary Commissioner, including the Office and the Division of Higher Education Assistance. It should be noted that the Division is supported by a declining revenue source, primarily federal guaranty agency funds.

The Governor recommends \$31.0 million, including \$9.3 million from general revenues. This is \$2.1 million more from general revenues than requested and \$3.5 million more than enacted. This primarily reflects the inclusion of \$3.4 million from general revenues for the state's share of the first year lease costs for the new Rhode Island Nursing Education Center that were not included in the request.

Unrestricted Budget. The unrestricted budget accounts for \$7.2 million from general revenues, which is \$1.3 million more than both the revised budget and the FY 2016 enacted budget to reflect the shifting of some staffing costs from federal funds to general revenues and a number of new initiatives the Office plans to undertake in FY 2017. The staffing request is consistent with the enacted authorization. As of the pay

period ending November 28, 2015, the Office had 2.2 vacant positions out of 24.0 total unrestricted authorized positions. The majority of the requested non-personnel expenditure increases reflect two one-time costs including \$0.4 million for the implementation of a new funding formula and \$0.3 million for a Job Classification Study for the public higher education system.

The Governor recommends \$9.3 million from general revenues; this is \$3.5 million more than enacted and \$2.1 million more than requested to primarily reflect the inclusion in the Office's budget of \$3.4 million from general revenues for the state's share of the first year lease costs for the new Rhode Island Nursing Education Center.

Full-Time Equivalent Positions. The Office requests the enacted authorization of 25.0 full-time equivalent positions. *The Governor recommends 24.0 full-time equivalent positions to reflect the transfer of 1.0 internal auditor to the Office of Management and Budget as part of the consolidation of internal auditing functions statewide.*

Office of Postsecondary Commissioner Changes to Enacted			
	Request	Governor	Difference
Current Year Revisions	\$ -	\$ (11,505)	\$ (11,505)
Salaries and Benefits	521,641	75,946	(445,695)
Shepard Building	-	-	-
PeopleSoft	-	-	-
Community Service Grants	-	-	-
Information Technology Program	100,000	-	(100,000)
Funding Formula Implementation	400,000	-	(400,000)
Job Classification Study	300,000	-	(300,000)
Nursing Education Center	-	3,421,859	3,421,859
Office's Other Operations	16,500	-	(16,500)
Total	\$ 1,338,141	\$ 3,486,300	\$ 2,148,159

Current Year Revisions. The revised budget includes \$5.8 million from general revenues, which is consistent with the enacted budget, but fails to adjust for \$6,140 in statewide savings that were centrally budgeted in the Department of Administration for later distribution. *The Governor recommends \$11,505 less from general revenues than requested. This includes \$10,868 from statewide medical benefit savings, some of which the Office failed to account for in its request, as well as \$819 in statewide telephone savings.*

Salaries and Benefits. The request includes \$2.3 million from all sources for salaries and benefits costs, all from general revenues. The request is \$0.5 million or 28.7 percent more than enacted. The increases include \$0.2 million to transfer staff costs within the Division of Higher Education Assistance from federal funds to general revenues for work including accounting and information technology that specifically relates to state functions. Additional changes include \$0.3 million for current service adjustments and to restore turnover savings.

The constrained request reduces expenditures for salaries and benefits by \$0.7 million or 20.9 percent but does not specify how these savings would be realized. Based on an average cost per position of \$125,956, this would result in the elimination of approximately five authorized positions.

The Governor recommends \$0.4 million less from general revenues than the unconstrained request. This excludes any cost shifted from federal funds and additional statewide medical benefit savings. It also includes \$137,106 less to reflect the transfer of 1.0 internal auditor position to the Office of Management and Budget as part of the statewide consolidation of internal auditing functions.

Shepard Building. The unrestricted budget request includes \$2.4 million for costs associated with parking and operating expenses for the Shepard Building. This is consistent with the revised allocation and enacted budget. 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 constrained request reduces non-parking operating expenses by \$0.1 million which would shift these costs to the University. The Office and the University believe that the original agreement between the state and the University was to split the cost of the building 50/50. As state funding has declined and the Office has been instructed to submit budget requests with reductions, it has reduced its support for Shepard, which shifts the cost to the University. *The Governor recommends \$2.4 million, consistent with the unconstrained request.*

PeopleSoft. The unrestricted budget includes the enacted amount of \$0.7 million for costs associated with PeopleSoft. This provides funding to the institutions for reviewing and revising business practices consistent with the PeopleSoft software. Each year the Office allocates the appropriation among the institutions. Funding was originally provided to implement the system. In the past few years funds have been used for upgrades, updates, and expansions to the Oracle/PeopleSoft/Banner systems. Although the original systems are implemented, the Office has indicated that there are continual needs and interfaces that are required for federal and state reporting requirements as well as other administrative purposes.

The constrained request reduces expenditures by \$51,481 or 7.5 percent which would result in a reduction in funding to the institutions. It should be noted that the Office proposed a similar reduction in its FY 2016 constrained budget as well. The Governor reduced total expenditures by \$0.2 million; the Assembly concurred. *The Governor recommends \$0.7 million, consistent with the unconstrained request.*

Community Service Grants. The request includes \$0.7 million for its community service grants, consistent with the revised budget request and the enacted level. Community service grants fund various programs that support or promote higher education. *The Governor recommends funding as requested.*

Information Technology Program. The request includes \$0.1 million in new spending from general revenues to upgrade information technology programs that are now under the Office's purview as a result of the consolidation of the former Rhode Island Higher Education Assistance Authority with the Office of Postsecondary Commissioner. These information technology programs perform a number of functions including supporting the state's grant program, providing services including e-mail and other digital communications, and serving as a repository for longitudinal data related to the public higher education system. The longitudinal data functions are mainly related to tracking how the institutions use grant money and how these uses affect aid recipients' retention and graduation rates. The Office indicates that these funds will also support a hardware and software upgrade to house a secure data system needed for implementation of the new higher education funding formula. It is unclear why the Office is requesting general revenues to support upgrades related to the grant program and other digital functions which were previously supported by federal funds.

The Office's constrained request eliminates the entire \$0.1 million in new funding requested for these information technology upgrades. If this reduction were made, the Office would have to continue to rely on its current systems which the Office insists are inadequate to efficiently manage the state's grant program.

The Governor does not recommend funding.

Funding Formula Implementation. The request includes \$0.4 million from general revenues to hire a consulting firm to provide guidance to the Office as it works to implement a new funding formula for the public higher education system. Article 20 of the FY 2015 enacted budget, which established the Council on Postsecondary Education and the Office of Postsecondary Commissioner, ordered the Office to establish

a funding formula for the higher education system. The Office intends to begin design of the new funding formula in FY 2017 with oversight from a yet unidentified consulting firm to ensure as little disruption as possible to the institutions and their programs. The new formula will aim to improve graduation rates at the three institutions and better align programs with growth industries in the Rhode Island economy.

The constrained request excludes this funding. *The Governor does not recommend the new funding requested; however, Budget Office supporting documents suggest this would be funded within existing resources.*

Job Classification Study. The request includes \$0.3 million from general revenues for the Office to perform a new job classification study for the public higher education system. The Office indicates that the study will be similar to a study recently completed by the Department of Administration. This type of study has not been conducted for the public higher education system since the 1970s. The study is intended to evaluate how technological advancements and other changes in the workplace environment have influenced positions within higher education. Job reclassifications and changes to pay scales may result depending upon the findings of the study. The Office indicates that it will issue a Request for Proposals to find the consulting firm that will eventually conduct the study.

The constrained request excludes this funding. *The Governor does not recommend funding.*

GEAR-UP Grant Program. The Office requests \$3.1 million from the GEAR-UP grant, consistent with the enacted level. The College Crusade uses these funds for operating and scholarship support. The GEAR-UP grant provides grants to states and partnerships for support and commitment to eligible low-income students, including students with disabilities, to help the students obtain a secondary school diploma and to prepare for and succeed in postsecondary education. All projects provide a comprehensive set of early intervention services including mentoring, tutoring, academic and career counseling, parental involvement, and other college preparation activities like exposure to college campuses and financial aid information and assistance. Some projects provide college scholarships to participating students. *The Governor recommends funding as requested.*

Nursing Education Center. The Rhode Island Nursing Education Center is a new, 120,000 square foot building for the University of Rhode Island College of Nursing and Rhode Island College of Nursing programs located in downtown 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 facility will also include health laboratories, computer and media labs, collaborative research, and outreach program space. Faculty and administrative offices and meeting space for the academic programs and collaborative partnerships will be provided for both programs. Site parking, hardscape and landscape features are also included. The University and College's budgets include \$3.7 million for operating and personnel costs associated with the new Nursing Education Center. *The Governor's recommendation includes \$3.4 million from general revenues for the state's share of the first year of lease costs, assuming occupancy of the new facility beginning in November 2016.*

Other Office Operations. The request includes \$1.2 million for all of the Office's other operations, including \$0.2 million from general revenues and \$1.0 million from federal funds. This is \$16,500 more than enacted, all from general revenues. The increased request from general revenues mainly reflects \$15,000 in anticipated consulting expenses related to Affordable Care Act reporting requirements for the public higher education system. The restricted federal funds component includes \$0.8 million for the College Challenge Access Grant and \$0.2 million for the Higher Education Partnership grant.

The constrained request reduces expenses by \$0.1 million, but does not identify which items would be affected.

The Governor recommends \$819 less from general revenues than enacted and \$17,319 less than requested. This excludes requested funding related to Affordable Care Act reporting requirements and provides funding at the enacted level adjusted for statewide telephone savings.

Division of Higher Education Assistance

Salaries and Benefits. The request includes \$0.7 million from guaranty agency reserve funds for the Division of Higher Education Assistance, \$0.2 million less than enacted. The decrease reflects the transfer of staff costs for positions within the Division of Higher Education Assistance from guaranty agency funds to general revenues for work including accounting and information technology that specifically relates to state functions. It should be noted that staffing costs for the Division are supported by a declining revenue source, primarily guaranty agency funds. *The Governor recommends funding as requested from guaranty agency funds but does not shift costs to general revenues as mentioned earlier.*

Dual Enrollment Program. The request includes \$1.4 million for the Dual Enrollment Program, consistent with the enacted budget. This includes \$1.3 million from tuition savings fees included in the FY 2016 enacted budget as a part of Article 7 and \$0.1 million from general revenues. This program and the Last Dollar Scholarship Program replaced the state's need-based scholarship and grant program with more flexible state grant programs directed by the Commissioner of Postsecondary Education. It is intended to allow qualified high school students to earn college credit through concurrent enrollment at no cost to the students.

It should be noted that the Office has indicated that it is currently on track to expend most of the appropriated funding for this program in the first half of FY 2016 because of higher than anticipated participation. As of late January 2016, the Office is awaiting the results of the Department of Elementary and Secondary Education's analysis to verify that the billing for these courses is accurate and, if the costs are confirmed, the Office indicates that it may request additional funding for this program for the remainder of FY 2016. This would likely continue for FY 2017 as well.

The constrained request reduces expenditures from the unrestricted portion of the Dual Enrollment program by \$4,500 or 7.5 percent.

The Governor recommends funding consistent with the unconstrained request.

Last Dollar Scholarship. The request includes \$10.1 million for the Last Dollar Scholarship Program, consistent with the enacted level. This includes \$6.1 million from tuition savings fees and \$4.0 million from federal loan reserve funds included in the FY 2016 enacted budget as a part of Article 7. This program and the Dual Enrollment Program replaced the state's need-based scholarship and grant program with more flexible state grant programs directed by the Commissioner of Postsecondary Education. The 2015 Assembly provided that the lesser of 20.0 percent or \$2.0 million annually be allocated to students attending independent, non-profit higher education institutions in Rhode Island with the remaining funding reserved for public higher education institutions in Rhode Island. *The Governor recommends funding as requested.*

Loan Portfolio Management. The request includes \$3.6 million for the management of the Division of Higher Education Assistance's loan portfolio. This is \$0.6 million less than enacted. These funds reflect default aversion fees from efforts to rehabilitate defaulted loans from the Federal Family Education Loan program. Prior to July 1, 2015, responsibility for rehabilitation of defaulted loans fell to the Higher Education Assistance Authority. Federal budget cuts passed in 2013 significantly reduced the income the Authority received from default aversion fees. The reduced request reflects a continuation of this trend as the Division of Higher Education Assistance's loan portfolio continues to decrease. The Office indicates that at the current rate of decline, the state will maintain a contract for management of this loan portfolio for another two to three years before responsibility is handed over to the federal Department of Education. *The Governor recommends funding as requested.*

WaytoGoRI Web Portal. The request includes the enacted level of \$0.7 million from guaranty agency funds for contracted services related to the operation of the Office's WaytoGo Rhode Island web portal system. WaytogoRI.org is a free, internet-based program that introduces elementary age students to possible career paths and prepares middle school students for high school. Further, the program helps high school students plan for college and careers, and offers access to online college applications. The system is currently available in all public schools in the state and many private ones. *The Governor recommends funding as requested.*

Other Operations. The request includes \$1.1 million from guaranty agency funds for all of the Division's other operations, \$3,000 less than the enacted level and revised allocation. The Division was established within the Office of Postsecondary Commissioner beginning in FY 2016 to replace the Rhode Island Higher Education Assistance Authority, which was abolished effective June 30, 2015. These expenses include \$0.1 million for outside legal services, \$0.2 million for building and equipment maintenance and \$0.6 million for information technology expenses related to the administration of programs formerly under the purview of the Higher Education Assistance Authority. *The Governor recommends funding as requested.*

University of Rhode Island

University of Rhode Island	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 275,736,907	\$ 285,318,839	\$ 296,578,045	\$ 296,375,781
Contracted Services	15,579,934	16,887,405	22,537,763	22,524,109
Subtotal	\$ 291,316,841	\$ 302,206,244	\$ 319,115,808	\$ 318,899,890
Other State Operating	139,655,486	150,290,566	158,800,074	158,054,143
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	220,859,654	226,701,519	227,374,083	228,187,028
Capital	28,337,459	47,391,915	45,231,884	35,119,943
Capital Debt Service	40,502,990	30,824,815	41,829,283	37,145,997
Operating Transfers	-	-	-	-
Total	\$ 720,672,430	\$ 757,415,059	\$ 792,351,132	\$ 777,407,001
Sources of Funds				
General Revenue	\$ 90,644,246	\$ 80,723,127	\$ 101,786,572	\$ 90,058,243
Tuition and Fees	279,375,530	293,665,134	294,651,712	301,498,287
Other Unrestricted	25,341,994	25,724,483	27,959,667	27,959,667
Total Unrestricted	\$ 395,361,770	\$ 400,112,744	\$ 424,397,951	\$ 419,516,197
Restricted	325,310,660	357,302,315	367,953,181	357,890,804
All Sources	\$ 720,672,430	\$ 757,415,059	\$ 792,351,132	\$ 777,407,001
FTE Authorizations				
	1,882.7	1,882.7	1,918.2	1,915.7
<i>Limited to Third-Party Funds</i>	573.8	573.8	573.8	573.8
Total	2,456.5	2,456.5	2,492.0	2,489.5

Summary. The University requests \$792.4 million and 2,492.0 full-time equivalent positions for FY 2017, an increase of \$71.6 million or 9.9 percent to the FY 2016 enacted budget and an increase of \$31.7 million or 4.2 percent to the revised allocation. General revenues, requested at \$101.8 million, are \$11.1 million more than both the enacted budget and the revised allocation. Compared to the enacted budget, restricted expenditures are \$42.6 million more, which mainly reflects an increase in available sponsored research funds and increased capital expenditures from Rhode Island Capital Plan funds and other restricted sources. The staffing request includes an increase of 35.5 full-time equivalent positions over the enacted budget and assumes that 573.8 of the total positions would be limited to funding from third party sources, consistent with the enacted authorization.

The Governor recommends \$777.4 million from all sources, which is \$56.7 million more than enacted and \$14.9 million less than requested. The recommendation includes \$90.1 million from general revenues, which is \$0.5 million less than enacted and \$11.7 million less than requested. Adjusted for savings from general obligation bond debt restructuring, general revenues are \$4.4 million more than enacted. She recommends 2,489.5 full-time equivalent positions, 33.0 more than enacted and 2.5 less than requested.

Tuition and Enrollment. The FY 2017 budget includes revenue related to a mandatory fee increase of 1.3 percent or \$22 for both in-state and out-of-state students. Costs for room and board would increase 2.9 percent or \$344. In-state enrollment is projected to decrease 1.2 percent or 99 full-time equivalent students and out-of-state enrollment is projected to increase 1.9 percent or 126 full-time equivalent students for a

total increase of 0.2 percent or 27 full-time equivalent students. For FY 2017, the University is projecting that of 14,546 full-time equivalent students, 7,823 will be in-state and 6,723 or 46.2 percent will be out-of-state. Over the past few years, the University has made an effort to increase its recruitment of out-of-state students in an effort to generate more revenue. It had not raised tuition in the two years preceding FY 2016 and does not intend to do so in FY 2017.

University Undergraduate				
Tuition and Fees	FY 2016	FY 2017	Change to	
			FY 2016	
Resident				
Tuition	\$ 11,128	\$ 11,128	\$ -	0.0%
Fees	1,734	1,756	22	1.3%
Total	\$ 12,862	\$ 12,884	\$ 22	0.2%
Nonresident				
Tuition	\$ 27,118	\$ 27,118	\$ -	0.0%
Fees	1,734	1,756	22	1.3%
Total	\$ 28,852	\$ 28,874	\$ 22	0.1%
Average Room and Board	\$ 11,956	\$ 12,300	\$ 344	2.9%
Undergraduate and Graduate Enrollment				
In-State	7,922	7,823	(99)	-1.2%
Out-of-State	6,597	6,723	126	1.9%
Total	14,519	14,546	27	0.2%

As in its FY 2016 request, the University suggests tuition rate increases to offset the general revenue reduction contained in the budget target instead of making expenditure reductions. On October 14, 2015, in a letter to the Council and Board of Education, Governor Raimondo urged them not to increase current tuition. The Council on Postsecondary Education concurred and approved the tuition rates in the tables above at its October 2015 meeting and also voted to reserve “the right to readjust tuition as needed upon notification of the Governor’s recommendation and, later, upon the action of the legislature.”

The Governor’s budget includes more unrestricted source expenditures than can be supported by available resources in FY 2017, though her intent is that the schools do not increase tuition rates to generate additional resources. Requested spending was not reduced in her FY 2017 recommendation to account for the lack of resources. It appears the assumption is that the schools will constrain spending in FY 2016 in order to carry more funds forward for use in FY 2017; however, the recommendation does not show an expenditure reduction for FY 2016 to signify this expectation.

The table below displays the projected revenues and expenditures from the University’s request and the Governor’s recommendation. Neither assumes a tuition increases. Based on the Governor’s recommended expenditures, the University would have to generate \$6.8 million in additional revenues or reduce expenses by that amount or a combination of the two.

Non-General Revenue Unrestricted Budget	Request		Governor	
	FY 2016 Rev.	FY 2017	FY 2016 Rev.	FY 2017
<i>Prior year balance</i>	\$ 8,336,365	\$ 1,173,054	\$ 8,336,365	\$ 941,644
<i>Current Revenues</i>	311,994,896	321,711,379	311,994,896	321,711,379
<i>Less Expenditures</i>	(319,158,207)	(322,611,379)	(319,389,617)	(329,457,954)
Year End Balance	\$ 1,173,054	\$ 273,054	\$ 941,644	\$ (6,804,931)

Staffing. The request for 2,492.0 full-time equivalent positions is 35.5 more than the enacted level. The enacted authorization and the request assumes that 573.8 of those will be limited to third-party sources. *The Governor recommends 2,489.5 full-time equivalent positions; this is 33.0 more than enacted and 2.5 less than requested. New positions included in the recommendation are discussed where appropriate in*

sections that follow. While the Governor recommends all requested new positions, she assumes that current vacancies allow for the authorization to be increased by only 33.0 positions.

Unrestricted Budget. The unrestricted budget accounts for \$424.4 million, which is an increase of \$29.0 million or 7.3 percent to the FY 2016 enacted budget and \$14.6 million or 3.6 percent to the revised allocation. Sources of funds for the increase from the revised budget include \$11.1 million more from general revenues, \$1.2 million more from tuition and fees and \$2.2 million more from other institutional resources.

The Budget Office instructed agencies to submit a constrained budget request including a 7.5 percent target reduction, adjusted for certain exclusions. The constrained budget submitted by the University is \$9.3 million more than the unconstrained request including \$16.1 million less from general revenues offset by \$25.3 million more from tuition and fees.

The Governor recommends \$419.5 million in unrestricted expenditures, which is \$24.2 million more than enacted and \$4.9 million less than requested. General revenues are \$0.6 million less than enacted and \$11.7 million less than requested. Adjusted for \$5.0 million in general obligation bond debt service savings, the increase from general revenues is \$4.4 million more than enacted.

As noted above, the Governor's budget overstates available resources. This makes it difficult to discern the status of items described in the paragraphs that follow as sufficient resources are not available to fund them all. Therefore the Governor's actions, largely accepting expenditure recommendation on these items, should be viewed with that caveat.

University of Rhode Island Changes to Enacted			
	Request	Governor	Difference
Current Year Revisions	\$ 14,440,683	\$ 4,750,974	\$ (9,689,709)
Nursing Education Center (5.5 FTE)	1,877,930	1,877,930	-
New Faculty (12.0 FTE)	1,513,320	1,513,320	-
New Advising Staff (15.0 FTE)	1,071,025	1,071,025	-
New Marketing Staff (3.0 FTE)	264,705	264,705	-
Other Salaries and Benefits	7,454,313	7,454,313	-
Utilities	1,542,780	1,542,780	-
Debt Service	233,078	5,184,402	4,951,324
Student Aid	987,648	987,648	-
State Crime Lab	247,405	4,036	(243,369)
Allowance for Unpaid Accounts	525,000	525,000	-
Capital Expenditures - Welcome Center	(3,700,000)	(3,700,000)	-
Capital Expenditures - Vivarium	(1,360,000)	(1,360,000)	-
Security Systems Maintenance Fund	60,000	60,000	-
URI Foundation Fundraising Contract	520,000	520,000	-
Business Engagement Center	75,000	75,000	-
Academic Partnerships Online Programs	2,442,000	2,442,000	-
Coastal Resiliency Initiative	-	100,000	100,000
Other Operating Expenses	841,294	841,294	-
Total	\$ 29,036,181	\$ 24,154,427	\$ (4,881,754)

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 Assembly did not change the budget request and submission process; the law continues to require the Board

of Education to review, develop and submit the higher education budget that it receives from the Council on Postsecondary Education. Also, the institutions retained their authority to use additional resources they received above appropriated amounts, such as research grants and additional tuition and fees.

The Council 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 Council specifies as requested, staff analysis starts from the allocations. The revised unrestricted budget includes the enacted level of general revenues.

The University requests \$409.8 million which includes \$6.9 million or 2.4 percent more than enacted from tuition and fees, \$0.4 million more from other University sources and \$7.1 million from prior unrestricted year end fund balances. The increase in tuition and fee revenues results from increased enrollment and a change in the mix of in-state and out-of-state students. The University is projecting FY 2016 enrollment of 14,519, which is an overall increase of 175 or 1.0 percent compared to the enrollment assumptions in the FY 2016 enacted budget. The enacted budget assumed 8,071 in-state students and 6,273 out-of-state students. The revised allocation assumes 149 or 2.0 percent fewer in-state students and 324 or 5.0 percent more out-of-state students.

The revised allocation is \$14.4 million or 3.7 percent more than enacted; it is \$27.2 million or 7.1 percent more than spent in FY 2015 and \$30.3 million or 8.0 percent more than spent in FY 2014. The year to year growth from FY 2013 to FY 2014 was 0.2 percent. Changes to the enacted budget include \$1.7 million more for salaries and benefits. Student aid is \$3.2 million more partially to reflect the revised enrollment projections.

There is also a significant increase in unrestricted expenditures for capital projects. The University is spending \$6.0 million in FY 2016 from prior unrestricted year end fund balances for capital projects, including \$4.6 million for the Gateway and Visitor Welcome Center and \$1.4 million for the construction of a vivarium for the University's neuroscience program. All other changes include \$0.6 million more for contracted services, \$1.6 million more for operating expenditures and \$4,767 less for debt service.

The Governor recommends \$9.9 million less than requested from general revenues to reflect \$9.7 million of debt service savings from refinancing of general obligation bond debt and \$0.2 million of additional statewide medical benefit savings. The Governor's budget also adds the value of the general revenue statewide savings to other unrestricted sources. The reason for this adjustment is unclear, as there will be corresponding statewide savings of approximately \$0.7 million from other unrestricted sources as well.

Nursing Education Center. The unrestricted budget includes \$1.9 million for costs associated with the University's share of operations and staffing for the new Rhode Island Nursing Education Center, assuming a pro-rated cost with occupancy of the new facility beginning in November 2016. This includes \$1.5 million for the University's share of operational costs of the facility and \$0.4 million for the University's share of salaries and benefits to support 5.5 of the 11.0 new full-time equivalent positions for the Center. The 11.0 new positions to be shared by the University and College include 1.0 Director of Operations position, 3.0 simulation specialist positions, 1.0 lab coordinator position, 1.0 information technology coordinator position, 1.0 consultant/technical support position, 1.0 administrative assistant, 2.0 police officer positions, and 1.0 curriculum developer position.

The Governor includes funding as requested and includes the 11.0 shared full-time equivalent positions split evenly between the University and College.

New Faculty. Unrestricted expenditures increase \$1.5 million to fund 12.0 new faculty positions for FY 2017. These include 10.0 tenure track faculty positions and 2.0 non-tenure track faculty positions. The 10.0 tenure-track faculty positions will be allocated across colleges and disciplines with an emphasis on

responding to student demand for introductory, general education, advanced undergraduate and graduate courses. The University cites its disproportionate reliance on part-time faculty as a major reason for its efforts to expand the number of full-time, tenure track faculty. Non-tenure track faculty positions include 2.0 Assistant Clinical Professors in the physical therapy and dietetics programs. *The Governor includes the new positions and funding as requested.*

New Advising Staff. Unrestricted expenditures increase \$1.1 million to fund 15.0 new advisory staff positions for FY 2017. These include 10.0 professional advisors and 5.0 academic advisors. The 5.0 academic advisors include 4.0 assigned to the University's Special Program for Talent Development and 1.0 to the College of Engineering. The Special Program for Talent Development is targeted towards increasing graduation and retention rates among students from historically disadvantaged demographic groups, including those from low-income families and racial minorities. The 10.0 professional advisor positions will be allocated across various departments and are meant to provide full-time advising support for students seeking help with anything from course enrollment to career planning. The University's current advising model relies on voluntary advising provided by faculty, which the University believes limits opportunities for students to receive much-needed help because of the part-time nature of the services. *The Governor includes the new positions and funding as requested.*

New Marketing Staff. Unrestricted expenditures increase \$0.3 million to fund 3.0 new marketing and communication staff positions for FY 2017. The University indicates that these positions will expand the University's digital outreach staff and centralize responsibilities for management and operation of its web publishing. These positions will be responsible for managing all editorial content, digital media, data collection, and marketing the University online. *The Governor includes the new positions and funding as requested.*

All Other Salaries and Benefits. Excluding the new positions, the unrestricted budget includes \$215.7 million for all other unrestricted faculty and staff expenditures. This reflects funding for 1,882.7 full-time equivalent authorized positions. The request is \$7.5 million or 3.5 percent more than the revised allocation. The increase reflects a 3.0 percent cost-of-living adjustment for some faculty and staff that took effect July 1, 2015, step increases, and a number of faculty promotions and benefit adjustments consistent with Budget Office instructions. It also assumes funding based on a successful outcome of outstanding contract negotiations with faculty, non-classified and classified staff. *The Governor includes funding as requested; however, her budget does not show additional statewide medical benefit savings.*

Utilities. The unrestricted budget includes \$10.1 million for utility costs. This is \$1.5 million or 18.0 percent more than the FY 2016 revised allocation. The request is \$2.2 million or 28.0 percent more than spent in FY 2015 and \$2.1 million or 25.6 percent more than spent in FY 2014. The increase reflects historical expenditures, estimated future usage, as well as a contractual change with National Grid for electricity procurement. *The Governor includes funding as requested.*

Debt Service. The unrestricted request includes \$23.7 million for debt service costs, which is \$0.2 million more than the revised allocation. The unrestricted budget funds debt service payments on general obligation bonds and revenue bonds. The University indicates that this mainly reflects the assumed issuance of new revenue bonds for the Biological Resources Lab capital project. This project would require Assembly approval.

Between FY 2009 and the FY 2017 request, unrestricted debt service will grow \$9.0 million or 61.4 percent. General revenue expenditures for general obligation bond debt service will grow \$5.6 million or 44.4 percent.

The Governor recommends \$18.9 million, which is \$4.5 million less than enacted, primarily reflecting debt restructuring. Updated for these savings, unrestricted debt service will grow \$4.3 million or 29.2 percent

between FY 2009 and FY 2017, and general revenue expenditures for general obligation bond debt service will grow \$0.6 million or 4.7 percent.

	Unrestricted Debt Service - URI			
	GO	RIHEBC	ESCO	Total
FY 2009	\$ 12,590,080	\$ 2,104,178	\$ -	\$ 14,694,258
FY 2010	\$ 14,178,053	\$ 2,791,057	\$ -	\$ 16,969,110
FY 2011	\$ 15,006,727	\$ 3,065,682	\$ -	\$ 18,072,409
FY 2012	\$ 16,095,746	\$ 3,239,088	\$ -	\$ 19,334,834
FY 2013	\$ 19,721,003	\$ 3,316,971	\$ 2,283,569	\$ 25,321,543
FY 2014	\$ 20,185,809	\$ 3,211,739	\$ 2,403,161	\$ 25,800,709
FY 2015	\$ 19,164,899	\$ 3,158,064	\$ 1,669,647	\$ 23,992,610
FY 2016 Rev. Req.	\$ 18,186,018	\$ 3,594,304	\$ 1,709,977	\$ 23,490,299
FY 2016 Gov. Rev.	\$ 8,501,835	\$ 3,594,304	\$ 1,709,986	\$ 13,806,125
FY 2017 Request	\$ 18,186,018	\$ 3,786,661	\$ 1,750,698	\$ 23,723,377
FY 2017 Gov. Rec.	\$ 13,182,679	\$ 3,786,661	\$ 2,021,187	\$ 18,990,527

Student Aid. The unrestricted budget includes \$100.9 million for student aid, which is \$1.0 million or 1.0 percent greater than the FY 2016 allocation and 4.5 percent greater than FY 2015 expenditures. The additional funding is intended to increase the yield of the freshman class and retention of all classes. Student aid can be seen as a discount to the tuition and the expenditure is directly related to tuition and fee revenue.

The institutions also received additional funding for student aid in FY 2016 through the Last Dollar Scholarship program funded in the Office of the Postsecondary Commissioner’s budget. The University’s allocation from the Last Dollar Scholarship program is approximately \$2.6 million for FY 2016. The University considers both part-time and full-time students eligible for this grant. The University has provided Last Dollar Scholarship grant funds to 3,314 students with an average award of \$780 for the current academic year.

The constrained request adds \$9.3 million in student aid consistent with an 8.6 percent tuition increase that generates \$25.3 million more in tuition revenue to offset a reduction of \$16.1 million from general revenues.

The Governor recommends funding consistent with the unconstrained request and includes language in Article 1 that requires the institutions to maintain internal student financial aid for FY 2017 at the FY 2016 level.

State Crime Lab. The unrestricted budget includes \$1.3 million for the State Crime Lab, which is \$0.2 million more than the FY 2016 allocation to reflect the purchase of additional equipment and funding for all 9.0 authorized positions. The request includes \$260,000 for new equipment at the crime lab, including a new ultraviolet spectrophotometer and a new comparison microscope, partially offset by \$34,898 in reductions for various other operating expenses. Additional changes include funding for a 3.0 percent cost-of-living adjustment in FY 2017 and updated employee benefit selections. *The Governor recommends \$0.2 million less than requested. The Governor recommends funding as enacted and adjusted for statewide medical benefit savings.*

Allowance for Unpaid Accounts. The unrestricted budget request includes \$4.0 million to write off unpaid accounts. Accounting standards require the practice of accounting for uncollected accounts in the budget. A year end accounting entry records bad debt allowance based on a formula applied to unpaid accounts receivables. This is \$0.5 million or 15.0 percent more than the revised allocation. The University Controller projects bad debt expenses based on the history and the anticipated balance required for “Allowance for Bad Debt” reported in the audited Financial Statement of Net Position. The Allowance is

based on prior years' history, tuition increases as well as outstanding tuition and fees expected at the end of the fiscal year. *The Governor recommends funding as requested.*

Capital Expenditures - Welcome Center. The request includes \$0.9 million from unrestricted sources for the Gateway Welcome Center project, which is \$3.7 million less than the revised allocation. FY 2016 spending includes \$4.6 million for the construction of a building that will contain a large presentation room for information sessions and smaller classroom-like spaces, small meetings rooms and staff offices to meet with visiting groups, students, families and faculty. The University indicates that the contract for architectural and engineering work was awarded in December 2015. The University sees the Gateway project as a highly important asset for bolstering the recruitment of new students and sustaining its student tuition and fees.

It should be noted that this is not consistent with the University's capital budget request, which programmed \$4.6 million from University funds for expenditures in FY 2017 and \$2.2 million for expenditures in FY 2018. This project is discussed in detail in the Capital Budget section of this publication. *The Governor recommends funding as requested and is consistent with the capital budget recommendation.*

Capital Expenditures- Neuroscience Program Vivarium. The revised budget includes a total of \$1.4 million from prior year end unrestricted sources to construct a new vivarium for the University's neuroscience program in FY 2016. A vivarium is an enclosed area for keeping and raising animals or plants for observation or research. The new vivarium will support the research requirements of the newly-established George and Anne Ryan Institute for Neurosciences and other vivarium-dependent research efforts within the College of Pharmacy. The new neuroscience facility's staffing and operations will be supported by a \$15.0 million gift from the Ryan family.

It should be noted that this project is not included the University's capital budget request. *The Governor recommends funding as requested and does not include it in the capital budget.*

Security Systems Maintenance. The unrestricted budget includes a request for \$60,000 for ongoing safety and security upgrades. Such upgrades would include security cameras, emergency telephones, emergency notification systems, environmental health and safety warning systems, and improved lighting for various parts of the campus.

Immediate use of these funds would include a maintenance program to ensure that any malfunctioning camera systems are repaired or replaced. These new cameras would require software licenses and necessitate the purchase of specific software systems to work optimally with the University's existing systems. The University indicates that it believes it needs a permanent funding source to draw upon as it makes efforts to enhance its public safety infrastructure. *The Governor recommends funding as requested.*

URI Foundation Fundraising Contract. The unrestricted budget includes \$4.3 million for a fundraising contract between the University and the University of Rhode Island Foundation, \$0.5 million more than the revised allocation. The Foundation is a nonprofit organization, separate and distinct from the University. The University has a contract with the Foundation to provide fundraising services. The current contract was originally negotiated during FY 2011 and most recently amended in FY 2015. The University indicates that the \$0.5 million in additional requested funding includes \$0.4 million for new initiatives the Foundation plans to undertake, and \$0.1 million for inflation adjustments and other anticipated increases. The University indicates that the Foundation has not identified specific purposes for the additional funding yet and is currently deciding upon a number of potential uses. The additional funding will essentially act as a contingency fund while the Foundation decides upon which initiatives it wishes to pursue. *The Governor recommends funding as requested.*

Business Engagement Center. The unrestricted budget includes \$75,000 for a continued expense for the University to contract with the University Foundation for marketing and website development for the Business Engagement Center. The University Foundation currently pays half the salary of the executive director and administrative assistant positions. This is the second year of a two-year request. The University of Rhode Island Business Engagement Center opened September 5, 2013. The University reports that since its opening, more than 80 companies have utilized the services of the Center in addition to faculty and students. *The Governor recommends funding as requested.*

Academic Partnerships Online Programs. The unrestricted budget includes \$2.8 million for a payment to Academic Partnerships for some services provided to the University for some online programs. This is \$2.4 million more than the revised allocation to reflect a full year of funding for this contract. The University indicates that FY 2016 spending of \$0.4 million reflects funding for only part of the year and the beginning of the contract. Under the agreement, the University collects all online course tuition revenue and remits payments to Academic Partnerships in the amount of 50 percent of total tuition revenue exclusive of waivers for associated online courses. *The Governor recommends funding as requested.*

Coastal Resiliency Initiative. The University's Graduate School of Oceanography is located on the Narragansett Bay Campus and offers Master's and Doctorate level programs in the field of Oceanography. The School currently has more than fifty faculty and research scientists and seventy graduate students involved with its operations. The School is also home to the Coastal Institute, which is dedicated to understanding the impact of human activity on coastal environments and resources. In recent decades, climate change has become a major contributor to change in coastal conditions.

The Governor's recommends \$0.1 million from general revenues for a new coastal resiliency initiative to establish a partnership between the National Oceanographic and Atmospheric Administration and the Graduate School of Oceanography. This initiative will aim to assist coastal communities in adapting to the effects of climate change such a sea-level rise, more erratic weather patterns, and changes in fishery habitats. The initial funding is intended to attract further investment from federal funds as the program develops.

All Other Operations. Excluding the items noted previously, the unrestricted budget includes \$59.6 million for all other operating and contracted services expenditures. These include expenditures for guest speakers, legal services, student loan management services, tuition and student loan collection services, travel, computers, unrestricted capital expenditures to conduct a master plan study for projects at the Narragansett Bay Campus, and groundskeeping services to name a few. This is \$0.8 million or 1.4 percent more than the revised allocation. Overall these expenditures are 3.5 percent more than spent in FY 2015 and 1.5 percent more than spent in FY 2014. *The Governor recommends funding as requested.*

Restricted Budget. The restricted budget request is for \$368.0 million, which is a 13.1 percent increase of \$42.6 million to the FY 2016 enacted budget. Compared to the revised allocation, the request is \$17.2 million or 4.9 percent more. The increase to the enacted budget includes \$8.4 million more for salaries and benefits, \$2.4 million more for student aid, \$14.5 million more for capital improvement, including \$7.4 million more from Rhode Island Capital Plan funds, \$1.1 million more for debt service, and \$16.3 million more for all other contracted and operating expenditures.

Of the total \$17.3 million in increased funding for sponsored research, \$11.5 million comes from federal research funding, \$3.2 million from state funding, and \$2.6 million from private funding sources. The projection reflects account awards in hand or anticipated as well as current and future proposals. The University's revised allocation is only \$1.7 million or 1.8 percent less than the FY 2017 request. Further, the FY 2017 request is \$1.0 million or 2.7 percent less than was spent in FY 2015 and \$2.5 million or 2.7 percent less than was spent in FY 2014.

Of the \$8.4 million increase for salaries and benefits, \$6.0 million is related to the increase in sponsored research funding described above. The enacted budget anticipated a significant decrease in sponsored research funding as a result of federal sequestration cuts that did not occur. Though the increase from the enacted budget to the request is significant, it is only \$2.8 million more than spent in FY 2015 and \$0.4 million more than the revised allocation.

The \$7.4 million increase for capital improvements funded from Rhode Island Capital Plan funds is attributable to a number of projects taking place in FY 2017. This includes \$3.5 million for design and planning work for the Fine Arts Center project, \$2.1 million for renovations to White Hall including a new HVAC system, exterior envelope and windows, \$1.7 million for various utility infrastructure improvements, \$2.2 million for renovations to the Horn Building, and \$5.3 million more than enacted for asset protection projects. The request also reflects the use of \$8.8 million programmed for various projects that will be completed in FY 2016 including the University's new chemistry building, fire and safety system upgrades, and the replacement of the University's electrical substation. These projects are described in detail in the Capital Budget section of this publication.

The Governor recommends \$32.6 million more than enacted, which includes funding as requested except for capital projects funded from Rhode Island Capital Plan funds. The Governor adds \$8.0 million of additional Rhode Island Capital Plan funding for asset protection in FY 2017, including \$5.7 million for the University. Supporting documents indicate that the additional funding from Rhode Island Capital Plan funds is intended to allow the institutions to use unrestricted resources that they would otherwise commit to asset protection projects beyond their Rhode Island Capital Plan fund allocation for personnel and operating expenses.

Rhode Island College

Rhode Island College	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 100,303,621	\$ 98,499,293	\$ 103,994,965	\$ 103,994,965
Contracted Services	2,738,159	3,084,602	3,286,075	3,286,075
Subtotal	\$ 103,041,780	\$ 101,583,895	\$ 107,281,040	\$ 107,281,040
Other State Operating	29,228,791	30,279,081	32,637,906	32,637,906
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	30,307,674	30,770,783	31,334,196	31,334,196
Capital	6,057,287	9,890,083	9,186,000	9,243,700
Capital Debt Service	10,397,622	4,815,570	8,750,870	6,104,475
Operating Transfers	-	-	-	-
Total	\$ 179,033,154	\$ 177,339,412	\$ 189,190,012	\$ 186,601,317
Sources of Funds				
General Revenue	\$ 50,203,011	\$ 46,195,897	\$ 57,214,587	\$ 49,511,584
Tuition and Fees	70,263,011	70,458,781	70,019,219	75,072,827
Other Unrestricted	8,805,640	8,546,409	8,858,882	8,858,882
Total Unrestricted	\$ 129,271,662	\$ 125,201,087	\$ 136,092,688	\$ 133,443,293
Restricted	49,761,492	52,138,325	53,097,324	53,158,024
All Sources	\$ 179,033,154	\$ 177,339,412	\$ 189,190,012	\$ 186,601,317
FTE Authorizations				
	841.6	841.6	849.1	844.2
<i>Limited to Third-Party Funds</i>	82.0	82.0	82.0	82.0
Total	923.6	923.6	931.1	926.2

Summary. Rhode Island College requests \$189.2 million from all sources and 931.1 full-time equivalent positions, of which 82.0 would be limited to third party sources. This is an increase of \$10.2 million or 5.6 percent to the FY 2016 enacted budget and an increase of \$8.0 million or 4.4 percent to the revised budget allocation. The staffing request is 7.5 more than the enacted authorization to reflect the College's share of full-time positions at the new Nursing Education Center.

The Governor recommends \$186.6 million, which is \$7.6 million more than enacted and \$2.6 million less than requested. The Governor recommends \$49.5 million from general revenues, which is \$0.7 million less than enacted and \$7.7 million less than requested. Adjusted for debt service savings, the general revenue recommendation is \$2.0 million more than enacted. The Governor recommends 926.2 full-time equivalent positions, 2.6 more than the enacted authorization and 4.9 less than requested.

Tuition and Enrollment. The FY 2017 budget assumes that tuition would remain the same as in FY 2016 for both in-state and out-of-state students. It assumes that fees would increase 0.8 percent or \$9 for resident and nonresident undergraduates and that room and board would increase 3.9 percent or \$415. In-state enrollment is projected to decrease 0.4 percent or 26 full-time equivalent students and out-of-state enrollment is projected to decrease 2.0 percent or 21 full-time equivalent students for a total decrease of 0.7 percent or 47 full-time equivalent students. For FY 2017, the College is projecting that of 6,888 full-time equivalent students, 5,834 will be in-state and 1,054 or 15.3 percent will be out-of-state.

College Undergraduate				Change to	
Tuition and Fees	FY 2016	FY 2017	FY 2016		
Resident					
Tuition	\$ 7,118	\$ 7,118	\$ -	0.0%	
Fees	1,079	1,088	9	0.8%	
Total	\$ 8,197	\$ 8,206	\$ 9	0.1%	
Nonresident					
Tuition	\$ 18,779	\$ 18,779	\$ -	0.0%	
Fees	1,079	1,088	9	0.8%	
Total	\$ 19,858	\$ 19,867	\$ 9	0.0%	
Average Room and Board	\$ 10,718	\$ 11,133	\$ 415	3.9%	
Undergraduate and Graduate Enrollment					
In-State	5,860	5,834	(26)	-0.4%	
Out-of-State	1,075	1,054	(21)	-2.0%	
Total	6,935	6,888	(47)	-0.7%	

Though it is not reflected in the College’s constrained request, the College indicates that it intended to suggest a 13.5 percent tuition rate increase to offset the general revenue reduction contained in the budget target instead of making expenditure reductions. On October 14, 2015, in a letter to the Council and Board of Education, Governor Raimondo urged them not to increase current tuition. The Council on Postsecondary Education concurred and approved the tuition rates in the tables above at its October 2015 meeting and also voted to reserve “the right to readjust tuition as needed upon notification of the Governor’s recommendation and, later, upon the action of the legislature.”

The Governor’s budget includes more unrestricted source expenditures than can be supported by available resources in FY 2017, though her intent is that the schools do not increase tuition rates to generate additional resources. Requested spending was not reduced in her FY 2017 recommendation to account for the lack of resources. It appears the assumption is that the schools will constrain spending in FY 2016 in order to carry more funds forward for use in FY 2017; however, the recommendation does not show an expenditure reduction for FY 2016 to signify this expectation.

The table below displays the projected revenues and expenditures from the College’s request and the Governor’s recommendation. Neither assumes tuition increases. Based on the Governor’s recommended expenditures, the College would have to generate \$5.3 million in additional revenues or reduce expenses by that amount or a combination of the two.

Non-General Revenue Unrestricted Budget	Request		Governor	
	FY 2016 Rev.	FY 2017	FY 2016 Rev.	FY 2017
<i>Prior year balance</i>	\$ -	\$ -	\$ -	\$ (197,669)
Current Revenues	78,807,556	78,878,101	78,807,521	78,807,521
Less Expenditures	(78,807,556)	(78,878,101)	(79,005,190)	(83,931,709)
Year End Balance	\$ -	\$ -	\$ (197,669)	\$ (5,321,857)

Staffing. The request for 931.1 full-time equivalent positions is 7.5 more than the enacted level to reflect new positions at the Nursing Education Center. The enacted authorization and the request assume that 82.0 of those will be limited to third-party sources. *The Governor recommends 926.2 full-time equivalent positions, 2.6 more than the enacted authorization. She recommends 7.5 new positions related to the Nursing Education Center, but assumes that a 2.6 position increase is adequate given current vacancies.*

Unrestricted Budget. The unrestricted budget accounts for \$136.1 million, which is an increase of \$6.8 million, or 5.4 percent to the enacted budget and \$7.1 million or 5.4 percent to the revised allocation. Sources of funds for the increase to the revised allocation include \$7.1 million more from general revenues, \$0.2 million less from tuition and fees and \$0.3 million more from other unrestricted sources.

The Budget Office instructed agencies to submit a constrained budget request including a 7.5 percent target reduction, adjusted for certain exclusions. The constrained budget submitted by the College is exactly the same as the unconstrained request, reflecting no net change. However, College staff indicates that this reflects a mistake in the College's budget submission.

The Governor recommends \$133.4 million in unrestricted expenditures, which is \$4.2 million more than enacted and \$2.6 million less than requested. General revenues are \$0.7 million less than enacted and \$7.7 million less than requested. Adjusted for \$2.6 million in general obligation bond debt service savings, the increase from general revenues is \$2.0 million more than enacted.

As noted above, the Governor's budget overstates available resources. This makes it difficult to discern the status of items described in the paragraphs that follow as sufficient resources are not available to fund them all. Therefore, the Governor's actions, largely accepting expenditure recommendation on these items, should be viewed with that caveat.

College Changes to Enacted			
	Request	Governor	Difference
Current Year Revisions	(261,129)	(4,070,575)	\$ (3,809,446)
Nursing Education Center Operations	1,791,019	1,791,019	-
Other Salaries and Benefits	3,608,144	3,608,144	-
Student Aid	562,722	562,722	-
Repairs and Maintenance	(285,000)	(285,000)	-
Utilities	512,423	512,423	-
Debt Service	129,568	1,289,619	1,160,051
Information Technology	339,697	339,697	-
All Other Operations	423,582	423,582	-
Total	\$ 6,821,026	\$ 4,171,631	\$ (2,649,395)

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 Assembly did not change the budget request and submission process; the law continues to require the Board of Education to review, develop and submit the higher education budget that it receives from the Council on Postsecondary Education. Also, the institutions retained their authority to use additional resources they received above appropriated amounts, such as research grants and additional tuition and fees.

The Council 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 Council specifies as requested, staff analysis starts from the allocations.

The request is \$34 less from general revenues and \$0.3 million less from tuition and fees and all other unrestricted sources than the enacted budget. The College's revised allocation updates enrollment and tuition projections based on updated data and projects FY 2016 enrollment of 6,935, which is 75 more than the enrollment assumptions in the enacted budget. The College's FY 2015 reported enrollment figures reflect 7,014 full-time equivalent students, for a reduction of 79 in the revised enrollment projection.

The revised allocation includes \$1.0 million less than enacted for salaries and benefits. As of the pay period ending November 28, 2015, the College had 40.3 vacant positions. Based on an average cost per position of \$119,183, the College would need 8.1 vacant positions on the unrestricted side to achieve the savings in

the revised allocation. Based on the current level of vacancies, it appears that there may be significant additional turnover savings.

Further changes reflected in the revised allocation include \$0.6 million more for contracted services including building and groundskeeping services, information technology support services, and legal services. All other changes to the enacted budget include \$0.1 million less for unrestricted debt service, \$0.2 million less for capital expenses, and \$0.4 million more for all other operating expenses.

The Governor recommends \$4.0 million less than requested from general revenues, to reflect \$3.8 million of debt service savings from refinancing of general obligation bond debt, and \$0.2 million of additional statewide medical benefit savings. The Governor's budget adds the value of the general revenue statewide savings to other unrestricted sources. The reason for this adjustment is unclear, as there as there will be corresponding statewide savings of approximately \$0.6 million from other unrestricted sources as well.

Nursing Education Center. The unrestricted budget includes \$1.8 million in costs associated with the new Rhode Island Nursing Education Center, assuming a pro-rated cost with occupancy of the new facility beginning in November 2016. This includes \$1.1 million for the College's share of operational costs of the facility and \$0.7 million for salaries and benefits. Salaries and benefits costs include \$0.4 million to support the College's share of 5.5 of the 11.0 new full-time equivalent positions as well as \$0.3 million to support 2.0 additional full-time equivalent positions not shared with the University. The 11.0 new positions to be shared by the University and College include 1.0 Director of Operations position, 3.0 simulation specialist positions, 1.0 lab coordinator position, 1.0 information technology coordinator position, 1.0 PC consultant/technical support position, 1.0 administrative assistant, 2.0 police officer positions, and 1.0 curriculum developer position. The 2.0 additional positions not shared with the University are Nursing Professors the College intends to hire to maintain its current student-to-faculty ratio, given anticipated enrollment increases within the College's Nursing Program.

The Governor includes funding as requested and includes the 11.0 shared full-time equivalent positions split between the University and College.

All Other Salaries and Benefits. Unrestricted expenditures for all salaries and benefits outside of the new Nursing Education Center total \$88.8 million and are \$3.6 million or 4.3 percent more than the FY 2016 allocation and 3.0 percent more than enacted. The increase reflects a 3.0 percent cost-of-living adjustment for some faculty and staff that took effect in FY 2016, and benefit adjustments consistent with Budget Office instructions. It also assumes funding based on a successful outcome of outstanding contract negotiations with faculty, non-classified and classified staff. Of its 841.6 authorized positions, the College had 40.3 vacant positions as of the November 28, 2015 pay period. *The Governor includes funding as requested; however, her budget does not show additional statewide medical benefit savings.*

Student Aid. The unrestricted budget includes \$16.4 million for student aid, which is \$0.6 million or 9.2 percent greater than the FY 2016 allocation and \$1.4 million or 10.1 percent more than FY 2015 expenditures. Student aid can be seen as a discount to the tuition and the expenditure is directly related to tuition and fee revenue.

The institutions also received additional funding for student aid in FY 2016 through the Last Dollar Scholarship program funded in the Office of the Postsecondary Commissioner's budget. The College's allocation from the Last Dollar Scholarship program is approximately \$2.2 million for FY 2016. The College has provided Last Dollar Scholarship grant funds to 531 students with an average award of \$3,934 for the current academic year. The College's program, entitled *Stay the Course*, is targeted at increasing retention of second-year students by providing financial assistance to encourage continued enrollment.

It should be noted that the constrained request assumes tuition increases that result in an additional \$7.0 million in tuition and fee revenue. A further increase in student aid would be expected if tuition increases.

The Governor recommends funding as requested. She includes language in Article 1 that requires the institutions to maintain internal student financial aid for FY 2017 at the FY 2016 level.

Repairs and Maintenance. The unrestricted budget includes \$2.7 million for repairs and maintenance for the College's buildings. The request is \$0.3 million or 9.5 percent less than the revised allocation and \$0.4 million or 15.9 percent greater than spent in FY 2015.

The College is undertaking a multiyear project to make major renovations to the academic buildings on campus. The voters approved \$50.0 million of new general obligation bonds for academic buildings and health and nursing facilities in November 2012. The first phase of this project is scheduled for completion in FY 2016. As this work begins and continues, repair and maintenance costs would be expected to begin declining; however, the request does not yet reflect this trend. *The Governor includes funding as requested.*

Utilities. The unrestricted budget includes \$4.4 million for utilities for the College's buildings. The request is \$0.5 million or 13.2 percent greater than the revised allocation and \$1.4 million or 44.8 percent greater than spent in FY 2015 based on a change in National Grid billing practices from estimated to actual usage. *The Governor includes funding as requested.*

Debt Service. The unrestricted request includes \$6.4 million for unrestricted debt service costs, which is \$129,568 more than the revised allocation to reflect a full year of payment in FY 2017 based upon assumed completion of the College's Energy Conservation project. This is \$1.9 million more than spent in FY 2015 and \$2.0 million more than spent in FY 2014. The unrestricted budget funds debt service payments on general obligation bonds and revenue bonds. *The Governor recommends \$3.7 million, which is \$2.7 million less than enacted, primarily to reflect debt restructuring.*

Information Technology. The unrestricted budget includes \$3.5 million for information technology expenses, including the replacement of computer equipment and software licensing and maintenance for academic classrooms, laboratories, and computer labs. The College indicates that this is part of its annual computer replacement program, which has been delayed in previous years and the College indicates has led to the delay of software licensing renewals and replacement of aging computer systems in some of its classrooms and technology labs. The request is \$0.3 million or 10.7 percent more than the revised allocation and \$0.9 million or 32.4 percent more than spent in FY 2015. *The Governor includes funding as requested.*

All Other Operations. Excluding the items noted previously, the unrestricted budget includes \$12.1 million for all other operations, which is \$0.4 million or 3.5 percent more than the revised allocation. Spending for these same items is 19.3 percent more than spent in FY 2014 and 19.6 percent more than spent in FY 2015. Increases were made for building and grounds keeping services, outside legal services, faculty and staff training, and hazardous waste removal based on more recent expenditure experience. *The Governor includes funding as requested.*

Restricted Budget. The restricted budget request is \$53.1 million, which is \$3.3 million or 6.7 percent more than enacted for FY 2016. It is \$1.0 million more than the revised allocation. Compared to the enacted budget, the request includes \$0.4 million more for salaries and benefits, \$0.3 million less for contracted services, \$1.6 million less for debt service, \$0.5 million more for student aid, \$3.4 million less for capital expenditures and \$1.0 million more for operating expenditures. There is a \$0.1 million increase in sponsored research, including \$1.0 million more from federal research grants and \$0.9 million less from state research grants.

The \$1.6 million decrease for restricted debt service reflects a mistake in the enacted budget, in which the College double-counted debt service for its residence halls. The College's revised allocation and request reflect this correction and therefore show a decrease of \$1.6 million in total debt service costs. Rhode Island Capital Plan funds increase by \$3.4 million mainly to reflect an increase of \$2.6 million for the infrastructure modernization project and an increase of \$0.6 million for asset protection projects.

The Governor's recommendation is \$60,700 more than requested. Funding from Rhode Island Capital Plan funds for asset protection projects increases by \$1.8 million while funding for two capital projects, including the Infrastructure Modernization project and a feasibility study for the Adams Library project, is recommended at \$1.7 million less than requested.

The Governor adds \$8.0 million of additional Rhode Island Capital Plan funding for asset protection for the institutions in FY 2017, including \$2.0 million from the College. Supporting documents indicate that the additional funding from Rhode Island Capital Plan funds is intended to allow the institutions to use unrestricted resources that they would otherwise commit to asset protection projects beyond their Rhode Island Capital Plan fund allocation for personnel and operating expenses. Projects are described in detail in the Capital Budget section of this publication.

Community College of Rhode Island

Community College of Rhode Island	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 92,106,801	\$ 90,494,714	\$ 91,872,232	\$ 91,872,232
Contracted Services	2,942,137	3,137,970	3,356,121	3,356,121
Subtotal	\$ 95,048,938	\$ 93,632,684	\$ 95,228,353	\$ 95,228,353
Other State Operating	22,765,541	23,180,781	23,626,822	23,626,822
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	35,831,660	35,171,716	35,856,191	35,856,191
Capital	6,019,900	6,289,627	9,441,856	11,193,856
Capital Debt Service	2,484,946	1,346,662	2,483,746	2,498,429
Operating Transfers	-	-	-	-
Total	\$ 162,150,985	\$ 159,621,470	\$ 166,636,968	\$ 168,403,651
Sources of Funds				
General Revenue	\$ 49,642,376	\$ 48,260,235	\$ 54,397,356	\$ 50,627,239
Tuition and Fees	58,230,857	56,699,890	55,805,064	55,805,064
Other Unrestricted	4,749,782	4,711,398	4,397,959	8,182,759
Total Unrestricted	\$ 112,623,015	\$ 109,671,523	\$ 114,600,379	\$ 114,615,062
Restricted	49,527,970	49,949,947	52,036,589	53,788,589
All Sources	\$ 162,150,985	\$ 159,621,470	\$ 166,636,968	\$ 168,403,651
FTE Authorizations				
	765.1	765.1	765.1	765.1
<i>Limited to Third-Party Funds</i>	89.0	89.0	89.0	89.0
Total	854.1	854.1	854.1	854.1

Summary. The Community College requests \$166.6 million from all sources and 854.1 full-time equivalent positions for FY 2017. This is an increase of \$4.5 million or 2.7 percent over the FY 2016 enacted budget and \$5.9 million or 3.7 percent more than the revised allocation. The request also assumes 854.1 full-time equivalent positions and that of those, 89.0 positions would be limited to funding from third party sources. This is consistent with the authorized level.

The Governor recommends \$168.4 million, which is \$6.3 million more than enacted and \$1.8 million more than requested. The Governor recommends \$50.6 million from general revenues, which is \$1.0 million more than enacted and \$3.8 million less than requested. She recommends staffing consistent with the enacted authorization of 854.1 full-time equivalent positions.

Tuition and Enrollment. The FY 2017 budget assumes that tuition and fees remain the same as in FY 2016. Enrollment is projected to decrease by 0.2 percent or 18 full-time equivalent students.

Community College			Change to	
Tuition and Fees	FY 2016	FY 2017	FY 2016	
Resident				
Tuition	\$ 3,950	\$ 3,950	\$ -	0.0%
Fees	315	315	-	0.0%
Total	\$ 4,265	\$ 4,265	\$ -	0.0%
Nonresident				
Tuition	\$ 11,180	\$ 11,180	\$ -	0.0%
Fees	315	315	-	0.0%
Total	\$ 11,495	\$ 11,495	\$ -	0.0%
Enrollment	9,882	9,864	(18)	-0.2%

As part of its constrained budget request, the Community College suggests tuition rate increases to partly offset the general revenue reduction contained in the budget target, with the difference made up by expenditure reductions. On October 14, 2015 in a letter to the Council and Board of Education, Governor Raimondo urged them to not increase current tuition. The Council on Postsecondary Education concurred and approved the tuition rates in the tables above at its October 2015 meeting and also voted to reserve “the right to readjust tuition as needed upon notification of the Governor’s recommendation and, later, upon the action of the legislature.”

The Governor’s budget includes more unrestricted source expenditures than can be supported by available resources in FY 2017, though her intent is that the schools do not increase tuition rates to generate additional resources. Requested spending was not reduced in her FY 2017 recommendation to account for the lack of resources. It appears the assumption is that the schools will constrain spending in FY 2016 in order to carry more funds forward for use in FY 2017; however, the recommendation does not show an expenditure reduction for FY 2016 to signify this expectation.

The table below displays the projected revenues and expenditures from the Community College’s request and the Governor’s recommendation. Neither assumes a tuition increase. Based on the Governor’s recommended expenditures, the Community College would have to generate \$4.0 million in additional revenues or reduce expenses by that amount or a combination of the two.

Non-General Revenue	Request		Governor	
	FY 2016 Rev.	FY 2017	FY 2016 Rev.	FY 2017
Unrestricted Budget				
<i>Prior year balance</i>	\$ -	\$ -	\$ -	\$ (243,857)
Current Revenues	61,167,431	60,203,023	61,167,431	60,203,023
Less Expenditures	(61,167,431)	(60,203,023)	(61,411,288)	(63,987,823)
Year End Balance	\$ -	\$ -	\$ (243,857)	\$ (4,028,657)

Staffing. The request for 854.1 full-time equivalent positions is consistent with the authorized level. It assumes that 89.0 positions would be limited to funding from third party sources. *The Governor recommends 854.1 full-time equivalent positions, consistent with the enacted authorization.*

Unrestricted Budget. The unrestricted budget accounts for \$114.6 million, which is \$2.0 million or 1.8 percent more than the enacted budget and \$3.8 million or 3.4 percent more than the revised allocation. Sources of funds for the increase to the revised allocation include \$4.1 million more from general revenues, \$0.9 million less from tuition and fees and \$0.1 million more from other unrestricted sources.

The Budget Office instructed agencies to submit a constrained budget request including a 7.5 percent target reduction, adjusted for certain exclusions. The constrained budget submitted by the Community College is \$3.2 million less than its unconstrained request including \$8.2 million less from general revenues partially offset by \$5.0 million more from tuition and fees.

The Governor recommends \$114.6 million in unrestricted expenditures, which is \$2.0 million more than enacted and \$14,683 more than requested. General revenues are \$1.0 million more than enacted and \$3.8 million less than requested.

As noted above, the Governor's budget overstates available resources. This makes it difficult to discern the status of items described in the paragraphs that follow as sufficient resources are not available to fund them all. Therefore the Governor's actions, largely accepting expenditure recommendation on these items, should be viewed with that caveat.

Community College Changes to Enacted			
	Request	Governor	Difference
Current Year Revisions	\$ (1,813,208)	(2,951,492)	\$ (1,138,284)
Salaries and Benefits	1,801,904	1,801,904	-
Information Technology	707,479	707,479	-
Utilities	89,498	89,498	-
Fleet Replacement	235,300	235,300	-
Capital Projects	350,000	350,000	-
Allowance for Unpaid Accounts	50,000	50,000	-
New Merit-Based Scholarship	275,000	275,000	-
Student Aid	54,531	54,531	-
Debt Service	(1,200)	1,151,767	1,152,967
Other Operating Expenses	228,060	228,060	-
Total	\$ 1,977,364	\$ 1,992,047	\$ 14,683

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 Assembly did not change the budget request and submission process; the law continues to require the Board of Education to review, develop and submit the higher education budget that it receives from the Council on Postsecondary Education. Also, the institutions retained their authority to use additional resources they received above appropriated amounts, such as research grants and additional tuition and fees.

The Community College requests \$114.6 million from unrestricted sources, which is \$1.8 million less than the enacted budget. This includes the enacted level from general revenues and \$1.8 million less from tuition and fees to reflect revised enrollment assumptions.

The request for salaries and benefits is \$2.0 million or 2.3 percent less, representing increased turnover savings equivalent to about 24 positions. Expenditures for building repairs and maintenance are \$0.3 million more than enacted. This is 16.3 percent more than was spent in FY 2014 and 28.4 percent more than was spent in FY 2015 for building repairs and maintenance. Expenditures are \$0.4 million more than enacted for utility and energy costs, which is 23 percent more than was spent in FY 2014 and 5 percent more than was spent in FY 2015. The revised allocation also includes \$0.2 million more for bad debt, \$1.0 million less for computer software upgrades, \$0.2 million less for vehicle replacement, and \$0.4 million more for all other contracted services and operating expenditures.

The Governor recommends \$1.4 million less from general revenues to reflect \$1.1 million of debt service savings from refinancing of general obligation bond debt and \$0.2 million of additional statewide medical benefit savings. The Governor's budget adds the value of the general revenue statewide savings to other unrestricted sources. The reason for this adjustment is unclear, as there will be corresponding statewide savings of approximately \$0.6 million from other unrestricted sources as well.

Salaries and Benefits. Unrestricted expenditures for salaries and benefits total \$86.6 million, which is \$1.8 million or 2.1 percent more than the FY 2016 allocation. The increase reflects benefit adjustments consistent with Budget Office instructions as well additional funding for cost-of-living adjustments resulting from contract negotiations with faculty, staff and adjunct faculty unions. Of the 765.1 authorized positions not funded from third-party sources, the Community College had 77.8 vacant positions as of the November 28, 2015 pay period.

The Community College's constrained request reduces funding for salaries and benefits from unrestricted sources by \$0.8 million. The Community College indicates that this reflects increased turnover and would require keeping up to 12 full-time equivalent positions vacant.

The Governor includes funding as requested; however, her budget does not adjust for \$0.1 million of additional statewide medical benefit savings.

Information Technology. The unrestricted budget includes \$2.4 million for information technology expenses including software maintenance and licensing and the replacement of computer equipment, which is \$0.7 million more than the revised allocation. This includes \$1.5 million for equipment which is \$0.6 million more than the revised allocation and \$0.9 million for software purchases and licensing renewal which is \$0.1 million more than the revised allocation

The increase reflects the Community College's efforts to develop a rolling desktop and laptop computer lab replacement program at a cost of \$0.5 million per year. The Community College indicates that this initiative is often delayed from year-to-year, leading to a backlog of hardware replacement and software maintenance needs. The increased funding for software purchases is to update servers and networks and ensure informational security.

The Community College's constrained budget reduces funding for computer software and hardware by \$1.5 million, including \$0.7 million from general revenues and \$0.8 million from other unrestricted sources. This would delay the replacement and upgrade plans.

The Governor includes funding consistent with the unconstrained request.

Utilities. The unrestricted budget includes \$3.2 million for utility costs for FY 2017. This is \$0.1 million or 2.9 percent more than the revised allocation to reflect anticipated rate increases and increased usage. This represents an 8.1 percent increase over FY 2015 spending and a 26.6 percent increase over FY 2014 spending. *The Governor includes funding as requested.*

Fleet Replacement. The unrestricted budget includes \$0.2 million for vehicle purchases. The enacted budget included \$0.2 million to replace three vehicles during FY 2016 but the revised allocation removed all but \$34,700. The Community College has a total of 33 vehicles and is requesting replacement of six in FY 2017. The current vehicle fleet of the Community College includes 33 vehicles worth an estimated \$1.2 million. It has a variety of vehicles including vans, pick-up trucks, cars, sports utility vehicles, and dump trucks among others. The last time the Community College purchased vehicles was in FY 2015 and it spent \$544,900. *The Governor includes funding as requested.*

Capital Projects. The unrestricted budget includes \$0.6 million for architectural and engineering services. This includes \$0.4 million more for architectural and engineering work associated with the Community College's Knight Campus Biology and Chemistry Labs Renovation capital project. This project originally included only renovation of the biology lab facilities but was recently expanded to include renovations of chemistry lab facilities as well. The requested funding would be used to support ongoing architectural and engineering work for the new chemistry lab renovations. This project is discussed in detail in the Capital Budget section of this publication. *The Governor recommends funding as requested.*

Allowance for Unpaid Accounts. The unrestricted budget request includes \$0.9 million to write off unpaid accounts. Accounting standards require the practice of accounting for uncollected accounts in the budget. A year end accounting entry records bad debt allowance based on a formula applied to unpaid accounts receivables. This is \$0.1 million or 6.3 percent more than the revised allocation and is based on prior years' history, tuition increases as well as outstanding tuition and fees expected at the end of the fiscal year. *The Governor includes funding as requested.*

New Merit-Based Scholarship Program. The unrestricted budget includes \$0.3 million for a new merit-based scholarship program intended to encourage students to remain enrolled full-time and graduate more quickly. This new scholarship program will offer full-time students who successfully earn 24 credit hours after two semesters and a 3.0 grade point average a \$500 incentive scholarship for their subsequent three semesters, conditional on continuing full-time enrollment, maintenance of a 3.0 grade point average, and timely graduation.

The Community College's constrained request eliminates this funding. *The Governor includes funding as requested.*

All Other Student Aid. The unrestricted budget includes \$3.9 million for all other student aid, which is \$0.1 million more than the revised allocation for increased support for need-based scholarships. Student aid can be seen as a discount to the tuition and the expenditure is directly related to tuition and fee revenue. The request is \$0.9 million or 26.7 percent more than spent in FY 2015.

The institutions also received additional funding for student aid in FY 2016 through the Last Dollar Scholarship program funded in the Office of the Postsecondary Commissioner's budget. The Community College's allocation from the Last Dollar Scholarship program is approximately \$3.4 million for FY 2016. The Community College has provided Last Dollar Scholarship grant funds to 2,517 students with an average award of \$1,200 for the current academic year.

The constrained request includes an additional \$0.2 million to reflect an increase in tuition. Like the other two institutions, the Community College has opted to increase tuition to generate an additional \$5.0 million in tuition revenue to make up for a portion of \$8.2 million from general revenues in addition to making expenditure reductions.

The Governor recommends funding consistent with the unconstrained request. She includes language in Article 1 that requires the institutions to maintain internal student financial aid for FY 2017 at the FY 2016 level.

Debt Service. The unrestricted budget includes \$2.5 million for debt service expenditures. This is \$1,200 less than the revised allocation for payments on Certificates of Participation for the Community College's energy conservation project. The unrestricted budget also funds debt service payments on general obligation bonds and revenue bonds. *The Governor recommends \$2.5 million, essentially as requested.*

All Other Operations. Excluding the items noted previously, the request includes \$14.1 million for all other operations, which is \$0.2 million or 1.7 percent more than the revised allocation. This includes spending on building maintenance and grounds keeping services, legal services, testing services and program supplies. These same expenditures are 8.0 percent more than spent in FY 2014 and 17.0 percent more than spent in FY 2015.

The Community College's constrained request reduces all other operating expenditures by \$0.8 million. This includes \$25,000 less for out-of-state travel, which would impact faculty's opportunities to travel to academic conferences. Building renovations and improvements would also be reduced by \$800,000, requiring the delay or cancellation of various capital improvement projects.

The Governor includes funding consistent with the unconstrained request.

Restricted Budget. The restricted budget request is for \$52.0 million, which is \$2.5 million or 5.1 percent more than the FY 2016 enacted budget and \$2.1 million or 4.1 percent more than the FY 2016 revised allocation. Almost all of this increase is for capital projects funded from Rhode Island Capital Plan funds. Salaries and benefits are \$0.1 million less than enacted and student aid is \$0.3 million less. All other expenditures for operations and contracted services are \$0.2 million less.

External financial aid and college work study awards are estimated at \$31.7 million which is \$0.3 million less than enacted and \$0.4 million more than the revised allocation. The \$2.5 million more than enacted from Rhode Island Capital Plan funds includes \$0.5 million more for asset protection projects and \$2.0 million more for the Community College's Knight Campus Renewal capital project.

The request includes \$0.4 million less for salaries and benefits and \$0.2 million less for contracted services than the revised allocation to reflect the expiration of the Race to the Top grant. This is a federal pass-through grant that was awarded to the Community College in FY 2016 by the Rhode Island Department of Human Services. Funding was used to support the Community College's Early Childhood Education and Training Program. The grant is anticipated to expire in September 2016.

The Governor recommends \$1.8 million more than requested from Rhode Island Capital Plan funds to reflect \$2.0 million in funding for the Westerly Campus capital project partially offset by a \$0.2 million reduction in asset protection funding. This was not the intent however, as the capital budget shows a \$0.3 million increase to asset protection. The Budget Office has indicated it will request an amendment to correct this \$548,000 error. This correction would be consistent with the Governor's intent to add \$8.0 million of additional Rhode Island Capital Plan funding for asset protection for the institutions in FY 2017, including \$0.3 million for the Community College. These projects are discussed in detail in the Capital Budget section of this publication.

Rhode Island State Council on the Arts

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 925,379	\$ 916,273	\$ 935,707	\$ 631,281
Contracted Services	40,500	139,000	45,300	45,300
Subtotal	\$ 965,879	\$ 1,055,273	\$ 981,007	\$ 676,581
Other State Operations	140,952	140,727	130,727	101,719
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,576,574	1,576,574	2,611,574	1,576,574
Capital	1,353,293	766,800	263,400	263,400
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 4,036,698	\$ 3,539,374	\$ 3,986,708	\$ 2,618,274
Sources of Funds				
General Revenue	\$ 1,863,052	\$ 1,859,778	\$ 2,908,054	\$ 1,539,620
Federal Aid	775,353	774,296	775,454	775,454
Restricted Receipts	-	-	-	-
Other	1,398,293	905,300	303,200	303,200
Total	\$ 4,036,698	\$ 3,539,374	\$ 3,986,708	\$ 2,618,274
FTE Authorization	8.6	8.6	8.6	6.0

Summary. The Rhode Island Council on the Arts requests \$4.0 million, which is \$49,990 less than enacted from all sources. This includes \$1.0 million more from general revenues, \$101 more from federal funds, and \$1.1 million less from Percent for Art funds. The request includes the authorized level of 8.6 full-time equivalent positions.

The Council also submitted a constrained request that is \$1.1 million less than the unconstrained request.

The Governor recommends \$2.6 million from all sources, which is \$1.4 million less than enacted including \$0.3 million less from general revenues. Her recommendation is \$1.4 million less than requested from general revenues and includes authorization for 6.0 full-time positions, 2.6 fewer than the authorized level. The recommendation excludes funding and positions for the state Film and Television Office; however, the Budget does not include legislation to eliminate the Office from statute or eliminate its obligation to administer the Motion Picture and Theatrical Production Tax Credit programs.

Target Issues. The Budget Office provided the Council with a general revenue target of \$1.8 million, including current service adjustments of \$8,345 and a 7.5 percent target reduction of \$103,262.

FY 2017 Budget	Budget Office		RISCA	Difference		
FY 2016 Enacted	\$	1,863,052	\$	1,863,052	\$	-
Current Service Adjustments		8,345		10,002		1,657
New Initiative		-		1,035,000		1,035,000
Change to FY 2016 Enacted	\$	8,345	\$	1,045,002	\$	1,036,657
FY 2016 Current Service/Unconstrained Request	\$	1,871,397	\$	2,908,054	\$	1,036,657
Target Reduction/Initiatives		(103,262)		(1,139,921)		(1,036,659)
FY 2016 Constrained Target/Request	\$	1,768,135	\$	1,768,133	\$	(2)
Change to FY 2016 Enacted	\$	(94,917)	\$	(94,919)	\$	(2)

The constrained budget submitted by the agency is \$2 less than the target. The Council’s proposals to achieve the reductions are noted among the items described where appropriate. *The Governor’s recommendation is \$0.2 million above the target.*

Year of the Arts. The Council requests \$1.0 million from general revenues for the establishment of FY 2017 as the second state Year of the Arts, in honor of the Council’s 50th anniversary. A Year of the Arts was declared in 1992 for the Council’s 25th anniversary. The request includes funds for six initiatives intended to publicize and support new arts education and grants programs and expanded professional development for artists and arts-based businesses.

The request includes \$0.5 million to create a new grant program, with the working title “Creative Crossings,” to support innovative, arts-based solutions for economic growth and job creation, improving elementary and secondary education, and energizing community life. Also included is \$0.3 million to include the exemption from sales tax for art purchases at retail enacted by the 2013 Assembly in statewide branding and marketing; \$135,000 to fund additional arts education in elementary and secondary education; \$60,000 to expand the size and scope of its Professional Artists Development/Assets for Artists program, which offers free trainings, workshops, and technical assistance grants for artist entrepreneurs and creative economy-based businesses, and \$40,000 for a design and promotional consultant to assist in the creation of marketing materials and additional printing and advertising costs associated with the promotion of the Year of the Arts. The request also includes \$30,000 for the design and promotion of a Year of the Arts license plate as part of the Council’s 50th anniversary celebration.

The Council’s constrained request excludes the requested funding for the Year of the Arts. *The Governor does not recommend the initiative.*

Discretionary and Other Grant Programs. The Council requests the enacted amount of \$1.1 million from all sources for its discretionary and other arts grant programs. This includes \$0.6 million from general revenues, consistent with FY 2014 and FY 2015 expenditures, and \$0.5 million from federal National Endowment for the Arts funds.

Discretionary grants are awarded to artists and organizations throughout the state, ranging from individual artists to large venues such as the Providence Performing Arts Center. As the Council is not typically informed of its award prior to its operating budget submission each year, it assumes the enacted level of funding from this source. However, it should be noted that the enacted level is \$11,969 more than the Council’s reported FY 2015 award for these grant programs.

As part of its constrained request, the Council proposes \$104,921 less from general revenues for discretionary grant programs; the reductions would likely result in either fewer grants issued in FY 2017 than in FY 2016 or in smaller total awards to the same number of grantees. *The Governor recommends the enacted level of funding, consistent with the unconstrained request.*

Community Service Grants. The Council requests the enacted amount of \$0.5 million from general revenues for twelve community service grants. *The Governor recommends funding as requested.*

Percent for Art Program. The Council requests \$0.3 million from Percent for Arts funds, which are used for the acquisition of art works to be placed in public places in the state. The request is \$1.1 million less than enacted for three public arts projects at the University of Rhode Island, Rhode Island College, and the Pastore Complex. The request is reflective of updated project costs and the Council's internal estimates of anticipated completion dates. *The Governor recommends funding as requested.*

Film and Television Office. The Council requests \$0.3 million, which is \$6,547 more than enacted for staffing and operations of the state Film and Television Office. This includes \$6,630 more for salaries and benefits for the authorized level of 2.6 full-time positions, reflective of the annualized cost-of-living increase and updated Budget Office planning values, and \$83 less for statewide telecommunications savings. *The Governor's recommendation does not include funding for the Office and eliminates the authorized positions. Elimination of the Office would require a statutory change, for which legislation is not included in the Budget. The Budget also does not include legislation eliminating the Office's statutory obligation to administer the Motion Picture and Theatrical Production Tax Credit programs.*

Other Staffing and Operations. The Council requests \$0.7 million, which is \$3,556 more than enacted from all sources for all other staffing and operations costs, including \$3,455 more from general revenues and \$101 more from federal funds. The request includes the authorized level of 6.0 full-time equivalent positions.

The request includes \$0.6 million, which is \$3,698 more from all funds for staff salaries and benefits, reflective of the annualized cost-of-living increases, statewide medical benefit savings, and updated planning values provided by the Budget Office. The Council also requests \$0.1 million for other operating expenses, \$142 less than enacted from general revenues to reflect statewide telecommunications savings. *The Governor recommends \$1,596 less than requested from general revenues to reflect current staffing and statewide medical benefit savings.*

Rhode Island Atomic Energy Commission

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 1,117,528	\$ 1,022,508	\$ 1,076,232	\$ 1,072,239
Contracted Services	315	315.00	890	600
Subtotal	\$ 1,117,843	\$ 1,022,823	\$ 1,077,122	\$ 1,072,839
Other State Operations	164,497	497,507	185,129	201,748
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	54,829	83,760	76,348	76,348
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,337,169	\$ 1,604,090	\$ 1,338,599	\$ 1,350,935
Sources of Funds				
General Revenue	\$ 957,170	\$ 936,450	\$ 967,749	981,100
Federal Aid	54,699	325,555	50,308	50,308
Restricted Receipts	-	-	-	-
Other	325,300	342,085	320,542	319,527
Total	\$ 1,337,169	\$ 1,604,090	\$ 1,338,599	\$ 1,350,935
FTE Authorization	8.6	8.6	8.6	8.6

Summary. The Rhode Island Atomic Energy Commission requests \$1.3 million including \$1.0 million from general revenues. This is \$1,430 more than enacted, including \$10,579 more from general revenues, \$4,391 less from federal funds, and \$4,758 less from University of Rhode Island research funds. The Commission requests the authorized level of 8.6 positions. *The Governor recommends \$12,336 more than requested, including \$13,351 more from general revenues and \$1,015 less from research funds.*

Target Issues. The Budget Office provided the Commission with a general revenue target of \$895,168. The amount includes current service adjustments of \$10,579 and a 7.5 percent target reduction of \$72,581. The constrained budget submitted by the agency is consistent with the target.

FY 2017 Budget	Budget Office	Atomic Energy	Difference
FY 2016 Enacted	\$ 957,170	\$ 957,170	\$ -
Current Service Adjustments	10,579	10,579	-
Change to FY 2016 Enacted	\$ 10,579	\$ 10,579	\$ -
FY 2017 Current Service/Unconstrained Request	\$ 967,749	\$ 967,749	\$ -
Target Reduction/Initiatives	(72,581)	(72,581)	-
FY 2017 Constrained Target/Request	\$ 895,168	\$ 895,168	\$ -
<i>Change to FY 2016 Enacted</i>	<i>\$ (62,002)</i>	<i>\$ (62,002)</i>	<i>\$ -</i>

The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget is \$0.5 million above the target.*

Gadolinium Cancer Research. The Commission requests \$21,548 in expenditures from its federal Gadolinium Cancer Research grant, which is \$9,769 more than enacted. The Commission had intended to use \$11,779 of these funds in FY 2016 to support the hiring of a research assistant for the researcher that these federal funds support. However, the Commission indicates that the researcher is seeking private funding to support the hiring of a research assistant. Instead, the Commission intends to spend the funds in FY 2017 to refurbish the lab that will be used to conduct the cancer research experiments. *The Governor's recommendation is consistent with the request.*

Instrumentation Upgrades. The Commission's request includes \$17,886 from federal funds for the upgrade of instrumentation associated with the health physics program, \$20,034 less than enacted. The Commission projects the majority of these upgrades to be completed in FY 2016. The Commission had originally intended to complete these upgrades in FY 2015 but was unable to complete its work with State Purchasing in time to secure a bid during FY 2015. *The Governor's recommendation is consistent with the request.*

Salaries and Benefits. The Commission requests \$1.1 million including \$0.9 million from general revenues and \$0.2 million from University of Rhode Island research funds for staffing costs. This is \$29,517 less than enacted from all funds including \$26,118 less from general revenues and \$3,399 less from University funds. The request fully funds salaries and benefits for 8.6 full-time equivalent positions. The request includes savings from two newly hired full-time employees joining the Commission at a lower salary level than the incumbents and two employees switching from family medical insurance plans to individual plans.

The Commission's constrained request includes \$91,331 less from general revenues by eliminating 1.0 of the Commission's 8.6 positions, a Principal Reactor Operator.

The Governor recommends \$3,993 less than the unconstrained request, including \$3,268 less from general revenues and \$725 less from University funds to reflect additional statewide medical benefit savings.

Capital. The Commission requests \$50,000 from Rhode Island Capital Plan funds for asset protection projects, consistent with the enacted amount. *The Governor's recommendation is consistent with the request. A detailed analysis of the project is included in the Capital Budget section of this publication.*

All Other Operations. The Commission requests \$172,933 including \$84,761 from general revenues, \$10,874 from federal funds and \$77,298 from University funds for all other operations. This is \$41,212 more than enacted including \$36,697 more from general revenues, \$5,874 more from federal funds and \$1,359 less from University funds. The request includes additional funding for replacement of classroom and laboratory computer systems, utilities, overhead costs, building and equipment maintenance, travel to out-of-state conferences, and radiation detector calibration supplies.

The Commission's constrained request increases the general revenue request for operational expenses by \$18,750 to return the Commission's budget to its constrained target after additional savings are achieved through the elimination of one authorized position.

The Governor recommends \$16,329 more than the unconstrained request, including \$16,619 more from general revenues and \$290 less from University funds for all other operating and contracted service expenses to reflect the average of FY 2014 and FY 2015 spending during which personnel savings were used for additional operating expenses.

Historical Preservation and Heritage Commission

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 1,755,591	\$ 1,714,948	\$ 1,764,609	\$ 1,676,353
Contracted Services	3,400	3,400	3,450	3,450
Subtotal	\$ 1,758,991	\$ 1,718,348	\$ 1,768,059	\$ 1,679,803
Other State Operations	95,988	115,515	116,495	116,780
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	2,096,694	2,101,194	2,091,694	1,174,046
Capital	5,030	129,200	4,370	4,370
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 3,956,703	\$ 4,064,257	\$ 3,980,618	\$ 2,974,999
Sources of Funds				
General Revenue	\$ 1,380,972	\$ 1,430,963	\$ 1,460,041	\$ 1,373,860
Federal Aid	2,075,393	2,005,752	2,014,329	1,093,966
Restricted Receipts	428,630	427,175	427,907	427,175
Other	71,708	200,367	78,341	79,998
Total	\$ 3,956,703	\$ 4,064,257	\$ 3,980,618	\$ 2,974,999
FTE Authorization	16.6	16.6	16.6	16.6

Summary. The Historical Preservation and Heritage Commission requests \$4.0 million, which is \$23,915 more than enacted from all sources. This includes \$0.1 million more from general revenues, \$0.1 million less from federal funds, \$723 less from restricted receipts, and \$6,633 more from other funds. The request includes the authorized level of 16.6 full-time equivalent positions. The Commission also submitted a constrained request that includes \$0.2 million less from general revenues than the unconstrained request.

The Governor recommends \$3.0 million, which is \$1.0 million less than enacted from all sources, including \$0.1 million less from general revenues. She includes the authorized 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 \$1.3 million, including current service adjustments of \$0.1 million and a 7.5 percent target reduction of \$0.1 million.

FY 2017 Budget	Budget Office		HPHC	Difference		
FY 2016 Enacted	\$	1,380,972	\$	1,380,972	\$	-
Current Service Adjustments		11,636		79,069		67,433
Change to FY 2016 Enacted	\$	11,636	\$	79,069	\$	67,433
FY 2017 Current Service/Unconstrained Request	\$	1,392,608	\$	1,460,041	\$	67,433
Target Reduction/Initiatives		(89,348)		(156,912)		(67,564)
FY 2017 Constrained Target/Request	\$	1,303,260	\$	1,303,129	\$	(131)
Change to FY 2016 Enacted	\$	(77,712)	\$	(77,843)	\$	(131)

The constrained budget submitted by the agency is \$131 below the target. The Commission's proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's recommendation is \$70,600 above the target.*

Salaries and Benefits. The Commission requests \$1.8 million, which is \$9,018 more than enacted from all sources for salaries and benefits for the authorized level of 16.6 full-time equivalent positions. This includes \$58,614 more from general revenues and \$6,876 more from Department of Transportation reimbursement funds, offset by \$55,814 less from federal funds and \$658 less from restricted receipts.

The request shifts staffing costs from federal to state sources reflective of the Commission's obligation to reserve ten percent of its federal Survey and Planning grant fund for certified grants to local units of government. Consistent with the enacted budget, the request does not include any turnover savings. The Commission has reported no vacancies since the first pay period in November 2015.

As part of its constrained request, the Commission proposes a furlough of 20.5 hours for each of its authorized 16.6 positions reducing expenditures by \$0.3 million from all sources, including \$156,912 from general revenues, \$86,837 from federal funds, and \$13,731 from Department of Transportation reimbursement funds. It should be noted the Commission does not have the independent authority to require its staff to take part in this proposal.

The Governor recommends \$0.1 million less than requested, including \$86,666 less from general revenues, \$2,515 less from federal funds, \$732 less from restricted receipts, and \$1,657 more from Department of Transportation reimbursement funds. The recommendation reflects correct calculation of Budget Office planning values and includes additional statewide medical benefit savings. Additionally, the Governor recommends turnover savings equivalent to 0.8 of a full-time position; however, no position is specified for reduction, and all are currently filled.

Federal Preservation Programs. The Commission requests \$1.5 million, which is \$5,250 less than enacted from federal funds for its grant programs. This includes \$155 less for the Hurricane Sandy Disaster Relief Grant, reflective of reported FY 2015 and anticipated FY 2016 expenditures and \$95 less for the Survey and Planning grant program, reflective of the Commission's FY 2015 award. The request also includes \$15,500, which is \$5,000 less than enacted for Commission efforts to increase the number of Rhode Island properties and landmarks listed on the National Register of Historic Places based on the Commission's anticipation that the program will be expanded at the federal level. *The Governor recommends \$0.9 million less than requested from the Hurricane Sandy Disaster Relief Grant funds to reflect an updated schedule of reimbursements to property owners in FY 2016.*

Other Preservation Programs and Assistance. The Commission requests \$0.4 million, which is \$65 less than enacted from all sources for its other preservation and heritage assistance programs. The request includes the enacted amount of \$0.4 million from restricted receipts for the Historic Preservation loan fund and \$65 less for other preservation program operations, reflective of anticipated interest in historic preservation loans, publications and printing of historical documents, and the granting and defending of easements on historical properties. *The Governor recommends funding as requested.*

Community Service Grants. The Commission requests the enacted amount of \$201,301 from general revenues for twelve community service grants. *The Governor recommends funding as requested.*

Other Operating. The Commission requests \$139,105 which is \$20,212 more than enacted from all sources for all other expenses. This includes \$20,455 more from general revenues, reflective of increased operations costs associated with maintaining Eisenhower House as available for public rental year-round and actual FY 2015 expenditures. The request also includes \$243 less from Department of Transportation reimbursement funds to reflect historical administrative and office expenditures in support of archeological review of construction projects.

The Governor recommends \$485 more than requested from general revenues, including increases for Eisenhower House operations, primarily for utilities, telecommunications and technology needs, offset by reductions for mileage and office related expenses, consistent with her revised recommendation.

Office of the Attorney General

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Program				
Criminal	\$ 23,106,413	\$ 24,698,663	\$ 24,868,913	\$ 23,746,424
Civil	6,182,731	6,000,504	6,428,671	6,051,845
Bureau of Criminal Identification	1,591,162	1,707,831	2,056,962	1,758,215
General	3,155,011	3,315,304	4,136,291	3,326,299
Total	\$ 34,035,317	\$ 35,722,302	\$ 37,490,837	\$ 34,882,783
Expenditures by Category				
Salaries and Benefits	\$ 24,951,076	\$ 25,380,713	\$ 27,776,196	\$ 25,862,817
Contracted Services	683,793	5,233,683	423,126	423,126
Subtotal	\$ 25,634,869	\$ 30,614,396	\$ 28,199,322	\$ 26,285,943
Other State Operations	1,902,815	2,110,273	2,162,954	2,094,092
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	6,497,633	2,997,633	7,128,561	6,502,748
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 34,035,317	\$ 35,722,302	\$ 37,490,837	\$ 34,882,783
Sources of Funds				
General Revenue	\$ 25,193,210	\$ 25,119,910	\$ 27,708,091	\$ 25,595,982
Federal Aid	1,291,777	3,749,312	1,535,066	1,692,545
Restricted Receipts	7,250,330	6,553,080	7,322,680	7,294,256
Other	300,000	300,000	925,000	300,000
Total	\$ 34,035,317	\$ 35,722,302	\$ 37,490,837	\$ 34,882,783
FTE Authorization	236.1	236.1	243.1	236.1

Summary. The Office of the Attorney General requests \$37.5 million from all sources, including \$27.7 million from general revenues. This is \$3.5 million more than enacted, including \$2.5 million more from general revenues, \$0.2 million more from federal funds, \$0.1 million more from restricted receipts and \$0.6 million more from Rhode Island Capital Plan funds.

The Office requests 243.1 full-time equivalent positions, 7.0 positions above the authorized level. The new positions include an entry level staff attorney, paralegal and investigator in the Criminal Division, two fingerprint experts and a legal secretary in the Bureau of Criminal Identification, and a paralegal position in the Civil Division. The request also provides position upgrades and corresponding increase for all employees but the Attorney General whose pay is governed by statute.

The Governor recommends \$34.9 million, including \$25.6 million from general revenues. This is \$0.8 million more than enacted and \$2.6 million less than requested from all sources of funds and includes \$0.4

million more than enacted from general revenues which is \$2.1 million less than requested. She includes the enacted level of 236.1 positions.

Target Issues. The Budget Office provided the Office with a general revenue target of \$23.3 million. The amount includes current service adjustments of \$16,754 and a 7.5 percent target reduction of \$1.9 million.

FY 2017 Budget	Budget Office	Office of the Attorney General	Difference
FY 2016 Enacted	\$ 25,193,210	\$ 25,193,210	\$ -
Current Service Adjustments	16,754	934,123	917,369
New Initiatives	-	1,580,758	1,580,758
Change to FY 2016 Enacted	\$ 16,754	\$ 2,514,881	\$ 2,498,127
FY 2017 Current Service/Unconstrained Request	\$ 25,209,964	\$ 27,708,091	\$ 2,498,127
Target Reduction/Initiatives	(1,881,333)	(1,580,758)	300,575
FY 2017 Constrained Target/Request	\$ 23,328,631	\$ 26,127,333	\$ 2,798,702
<i>Change to FY 2016 Enacted</i>	<i>\$ (1,864,579)</i>	<i>\$ 934,123</i>	<i>\$ 2,798,702</i>

The Office's constrained budget is \$2.8 million above the target. The proposals to achieve the reductions are noted below where appropriate. *The Governor's recommendation is \$2.3 million more than the target.*

Position Upgrades. The Office includes \$1.2 million from all sources, \$1.1 million from general revenues, for upgrading 162.1 positions by two pay grades and 80 positions by one pay grade. This is approximately a five percent pay increase for all employees except for the Attorney General, whose salary is governed by statute and is the only position not impacted by this proposal. The Office reports that it has experienced staff losses resulting from the inability to offer competitive salaries, loss of longevity incentives and pension changes. The pay increases include both administrative and legal staff.

The Office's constrained request excludes the upgrades. *The Governor does not include the upgrades.*

Criminal Division - New Positions. The Office requests \$0.2 million from general revenues to support three new positions: an entry level staff attorney, paralegal and an investigator based on projected needs for the Criminal Division. It should be noted that this was also part of the Attorney General's FY 2015 and FY 2016 requests, but was not recommended by the Governor or approved by the Assembly.

The Office reports that additional staff is necessary in order to maintain the desired level of proficiency when handling all legal matters and caseloads. In addition, the Office indicates that agency wide, administrative and legal staff provides 15,000 hours of uncompensated time annually.

The Office's constrained request excludes the positions. *The Governor does not include the new positions.*

Bureau of Criminal Identification - New Positions. The Office requests \$0.2 million from general revenues to support three new positions: two fingerprint experts to provide assistance in implementing the federal mandates that require all healthcare workers to have their background checked prior to volunteering and/or employment and a legal secretary. The Office notes additional staff is necessary to maintain the desired level of proficiency when handling all fingerprinting matters. The Office reports that the Division processed 10,553 fingerprints in FY 2014, which increased to 19,830 in FY 2015 to include processing fingerprints for individuals working with children and the elderly. The positions were also requested in the Office's FY 2015 and FY 2016 budgets but were not recommended by the Governor.

The Office's constrained request excludes the positions. *The Governor does not include the new positions.*

Civil Division - New Paralegal Position. The Office requests \$0.1 million from general revenues to support 1.0 new paralegal clerk position. The paralegal clerk will perform legal research and analysis of law sources in order to assist attorneys with their caseloads. The Office notes that additional staff is necessary given the nature of the litigation matters that are more complex and difficult requiring assistance in the organization and management of the discovery process, assistance with trial preparation and exhibits and the file maintenance of these voluminous matters.

The Office's constrained request excludes the position. *The Governor does not include the new position.*

Salaries and Benefits. The Office requests \$26.1 million from all sources, including \$23.9 million from general revenues for other salaries and benefits for the remaining 236.1 positions. This is \$1.1 million more than enacted, primarily from general revenues that includes: \$0.4 million for the annualized cost-of-living adjustments, \$0.3 million to restore turnover savings and \$0.3 million to adjust benefit rates consistent with the Budget Office planning values.

The Governor recommends \$0.2 million less from all sources including \$0.4 million less from general revenues. The recommendation adds \$0.2 million from the federal Violence Against Women grant to offset general revenue expenses, and assumes \$0.1 million more in turnover savings and \$73,092 in statewide medical benefit savings.

Google Settlement Funds. The Office requests \$6.0 million from Google Settlement funds, which is \$8,138 more than enacted for capital projects and operating expenses in FY 2017. The Office adds staff training and building repairs but this is \$56,012 less than the revised request, which includes costs for the new building located at 180 South Main Street. The Office confirms that it will adjust FY 2017 expenses in the FY 2017 revised process when there is better data on which to base them. *The Governor recommends funding as requested.*

Pension Settlement Lawsuit. The Office excludes the \$250,000 in the enacted budget for legal costs related to the pension litigation. The state settled the lawsuit when final judgment was entered in early July 2015; however, the deal is not binding on three groups that have not agreed to settle: active police officers in the state-run pension system, and the police and fire unions in Cranston. The Office includes \$250,000 in its revised request to settle any outstanding claims. *The Governor recommends funding as requested.*

Tobacco Litigation Expenses. The Office includes \$40,157, which is \$157 more than enacted, from general revenues for any potential tobacco litigation expenses in FY 2017. The Office spent \$35,097 in FY 2014, \$35,536 in FY 2015 and includes \$104,617 in its revised request for this expense. *The Governor recommends \$40,000 consistent with the revised recommendation.*

Other Operating. The Office requests \$2.5 million from all sources, including \$2.3 million from general revenues for all other expenses. This includes \$0.7 million for general maintenance and rental costs, \$0.3 million for information technology support, \$0.2 million for utility expenses, \$0.1 million and \$1.2 million for office equipment and supplies. This is \$0.2 million more than enacted to reflect a three percent across-the-board increase in operating expenses. *The Governor recommends \$69,518 less from general revenues; this is \$0.1 million more than FY 2015 expenses and is consistent with the revised recommendation.*

Asset Protection. The Office requests \$925,000 from Rhode Island Capital Plan funds for its asset protection projects for FY 2017. This is consistent with its capital request and is \$625,000 more than enacted. Funds are expected to be used for continuous upgrade to its heat, ventilation and air conditioning system, as well as other interior renovations, including office spaces. *The Governor includes \$300,000 consistent with the enacted budget.*

Department of Corrections

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Program				
Central Management	\$ 9,077,197	\$ 9,808,924	\$ 10,660,531	\$ 10,179,627
Parole Board	1,383,685	1,441,852	1,355,806	1,352,487
Custody and Security	127,643,470	131,302,017	137,802,203	134,577,721
Institutional Support	26,011,667	26,656,088	32,623,425	27,991,751
Institutional Based Rehab/Pop	10,106,057	10,485,800	10,085,316	12,713,655
Healthcare Services	20,771,182	22,162,719	22,639,303	22,138,257
Community Corrections	16,032,431	15,868,701	15,914,979	17,166,152
Total	\$ 211,025,689	\$ 217,726,101	\$ 231,081,563	\$ 226,119,650
Expenditures by Category				
Salaries and Benefits	\$ 172,183,065	\$ 175,999,457	\$ 184,220,541	\$ 181,433,296
Contracted Services	10,366,604	11,197,809	10,598,544	13,381,092
Subtotal	\$ 182,549,669	\$ 187,197,266	\$ 194,819,085	\$ 194,814,388
Other State Operations	17,574,458	18,023,719	18,108,315	17,762,965
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,191,908	998,649	1,228,323	991,457
Capital	9,709,654	11,506,467	16,925,840	12,550,840
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 211,025,689	\$ 217,726,101	\$ 231,081,563	\$ 226,119,650
Sources of Funds				
General Revenue	\$ 200,225,250	\$ 204,394,923	\$ 213,265,010	\$ 212,679,501
Federal Aid	1,337,381	1,885,937	1,131,412	1,130,008
Restricted Receipts	47,058	269,614	60,141	60,141
Other	9,416,000	11,175,627	16,625,000	12,250,000
Total	\$ 211,025,689	\$ 217,726,101	\$ 231,081,563	\$ 226,119,650
FTE Authorization	1,419.0	1,419.0	1,427.0	1,432.0
Prison Population	3,292	3,183	3,260	3,200

Summary. The Department requests \$231.1 million, \$20.1 million or 9.5 percent more than enacted from all sources of funds, including \$13.0 million more from general revenues. The Department requests 1,427.0 full-time equivalent positions, which is 8.0 more than the authorized level. The Department's FY 2017 request is based on a population of 3,260, 32 inmates below the enacted level.

The Governor recommends \$226.1 million from all sources, including \$212.7 million from general revenues. This is \$5.0 million less than requested including \$0.6 million less from general revenues. She recommends authorization for 1,432.0 full-time equivalent positions, which is 13.0 more than enacted and

5.0 more than requested. The Governor assumes a population of 3,200 which is 60 less than the Department's request.

Target Issues. The Budget Office provided the Department with a general revenue target of \$187.0 million. The amount includes current service adjustments of \$2.0 million and a 7.5 percent target reduction, adjusted for certain exclusions, of \$15.1 million.

The constrained budget submitted by the Department is \$0.2 million less than the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's recommendation is \$25.6 million above the Budget Office target.*

FY 2017 Budget	Budget Office	Department of Corrections	Difference
FY 2016 Enacted	\$ 200,225,250	\$ 200,225,250	\$ -
Current Service Adjustments	1,951,293	12,800,059	10,848,766
New Initiatives	-	239,701	239,701
Change to FY 2016 Enacted	\$ 1,951,293	\$ 13,039,760	\$ 11,088,467
FY 2017 Current Service/Unconstrained Request	\$ 202,176,543	\$ 213,265,010	\$ 11,088,467
Target Reduction/Initiatives	(15,143,330)	(26,448,721)	(11,305,391)
FY 2017 Constrained Target/Request	\$ 187,033,213	\$ 186,816,289	\$ (216,924)
Change to FY 2016 Enacted	\$ (13,192,037)	\$ (13,408,961)	\$ (216,924)

Institutional Corrections

Population. The enacted budget is based on a population of 3,292. The FY 2017 request is based on more current data and assumes a population of 3,260, which is 32 fewer than included in the enacted budget. The Department contracts with a firm to prepare population estimates, which has estimated the population for FY 2017 downward to 3,260, which reflects a population decline of 1.7 percent compared to the FY 2016 revised population estimate of 3,292. This is the population upon which the FY 2017 request is based.

Population reductions result in the greatest savings when there are enough to allow for the closure of housing modules. 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 Donald Price Medium Security facility accounted for 360 bed spaces, but as of November 2011, there are no inmates housed there.

The following table depicts the recent history of budgeted and actual prison population from FY 2009 through the FY 2017 request. The average population for the first four months of FY 2016 is 3,149.

History	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<i>Request</i>	3,803	4,008	3,709	3,416	3,231	3,152	3,170	3,292	3,260
Governor	3,848	4,008	3,643	3,416	3,231	3,152	3,170	3,292	3,200
Enacted	3,848	3,767	3,450	3,239	3,194	3,152	3,170	3,292	-
Revised Request	3,869	3,669	3,350	3,264	3,146	3,192	3,239	3,206	-
Governor Revised	3,869	3,659	3,350	3,265	3,146	3,192	3,239	3,183	-
Final	3,788	3,551	3,273	3,192	3,146	3,192	3,239	-	-
<i>Actual</i>	3,773	3,502	3,273	3,191	3,160	3,214	3,183	-	-

The Governor's recommendation assumes a population of 3,200, which is 60 less than requested and 92 less than enacted.

Population: Per Diem Expenditures. The Department requests \$15.4 million, \$0.6 million more than enacted from general revenues for population related expenditures that are calculated on a per diem basis. This is based on prior year expenditures for items such as food, inmate clothing and linens, and janitorial supplies. Another major contributor to these expenses are medical costs, which include both inpatient and outpatient services as well as contracted dentistry services. The Department spent \$4,595 per inmate for FY 2015. The enacted budget includes annual inmate costs of \$4,501, and the request increases these costs to \$4,720. *The Governor recommends \$0.3 million less than requested to reflect the lower population assumptions.*

New Correctional Officer Class. The Department requests \$0.5 million from general revenues to reflect the hiring of 45.0 new correctional officers for two pay periods at the end of FY 2017. The positions are contingent upon a new correctional officer training class, which is currently delayed due to an active lawsuit from the Department of Justice, which relates to certain procedures utilized by the Department. The request assumes that the new class would graduate in May 2016.

The FY 2016 enacted budget includes \$2.4 million to hire 25.0 correctional officers offset by \$2.3 million of overtime savings. This assumes hiring costs for new officers at an estimated \$96,000 each. The FY 2016 budget also includes \$0.8 million for operations related to the new officer class. This money remains in the base for FY 2017. *The Governor recommends funding as requested. The FY 2016 revised budget includes \$51,400 for contracted legal services associated with the litigation with the Department of Justice concerning the correctional officer examination process.*

Correctional Officer Briefings. The FY 2017 request includes \$0.2 million for briefing time for correctional officer lieutenants based on a new agreement and projected trends based on the first four pay periods of FY 2016. At the beginning of September 2015, the Director and the union reached an agreement to increase the briefing time each day for the supervisors on the 11 to 7 shift in every facility. These officers were not taking lunch because they were the only supervisors in the building. The agreement is that they would be paid for 30 minutes of briefing time to take their lunch when another supervisor was in the building. *The Governor recommends funding as requested.*

Discharge Planning - 8.0 FTEs. The FY 2017 request reflects savings of \$0.1 million from shifting discharge planning from contracted services to direct personnel. The request also includes authorization for 8.0 new full-time equivalent positions. The Department indicates that it has been experiencing difficulties with discharge planning agencies. In order to provide better services to inmates, the Department is requesting to hire 7.0 probation officers and 1.0 senior word processing typist to replace the regional discharge planning contracts. It would keep the contracts for specialized populations for medical and gang violence. The request appears to mistakenly remove \$0.2 million for the pre-release employment training contract at the Intake Service Center, suggesting that there are no savings and the cost of this initiative is \$0.1 million.

The Governor recommends the staffing as requested and \$0.2 million more than requested from general revenues to fund this proposal. This provides funding for the pre-release employment training contract mistakenly eliminated in the request.

RIBCO Contract. The Rhode Island Brotherhood of Correctional Officers is comprised of four separate components; correctional officers, civilians, nurses and professionals. Although the contract for a majority of the union's members has not been resolved, the request assumes that correctional officers will receive a cost-of-living adjustment consistent with other state employees, who received 2.0 percent salary increases effective April 6, 2014 and October 5, 2014 and October 4, 2015. A retroactive amount of \$4.4 million for the April 6, 2014 and October 5, 2014 cost-of-living adjustments has been booked as a payable in the FY 2015 budget. The estimated cost for cost-of-living adjustments for the FY 2016 revised and FY 2017 budgets is \$7.5 million and \$8.6 million, respectively.

[Staff note: The Department's revised request for FY 2016 of \$8.3 million is \$0.8 million more than staff estimates.]

The Governor's budget includes funding for the cost-of-living adjustment as requested and assumes that it is settled by July 2016.

Other Institutional Corrections Staffing. The Department requests \$158.5 million, primarily from general revenues, for salaries and benefits within its Institutional Corrections programs including Custody and Security, Institutional Support, Institutional Based Rehab/Pop and Healthcare Services. The request is \$9.1 million more than enacted, which reflects \$3.4 million for the annualization of the cost-of-living adjustment, \$1.0 million for step increases, and \$4.7 million in a reduction to turnover savings, which is equivalent to filling approximately 38 vacant positions for an entire year. This is approximately \$0.8 million less in turnover savings than the revised request assumes. The enacted budget assumed turnover savings equivalent to 56.8 vacant positions. *The Governor recommends \$2.0 million less than requested from general revenues to reflect additional statewide medical benefit savings and less overtime than requested consistent with her revised recommendation.*

Target - Eliminate One Nursing Post at Gloria McDonald. The Department's constrained budget request includes general revenue savings of \$0.1 million from eliminating one five-day nursing post on the day shift at the Gloria McDonald facility effective July 1, 2016. The facility has 24-hour a day, seven days a week, health care coverage by nursing staff. Because of the intake and committing function for the female population, all offenders are first evaluated by nursing at commitment and referred for treatment as needed. Across all facilities, the Department has 42.0 nurse positions.

In November 2015, the Department submitted a corrective action plan that includes general revenue savings of \$0.1 million for FY 2016 based on this proposal. *Consistent with the revised recommendation, the Governor's FY 2017 budget includes this proposal and savings of \$129,417.*

Target - Management of Pre-trial Population – 5.0 FTEs. The Department's constrained budget request includes general revenue savings of \$1.4 million from a proposal of the Justice Reinvestment Working Group that would allow the closure of one double module at the Intake Service Center. It assumes that changes in the management of the pre-trial population through the use of diversion tools at various points would result in decreasing the length of stay for failure to appear or failure to pay. The proposal assumes that a 72 bed module would be closed at the beginning of FY 2017 which would allow for the elimination of five posts. Staff would be reassigned and that would offset overtime costs. In order for full savings to be realized in FY 2017, the closure would have to begin during FY 2016. The Department indicates that this proposal is contingent upon changes in practices by the Judiciary which the Department has no control over.

Governor Raimondo issued Executive Order 15-11 that established the Justice Reinvestment Working Group that was charged with examining "investments to break the cycle of crime and incarceration and improve public safety." The Council of State Government's Justice Center has been helping the group. The group is focused on providing analyses to assist in providing options in policy changes or practices that can create savings to reduce recidivism and increase public safety.

The group has identified three areas of potential examination based on an initial assessment including changes in the management of the pre-trial population. It has proposed that the use of diversion tools at various points could result in decreasing the length of stay for failure to appear or failure to pay which would translate into a census reduction that could allow for the closure of one double module at the Intake Service Center. The group is anticipated to complete its analysis and a final report of findings is expected in December 2015.

As of February 2016, the final report has not yet been issued; however, the Governor's budget includes this proposal and savings of \$149,754. This reflects savings of \$1.4 million from closing one double module at the Intake Service Center offset by \$1.3 million and 5.0 new positions including 2.0 new probation officers and 3.0 dedicated to diversion and assessment activities. Funding will be used for the new 5.0 staff, contracted cognitive behavioral programs for an estimated 800 individuals, staff training, database programming, and assessments. There is also \$120,000 in the Office of the General Treasurer's budget for additional relocation and transportation benefits through the crime victim's compensation program tied to this initiative.

The program would start in FY 2017 but savings would not occur until FY 2018. The Governor did not submit any legislation associated with this initiative and Budget Office supporting documents indicate that the Department is currently examining what specific changes in sentencing and particular diversion tools would best reduce the awaiting trial population.

Medication/Mediation Assisted Treatment. The Governor's budget includes funding to begin a medication-assisted treatment program for opioid users in the Adult Correctional Institutions. The funds would be used to screen for opioid use disorders and conduct an assessment of new inmates to determine treatment options. The initiative would also start medication-assisted treatment prior to release with community referral for ongoing treatment. Supporting documents to the budget indicate 800 inmates would be eligible for these types of services. *The Governor recommends \$2.5 million from general revenues for FY 2017.*

Mental Health and Psychiatric Services. The Department requests \$1.3 million which is \$0.5 million more than enacted for mental health and psychiatric services. This reflects a new sex offender treatment contract, the provision of psychiatric services and the replacement of a retiring on-call psychiatrist during FY 2016. The Department reports that these types of treatment programs are essential to the rehabilitation of an inmate and services are often court mandated and therefore must be provided.

The Department reports that a new sex offender treatment contract was awarded at a higher rate than what was previously spent. With the large number of inmates with mental health issues, a new bid was issued for the provision of psychiatric services for both the sentenced and awaiting trial populations. There was only one vendor that responded to the solicitation. Additionally the current on-call psychiatrist for weekends and nights is retiring and the Department anticipates that cost increasing. *The Governor recommends funding as requested.*

New Electronic Weapons Simulator. The Department requests \$80,000 for a new electronic weapons simulator. The weapons qualifications training provides training on how to shoot a weapon but there is no training on when to shoot. The simulated training will work with the current weapons qualification process to train staff in inmate disturbance and hostage situations. Several years ago the Department purchased a simulator program but this program is now obsolete and there are no updates available. The Department reports that the Brotherhood of Correctional Officers is in agreement with the Department in the benefits of this purchase. *The Governor recommends funding as requested.*

Cost/Benefit Analysis for New Prison. The Department requests \$250,000 from general revenues for a cost/benefit analysis for building a new prison. The Department indicates that because of the age of its facilities it would like to explore whether structural savings could be achieved by replacing the maximum security and high security centers with a new facility. The Department notes that the cost of supervision in these two facilities is more expensive than in its other facilities. The average cost per offender in the high security center is over \$184,000 a year. The focus of the study will be on if constructing a new facility that combines both populations can achieve efficiencies and if a new structure could be built within the current footprint of another area on the grounds of the Pastore Center. The Department assumes that the bid process

would occur during FY 2016 so that work could begin at the start of FY 2017. *The Governor recommends that this analysis be funded from Rhode Island Capital Plan funds and provides \$250,000 for FY 2017.*

Other Institutional Corrections Operations. The Department requests \$10.3 million, primarily from general revenues, for all other institutional corrections' operations including repairs, utilities, insurance and office supplies. This is \$0.2 million or 1.6 percent more than enacted including \$0.1 million more from general revenues. Minor adjustments were made to various operating expenditures including janitorial and office supplies. *The Governor recommends funding as requested.*

Other Programs

Other Salaries and Benefits. The Department requests \$24.1 million, \$1.3 million more than enacted primarily from general revenues, for all other salaries and benefits for 203.0 full-time equivalent positions for the three remaining departmental programs, Central Management, Parole Board, and Community Corrections. The increase reflects current service adjustments offset by approximately \$1.5 million in turnover savings, which is \$0.3 million more than assumed in the enacted budget. There are currently 21.0 vacant positions across the central management, community corrections and parole board programs. The requested level of turnover is equivalent to approximately 14 vacant positions. *The Governor recommends \$0.1 million less than requested from general revenues primarily to reflect statewide medical benefit savings.*

Electronic Medical Records System Enhancements. The Department is requesting \$0.6 million, which is \$0.1 million more than enacted from general revenues for FY 2017 to implement a medication administration system in order to tighten controls on medications. The Department reports that it is currently using a paper-based system which is not only time consuming but lends itself to errors and quality issues. An electronic medication administration record would standardize the medication administration system by requiring electronic documentation using bar codes. Documentation would occur at the time of distribution and would allow for reports that track who received their medications, who did not show or refused a particular medication and the reason why. This type of reporting is currently not available with the paper-based system. *The Governor recommends funding as requested.*

Management Information Systems. Consistent with its revised request, the Department requests \$0.2 million more than enacted from general revenues to make programming changes and maintenance for the inmate and probation/parole tracking databases. This would provide \$0.7 million in total funding for management information systems for FY 2017. Of the \$0.2 million, the majority of the funding, \$205,000 is for contracted programming changes to the Department's inmate and probation/parole tracking databases. The Department indicates that these services are critical to the operation of the Inmate Facility Tracking System (INFACTS). The request also includes \$14,000 to continue funding for the Community Mapping and Reentry System (CMARS) that was previously funded through the recidivism grant for which funding ended September 30, 2015. The Department indicates that these services are vital to the re-entry initiative. *The Governor recommends funding as requested.*

Time Tracking System. The Department requests the enacted level of \$350,000 for a time and attendance system. The Department has significant overtime expenses and no time management tool. The goal of the system is to allow management to see where overtime will be required weeks prior to the actual period, which will help decrease the double overtime hours that are worked. The state, through the Division of Information Technology recently contracted with a vendor to provide a statewide time and attendance system. The Department indicates that the Division has instructed it to remove the funding from FY 2016, but request the \$350,000 for FY 2017 to support any technical assistance that may be needed. *The Governor recommends that the funding also be removed from the FY 2017 budget and that the Department develop a cost estimate for on-going operating expenses once the new system is implemented and operational.*

Staff Development Grants. The Department requests \$40,323, which is \$31,328 less than enacted from federal funds to reflect decreases from federal grants that support existing staff development programs during FY 2017. These grants support a variety of functions, including staff activities aimed at crime control and prevention and overall improvement of the criminal justice system. These activities include information sharing, research and evaluation of existing programs, database system improvement and professional development training. *The Governor recommends funding as requested.*

Educational Grants. The Department requests \$0.2 million, \$14,624 less than enacted from federal funds to support its existing educational programs, including special education for eligible inmates. The request reflects expenditures planned for FY 2017. *The Governor recommends \$1,404 less than requested.*

Recidivism Reduction Grant. The Department's FY 2017 request eliminates the \$0.1 million enacted from federal funds from a grant awarded to develop and implement comprehensive strategies that address the challenges of offender reentry and recidivism reduction. The grant period ended September 30, 2015. This is a project grant established under the federal Second Chance Act, to help ensure safe and successful transition from prison or jail to the community. Funding is provided to enhance the Department's transitional services in order to provide released offenders essential treatment services to maintain a self-sustaining and law-abiding life. *The Governor recommends funding as requested.*

Capital Projects. The Department requests \$16.6 million, \$7.2 million more than enacted from Rhode Island Capital Plan funds for its capital projects scheduled for FY 2017. This is consistent with the Department's capital budget request and reflects revisions to project scopes and timetables. *The Governor recommends \$4.4 million less than requested from Rhode Island Capital Plan funds. A more detailed description of the capital projects is available in the Capital Budget section of this publication.*

Other Operations. Excluding costs associated with Institutional Corrections, the Department requests \$3.5 million, primarily from general revenues, for all other operations at the Department. This is \$0.1 million less than enacted including \$24,496 less from general revenues. The general revenue decrease reflects minor adjustments to various expenditures including less for contracted clerical services. The federal fund adjustment includes decreases to three separate Department of Justice grants to reflect updated awards and expenditures. *The Governor recommends \$8,424 more than requested. This reflects an additional \$11,772 in costs allocated from the Judiciary for probation office space in the court facilities offset by savings of \$3,348 in insurance costs.*

Target - Closing High Security Facility. The Department's constrained budget request includes general revenue savings of \$5.8 million for FY 2017 from closing the High Security Center. The proposal correctly indicates that the High Security Center carries the most expensive per capita costs due to the nature of offenders housed at the facility. This proposal assumes inmates housed in this facility would be transferred to either the maximum or medium facilities. This proposal would require statutory changes to address potential issues that could affect the current labor contract agreement between the state and the Rhode Island Brotherhood of Correctional Officers. In order for full savings to be realized in FY 2017, the closure would have to begin during FY 2016. *The Governor did not include this proposal.*

Target - Closure of Minimum Facility. The Department's constrained budget request includes general revenue savings of \$4.9 million for FY 2017 from closing the Minimum Facility. This proposal assumes shifting a portion of the minimum security population to mandatory substance abuse treatment in lieu of incarceration; the facility has a large number of inmates with substance abuse issues. The savings assumes that 77 inmates would be placed into residential treatment beds at a cost of \$2.7 million, 153 inmates would be transferred to supervised outpatient services at a cost of \$1.5 million and the remaining 205 inmates would move to community confinement supervision which would require 6.0 new community program counselors offset by the elimination of 5.0 non-correctional officer positions. It also assumes that the 116.0 correctional staff assigned to this facility would be reassigned and would offset overtime in other facilities.

In order for full savings to be realized in FY 2017, the closure would have to begin during FY 2016. *The Governor did not include this proposal.*

Target - Closure of Bernadette Guay Facility. The Department's constrained budget request includes general revenue savings of \$1.2 million for FY 2017 from closing the Bernadette Guay Facility. The facility has a capacity of 100 inmates and houses women who are classified to minimum security and work release custody. Primary programs provided in this building include: a substance abuse treatment program, religious instruction, educational and parenting programs, participation in the Community Service Programs and Work Release Opportunities. The proposal assumes the facility is closed at the beginning of FY 2017 and that all staff would be reassigned to the Gloria McDonald facility which is the other women's facility. The work release program would have to be moved to the medium/maximum security facility which could result in a security risk because the work release population enters and exits the facility. In order for full savings to be realized in FY 2017, the closure would have to begin during FY 2016. Through October, Bernadette Guay has been at about 20 percent capacity. *The Governor did not include this proposal.*

Target - Elimination of Double Time Rate. The Department's constrained budget request includes general revenue savings of \$0.4 million from eliminating the double time rate for correctional officers who are working more than 16 hours consecutively. The Department is proposing to make legislative and contractual changes that would limit all overtime to time and a half, including overtime hours for those working over 16 hours consecutively.

It should be noted that the state is currently negotiating with the Brotherhood of Correctional Officers. The current contract ended June 2012. A proposal identical to this was submitted as part of the Department's FY 2016 constrained budget. *The Governor did not include this proposal.*

Target - Donald Price Facility & Land Sale. The Department's constrained request includes \$8.6 million in new revenues from selling the Donald Price Medium Security building and land. 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 facility. The facility was closed again in November 2011 due to continuous decline of the inmate population. This proposal is identical to one submitted as part of the Department's FY 2016 constrained budget. *The Governor did not include this proposal.*

Target - Former Gloria McDonald Facility Land Sale. The Department's constrained request includes \$3.9 million in new revenues from selling the former Gloria McDonald female facility which is currently vacant. The Department's initial plans were to transform the facility into storage spaces for other departmental units. This facility became operational in 1984 with an average population of 134 females and an operational capacity of 150 females. This is a converted hospital building, which features dormitory style living arrangements. The facility was closed late 2010 and the female population was transferred to the facility formerly known as the Reintegration Center. It should be noted that the funds raised from the sale of this land would be deposited into the state's technology fund, and would not generate or save general revenues. This proposal is identical to one submitted as part of the Department's FY 2016 constrained budget. *The Governor did not include this proposal.*

Judicial Department

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Program				
Supreme Court	\$ 35,834,192	\$ 36,947,962	\$ 40,291,305	\$ 36,257,476
Defense of Indigent Persons	3,542,240	3,542,240	3,784,406	3,784,406
Commission on Judicial Tenure & Discipline	121,527	121,462	125,032	124,865
Superior Court	23,560,346	23,450,533	24,277,010	23,230,091
Family Court	23,932,580	23,467,317	24,393,151	23,816,324
District Court	13,002,213	12,189,593	12,950,799	12,337,603
Traffic Tribunal	8,542,221	8,399,966	9,232,991	9,018,180
Workers' Compensation Court	7,763,807	7,853,054	8,096,017	8,096,017
Total	\$ 116,299,126	\$ 115,972,127	\$ 123,150,711	\$ 116,664,962
Expenditures by Category				
Salaries and Benefits	\$ 84,910,720	\$ 83,154,320	\$ 86,600,701	\$ 84,053,386
Contracted Services	1,686,354	2,219,567	2,013,354	2,013,354
Subtotal	\$ 86,597,074	\$ 85,373,887	\$ 88,614,055	\$ 86,066,740
Other State Operations	13,162,158	12,362,408	12,289,877	12,239,977
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	10,467,007	10,782,783	11,420,453	11,101,919
Capital	6,072,887	7,453,049	10,826,326	7,256,326
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 116,299,126	\$ 115,972,127	\$ 123,150,711	\$ 116,664,962
Sources of Funds				
General Revenue	\$ 96,031,046	\$ 95,581,117	\$ 99,757,159	\$ 96,341,410
Federal Aid	3,431,136	3,392,087	3,116,365	3,116,365
Restricted Receipts	11,336,944	11,412,688	11,182,187	11,682,187
Other	5,500,000	5,586,235	9,095,000	5,525,000
Total	\$ 116,299,126	\$ 115,972,127	\$ 123,150,711	\$ 116,664,962
FTE Authorization	724.3	724.3	724.3	724.3

Summary. The Judiciary requests \$123.2 million from all sources, including \$99.8 million from general revenues for FY 2017. This is \$6.9 million more than enacted, including \$3.7 million more from general revenues, which reflects an increase of approximately four percent. The Judiciary notes that its request includes a reduction of \$1.1 million from restricted receipts to reflect the treatment of indirect cost recoveries. It subsequently advised that a corresponding increase from federal funds was needed to conform to new accounting guidance; adjusting for this, the Department is requesting \$7.9 million more than enacted from all funds and \$0.9 million more than enacted from restricted receipts. Consistent with the enacted authorization, the Department requests 724.3 full-time equivalent positions. *The Governor recommends*

\$116.7 million, including \$96.3 million from general revenues. This is \$6.5 million less than requested, including \$3.4 million less from general revenues, \$0.5 million more from restricted receipts, and \$3.6 million less from Rhode Island Capital Plan funds.

Target Issues. The Budget Office provided the Judiciary with a general revenue target of \$89.8 million. The amount includes current service adjustments of \$0.3 million and an adjusted 7.5 percent target reduction of \$6.5 million.

The Department did not submit a constrained budget. The budget submitted by the agency is \$10.0 million above the target. *The Governor recommends \$96.3 million, which is \$6.5 million more than the target set by the Budget Office.*

FY 2017 Budget	Budget Office	Judiciary	Difference
FY 2016 Enacted	\$ 96,031,046	\$ 96,031,046	\$ -
Current Service Adjustments	262,903	1,622,860	1,359,957
New Initiatives	-	2,103,253	2,103,253
Change to FY 2016 Enacted	\$ 262,903	\$ 3,726,113	\$ 3,463,210
FY 2017 Current Service/ Unconstrained Request	\$ 96,293,949	\$ 99,757,159	\$ 3,463,210
Target Reduction/Initiatives	(6,470,017)	-	6,470,017
FY 2017 Constrained Target/Request	\$ 89,823,932	\$ 99,757,159	\$ 9,933,227
<i>Change to FY 2016 Enacted</i>	\$ (6,207,114)	\$ 3,726,113	\$ 9,933,227

Staffing. The Judiciary requests \$86.6 million from all sources for salaries and benefits for 724.3 positions. The enacted budget includes \$2.1 million of turnover, which is decreased by \$1.0 million to \$1.1 million in the Department’s FY 2017 request. As of the pay period ending January 23, 2016, the Judiciary had 61.0 vacant positions.

The Governor recommends \$84.1 million for salaries and benefits, which is \$0.9 million less than enacted and \$2.5 million less than requested, of which \$0.4 million reflects statewide benefit savings and \$0.3 million reflects a correction to social security benefits. The recommendation includes \$1.8 million of turnover savings, which is \$0.3 million less than enacted and \$0.7 million more than requested. The recommendation includes the enacted level of 724.3 positions.

Restricted Receipts. Excluding the Workers’ Compensation Court, which is entirely funded by restricted receipts, the Judiciary requests \$4.1 million from restricted receipts for FY 2017. The receipts are derived, for example, from indirect cost recoveries, fines assessed on individuals convicted of crimes, and a technology surcharge. There is a shift of some available restricted receipts from personnel costs to other categories, primarily for the network routers, digital displays, and wireless routers described in the Court Technology item of this analysis and for the case management system. The Judiciary previously requested funding to be used for such information technology improvements, but the funding was not included in the enacted budget, but the funding was included for personnel expenditures instead.

Some of the restricted receipt accounts are limited in how they may be used. For example, Rhode Island General Law limits the Rhode Island Judiciary Technology Surcharge Account “solely for use by the judiciary in support of its technology infrastructure and case management system.” Another example is the violent crimes indemnity restricted receipt account established by the 2012 Assembly; the receipts are derived from fines assessed on individuals convicted of crimes, and are used to provide assistance to crime victims, including an explanation of rights, assistance with impact statements, counseling recommendations and possible restitution claims. In contrast, the restricted receipt account funded from indirect cost recoveries on eligible federal grants can be used for any purpose. *The Governor provides \$4.6 million, or \$0.5 million more than requested. The recommendation reflects the use of restricted receipts for personnel costs as included in the enacted budget and does not shift these expenditures to general revenues.*

Overhead Functions

Pay-Go Judges Pensions. The Department requests \$6.2 million from all sources, including \$5.5 million from general revenues for retirement costs for judges and magistrates hired before 1990 who are not part of the state employees' retirement system. The pension costs are paid through an annual appropriation on a pay as you go basis rather than the retirement trust fund. This is \$0.7 million more than enacted from all funds, including \$0.7 million more from general revenues and \$10,000 more from restricted receipts to reflect the estimate of actual and expected retirements for those judges eligible. Two judges already retired in FY 2016 by the time the budget was submitted, and the Judiciary notes there are currently six active judges not in the system and they all meet the eligibility threshold to retire. *The Governor recommends \$0.3 million less from general revenues than requested. The recommendation reflects only the known retirements and does not assume additional retirements will occur.*

Case Management System. The Judiciary requests \$1.5 million, or \$0.6 million more than enacted to purchase computers, servers and software for the ongoing implementation of its case management system. The system will enable electronic filing for all courts through the internet, and will replace the current system, which relies on duplicative data input and paper files. The enacted budget includes \$0.9 million from the state's Information Technology Investment Fund in the Department of Administration's budget; the Judiciary does not request information technology funds for FY 2017. The Judiciary requests \$0.6 million from restricted receipts from indirect cost recoveries on eligible federal grants for work to include the Juvenile Justice Court as part of the case management system; this funding was requested by the Judiciary last year but not included in the Governor's recommendation or the enacted budget. *The Governor recommends funding as requested.*

Court Technology. The Judiciary requests \$6.6 million or \$0.9 million more than enacted, including increases of \$0.5 million from general revenues and \$0.2 million from restricted receipts for information technology improvements throughout the court system, which are not related to its case management system. The new general revenue expenditures include \$0.3 million for maintenance on new software systems, \$0.3 million for video conferencing upgrades and \$0.1 million for copier replacements, and the new restricted receipt expenditures include \$0.3 million for network routers, digital displays, and wireless routers. There is a shift of \$0.2 million from general revenues primarily to restricted receipts to fund anticipated information technology system maintenance based on historical expenditures. The restricted receipts are derived from indirect cost recoveries on eligible federal grants. The Judiciary previously requested funding to be used for such information technology improvements, but the funding was included for personnel expenditures instead. The request is \$0.1 million less than the Judiciary's revised FY 2016 request. *The Governor recommends funding as requested.*

Overhead Functions - Legal. The Department requests \$3.9 million, including \$2.6 million from general revenues and \$1.3 million from restricted receipts to support 24.0 full-time equivalent positions for overhead functions related to legal issues. This includes funding for the Appellate Screening Unit, the Board of Bar Examiners, the Disciplinary Board, the Law Library, mandatory continuing legal education for attorneys, and the education program for judges and magistrates.

The request is \$0.1 million more than enacted, including \$83,381 from general revenues and \$32,998 more from restricted receipts. The general revenue change primarily reflects anticipated staffing costs for the Appellate Screening Unit and an increase for subscription purchases by the Law Library based on the actual expenditures for FY 2015, and the restricted receipts increase reflects anticipated staffing costs for the Disciplinary Board. *The Governor recommends \$6,254 less from general revenues than requested to reflect additional statewide medical benefits savings.*

Other Overhead Functions. The Judiciary requests \$10.1 million from general revenues to support 48.0 full-time equivalent positions for all other overhead functions. This includes funding for maintenance of

the judicial complex facilities, the finance, budget and employee relations function, and the planning program.

The request is \$0.1 million more than enacted, which primarily reflects anticipated staffing costs, mainly an increase for the finance, budget and employee relations function, partially offset by a reduction for judicial complex facilities personnel. *The Governor recommends \$15,301 less from general revenues than requested to reflect additional statewide medical benefits savings.*

Indigent Defense Services. The Judicial Department requests \$3.8 million from general revenues, or \$0.2 million more than enacted for indigent defense services. 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. In FY 2013, actual expenses were \$3.4 million, \$3.6 million of expenditures for FY 2014 and \$3.9 million reported for FY 2015. *The Governor recommends funding as requested.*

Capital Projects. The Department requests \$9.1 million from Rhode Island Capital Plan funds, or \$3.6 million more than enacted for its capital projects during FY 2017. The request includes funding for work at the Licht Judicial Complex, the build out of the shelled courtrooms at the Noel Judicial Complex, replacing the fan coil units at the Licht and Murray judicial complexes and the Fogarty Judicial Annex, asset protection projects, and the replacement and/or restoration and/or cleaning of the heating, ventilation and air conditioning system for all judicial complexes. Funding is consistent with the amounts requested in the Judiciary's capital budget request. *The Governor recommends \$3.6 million less than requested from Rhode Island Capital Plan funds for FY 2017. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

Supreme Court

Salaries and Benefits. The Judiciary's request includes \$11.2 million from all sources, \$0.4 million more than enacted, for the salaries and benefits of the Supreme Court, including \$0.9 million more from general revenues to support 89.7 full-time equivalent positions not associated with the previously described overhead functions. This includes funding for activities such as domestic violence prevention, victim rights information, information technology, and an interpreter program.

The request reflects \$48,762 for the annualized cost-of-living adjustment for state employees, \$19,377 for updated planning values, and \$0.4 million for the restoration of turnover savings. The request also includes shifting \$0.5 million of expenses formerly funded from restricted receipts to general revenues. The Judiciary instead budgets the restricted receipts for technology expenses described in the Court Technology item of this analysis and for the case management system. *The Governor recommends \$10.7 million, \$0.4 million less than requested from all sources including \$0.9 million less from general revenues, which reflects the use of restricted receipts for personnel costs as included in the enacted budget. She increases turnover by \$0.3 million and reduces funding by \$0.1 million to reflect additional statewide medical benefits savings.*

Community Service Grants. Consistent with the enacted budget, the Judiciary requests \$0.4 million from general revenues for four separate community service grants for justice related initiatives. This includes advocating for victims of domestic violence, and providing legal services for low income individuals. *The Governor recommends funding as requested.*

Other Operating. The Judiciary requests \$2.6 million for all other expenses of the Supreme Court. Expenditures are programmed for rental payments, equipment maintenance, information technology and other expenses. This is \$9,322 more than enacted and includes \$2,307 more from general revenues. The requested general revenues include changes for office equipment and small scale repairs and maintenance.

The restricted receipts are derived from fines assessed on individuals convicted of crimes, and are used to provide assistance to crime victims including an explanation of rights, assistance with impact statements, counseling recommendations and possible restitution claims. *The Governor recommends \$2,548 more from general revenues for insurance based on information from the Department of Administration.*

Superior Court

Salaries and Benefits. The Judiciary's request includes \$19.6 million, primarily from general revenues for the salaries and benefits of the Superior Court's 165.7 full-time equivalent positions. This is \$0.3 million more than enacted, which reflects \$0.1 million each for the annualized cost-of-living adjustment for state employees and updated planning values, and \$0.1 million to restore turnover savings, for which the enacted budget includes \$0.6 million. *The Governor recommends \$0.7 million less than requested from general revenues, including \$0.5 million for increased turnover, \$0.1 million for additional statewide medical benefits savings, and \$0.1 million for a correction to social security benefits.*

Other Operating. The Judiciary requests \$1.9 million for all other expenses of the Superior Court including juror fees, rental payments, expert witnesses, insurance and other office expenses. This is \$17,138 more than enacted, including \$1,588 more from general revenues and \$15,550 from federal funds. Changes reflect travel reimbursements for jurors based on the length and number of trials projected during FY 2017, anticipated printing costs, and administrative fees relating to federal grants. *The Governor recommends \$12,582 less from general revenues for insurance based on information from the Department of Administration.*

District Court

Veterans' Treatment Calendar. The Veterans' treatment calendar functions as a specialized calendar within District Court. The specialized calendar is a jail diversion program aimed at addressing veterans charged primarily with misdemeanor offenses. During the FY 2016 budget process, the Assembly added \$0.2 million from federal funds to reflect a new grant award. Funding will allow the Judiciary to expand operations to serve a larger population of veterans and provide additional services as part of a jail diversion program aimed at addressing veterans, charged primarily with misdemeanor offenses. The Assembly also increased the number of District Court judges from 12 to 13, and established the Veterans' Calendar in statute. It added 1.0 full-time equivalent position and \$234,000 from general revenues for the new judge position.

The Judiciary requests \$389,833, or \$57,583 less than enacted. This includes \$9,595 less from general revenues to reflect the Judiciary's estimate of the FY 2017 cost of the new judge position and \$47,988 less from federal funds to better reflect anticipated expenditures from the federal grant. *The Governor recommends funding as requested.*

Salaries and Benefits. The Judiciary's request includes \$10.8 million from all sources, \$0.2 million less than enacted, for the salaries and benefits for the District Court's other 96.0 full-time equivalent positions. This primarily reflects \$0.2 million less from general revenues. The FY 2016 enacted budget includes turnover savings of \$0.3 million for the District Court, which is equivalent to approximately 2.5 positions. As of the pay period ending January 23, 2016, the District Court had 11.0 vacant positions. The FY 2017 request would fund approximately 92 positions. The request also includes increases to reflect the annualized cost-of-living adjustment for state employees and updated planning values. *The Governor recommends \$0.6 million less than requested from general revenues, including \$0.4 million for increased turnover, \$0.1 million for additional statewide medical benefits savings, and \$0.1 million for a correction to social security benefits.*

Other Operating. The Judiciary requests \$0.5 million for all other expenses for the District Court. Major expenditures include office supplies, interpreter services, printing and insurance. This is \$12,384 less than enacted, including \$1,233 more from general revenues and \$13,617 less from restricted receipts. The request reflects a \$15,000 increase for interpreter services and \$27,384 of operating reductions, including for printing costs and information technology expenses. *The Governor recommends \$23,416 less from general revenues for insurance based on information from the Department of Administration.*

Family Court

Salaries and Benefits. The Judiciary's request includes \$20.0 million from all sources, \$19.4 million from general revenues, for the salaries and benefits of the Family Court's 173.7 full-time equivalent positions. This is \$0.2 million more than enacted, including \$0.3 million more from general revenues and \$0.1 million less from federal funds. The request includes shifting \$0.1 million of expenses formerly funded from federal sources to general revenues. The Judiciary notes it requested the reduction in federal funds to better reflect anticipated funding from federal grants. The request also includes increases of \$0.1 million each to reflect the annualized cost-of-living adjustment for state employees and updated planning values, as well as other changes to reflect anticipated staffing costs. *The Governor recommends \$0.6 million less than requested from general revenues, including \$0.4 million assuming more turnover savings, \$0.1 million for additional statewide medical benefits savings, and \$0.1 million to correct other benefits expenses.*

Child Support Enforcement. The Judicial Department requests \$1.1 million, or \$1,000 more than enacted from federal funds to properly reflect its award and expenditures from the child support enforcement grant. The \$1,000 increase reflects an audit fee. The Judiciary utilizes the grant funds to enforce the support obligations owed by absent parents to their children, locate absent parents, establish paternity, and obtain child, spousal and medical support. It should be noted that the request increases these funds as part of a technical adjustment to its budget, but does not reflect an actual increase in funds.

The Department receives an indirect cost recovery from this grant, which was historically shown as restricted receipts. The request categorizes the receipts as federal sources to properly reflect the award and expenditures. *The Governor recommends funding as requested.*

Other Operating. The Judiciary requests \$0.9 million for all other expenses of the Family Court for FY 2017. Major expenditures include mileage reimbursement, office supplies, insurance and auditing services. This is \$0.1 million less than enacted, including \$0.1 million less from federal funds offset by \$30,883 more from general revenues. The general revenue amount includes an increase for interpreter and translator services. *The Governor recommends \$11,439 less from general revenues for insurance based on information from the Department of Administration.*

Traffic Tribunal

Salaries and Benefits. The Judiciary's request includes \$8.1 million from general revenues for the salaries and benefits of the Traffic Tribunal's 78.2 full-time equivalent positions. This is \$0.6 million more than enacted. The enacted budget includes turnover for six positions, and the request reflects restoring \$0.5 million of funding for approximately four positions, along with \$32,904 for the annualized cost-of-living adjustment for state employees and \$27,605 for updated planning values. *The Governor recommends \$7.9 million, \$0.2 million less than requested to reflect \$0.1 million of turnover and \$0.1 million from additional statewide medical benefits savings.*

Other Operating. The request includes \$0.7 million from general revenues for all other expenses of the Traffic Tribunal. This is \$0.1 million more than enacted, including increases for security services and postage and a reduction for printing costs. The security service expenses are for Capitol Police overtime that were previously in the Department of Public Safety's budget. These expenditures are tracked through

an internal service fund, which is funded from the Judiciary's budget, then used by the Capitol Police for its personnel expenditures associated with court activities. The increase in postage is primarily to send required tax intercept notices to individuals who owe fines to the Traffic Tribunal. *The Governor recommends funding as requested.*

Workers' Compensation Court

Salaries and Benefits. The Judiciary's request includes \$6.7 million from restricted receipts for the salaries and benefits of the Workers' Compensation Court's 50.0 full-time equivalent positions. The enacted budget includes turnover for 2.0 positions, and the request includes \$0.2 million more than enacted to reflect restoring those funds, as well as \$0.1 million more for the annualized cost-of-living adjustment for state employees and updated planning values. *The Governor recommends funding as requested.*

Other Operating. The request includes \$0.7 million from restricted receipts for all other expenses at the Workers' Compensation Court. Major expenditures include \$0.2 million for building repairs and \$0.1 million each for electricity and software maintenance agreements. The request is \$44,988 more than enacted and reflects additional funding for small scale repairs, utilities, and office equipment. *The Governor recommends funding as requested.*

Judicial Tenure and Discipline

Judicial Tenure and Discipline. The Judiciary requests \$0.1 million from general revenues, or \$3,505 more than enacted to support the Commission on Judicial Tenure and Discipline for FY 2017. This reflects updated benefit rates consistent with Budget Office planning values, the annualized cost-of-living adjustment for state employees and other changes to reflect anticipated staffing costs. The Judicial Tenure and Discipline Commission is responsible for conducting investigations of judges suspected of or charged with misconduct. *The Governor recommends \$167 less from general revenues than requested to reflect additional statewide medical benefits savings.*

Military Staff

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 8,309,609	\$ 8,344,377	\$ 9,476,144	\$ 9,127,755
Contracted Services	1,434,168	1,428,195	1,505,986	1,675,497
Subtotal	\$ 9,743,777	\$ 9,772,572	\$ 10,982,130	\$ 10,803,252
Other State Operations	5,015,055	5,929,220	6,893,717	6,553,019
Assistance, Grants, and Benefits	502,000	515,150	515,150	515,150
Capital	4,147,266	3,406,432	6,809,395	6,805,895
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 19,408,098	\$ 19,623,374	\$ 25,200,392	\$ 24,677,316
Sources of Funds				
General Revenue	\$ 2,065,434	\$ 2,363,408	\$ 2,891,707	\$ 2,659,719
Federal Aid	15,361,864	14,636,581	17,785,385	17,497,797
Restricted Receipts	323,300	387,300	337,300	337,300
Other	1,657,500	2,236,085	4,186,000	4,182,500
Total	\$ 19,408,098	\$ 19,623,374	\$ 25,200,392	\$ 24,677,316
FTE Authorization	92.0	92.0	103.0	96.0

Summary. The Military Staff's request includes \$25.2 million from all sources, including \$2.9 million from general revenues, \$17.8 million from federal funds, \$0.3 million from restricted receipts, \$4.2 million from Rhode Island Capital Plan funds and 103.0 full-time equivalent positions, which is 11.0 more than enacted. This is \$5.8 million more than enacted. The general revenue request is \$829,841 more than the enacted budget adjusted for undistributed statewide savings.

The Military Staff also submitted a constrained request that totals \$19.4 million and includes \$5.8 million less from all fund sources than the unconstrained request.

The Governor recommends \$0.5 million less than requested including \$0.2 million less from general revenues. She recommends 7.0 fewer full-time equivalent positions than requested, but 4.0 more than enacted.

Target Issues. The Budget Office provided the Military Staff with a general revenue target of \$2.0 million. The amount includes current service adjustments of \$0.1 million and a 7.5 percent target reduction of \$0.2 million.

The constrained budget submitted by the agency is consistent with the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's recommendation is \$0.6 million above the target.*

FY 2017 Budget	Budget Office		Military	Difference		
FY 2016 Enacted	\$	2,065,434	\$	2,065,434	\$	-
Current Service Adjustments		8,286		717,028		708,742
New Initiatives		109,245		109,245		-
Change to FY 2016 Enacted	\$	117,531	\$	826,273	\$	708,742
FY 2017 Current Service/ Unconstrained Request	\$	2,182,965	\$	2,891,707	\$	708,742
Target Reduction/Initiatives		(160,121)		(868,863)		(708,742)
FY 2017 Constrained Target/Request	\$	2,022,844	\$	2,022,844	\$	-
Change to FY 2016 Enacted	\$	(42,590)	\$	(42,590)	\$	-

Firefighters. The Military Staff requests \$3.5 million, including \$0.3 million from general revenues and \$3.2 million from federal funds for the Rhode Island National Guard firefighters program. This is \$85,897 more than enacted for salaries and benefits for the Rhode Island National Guard firefighters program, including \$93,352 more from general revenues and \$7,455 less from federal funds. The request funds 30.0 full-time positions, including 17.0 full-time firefighters that are specialized in fire containment and disaster response involving National Guard vehicles, 10.0 crew chiefs, and 3.0 assistant chiefs. There are currently five vacancies in the program.

The Rhode Island National Guard was notified in October 2013 that the federal National Guard Bureau will only reimburse the state for the cost of firefighters being paid at a level consistent with federal Government Service pay scales, capped at \$59,617 annually. The average salary cost per firefighter in the Rhode Island Air National Guard is \$65,013 per year in the agency's FY 2017 request. The Military Staff indicated that the change only applies to those firefighters hired after 2012.

The Staff indicated that beginning in FY 2015, the National Guard Bureau no longer pays the salaries of firefighters that are injured on duty. For FY 2016 and subsequent years, the state is responsible for the full cost of firefighters injured on duty. Funds in the FY 2016 enacted budget reflected all of these funding changes.

The enacted budget includes funding for 28.0 positions. The Military Staff requests funding for all of the authorized positions in the program and notes that it plans to fill vacancies for safety reasons. This is consistent with its revised request.

The Military Staff also submitted a constrained request that would reduce funding by \$0.6 million, including \$0.3 million from general revenues, which would be achieved by eliminating seven firefighting positions. The affected positions would include four firefighters, two fire crew chiefs, and one assistant fire chief.

The Governor recommends \$170 less general revenues than the unconstrained request to reflect additional statewide medical benefits savings.

11.0 New Maintenance Positions. The Military Staff requests \$0.8 million, including \$0.2 million from general revenues and \$0.6 million from federal funds for 11 additional maintenance positions. The new positions would include a construction inspector, a plumber, two electricians, three HVAC positions, and four janitors. These employees would be responsible for maintaining approximately one million square feet of building space throughout the state. The Military Staff indicates that currently 11 maintenance personnel float among different locations. This has been the case since 2002; building space has increased by approximately 350,000 square feet or approximately 50 percent since then. The Staff does not believe that the current staff is sufficient enough to maintain all of the equipment, vehicles, and space and it proposes to double the number of maintenance personnel. The Staff indicates that this proposal would result in less need for contractors, resulting in savings and more timely completion of the necessary work.

The agency also submitted a constrained request that does not include the new positions.

The Governor recommends 4.0 new full-time positions at an estimated FY 2017 cost of \$0.4 million, including \$0.3 million from federal funds and \$0.1 million from general revenues. The new positions include an electrician and an HVAC shop supervisor for the Air National Guard which will be funded 75 percent from federal sources and 25 percent from general revenues as well as a principal projects manager and program manager for the Facilities Maintenance Office which will be 100 percent federally funded. The Military Staff requested the different positions for the Facilities Maintenance Office subsequent to submitting its operating budget request.

Activations. The Military Staff requests \$75,000 from general revenues to support the activation of National Guard troops to provide support to civil authorities during both emergency and non-emergency events. The agency's request suggests that this could involve a state or federal emergency, including cybersecurity or weather events. Currently, funding required for activations is appropriated during the year in which it is needed. No funding is included in the enacted budget, and the current request is more of a placeholder with funds appropriated and then expended as needed.

As part of its constrained request, the Military Staff excludes the funding.

Consistent with her revised recommendation, the Governor recommends \$50,000, or \$25,000 less than requested to reflect possible activations for cybersecurity events.

All Other Salaries and Benefits. The Military Staff requests \$5.1 million for salaries and benefits including \$0.8 million from general revenues and \$4.3 million from federal funds for the remaining 62.0 full-time equivalent positions. This is \$0.2 million more than enacted, including \$0.1 million from general revenues. This reflects the pay increase for the new Adjutant General, the annualized impact of the cost-of-living adjustment for state employees, updated benefit rates consistent with Budget Office planning values, statewide medical benefits savings, and other changes to reflect anticipated staffing costs.

The Military Staff also submitted a constrained request that would reduce funding by \$0.7 million, including \$0.2 million from general revenues, which would be achieved by eliminating 8.0 full-time equivalent positions. The affected positions would also include six maintenance personnel, one electrician, and one administrative aide in the Facilities Maintenance Office. *The Governor recommends \$0.1 million more than the unconstrained request to restore turnover savings for 1.0 position and includes a reduction to reflect additional statewide medical benefits savings.*

Counterdrug Asset Forfeiture. The Military Staff's request includes \$37,300 from restricted receipts, which is \$14,000 more than enacted to reflect funds available from asset forfeitures generated from the Guard's counterdrug activities. The funds are part of the state's overall Google settlement and will be used for travel expenses and anticipated purchases of equipment and other supplies in support of the Guard's counterdrug operations. Total Google settlement funds allocated to the Military Staff are \$5.0 million and as of January 2015, the Staff has spent \$0.2 million.

The Military Staff also submitted a constrained request that does not include the additional funding. *The Governor recommends funding as requested.*

Building Maintenance. The Military Staff requests \$1.7 million, including \$0.3 million from general revenues and \$1.4 million from federal funds for building maintenance and small scale repairs. This is \$0.1 million more than enacted including \$148,465 more from general revenues and \$29,412 less from federal funds. This reflects an increase in minor renovations and repairs at all National Guard facilities, projects at other armories and militia facilities, custodial services at armories, and fire inspection. The Staff notes that its request reflects projects expected to move forward in FY 2017 and the state and federal shares for these specific projects.

The agency's constrained request does not include the additional funding and assumes the renovations and repairs will not be done until after FY 2017. *The Governor recommends funding as requested.*

Military Funeral Honors. Consistent with its FY 2016 revised request, the Military Staff requests \$109,150, or \$13,150 more than enacted from general revenues to reflect the projected cost for military funeral honors in FY 2017. Retired military members are paid a \$50 stipend to perform military honors at the funerals. A federal memorandum from October 2012 indicates that federal funds will no longer be provided for any branches of service besides the Army, for which the National Guard Bureau will still pay stipends for two individuals.

The agency's constrained request eliminates the additional funding for military funeral honors. *The Governor recommends funding as requested.*

Education Benefits. The Military Staff requests the enacted level of \$0.1 million from general revenues to support the state mandate for the provision of free tuition to National Guard members at the state's public higher education institutions. The current course limit is five per semester, and any expenses above \$100,000 are borne by the institutions. *The Governor recommends funding as requested.*

Snow Removal. The Military Staff requests \$0.6 million from all funds, including \$0.1 million from general revenues and \$0.5 million from federal sources for anticipated snow removal costs in FY 2017. The Military Staff notes that while it previously relied heavily on high mobility multipurpose wheeled vehicles and federal employees for snow plowing operations, in January 2015 the United States Army issued a directive that snow plows are no longer authorized for use on these vehicles. The Master Cooperative Agreement allows for approximately 90 percent federal reimbursement for snow removal costs.

The Military Staff's constrained request eliminates this funding and does not specify how snow removal activities will be funded. *The Governor adds the funding as requested.*

Capital Projects. The Military Staff requests \$4.2 million from Rhode Island Capital Plan funds to be used for capital projects in FY 2017 at buildings under its purview throughout the state. This is \$2.5 million more than enacted, which primarily reflects funding to build a new joint force headquarters at Camp Fogarty in East Greenwich. Funding is consistent with the amounts requested in the Military Staff's capital budget request.

The agency's constrained request removes the additional funding for capital projects. *The Governor recommends \$3,500 less than requested from Rhode Island Capital Plan funds. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

Utilities. The Military Staff requests \$3.5 million for electricity and fuel, which are shared expenses with the National Guard. The request is \$0.8 million more than enacted, including increases of \$0.6 million from federal funds and \$0.2 million from general revenues for the state match. The Military Staff attributes its increasing energy costs mainly to a large percentage of failures on HVAC systems and boiler systems, and it indicates that these issues were noted in an energy audit conducted in the spring of 2014. The general revenue increase is partially offset by a shift of \$50,995 of utility costs to the Emergency Management Agency based on a review conducted by the United States Fiscal and Property Office, which included a finding that the Agency should pay 17.2 percent of the state's share of utility costs for the Command Readiness Center based on its share of square footage occupancy for that building.

The Military Staff's constrained request removes \$0.6 million, including \$34,004 from general revenues and assumes that most of the expenditures for fuel and electricity will be consistent with the enacted level.

The Governor recommends \$0.2 million less than the unconstrained request, including \$0.1 million less from general revenues to reflect the Budget Office's estimate of electricity expenditures.

All Other Operations. The Military Staff requests \$5.5 million for all other expenses for the National Guard. The request is \$0.6 million more than enacted, which reflects \$33,146 more from general revenues, \$0.6 million more from federal funds, and the enacted level from restricted receipts. This primarily reflects an increase for minor construction projects; the Military Staff notes that it is delaying some of these projects from FY 2016 until FY 2017.

The Military Staff's constrained request removes the additional funding. *The Governor recommends \$0.1 million more than requested, including \$42,377 more from general revenues. This primarily reflects increases for groundskeeping services and supplies partially offset by an adjustment to reflect that the Military Staff's request inadvertently overfunded rental payments to the Airport Corporation.*

Rhode Island Emergency Management Agency

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 3,436,024	\$ 3,279,454	\$ 3,594,410	\$ 3,583,716
Contracted Services	807,408	911,323	744,823	744,823
Subtotal	\$ 4,243,432	\$ 4,190,777	\$ 4,339,233	\$ 4,328,539
Other State Operations	3,689,972	5,367,817	2,039,590	2,039,590
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	10,596,014	18,739,447	15,850,524	15,850,524
Capital	8,500	232,075	-	1,775,485
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 18,537,918	\$ 28,530,116	\$ 22,229,347	\$ 23,994,138
Sources of Funds				
General Revenue	\$ 1,766,002	\$ 1,762,453	\$ 1,859,570	\$ 1,848,876
Federal Aid	16,551,541	26,233,728	20,094,466	20,094,466
Restricted Receipts	220,375	301,860	275,311	861,046
Other	-	232,075	-	1,189,750
Total	\$ 18,537,918	\$ 28,530,116	\$ 22,229,347	\$ 23,994,138
FTE Authorization	32.0	32.0	32.0	32.0

Summary. The Rhode Island Emergency Management Agency requests \$22.2 million, including \$1.9 million from general revenues, \$20.1 million from federal funds and \$0.3 million from restricted receipts. This is \$3.7 million more than enacted including increases of \$0.1 million from general revenues, \$3.5 million from federal funds, and \$0.1 million from restricted receipts. This primarily reflects adjustments to available federal disaster aid and other federal grants. The Agency requests the enacted level of 32.0 positions.

The Agency also submitted a constrained request that includes \$0.2 million less from general revenues than its unconstrained request. *The Governor recommends \$1.8 million more than requested, including \$10,694 less from general revenues, \$0.6 million more from restricted receipts and \$1.2 million more from Rhode Island Capital Plan funds.*

Target Issues. The Budget Office provided the Agency with a general revenue target of \$1.7 million. The amount includes current service adjustments of \$56,845 and a 7.5 percent target reduction of \$136,714.

The constrained budget submitted by the agency is consistent with the target. The proposals to achieve the reductions are noted among the items described where appropriate. *The Governor's recommendation is \$0.2 million above the target.*

FY 2017 Budget	Budget Office	Emergency Management	Difference
FY 2016 Enacted	\$ 1,766,002	\$ 1,766,002	\$ -
Current Service Adjustments	56,845	93,568	36,723
Change to FY 2016 Enacted	\$ 56,845	\$ 93,568	\$ 36,723
FY 2017 Current Service/ Unconstrained Request	\$ 1,822,847	\$ 1,859,570	\$ 36,723
Target Reduction/Initiatives	(136,714)	(173,437)	(36,723)
FY 2017 Constrained Target/Request	\$ 1,686,133	\$ 1,686,133	\$ -
Change to FY 2016 Enacted	\$ (79,869)	\$ (79,869)	\$ -

Statewide Communications Network. The Agency requests \$2.4 million from all funds, including \$1.1 million from general revenues and \$1.3 million from federal funds for expenses related to the Rhode Island Statewide Communications Network. This includes the enacted level of federal funds for major maintenance costs, heating, ventilation, and air conditioning systems, and the replacement of radio control boards. The request includes \$45,676 more than enacted from general revenues primarily for the contract with Motorola to maintain the radio system. The general revenue increase primarily reflects the actual FY 2017 cost for the two-year renewal contract, which went into effect on July 1, 2015.

The request includes \$9,963 from general revenues for non-personnel operational costs above the contract. The Agency's constrained request removes \$9,065 of these expenditures; this proposal would result in less available funding for equipment purchases.

The Governor recommends \$0.6 million more than the unconstrained request. The increase reflects \$0.6 million from restricted receipts from Google settlement funds. It should be noted that utilizing Google settlement funds for this project is contingent upon approval by the Department of Justice. The recommendation also includes \$348 less from general revenues to reflect statewide medical benefits savings.

Salaries and Benefits. The Agency requests \$3.4 million, including \$0.5 million from general revenues, \$2.8 million from federal funds, and \$0.2 million from restricted receipts for salaries and benefits for the enacted level of 32.0 positions. This is \$0.1 million more than enacted, including \$6,939 more from general revenues. The request reflects \$45,520 for updated benefits consistent with Budget Office planning values, \$15,594 for the annualized cost-of-living adjustment for state employees, and \$87,816 for the restoration of turnover savings, roughly half of what is assumed in the enacted budget.

As part of its constrained request, the Agency proposed shifting \$0.1 million of general revenue staffing costs to federal Emergency Management Preparedness grant funds. The Agency notes that it did not include these savings as part of its unconstrained request because of concerns that it would not be including sufficient state match as required by the federal grants, which could lead to a loss of federal funds. It is not clear what level of savings is possible or what the requested match is. *The Governor recommends \$10,346 less general revenues than the unconstrained request to reflect additional turnover savings and statewide medical benefits savings.*

Disaster Funding. The Agency requests \$10.1 million, which is \$3.7 million more than enacted from federal funds for reimbursements to entities in the state that have applied for federal disaster relief. This reflects projected reimbursements to be made in FY 2017 for entities affected by Hurricane Sandy, Tropical Storm Irene, the 2010 floods, and the blizzards of 2012, 2013 and 2015. It takes several years to close out such grants. *The Governor recommends funding as requested.*

Emergency Operations and Performance Grants. The Agency requests \$2.7 million from federal fund expenditures for emergency operations. This is \$1.1 million less than enacted and reflects an adjustment to available federal awards. The funding, which is primarily passed through to local emergency

management agencies, is used for construction and renovation of a state or local government's principal emergency management operations centers and to provide support for emergency operations necessary to ensure continuity of government and operations in major disasters. *The Governor recommends funding as requested.*

Other Federal Grants. The Agency requests \$4.6 million from federal funds for all other grant awards and related expenditures. The request is \$0.9 million more than enacted and includes changes to reflect funds carried forward from previous years, as well as updated expenditure plans. Changes to grant funding primarily involve the Federal Emergency Management Flood Clean Up reimbursements, staff training for emergency response, and homeland security related upgrades throughout the state. *The Governor recommends funding as requested.*

Shift of Utility Costs from Military Staff. The Agency requests \$50,995 from general revenues for utility costs formerly paid by the Military Staff. This is based on a review conducted by the United States Fiscal and Property Office, which included a finding that the Emergency Management Agency should pay 17.2 percent of the state's share of utility costs for the Command Readiness Center, based on its share of square footage occupancy for that building. *The Governor recommends funding as requested.*

Other Operations. The Agency requests \$123,540 from all funds, including \$42,030 from general revenues and \$81,510 from restricted receipts for all other expenses. This is \$42,570 more than enacted, including \$10,042 less from general revenues for phone, internet, travel and other expenses and \$52,612 more from restricted receipts. The request includes minor adjustments to operating costs and adds \$54,080 in miscellaneous expenditures from restricted receipts available from indirect cost recovery on federal funds. A similar adjustment is in the revised request based on increased receipts. The increased funding would be used primarily for a contract employee working on federal emergency management grants. The Agency does not propose any offsetting reductions in general revenues.

The Agency's constrained request further reduces phone, internet, travel and other expenses by \$28,280 from general revenues. *The Governor recommends funding consistent with the unconstrained request.*

Capital. The Agency's operating request does not include Rhode Island Capital Plan funds which is inconsistent with the funding requested in the Agency's capital request that includes \$3.4 million from Rhode Island Capital Plan funds for FY 2017. *The Governor recommends \$1.2 million from Rhode Island Capital Plan funds for FY 2017. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

Department of Public Safety

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Program				
Central Management	\$ 5,095,429	\$ 6,573,702	\$ 7,247,569	\$ 6,806,251
E-911	5,377,414	5,499,040	5,939,695	5,699,440
Fire Marshal	5,896,017	7,055,125	6,118,658	5,146,888
Capitol Police	3,645,409	3,711,058	4,036,645	3,768,875
Sheriffs	19,034,895	18,972,425	19,821,796	19,394,037
Municipal Police Training Academy	420,421	473,518	486,141	486,141
State Police	84,255,831	81,591,961	84,931,810	80,507,583
Total	\$ 123,725,416	\$ 123,876,829	\$ 128,582,314	\$ 121,809,215
Expenditures by Category				
Salaries and Benefits	\$ 79,702,054	\$ 80,510,560	\$ 86,906,805	\$ 83,431,465
Contracted Services	753,405	996,593	919,641	903,791
Subtotal	\$ 80,455,459	\$ 81,507,153	\$ 87,826,446	\$ 84,335,256
Other State Operations	10,110,541	10,393,308	12,487,144	10,180,235
Aid to Local Units of Government	-	50,000	-	-
Assistance, Grants, and Benefits	20,005,672	21,824,823	21,745,583	21,745,583
Capital	13,153,744	10,101,545	6,523,141	5,548,141
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 123,725,416	\$ 123,876,829	\$ 128,582,314	\$ 121,809,215
Sources of Funds				
General Revenue	\$ 97,060,493	\$ 93,257,274	\$ 103,977,508	\$ 99,825,776
Federal Aid	6,764,072	10,093,127	9,126,603	9,292,391
Restricted Receipts	11,176,346	11,493,242	5,062,070	5,452,070
Other	8,724,505	9,033,186	10,416,133	7,238,978
Total	\$ 123,725,416	\$ 123,876,829	\$ 128,582,314	\$ 121,809,215
FTE Authorization	633.2	633.2	648.2	633.2

Summary. The Department of Public Safety requests expenditures of \$128.6 million, which is \$4.9 million more than enacted from all sources. This includes \$104.0 million from general revenues, \$9.1 million from federal funds, \$5.1 million from restricted receipts, and \$10.4 million other sources. The request includes authorization for 648.2 full-time equivalent positions, 15.0 more than authorized.

The Department also submits a constrained request that totals \$122.6 million, \$6.0 million less from all sources than the unconstrained request, including \$14.7 million less from general revenues, \$8.4 million more from restricted receipts, and \$0.3 million from other funds.

The Governor recommends \$121.8 million, which is \$1.9 million less than enacted and \$6.8 million less than requested from all funds. Recommended general revenues are \$99.8 million, \$2.8 million more than enacted and \$4.2 million less than requested. The Governor recommends \$0.2 million more than requested from federal funds, \$0.4 million more than requested from restricted receipts, and \$3.2 million less than requested from other sources.

Staffing Authorization. The Department requests staffing authorization for 648.2 full-time equivalent positions, 15.0 more than authorized. This includes 4.0 new positions in the Central Management division, 3.0 new inspectors in the Office of the State Fire Marshal, 2.0 new civilian positions for the State Police, and a net increase of 6.0 new State Police trooper positions, inclusive of the 56th State Police Academy class.

The Governor recommends staffing consistent with the authorized level. She does not include the new civilian positions for the State Police, Central Management, or the Fire Marshal. The Budget assumes the class of the 56th Academy will be sworn into the State Police in July 2016, but recruit class attrition and the retirement of sworn members will prevent the need to increase the Division's authorization.

Target Issues. The Budget Office provided the Department with a general revenue target of \$96.8 million. The amount includes current service adjustments of \$6.1 million, including payroll costs for graduates of the 56th State Police Training Academy and resulting from the September 2015 arbitration settlement between the state and the Troopers' Association. The target includes a 7.5 percent reduction of \$6.4 million.

FY 2017 Budget	Budget Office		DPS		Difference
FY 2016 Enacted	\$	97,060,493	\$	97,060,493	\$ -
Current Service Adjustments		6,126,032		4,963,859	(1,162,173)
New Initiatives		-		1,953,156	1,953,156
Change to FY 2016 Enacted	\$	6,126,032	\$	6,917,015	\$ 790,983
FY 2017 Current Service/Unconstrained Request	\$	103,186,525	\$	103,977,508	\$ 790,983
Target Reduction/Initiatives		(6,399,676)		(14,704,645)	(8,304,969)
FY 2017 Constrained Target/Request	\$	96,786,849	\$	89,272,863	\$ (7,513,986)
Change to FY 2016 Enacted	\$	(273,644)	\$	(7,787,630)	\$ (7,513,986)

The constrained budget submitted by the agency is \$7.5 million below the target. This includes \$4.0 million of general revenue savings from proposed vacancies, the elimination of requested new positions, and other personnel reductions. The constrained request also includes \$0.9 million of general revenue savings from cost shifts to other state agencies; \$7.8 million from shifting general revenue costs to restricted receipts from new fees or increased fees; and \$2.0 million from other operations reductions.

The proposals to achieve the reductions and revenues are noted among the following items, described where appropriate. *The Governor's recommendation is \$3.0 million above the target.*

E-911 Telephone System

Salaries and Benefits. The Department requests \$4.7 million, which is \$0.4 million more than enacted from general revenues for the authorized level of 50.6 full-time equivalent positions for E-911. The request restores \$0.2 million of turnover savings to fund 3.0 telecommunicator positions assumed vacant in the enacted budget and assumes vacancies will be filled in the current year at a lower cost. As of the pay period ending December 12, 2015, the Division reported 44.6 filled positions.

The request includes the annualized cost-of-living adjustment and updated Budget Office planning values for a majority of benefit costs; however, it appears that the Department did not utilize updated medical benefit values for currently vacant positions.

As part of its constrained request, the Department proposes \$0.2 million of savings from maintaining the 3.0 vacant telecommunicator positions.

The constrained request additionally proposes a shift of \$3.9 million of salary and benefit costs from general revenues to restricted receipts available from the imposition of a new monthly fee of \$0.24 for all wire and wireless phone lines in the state. The proposal is discussed separately.

The Governor includes \$0.2 million of savings from vacancies proposed in the constrained request.

Communication Systems. The Department requests \$1.2 million, which is \$0.2 million more than enacted from general revenues for E-911 information technology and communication systems infrastructure. The request includes \$0.1 million for annual SONET ring maintenance costs. SONET rings allow more than one transmission path for data to be transmitted from a caller to the primary public safety answering point, preventing calls from being dropped. Purchase and installation costs are included in the Department's FY 2016 revised request. Consistent with historical and anticipated expenses, the Department includes \$3,060 less than enacted for telephone systems, broadband costs, and translation services and the enacted amount of \$240,000 for the Division's annual geographic information system contract. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$45,270, which is \$5,250 more than enacted from general revenues for all other E-911 operations. This includes \$2,750 for psychological testing services for new telecommunicator recruits, reflective of FY 2015 expenditures, and \$2,500 for uniform purchases for new employees, consistent with the Division's employment contract and the revised FY 2016 request. *The Governor recommends \$2,500 less than requested to exclude uniforms.*

Target Proposal - E-911 Telephone Fees. Each landline and wireless line in the state is subject to a \$1.00 per month surcharge for E-911. The Department's constrained request includes a proposal to increase the surcharge by \$0.24 each month, establish a restricted receipt account for the increase, and shift \$3.9 million of E-911 personnel costs from general revenues to those receipts. For consumers, the proposal would add a \$2.88 charge per line, per year. *The Governor does not recommend the proposal.*

Fire Marshal

Fire Safety Inspectors (3.0 FTEs). The Department requests \$0.3 million from general revenues and authorization for 3.0 new full-time fire safety inspector positions. The Department anticipates a significant increase in workload associated with planning and construction in the Interstate 195 Redevelopment District and an increase in requested inspections following budget cuts by municipalities. It should be noted that the positions have been included in the Department's FY 2015 and FY 2016 operating budget requests, but were not recommended or authorized for either year. As of January 2016, the 195 Redevelopment District Commission has entered into two formal purchase and sales agreements; the Office anticipates that review of associated architectural and engineering plans will begin in the current year and intensify in FY 2017.

As part of its constrained request, the Department excludes the positions. *The Governor does not recommend adding the positions.*

40 Hour Work Week. The Department requests \$0.6 million from general revenues to increase the standard 35 hour work week to a 40 hour work week for all authorized positions in the Office of the State Fire Marshal. The request reflects a reported increase in workload following statutory changes to plan review standards and significant municipal fire department cut-backs in Providence, Warwick, and Cranston. The Department reports that inspection staff appears to be undercompensated for plan review and site visit workload. The increased work week will provide additional flexibility to inspections staff and provide sufficient compensation for actual hours worked.

As part of its constrained request, the Department excludes the change and requested funds. *The Governor does not recommend changing the work week.*

Fire Training Academy Staffing and Operations. The Department requests \$0.8 million, which is \$0.1 million more than enacted from all sources for the staffing and operations of the Fire Training Academy. This includes \$27,305 more from general revenues for personnel costs, \$0.1 million more from federal funds for anticipated grant awards, and \$6,634 more from Academy restricted receipts to reflect FY 2015 expenses and anticipated FY 2017 courses.

As part of its constrained request, the Department proposes shifting \$2.6 million of salary and benefit costs, including a portion for the Academy, from general revenues to restricted receipts available from a new tax on all homeowner's insurance policies. The constrained request proposes increasing uniform testing report fees and expanding the fees to include the testing of sprinkler systems. These proposals are discussed separately. *The Governor recommends \$50,127 less than the unconstrained request from general revenues to reflect additional statewide medical benefit savings and turnover savings equivalent to 0.5 of a position.*

Other Salaries and Benefits. The Department requests \$2.8 million, which is \$53,305 more than enacted from all sources for the remaining authorized 32.8 full-time equivalent positions in the Office of the Fire Marshal. This includes \$67,710 more from general revenues, \$26,032 less from federal funds, and \$11,627 more from Quonset Development Corporation funds. The request annualizes the cost-of-living increase and includes \$12,000 less from all sources for overtime expenses, consistent with FY 2015 expenditures and the revised request. The Department assumes that vacancies will be filled at the lowest step in the current year and restores almost all of the \$0.1 million of turnover savings assumed in the enacted budget.

The Governor recommends \$71,435 less than requested from all sources, including \$61,561 less from general revenues. The recommendation reflects additional statewide medical benefit savings and turnover savings equivalent to 0.5 of a position.

Bomb Disposal Unit Grants. The Department requests \$0.1 million, which is \$42,262 less than enacted from federal funds for the purchase of equipment, supplies, and continuing education for the Bomb Disposal unit. These items have been historically purchased with federal grants from the Departments of Justice and Homeland Security. *The Governor recommends funding as requested.*

Capital - Fire Training Academy. Consistent with its capital budget request, the Department requests \$1.2 million, which is \$0.8 million less than enacted from Rhode Island Capital Plan funds for the second phase of construction at the Fire Training Academy, reflective of increased project costs and an updated project schedule. *The Governor recommends funding as requested. A more detailed description of this project is included in the Capital Budget section of this publication.*

Other Operations. The Department requests \$0.3 million, which is \$15,083 more than enacted from general revenues for all other Fire Marshal expenditures. The request includes \$0.2 million, which is \$10,560 more than enacted for revolving loan fund payments for vehicles purchased in FY 2015. The request is consistent with FY 2015 expenditures for software licensing agreements, insurance costs, information technology hardware, maintenance costs, printing and advertising, and reflects anticipated telephone costs. *The Governor recommends funding as requested.*

Target Proposal - Homeowner's Insurance Policy Tax. As part of its constrained request, the Department proposes establishing a new tax of 1.0 percent of the premium cost of all homeowners' insurance policies. Revenues would be deposited as restricted receipts to fund Office personnel costs. The request is based on an estimated 225,000 homeowners' insurance policies written in the state with an average annual cost of \$1,200 each, which would increase by \$12 per year for estimated collections of \$2.7 million. The request shifts \$2.6 million of Fire Marshal personnel expenses to these receipts.

According to a 2013 study conducted by the National Association of Insurance Commissioners, the annual cost of homeowner's insurance in Rhode Island is \$1,173, the seventh highest in the country and 23.3 percent higher than the national average of \$952. *The Governor does not recommend the proposal.*

Target Proposal - Plan Review and Inspection Fees. As part of its constrained request, the Department proposes increasing plan review fees and instituting mandatory inspection fees, with increased and new revenues deposited as restricted receipts for Office operations expenses. The proposal includes setting a minimum plan review fee of \$100, requiring review fees for master electricity and plumbing plans, and requiring that state agencies pay review fees for capital project plans. The Department also proposes instituting a \$100 fine for plans that fail the review process and a \$100 inspection fee for Fire Code safety inspections. Under current law, plan review fees are determined via a sliding scale that begins at \$25, failed plan reviews do not garner fines, and there is no fee for Code safety inspections. *The Governor does not recommend the proposal.*

Target Proposal - Uniform Testing Report Fees. As part of its constrained request, the Department proposes increasing the uniform testing report fee from \$3.00 per inspection to \$6.00 and expanding the requirement for a uniform testing report to sprinkler systems, at a cost of \$5.00 per report. Estimated collections of \$0.3 million would be deposited as restricted receipts for Academy use. The constrained request shifts \$0.3 million of Office operations costs from general revenues to these receipts. A portion of estimated collections would not be a net gain to the state, as the imposition of fees on state capital projects would shift the cost from the Office to other state agencies. *The Governor does not recommend the proposal.*

Capitol Police

Salaries and Benefits. The Department requests \$3.9 million, which is \$0.4 million more than enacted from general revenues for Capitol Police salaries and benefits. The request includes the annualized cost-of-living increase and restores almost all of the \$0.2 million of turnover savings included in the enacted budget, as the Department assumes vacant positions will be filled in the current year. The request reflects current employee benefit selections and updated Budget Office planning values for a majority of costs; however, it appears that the Department did not utilize updated medical benefit values for current vacancies. Consistent with the revised request and reported FY 2015 expenditures, the request includes \$0.1 million more for Capitol Police overtime expenses.

As part of its constrained request, the Department proposes maintaining 2.0 full-time officer positions vacant for the fiscal year and includes associated savings of \$0.2 million. The constrained request also includes reimbursement of \$45,000 from the Legislature for its associated portion of overtime costs. This would not constitute actual savings, as it shifts the costs from one state agency to another. *The Governor recommends funding essentially consistent with the constrained request and includes additional statewide medical benefit savings. The recommendation appears to include the proposed requirement for Legislative reimbursement of overtime costs.*

Other Operations. The Department requests \$150,044 from general revenues for all other Capitol Police expenses, which is \$4,739 more than enacted. Consistent with FY 2015 expenditures, the request includes \$7,035 more for cell phones, \$5,963 more for basic equipment purchases, and \$2,000 more for general office expenditures, offset by \$10,812 less for fleet costs.

As part of its constrained request, the Department proposes eliminating building maintenance payments to the Judiciary for shared space and includes associated savings of \$31,240. The proposal would not constitute true savings, as it shifts costs from one state agency to another. *The Governor recommends funding consistent with the unconstrained request.*

Sheriffs

Extended Work Week. The Department requests \$0.1 million from general revenues to extend the standard 35 hour work-week to a 37.5 hour work-week for 12.0 full-time equivalent Sheriffs positions. In his recommended FY 2015 budget, Governor Chafee included \$0.1 million to increase the work week from 35 hours to 40 hours for 6.0 positions, reflecting a 2005 agreement between the Division and the Administration to increase the work week for specific employees. In the first half of FY 2015, the Department determined that 12 employees working 37.5 hours per week would be more beneficial. Prior to instituting the change, the Division used the enacted funds to fill vacancies. Unanticipated turnover savings were used to fund the increase for the first cohort in the second half of FY 2015. The enacted budget includes \$0.1 million to increase hours for another group of 12 sheriffs in the current year. The Department reports that the requested funds would increase the work week for a third cohort. For FY 2017, the Division would be comprised of 60 employees with 35-hour work weeks, 36 employees with 37.5-hour work weeks, and 61 employees with 40-hour work weeks.

As part of its constrained request, the Department excludes the requested funds. *The Governor recommends the requested funding.*

Other Salaries and Benefits. The Department requests \$18.3 million, \$0.6 million more than enacted from general revenues, for all other salaries and benefits for the authorized level of 180.0 full-time equivalent positions in the Division of Sheriffs. The request annualizes the cost-of-living increase, reflects updated Budget Office planning values, and restores \$0.3 million of the \$0.5 million of turnover savings assumed in the enacted budget. Consistent with FY 2014 and FY 2015 expenditures, the Department includes \$0.7 million, \$0.1 million more than enacted, for Sheriffs overtime.

As part of its constrained request, the Department proposes one full-time lieutenant vacancy and associated general revenue savings of \$0.1 million.

The constrained request also includes proposals to change current Injured on Duty benefits and to shift a portion of Division personnel costs from general revenues to restricted receipts available from increasing and expanding civil process fees. These proposals are discussed separately.

The Governor recommends \$0.5 million less than requested and includes the lieutenant position vacancy and associated savings proposed in the constrained request. The recommendation does not include the requested increase for overtime expenses, reflects additional statewide medical benefit savings, and assumes \$0.2 million more turnover savings than requested, essentially consistent with the enacted budget.

Other Operations. The Department requests \$1.4 million, which is \$13,332 more than enacted from general revenues for all other Sheriffs expenses. The request includes \$12,060 less than enacted for maintenance payments for space shared with the Judiciary and Corrections, consistent with the limitation placed on the Judiciary by the 2015 Assembly. Also included is \$12,462 less for information technology expenses and \$6,620 less for prisoners' food and pharmacy supplies, reflective of FY 2015 expenditures. Decreases are offset by \$41,393 more for payments for new vehicles purchased in FY 2015.

As part of its constrained request, the Department excludes all building maintenance payments to the Judiciary and includes an associated \$0.6 million of savings; however, this would not result in actual savings as it shifts costs from one state agency to another. The Department also proposes \$0.2 million of savings from reduced fleet maintenance costs, including \$8,607 from extending the time between oil changes and \$191,393 from the institution of video conferencing for prisoners. The Department reports that this would lessen the need to transport prisoners from the prisons to the courts for a variety of proceedings, resulting in significant savings on fuel and vehicle maintenance. However, the proposal appears based on internal estimates, as the Department has not included any purchase costs in its request.

The Governor recommends \$93,788 more than enacted, which is \$80,456 more than requested. The recommendation includes \$74,186 more for Judiciary maintenance payments and \$14,750 to reflect the restoration of witness fee payments in the Department's budget. It appears the payments were excluded from the FY 2016 recommended and enacted budgets due to their anticipated shift to another budget, which did not occur. The Governor includes \$8,480 in fleet savings from extending time between oil changes; however, the recommendation does not include savings from video conferencing.

Target Proposal - Injured on Duty Change. The Department's constrained budget proposes \$1.3 million in savings from amending current law to place the Division under the same workers' compensation provisions and regulations as the majority of other state employees. Under current law, Sheriffs may be granted Injured on Duty status. This benefit is unique to specific law enforcement personnel and permits employees injured while performing the duties of their job, or while providing emergency assistance when off-duty, to remain active employees receiving salaries and benefits commensurate with their positions while they are unable to work. Income payments received by Injured on Duty sheriffs is exempt from taxation. *The Governor does not recommend the proposal.*

Target Proposal - Civil Process Fees. As part of its constrained request, the Department proposes the doubling of Division civil process fees. Under current law, the Sheriffs may charge \$45 per defendant for Rhode Island court documents, \$100 for body attachments, and \$100 for out-of-state court documents. Fees are paid by the entity that is serving the process, such as one individual bringing suit against another, and are currently deposited as general revenues. The Department proposes fees of \$90 for in-state court documents, \$200 for out-of-state documents, and \$200 for body attachments.

The constrained request includes the creation of a new restricted receipt account for fee collections and shifts \$0.5 million of Sheriffs' personnel costs from general revenues to those receipts. The proposal includes \$0.3 million from payments made by the state for process service. This would not constitute savings or new revenues, as it shifts costs from the Department to other state agencies. *The Governor does not recommend the proposal.*

Target Proposal - Criminal Case Fees. As part of its constrained request, the Department proposes a new \$5.00 fee for each criminal case brought before the Judiciary. Collections would be deposited as restricted receipts and the constrained request shifts \$0.1 million of Sheriffs' fleet costs from general revenues to those receipts. *The Governor does not recommend the proposal.*

Municipal Police Training Academy

Personnel and Operations. The Department requests \$0.5 million, which is \$0.1 million more than enacted from all sources for Municipal Police Training Academy expenses, including \$9,079 more from general revenues and \$56,641 more from federal funds. The request includes \$9,413 more from general revenues for personnel costs for the authorized level of 2.0 full-time equivalent positions. Also included is \$56,641 more from all funds for Municipal Police Training Academy operations, lecturers and training equipment, including \$334 less from general revenues for statewide telecommunications savings and \$56,641 more from federal funds, reflective of historical expenditures and anticipated grant awards. *The Governor recommends funding as requested.*

Target Proposal - Annual and Physical Testing Fees. As part of its constrained request, the Department proposes the creation of two new Academy fees: an annual administrative fee of \$500 charged to municipal and other police departments that send recruits to the Academy and a \$50 physical testing fee to be paid by every applicant to departments that send recruits to the Academy. The constrained request reflects the creation of a restricted receipt account for these fees and shifts \$51,000 of Academy operations costs from general revenues to these receipts. *The Governor does not recommend the proposal.*

State Police

56th State Police Academy Class (Net 6.0 FTEs). The Department requests \$4.7 million from general revenues for salary and benefit costs for an anticipated 40 graduates of the 56th Training Academy. The new troopers will be sworn into the State Police in July 2016. The Department began recruitment for the academy in the fourth quarter of FY 2014, funded from Google forfeiture funds. It is scheduled to begin in February 2016 and will run for 16 weeks. Academy costs are included in the revised request.

Sworn members are eligible to retire after 20 years of service and must retire after 25 years of service. The Division reports that the majority of the class's graduates will fill vacancies from retirements in FY 2015, anticipated retirements in FY 2016, and 14 mandatory retirements in FY 2017, resulting in the need to add authorization for 6.0 new full-time equivalent positions. *The Governor recommends \$0.6 million less than requested and does not include the requested staffing authorization increase. The recommendation assumes 35.0 graduates of the Academy to reflect historical attrition rates. The Budget assumes retirement of at least two eligible sworn members, eliminating the need to increase authorized staffing.*

Principal Transcriber (1.0 FTE). The Department requests \$75,007 from general revenues for a new civilian principal confidential transcriber position within the State Police. The Department reports that its current work load requires two transcribers; it has been authorized one transcriber position since FY 2011. Detectives use written transcriptions rather than audio or video recordings of statements and interrogations for ease of reference and efficiency. Since April 2013, transcriptions are produced approximately two months behind schedule. As a number of troopers were promoted in FY 2014 and FY 2015 into the detectives unit, the Department predicts a greater backlog will occur in the current year; as an increase in detectives has resulted in an increase in transcription requests. The Department requested the position as part of its FY 2016 operating budget request. Neither the Governor nor the Assembly included the position.

As part of its constrained request, the Department excludes the position. *The Governor does not recommend the position.*

Intelligence Analyst (1.0 FTE). The Department requests \$142,659 from general revenues for a new intelligence analyst civilian position within the State Police. The position is intended to increase detectives' efficiency and assist with data entry, case management, and other clerical and analytical functions. It is unclear whether the intelligence analyst would perform actual intelligence analysis. The request appears to indicate that additional administrative personnel or data entry clerks would be required, rather than an intelligence analyst, as this position is not intended to be devoted to the Intelligence unit. The Department requested the position in its FY 2016 operating budget request. Neither the Governor nor the Assembly included the position.

As part of its constrained request, the Department excludes the position. *The Governor does not recommend the position.*

Arbitration Settlement. The Department requests \$2.4 million, which is \$1.0 million more than enacted from general revenues for salary and benefit expenses resulting from the September 2015 decision settling the contract arbitration between the state and the Rhode Island State Troopers Association. The Arbitration award provides cost-of-living increases of 3.5 percent, 3.0 percent, and 3.5 percent for the contract years ending April 30, 2014, April 30, 2015, and April 30, 2016, respectively, for a total cost-of-living increase of 10.0 percent. The enacted budget assumes an increase of 6.0 percent for sworn members, similar to that received by other state employees.

The Troopers Association does not include all sworn members of the State Police. Only those members with the ranks of trooper, senior trooper, sergeant, corporal, detective trooper, detective sergeant, and detective corporal may be members of the Association. However, the Department historically provides

non-union sworn members equivalent or similar increases awarded through any Troopers Association contract negotiation; the request appears to include the 10.0 percent increase for the Division's non-union sworn members. *The Governor recommends funding as requested.*

Other Salaries and Benefits. The Department requests \$47.1 million, which is \$1.9 million less than enacted from all funds for all other State Police salaries and benefits. This includes \$2.5 million less from general revenues, \$0.5 million more from federal funds, \$0.1 million less from restricted receipts, and \$0.2 million more from other sources.

Under current law, sworn members may retire after 20 years of service. They are required to retire after 25 years. As of October 2015, 41 members were eligible; 14 must retire by March 2017. The request reflects the mandatory retirements and includes funding for 220 sworn members and 44 civilian support positions; the Department includes turnover savings equivalent to 2.2 sworn members or 3.2 civilian positions.

The request includes \$0.5 million from reimbursements from other state agencies, including the Department of Revenue, the Department of Children, Youth and Families, and the Department of Transportation. Funding for State Police personnel costs from other state agencies does not constitute savings, as it shifts costs from one state agency to another. Funding from general revenues is likely understated.

As part of its constrained request, the Department includes \$1.1 million in savings from general revenues associated with the additional retirements. However, the Department cannot accurately predict the number of eligible members who will retire and the suggested savings cannot be guaranteed.

The constrained request also includes \$0.3 million from a reimbursement from the Town of Exeter. The town does not have a municipal law enforcement agency, and the State Police have assigned a corporal and a trooper to the town. The Department notes that the reimbursement must be approved by the Town Council. The proposal was brought before the Council in FY 2015 and was voted down.

The Governor recommends \$0.2 million less than requested from all sources, including \$0.6 million less from general revenues, \$0.2 million more from federal funds, and \$0.1 million more from other funds. The request appears to assume the retirement of at least two of the 41 eligible sworn members to reflect historical retirement rates. The recommendation includes reimbursements from other state agencies consistent with the request. However, the Budget does not appear to include corresponding payments to the Department from other state agencies. Recommended funding from general revenues is likely understated.

Pre-1987 Pensions. The Department requests \$633,628 more than enacted from all funds for 256 State Police pension benefits for sworn members who entered the Division before July 1, 1987. This includes \$0.4 million less from general revenues offset by \$1.0 million from Google, Inc. forfeiture funds.

The 2015 Assembly authorized the creation of a trust fund for these benefits to replace the annual pay as you go appropriation, seeded with \$15.0 million from restricted receipts available from Google, Inc. forfeiture funds and \$16.6 million from general revenues. The requested level of funds appears based on an updated census of beneficiaries and would be necessary for the current year if the benefits remained a pay-go appropriation. As the enacted budget reflected funding for these pensions on an actuarial basis, the request appears to include \$0.6 million more than is necessary from all funds.

The Governor recommends funding as requested. As of February 2016, the Department had not received approval from the federal Department of Justice to utilize the Google, Inc. forfeiture funds to seed the trust. It is unclear why the approval has been delayed. New expenditures from these funds for the recent arbitration settlement that occurred months later have already been approved.

Modernization. The Department's request does not include any funds from restricted receipts available from Google, Inc. forfeiture funds. From FY 2012 through the current year, the budget has included funds for State Police modernization, including fleet purchases, information technology purchases, and staff training. The enacted budget includes \$3.7 million from these funds. The request reflects the Department's prioritization of capital projects and equipment purchases, and the use of these funds for one-time savings for the arbitration settlement, training, and technology purchases in the current year.

In 2011, the Department of Public Safety was named as one of the five state agency recipients of funds forfeited by Google, Inc. due to the corporation's violation of the Federal Food, Drug and Cosmetic and Controlled Substances Acts. Part VIII, Section A(1)d of the Federal Guide to Equitable Sharing for State and Local Law Enforcement Agencies establishes permissible uses of forfeiture funds, including "law enforcement equipment." Per Rhode Island General Law Title 42, Chapter 41, Section 6, all expenditures of federal funds must be first appropriated or reappropriated by the Assembly and the Governor. *The Governor recommends funding as requested.*

Unspecified Equipment Purchases. The Department requests \$0.1 million from restricted receipts for unspecified equipment purchases. These receipts result from cases the Division has closed without assistance, cases shared with municipal law enforcement agencies, and funds resulting from cases shared with the federal government. This includes \$15,900 from property forfeited as a result of closed cases shared with the federal government and \$82,992 from other cases. The enacted budget has historically included funds from restricted receipts and federal sources from the forfeiture of seized money or property to purchase new equipment, per Department of Justice guidelines and current law.

Property retained as a result of forfeitures must be shared with the public safety agencies that assisted in the investigation of the cases. In FY 2013, eight municipalities and the Rhode Island National Guard assisted the Division in multiple cases and shared forfeited funds. No funds were shared with other agencies in FY 2014 or FY 2015. *The Governor recommends funding as requested.*

State Fleet. The Department requests \$2.0 million, which is \$0.4 million more than enacted from all sources for costs associated with the Division's fleet of vehicles, including \$0.3 million more from general revenues and \$0.1 million more from Department of Transportation reimbursement funds. The request includes \$0.3 million, which is \$0.1 million more than enacted for revolving loan payments for recent vehicle purchases. Also included is \$1.7 million, which is \$0.3 million more than enacted for fleet maintenance costs, consistent with FY 2015 expenditures and the revised request. The Division has purchased new vehicles in each fiscal year since FY 2011. *The Governor recommends funding as requested.*

Communication Systems Reimbursement. The Department requests \$2.1 million, which is \$0.9 million more than enacted, including \$0.8 million from general revenues, for contracts for State Police information technology and communication system expenses. The request includes \$0.3 million more than enacted from general revenues for phone and telecommunications services, reflective of FY 2015 expenditures. Also included is \$0.6 million less for biennial contracts with 12 information technology corporations that provide networking support services, radio and emergency call recording services, computer hardware and software maintenance, rapid copiers and scanners, and the Headquarters Building's audio-visual security system. Funding for the contracts is included in the enacted budget.

As part of its constrained request, the Department proposes seeking reimbursement from state and municipal agencies that utilize the Rhode Island Law Enforcement Telecommunications System (RILETS) and includes \$0.4 million of savings. The Department's constrained request appears to be \$0.2 million more than actual FY 2014 and FY 2015 expenditures for this item. Additionally, a portion of the proposal would not constitute actual savings, as it shifts systems operations costs from the Department to other state agencies. *The Governor recommends total funding as requested; however, the recommendation substitutes*

\$0.4 million from general revenues with \$0.4 million from restricted receipts available from Google, Inc. forfeiture funds.

Training and Supplies. The Department requests \$0.5 million, which is \$0.2 million less than enacted for staff training and supplies. The Department's request is reflective of actual FY 2015 expenditures for tactical equipment, communications equipment, firearms, and continuing education for sworn members. *The Governor recommends funding as requested.*

Capital. Consistent with its capital budget request, the Department requests \$7.6 million, which is \$1.2 million less than enacted from all sources of funds for unspecified asset protection projects at its headquarters building, the construction of a Consolidated Training Academy, information technology upgrades for several divisions, significant renovations to the radio building and attached garage located at the headquarters facility, and renovations to the State Police Training academy. The request includes \$4.1 million, which is \$2.2 million more than enacted from Rhode Island Capital Plan funds, and \$3.5 million, which is \$3.4 million less than enacted from restricted receipts available from Google, Inc. forfeiture funds, reflective of updated project costs and schedules. *The Governor recommends \$3.3 million less than requested from Rhode Island Capital Plan funds. A more detailed description of the capital projects is available in the Capital Budget section of this publication.*

Other Operations. The Department requests \$2.5 million, which is \$0.1 million less than enacted from all sources for all other State Police expenses. This includes \$0.1 million less from general revenues, \$6,159 more from federal funds, \$1,220 less from restricted receipts, and \$15,750 more from other sources. The request is essentially consistent with FY 2015 expenditures for fuel and utility costs and building maintenance and snow removal costs. The Department includes \$0.1 million less than enacted from general revenues for clothing purchases to reflect a policy change allowing the reuse of surplus uniforms and the mandatory retirement of the class of 1991 requiring fewer uniform purchases for current sworn members. Also included is \$148,153 less than enacted for food purchases, consistent with FY 2015 expenditures.

As part of its constrained request, the Department excludes payments to the Judiciary for maintenance costs for shared space and includes \$19,637 of savings. The proposal does not constitute actual savings, as it shifts costs from one state agency to another. The Department includes other unspecified operations reductions of \$2,466 from general revenues. *The Governor recommends \$65,085 less than requested from general revenues; the reduction reflects \$50,000 of statewide utility savings and excludes requested increases for contracted information technology services, which remain at the enacted level.*

Target Proposal - Auto Insurance Fees. As part of its constrained request, the Department proposes doubling the statutory annual fee charged to automobile insurers for operation of the Office of Automobile Theft and Insurance Fraud. Current law establishes the annual fee of \$1.00 per registered vehicle with gross weight under 10,000 pounds; the Department of Business Regulation collects the fee from insurance companies, proportionate to their market share, and deposits the funds as general revenues. The Department's proposal would increase the fee to \$2.00 per registered vehicle; \$1.00 would still be deposited as general revenues and \$1.00 would be deposited into a new restricted receipt account. The proposal includes \$0.8 million of salary and benefit costs funded from these receipts. *The Governor does not recommend this proposal.*

Central Management

Legal Positions (2.0 FTEs). The Department requests \$221,377 from general revenues to fund a new general counsel position and a new paralegal position. The transfer of the Sheriffs has increased the Department's responsibilities for labor negotiations and disputes, regarding individual officers and the Sheriffs as a division. The positions are requested to relieve some of the burden on the Department's current general counsel and paralegal. It should be noted that the Department requested the positions in FY 2015

and FY 2016 operating requests. The Governor did not recommend the positions and the Assembly concurred.

As part of its constrained request, the Department excludes the positions. *The Governor does not recommend the positions.*

Public Information Officer (1.0 FTE). The Department requests \$134,435 from general revenues for the creation of a public information officer position to assist State Police staff with media inquiries and public relations. It should be noted that the Department included this position in its FY 2015 and FY 2016 operating budget requests. The Governor did not recommend the position and the Assembly concurred.

As part of its constrained request, the Department excludes the position. *The Governor does not recommend the position.*

Case Management Coordinator (1.0 FTE). The Department requests \$0.1 million from general revenues for a new case management coordinator position. The position is intended to assist the administrator of financial management and the division heads with human resources issues that are unique to the Department. The Human Resources Public Safety Service Center in the Department of Administration currently administers these issues. The Department reports that the number of Injured on Duty cases as well as leave and attendance management and other human resources issues throughout its divisions necessitate a dedicated employee in Central Management.

As part of its constrained request, the Department excludes the position. *The Governor does not recommend the position.*

Other Salaries and Benefits. The Department requests \$2.2 million, which is \$0.4 million more than enacted from all sources for salaries and benefits for the authorized level of 16.6 full-time positions for its Central Management division. This includes \$0.1 million more from general revenues and \$0.3 million more from federal funds. The request reflects updated Budget Office planning values, annualizes the cost-of-living increase, and restores \$0.1 million of turnover savings assumed in the enacted budget. The Department assumes vacancies will be filled at lower costs in the current year. *The Governor recommends \$3,272 less than requested from general revenues to reflect additional statewide medical benefit savings.*

Grants. The Department requests \$4.6 million, which is \$1.4 million more than enacted from federal funds for federal Department of Justice grant programs administered by the Public Safety Grant Administration Office. The request reflects current grant awards and anticipated expenditures in the current year. It should be noted that the Department historically under-expend from these funds. *The Governor recommends funding as requested.*

Other Operating. The Department requests \$10,327. This is \$5,940 more than enacted from general revenues, for all other Central Management expenses. This includes increases for staff travel costs reflective of FY 2015 expenditures and increases for utilities and communications expenses to reflect the completion of the division's new offices at the end of FY 2015. *The Governor recommends funding as requested.*

Office of the Public Defender

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 10,391,716	\$ 10,274,225	\$ 10,569,360	\$ 10,515,450
Contracted Services	221,363	255,813	292,391	255,813
Subtotal	\$ 10,613,079	\$ 10,530,038	\$ 10,861,751	\$ 10,771,263
Other State Operations	979,768	978,990	1,053,594	1,018,439
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	60,000	60,000	60,000	60,000
Capital	47,500	47,500	47,500	47,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 11,700,347	\$ 11,616,528	\$ 12,022,845	\$ 11,897,202
Sources of Funds				
General Revenue	\$ 11,621,977	\$ 11,503,708	\$ 11,910,025	\$ 11,784,382
Federal Aid	78,370	112,820	112,820	112,820
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 11,700,347	\$ 11,616,528	\$ 12,022,845	\$ 11,897,202
FTE Authorization	93.0	93.0	93.0	93.0

Summary. The Office of the Public Defender requests FY 2017 expenditures of \$12.0 million, which is \$0.3 million more than the enacted budget. The request includes \$288,048 more from general revenues and \$34,450 more from federal funds. Consistent with the enacted budget, the Office requests 93.0 full-time equivalent positions. *The Governor recommends \$11.9 million from all sources, including \$11.8 million from general revenues and the enacted level of authorized positions. This is \$0.2 million more than enacted and \$0.1 million less than requested.*

Target Issues. The Budget Office provided the Office with a general revenue target of \$10.9 million. The amount includes current service adjustments of \$0.1 million and a 7.5 percent target reduction of \$0.8 million.

FY 2017 Budget	Budget Office	Office of the Public Defender	Difference
FY 2016 Enacted	\$ 11,621,977	\$ 11,621,977	\$ -
Current Service Adjustments	120,708	288,048	167,340
Change to FY 2016 Enacted	\$ 120,708	\$ 288,048	\$ 167,340
FY 2017 Current Service/Unconstrained Request	\$ 11,742,685	\$ 11,910,025	\$ 167,340
Target Reduction/Initiatives	(834,871)	(1,029,376)	(194,505)
FY 2017 Constrained Target/Request	\$ 10,907,814	\$ 10,880,649	\$ (27,165)
Change to FY 2016 Enacted	\$ (714,163)	\$ (741,328)	\$ (27,165)

The constrained budget submitted by the Office is \$27,165 less than the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget recommendation is \$0.9 million above the Budget Office target.*

Salaries and Benefits. The Office requests \$10.6 million from general revenues for salaries and benefits for 93.0 full-time positions. This is \$0.2 million more than enacted and includes statewide medical benefits savings and increases that reflect benefit rate changes, the annualized cost-of-living adjustment, and other changes to reflect anticipated costs.

The Office's constrained request proposes eliminating 11.0 full-time positions for savings of \$1.0 million. The Office indicates that its current caseload would prevent the ability to absorb additional cases for FY 2017, if this proposal is approved. As a result, cases referred by the Judiciary would not be accepted. The Office's proposal offered the three options noted below to achieve the proposed savings.

The Governor recommends \$10.5 million, all from general revenues. This is \$123,734 more than enacted and \$53,910 less than the unconstrained request to reflect additional statewide medical benefits savings and adjustments to employee benefit calculations.

Target Option 1. The first option would eliminate misdemeanor representation in district courts statewide and would close branch offices in Newport and Washington Counties as well as eliminate the requirement to provide representation on felony violation cases in those counties. In FY 2015, the Office disposed 10,695 misdemeanor cases statewide. This proposal assumes 972 misdemeanor cases per attorney per fiscal year. In accordance with state law, the Office is obligated to represent indigent defendants only in criminal and parental rights cases. In FY 2015, the Office provided representation in 1,040 felony cases in Newport and Washington Counties. This proposal assumes approximately 95 felony cases per attorney per fiscal year. *The Governor's recommendation does not include this proposal.*

Target Option 2. The second option would eliminate felony and misdemeanor representation in Kent County and close the Kent County branch office. In FY 2015, the Office provided representation in 4,100 misdemeanor cases and 1,396 felony cases in Kent County. This proposal assumes a caseload per attorney of 372 misdemeanor cases and 127 felony cases per fiscal year. To achieve the desired savings, this proposal would require changes to current law to exempt the state from its obligation to provide legal representation to indigent defendants in parental rights cases.

It appears that Options 1 and 2 would require both state and federal law changes to achieve the desired savings since these would conflict with them, as constructed. Federal and state requirements mandate the assistance of counsel to indigent defendants in criminal cases pursuant to the United States Supreme Court's *Gideon v. Wainwright* decision. *The Governor's recommendation does not include this proposal.*

Target Option 3. The third and final option would close the parental rights division statewide and eliminate juvenile representation in Kent, Newport, and Washington Counties. In FY 2015, the Office provided representation in parental rights cases statewide. This proposal assumes a caseload per attorney of 51 parental rights cases per fiscal year. To achieve the desired savings, this proposal would require changes to current law to exempt the state from its obligation to provide legal representation to indigent defendants in parental rights cases. In FY 2015, the Office provided representation in 447 juvenile cases in Kent, Newport, and Washington Counties. This proposal assumes approximately 41 juvenile cases per attorney per fiscal year. *The Governor's recommendation does not include this proposal.*

Intake Interviewers and Case Management. The Office requests \$0.2 million from all sources, including \$155,000 from general revenues and \$50,000 from federal funds for intake interviewers and case management services. The requested changes include \$35,000 more from federal sources to reflect anticipated funding from a grant for case management services, including the assessment and evaluation of

juvenile clients and placement into social service community programs, and \$29,032 more from general revenues to be used toward this activity. *The Governor recommends \$13,342 less than requested from general revenues based on actual spending in recent fiscal years and spending through the first half of FY 2016.*

Trial Related Expenses. The Office requests \$129,539, or \$6,496 more than enacted from all sources for contracted trial related expenses, primarily medical experts. The Office requests the enacted level of general revenues for stenographers, interpreters, and security services. *The Governor recommends \$6,316 less than requested from general revenues for stenographic services based on historical spending.*

All Other Operations. The Office requests \$1.2 million, nearly all from general revenues for all other operations. This includes \$0.5 million for rent. The request is \$74,326 more than enacted, including \$13,197 for the lease at its Providence headquarters and \$46,030 for increased court overhead expenses based on recent experience and updated charges issued by the Judiciary. *The Governor recommends \$52,175 less than requested from general revenues. This includes \$34,554 less for court overhead charges to better reflect anticipated charges from the Judiciary.*

Department of Environmental Management

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Program				
Office of the Director	\$ 8,413,281	\$ 9,730,431	\$ 9,273,649	\$ 9,111,446
Bureau of Natural Resources	60,055,812	62,256,415	64,376,407	59,928,096
Bureau of Environmental Protection	30,835,528	30,807,521	30,757,479	30,812,173
Total	\$ 99,304,621	\$ 102,794,367	\$ 104,407,535	\$ 99,851,715
Expenditures by Category				
Salaries and Benefits	\$ 49,382,620	\$ 49,390,959	\$ 50,344,748	\$ 50,212,107
Contracted Services	6,620,958	7,387,422	7,036,278	7,036,278
Subtotal	\$ 56,003,578	\$ 56,778,381	\$ 57,381,026	\$ 57,248,385
Other State Operations	12,379,692	14,685,758	14,237,620	14,217,611
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	6,951,661	7,118,566	6,562,731	6,562,731
Capital	23,919,690	24,080,585	26,176,158	21,772,988
Capital Debt Service	-	-	-	-
Operating Transfers	50,000	131,077	50,000	50,000
Total	\$ 99,304,621	\$ 102,794,367	\$ 104,407,535	\$ 99,851,715
Sources of Funds				
General Revenue	\$ 37,586,385	\$ 38,425,074	\$ 38,393,528	\$ 38,240,878
Federal Aid	29,307,477	31,376,799	29,728,792	29,728,792
Restricted Receipts	18,354,537	19,462,047	19,081,956	19,081,956
Other	14,056,222	13,530,447	17,203,259	12,800,089
Total	\$ 99,304,621	\$ 102,794,367	\$ 104,407,535	\$ 99,851,715
FTE Authorization	399.0	399.0	399.0	401.0

Summary. The Department requests \$104.4 million, which is \$5.1 million more than enacted. This includes increases of \$0.8 million from general revenues, \$0.4 million from federal funds, \$0.7 million from restricted receipts and \$3.1 million from other funds, primarily Rhode Island Capital Plan funds.

The Department also submitted a constrained request that totals \$101.4 million and includes \$2.6 million less from general revenues than the unconstrained request. The savings in the constrained request would be achieved through the elimination of 25.0 full-time equivalent positions.

The Governor recommends \$99.9 million from all sources, which is \$0.5 million more than enacted and \$4.6 million less than requested. General revenues are \$0.7 million more than enacted and \$0.2 million less than requested.

Target Issues. The Budget Office provided the Department of Environmental Management with a general revenue target of \$34.9 million. The amount includes current service adjustments of \$0.1 million and a 7.5

percent target reduction of \$2.6 million. The Department's constrained budget is \$0.9 million above the target.

FY 2017 Budget	Budget Office		DEM	Difference		
FY 2016 Enacted	\$	37,586,385	\$	37,586,385	\$	-
Current Service Adjustments		(130,759)		250,451		381,210
New Initiatives		-		556,692		556,692
Change to FY 2016 Enacted	\$	(130,759)	\$	807,143	\$	937,902
FY 2017 Current Service/Unconstrained Request	\$	37,455,626	\$	38,393,528	\$	937,902
Target Reduction/Initiatives		(2,564,988)		(2,584,135)		(19,147)
FY 2017 Constrained Target/Request	\$	34,890,638	\$	35,809,393	\$	918,755
Change to FY 2016 Enacted	\$	(2,695,747)	\$	(1,776,992)	\$	918,755

The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget is \$3.4 million above the target.*

Administration

The Office of the Director is the Department's administrative program, which develops and implements a wide range of programs to protect Rhode Island's environment, protects the citizens of the state from public health threats resulting from pollution, and provides facilities that support a diversity of outdoor recreational opportunities. The administrative program includes the offices of management services, legal services, administrative adjudication, the human resources services center, and the information technology service center. The Department has noted that there is a great deal of overlap between these areas. The personnel for the administrative program is discussed in greater detail in the items below.

Chief Public Affairs Officer. The Department requests \$0.1 million from general revenues in FY 2017 for a new chief public affairs officer position in the Office of the Director, which has been filled since October 4, 2015. The Department indicates that the chief public affairs officer's primary duties are to strengthen the Department's communications, marketing and outreach functions, as well as increasing its presence in social media and digital platforms. It notes that no one was previously performing these duties, and this newly created position represents a new focus on public relations for the Department.

The Department notes that while its request includes the chief public affairs officer and a new assistant chief of planning, two positions associated with the Bays, Rivers and Watersheds Coordination Team were vacated and eliminated during FY 2015, the chair of the coordination team and a clerk secretary position. *The Governor recommends funding as requested.*

Assistant Chief of Planning. The Department requests \$0.1 million from general revenues in FY 2017 for a new assistant chief of planning in the Office of the Director, which it anticipates will be filled in the second half of FY 2016. The Department indicates that this newly created position would assist the Director and senior staff with strategic planning and performance measures, as well as other special projects assigned by the Director.

The Department notes that while its request includes the assistant chief of planning and the new chief public affairs officer, two positions associated with the Bays, Rivers and Watersheds Coordination Team were vacated and eliminated during FY 2015, the chair of the coordination team and a clerk secretary position. *The Governor's recommendation includes the new position in the personnel roster, but does not include additional funding for FY 2016 or FY 2017.*

Office of Legal Services. The Department has an Office of Legal Services, which currently includes six attorneys and one support staff. The Office provides legal services and advice to all Department offices,

represents the Department at adjudication hearings, enforces and defends environmental laws and decisions of the agency, and participates in the drafting, revision, and review of all rules and regulations promulgated by the Department. The Department requests \$0.6 million from general revenues for the Office, primarily for staffing costs, which is \$1,859 more than enacted. *The Governor adds \$0.1 million and a 1.0 full-time equivalent position from general revenues for FY 2017 for a new senior legal counsel. The Department indicates the new position would pursue litigation to compel compliance and ensure payment of administrative fines and penalties.*

Regional Greenhouse Gas Initiative. Prior to FY 2015, Rhode Island General Law allowed the Department of Environmental Management and the Office of Energy Resources to use \$0.3 million or 5.0 percent, whichever was less, of the receipts from the Regional Greenhouse Gas auctions for administrative purposes. Article 7 of 2014-H 7133, Substitute A, as amended, increased the administrative percentage to 10.0 percent or \$0.3 million, whichever is greater.

The Department's request includes \$0.5 million more than enacted from restricted receipts. The Department indicates that the increase includes \$0.2 million for a farm to energy program to provide energy efficiencies and renewable energy for farms in the state, and \$0.3 million for a program to provide tree plantings on private property intended to lower home energy costs. *The Governor recommends funding as requested.*

Other Salaries and Benefits. The Department requests \$3.9 million, or \$0.1 million more than enacted for salaries and benefits in the Office of the Director, including \$10,677 more from general revenues and \$0.1 million more from restricted receipts. The request is for the 25.0 remaining positions in the Office, and the proposed increase reflects the annualized cost-of-living adjustment for state employees, updated benefit rates consistent with Budget Office planning values, statewide medical benefits savings, and other changes to reflect anticipated staffing costs.

Regarding the fund shift from general revenues to restricted receipts, the Department notes that it is attempting to shift the maximum eligible personnel expenditures to restricted accounts. A large portion of the restricted receipt funding is generated through the Department's indirect cost recoveries from federal grants. These are generally used to fund administrative expenses. *The Governor recommends \$0.1 million less than requested from general revenues to reflect additional turnover savings and statewide medical benefits savings.*

Foundry Lease Payment. The Department requests \$2.8 million, or \$0.3 million more than enacted from general revenues for lease-related expenses at its headquarters facility, located at the Foundry Building in Providence. The FY 2016 enacted budget includes Article 4, Section 4, which authorizes a new lease agreement between the state and Foundry Parcel 15 Associates, LLC beginning July 1, 2016 for a term not to exceed 10 years at a total cost not to exceed \$25.2 million. The square footage remains the same at 126,184 square feet. The requested increase includes \$0.3 million more for rent to reflect the new lease and \$20,000 more for utilities to reflect the anticipated payments. *The Governor recommends \$9,800 less than requested for electricity, which closely mirrors FY 2015 expenditures.*

Bays, Rivers and Watersheds. The Department requests \$0.4 million, or \$0.2 million more than enacted from the Bays, Rivers and Watersheds restricted receipt account to more accurately reflect the anticipated funding for FY 2017. The funding is derived from a \$1 per hundred gallons charge on septage disposal in the state. Pursuant to Article 16 of 2015-H 5900, Substitute A, as amended, which abolished the Bays, Rivers and Watersheds Coordination Team, the restricted receipts will now be utilized by the Department for efforts relating to watershed and marine monitoring, water pollution abatement, and climate change. The Department's request reflects several current projects that are expected to continue into FY 2017, including climate change projects, an upper bay strategy project and water monitoring, and it also anticipates funding for new projects. *The Governor recommends funding as requested.*

Community Service Grants. The Department requests 71,428, or \$450,000 less than enacted for the community service grants it administers. The Assembly added \$450,000, including \$200,000 for North Providence drainage remediation and \$250,000 for the City of Woonsocket for athletic field improvements in FY 2016. The Woonsocket grant is the second year of a two-year commitment. The Department's request assumes the North Providence grant will be a one-time grant. *The Governor recommends funding as requested.*

Information Technology Improvements. The Department requests \$80,000 from general revenues for licensing costs associated with Microsoft Office 365, for which no funding is included in the enacted budget. The Department did not request funding for these expenditures during the FY 2016 budget process. *The Governor recommends funding as requested.*

Administration Other Operations. The Department requests \$0.3 million, or \$0.1 million less than enacted for all other expenditures in the Office of the Director. The request includes \$10,103 more from general revenues, \$150,000 less from federal funds and \$4,425 less from restricted receipts. The general revenue funding is for various information technology, legal, and management services. The federal funds change reflects the end of the one-stop reporting grant that provides consulting and technology to the Department to upgrade its communication technology, as well as ensuring it is capable of uploading air quality information to the national system. The restricted receipts change better reflects historical expenditures for the boating registration unit. *The Governor recommends \$10,209 less than requested from general revenues to reflect statewide telephone savings.*

Bureau of Environmental Protection

The Bureau of Environmental Protection is composed of regulatory and assistance programs and includes the divisions of water resources, waste management, air resources, compliance and inspection, customer and technical assistance, and emergency response. The Department has noted that there is a great deal of overlap between these areas. The personnel for each of the divisions in the bureau are discussed in greater detail in the items below.

Water Resources Staffing. The Department requests \$6.5 million, or \$42,812 more than enacted for salaries and benefits for 73.0 full-time equivalent positions for the Division of Water Resources. The division is responsible for the state's water resources that are used for recreation, habitat and commerce. The request reflects the annualized cost-of-living adjustment for state employees, updated benefit rates consistent with Budget Office planning values, statewide medical benefits savings, and other changes to reflect anticipated costs.

The Department's constrained request includes general revenue savings of \$0.2 million in the Division of Water Resources, which would be achieved by staffing reductions. The affected positions would be a senior environmental scientist and a civil engineer, both of which are currently filled. *The Governor's recommendation does not include the Department's proposed position eliminations. She recommends \$13,644 less from general revenues than the unconstrained request to reflect additional statewide medical benefits savings.*

Waste Management Staffing. The Department requests \$2.8 million, or \$0.3 million less than enacted for salaries and benefits for 38.0 full-time equivalent positions for the Division of Waste Management. The division is responsible for providing fair, comprehensive and consistent regulation of the investigation and remediation of hazardous waste and hazardous material releases. The request reflects the annualized cost-of-living adjustment for state employees, updated benefit rates consistent with Budget Office planning values, as well as statewide medical benefits savings and other reductions to reflect anticipated costs.

The Department's constrained request includes general revenue savings of \$0.2 million in the Division of Waste Management, which would be achieved by staffing reductions. The effected positions would be a sanitary engineer and a junior sanitary engineer, both of which are currently filled. *The Governor's recommendation does not include the Department's proposed position eliminations. She recommends \$3,193 less from general revenues than the unconstrained request to reflect additional statewide medical benefits savings.*

Air Resources Staffing. The Department requests \$3.6 million, or \$0.1 million more than enacted for salaries and benefits for 25.0 authorized full-time equivalent positions for the Division of Air Resources. The division is responsible for the preservation, protection and improvement of air quality in Rhode Island. The request reflects the annualized cost-of-living adjustment for state employees, updated benefit rates consistent with Budget Office planning values, statewide medical benefits savings, and other changes to reflect anticipated costs.

The Department's constrained request includes general revenue savings of \$0.1 million in the Division of Air Resources, which would be achieved by staffing reductions. The effected position would be an environmental quality technician, which is currently filled. *The Governor's recommendation does not include the Department's proposed position eliminations. She recommends \$4,166 less from general revenues than the unconstrained request to reflect additional statewide medical benefits savings.*

Compliance and Inspection Staffing. The Department requested \$3.7 million, or \$0.1 million more than enacted for salaries and benefits for 23.0 full-time equivalent positions for the Division of Compliance and Inspection, which is responsible for regulatory enforcement activities related to air, waste and water resources. Some of the division's duties include investigating citizen complaints relating to freshwater wetlands and septic systems or cesspools; in 2015 the state passed new laws relating to freshwater wetlands and cesspools. The request reflects the annualized cost-of-living adjustment for state employees, updated benefit rates consistent with Budget Office planning values, statewide medical benefits savings, and other changes to reflect anticipated costs.

The Department's constrained request includes general revenue savings of \$0.1 million in the Division of Compliance and Inspection, which would be achieved by staffing reductions. The effected position would be an environmental scientist, which is currently filled.

The Governor's recommendation does not include the Department's proposed position elimination. She adds \$0.1 million from general revenues and a 1.0 full-time equivalent position for a new environmental scientist, which the Department indicates would enforce new provisions of the amended wetlands and cesspool statutes and allow for more timely response to complaints of non-compliance. The recommendation also includes a reduction of \$7,287 to reflect additional statewide medical benefits savings.

Other Salaries and Benefits. The Department requests \$4.6 million, or \$0.1 million more than enacted for all other salaries and benefits for the 22.0 remaining positions in the Bureau of Environmental Protection, including the division of environmental protection, the environmental response fund, the Rhode Island Pollutant Discharge Elimination System and the Office of Customer and Technical Assistance. The request reflects the annualized cost-of-living adjustment for state employees, updated benefit rates consistent with Budget Office planning values, statewide medical benefits savings, and other changes to reflect anticipated costs.

The Department's constrained request includes general revenue savings of \$0.6 million in all other divisions in the Bureau, which would be achieved by staffing reductions. The effected positions would be a supervising environmental scientist, a senior environmental scientist, an environmental scientist, a principal civil engineer, and a clerk secretary. All of these positions are currently filled. *The Governor's*

recommendation does not include the Department's proposed position eliminations. She recommends \$6,553 less from general revenues than the unconstrained request to reflect additional statewide medical benefits savings.

Brownfields. The Department requests \$0.6 million, or \$15,000 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 state currently receives funding from federal sources as part of its ongoing program, and the additional funds requested reflect the Department's anticipated award and planned work. *The Governor recommends funding as requested.*

Other Federal Grants. The Department requests \$3.9 million, or \$0.1 million less than enacted from federal funds to more accurately reflect the Department's anticipated award for 18 grants in the Bureau of Environmental Protection. The grants relate to, for example, air pollution monitoring and control, dam incident reporting, Department of Defense sites cleanup, diesel emissions reduction, and water pollution control. Major changes include a reduction of \$0.1 million for the diesel emissions program and increases of \$0.1 million each for air pollution control, leaking underground storage tanks, and a flood disaster recovery grant for a wastewater study. *The Governor recommends funding as requested.*

Oil Spill Prevention, Administration and Response Fund. The Department requests \$1.2 million, or \$0.1 million less than enacted from the Oil Spill Prevention, Administration, and Response Fund, which is derived from a \$0.05 per barrel fee on petroleum products received at marine terminals in Rhode Island. The funding is used to promptly respond to, contain and remediate oil spills, maintain a state of emergency response readiness through responder training and equipment acquisition, and pay emergency loans to workers effected by a spill as well as damage compensation for legitimate claims that cannot otherwise be compensated by responsible parties or the federal government.

The Department spent \$0.5 million in FY 2013, \$1.0 million in FY 2014, and \$0.8 million in FY 2015. The Department indicates that the amount requested under environmental services is always an estimate and it can only predict how many oil spills will need contractual services in a given fiscal year. *The Governor recommends funding as requested.*

Environmental Protection - Other. The Department requests \$3.9 million from general revenues, restricted receipts, and other funds for all other operating expenditures in the Bureau of Environmental Protection. The requested general revenues include several small decreases, including in the customer and technical assistance program. The restricted receipts amount includes \$71,000 more for the Environmental Response Fund II to better reflect anticipated revenues derived from fines which are levied against entities found in violation of the state's environmental regulations and used for expenses related to environmental emergency response and preparedness. *The Governor recommends funding as requested.*

Bureau of Natural Resources

The Bureau of Natural Resources provides stewardship of the state's finite water, air, land, agricultural and forest resources, conserves the state's aquatic resources, and provides people with well-maintained, scenic, and accessible recreational opportunities. The bureau includes the divisions of fish and wildlife, agriculture and marketing, enforcement, parks and recreation, forest environment, and planning and development. The Department has noted that there is a great deal of overlap between these areas. The personnel for the bureau are discussed in greater detail in the items below.

Minimum Wage Increase - Full Season. The Department requests \$114,336 more than enacted to reflect a full fiscal year at the \$9.60 minimum wage in the seasonal recreation program. The increase in the state minimum wage from \$9.00 per hour to \$9.60 per hour is effective on January 1, 2016, and FY 2017 is the

first full fiscal year at the higher pay levels. *The Governor recommends funding as requested. She includes legislation in Article 13 to increase the minimum wage from \$9.60 per hour to \$10.10 per hour, effective January 1, 2017. The recommendation does not include funding in the Department's budget for the proposed increase; the Department estimates the increase would cost \$67,438 in FY 2017.*

Other Salaries and Benefits. The Department requests \$23.9 million, or \$0.4 million more than enacted for other salaries and benefits to fund the 185.0 full-time equivalent positions in the Bureau of Natural Resources. The changes include \$0.3 million more than enacted from general revenues, \$0.1 million more from federal funds, and \$0.1 million less from restricted receipts. The request reflects the annualized cost-of-living adjustment for state employees, updated benefit rates consistent with Budget Office planning values, statewide medical benefits savings, and other changes to reflect anticipated costs.

The Department's constrained request includes general revenue savings of \$1.3 million in the Bureau of Natural Resources, which would be achieved by reducing 14.0 positions. The affected positions would include six in the Division of Parks and Recreation, four in the Division of Planning and Development, two in Central Services, one in the Division of Forest Environment, and one in the Division of Coastal Resources. All but two of the positions are currently filled.

The Governor recommends \$45,141 less from general revenues than the unconstrained request to reflect additional statewide medical benefits savings.

Other Parks and Recreation. The Department requests \$2.8 million, or \$27,150 more than enacted from general revenues for its Division of Parks and Recreation, excluding salaries and benefits. The Department's proposed changes, similar to the revised request, are primarily for road maintenance and repairs, state vehicles and other areas to reflect the actual spending in recent fiscal years, but also add \$40,000 more for electricity charges than the revised request. *The Governor recommends funding as requested.*

World War II State Park Transition to Woonsocket. Consistent with the enacted budget, the Department requests \$250,000 from general revenues for the second year of a five-year initiative to transfer maintenance and operation of the Park from the state to Woonsocket following the completion of the capital project. The Department and the City of Woonsocket signed a memorandum of agreement concerning the park in December 2014 that was approved by the State Properties Committee in February 2015. The capital project is expected to be completed in FY 2016. *The Governor recommends funding as requested.*

Capital Projects. The Department requests \$16.2 million from Rhode Island Capital Plan funds for 11 capital projects. This includes funding for repairs to state owned dams, improvements to Fort Adams State Park, repairs and improvements to the state-owned piers in Galilee and Newport, construction of a new office facility for the natural resources division in the Arcadia Management Area, and improvements to the state's recreational facilities. The request is \$2.4 million more than enacted to reflect the project schedules and revised construction cost estimates. The operating request is consistent with the Department's FY 2017 through FY 2021 capital request. *The Governor recommends \$11.8 million for 11 capital projects, which is \$4.4 million less than requested. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

Federal Grants. The Department requests \$14.1 million for federal grants throughout the Bureau of Natural Resources. The request is \$0.8 million more than enacted, and reflects planned work and anticipated receipts for these grants in the Divisions of Agriculture and Marketing, Enforcement, Fish and Wildlife, Forest Environment, and Planning and Development. The funds are used for boating safety, enforcement of pesticide rules and regulations, forest fire protection on state lands, outdoor recreational programs, and wildlife habitat development.

Major changes include \$0.9 million more for the pilot permit bank program, a revolving loan fund for commercial fishermen. *The Governor recommends funding as requested.*

Payments to Host Beach Communities. The Department requests \$440,000, or \$36,116 more than enacted from general revenues for payments to host beach communities. The request reflects the anticipated payments to the host beach communities based on the FY 2016 revised budget changes. 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 16.0 percent of all daily parking fees collected from Memorial Day to Labor Day. Total payments to the host beach communities have averaged \$0.4 million over the last five fiscal years. *The Governor recommends funding as requested.*

Department of Transportation Recreational Projects. The Department requests \$0.9 million, or \$0.7 million more than enacted for recreational projects funded by a transfer of federal funds from the Department of Transportation. These include maintenance of state trails, purchases of equipment and materials, and funding for materials for local communities to maintain state trails. The requested increase for FY 2017 would be used for work at Rocky Point for constructing trails, installing compost toilets, and upgrades to the parking lot. *The Governor recommends funding as requested.*

Local Agriculture and Seafood Grants. The FY 2016 enacted budget includes \$100,000 from general revenues for the Local Agriculture and Seafood Program to promote the marketing of Rhode Island seafood and farm products. The Department requests \$0.1 million, but the funds would be shifted from general revenues to restricted receipts for the Local Agriculture and Seafood Small Grants and Technical Assistance Fund, which was created by Chapter 37 of the Public Laws of 2012. The request assumes there will be a budget article to require that \$0.1 million from Deepwater Wind's annual lease payments be deposited into the Local Agriculture and Seafood Fund instead of the state General Fund. The Assembly did not concur with similar legislation proposed during last year's budget process.

The Governor includes Article 20 to require deposit of lease payments as requested. This would result in Deepwater Wind's \$150,000 annual lease payment being deposited to restricted receipts instead of general revenues, but the recommendation includes only the \$100,000 requested.

Natural Resources - All Other. The Department requests \$5.7 million, or \$166,839 less than enacted from all sources for all other expenses in the Bureau of Natural Resources. The request includes \$1.0 million from general revenues, \$2.7 million from restricted receipts and \$2.0 million from other funds. The general revenue funding is used primarily for enforcement activities, agriculture programs and development, and management and maintenance of the state piers. The restricted receipts are used primarily for open space preservation, wildlife development, and maintaining state-owned management areas, fishing areas, and boat ramps. The requested changes better reflect anticipated funding for the coastal resources, forestry, and fish and wildlife programs and historical expenditures for the Natural Heritage Revolving Fund, which is used to make loans to municipalities, land trusts, and non-profit conservation foundations for open space preservation. The request includes the enacted level of \$0.2 million from restricted receipts for capital costs related to operations of the state's saltwater fishing license program. *The Governor recommends funding as requested.*

Coastal Resources Management Council

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 3,482,033	\$ 3,418,794	\$ 3,852,098	\$ 3,475,156
Contracted Services	761,645	3,035,585	3,265,999	2,965,999
Subtotal	4,243,678	\$ 6,454,379	7,118,097	6,441,155
Other State Operations	101,589	167,430	103,395	103,395
Assistance, Grants, and Benefits	250,200	250,200	250,200	250,200
Capital	1,073,916	343,401	587,755	416,657
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 5,669,383	\$ 7,215,410	\$ 8,059,447	\$ 7,211,407
Sources of Funds				
General Revenue	\$ 2,433,260	\$ 2,421,855	\$ 2,949,211	\$ 2,452,438
Federal Aid	2,614,348	4,220,154	4,128,481	4,098,312
Restricted Receipts	250,000	250,000	250,000	250,000
Other	371,775	323,401	731,755	410,657
Total	\$ 5,669,383	\$ 7,215,410	\$ 8,059,447	\$ 7,211,407
FTE Authorization	29.0	29.0	33.0	29.0

Summary. The Coastal Resources Management Council requests \$8.1 million from all funds, which is \$2.4 million more than enacted including increases of \$0.5 million from general revenues, \$1.5 million from federal funds, and \$0.4 million from other funds. The Council requests 33.0 full-time equivalent positions, which is 4.0 more than authorized. The Council also submitted a constrained request that excludes the new positions and eliminates four to five currently authorized positions at an estimated savings of \$0.5 million. *The Governor recommends \$7.2 million, which is \$1.5 million more than enacted and \$0.8 million less than requested. She does not recommend the new positions.*

Target Issues. The Budget Office provided the Council with a general revenue target of \$2.3 million. The amount includes current service adjustments of \$26,176 and a 7.5 percent target reduction of \$0.2 million. The Council's constrained budget is \$1,418 below the target. *The Governor's recommendation is \$0.2 million above the target.*

FY 2017 Budget	Budget Office	CRMC	Difference
FY 2016 Enacted	\$ 2,433,260	\$ 2,433,260	\$ -
Current Service Adjustments	26,716	36,153	9,437
New Initiatives	-	479,798	479,798
Change to FY 2016 Enacted	\$ 26,716	\$ 515,951	\$ 489,235
FY 2017 Current Service/Unconstrained Request	\$ 2,459,976	\$ 2,949,211	\$ 489,235
Target Reduction/Initiatives	(184,498)	(675,151)	(490,653)
FY 2017 Constrained Target/Request	\$ 2,275,478	\$ 2,274,060	\$ (1,418)
Change to FY 2016 Enacted	\$ (157,782)	\$ (159,200)	\$ (1,418)

New Positions. The Council requests \$0.2 million from general revenues for 4.0 new positions for FY 2017. The request assumes that it would take approximately half of the fiscal year to fill the new positions, which would include a coastal policy analyst who would develop and implement a series of special area management plans to address specific regional issues for the marine resources development plan team. There is also a supervising environmental scientist and an environmental scientist who would enforce the Council's management program and issue notices of violation as well as cease and desist orders for the enforcement section. Finally a coastal habitat restoration specialist would coordinate work associated with disbursement of habitat restoration funds, provide expert services and technical support on habitat restoration issues and projects, and advise the Council and the agency's technical staff for the coastal and estuary habitat restoration program.

The Council also submitted a constrained request that does not include the four new positions. *The Governor does not recommend the funding or positions.*

Other Salaries and Benefits. The Council requests \$3.6 million, or \$0.2 million more than enacted from all sources, for salaries and benefits to fully fund its 29.0 authorized positions. The request includes \$0.1 million to restore turnover savings and the balance reflects the annualized cost-of-living adjustment, as well as statewide medical benefit savings and benefit rate changes consistent with planning values for FY 2017. The Council currently has one vacancy, a principal civil engineer, which is funded from federal sources. The Council anticipates this position will be filled during the third quarter of FY 2016. The Council is requesting to fund the principal civil engineer from general revenues, but the enacted budget assumes the position will be funded from federal sources, as in previous years. The Council attributes the shift to potential reductions in federal funds, but requests an overall increase from its primary federal grant for personnel and operating expenditures.

The Council's constrained budget request eliminates four to five positions for savings of \$0.5 million. The Council declined to publicly identify the positions it proposes to eliminate or the potential impact.

The Governor recommends \$0.2 million less than the unconstrained request primarily from general revenues. The reduction reflects additional turnover savings, additional statewide medical benefits savings and other adjustments to employee benefit calculations.

Permitting Database. The Council requests \$150,000 from general revenues for a new permitting database to be built and managed for the agency. The Council indicates its current permit database was developed 20 years ago and is outdated and in need of replacement. The agency notes that the \$150,000 would represent an annual payment to a vendor for database functionality and maintenance. The Council notes that it presented this project to the state Information Technology Investment Fund Review Committee, and the committee recommended that the project would be more appropriately funded through the Council's operating budget. *The Governor does not recommend funding for this project.*

Pawtuxet River Modeling Project. The Council requests \$0.1 million from federal funds for a project to create a validated geographic information system-based watershed and river model for the Pawtuxet River watershed, assess flooding risks to public and private property along the river, and evaluate dam management issues. The Council further indicates that the flood risk assessment information will be used to prepare adaptation and mitigation plans. The project commenced in September 2015 and has an expected completion date of February 2017. *The Governor recommends funding as requested.*

Aquatic Invasive Species. The Council requests \$11,862, which is \$2,745 more than enacted from federal funds to reflect its anticipated award and planned work 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.*

Capital Projects. The Council requests \$3.7 million, including \$2.7 million from federal funds, \$0.3 million from restricted receipts from the Oil Spill Prevention, Administration and Response Fund, and \$0.7 million from Rhode Island Capital Plan funds to fund four projects in FY 2017. This is \$2.0 million more than enacted. The Council's FY 2017 request is not consistent with its FY 2017 through FY 2021 capital request in that the operating request includes \$0.8 million more from federal funds for the South Coast Restoration Project and \$20,000 more from federal funds for the Narrow River Salt Marsh Restoration Project. The Council notes that it inadvertently included \$0.6 million from Rhode Island Capital Plan funds in FY 2017 instead of \$0.3 million each in FY 2016 and FY 2017, which would be consistent with the approved plan. *The Governor recommends \$0.3 million less than requested from Rhode Island Capital Plan funds consistent with the approved plan.*

Shoreline Change Beach Special Area Management Plans. The Council requests no funds for three special area management plans to address erosion issues along the Rhode Island shoreline. The enacted budget and the Council's revised request includes funding from federal sources for two projects and from other funds for a shoreline protection initiative that was recommended in 2012-S 2922, Substitute A, a resolution passed by the Senate. Funds are used to identify at risk areas and infrastructure based on coastal hazard overlay, develop shoreline change mapping and analysis, and research storm surge inundation and wave analysis. The Council indicates that the project is expected to be completed in FY 2016. *The Governor recommends funding as requested.*

All Other Operations. The Council requests \$0.3 million, or \$1,886 more than enacted including \$990 less from general revenues and \$2,876 more from federal funds for all other expenditures. The general revenue changes include \$960 less for contracted services for transcripts and minutes of all contested hearings, semi-monthly meetings, subcommittee and public hearings. There are also small changes in expenditures from federal funds, including changes to better reflect historical expenditures for office equipment and maintenance. *The Governor recommends funding as requested.*

Department of Transportation

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Program				
Central Management	\$ 10,722,215	\$ 12,635,490	\$ 9,468,374	\$ 9,204,542
Management and Budget	4,530,251	3,695,084	3,461,575	3,009,298
Infrastructure Program	448,564,012	466,528,335	472,241,480	467,244,005
Total	\$ 463,816,478	\$ 482,858,909	\$ 485,171,429	\$ 479,457,845
Expenditures by Category				
Salaries and Benefits	\$ 74,885,997	\$ 75,689,841	\$ 81,612,729	\$ 80,684,364
Contracted Services	30,898,800	39,528,100	38,664,600	38,664,600
Subtotal	\$ 105,784,797	\$ 115,217,941	\$ 120,277,329	\$ 119,348,964
Other State Operations	42,918,764	34,181,887	34,639,435	34,381,436
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	33,949,795	37,241,084	24,407,624	24,396,400
Capital	155,974,801	210,051,288	218,652,878	215,394,670
Capital Debt Service	-	-	-	-
Operating Transfers	125,188,321	86,166,709	87,194,163	85,936,375
Total	\$ 463,816,478	\$ 482,858,909	\$ 485,171,429	\$ 479,457,845
Sources of Funds				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	263,615,422	274,256,147	272,262,707	272,409,980
Restricted Receipts	1,000,000	159,506	180,219	180,219
Other	199,201,056	208,443,256	212,728,503	206,867,646
Total	\$ 463,816,478	\$ 482,858,909	\$ 485,171,429	\$ 479,457,845
FTE Authorization	752.6	752.0	752.0	741.0

Summary. The Department of Transportation requests \$485.2 million from all sources, including \$272.3 million from federal funds, \$212.7 million from other funds and \$0.2 million from restricted receipts. The request is \$21.4 million more than enacted, including \$8.6 million from federal funds, which reflects a revision to the Department's projected expenditures from Federal Highway Administration funds and \$13.5 million from other funds. Consistent with the revised request, the Department requests staffing of 752.0 full-time equivalent positions, 0.6 fewer than authorized.

The Governor recommends total expenditures of \$479.5 million from all funds, including \$272.4 million from federal funds, \$0.2 million from restricted receipts and \$206.9 million from other funds. This is \$5.7 million less than requested, including \$2.1 million less from Rhode Island Capital Plan funds, \$0.6 million less for positions transferred to the Department of Administration and \$2.7 million to reflect a downward revision to the gasoline tax yield estimate.

The Governor recommends staffing of 741.0 full-time equivalent positions, 11.0 less than requested to

reflect the transfer of positions to the Department of Administration, including 3.0 positions to the Division of Capital Asset Management and Maintenance and 8.0 positions to the Office of Management and Budget for the consolidation of auditing functions.

Reorganization

The 2015 Assembly enacted legislation in Article 15 of 2015-H 5900, Substitute A, as amended, repealing the current department divisions: administration (including the business management office, legal counsel, public information office, audit office, and property management office), planning, public works, maintenance, and airports. The legislation requires: the Department of Transportation to be organized in accordance with a project management-based program and utilize an asset management system in order to manage the delivery of projects from conception to completion, the director to appoint a chief operating officer to oversee daily operations of the Department, and repealed the requirement for a deputy director who must be a highway engineer.

The legislation requires the following divisions: finance, planning, project management, and operations and maintenance. It also requires the offices of civil rights, safety, external affairs, legal, personnel, information services and other divisions or subdivisions as the Director deems necessary. The Department is currently working on the reorganization.

Transportation Funding Reform

Transportation funding on the state and national levels began to pose greater problems to governments as the cost of maintaining and replacing infrastructure outpaced the revenue sources historically used to support them. Rhode Island’s transportation funding plan relied heavily on debt and federal funds. Additionally, the state’s gas tax was the primary source to repay debt costs, with the remainder available for all maintenance activities, including winter operations and highway preservation.

The state’s transportation funding is affected by its reliance on the gasoline tax and the revenue it yields. The FY 2017 gas tax is 34.0 cents, with 33.5 cents of that going towards transportation. The Department receives 21.75 cents of the tax, with 2 cents automatically dedicated to debt service for Motor Fuel Tax Revenue bonds that were issued in 2003. As the following table illustrates, the per penny gasoline tax yield and the total funding available to the Department had steadily declined over the period. Even with the transfer of one additional penny in FY 2010, available funding through FY 2013 had decreased \$10.3 million, or approximately 10 percent. The per penny yield increased in FY 2014 for the first time in several years.

Fiscal Year	Per Penny Yield	Pennies	DOT Share
2005	\$ 4,834,986	20.75	\$ 100,325,960
2006	\$ 4,805,619	20.75	\$ 99,716,594
2007	\$ 4,707,603	20.75	\$ 97,682,762
2008	\$ 4,513,744	20.75	\$ 93,660,188
2009	\$ 4,327,710	20.75	\$ 89,799,983
2010*	\$ 4,289,568	21.75	\$ 93,298,104
2011	\$ 4,210,324	21.75	\$ 91,574,547
2012	\$ 4,205,959	21.75	\$ 91,479,608
2013	\$ 4,137,712	21.75	\$ 89,995,236
2014	\$ 4,236,402	21.75	\$ 92,141,744
2015**	\$ 4,396,313	19.25	\$ 84,629,025

*1 cent transferred from General Fund to DOT.

**3.5 cents transferred from DOT to Turnpike and Bridge Authority

Although declining gasoline tax revenue is a contributing factor to stagnant transportation funding, there were also other problems affecting Rhode Island. Beginning in 2011, the Assembly identified and addressed two of the major issues affecting the Department of Transportation: over reliance on debt and a limited amount of funding sources. In order to increase the amount of revenue for use by the Department, the state moved from its traditional financing model for matching federal funds to a pay-go model by establishing motor vehicle fee surcharges that would be transferred to a highway maintenance account for use as a portion of the state's match. These funds, combined with Rhode Island Capital Plan funds, now provide the approximate \$40 million of annual match for federal funds, which was historically generated through borrowing. No new borrowing was necessary in November of 2012 for this match. All previously approved debt will be issued by FY 2015 and beyond that, the Department's state match will be entirely pay-go.

The 2014 Assembly made several additional changes to transportation funding in order to address concerns regarding the use of tolls, gasoline tax and Division of Motor Vehicles fees, while meeting the infrastructure needs of the state. The most recent changes to transportation funding were a culmination of efforts which began when the 2013 Assembly created the Joint Commission to Study Transportation Funding. The Commission met from September through December of 2013, and submitted its findings in January of 2014. During the 2014 session, both chambers of the Assembly proposed legislation that combined many elements discussed during the Commission meetings, including changes to funding sources and the governance of statewide transportation.

The Assembly included Article 21 of 2014-H 7133, Substitute A, as amended, to transfer new revenue sources, as well as existing general revenues, into the Highway Maintenance account for the Department of Transportation to use for costs related to maintenance and repairs to highways, roads and bridges. The following table summarizes the elements of the funding plan, with a focus on the increased resources.

Transportation Funding Plan	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Resources Changes from Previous Plans					
New Fines/Fees: <i>Inspection, Good Driving</i>	\$ 5.4	\$ 5.4	\$ 5.4	\$ 5.4	\$ 5.4
Gas Tax: <i>Index to inflation every 2 years</i>	-	4.2	4.1	8.2	8.2
General Revenues: <i>Transfer of MV Fines & Fees, Net of Current GR Debt Service Plan</i>	(1.7)	0.4	14.8	23.4	25.2
DOT: Gas Tax Freed Up from Debt Service Plan: <i>Beyond DOT Structural Budget Fix</i>	2.9	9.8	20.5	28.4	29.7
Other Capital Sources: <i>Unallocated Prior GO Bonds, New RICAP Allocations</i>	23.0	13.0	4.0	4.0	4.0
Subtotal	\$ 29.6	\$ 32.7	\$ 48.9	\$ 69.4	\$ 72.5
Expenditures Changes from Previous Plans					
RI Turnpike and Bridge: <i>Dedicate 3.5 cents of gas tax</i>	\$ 14.7	\$ 14.6	\$ 14.6	\$ 14.5	\$ 14.4
RI Public Transit Authority: <i>5% All Fines and Fees deposited</i>	-	2.6	3.8	4.5	4.5
Subtotal	\$ 14.7	\$ 17.2	\$ 18.4	\$ 18.9	\$ 18.9
Net New Infrastructure Funding for DOT	\$ 14.9	\$ 15.5	\$ 30.5	\$ 50.5	\$ 53.7

In millions

New sources include an increase in the inspection fee from \$39 to \$55 and the addition of a \$25 surcharge to the good driving dismissal fee. The article also established a schedule to transfer the majority of other transportation related fees that are currently deposited as general revenues. Inspection fees and good driver dismissals were transferred beginning in FY 2015, and the remaining revenues will be transferred incrementally, beginning with 25.0 percent in FY 2016, 75.0 percent in FY 2017 and all in FY 2018.

The legislation also indexes the gasoline tax to the Consumer Price Index every other year, rounded to the nearest cent. Additional sources include the utilization of \$25 million of unallocated bond proceeds to bridge the funding gap that occurs as the fee transfers from general revenues are phased in. The proceeds

are from previously authorized general obligation bonds that date back to before FY 2000, but had not been programmed by the Department. These were revealed following a FY 2014 review of bond proceeds as their use as federal match was ending. The Department will also be allocated additional Rhode Island Capital Plan funds to stabilize the annual funding.

The Assembly also transferred 3.5 cents of gasoline tax to the Turnpike and Bridge Authority to be used in lieu of tolls that would have been used for operations and maintenance of the Sakonnet River Bridge. The Authority will also maintain ownership of the four bridges it currently operates. The legislation also transfers 5.0 percent of funding from the surcharges enacted in 2011 and motor vehicle fees to the Public Transit Authority to support its operations beginning in FY 2016. This amount was initially projected to be approximately \$2.7 million in FY 2016 and grow with increasing amounts of revenue into the fund.

The state also reduced the amount of debt service paid by the Department through the targeted use of general revenues in lieu of gasoline tax revenues, as well as the restructuring of debt in order to adjust the upcoming debt service payments to a more consistent amount. As part of the debt restructuring, \$9.3 million of general revenues was used to pay a portion of the Department's debt service in FY 2014. For each year thereafter, the amount of general revenues used for this purpose was to be increased in \$10 million increments until FY 2018.

Fiscal Year	Outstanding Debt Service	Build America		
		Bonds Reimbursement	Restructuring Savings	Debt Service
2015	\$ 54,580,237	\$ (1,870,830)	\$ (6,630,740)	\$ 46,078,667
2016	\$ 50,237,900	\$ (1,870,830)	\$ 393,114	\$ 48,760,184
2017	\$ 49,933,531	\$ (1,870,830)	\$ 254,612	\$ 48,317,313
2018	\$ 41,392,238	\$ (1,870,830)	\$ 227,605	\$ 39,749,013
2019	\$ 40,396,506	\$ (1,870,830)	\$ 183,245	\$ 38,708,921
2020	\$ 36,445,414	\$ (1,870,830)	\$ (12,936)	\$ 34,561,648
2021	\$ 43,706,060	\$ (1,870,830)	\$ (114,505)	\$ 41,720,725
2022	\$ 39,758,229	\$ (1,870,830)	\$ (136,997)	\$ 37,750,402
2023	\$ 38,969,053	\$ (1,870,830)	\$ (135,396)	\$ 36,962,827
2024	\$ 34,172,285	\$ (1,870,830)	\$ 82,795	\$ 32,384,250
2025	\$ 31,042,260	\$ (1,870,830)	\$ (332,024)	\$ 28,839,406
2026	\$ 30,881,740	\$ (1,870,830)	\$ (857,883)	\$ 28,153,027
2027	\$ 27,331,961	\$ (958,514)	\$ (1,422,286)	\$ 24,951,161
2028	\$ 25,529,306	\$ (730,480)	\$ (1,960,404)	\$ 22,838,422
2029	\$ 18,763,869	\$ (494,898)	\$ (1,860,590)	\$ 16,408,381
2030	\$ 18,515,394	\$ (251,496)	\$ (1,860,132)	\$ 16,403,766
2031	\$ 8,726,730	\$ -	\$ (1,860,270)	\$ 6,866,460
2032	\$ 8,724,622	\$ -	\$ (1,860,268)	\$ 6,864,354
2033	\$ 1,604,852	\$ -	\$ 1,450,998	\$ 3,055,850
2034	\$ 481,456	\$ -	\$ 1,090,761	\$ 1,572,217

The 2014 Assembly shifted debt service expenditures from general revenues to funds available in the Highway Maintenance account. This was part of the plan to align spending on transportation related costs with revenue raised from transportation sources. The remaining debt service from the Department's general obligation bonds are shown in the previous table.

At the end of May 2015, Governor Raimondo requested an amendment to her budget to permit the collection of tolls on large commercial trucks and authorize \$900 million of borrowing in order to provide \$700 million to partially fund the routes 6/10 connector project and her plan to ensure the number of structurally deficient bridges is reduced to less than 10 percent in the next decade. The Rhode Island Turnpike and Bridge Authority would issue the debt. The House Finance Committee considered this proposal on June 2 but did not incorporate it into the FY 2016 budget. Separate bills containing a revised proposal were

introduced on June 16 and 18 in the Senate and House, respectively. The revised proposal reduced the borrowing total, incorporated a restructuring of previous debt as well as certain economic incentives for Rhode Island businesses. The House Finance Committee heard 2015-H 6321 on June 22 but took no further action. The House recessed its session on June 25. The Senate adopted a version of that legislation in 2015-S 997, Substitute A.

In October 2015, the Department proposed its 10-year Transportation Improvement Program, reflective of its capital budget. The program includes \$500 million of borrowing matched by \$400 million of federal funds for the routes 6/10 connector project.

The Assembly adopted new RhodeWorks legislation in 2016-H 7409, Substitute A, as amended that the Governor signed into law on February 11, 2016. The legislation allows the Department to borrow \$300.0 million through the Grant Anticipation Revenue Vehicle (GARVEE) Program and refinance existing GARVEE debt. It does not include any bonds backed by toll revenue.

Fund Sources

The Department of Transportation receives funding through five major sources: federal funds, general obligation bond proceeds, gasoline tax proceeds, Rhode Island Capital Plan funds and transportation related fees collected by the Division of Motor Vehicles. General obligation bond proceeds have been historically used as the state’s match for federal funds; however, increasing amounts of motor vehicle fees and Rhode Island Capital Plan funds are being used as the state match in lieu of future bonding; no new bonds have been authorized since 2010. The Department also receives funding from other sources, such as restricted receipts and 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 fund sources included for FY 2017.

Source	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Federal Highway Admin. Funds	\$ 156,225,143	\$ 207,000,000	\$ 216,400,000	\$ 216,400,000
Other Federal Funds	107,390,279	67,256,147	55,862,707	56,009,980
Gasoline Tax*	94,641,867	99,777,324	94,274,535	90,581,475
General Obligation Bonds**	-	-	-	-
Unallocated Bond Proceeds	[8,000,000]	[8,000,000]	-	-
Land Sale Revenue	1,500,000	1,000,000	1,000,000	1,000,000
Interstate 195 Land Sales	9,300,000	1,500,000	1,500,000	1,500,000
Rhode Island Capital Plan Funds	39,300,000	46,988,530	35,950,000	33,843,444
Restricted Receipts	1,000,000	159,506	180,219	180,219
Motor Vehicle Fee Transfer	54,349,189	59,067,402	79,853,969	79,792,727
Other Funds	110,000	110,000	150,000	150,000
Total	\$ 463,816,478	\$ 482,858,909	\$ 485,171,430	\$ 479,457,845

*Excludes gasoline tax debt service for the Department, RIPTA and costs for centralized services, which are in DOA.

**Bond proceeds are not reflected as a fund source in the Department's budget, but are shown for illustrative purposes.

Federal Funds - Highway Administration. The Department receives an average of \$210 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.

These federal funds are apportioned to states according to authorizations contained in federal law. The Moving Ahead for Progress in the 21st Century Act (MAP-21) was set to expire on September 30, 2014. Before the expiration, Congress provided a short term fix in July by transferring \$10.8 billion to the fund. This transfer was offset by new revenues of \$6.4 billion from pension smoothing, \$3.5 billion from customer users' fees and \$1.0 billion from excess funding in the Leaking Underground Storage Tank Fund. This transfer into the fund continues to fund all state apportionments at the enacted level through May 31, 2015, which is two-thirds of the federal fiscal year. Congress extended the deadline for two additional months.

On December 4, 2015, the President signed into law the Fixing America's Surface Transportation (FAST) Act for \$305 billion for five years. Under this authorization, the state would receive an average of \$231 million annually.

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 using 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 current plan expires on September 30, 2016. The Department, in conjunction with the State Planning Council, proposed its 10-year plan for federal FY 2016 through FY 2025 in October 2015. Federal law requires that a statewide transportation improvement plan covers a period of no less than four years. The Department notes that two states have moved to establish 10-year plans: New Jersey and North Carolina.

The following table illustrates the proportion of funding allotted to each program area in the FY 2017 budget. It excludes salary and benefit costs.

Program Area	FY 2017 Recommended	Share of Total
Administrative Program	\$ 6,115,513	3.3%
Bike/Pedestrian Program	5,594,281	3.0%
Bridge Program	25,747,594	13.8%
CMAQ Program	5,574,227	3.0%
Highway Program	15,745,684	8.5%
Interstate Program	10,232,248	5.5%
GARVEE Projects	28,074,947	15.1%
Federal Highway Earmark Projects	18,614,474	10.0%
Pavement Management Program	17,482,278	9.4%
Traffic Safety Program	19,770,738	10.6%
Transit	27,921,710	15.0%
Other Programs	5,271,042	2.8%
Total	\$ 186,144,736	100%

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's request includes \$55.9 million from these funds, which is \$51.5 million less than enacted, of which \$40.0 million is to reflect the Department's proposal to refinance current debt. The debt service savings will be used for capital projects. *The Governor recommends \$147,273 more federal funds than requested.*

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 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. The voters approved \$60.0 million of general obligation bonds in both November 2002 and 2004 that matched federal highway funds and was programmed for FY 2004 through FY 2007. The voters approved \$80.0 million in November 2006, 2008 and 2010 to provide \$40.0 million each year, with funding programmed through FY 2014. As noted previously, an initiative by the 2011 Assembly replaced borrowing with pay-go sources. *The recommendation does not include general obligation bonds for the Department.*

Unallocated Bond Proceeds. During previous debt authorizations, the actual state match from general obligation bond authorizations fluctuated based on the amount of federal funds received in a given fiscal year. In these cases, the bond proceeds were kept in a separate account and remained unallocated. Over several years, the funds accumulated to a level of approximately \$25 million, which the Department has used as "working capital" during the year to make payments to vendors.

In his FY 2015 budget recommendation, Governor Chafee included a portion of these funds to be used for maintenance related activities by the Department. As part of the transportation funding reforms previously described, the Assembly programmed these funds to enhance available resources, including \$17.0 million in FY 2015 and \$8.0 million in FY 2016. It should be noted that, as with all General Obligation bond proceeds, these sources are not shown in the Department's operating budget.

Based on a report of the Intermodal Surface Transportation Fund produced by the Controller in August 2015, it appears that \$23 million of the General Obligation bond proceeds are available; however, the Department's capital budget request did not assume use of these funds.

The Governor recommends funding as requested.

Land Sale Revenue. Sales of Department owned land can be used to purchase land and equipment, or to offset operating costs throughout the Department, including personnel expenses. Funding is being used for purchases related to the Department's materials testing facility on Jefferson Boulevard, which is currently being built out. The Department's FY 2017 request includes \$1.0 million from this source, consistent with the revised request. *The Governor recommends funding as requested.*

Interstate 195 Land Sales. The Department requests \$1.5 million in its FY 2017 request to reflect updated payments for the relocation of Interstate 195. The Department sold the land made available from the relocation to finance a portion of project expenses. The 2011 Assembly enacted 2011-H 5994, Substitute A, as amended, which provided that after the appraisal of the parcels, they would be purchased by the Economic Development Corporation through the issuance of bonds. The payment of the bond proceeds to the Department has allowed it to complete the relocation project, while the Corporation is eligible to sell the parcels at its own pace.

The principal amount for the bonds is \$38.4 million, amortized over a ten-year period. The Department requests \$1.5 million, \$7.8 million less than enacted to reflect projected expenses during FY 2017, consistent with the FY 2016 revised request. *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 other funds 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. Beginning in FY 2013, approximately \$20 million from this source was included to be used as a portion of the state match for federal highway funds. The Department requests \$36.0 million from this source in its FY 2017 request. *The Governor recommends \$33.8 million, which is \$2.1 million less than requested, including \$2.5 million less for the Capital Equipment Replacement Project.*

Restricted Receipts. This source is comprised of funds the Department receives when it performs work for municipalities, and is used to fund personnel costs for employees who perform work on the projects. This source contributes \$0.2 million to the Department, and is based on projected municipal work for FY 2017. *The Governor recommends funding as requested.*

Motor Vehicle Fee Transfers. Consistent with the current service estimate, the request includes \$79.9 million of transportation related fees and surcharges collected by the Division of Motor Vehicles and transferred to the Department.

Fiscal year 2014 was the first year of the phased in vehicle surcharge fees, including a \$10.00 surcharge on biennial vehicle registrations, a \$5.00 surcharge on annual vehicle registrations and a \$10.00 surcharge on operator licenses purchased on a five year basis. The biennial registration surcharge will increase in \$10.00 increments to a total of \$30.00, the annual registration surcharge will increase in \$5.00 increments to a total of \$15.00, and the license surcharge will increase in \$10.00 increments to a total of \$30.00 beginning in FY 2014 and ending in FY 2016. *The Governor's recommended budget assumes \$80.0 million, or \$61,242 more than requested.*

The following table summarizes the incremental fee increases:

Fiscal Year	Biennial Registration Fee	Annual Registration Fee	License Fee
2013	\$ 60.00	\$ 30.00	\$ 30.00
2014	\$ 70.00	\$ 35.00	\$ 40.00
2015	\$ 80.00	\$ 40.00	\$ 50.00
2016	\$ 90.00	\$ 45.00	\$ 60.00

These fees will be transferred to the Department for use as a portion of the state match for federal funds. The requested level of \$16.8 million reflects the last phase for these increases, and represents the approximate level of funding for future years.

The table below shows the estimated revenue derived from the surcharge.

Fiscal Year	Biennial Registrations	Annual Registrations	Licenses	Total
2014	\$ 3,817,669	\$ 791,140	\$ 1,260,140	\$ 5,868,949
2015	\$ 7,611,636	\$ 1,989,693	\$ 3,098,765	\$ 12,700,094
2016	\$ 11,420,781	\$ 2,981,213	\$ 4,648,148	\$ 19,050,142
2017	\$ 11,420,781	\$ 2,981,213	\$ 4,648,148	\$ 19,050,142

In addition to the surcharges, portions of other fees collected by the Division of Motor Vehicles will be transferred to the Department. The Assembly included Article 21 of 2014-H 7133 Substitute A, as amended, which allocates new revenue sources, as well as transferring existing sources currently deposited into general revenues, into the Highway Maintenance account for the Department of Transportation to use for costs related to maintenance and repairs to highways, roads and bridges.

The new sources of funding include an increase in the vehicle emission inspection fee from \$39 to \$55, the transfer of rental car surcharges, and the addition of a \$25 surcharge for good driving dismissals. The legislation also establishes a schedule to transfer the majority of all other transportation related fees currently collected by the Division of Motor Vehicles to the Highway Maintenance Account. These fees were initially estimated at \$50 million per year and are deposited as general revenues. The inspection fee, the good driver dismissal surcharge and car rental surcharges were transferred as of FY 2015, and the remaining revenues will be transferred incrementally beginning with 25.0 percent in FY 2016 and 75.0 percent in FY 2017, with all of the funds being transferred in FY 2018.

The new funds were established in the Highway Maintenance Account, which is within the Intermodal Surface Transportation Fund, and account for \$63.0 million in FY 2017. This includes \$24.3 million from the fee surcharge increase and a transfer of \$38.8 million or 75.0 percent of the fees collected by the Division of Motor Vehicles to the Department. The table below shows the source and the total including surcharges explained previously.

Source	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Inspection Sticker Increase	\$ 11,839,072	\$ 11,276,631	\$ 12,019,200	\$ 10,996,619
Title Fees	9,310,812	9,347,634	8,849,294	9,115,521
Rental Car Surcharge	2,939,601	3,092,230	3,002,066	3,162,262
Good Driving Surcharge	400,000	418,183	400,000	418,183
License and Registration Transfer	13,033,333	12,250,000	38,757,038	37,050,000
Subtotal	\$ 37,522,818	\$ 36,384,678	\$ 63,027,598	\$ 60,742,585
Surcharges	16,826,371	19,050,142	16,826,371	19,050,142
Total	\$ 54,349,189	\$ 55,434,820	\$ 79,853,969	\$ 79,792,727

As part of her budget recommendation, the Governor included Article 21 of 2015-H 5900 to delay the transfer of transportation related fees collected by the Division of Motor Vehicles to the Department of Transportation. The Assembly rejected the Governor's proposal to delay the transfer of transportation related fees and maintained the current law distribution. *The Governor's recommendation maintains the current law distribution.*

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 request includes \$150,000 from these sources, \$40,000 more than enacted. *The Governor recommends funding as requested.*

Gasoline Tax Proceeds. The distribution of proceeds derived from the gasoline tax remained the same from FY 2009 through FY 2015. However, as previously noted, FY 2016 is the first year the gasoline tax is related to changes in the Consumer Price Index, commonly referred to as inflation. This is projected to increase the gasoline tax by one cent, for a total of 34 cents. The distribution of the gasoline tax is illustrated in the following table.

Entity	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Department of Transportation	19.25	19.25	19.25	19.25
Rhode Island Public Transit Authority	9.75	9.75	9.75	9.75
Turnpike and Bridge Authority	3.5	3.5	3.5	3.5
Elderly Transportation	1.0	1.0	1.0	1.0
Underground Storage Tank Fund	0.5	0.5	0.5	0.5
Total (in cents)	34.0	34.0	34.0	34.0

Department of Transportation Gasoline Tax. Section 31-36-7 of the Rhode Island General Laws sets the gasoline tax at 32 cents per gallon, indexed to the Consumer Price Index every other year, rounded to

the nearest cent, effective July 1, 2014. Additionally, Section 46-12.9-11 of the Rhode Island General Laws establishes a one-cent environmental protection regulatory fee, half of which is deposited in the Intermodal Surface Transportation Fund. 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 Department of Transportation, the Rhode Island Public Transit Authority, the Rhode Island Turnpike and Bridge Authority, and the elderly/disabled transportation program.

The following table shows how the New England states rank.

<i>As of 10/1/2015</i>	Tax - Cents per gallon	
	<i>Gas</i>	<i>Diesel</i>
Rhode Island¹	34.0	34.0
Connecticut	37.5	50.3
Maine	30.0	31.2
Massachusetts ²	26.5	26.5
New Hampshire ³	23.8	23.8
Vermont	30.7	32.0
New England Average	30.4	33.0
U.S. Average	30.3	30.0

Source: American Petroleum Institute includes state surcharges

¹ Increased 1 cpg on 7/1/15

² Increased 3 cpg 7/1/13, indexed to inflation; 11/14 referendum repealed

³ Increased 4.2 cpg 7/1/14

In July 2015, the state completed a refinancing of its general obligation bonds. As part of the debt restructuring, Department of Transportation's general obligation bonds resulted in savings of \$13.9 million. The FY 2017 recommended budget assumes that the Department pays \$45.9 million; the amount before the restructuring savings, which the budget intended to dedicate to a number of economic development initiatives.

The Department's request is based on a per penny yield of \$4.415 million, which is \$13,409 less than the enacted budget. *The Governor's recommendation utilizes a gasoline tax yield estimate of \$4.333 million, which is \$95,686 less than enacted and is \$82,277 less than the request, based on a revised estimate from the Office of Revenue Analysis.*

The following table shows the recent history of available gasoline tax proceeds and other non-federal funds included in the Governor's recommendation.

Non Federal Sources	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
<i>Gas Tax Yield per Cent</i>	4.428	4.367	4.415	4.333
<i>RIDOT Cents</i>	19.25	19.25	19.25	19.25
<i>RIPTA Cents</i>	9.75	9.75	9.75	9.75
<i>Turnpike and Bridge Authority Cents</i>	3.50	3.50	3.50	3.50
Transportation Revenues				
Balance Forward	\$ 111,954	\$ 10,756,162	\$ -	\$ -
Gas Tax	143,925,535	141,937,412	143,489,743	140,815,740
Motor Vehicles Fees, Surcharges & Transfer	54,349,189	55,434,820	79,853,969	79,792,727
Surplus Property & Outdoor Advertising	110,000	110,000	150,000	150,000
Restricted Receipts	1,000,000	159,506	180,219	180,219
Interstate 195 Land Sales	9,300,000	1,500,000	1,500,000	1,500,000
Land Sales	1,500,000	1,000,000	1,000,000	1,000,000
Rhode Island Capital Plan Funds	39,300,000	46,988,530	35,950,000	33,843,444
Total Revenues	\$ 249,596,678	\$ 257,886,430	\$ 262,123,931	\$ 257,282,130
Transportation Expenses				
General Maintenance	\$ 23,814,080	\$ 27,633,064	\$ 43,972,925	\$ 42,552,050
Winter Maintenance	17,071,324	20,595,451	21,282,741	21,282,741
Vehicle Maintenance	6,254,149	8,466,583	7,318,048	7,186,049
Other Operations	29,630,818	29,986,494	27,207,870	26,264,231
GARVEE Bond Debt Service	8,856,956	8,734,610	8,830,138	8,665,584
G.O. Debt Service*	46,011,342	46,011,342	45,942,881	45,942,881
State Match - Gas Tax	2,616,814	2,789,991	3,024,417	3,024,417
State Match - RICAP	34,650,000	43,438,530	27,200,000	27,200,000
Internal Service Funds Transparency*	2,608,494	3,272,326	3,272,328	4,291,384
Restricted Receipts	1,000,000	159,506	180,219	180,219
Interstate 195 Land Sales	9,300,000	1,500,000	1,500,000	1,500,000
Land Sales	1,500,000	1,000,000	1,000,000	1,000,000
Surplus Property & Outdoor Advertising	110,000	110,000	150,000	150,000
Equipment Replacement	2,000,000	2,000,000	5,000,000	2,500,000
Facilities	2,650,000	1,550,000	3,750,000	4,143,444
RIPTA - Gas Tax	43,177,661	42,581,224	43,046,923	42,241,659
RIPTA - Highway Account - 5%	2,069,581	2,771,741	3,992,699	3,992,699
Turnpike and Bridge Authority	15,499,673	15,285,568	15,452,742	15,164,772
Total Expenditures	\$ 248,820,892	\$ 257,886,430	\$ 262,123,931	\$ 257,282,130
Surplus/Deficit	\$ 775,786	-	\$ -	\$ -

*Shown in the Department of Administration's budget.

Expenditures

Maintenance Staff. The Department's request includes the reclassification of 40 existing vacant positions that are currently in Central Management, Management and Budget, and Engineering as maintenance staff. These positions will be used for increased state funded operations in the areas of drainage, road striping, and bridge maintenance. The request assumes a net savings of \$0.6 million from the reclassification, as the average cost of the current positions is \$99,485 and the average cost of the maintenance staff is \$74,256. The reclassification results in the addition of 13 bridge maintenance positions, 28 highway maintenance positions, an environmental scientist and several others. The request assumes no turnover savings even though the Department indicates that recruiting for the maintenance positions will be ongoing and as of December 18, 2015, it had not added any new maintenance positions as part of this initiative; however, a few maintenance positions that were vacant have been filled. In addition to the 40 maintenance positions, the Department also requests funding for six other maintenance positions, supervisors and superintendent of road maintenance.

Budget Office instructions require agencies to use the weighted average medical cost of \$17,058 for vacant positions. The request uses the family medical cost of \$21,307, which is \$3,979 more. Based on the request for 46 positions, which are all vacant, the medical cost is overstated by \$0.2 million. Staff notified the Budget Office as well as the Department. *The Governor recommends funding as requested; it does not correct the benefit error.*

Internal Audit Consolidation Transfer. The Department's request includes \$0.6 million for its Internal Audit staff, which assists management with objective and independent evaluation of operations and activities. Some of the recommendations relate to effectiveness and efficiency of the Department. Activities include financial audits, performance audits and review of program integrity. *The Budget reflects the consolidation of internal auditing functions in the Department of Administration. The recommendation reflects the transfer of \$0.6 million from gasoline tax and 8.0 positions to the Office of Internal Audits.*

Other Salaries and Benefits. The Department requests \$78.2 million from all sources of funds for salary and benefit costs of the remaining 706.6 full-time equivalent positions. This is \$7.3 million more than enacted, including \$1.0 million more in overtime of which \$0.7 million is for projected winter maintenance operations and \$0.3 million is for the Maintenance Division. It includes \$0.6 million for 4.0 new positions in Central Management, including a deputy director, which is currently filled. The Department has received approval to fill the remaining three positions, consisting of a chief of staff, a policy director and a communications director and the request assumes that the positions will be filled in January. It also includes \$1.8 million for 21.0 full-time engineering technician positions, which are primarily funded with federal funds and 4.0 new positions in the Division of Management and Budget. Consistent with the current service level, the request includes \$0.4 million for the annualized value of the cost-of-living adjustment that occurred in October 2015 and updated benefit rates for FY 2017. The request assumes no turnover savings, for which the enacted budget included \$2.7 million. As of the last pay period ending in November 2015, the Department had an average vacancy of 122.5 full-time equivalent positions or a vacancy rate of 16.3 percent.

The request includes two errors in benefit calculations, thereby overstating the request by \$0.5 million, including \$0.4 million by applying all associated benefit rates for 90 interns as though they are state employees. Budget Office instructions require agencies to use the weighted average medical cost of \$17,058 for vacant positions. The request uses the family medical cost of \$21,307, which is \$3,979 more. Based on the request for 29 positions with 28 that are currently vacant, the medical cost is overstated by \$0.1 million. *The Governor recommends \$0.3 million less than requested to reflect turnover savings. The recommendation does not correct the benefit errors or include any statewide medical benefit savings.*

GARVEE Refinancing. The 2003 Assembly adopted legislation authorizing the Department of Transportation to finance five capital projects through the issuance of bonds by the Economic Development Corporation for a period of 20 years. The financing mechanism allowed the state to borrow against future federal funds in order to construct the projects: Washington Bridge, Sakonnet River Bridge, Route 195 Relocation, Freight Rail Improvement, and Phase II of the Route 403 project. The Department's capital budget request assumes a proposal to refinance the projects that were financed through Motor Fuel Revenue and Grant Anticipation Revenue Vehicle bonds. The current outstanding debt is \$288.9 million and would be fully amortized in FY 2021. In total, an additional \$14 million of long term debt will be incurred to save the projected \$120 million during the next three fiscal years, including \$40 million in FY 2017. The debt service savings would be used for capital projects. This proposal requires legislative approval. The request includes \$12.6 million in FY 2017 for two interest only payments. It also includes \$8.8 million from the dedicated 2 cents for debt service for Motor Fuel Tax Revenue bonds. This is \$26,818 less than enacted to reflect the adjustments from the gasoline tax yield. The Assembly adopted new RhodeWorks legislation in 2016-H 7409, Substitute A, as amended that the Governor signed into law on February 11, 2016. The legislation allows the Department to borrow \$300.0 million through the GARVEE Program and refinance existing GARVEE debt to realize the \$120 million of project savings. It does not include any bonds backed

by toll revenue. *The Governor recommends \$0.2 million less than requested to reflect a further downward revision to the gasoline tax yield estimate.*

Highway Improvement Projects. The Department requests \$186.1 million from federal funds matched by \$40.0 million from motor vehicle surcharges and Rhode Island Capital Plan funds for highway projects in FY 2017. This is \$45.7 million more than enacted, including \$56.0 million from federal funds; \$40.0 million is to reflect debt service savings from the Department’s proposal to refinance current debt, consistent with the Department’s capital budget. The following table shows program expenditures and their proportionate share of total Federal Highway Administration fund expenditures.

On December 4, 2015, the President signed into law the Fixing America’s Surface Transportation (FAST) Act for \$305 billion for five years. Under this authorization, the state would receive an average of \$231 million annually. This is approximately \$21 million more than the Department is currently receiving and is not reflected in the proposed 10-year plan.

Program Area	FY 2017 Recommended	Share of Total
Administrative Program	\$ 6,115,513	3.3%
Bike/Pedestrian Program	5,594,281	3.0%
Bridge Program	25,747,594	13.8%
CMAQ Program	5,574,227	3.0%
Highway Program	15,745,684	8.5%
Interstate Program	10,232,248	5.5%
GARVEE Projects	28,074,947	15.1%
Federal Highway Earmark Projects	18,614,474	10.0%
Pavement Management Program	17,482,278	9.4%
Traffic Safety Program	19,770,738	10.6%
Transit	27,921,710	15.0%
Other Programs	5,271,042	2.8%
Total	\$ 186,144,736	100%

The Governor recommends funding as requested.

Commuter Rail. The Department requests \$14.7 million from federal transit funds for the Commuter Rail project, which will extend commuter rail service along Amtrak’s northeast corridor south of Providence. Service operates between Providence and North Kingstown, with stops at T.F. Green Airport and the Wickford Junction. The Department notes the request also reflects new projects at Kingston and Providence, as well as plans for future stops at Cranston and East Greenwich. Expenditures include construction of stations, tracks and signals; right-of-way acquisition; and the purchase of locomotives, rail coaches, or other equipment to accommodate rail passenger service. The request is \$7.1 million less than enacted to reflect completed work in Kingston. *The Governor recommends funding as requested.*

Interstate 195 Relocation. Consistent with the revised request, the Department requests \$1.5 million, \$7.8 million less than enacted to reflect updated payments for the relocation of Interstate 195. The Department sold the land made available from the relocation to finance a portion of project expenses. The 2011 Assembly enacted 2011-H 5994, Substitute A, as amended, which provided that after the appraisal of the parcels, they would be purchased by the Economic Development Corporation through the issuance of bonds. The payment of the bond proceeds to the Department has allowed it to complete the relocation project, while the Corporation is eligible to sell the parcels at its own pace. *The Governor recommends funding as requested.*

Public Transit Authority Operations. Currently, the Rhode Island Public Transit Authority receives 9.75 cents of the 34 cent gasoline tax. The funds are transferred to the Authority but reflected in the Department

of Transportation's budget as a grant to the Authority in order to account for the gas tax in the state's accounting structure, since the Authority is a quasi-public corporation.

The Authority will also receive its share of funding from the Highway Maintenance Account. The share is based on 5.0 percent of all fines and fees collected into the account. This is projected to add \$4.0 million to the Authority to be used for operating expenditures.

The FY 2016 enacted budget was based on a per penny yield of \$4.4 million; however, for FY 2017 the estimate was reduced by approximately \$13,409 per penny. The Department utilized that same estimate for its transfer to the Authority in its FY 2017 request. The Authority is estimated to receive \$47.0 million for FY 2017, \$1.8 million more than enacted to reflect a greater share of the fees collected by the Division of Motor Vehicles being transferred into the Highway Maintenance Account.

The recommendation utilized a gas tax yield estimate of \$4.3 million, which is \$95,686 less than enacted and is \$82,277 less than the request had assumed. The Governor recommends \$0.8 million less than requested to reflect this downward revision to the gasoline tax yield estimate.

Turnpike and Bridge Authority Transfer. The Department's request includes \$15.5 million of gasoline tax revenue to be transferred to the Rhode Island Turnpike and Bridge Authority for operations related to the four bridges under its purview: Newport Pell, Sakonnet River, Mount Hope, and Jamestown bridges. Funding was provided by the 2014 Assembly in lieu of placing a toll on the newly constructed Sakonnet River Bridge. This is \$46,931 less than enacted, based on the estimated \$13,049 reduction in the per penny yield. The funding is generated from 3.5 cents of the gasoline tax previously dedicated to the Department, which is able to make the transfer based on additional fund sources made available for infrastructure. These sources are discussed in greater detail in the *Fund Sources* section of this analysis.

The Governor recommends \$0.3 million less than requested to reflect a downward revision to the gasoline tax yield estimate.

Winter Maintenance Operations. Excluding salaries and benefits, the Department requests \$18.5 million from gasoline tax proceeds for operating expenses related to the winter maintenance program for FY 2017. Funding is used to pay for vendor contracts, as well as to purchase salt, sand and liquid de-icers. The request is \$3.5 million or 22.4 percent more than enacted; however, it is \$0.5 million or 2.6 percent more than the revised request to reflect anticipated increases of \$0.9 million for material costs and \$2.5 million for vendor contracts during the winter of FY 2017. The average annual cost for winter maintenance operations from FY 2011 through FY 2015 is \$15.7 million. The current request is \$3.2 million above that and \$1.3 million less than FY 2015 reported expenditures. *The Governor recommends funding as requested.*

Highway Lighting. The Department requests FY 2017 expenditures of \$4.3 million, \$0.6 million or 15.6 percent more than enacted or 3.4 percent more than the revised request for electricity costs associated with lighting masts and traffic signals along state owned highways and roads. Reported expenditures for FY 2015 were \$4.1 million or \$444,226 above the final appropriation. The Department indicates that this reflects rate increases that occurred in January and November 2014.

The Department is in the process of converting the existing state highway system lighting. The Department has installed approximately 600 LEDs and the expectation by the State Energy Office is to have 945 installed by the end of December 2015, with the goal of having all 7,500 state highway lights converted to LEDs by September 2016. The Department expects some savings from electricity to occur once the conversion is completed. *Consistent with the revised recommendation, the Governor provides an additional \$457,000 for FY 2017, which is \$126,000 less than requested.*

Vehicle Replacement and Maintenance. The request includes \$11.3 million from Rhode Island Capital Plan funds and gasoline tax proceeds to purchase vehicles, generally heavy trucks and maintenance related costs. This is \$4.0 million more than enacted, including \$3.0 million from Rhode Island Capital Plan funds, which is \$2.5 million more than the approved plan and is consistent with the Department's FY 2017 capital budget request. The Department indicates that an analysis of the Division of Maintenance's rolling stock has been made and that the current replacement program is not meeting its need. As part of the RhodeWorks Initiative, the Department indicates that additional funding will be set aside for function-specific equipment purchases, such as drainage and bridge maintenance. The FY 2016 revised request includes \$0.1 million to conduct a fleet study. The Department indicates that one of the options being considered is a lease-based program.

Of the requested \$11.3 million, \$7.0 million will be used to acquire vehicles, \$2.5 million is for fuel, insurance and regular maintenance, \$0.9 million is for truck repair services conducted by the Rhode Island Public Transit Authority, \$0.7 million is to repay the State Fleet Replacement Loan Fund for previously acquired vehicles and \$0.1 million is to purchase equipment for road striping operations. No specific list of vehicles or equipment to be acquired was provided as the Department was waiting for the completion of the fleet study.

The Governor recommends \$2.6 million less than requested, which includes \$2.5 million less from Rhode Island Capital Plan funds and \$0.1 million less from gasoline tax proceeds for state fleet costs, including insurance, gasoline and general maintenance.

Highway Drainage Systems. The Department requests \$5.0 million or \$1.3 million more than enacted for highway drainage related expenditures. The Department is currently in the process of obtaining bidders to inspect and create an inventory of the state's catch basins. It is estimated that the state is responsible for 25,000 stormwater catch basin systems and other connected drainage structures. On an average year, approximately 10 percent of the systems are inspected and cleaned. The Department is currently waiting for the inventory to be completed in order to get a better sense of the projects needed. The revised request includes \$125,000 to purchase six catch basin cleaning trucks.

The Department is currently required by a consent decree with the U.S. Department of Justice to maintain storm drains and address pollutants that are going into the Narragansett Bay and other waterways. The decree requires the Department to sample and inspect certain discharge points; submit to the U.S. Environmental Protection Agency for review and approval a proposal for an outfall monitoring program; notify the Environmental Protection Agency, Department of Environmental Management and property owners of an illicit discharge within 14 days, which must be remediated within 120 days of verifying; and implement a street sweeping tracking system, which must document the date and location of sweeping of roads by the Department. The Department of Transportation's proposed 10-year transportation improvement plan includes \$112 million to address drainage improvements. *The Governor recommends funding as requested.*

Equipment Purchases. Consistent with the revised request, the Department requests expenditures of \$0.8 million from land sale revenue for equipment purchases in the Infrastructure Engineering Division. The request is \$0.7 million less than enacted to reflect anticipated land sale revenue during FY 2016. Funding would be used for purchases related to the Department's materials testing facility on Jefferson Boulevard, which is currently being built out. As of the end of FY 2015, the Department had \$5.7 million available in this account. It should be noted that these land sale revenues are distinct from those associated with the relocation of Interstate 195. *The Governor recommends funding as requested.*

Other Maintenance. The Department requests \$19.6 million from other funds for maintenance operations, excluding activities associated with winter maintenance. This is \$15.9 million more than enacted primarily to reflect increased resources made available from additional funding provided to the Department by the

2014 Assembly as part of transportation funding reform. The funding is intended to expand all operations of the Department, including resurfacing, bridge work and road repairs; however, the Department's request does not allocate expenditures to specific activities, nor does it include a list of additional work that will be performed with the additional funding.

The request includes \$0.6 million to repair potholes. In 2014, the Department initiated a three-year contract with a vendor to expedite repairs of potholes. The Department notes that annually, claim costs associated with potholes are \$0.2 million, with an average claim cost of \$225. The maximum amount of a claim is \$300. The FY 2017 request represents the second year of funding to expedite pothole repairs. The request also includes \$0.1 million for repairing and replacing lighting structures along state roadways and all other costs are \$67,200 more than enacted to reflect adjustments for waste disposal, and supplies for groundskeeping and landscaping. This is included in the overall resources to achieve the Department's asset management goals. *The Governor recommends \$1.2 million less than requested, reflective of the downward revision to the gasoline tax yield estimate.*

Other Rhode Island Capital Plan Fund Projects. The Department requests \$3.8 million, \$1.1 million more than enacted from Rhode Island Capital Plan funds for four ongoing projects at the Department. Of the increase, \$0.9 million is to reflect a delay in the relocation of the Portsmouth Maintenance Facility. The Department indicates that the project went out to bid in FY 2015; however, the lowest bid was substantially above the budget. The project will go out to bid again in the winter of FY 2016 and construction will begin in the spring of 2016, with the majority of the construction taking place in FY 2017. The request appears to have excluded \$0.2 million of funding for the Rhode Island Public Transit Authority's Land and Buildings project; however, it is included in the Authority's capital budget request. Consistent with the approved plan, the request includes \$0.5 million for maintenance facilities, as well as upgrades to Department owned property such as roof repairs or fire alarm installation.

The Governor recommends \$0.4 million more than requested; restoring \$120,000 for the Rhode Island Transit Authority's capital project. A detailed analysis of the projects is included in the Capital Budget section of this publication.

Financial Management System Upgrade. The Department's request includes a total of \$1.3 million from gasoline tax, assuming use of \$1.0 million in FY 2016 and \$0.3 million in FY 2017 to upgrade its Oracle financial management system. The request is \$1.2 million less than enacted. The Department indicates that Oracle support for the current system ended in December 2015. As of January 2015, severe system issues have not been resolved, limiting the use of one or all of the modules. While the financial management system is maintained and supported by various department users and a small Division of Information Technology staff, the Department notes that expertise does not currently exist to manage, upgrade and implement this system internally. The specialized skill needed to upgrade requires consulting services for project management, database administrators and technical lead programmers. The upgrade is scheduled to be completed on July 31, 2016. *The Governor recommends funding as requested.*

National Highway Transportation Safety Administration Grants. The Department's request includes \$5.5 million, \$2.1 million less than enacted from the National Highway Transportation Safety Administration for FY 2017. The request reflects updated federal awards and expenditures. Major changes include \$0.5 million more for primary seatbelt law enforcement, \$0.2 million more for impaired driving prevention programs and reductions of \$0.3 million for highway safety programs and \$2.4 million for Minimum Penalties for Repeat Offenders for Driving While Intoxicated grant, which encourages states to adopt and enforce repeat intoxicated offender laws. The Department indicates that the National Highway Safety Administration will no longer be administering this grant and that funding for this will be shown as part of the Federal Highway Administration funding. *The Governor recommends funding as requested.*

Congested Mitigation Air Quality Grants. The Department requests \$6.3 million, \$0.6 million more than enacted from federal funds for congested mitigation air quality grants to fund transportation projects and programs to help meet the requirements of the federal Clean Air Act. *The Governor recommends funding as requested.*

All Other Operating. The Department requests \$1.6 million from all funds, \$0.9 million less than enacted for all other operating costs. This includes an increase of \$60,630 from other funds, \$4,080 less from federal funds and \$0.9 million less from restricted receipts to reflect anticipated receipts that the Department will receive from municipalities for work it will perform in FY 2017, consistent with the FY 2016 revised request. *The Governor recommends funding as requested.*

