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# **Section VI**

## **Special Reports**

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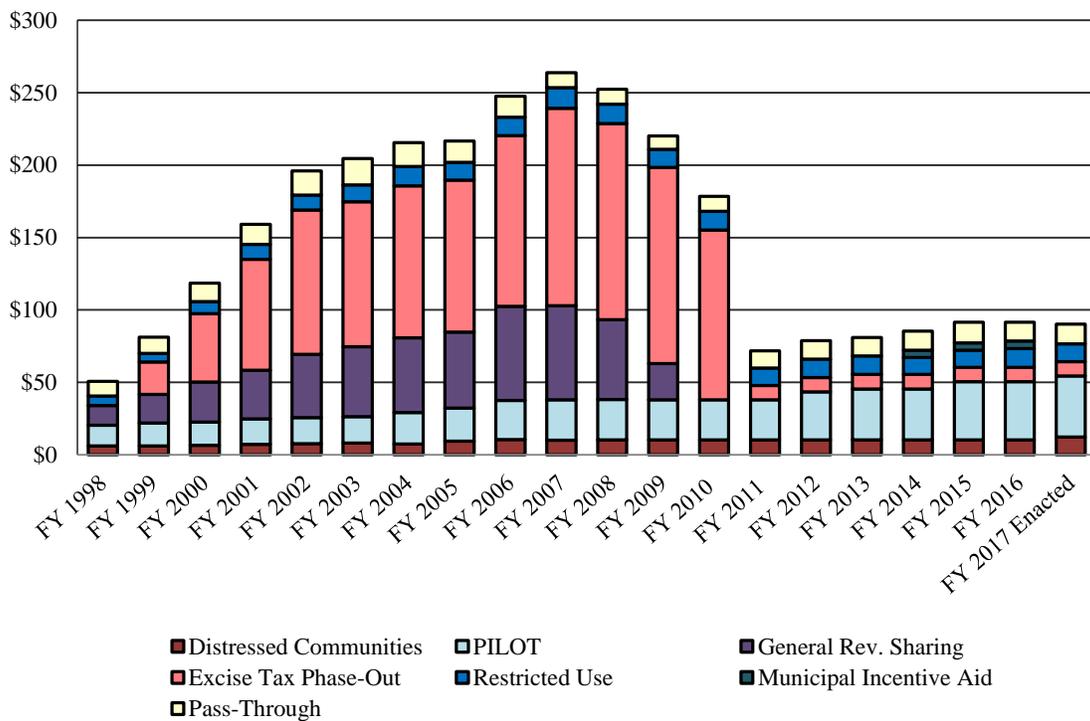


# State Aid to Local Governments

## Introduction

The Assembly provided state aid to cities and towns totaling \$78.6 million in FY 2016 and \$76.6 million in FY 2017. Funding for general aid programs in FY 2016 includes the enacted level of \$65.6 million. Funding for general aid programs in FY 2017 includes \$64.4 million, \$1.3 million less than the enacted level. The recommendation for restricted use programs includes \$13.0 million, which is \$0.4 million less than enacted, for FY 2016 and \$12.3 million, which is \$1.1 million less than enacted, for FY 2017. Local communities will also receive \$13.0 million for FY 2016 and \$13.6 million for FY 2017 in public service corporation property taxes, which the state collects and passes through to the communities.

The following graph shows historical funding data, in millions. The graph below also shows the allocation of funding for state aid programs from FY 1998 through the FY 2017 enacted amount.



The major changes included in the aid proposal are discussed on the following pages, followed by tables that show recommended distribution of general aid by community as well as restricted aid programs by community, including library operating aid, which is considered restricted and is not included in the general aid totals, and public service corporations' tax collections, a local levy collected at the state level and returned to local governments for tax collection efficiency purposes. It should be noted that the FY 2017 enacted amount for the Motor Vehicle Excise Tax Phase Out program will require data updates not reflected in the distributions. Those updates will likely change allocations to each community.

**General.** The Assembly provided the enacted level of \$65.6 million for FY 2016 and \$64.4 million for FY 2017 for general state aid programs to local governments.

<b>Fiscal Year</b>	<b>1990</b>	<b>2000</b>	<b>2005</b>	<b>2010</b>	<b>2015</b>	<b>2016</b>	<b>2017 Enacted</b>
<b>General Aid - State Sources</b>							
Distressed Communities	\$ -	\$ 6.6	\$ 9.5	\$ 10.4	\$ 10.4	\$ 10.4	\$ 12.4
PILOT	0.3	16.1	22.7	27.6	40.1	40.1	42.0
Excise Tax Phase-Out	-	47.3	105.0	117.2	10.0	10.0	10.0
Municipal Incentive Aid	-	-	-	-	5.0	5.1	-
General Rev. Sharing	27.8	27.6	52.4	-	-	-	-
<b>Subtotal</b>	<b>\$ 28.1</b>	<b>\$ 97.5</b>	<b>\$ 189.7</b>	<b>\$ 155.1</b>	<b>\$ 65.5</b>	<b>\$ 65.6</b>	<b>\$ 64.4</b>
<b>Restricted Use Aid - State Sources</b>							
Library Resource Aid	\$ 1.6	\$ 5.7	\$ 8.1	\$ 8.8	\$ 8.8	\$ 8.8	\$ 9.4
Library Const. Aid	1.3	1.6	2.5	2.6	2.3	2.7	2.2
Police & Fire Incentive	4.1	0.9	1.1	-	-	-	-
Prop. Val. Reimb.	-	0.0	0.6	1.6	0.7	1.4	0.6
Oversight Reimbursement	-	-	-	-	0.1	0.1	0.1
<b>Subtotal</b>	<b>\$ 7.2</b>	<b>\$ 8.2</b>	<b>\$ 12.3</b>	<b>\$ 13.0</b>	<b>\$ 11.9</b>	<b>\$ 13.0</b>	<b>\$ 12.3</b>
<b>Total - State Sources</b>	<b>\$ 35.2</b>	<b>\$ 105.7</b>	<b>\$ 202.0</b>	<b>\$ 168.2</b>	<b>\$ 77.4</b>	<b>\$ 78.6</b>	<b>\$ 76.6</b>
<b>Other Aid - Pass-Through</b>							
<b>Public Service Corp.</b>	<b>\$ 9.9</b>	<b>\$ 12.8</b>	<b>\$ 14.6</b>	<b>\$ 10.2</b>	<b>\$ 14.3</b>	<b>\$ 13.0</b>	<b>\$ 13.6</b>

*In millions*

- ***Distressed Communities Relief Fund.*** The Assembly provided \$12.4 million for the Distressed Communities Relief Fund. Communities' aid distribution is based on updated qualifying tax levies and reflects inclusion of Cranston and exclusion of East Providence as distressed communities for FY 2017. For both the first year of a community's qualification as a distressed community and the year that a community no longer qualifies, it receives a transition payment of half its proportional share. Funding provided for FY 2017 is \$2.0 million more than enacted and recommended by the Governor.

The Assembly enacted legislation requiring that all communities qualifying as distressed participate in the Division of Taxation's refund offset program to collect taxes owed. Five of the seven communities that will receive payment for FY 2017 are already participants. The Budget also includes legislation establishing that if the Assembly appropriates more than the enacted level for the program, all communities will receive shares, even if they are receiving a transition payment.

- ***Payment in Lieu of Taxes Program.*** The Assembly provided \$42.0 million for FY 2017 for the Payment in Lieu of Taxes program that reimburses municipalities for property taxes that would have been due on real property exempted from taxation by state law, including property owned by private nonprofit higher educational institutions, nonprofit hospitals, or any state-owned hospital, veterans' residential facility, or correctional facility. Municipalities may be reimbursed up to 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation. If the appropriation is less than the necessary amount, the reimbursements are ratably reduced. The recommendation is \$1.9 million more than enacted and represents full funding for the program. The FY 2016 enacted budget provided reimbursements totaling \$40.1 million, representing 23.7 percent of the value.

- ***Motor Vehicle Excise Tax Phase-Out.*** The Assembly funded the Motor Vehicle Excise Tax program at the enacted level of \$10.0 million for FY 2017. The 2010 Assembly enacted legislation mandating a \$500 exemption, for which the state will reimburse municipalities an amount subject to appropriation. State law allows municipalities to provide an additional exemption; however, that additional exemption will not be subject to reimbursement. The distribution assumed for FY 2017 is based on tax year 2014 data; the distribution will be adjusted in fall 2016, when updated tax rolls are available from communities.

- ***Municipal Incentive Aid.*** For FY 2016, the Assembly provided \$5.1 million for the Municipal Incentive Aid program to encourage sustainable funding of retirement plans and reduction of unfunded liabilities. This includes the enacted amount of \$5.0 million for the third and final year of the program and \$0.1 million representing Johnston's FY 2015 share, which was reappropriated consistent with current law. For FY 2015 and FY 2016, 38 municipalities qualified. As Johnston did not meet the funding requirements for both years, its FY 2015 proportional share was redistributed amongst the other qualifying communities in May 2016. The Assembly assumed Johnston's FY 2016 payment will be reappropriated to FY 2017. Consistent with current law, the Assembly did not provide new funds for FY 2017.
- ***Library Resource Sharing Aid.*** The Assembly provided \$9.4 million for library aid, \$0.9 million more than recommended by the Governor. Current law allows 25.0 percent reimbursement of second prior year expenditures; the recommendation reflects a reimbursement of 23.7 percent. The Assembly concurred with the Governor's recommendation to reduce the statewide library resource reference grant by \$0.3 million; \$212,500 of the reduction is for tutoring sessions, citizenship tests, and prepping for General Education Diplomas; \$63,826 is for the Heritage Quest and African American Heritage research databases; and \$35,000 is for business and marketing reference databases.
- ***Library Construction Aid.*** The Assembly provided \$2.2 million to fully fund library construction aid requirements. The state reimburses libraries up to half of the total costs for eligible projects on an installment basis, for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of the project. The 2011 Assembly adopted a three-year moratorium on the acceptance of applications for library construction aid projects that ended on July 1, 2014.
- ***Property Valuation Reimbursement.*** The Assembly provided \$1.4 million for FY 2016 and \$0.6 million for FY 2017 to reimburse communities conducting property valuation updates. The final FY 2016 funding level is \$0.4 million less than recommended by the Governor to reflect actual expenditures. The Governor had proposed legislation to alter the current property revaluation schedule to statistical updates to property valuations every fifth and tenth year, with full revaluations occurring every fifteenth year, effective as of the assessment date of December 31, 2017. The Assembly did not concur.
- ***Oversight Reimbursement.*** The Assembly provided \$0.1 million, \$26,869 less than enacted, for both FY 2016 and FY 2017 to provide reimbursements of 50.0 percent of the cost of a financial advisor position to communities no longer under state Fiscal Stability Act oversight, reflective of historical expenditures.
- ***Public Service Corporation Tax.*** The Budget assumes the state will collect and distribute the enacted level of \$13.0 million for FY 2016 and \$13.6 million for FY 2017 of property taxes from public service corporations on behalf of municipalities and pass that back to them. The 2009 Assembly adopted the Governor's recommendation to freeze the tax rate applied to the tangible personal property of public service corporations at the FY 2008 rate.

### **State Aid**

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

*Restricted use* aid includes payments made to a municipality for a specific purpose or payments to non-governmental entities providing a public service, including library aid. The largest source of restricted aid

is education aid, not included here. This information is shown separately in the Education Aid report in this publication.

*Pass-through aid* in the form of the Public Service Corporation tax is a third category often listed as state aid. However, it is not paid for from state sources. For efficiency of collections, the Division of Taxation collects this local levy at the state level and returns the collections back to the local governments.

### General State Aid

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

Rankings	Central Falls	Cranston	East Providence	North Providence	Pawtucket	Providence	West Warwick	Woonsocket
FY 2014								
Levy/Full Value	3	5	10	4	8	1	6	2
Per Capita Income 2011	1	7	9	6	4	3	5	2
Personal Income/Full Value	1	12	13	6	3	8	4	2
Full Value Per Capita	1	8	9	6	3	4	5	2
Qualifying Rankings	4	3	0	4	4	4	4	4
FY 2015								
Levy/Full Value	1	7	11	5	8	2	6	3
Per Capita Income 2012	1	8	6	7	4	3	5	2
Personal Income/Full Value	1	16	22	6	3	14	4	2
Full Value Per Capita	1	9	10	6	3	4	5	2
Qualifying Rankings	4	2	1	4	4	3	4	4
FY 2016								
Levy/Full Value	2	7	8	4	5	3	6	1
Per Capita Income 2013	1	8	5	7	3	4	6	2
Personal Income/Full Value	1	13	15	5	3	14	4	2
Full Value Per Capita	1	9	7	6	3	4	5	2
Qualifying Rankings	4	2	3	4	4	3	4	4
FY 2017								
Levy/Full Value	3	8	9	5	7	2	4	1
Per Capita Income 2014	1	8	6	7	2	4	5	3
Personal Income/Full Value	1	13	15	5	4	7	2	3
Full Value Per Capita	1	8	7	6	3	4	5	2
Qualifying Rankings	4	3	2	4	4	4	4	4

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

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

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

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

The Assembly provided \$12.4 million, which is \$2.0 million more than the enacted level for the Distressed Communities Relief program. Communities' aid distribution in FY 2017 is based on updated qualifying tax levies.

Most funds are distributed based on the ratio of an eligible municipality's tax levy to the total tax levy of all eligible municipalities. However, when a new community qualifies, that community receives 50.0 percent of current law requirements the first year it qualifies. The remaining 50.0 percent is distributed to the other distressed communities proportionately. For FY 2017, Cranston qualifies for the program and the budget provides it a transition payment for its first year.

When a community falls out of the program, it receives a one-time transition payment of 50.0 percent of the prior year requirement exclusive of any reduction for first year qualification. East Providence entered the program in FY 2016 and will no longer qualify as of FY 2017. The FY 2017 budget includes a 50.0 percent transition payment out of the program for East Providence.

The Assembly enacted legislation requiring that all communities qualifying as distressed participate in the Division of Taxation's refund offset program to collect taxes owed. Five of the seven communities that will receive payment for FY 2017 are already participants. The Budget also includes legislation establishing that if the Assembly appropriates more than the enacted level for the program, distressed communities will receive shares determined by two calculations. The first is based on the community's tax levy, relative to the total tax levy of all distressed communities. The second is based on the city or town's proportional share of the enacted level; the municipality will receive that percent share of the increase.

**Payment in Lieu of Taxes (PILOT).** This program reimburses cities and towns for property taxes, which would have been due on real property owned by private nonprofit higher educational institutions or nonprofit hospitals, or any state-owned hospital, veterans' residential facility or correctional facility, which is exempt from taxation by state law. Municipalities may be reimbursed up to 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation. The state makes one payment to communities in July of each year. If the appropriation is less than the necessary amount, the reimbursements are ratably reduced.

The Assembly provided \$42.0 million for FY 2017, which is \$1.9 million more than enacted and represents full funding of the current law allowance of reimbursement of 27.0 percent of the value. The enacted budget provided reimbursements totaling \$40.1 million, representing 23.7 percent of the value.

**Motor Vehicle Excise Tax Phase-Out.** The 1998 General Assembly enacted legislation to eliminate the property tax on motor vehicles and trailers over a period of seven years. It was modified in subsequent legislative sessions to substantially extend the phase-out period. The exemption is a reduction in the assessed value subject to taxation. Cities and towns are paid by the state for the lost taxes due to the exemptions.

It began with a \$1,500 exemption for FY 2000 tax bills. Cities and towns were held harmless for the exemptions and were reimbursed on the basis of 100 percent collections. They also received adjustments for freezing tax rates at the FY 1998 level through FY 2003. Fire districts could no longer levy motor vehicle excise taxes, and they were fully reimbursed for the lost revenues.

The 2008 Assembly adopted Governor Carcieri's recommendation to maintain the exemption at \$6,000 for FY 2008 and FY 2009, and to permanently reduce the Motor Vehicle Excise Tax reimbursements to 98.0 percent of the calculated value beginning with FY 2008.

Governor Carcieri included legislation in his FY 2010 revised budget to eliminate the third and the fourth quarter reimbursements to municipalities and subject future exemptions to the annual appropriations act for FY 2011 and thereafter.

The 2010 Assembly provided \$117.2 million to fund the program at 88.0 percent of the amount that would have been due in FY 2010. It also enacted legislation that mandates a \$500 exemption for which the state will reimburse municipalities an amount subject to appropriation for FY 2011 and thereafter. It has been funded at \$10.0 million since. Municipalities may provide an additional exemption; it is not subject to reimbursement. The Assembly removed the prohibition on taxing the difference when the value of a vehicle is higher than assessed in the prior fiscal year. It allowed motor vehicle rates and ratios of assessment to be less than earlier levels, which were frozen. The Assembly also restored fire districts' authority to levy a motor vehicles excise tax and excluded them from reimbursements.

The Assembly provided the enacted amount of \$10.0 million for FY 2017. The distribution assumed for FY 2017 is based on tax year 2014 data; the distribution will be adjusted in fall 2016, when updated tax rolls are available from communities.

**Municipal Incentive Aid.** The FY 2016 enacted budget includes \$5.0 million for the Municipal Incentive Aid program, which encourages sustainable funding of retirement plans and reduction of unfunded liabilities. The program was conceived as a three year program; FY 2016 is the third and final year. Consistent with current law, the Assembly did not include funding for the program for FY 2017 and the out-year forecast does not assume continued funding.

To receive aid, municipalities must meet certain benchmarks for each program year. For FY 2014, a municipality could receive funds if it had no locally administered pension plan, if it submitted an approved Funding Improvement Plan by June 1, 2013, or if its locally administered plan was not required to submit a Funding Improvement Plan. A municipality qualifies for the program for FY 2015 and FY 2016 if its pension plan is in the state-administered Municipal Employees Retirement System; if it has submitted or implemented an approved Funding Improvement Plan within 18 months of critical status notification; or, if it is not required to submit a Funding Improvement Plan and is making 100 percent of its required funding payment.

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

For FY 2014, 38 municipalities qualified for the program. Coventry did not submit a funding improvement plan for one of its pension plans by the specified deadline; its FY 2014 payment was reappropriated to FY 2015, in which Coventry met the requirements for both years to receive its FY 2014 and FY 2015 proportional shares.

For FY 2015 and FY 2016, 38 municipalities qualified; Johnston did not meet the funding requirements for eligibility and its FY 2015 payment was reappropriated to FY 2016. However, as it did not meet the funding requirements for both years, its FY 2015 proportional share was redistributed amongst the other qualifying communities in May 2016. The final FY 2016 appropriation is \$5.1 million. Johnston's FY 2016 payment will be carried forward to FY 2017.

**General Revenue Sharing.** Beginning in FY 1994, a portion of total state tax revenues from the second prior fiscal year have been earmarked as state aid to cities and towns and distributed based on per capita income and local tax burdens for public purposes. In the FY 1999 budget, the General Assembly began

increasing the percentage of revenues dedicated to the General Revenue Sharing program as a mechanism for reimbursing municipalities for lost local revenues from the ten-year phase-out of the inventory tax.

Legislation in 2005 and 2006 provided that a portion of video lottery net terminal income from Lincoln and Newport, up to a maximum of \$10.0 million, would be dedicated to the program for non-distressed communities.

The 2009 Assembly adopted Governor Carcieri's recommendation to subject the program permanently to appropriation. It has not been funded since FY 2009.

### **Restricted Use State Aid**

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

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

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

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

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

Included in this aid program is the library resources services grant, which is provided to the Providence Public Library to serve as the state's reference resource center. The program is intended to provide high-quality reference services to libraries and their patrons, including research area-specific databases, librarian-assisted research, and some tutoring services. It has historically been funded at \$1.0 million per year. In her FY 2017 recommended budget, the Governor proposed a \$0.3 million reduction to the statewide library resource reference grant; \$212,500 of the reduction is for tutoring sessions, citizenship tests, and prepping for General Education Diplomas; \$63,826 is for the Heritage Quest and African American Heritage research databases; and \$35,000 is for business and marketing reference databases.

For FY 2017, the Assembly provided \$9.4 million for library aid, \$0.9 million more than was recommended by the Governor. Current law allows 25.0 percent reimbursement of second prior year expenditures; the recommendation reflects a reimbursement of 23.7 percent. The Assembly concurred with the Governor's proposed statewide library resource reference grant savings.

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

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

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

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

The 2011 Assembly adopted legislation to set a three-year moratorium on the acceptance of applications for library construction aid projects through the end of FY 2014. The Office has been permitted to accept applications since July 1, 2014. The Assembly provided \$2.2 million for FY 2017 to fully fund library construction aid.

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

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

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

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

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

The Assembly provided \$1.4 million for FY 2016 and \$0.6 million for FY 2017, reflecting actual and anticipated expenses for maximum allowable reimbursements for communities scheduled to complete revaluations. The state does not reimburse non-distressed municipalities for complete revaluations, only for updates. Expenditures fluctuate annually, as shown in the following table.

Fiscal Year	Expenditures
2015	\$ 696,500
2014	\$ 460,616
2013	\$ 1,611,032
2012	\$ 905,220
2011	\$ 790,000

For FY 2016, fifteen communities are required to conduct assessments and qualify for reimbursements, including Burrillville, Central Falls, Jamestown, Johnston, Lincoln, Little Compton, New Shoreham, North Kingstown, North Smithfield, Providence, Scituate, Smithfield, South Kingstown, West Warwick, and Westerly. For FY 2017, the communities that qualify for reimbursement are Charlestown, Cumberland, Gloucester, Hopkinton, North Providence, Richmond, and West Greenwich.

In her FY 2017 recommended budget, the Governor proposed legislation to alter the property revaluation schedule to statistical updates to property valuations every fifth and tenth year, with full revaluations occurring every fifteenth year, effective as of the assessment date of December 31, 2017. The Assembly did not concur.

**Actuarial Valuations.** Pension legislation adopted by the 2011 Assembly requires municipalities administering local plans to complete actuarial reviews and to submit them to the study commission, with the state reimbursing communities for half the cost. Governor Chafee included legislation in Article 26 of 2012-H 7323, clarifying that the state will reimburse municipalities for half of the cost of the actuarial valuations due on April 1, 2012. A total of \$0.3 million was spent over FY 2012 and FY 2013. Actuarial valuations from FY 2013 on are not reimbursed by the state.

**Oversight Reimbursement.** Legislation enacted by the 2013 Assembly requires that the state reimburse municipalities no longer subject to state Fiscal Stability Act oversight for 50.0 percent of the cost of an executive officer to act as a chief financial advisor. The Governor’s revised FY 2015 recommendation included \$0.1 million, reflective of financial advisors contracted in Central Falls and East Providence and the anticipated establishment of a financial advisor position in Woonsocket, as of January 1, 2015. For FY 2016 and FY 2017, the Assembly provided \$0.1 million, \$26,869 less than enacted, to reflect historical expenditures for reimbursements to Central Falls, East Providence, and Woonsocket.

### **Pass-Through Revenues**

**Public Service Corporation Tax.** The Budget assumes the state will collect and distribute the enacted level of \$13.0 million for FY 2016 and \$13.6 million for FY 2017 of property taxes from public service corporations on behalf of municipalities and pass that back to them. The Assembly concurred with

Governor Carcieri's 2009 proposal to freeze the tax rate applied to the tangible personal property of public service corporations at the FY 2008 rates. Annual tax collections had dropped from \$16.6 million in FY 2004 to \$10.2 million in FY 2010.

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

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

### **Other Local Revenues**

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

<b>Fiscal Year</b>	<b>Total Collections</b>
2015	\$23,901,840
2014	\$22,334,876
2013	\$21,355,178
2012	\$20,995,381

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

<b>Fiscal Year</b>	<b>Total Collections</b>
2015	\$ 3,413,541
2014	\$ 3,138,100
2013	\$ 2,961,884
2012	\$ 2,811,493

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

## **Distribution by Community**

## General Aid Total

Includes Distressed Communities, PILOT, Motor Vehicles Excise Tax  
and Municipal Incentive Aid

<i>City or Town</i>	<i>FY 2016 Enacted</i>	<i>FY 2016 Gov. Rev.<sup>1</sup></i>	<i>FY 2016 Final<sup>1</sup></i>	<i>Change to Enacted</i>
Barrington	\$ 322,659	\$ 309,599	\$ 311,784	\$ (10,875)
Bristol	987,196	985,772	988,848	1,652
Burrillville	405,262	404,405	406,527	1,265
Central Falls	418,770	420,912	423,489	4,719
Charlestown	81,544	81,280	82,325	781
Coventry	412,443	411,137	415,797	3,354
Cranston	7,034,803	7,033,456	7,044,166	9,363
Cumberland	407,791	407,845	412,284	4,493
East Greenwich	485,269	484,897	486,648	1,379
East Providence	1,632,929	1,628,603	1,634,893	1,964
Exeter	123,783	123,883	124,749	966
Foster	79,602	95,373	95,982	16,380
Glocester	149,719	149,016	150,317	598
Hopkinton	108,374	108,032	109,118	744
Jamestown	47,851	47,824	48,545	694
Johnston <sup>1</sup>	560,296	696,415	559,977	(319)
Lincoln	298,541	299,263	302,072	3,531
Little Compton	29,570	29,488	29,954	384
Middletown	145,907	139,777	141,936	(3,971)
Narragansett	135,721	135,970	138,093	2,372
Newport	1,444,086	1,444,199	1,447,436	3,350
New Shoreham	10,539	10,689	10,816	277
North Kingstown	311,545	312,478	316,008	4,463
North Providence	2,249,779	2,245,971	2,250,248	469
North Smithfield	238,914	235,131	236,708	(2,206)
Pawtucket	3,069,757	3,071,258	3,080,758	11,001
Portsmouth	160,957	167,103	169,408	8,451
Providence	36,134,996	36,148,829	36,172,535	37,539
Richmond	103,118	102,090	103,113	(5)
Scituate	118,828	117,882	119,255	427
Smithfield	956,080	958,657	961,512	5,432
South Kingstown	457,843	458,770	462,821	4,978
Tiverton	134,118	134,311	136,401	2,283
Warren	142,324	142,564	143,993	1,669
Warwick	2,809,979	2,809,730	2,820,798	10,819
Westerly	454,162	462,061	465,103	10,942
West Greenwich	88,288	83,400	84,202	(4,085)
West Warwick	1,207,277	1,205,526	1,209,420	2,143
Woonsocket	1,504,248	1,497,706	1,503,225	(1,022)
<b>Total</b>	<b>\$ 65,464,867</b>	<b>\$ 65,601,305</b>	<b>\$ 65,601,267</b>	<b>\$ 136,400</b>

<sup>1</sup> Reflects Johnston out of compliance for Municipal Incentive Aid; assumes payment will be reappropriated

## General Aid Total

Includes Distressed Communities, PILOT, Motor Vehicles Excise Tax  
and Municipal Incentive Aid

<i>City or Town</i>	<i>FY 2016 Enacted</i>	<i>FY 2017 Gov. Rec.</i>	<i>FY 2017 Enacted</i>	<i>Change to FY 2016 Final</i>
Barrington	\$ 322,659	\$ 233,472	\$ 233,472	\$ (78,312)
Bristol	987,196	1,049,086	1,049,086	60,238
Burrillville	405,262	345,996	345,996	(60,531)
Central Falls	418,770	308,452	344,609	(78,880)
Charlestown	81,544	44,097	44,097	(38,228)
Coventry	412,443	244,791	244,791	(171,006)
Cranston	7,034,803	7,451,662	7,668,224	624,058
Cumberland	407,791	247,620	247,620	(164,664)
East Greenwich	485,269	516,397	516,397	29,749
East Providence	1,632,929	1,435,040	1,566,995	(67,898)
Exeter	123,783	92,110	92,110	(32,639)
Foster	79,602	72,955	72,955	(23,027)
Glocester	149,719	102,420	102,420	(47,897)
Hopkinton	108,374	69,295	69,295	(39,823)
Jamestown	47,851	22,042	22,042	(26,503)
Johnston <sup>1</sup>	560,296	422,637	422,637	(137,340)
Lincoln	298,541	198,583	198,583	(103,489)
Little Compton	29,570	12,896	12,896	(17,058)
Middletown	145,907	63,006	63,006	(78,930)
Narragansett	135,721	60,810	60,810	(77,283)
Newport	1,444,086	1,435,708	1,435,708	(11,728)
New Shoreham	10,539	6,714	6,714	(4,102)
North Kingstown	311,545	187,428	187,428	(128,580)
North Providence	2,249,779	1,255,941	1,422,762	(827,486)
North Smithfield	238,914	177,990	177,990	(58,718)
Pawtucket	3,069,757	2,627,289	2,873,394	(207,364)
Portsmouth	160,957	84,669	84,669	(84,739)
Providence	36,134,996	36,719,392	37,624,443	1,451,908
Richmond	103,118	65,687	65,687	(37,426)
Scituate	118,828	68,633	68,633	(50,622)
Smithfield	956,080	965,856	965,856	4,344
South Kingstown	457,843	337,948	337,948	(124,873)
Tiverton	134,118	59,170	59,170	(77,231)
Warren	142,324	92,183	92,183	(51,810)
Warwick	2,809,979	2,677,487	2,677,487	(143,311)
Westerly	454,162	375,840	375,840	(89,263)
West Greenwich	88,288	54,390	54,390	(29,812)
West Warwick	1,207,277	979,658	1,123,696	(85,725)
Woonsocket	1,504,248	1,198,209	1,351,520	(151,706)
<b>Total</b>	<b>\$ 65,464,867</b>	<b>\$ 62,363,560</b>	<b>\$ 64,363,560</b>	<b>\$ (1,237,706)</b>

## Distressed Communities Relief

<i>City or Town</i>	<i>FY 2016 Enacted</i>	<i>FY 2016 Gov. Rev.</i>	<i>FY 2016 Final</i>	<i>Change to Enacted</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	-	-	-	-
Central Falls	211,123	211,123	211,123	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	-	-	-	-
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	685,142	685,142	685,142	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	989,710	989,710	989,710	-
North Smithfield	-	-	-	-
Pawtucket	1,430,131	1,430,131	1,430,131	-
Portsmouth	-	-	-	-
Providence	5,332,583	5,332,583	5,332,583	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	835,708	835,708	835,708	-
Woonsocket	900,062	900,062	900,062	-
<b>Total</b>	<b>\$ 10,384,458</b>	<b>\$ 10,384,458</b>	<b>\$ 10,384,458</b>	<b>\$ -</b>

## Distressed Communities Relief

<i>City or Town</i>	<i>FY 2016 Enacted</i>	<i>FY 2017 Gov. Rec.</i>	<i>FY 2017 Enacted</i>	<i>Change to FY 2016 Final</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	-	-	-	-
Central Falls	211,123	187,737	223,894	12,771
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	-	1,124,439	1,341,001	1,341,001
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	685,142	685,142	817,097	131,955
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	989,710	866,171	1,032,992	43,282
North Smithfield	-	-	-	-
Pawtucket	1,430,131	1,277,831	1,523,936	93,805
Portsmouth	-	-	-	-
Providence	5,332,583	4,699,234	5,604,285	271,702
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	835,708	747,878	891,916	56,208
Woonsocket	900,062	796,025	949,336	49,275
<b>Total</b>	<b>\$ 10,384,458</b>	<b>\$ 10,384,458</b>	<b>\$ 12,384,458</b>	<b>\$ 2,000,000</b>

## Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2016 Enacted</i>	<i>FY 2016 Gov. Rev.</i>	<i>FY 2016 Final</i>	<i>Change to Enacted</i>
Barrington	\$ 14,638	\$ 14,638	\$ 14,638	\$ -
Bristol	784,360	784,360	784,360	-
Burrillville	127,468	127,468	127,468	-
Central Falls	21,411	21,411	21,411	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	5,645,799	5,645,799	5,645,799	-
Cumberland	119	119	119	-
East Greenwich	341,085	341,085	341,085	-
East Providence	218,245	218,245	218,245	-
Exeter	-	-	-	-
Foster	415	415	415	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	1,250,492	1,250,492	1,250,492	-
New Shoreham	-	-	-	-
North Kingstown	1,494	1,494	1,494	-
North Providence	713,714	713,714	713,714	-
North Smithfield	-	-	-	-
Pawtucket	508,302	508,302	508,302	-
Portsmouth	-	-	-	-
Providence	28,087,312	28,087,312	28,087,312	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	600,901	600,901	600,901	-
South Kingstown	173,565	173,565	173,565	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	1,453,550	1,453,550	1,453,550	-
Westerly	137,538	137,538	137,538	-
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	-	-	-	-
<b>Total</b>	<b>\$ 40,080,409</b>	<b>\$ 40,080,409</b>	<b>\$ 40,080,409</b>	<b>\$ -</b>

## Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2016 Enacted</i>	<i>FY 2017 Gov. Rec.</i>	<i>FY 2017 Enacted</i>	<i>Change to FY 2016 Final</i>
Barrington	\$ 14,638	\$ 15,995	\$ 15,995	\$ 1,357
Bristol	784,360	954,792	954,792	170,432
Burrillville	127,468	145,198	145,198	17,730
Central Falls	21,411	24,507	24,507	3,096
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	5,645,799	5,322,139	5,322,139	(323,660)
Cumberland	119	135	135	16
East Greenwich	341,085	434,980	434,980	93,895
East Providence	218,245	248,601	248,601	30,356
Exeter	-	-	-	-
Foster	415	-	-	(415)
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	1,250,492	1,357,719	1,357,719	107,227
New Shoreham	-	-	-	-
North Kingstown	1,494	1,737	1,737	243
North Providence	713,714	-	-	(713,714)
North Smithfield	-	-	-	-
Pawtucket	508,302	554,958	554,958	46,656
Portsmouth	-	-	-	-
Providence	28,087,312	30,137,743	30,137,743	2,050,431
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	600,901	710,097	710,097	109,196
South Kingstown	173,565	198,218	198,218	24,653
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	1,453,550	1,712,951	1,712,951	259,401
Westerly	137,538	159,333	159,333	21,795
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	-	-	-	-
<b>Total</b>	<b>\$ 40,080,409</b>	<b>\$ 41,979,103</b>	<b>\$ 41,979,103</b>	<b>\$ 1,898,694</b>

## Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2016 Enacted</i>	<i>FY 2016 Gov. Rev.</i>	<i>FY 2016 Final</i>	<i>Change to Enacted</i>
Barrington	\$ 230,537	\$ 217,477	\$ 217,477	\$ (13,060)
Bristol	95,718	94,294	94,294	(1,424)
Burrillville	201,655	200,798	200,798	(857)
Central Falls	94,066	96,208	96,208	2,142
Charlestown	44,361	44,097	44,097	(264)
Coventry	246,097	244,791	244,791	(1,306)
Cranston	1,006,431	1,005,084	1,005,084	(1,347)
Cumberland	247,431	247,485	247,485	54
East Greenwich	81,789	81,417	81,417	(372)
East Providence	505,623	501,297	501,297	(4,326)
Exeter	92,010	92,110	92,110	100
Foster	57,184	72,955	72,955	15,771
Glocester	103,123	102,420	102,420	(703)
Hopkinton	69,637	69,295	69,295	(342)
Jamestown	22,069	22,042	22,042	(27)
Johnston	422,956	422,637	422,637	(319)
Lincoln	197,861	198,583	198,583	722
Little Compton	12,978	12,896	12,896	(82)
Middletown	69,136	63,006	63,006	(6,130)
Narragansett	60,561	60,810	60,810	249
Newport	77,876	77,989	77,989	113
New Shoreham	6,564	6,714	6,714	150
North Kingstown	184,758	185,691	185,691	933
North Providence	393,578	389,770	389,770	(3,808)
North Smithfield	181,773	177,990	177,990	(3,783)
Pawtucket	792,999	794,500	794,500	1,501
Portsmouth	78,523	84,669	84,669	6,146
Providence	1,868,582	1,882,415	1,882,415	13,833
Richmond	66,715	65,687	65,687	(1,028)
Scituate	69,579	68,633	68,633	(946)
Smithfield	253,182	255,759	255,759	2,577
South Kingstown	138,803	139,730	139,730	927
Tiverton	58,977	59,170	59,170	193
Warren	91,943	92,183	92,183	240
Warwick	964,785	964,536	964,536	(249)
Westerly	208,608	216,507	216,507	7,900
West Greenwich	59,278	54,390	54,390	(4,887)
West Warwick	233,530	231,779	231,779	(1,751)
Woonsocket	408,725	402,183	402,183	(6,541)
<b>Total</b>	<b>\$ 10,000,000</b>	<b>\$ 10,000,000</b>	<b>\$ 10,000,000</b>	<b>\$ -</b>

## Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2016 Enacted</i>	<i>FY 2017 Gov. Rec.*</i>	<i>FY 2017 Enacted*</i>	<i>Change to FY 2016 Final</i>
Barrington	\$ 230,537	\$ 217,477	\$ 217,477	\$ -
Bristol	95,718	94,294	94,294	-
Burrillville	201,655	200,798	200,798	-
Central Falls	94,066	96,208	96,208	-
Charlestown	44,361	44,097	44,097	-
Coventry	246,097	244,791	244,791	-
Cranston	1,006,431	1,005,084	1,005,084	-
Cumberland	247,431	247,485	247,485	-
East Greenwich	81,789	81,417	81,417	-
East Providence	505,623	501,297	501,297	-
Exeter	92,010	92,110	92,110	-
Foster	57,184	72,955	72,955	-
Glocester	103,123	102,420	102,420	-
Hopkinton	69,637	69,295	69,295	-
Jamestown	22,069	22,042	22,042	-
Johnston	422,956	422,637	422,637	-
Lincoln	197,861	198,583	198,583	-
Little Compton	12,978	12,896	12,896	-
Middletown	69,136	63,006	63,006	-
Narragansett	60,561	60,810	60,810	-
Newport	77,876	77,989	77,989	-
New Shoreham	6,564	6,714	6,714	-
North Kingstown	184,758	185,691	185,691	-
North Providence	393,578	389,770	389,770	-
North Smithfield	181,773	177,990	177,990	-
Pawtucket	792,999	794,500	794,500	-
Portsmouth	78,523	84,669	84,669	-
Providence	1,868,582	1,882,415	1,882,415	-
Richmond	66,715	65,687	65,687	-
Scituate	69,579	68,633	68,633	-
Smithfield	253,182	255,759	255,759	-
South Kingstown	138,803	139,730	139,730	-
Tiverton	58,977	59,170	59,170	-
Warren	91,943	92,183	92,183	-
Warwick	964,785	964,536	964,536	-
Westerly	208,608	216,507	216,507	-
West Greenwich	59,278	54,390	54,390	-
West Warwick	233,530	231,779	231,779	-
Woonsocket	408,725	402,183	402,183	-
<b>Total</b>	<b>\$ 10,000,000</b>	<b>\$ 10,000,000</b>	<b>\$ 10,000,000</b>	<b>\$ -</b>

*\*Reflects FY 2016 data; distribution will be revised in fall 2016.*

## Municipal Incentive Aid

<i>City or Town</i>	<i>FY 2016 Enacted</i>	<i>FY 2016 Gov. Rev.</i>	<i>FY 2016 Final</i>	<i>Change to Enacted</i>
Barrington	\$ 77,484	\$ 77,484	\$ 79,669	\$ 2,185
Bristol	107,118	107,118	110,194	3,076
Burrillville	76,139	76,139	78,261	2,122
Central Falls	92,170	92,170	94,747	2,577
Charlestown	37,183	37,183	38,228	1,045
Coventry	166,346	166,346	171,006	4,660
Cranston	382,573	382,573	393,283	10,710
Cumberland	160,241	160,241	164,680	4,439
East Greenwich	62,395	62,395	64,146	1,751
East Providence	223,919	223,919	230,209	6,290
Exeter	31,773	31,773	32,639	866
Foster	22,003	22,003	22,612	609
Glocester	46,596	46,596	47,897	1,301
Hopkinton	38,737	38,737	39,823	1,086
Jamestown	25,782	25,782	26,503	721
Johnston <sup>1</sup>	137,340	273,778	137,340	-
Lincoln	100,680	100,680	103,489	2,809
Little Compton	16,592	16,592	17,058	466
Middletown	76,771	76,771	78,930	2,159
Narragansett	75,160	75,160	77,283	2,123
Newport	115,718	115,718	118,955	3,237
New Shoreham	3,975	3,975	4,102	127
North Kingstown	125,293	125,293	128,823	3,530
North Providence	152,777	152,777	157,054	4,277
North Smithfield	57,141	57,141	58,718	1,577
Pawtucket	338,325	338,325	347,825	9,500
Portsmouth	82,434	82,434	84,739	2,305
Providence	846,519	846,519	870,225	23,706
Richmond	36,403	36,403	37,426	1,023
Scituate	49,249	49,249	50,622	1,373
Smithfield	101,997	101,997	104,852	2,855
South Kingstown	145,475	145,475	149,526	4,051
Tiverton	75,141	75,141	77,231	2,090
Warren	50,381	50,381	51,810	1,429
Warwick	391,644	391,644	402,712	11,068
Westerly	108,016	108,016	111,058	3,042
West Greenwich	29,010	29,010	29,812	802
West Warwick	138,039	138,039	141,933	3,894
Woonsocket	195,461	195,461	200,980	5,519
<b>Total</b>	<b>\$ 5,000,000</b>	<b>\$ 5,136,438</b>	<b>\$ 5,136,400</b>	<b>\$ 136,400</b>

## Municipal Incentive Aid

<i>City or Town</i>	<i>FY 2016 Enacted</i>	<i>FY 2017 Gov. Rec.<sup>1</sup></i>	<i>FY 2017 Enacted<sup>1</sup></i>	<i>Change to FY 2016 Final<sup>1</sup></i>
Barrington	\$ 77,484	\$ -	\$ -	\$ (79,669)
Bristol	107,118	-	-	(110,194)
Burrillville	76,139	-	-	(78,261)
Central Falls	92,170	-	-	(94,747)
Charlestown	37,183	-	-	(38,228)
Coventry	166,346	-	-	(171,006)
Cranston	382,573	-	-	(393,283)
Cumberland	160,241	-	-	(164,680)
East Greenwich	62,395	-	-	(64,146)
East Providence	223,919	-	-	(230,209)
Exeter	31,773	-	-	(32,639)
Foster	22,003	-	-	(22,612)
Glocester	46,596	-	-	(47,897)
Hopkinton	38,737	-	-	(39,823)
Jamestown	25,782	-	-	(26,503)
Johnston <sup>1</sup>	137,340	-	-	(137,340)
Lincoln	100,680	-	-	(103,489)
Little Compton	16,592	-	-	(17,058)
Middletown	76,771	-	-	(78,930)
Narragansett	75,160	-	-	(77,283)
Newport	115,718	-	-	(118,955)
New Shoreham	3,975	-	-	(4,102)
North Kingstown	125,293	-	-	(128,823)
North Providence	152,777	-	-	(157,054)
North Smithfield	57,141	-	-	(58,718)
Pawtucket	338,325	-	-	(347,825)
Portsmouth	82,434	-	-	(84,739)
Providence	846,519	-	-	(870,225)
Richmond	36,403	-	-	(37,426)
Scituate	49,249	-	-	(50,622)
Smithfield	101,997	-	-	(104,852)
South Kingstown	145,475	-	-	(149,526)
Tiverton	75,141	-	-	(77,231)
Warren	50,381	-	-	(51,810)
Warwick	391,644	-	-	(402,712)
Westerly	108,016	-	-	(111,058)
West Greenwich	29,010	-	-	(29,812)
West Warwick	138,039	-	-	(141,933)
Woonsocket	195,461	-	-	(200,980)
<b>Total</b>	<b>\$ 5,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (5,136,400)</b>

<sup>1</sup> FY 2016 is third and final year of the program.

## Library Aid

<i>City or Town</i>	<i>FY 2016 Enacted</i>	<i>FY 2016 Gov. Rev.</i>	<i>FY 2016 Final</i>	<i>Change to Enacted</i>
Barrington	\$ 337,167	\$ 337,167	\$ 337,167	\$ -
Bristol	168,505	168,505	168,505	-
Burrillville	144,949	144,949	144,949	-
Central Falls	26,046	26,046	26,046	-
Charlestown	46,654	46,654	46,654	-
Coventry	217,150	217,150	217,150	-
Cranston	553,271	553,271	553,271	-
Cumberland	266,665	266,665	266,665	-
East Greenwich	121,208	121,208	121,208	-
East Providence	354,339	354,339	354,339	-
Exeter	45,910	45,910	45,910	-
Foster	30,796	30,796	30,796	-
Glocester	70,625	70,625	70,625	-
Hopkinton	31,101	31,101	31,101	-
Jamestown	87,375	87,375	87,375	-
Johnston	116,751	116,751	116,751	-
Lincoln	195,339	195,339	195,339	-
Little Compton	30,355	30,355	30,355	-
Middletown	135,162	135,162	135,162	-
Narragansett	120,040	120,040	120,040	-
Newport	380,016	380,016	380,016	-
New Shoreham	80,325	80,325	80,325	-
North Kingstown	266,128	266,128	266,128	-
North Providence	175,272	175,272	175,272	-
North Smithfield	65,478	65,478	65,478	-
Pawtucket	336,605	336,605	336,605	-
Portsmouth	101,476	101,476	101,476	-
Providence*	2,213,877	2,213,877	2,213,877	-
Richmond	26,246	26,246	26,246	-
Scituate	94,694	94,694	94,694	-
Smithfield	269,640	269,640	269,640	-
South Kingstown	201,734	201,734	201,734	-
Tiverton	100,382	100,382	100,382	-
Warren	54,101	54,101	54,101	-
Warwick	673,157	673,157	673,157	-
Westerly	274,847	274,847	274,847	-
West Greenwich	29,133	29,133	29,133	-
West Warwick	152,016	152,016	152,016	-
Woonsocket	178,865	178,865	178,865	-
<b>Total</b>	<b>\$ 8,773,398</b>	<b>\$ 8,773,398</b>	<b>\$ 8,773,398</b>	<b>\$ -</b>

\*Includes the Statewide Reference Library Resource Grant.

## Library Aid

<i>City or Town</i>	<i>FY 2016 Enacted</i>	<i>FY 2017 Gov. Rec.</i>	<i>FY 2017 Enacted</i>	<i>Change to FY 2016 Final</i>
Barrington	\$ 337,167	\$ 335,108	\$ 374,284	\$ 37,118
Bristol	168,505	166,405	185,859	17,355
Burrillville	144,949	148,100	165,414	20,466
Central Falls	26,046	27,329	30,523	4,478
Charlestown	46,654	45,860	51,221	4,567
Coventry	217,150	218,795	244,374	27,224
Cranston	553,271	532,966	595,274	42,003
Cumberland	266,665	257,539	287,647	20,982
East Greenwich	121,208	120,238	134,295	13,087
East Providence	354,339	378,230	422,447	68,108
Exeter	45,910	46,635	52,087	6,177
Foster	30,796	30,855	34,462	3,666
Glocester	70,625	70,519	78,763	8,138
Hopkinton	31,101	32,498	36,298	5,197
Jamestown	87,375	103,012	115,055	27,680
Johnston	116,751	109,419	122,211	5,460
Lincoln	195,339	188,503	210,541	15,202
Little Compton	30,355	32,587	36,397	6,042
Middletown	135,162	132,148	147,598	12,436
Narragansett	120,040	137,056	153,079	33,039
Newport	380,016	373,835	417,539	37,523
New Shoreham	80,325	79,074	88,318	7,993
North Kingstown	266,128	262,939	293,678	27,550
North Providence	175,272	172,113	192,234	16,962
North Smithfield	65,478	70,542	78,789	13,311
Pawtucket	336,605	344,226	384,468	47,863
Portsmouth	101,476	104,692	116,931	15,455
Providence*	2,213,877	1,913,346	2,047,753	(166,124)
Richmond	26,246	24,414	27,268	1,022
Scituate	94,694	93,578	104,517	9,823
Smithfield	269,640	267,699	298,995	29,355
South Kingstown	201,734	202,034	225,653	23,919
Tiverton	100,382	103,934	116,085	15,703
Warren	54,101	51,736	57,784	3,683
Warwick	673,157	662,405	739,844	66,687
Westerly	274,847	284,845	318,145	43,298
West Greenwich	29,133	28,930	32,312	3,179
West Warwick	152,016	145,607	162,630	10,614
Woonsocket	178,865	162,323	181,300	2,435
<b>Total</b>	<b>\$ 8,773,398</b>	<b>\$ 8,462,072</b>	<b>\$ 9,362,072</b>	<b>\$ 588,674</b>

\*Includes the Statewide Reference Library Resource Grant.

## Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2016 Enacted</i>	<i>FY 2016 Gov. Rev.</i>	<i>FY 2016 Final</i>	<i>Change to Enacted</i>
Barrington	\$ 201,686	\$ 201,686	\$ 201,686	\$ -
Bristol	278,819	278,819	278,819	-
Burrillville	198,184	198,184	198,184	-
Central Falls	239,912	239,912	239,912	-
Charlestown	96,784	96,784	96,784	-
Coventry	432,985	432,985	432,985	-
Cranston	995,808	995,808	995,808	-
Cumberland	417,096	417,096	417,096	-
East Greenwich	162,408	162,408	162,408	-
East Providence	582,845	582,845	582,845	-
Exeter	82,701	82,701	82,701	-
Foster	57,271	57,271	57,271	-
Glocester	121,286	121,286	121,286	-
Hopkinton	100,831	100,831	100,831	-
Jamestown	67,109	67,109	67,109	-
Johnston	357,486	357,486	357,486	-
Lincoln	262,063	262,063	262,063	-
Little Compton	43,188	43,188	43,188	-
Middletown	199,830	199,830	199,830	-
Narragansett	195,635	195,635	195,635	-
Newport	301,205	301,205	301,205	-
New Shoreham	10,345	10,345	10,345	-
North Kingstown	326,128	326,128	326,128	-
North Providence	397,667	397,667	397,667	-
North Smithfield	148,734	148,734	148,734	-
Pawtucket	880,635	880,635	880,635	-
Portsmouth	214,568	214,568	214,568	-
Providence	2,203,425	2,203,425	2,203,425	-
Richmond	94,755	94,755	94,755	-
Scituate	128,192	128,192	128,192	-
Smithfield	265,491	265,491	265,491	-
South Kingstown	378,660	378,660	378,660	-
Tiverton	195,585	195,585	195,585	-
Warren	131,137	131,137	131,137	-
Warwick	1,019,420	1,019,420	1,019,420	-
Westerly	281,158	281,158	281,158	-
West Greenwich	75,512	75,512	75,512	-
West Warwick	359,305	359,305	359,305	-
Woonsocket	508,769	508,769	508,769	-
<b>Total</b>	<b>\$ 13,014,620</b>	<b>\$ 13,014,620</b>	<b>\$ 13,014,620</b>	<b>\$ -</b>

## Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2016 Enacted</i>	<i>FY 2017 Gov. Rec.*</i>	<i>FY 2017 Enacted*</i>	<i>Change to FY 2016 Final</i>
Barrington	\$ 201,686	\$ 201,686	\$ 209,719	\$ 8,032
Bristol	278,819	278,819	289,577	10,757
Burrillville	198,184	198,184	207,376	9,191
Central Falls	239,912	239,912	249,834	9,922
Charlestown	96,784	96,784	100,263	3,479
Coventry	432,985	432,985	450,490	17,505
Cranston	995,808	995,808	1,038,680	42,872
Cumberland	417,096	417,096	436,817	19,721
East Greenwich	162,408	162,408	168,882	6,474
East Providence	582,845	582,845	607,219	24,374
Exeter	82,701	82,701	85,909	3,208
Foster	57,271	57,271	59,761	2,490
Glocester	121,286	121,286	126,732	5,446
Hopkinton	100,831	100,831	104,846	4,015
Jamestown	67,109	67,109	70,086	2,977
Johnston	357,486	357,486	373,181	15,695
Lincoln	262,063	262,063	274,218	12,155
Little Compton	43,188	43,188	44,943	1,755
Middletown	199,830	199,830	207,028	7,198
Narragansett	195,635	195,635	203,230	7,595
Newport	301,205	301,205	316,689	15,484
New Shoreham	10,345	10,345	11,497	1,152
North Kingstown	326,128	326,128	339,927	13,799
North Providence	397,667	397,667	414,648	16,981
North Smithfield	148,734	148,734	155,854	7,120
Pawtucket	880,635	880,635	918,089	37,454
Portsmouth	214,568	214,568	223,391	8,823
Providence	2,203,425	2,203,425	2,298,821	95,396
Richmond	94,755	94,755	98,461	3,706
Scituate	128,192	128,192	134,071	5,879
Smithfield	265,491	265,491	276,509	11,018
South Kingstown	378,660	378,660	393,252	14,592
Tiverton	195,585	195,585	203,475	7,890
Warren	131,137	131,137	135,886	4,749
Warwick	1,019,420	1,019,420	1,056,511	37,091
Westerly	281,158	281,158	292,589	11,431
West Greenwich	75,512	75,512	78,764	3,252
West Warwick	359,305	359,305	372,833	13,528
Woonsocket	508,769	508,769	529,588	20,819
<b>Total</b>	<b>\$ 13,014,620</b>	<b>\$ 13,014,620</b>	<b>\$ 13,559,646</b>	<b>\$ -</b>

\*FY 2017 Gov. Rec. based on 2014 data; enacted level reflects updated 2015 data.

## Meals and Beverage Tax

<i>City or Town</i>	<i>FY 2012</i>	<i>FY 2013</i>	<i>FY 2014</i>	<i>FY 2015</i>
Barrington	\$ 135,686	\$ 137,483	\$ 150,289	\$ 160,982
Bristol	340,439	333,801	349,976	393,164
Burrillville	170,110	194,053	188,267	197,923
Central Falls	100,396	95,042	108,588	118,346
Charlestown	106,466	109,250	129,269	146,233
Coventry	359,173	353,161	369,572	392,485
Cranston	1,464,102	1,496,186	1,565,772	1,711,751
Cumberland	377,291	387,440	398,311	449,395
East Greenwich	467,401	505,899	542,163	603,838
East Providence	789,039	815,946	850,141	900,412
Exeter	73,550	77,753	82,729	91,328
Foster	14,081	14,837	15,555	15,854
Glocester	70,135	72,985	72,882	71,838
Hopkinton	47,474	51,648	48,816	48,178
Jamestown	81,039	77,397	82,430	93,444
Johnston	464,125	464,676	477,395	543,799
Lincoln	680,568	680,872	752,037	807,125
Little Compton	32,462	38,168	36,886	44,318
Middletown	609,116	601,666	650,819	650,757
Narragansett	534,213	500,618	523,958	583,414
Newport	1,833,841	1,912,423	1,850,957	2,069,020
New Shoreham	256,173	257,729	287,318	316,803
North Kingstown	463,093	462,381	473,098	507,483
North Providence	333,767	348,156	314,626	326,139
North Smithfield	181,683	195,593	229,300	242,418
Pawtucket	670,833	649,192	707,825	755,669
Portsmouth	172,717	177,469	175,345	179,150
Providence	4,443,753	4,555,807	4,744,243	4,927,997
Richmond	116,580	118,985	121,428	137,772
Scituate	60,262	67,382	63,926	68,385
Smithfield	558,121	582,110	649,927	678,253
South Kingstown	623,204	642,828	705,854	762,720
Tiverton	189,157	188,622	199,203	211,399
Warren	241,958	230,369	249,162	270,327
Warwick	2,319,661	2,338,168	2,502,697	2,657,702
Westerly	704,012	713,100	747,540	796,790
West Greenwich	97,853	103,943	124,809	136,840
West Warwick	311,829	313,596	321,518	337,902
Woonsocket	500,016	488,443	470,248	494,486
<b>Total</b>	<b>\$ 20,995,381</b>	<b>\$ 21,355,178</b>	<b>\$ 22,334,876</b>	<b>\$ 23,901,840</b>

## Local Hotel Tax

<i>City or Town</i>	<i>FY 2012</i>	<i>FY 2013</i>	<i>FY 2014</i>	<i>FY 2015</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	13,073	14,631	15,804	16,409
Burrillville	-	-	-	-
Central Falls	-	-	-	-
Charlestown	8,766	8,232	8,825	8,228
Coventry	30,491	29,526	34,086	40,343
Cranston	3,967	3,929	3,885	4,217
Cumberland	-	-	-	-
East Greenwich	158	229	370	249
East Providence	15,378	15,256	18,373	20,329
Exeter	-	-	-	-
Foster	57	38	104	93
Glocester	781	816	1,148	900
Hopkinton	-	-	-	-
Jamestown	4,409	4,043	3,870	4,743
Johnston	2,824	3,020	3,165	4,169
Lincoln	38,782	41,808	43,671	46,909
Little Compton	3,777	4,474	1,835	164
Middletown	263,989	259,616	289,889	331,476
Narragansett	34,552	34,265	34,462	36,258
Newport	744,778	790,380	815,986	862,954
New Shoreham	99,845	112,692	126,106	123,771
North Kingstown	28,071	31,236	32,951	36,732
North Providence	-	-	-	-
North Smithfield	1,108	1,379	1,284	1,444
Pawtucket	18,645	20,463	22,076	23,287
Portsmouth	3,627	3,943	4,913	8,333
Providence	753,159	782,201	825,596	901,828
Richmond	1,499	1,596	1,462	1,735
Scituate	1,717	1,458	2,059	2,824
Smithfield	56,265	56,971	62,429	65,311
South Kingstown	53,940	56,764	58,652	62,422
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	386,408	416,065	432,937	474,245
Westerly	143,201	163,639	188,057	218,992
West Greenwich	36,480	39,230	40,274	41,057
West Warwick	38,451	36,974	41,880	50,205
Woonsocket	23,292	27,010	21,953	23,914
<b>Total</b>	<b>\$ 2,811,493</b>	<b>\$ 2,961,884</b>	<b>\$ 3,138,100</b>	<b>\$ 3,413,541</b>

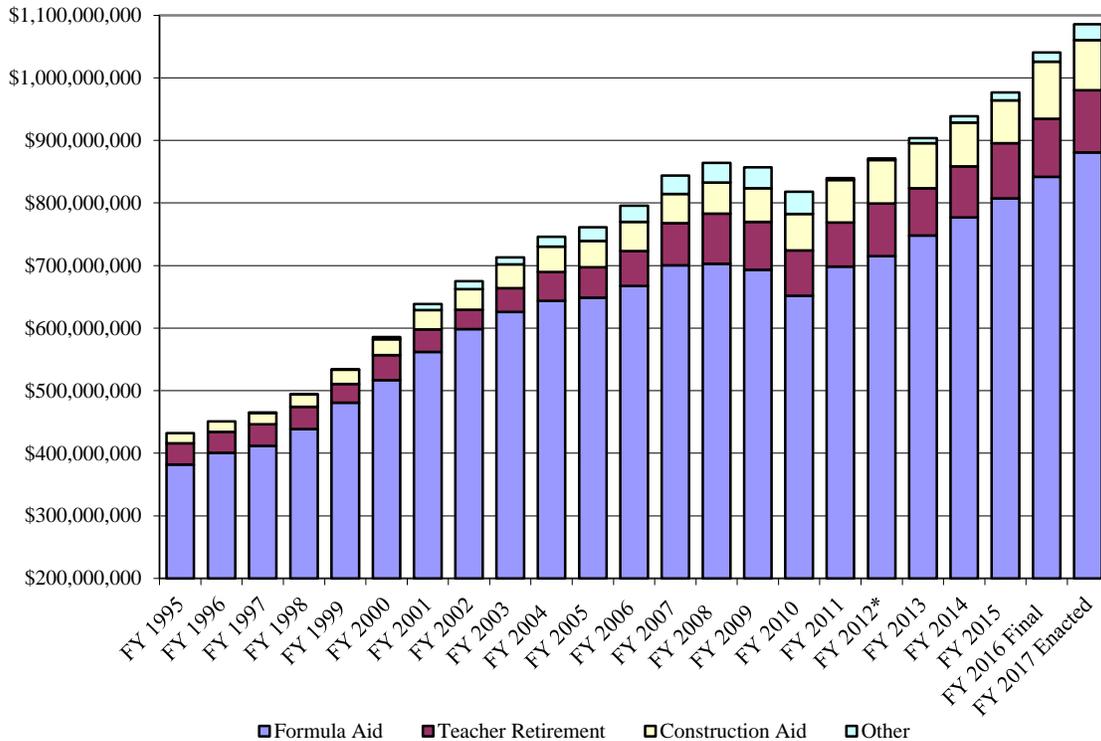


# Education Aid

## Summary

The Assembly enacted \$1,085.6 million for FY 2017 total aid for local school districts. This is \$45.2 million more than enacted for FY 2016. Funding for FY 2017 includes \$881.0 million in direct distributions to local school districts, \$24.5 million in categorical funding, \$1.0 million in other aid for distribution by the Department, \$99.1 million for the state's contribution to teacher retirement, and \$80.0 million for school construction costs.

## State Education Aid



\*Davies begins appearing with education aid

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

The funding plan also allows for additional support from the state to districts for high-cost special education students, career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. There is redistribution of aid among communities with some getting less aid than prior years. In an effort to mitigate any losses to communities, the formula is being phased in over a ten-year period. The budget for FY 2017 represents the sixth year of the phase in.

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 met eight times between November 3, 2015 and January 14, 2016. It issued a series of recommendations in a report that either impacted the education funding formula directly, or dealt with other regulations or statutes dealing with education funding, particularly at the local level. Based on those recommendations, the Governor recommended two new categories of additional state support: one to support English language learners and one to support those traditional districts that have at least 5.0 percent of their students enrolled at a school of choice, including charter and state schools. The Assembly concurred.

### Education Aid by Component

The Budget includes \$1,085.6 million for FY 2017 education aid for distribution to districts including Central Falls, Davies Career and Technical Center, charter schools and the Metropolitan Career and Technical School. This also includes teacher retirement and school housing aid as well as other formula aid for distribution by the Department of Elementary and Secondary Education. This is \$45.2 million more than enacted for FY 2016. The FY 2016 enacted budget included one-time funding of \$20.0 million from general revenues available from debt restructuring to seed the School Building Authority Capital Fund.

Education Aid	FY 2016 Enacted	FY 2016 Final	FY 2017 Governor	FY 2017 Enacted	Change to Enacted	Change to Governor
<b>Operating Aid</b>						
Local Districts	\$ 707,344,184	\$ 707,344,184	\$ 732,274,434	\$ 738,902,851	\$ 31,558,667	\$ 6,628,417
Central Falls	39,520,102	39,520,102	38,862,333	39,054,810	(465,292)	192,477
Met School*	9,864,425	9,864,425	9,529,888	9,342,007	(522,418)	(187,881)
Davies Career & Technical*	11,640,152	11,640,152	12,998,800	12,590,083	949,931	(408,717)
Charter Schools	67,513,058	67,414,258	75,893,687	75,177,726	7,664,668	(715,961)
UCAP	856,203	856,203	1,141,708	1,115,290	259,087	(26,418)
Group Homes Funding	5,115,172	5,295,172	3,969,072	4,797,072	(318,100)	828,000
<b>Subtotal</b>	<b>\$ 841,853,296</b>	<b>\$ 841,934,496</b>	<b>\$ 874,669,922</b>	<b>\$ 880,979,839</b>	<b>\$ 39,126,543</b>	<b>\$ 6,309,917</b>
<b>Categorical Funding</b>						
High Cost Special Education	\$ 2,500,000	\$ 2,500,000	\$ 4,500,000	\$ 4,500,000	\$ 2,000,000	\$ -
Career and Technical	3,500,000	3,500,000	3,500,000	4,500,000	1,000,000	1,000,000
Early Childhood	3,950,000	3,950,000	5,160,000	5,160,000	1,210,000	-
Transportation	4,351,360	4,351,360	4,351,360	6,351,360	2,000,000	2,000,000
English Learners	-	-	2,494,939	2,494,939	2,494,939	-
School of Choice Density Aid	-	-	2,634,492	1,492,225	1,492,225	(1,142,267)
<b>Subtotal</b>	<b>\$ 14,301,360</b>	<b>\$ 14,301,360</b>	<b>\$ 22,640,791</b>	<b>\$ 24,498,524</b>	<b>\$ 10,197,164</b>	<b>\$ 1,857,733</b>
<b>Set-Aside Funds</b>						
Textbook Loans	\$ 240,000	\$ 150,709	\$ 240,000	\$ 240,000	\$ -	\$ -
School Breakfast	270,000	270,000	270,000	270,000	-	-
Recovery High School	-	-	-	500,000	500,000	500,000
<b>Subtotal</b>	<b>\$ 510,000</b>	<b>\$ 420,709</b>	<b>\$ 510,000</b>	<b>\$ 1,010,000</b>	<b>\$ 500,000</b>	<b>\$ 500,000</b>
<b>Total</b>	<b>\$ 856,664,656</b>	<b>\$ 856,656,565</b>	<b>\$ 897,820,713</b>	<b>\$ 906,488,363</b>	<b>\$ 49,823,707</b>	<b>\$ 8,667,650</b>
<b>Other Aid</b>						
Teacher Retirement	\$ 92,805,836	\$ 92,805,836	\$ 99,076,582	\$ 99,076,582	\$ 6,270,746	\$ -
Construction Aid	70,907,110	70,907,110	70,907,110	70,907,110	-	-
School Building Authority Fund	20,000,000	20,000,000	9,092,890	9,092,890	(10,907,110)	-
<b>Statewide Total</b>	<b>\$ 1,040,377,602</b>	<b>\$ 1,040,369,511</b>	<b>\$ 1,076,897,295</b>	<b>\$ 1,085,564,945</b>	<b>\$ 45,187,343</b>	<b>\$ 8,667,650</b>

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

The table above compares the FY 2017 enacted funding for the major components of education aid to the FY 2016 enacted budget and the Governor's FY 2017 recommendation. It is followed by an explanation of each of the items in the table.

The funding formula calculation for FY 2017 uses March 15, 2016 student enrollment data adjusted for FY 2017 projected charter school enrollments, a per pupil core instruction amount of \$8,979 and state share ratio variables updated with June 30, 2015 data. It assumes that districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years. Districts are billed quarterly for students attending charter and state schools. The Governor's recommendation was based on March 15, 2015 student enrollment.

### **Operating Aid**

**Local Districts.** The budget includes \$738.9 million for formula aid to locally operated school districts. This is \$31.6 million more than enacted. This reflects the sixth year of the funding formula. The 2014 Assembly passed legislation that requires that beginning in FY 2017, the state will 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 Budget includes \$2.6 million in funding to the 13 districts that converted to full-day kindergarten in FY 2015 or after based on this repeal.

**Central Falls Operations.** The Budget includes \$39.1 million for formula aid for the Central Falls School District. This is \$0.5 million or 1.2 percent less than FY 2016 enacted aid. Beginning with FY 2012, Central Falls is funded pursuant to the funding formula.

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 of stabilization funding and the budget includes \$4.8 million. The formula produces a \$1.5 million reduction, reflecting year six of the funding formula. This reduction reflects a declining Central Falls enrollment primarily due to the growth in the number of students attending charter schools.

The Assembly did not concur with the Governor's proposal to change the stabilization funding statute as it relates to Central Falls. Currently, there is an annual review to determine the amount of the state and city appropriation. The city has been receiving the funding since FY 2015 without making any local contributions. The Governor proposed removing the annual determination, which would make the city automatically eligible for stabilization funding and no longer require a local contribution. The Assembly maintained current law requirements.

**Metropolitan Career and Technical School.** The Budget includes \$9.3 million for formula aid for the Metropolitan Career and Technical School. This is \$0.5 million or 5.3 percent less than the FY 2016 enacted level. Prior to FY 2012, the Met School was fully state supported. The Met School is funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil cost of each sending district, which it must pay to the School. Table 6 at the end of this report includes estimated enrollment for FY 2017.

The Assembly concurred with the Governor's proposal for a new stabilization fund for the state schools. This would mitigate some of the losses in funding from the implementation of the funding formula and the implication of allowing local districts to hold back a share of its per pupil funding as well as recognize the additional costs associated with running a stand-alone school that offers both academic and career and technical education. The Budget includes \$0.1 million in additional funding to the Met School from this fund. This partially offsets the \$0.7 million reduction, reflecting year six of the formula.

The Governor proposed 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. The Governor also proposed legislation to codify the Department's practice in how it calculates the local per pupil cost used to determine local tuition payments to charter and state schools. Her proposal would exclude the local share of funding paid to charter and state schools in the calculation of local per

pupil expenditures and it freezes the amount of this exclusion at the FY 2014 level. The two proposals are estimated to reduce local tuition payments to charter and state schools by \$7.0 million; the impact to the Met School would be \$0.5 million less in local tuition payments.

The Assembly did not concur with those proposals related to local tuition payments and instead enacted a single measure that reduces the local tuition payments to charter and state schools by the greater of seven percent of the local per pupil funding or the district's "unique" costs. Unique costs are the per pupil value of the district's costs for preschool services and screening, services to students ages 18 to 21, career and technical education, out-of-district special education placements, retiree health benefits, debt service and rental costs offset by those same costs for charter schools. In the case of districts where the unique cost calculation is greater, local tuition payments to mayoral academies with teachers that do not participate in the state retirement system are further reduced by the value of the unfunded pension liability reflected in the districts' per pupil cost. This is estimated to reduce local tuition payments to charter and state schools by \$5.9 million, which is \$1.1 million less than the reduction to charter and state schools in the Governor's budget. The estimated loss to the Met School is \$0.5 million.

**Davies Career and Technical School.** The Budget includes \$12.6 million from general revenues for formula aid to support the Davies Career and Technical School. This is \$0.9 million more than the FY 2016 enacted level and includes \$0.1 million to represent the state's share of teacher retirement costs. The funding formula legislation requires that state schools participating in the state retirement system have their state aid adjusted to reflect reimbursement for the employer contributions for those staff employed by the state. Davies was fully state supported until FY 2012, but is now funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil cost of each sending district, which must pay it to the School. Davies' operating budget is submitted as part of the Department's budget and Davies' employees are still state employees. Table 6 at the end of this report includes estimated enrollment by sending district for FY 2017.

The Assembly concurred with the Governor's proposal for a new stabilization fund for the state schools. This would mitigate some of the losses in funding from the implementation of the funding formula and the implication of allowing local districts to hold back a share of its per pupil funding as well as recognize the additional costs associated with running a stand-alone school that offers both academic and career and technical education. The Budget includes \$1.5 million in additional funding to Davies. This partially offsets the \$0.6 million reduction, reflecting year six of the formula.

The Governor proposed 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. The Governor also proposed legislation to codify the Department's practice in how it calculates the local per pupil cost used to determine local tuition payments to charter and state schools. Her proposal would exclude the local share of funding paid to charter and state schools in the calculation of local per pupil expenditures and would freeze the amount of this exclusion at the FY 2014 level. The two proposals are estimated to reduce local tuition payments to charter and state schools by \$7.0 million; the impact to Davies would be \$0.6 million less in local tuition payments.

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

by \$5.9 million, which is \$1.1 million less than the reduction to charter and state schools in the Governor's budget. The estimated loss to Davies is \$0.5 million, \$0.2 million less than the Governor's proposals.

**Charter Schools.** The Budget includes \$75.2 million for formula aid to charter schools. This is \$7.7 million more than the FY 2016 enacted level. Since FY 2012, charter schools are funded pursuant to the education funding formula, like other districts. The state share is that of the sending district for each student and the local contribution is the local per pupil cost of each sending district, which must pay it to the school.

Charter schools are public schools authorized by the state to operate independently from many state and local district rules and regulations. The 2010 Assembly increased the statewide total to no more than 35 charters; it had previously been no more than 20 charters serving no more than 4.0 percent of the state's school age population. At least half of the 35 total charters are reserved for charter school applications designed to increase the educational opportunities for at-risk pupils. Mayoral academies are charter schools and are included in the total. There are currently 22 charter schools in Rhode Island. Table 6 at the end of this report includes estimated enrollment for FY 2017.

The Governor recommended 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 in areas such as: preschool services and screening, services to students ages 18 to 21, career and technical education, out-of-district placements, retiree health expenses, debt service and rental costs. The proposed legislation would require the Commissioner of Elementary and Secondary Education to review and recalculate the reduction to local funding every three years in order to ensure accuracy, though it is not clear what elements would be recalculated and by what standard.

The Governor also proposed legislation to codify the Department's practice in how it calculates the local per pupil cost used to determine local tuition payments to charter and state schools. Her proposal would exclude the local share of funding paid to charter and state schools in the calculation of local per pupil expenditures and would freeze the amount of this exclusion at the FY 2014 level. The impact of the two changes is estimated to reduce local tuition payments to charter and state schools by \$7.0 million; the impact to charter schools would be \$5.9 million.

The Assembly did not concur with those proposals related to local tuition payments and instead enacted a single measure that reduces the local tuition payments to charter and state schools by the greater of seven percent of the local per pupil funding or the district's "unique" costs. Unique costs are the per pupil value of the district's costs for preschool services and screening, services to students ages 18 to 21, career and technical education, out-of-district special education placements, retiree health benefits, debt service and rental costs offset by those same costs for charter schools. In the case of districts where the unique cost calculation is greater, local tuition payments to mayoral academies with teachers that do not participate in the state retirement system are further reduced by the value of the unfunded pension liability reflected in the districts' per pupil cost. This is \$1.1 million less than the reduction to charter and state schools in the Governor's budget, of which \$1.0 million is related to charter schools.

**Urban Collaborative Accelerated Program.** The Budget includes \$1.1 million for the fourth year of funding for the Urban Collaborative Accelerated Program (UCAP) for FY 2017. This is \$0.3 million more than enacted for FY 2016. The 2012 Assembly adopted legislation requiring that the Urban Collaborative Accelerated Program is funded pursuant to the education funding formula beginning in FY 2014. The program operates as an independent public school dedicated to reducing the dropout rates in Providence, Central Falls and Cranston. Table 6 at the end of this report includes estimated enrollment by sending district for FY 2017.

**Group Homes.** The Budget includes \$4.8 million for group home aid, based on 396 beds. The 2001 Assembly enacted legislation to provide a per bed allotment to districts in which group homes are located.

The legislation relieved the sending district of financial responsibility for students placed in out-of-district group homes. Prior to that, the district of official residence, generally the parents' residence, was required to pay the district in which the child is placed for the cost of the child's education. This system produced disputes among communities concerning financial responsibility. These disputes often resulted in legal fees for all parties involved, and districts hosting group homes were largely unsuccessful in seeking reimbursements.

A 2007 revision ensured payment more closely reflects the actual number of group home beds open at the time of the budget. Increases in beds prior to December 31 of each year are to be paid as part of the supplemental budget for that year and included in the budget year recommendation. Decreases in beds are not reflected until the budget year so any decreases in group home beds during FY 2016 would appear in FY 2017. The 2008 Assembly increased the per bed amount from \$15,000 to \$22,000 for the group home beds associated with Bradley Hospital's residential CRAFT program.

In FY 2017, the 16 communities hosting group homes will receive \$17,000 per bed or \$26,000 for CRAFT beds, adjusted for the remaining years of the transition period. This reflects an additional \$2,000 and \$4,000 per bed, respectively. The Assembly added \$828,000 to the Governor's recommendation to account for this increase.

### **Categorical Funding**

The education funding formula allows for additional resources from the state to districts for high-cost special education students, career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts, which is an entitlement based on the formula. For each other categorical fund, the Department of Elementary and Secondary Education prorates the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased in. The Governor recommended two new categories for FY 2017, including English language learners and density aid for districts affected by large numbers of their students attending charter and state schools. The Assembly concurred.

**High Cost Special Education.** The funding formula allows for additional funding from the state for high cost special education students when those costs exceed five times the district's combined per pupil core instruction amount and student success factor amount. The Budget includes \$4.5 million for FY 2017, which is \$2.0 million more than enacted.

The Governor recommended 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 split among more students. However, no data was collected or evaluated to determine the impact of the proposal.

The Assembly did not concur and instead enacted legislation requiring the Department to collect data on those special educational costs that exceed four times the per pupil amount in order to evaluate the impact of a change in thresholds.

**Career and Technical Programs.** The funding formula allows for additional resources from the state to help meet the initial capital investment needs to transform existing or create new comprehensive career and technical education programs and career pathways in critical and emerging industries and to help offset the higher than average costs associated with facilities, equipment, maintenance, repair and supplies necessary for maintaining the quality of highly specialized programs. The Department developed criteria for the

purpose of allocating funds 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 recommended the enacted level of \$3.5 million for FY 2017. This amount has not increased since it was first provided in FY 2015. The Assembly provided an additional \$1.0 million for FY 2017. These funds are not shown in the distribution tables at the end of this report.

**Early Childhood Education.** The funding formula allows for additional resources from the state to increase access to voluntary, free, high quality pre-kindergarten programs. The Budget includes \$5.2 million for FY 2017, which is \$1.2 million more than enacted. These funds are currently distributed through a request for proposal process and have been going directly to childcare programs. Early childhood categorical funds are used as a match for a federal grant. The corresponding increase in federal grant funds is \$3.2 million. This means there will be \$4.4 million of total new funding in FY 2017 to increase the pre-kindergarten classes by 20 from 33 to 53. These funds are not shown in the distribution tables at the end of this report.

**Transportation.** The funding formula allows for additional resources from the state to districts for transportation costs. The Governor recommended \$4.4 million for FY 2017, which is consistent with the enacted budget. This amount has not increased since funding was first provided in FY 2015. The state currently provides funding to mitigate the excess costs associated with transporting students to out-of-district non-public schools and within regionalized school districts. The Assembly provided an additional \$2.0 million. Total FY 2017 funding of \$6.4 million represents 62.1 percent of the eligible statewide expenditures.

**English Language Learners.** The Governor's budget includes \$2.5 million for a new category of funding to support English language learners that are in the most intensive programs. 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 Department must collect performance reports from districts and approve the use of funds prior to expenditure. The Department shall ensure the funds are aligned to activities that are innovative and expansive and not utilized for activities the district is currently funding. 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-in, up to a total of \$5.0 million for FY 2018 and beyond. This recommendation emerged from the Governor's funding formula working group.

The Assembly provided \$2.5 million for FY 2017 only.

**School of Choice Density Aid.** The Governor's budget includes \$2.6 million for a new category of aid which would provide additional state support for those districts who have at least 5.0 percent of their students enrolled at a school of choice, which includes charter schools or state schools. For FY 2017, six districts would be eligible for this funding, which provides \$300 per pupil for every student sent to a charter or state school. The Governor proposed that the amount shall be recalculated every three years in a manner to be determined by the Commissioner of Elementary and Secondary Education, though it was not clear what element will be recalculated and by what standard. This recommendation emerged from the Governor's funding formula working group.

The Assembly enacted a three year program that would phase out in FY 2020. The Budget includes \$1.5 million for FY 2017, which would provide \$175 per pupil for every student sent to a charter or state school for those districts who have at least 5.0 percent of their students enrolled in a charter or state school. For FY 2018, districts will receive \$100 per student and for FY 2019, districts will receive \$50 per student.

## Set-Aside Funds

**Textbook Loans.** The Budget includes the enacted level of \$240,000 for the textbook loan program. This is \$89,291 more than the FY 2016 final reimbursement. 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 12<sup>th</sup> grade.

**School Breakfast.** The Budget includes \$270,000 for FY 2017 for the administrative cost reimbursement to districts for the school breakfast program, which is consistent with the enacted level. State law mandates that all public schools provide a breakfast program and costs, other than transportation, associated with this program in excess of federal money for the meals, shall be borne exclusively by the state.

Current law requires the Assembly to “*annually appropriate some sum and distribute it based on each district's proportion of the number of breakfasts served in the prior school year relative to the statewide total in the same year.*” As in the lunch program, children from families with incomes at or below 130 percent of poverty are eligible for free meals. Children from families between 130 percent and 185 percent of poverty are eligible for reduced-price meals. Children from families over 185 percent of poverty pay a regular price for their meals.

**Recovery High School.** The Assembly enacted legislation to provide \$500,000 for FY 2017 only to support the state’s recovery high school. Recovery high schools are specifically designed for students recovering from a substance abuse disorder. The legislation also removes districts from the enrollment process and changes the local tuition payments from the local per pupil expenditures to the core instruction amount.

## Other Aid

**Teacher Retirement.** The Budget includes \$99.1 million to fund the state’s 40.0 percent share of the employer contribution for teacher retirement, an increase of \$6.3 million or 6.8 percent more than the FY 2016 enacted budget. These rates reflect additional cost to the state based on FY 2016 legislation that codified the pension settlement agreement. The locals’ rate is actually less than it would have been pre-settlement because they were allowed to re-amortize the unfunded liability for four additional years to 25 years. Prior to changes enacted in 2011, teachers had contributed 9.5 percent of their salaries; as of July 1, 2012, teachers contribute 8.75 percent. That rate is set in the General Laws.

Employers contribute the difference between the teachers’ share and the amount needed to support the system, as determined annually by the State Employees’ Retirement System. The state pays 40.0 percent of the employer’s share. For districts that choose not to participate in social security, there is an additional 4.0 percent contribution; 2.0 percent paid by both the employee and the district. The state does not pay a share of this 2.0 percent.

**School Housing (Construction) Aid.** The Budget includes \$70.9 million for construction aid to local districts. This is consistent with the enacted budget and \$4.1 million more than the FY 2016 revised cost. The state reimburses cities and towns for a share of school capital projects. The shares are based on a district’s wealth compared to the aggregate state wealth, and the minimum share for each district is 35.0 percent for FY 2017. The funding formula legislation had included a two-year phased increase in the state’s minimum housing aid share to provide that no local district receives less than a 40.0 percent state reimbursement by FY 2012 for projects completed after June 30, 2012. The previous minimum had been 30.0 percent.

Governor Chafee proposed legislation as part of his FY 2013 budget to roll back the state’s minimum housing aid participation to 35.0 percent. The 2012 Assembly adopted the proposal and added language to

ensure that projects that received approval from the Board of Regents prior to June 30, 2012 and were expecting the 40.0 percent minimum would be allowed to receive it.

The 2011 Assembly instituted a three-year moratorium on the approval of new projects with exception for projects necessitated by health and safety reasons, effective July 1, 2011 through July 1, 2014. The 2014 Assembly extended the moratorium to May 1, 2015.

To encourage municipalities to refinance their bonds, the 2013 General Assembly enacted legislation that entitles towns to 80.0 percent of the total savings from bond refinancing, rather than the typical local share, for bond refinancing occurring between July 1, 2013 and December 31, 2015.

**School Building Authority Fund.** The Budget includes \$9.1 million from general revenues for the new School Building Authority. The enacted budget included \$20.0 million available from debt restructuring to establish a new School Building Authority Fund. This new school housing aid program complements the existing one and is for smaller projects that do not require the full rehabilitation of a school. The funding is distributed by the Rhode Island Health and Educational Building Corporation and is used for financial assistance and loans, pursuant to loan agreements with the Corporation and local education agencies. The Council on Elementary and Secondary Education must approve all projects prior to the award of financial assistance through the Fund. This is different from the regular school construction aid program in that disbursements from this fund do not require General Assembly approval and loans of up to \$500,000 do not require local voter approval.

The \$4.1 million in FY 2016 savings will be deposited into the School Building Authority Fund consistent with current law that requires that the difference between the annual housing aid appropriation and actual aid shall go to the Fund.

The Governor also proposed placing \$40.0 million on the November 2016 ballot for voter approval of general obligation bond debt to support school construction aid through the School Building Authority Fund. The Assembly rejected this proposal pending the completion of the current statewide assessment of school housing needs that will be completed in the summer of 2017. The Department of Elementary and Secondary Education has contracted for a statewide assessment to identify the statewide need. The total cost of the study is \$4.4 million. The Rhode Island Health and Educational Building Corporation has pledged \$1.0 million and the Department is using \$3.4 million from the School Building Authority Fund. Current law allows the Department to use funding from the Fund for “one-time or limited expenses”.

The assessment began in February 2015. Each public school building in the state will be assessed and evaluated by teams of architects and engineers against current building codes, the school construction regulations and the Northeast Collaborative for High Performance Schools Criteria (NECHPS). Schools will also be evaluated to ensure that all spaces adequately support the districts’ educational programs.

### **Other Proposals Affecting School Districts**

**Funding Formula Review.** The Governor included legislation requiring the Department of Elementary and Secondary Education to conduct a review of the education funding formula no less than every five years and report to the Assembly. The Assembly rejected this proposal.

**Local Budgets.** The Governor proposed legislation, effective for FY 2018, that would require local education agencies to post their adopted budgets on their websites and to include a link on their websites to the Department of Elementary and Secondary Education’s website. Local education agencies would have to submit budget information that conforms with the uniform chart of accounts requirements to the Department within 30 days of the local budget’s adoption. The Assembly concurred.

**Local Maintenance of Effort.** Current law requires that each community contribute local funds to its school committee in an amount not less than its local contribution for schools in the previous fiscal year with certain exemptions for high local contribution communities, high per pupil expenditure communities and non-recurring expenditures. The Governor recommended legislation to change the maintenance of effort requirement beginning in FY 2018. It would require the annual contribution to increase by the greater of inflation or consistent per pupil growth, defined as at least one percent for two consecutive years. The Governor's proposal does not change the exemptions. The Assembly did not concur with this proposal.

**Empowerment Schools.** The Assembly enacted legislation that creates empowerment schools with regulatory and statutory flexibility, autonomy over budget, and flexibility in instructional polices. Empowerment schools would remain within a public school district but would be managed collaboratively on site by the principal and faculty. This would be a voluntary program. The act would give parents and families the affirmative right to enroll in an empowerment school that is different than their assigned school based on residence. It would ensure that teachers cannot be laid-off or fired by an empowerment school principal, who would not otherwise have been laid off, suspended or terminated.

## **Calculation and Distribution Tables**

The 10 tables on the following pages include the calculation and distribution of the FY 2017 enacted education aid to districts, charter and state schools. Tables 1A and 1B show the total recommended funding and Tables 2 through 8 illustrate different components of the funding formula. Table 9 has education aid to districts for FY 2010 through FY 2015 for comparison purposes.

Table 1A: Total Education Aid for Districts for FY 2017

Table 1B: Total Education Aid for Charter and State Schools for FY 2017

Table 2: Calculation of Funding Formula for FY 2017

Table 3: Calculation of Group Home Aid

Table 4: Calculation of State Share Ratio

Table 5: Transition Plan for Districts

Table 6: FY 2017 Estimated Charter & State School Enrollment by Sending District

Table 7: Transitioned Formula Funding to Charter and State Schools by Sending District

Table 8: Categorical Aid for FY 2017

Table 9: Education Aid for FY 2010 - FY 2015

### **Table 1A: Total Education Aid for Districts for FY 2017**

**A.** Column **A** is the amount that districts will receive in the sixth year of the formula's implementation pursuant to the ten-year phase in of the formula. It assumes that districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years. This calculation is shown in Table 2.

**B.** Column **B** is the amount of funding the state will provide to fully fund the requirement that beginning in FY 2017, the state will 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.

**C.** Column **C** is the amount of group home aid districts will receive in FY 2017. Changes from FY 2016 are shown in Table 3. Group home aid is paid pursuant to current law in addition to aid paid through the funding formula. The Budget includes an additional \$2,000 per bed for a total of \$17,000. Beds associated with Bradley Hospital's CRAFT program would increase by \$4,000 per bed to a total of \$26,000 per bed.

**D.** The formula allows for additional resources from the state for high cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. The FY 2017 Budget includes two new categories of aid for FY 2017, one for English language learners and one for districts that have at least 5.0 percent of their students enrolled in a charter or state school. The distribution from high-cost special education, transportation, English learners and charter school density aid is shown in Column **D**. Specific programs are shown in Table 8.

**E.** Column **E** shows the total FY 2017 enacted aid.

**F.** Column **F** is the FY 2016 enacted aid.

**G.** Column **G** is the difference between the FY 2017 enacted budget shown in Column **E** and the FY 2016 enacted budget shown in Column **F**.

**H.** Column **H** is the Governor's recommended budget. It was based on March 15, 2015 student enrollment data and did not include funding to provide full funding for those districts that converted from a half-day to a full-day kindergarten for the 2014-2015 school year or after.

**I.** Column **I** is the difference between the FY 2017 enacted budget shown in Column **E** and the Governor's FY 2017 recommendation shown in Column **H**.

**Table 1A: Total Education Aid for Districts for FY 2017**

<i>District</i>	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>
	<i>FY 2017 Formula Aid</i>	<i>Full Day K</i>	<i>Group Home Aid</i>	<i>Categoricals</i>	<i>Total FY 2017 Enacted</i>
Barrington	\$ 5,178,872	\$ 36,232	\$ -	\$ 197,878	\$ 5,412,982
Burrillville	12,982,040	-	82,140	47,033	13,111,213
Charlestown	1,687,921	-	-	-	1,687,921
Coventry	22,493,746	210,698	99,129	70,830	22,874,403
Cranston	54,219,795	607,354	47,702	1,154,134	56,028,985
Cumberland	17,659,354	-	-	321,234	17,980,588
East Greenwich	2,608,758	17,555	-	184,154	2,810,467
East Providence	32,245,114	-	550,150	306,172	33,101,436
Foster	1,163,998	-	-	35,426	1,199,424
Glocester	2,396,529	106,348	-	43,871	2,546,748
Hopkinton	5,386,069	-	-	-	5,386,069
Jamestown	438,902	-	-	34,973	473,875
Johnston	15,572,158	198,160	-	371,922	16,142,240
Lincoln	10,906,917	-	119,396	166,639	11,192,952
Little Compton	413,267	-	-	-	413,267
Middletown	8,134,323	-	334,390	153,105	8,621,818
Narragansett	2,114,201	-	-	35,950	2,150,151
Newport	10,720,594	-	184,817	32,944	10,938,355
New Shoreham	110,826	-	-	20,342	131,168
North Kingstown	10,641,003	205,003	-	51,106	10,897,112
North Providence	19,547,302	-	185,742	435,663	20,168,707
North Smithfield	5,960,086	-	108,137	109,298	6,177,521
Pawtucket	82,687,909	-	458,964	780,733	83,927,607
Portsmouth	4,019,920	-	600,518	166,943	4,787,381
Providence	230,869,652	-	819,685	3,523,035	235,212,373
Richmond	4,840,982	-	-	-	4,840,982
Scituate	3,693,510	18,468	-	82,623	3,794,601
Smithfield	5,487,198	49,069	235,340	190,287	5,961,894
South Kingstown	6,994,271	-	253,242	238,004	7,485,517
Tiverton	6,148,224	82,620	-	53,426	6,284,270
Warwick	36,997,172	371,025	407,284	476,840	38,252,322
Westerly	8,724,889	-	-	179,771	8,904,660
West Warwick	23,016,375	-	-	65,675	23,082,050
Woonsocket	55,426,582	607,104	75,400	231,707	56,340,793
Bristol-Warren	14,731,387	-	117,362	1,154,908	16,003,657
Chariho	153,282	-	-	1,656,826	1,810,108
Exeter-West Greenwich	5,147,942	83,121	117,674	1,035,321	6,384,057
Foster-Glocester	4,743,256	-	-	387,053	5,130,308
Central Falls	39,100,578	-	-	586,721	39,687,299
<b>Total</b>	<b>\$ 775,364,902</b>	<b>\$ 2,592,757</b>	<b>\$ 4,797,072</b>	<b>\$ 14,582,548</b>	<b>\$ 797,337,279</b>
<i>Adjusted Chariho</i>	12,068,253	-	-	1,656,826	13,725,079

**Table 1A: Total Education Aid for Districts for FY 2017**

<i>District</i>	<i>F</i>	<i>G</i>	<i>H</i>	<i>I</i>
	<i>FY 2016 Enacted</i>	<i>Total FY 2017 Chg. to Enacted</i>	<i>FY 2017 Governor</i>	<i>FY 2017 Total Chg. to Governor</i>
Barrington	\$ 5,157,096	\$ 255,886	\$ 5,335,513	\$ 77,469
Burrillville	13,301,214	(190,001)	13,124,158	(12,945)
Charlestown	1,706,421	(18,501)	1,706,432	(18,512)
Coventry	21,919,203	955,200	22,721,091	153,312
Cranston	51,129,521	4,899,464	54,759,167	1,269,818
Cumberland	16,689,944	1,290,644	17,793,863	186,726
East Greenwich	2,911,567	(101,100)	2,776,328	34,139
East Providence	31,094,815	2,006,621	32,757,923	343,513
Foster	1,206,855	(7,431)	1,202,725	(3,301)
Glocester	2,546,606	142	2,428,892	117,855
Hopkinton	5,470,735	(84,666)	5,383,618	2,451
Jamestown	456,252	17,624	475,742	(1,867)
Johnston	14,241,390	1,900,850	15,647,018	495,222
Lincoln	10,434,249	758,703	11,290,909	(97,957)
Little Compton	398,464	14,803	412,188	1,079
Middletown	8,723,282	(101,464)	8,579,048	42,770
Narragansett	2,154,808	(4,657)	2,161,608	(11,457)
Newport	10,597,219	341,136	10,623,658	314,697
New Shoreham	103,748	27,419	133,782	(2,614)
North Kingstown	10,693,934	203,178	10,737,724	159,388
North Providence	18,350,725	1,817,982	20,045,657	123,050
North Smithfield	5,824,568	352,953	6,202,151	(24,630)
Pawtucket	78,877,331	5,050,276	83,265,156	662,450
Portsmouth	4,797,771	(10,390)	4,733,705	53,675
Providence	223,060,894	12,151,479	232,787,658	2,424,715
Richmond	5,063,630	(222,647)	4,854,963	(13,980)
Scituate	3,974,844	(180,243)	3,782,656	11,946
Smithfield	5,348,196	613,698	5,849,709	112,185
South Kingstown	7,757,160	(271,644)	7,435,330	50,187
Tiverton	6,068,532	215,738	6,201,650	82,620
Warwick	36,764,894	1,487,427	37,978,570	273,752
Westerly	8,418,818	485,842	9,091,995	(187,335)
West Warwick	21,881,242	1,200,808	22,875,006	207,044
Woonsocket	53,233,700	3,107,093	55,946,180	394,613
Bristol-Warren	16,207,317	(203,660)	15,728,485	275,173
Chariho	1,322,688	487,420	1,304,160	505,948
Exeter-West Greenwich	6,230,076	153,981	6,018,240	365,817
Foster-Glocester	5,113,855	16,454	5,025,383	104,926
Central Falls	39,597,253	90,045	39,605,923	81,376
<b>Total</b>	<b>\$ 758,830,818</b>	<b>\$ 38,506,461</b>	<b>\$ 788,783,963</b>	<b>\$ 8,553,316</b>
<i>Adjusted Chariho</i>	13,563,474	161,606	13,249,172	475,907

## **Table 1B: Total Education Aid for Charter and State Schools for FY 2017**

- A.** Column **A** is the FY 2016 enacted formula aid.
- B.** Column **B** includes mid-year revisions to FY 2016 based on current law requirements that any changes in enrollment as of October 1 that are greater than 10.0 percent get adjusted in that year.
- C.** Column **C** is the base formula aid calculation for FY 2017. It uses March 15, 2016 enrollment and lottery data.
- D.** Column **D** is the difference between FY 2017 base funding and FY 2016 enacted formula aid.
- E.** Column **E** shows the transition calculation. Charter and state schools that will receive more state funding will have the additional funding phased in over seven years and those that are going to receive less state funding will have that loss phased in over ten years.
- F.** Column **F** is the FY 2017 enacted formula aid. It is the transition calculation in Column **E** added or subtracted from the FY 2016 enacted formula aid shown in Column **A**. Growth due to adding grades is paid in the year of the growth.
- G.** Column **G** is the difference between the sixth year of funding under the formula in Column **F** and total state formula aid shown in Column **C**.
- H.** Column **H** includes the distribution of English language learners categorical funding.
- I.** Column **I** includes the distribution of high cost special education categorical funding.
- J.** Column **J** is the total enacted aid for FY 2017. It includes the formula aid shown in Column **F** as well as the distributions from categorical funding shown in columns **H** and **I**.
- K.** Column **K** shows the Governor's FY 2017 recommended formula aid. It was based on March 15, 2015 enrollment data and projected charter school enrollments for FY 2017.
- L.** Column **L** is the difference between the FY 2017 enacted aid shown in Column **J** and the Governor's recommendation shown in Column **K**.
- M.** Column **M** is the difference between the FY 2017 enacted aid shown in Column **J** and the FY 2016 enacted aid shown in Column **A**.

**Table 1B: Total Education Aid for Charter and State Schools for FY 2017**

	A	B	C	D	E	F	G
	FY 2016		FY 2017 Base			FY 2017	Change to
School	Enacted Formula Aid	FY 2016 Rev. Formula Aid	Formula Funding	Change to Enacted	Transition =1/2 or 1/5th*	Enacted Formula Aid**	Base Calculation
Academy for Career							
Exploration (Textron)	\$ 2,307,902	\$ 2,307,902	\$ 2,393,322	\$ 85,420	\$ 42,710	\$ 2,350,612	\$ (42,710)
Achievement First	5,163,546	5,163,546	7,220,957	2,057,411	2,057,411	7,220,957	-
Beacon	1,944,354	1,944,354	2,353,074	408,720	408,720	2,353,074	-
Blackstone	2,642,238	2,642,238	3,107,898	465,660	465,660	3,107,898	-
Compass	509,957	509,957	387,650	(122,307)	(24,461)	485,496	97,846
Greene School	986,606	986,606	1,143,373	156,767	78,383	1,064,989	(78,384)
Highlander	4,426,538	4,426,538	5,015,985	589,447	589,447	5,015,985	-
Hope Academy	665,193	665,193	1,027,078	361,885	361,885	1,027,078	-
International	3,004,632	3,004,632	3,058,264	53,632	26,816	3,031,448	(26,816)
Kingston Hill	604,518	604,518	545,206	(59,312)	(11,862)	592,656	47,450
Learning Community	6,122,713	6,122,713	6,116,584	(6,129)	(1,226)	6,121,487	4,903
New England Laborers	1,142,393	1,180,275	1,154,286	11,893	5,947	1,148,340	(5,947)
Nowell	1,596,958	1,596,958	1,634,826	37,868	18,934	1,615,892	(18,934)
Nurses Institute	2,456,677	2,403,080	2,629,242	172,565	86,283	2,542,960	(86,283)
Paul Cuffee	7,950,707	7,950,707	7,904,116	(46,591)	(9,318)	7,941,389	37,273
RI Mayoral Academies							
Blackstone Prep.	11,030,068	11,030,068	13,436,201	2,406,133	2,406,133	13,436,201	-
RISE Mayoral Academy	523,340	440,255	868,551	345,211	345,211	868,551	-
Segue Institute	2,670,896	2,670,896	2,769,810	98,914	49,457	2,720,353	(49,457)
Southside Elementary	508,072	508,072	757,281	249,209	249,209	757,281	-
Times2 Academy	7,183,575	7,183,575	7,545,985	362,410	362,410	7,545,985	-
Trinity	2,189,101	2,189,101	2,180,337	(8,764)	(1,753)	2,187,348	7,011
Village Green	1,883,074	1,883,074	2,200,422	317,348	158,674	2,041,748	-
<b>Charter Schools Subtotal</b>	<b>\$ 67,513,058</b>	<b>\$ 67,414,258</b>	<b>\$ 75,450,448</b>	<b>\$ 7,937,389</b>	<b>\$ 7,664,670</b>	<b>\$ 75,177,726</b>	<b>\$ (114,047)</b>
Davies Career and Tech	11,640,152	11,640,152	7,994,955	(3,645,197)	(597,104)	12,590,093	4,595,138
Met School	9,864,425	9,864,425	6,589,756	(3,274,669)	(654,934)	9,342,007	2,752,251
Urban Collaborative	856,203	856,203	1,400,687	544,484	259,087	1,115,290	(285,397)
<b>Total</b>	<b>\$ 89,873,838</b>	<b>\$ 89,775,038</b>	<b>\$ 91,435,846</b>	<b>\$ 1,562,007</b>	<b>\$ 6,671,719</b>	<b>\$ 98,225,116</b>	<b>\$ 6,947,945</b>

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

\*\*Includes a state schools supplemental payment of \$1.5 million to Davies and \$0.1 million to Met.

**Table 1B: Total Education Aid for Charter and State Schools for FY 2017**

<i>School</i>	<i>H</i> <i>English</i> <i>Language</i> <i>Learners</i> <i>Categorical</i>	<i>I</i> <i>High Cost</i> <i>Special Ed</i> <i>Categorical</i>	<i>J</i> <i>FY 2017</i> <i>Enacted Total</i> <i>Aid</i>	<i>K</i> <i>FY 2017</i> <i>Governor Rec.</i> <i>Formula Aid</i>	<i>L</i> <i>FY 2017</i> <i>Enacted Aid</i> <i>Change to</i> <i>Governor</i>	<i>M</i> <i>FY 2017</i> <i>Enacted Aid</i> <i>Change to FY</i> <i>2016 Enacted</i>
Academy for Career Exploration (Textron)	\$ 1,183	\$ -	\$ 2,351,795	\$ 2,343,907	\$ 7,889	\$ 43,893
Achievement First	10,649	-	7,231,606	6,800,922	430,684	2,068,060
Beacon	-	-	2,353,074	2,290,265	62,809	408,720
Blackstone	424	-	3,108,322	3,197,784	(89,462)	466,084
Compass	-	-	485,496	491,445	(5,950)	(24,461)
Greene School	424	-	1,065,413	1,033,099	32,314	78,807
Highlander	6,664	-	5,022,649	5,073,848	(51,199)	596,111
Hope Academy	789	-	1,027,867	1,006,823	21,044	362,674
International	27,545	-	3,058,993	3,068,508	(9,515)	54,361
Kingston Hill	-	1,455	594,111	599,989	(5,878)	(10,407)
Learning Community	36,076	2,004	6,159,567	6,160,534	(967)	36,854
New England Laborers	-	-	1,148,340	1,112,880	35,460	5,947
Nowell	3,883	-	1,619,775	2,283,389	(663,614)	22,817
Nurses Institute	-	-	2,542,960	2,458,270	84,690	86,283
Paul Cuffee	394	-	7,941,783	7,948,724	(6,942)	(8,924)
RI Mayoral Academies						
Blackstone Prep.	21,860	-	13,458,061	13,805,907	(347,846)	2,427,993
RISE Mayoral Academy	-	-	868,551	929,484	(60,933)	345,211
Segue Institute	6,357	-	2,726,710	2,719,930	6,781	55,814
Southside Elementary	-	-	757,281	766,747	(9,466)	249,209
Times2 Academy	11,438	-	7,557,423	7,683,636	(126,214)	373,848
Trinity	1,578	-	2,188,926	2,197,341	(8,414)	(175)
Village Green	-	-	2,041,748	2,052,980	(11,232)	158,674
<b>Charter Schools Subtotal</b>	<b>\$ 129,264</b>	<b>\$ 3,459</b>	<b>\$ 75,310,449</b>	<b>\$ 76,026,411</b>	<b>\$ (715,960)</b>	<b>\$ 7,797,391</b>
Davies Career and Tech	1,566	-	12,591,659	13,000,366	(408,707)	951,507
Met School	-	-	9,342,007	9,529,888	(187,881)	(522,418)
Urban Collaborative	-	-	1,115,290	1,141,708	(26,418)	259,087
<b>Total</b>	<b>\$ 130,830</b>	<b>\$ 3,459</b>	<b>\$ 98,359,405</b>	<b>\$ 99,564,083</b>	<b>\$ (1,338,966)</b>	<b>\$ 8,485,567</b>

## Table 2: Calculation of Funding Formula for FY 2017

- A.** The FY 2017 student counts are shown in Column **A** based on the resident average daily membership as of March 15, 2016. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year.
- B.** Column **B** includes the number of students in pre-kindergarten through 12<sup>th</sup> grade that are in “poverty status” which is defined as a child whose family income is at or below 185.0 percent of federal poverty guidelines.
- C.** Column **C** includes the percent of students that are in poverty status - Column **B** divided by Column **A**.
- D.** Column **D** is the core instruction funding, which is the student count in Column **A** times the core instruction per pupil amount of \$8,979. The legislation requires the core instruction per pupil amount to be updated annually.
- E.** Column **E** includes the student success factor funding which is a single poverty weight as a proxy for student supports and is 40.0 percent times the number of students in pre-kindergarten through 12<sup>th</sup> grade that are in poverty status in Column **B** times the core instruction amount.
- F.** The total foundation amount in Column **F** is the sum of the core instruction amount in Column **D** plus the student success factor funding in Column **E**.
- G.** Column **G** is the state share ratio; the calculation is described in Table 4.
- H.** Column **H** includes the state foundation aid under the funding formula. It is the total foundation amount in Column **F** times the state share ratio in Column **G**.
- I.** Column **I** is the FY 2016 enacted formula aid in Table 5.
- J.** Column **J** is the sixth year transition amount. It is the amount that will be added or subtracted from the FY 2017 base aid amount. It assumes districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years. This year’s version calculates aid for the Bristol-Warren School District by the member community to comply with a 2015 Superior Court decision. The calculation is shown in Table 5.
- K.** Column **K** is the amount that districts would receive in the sixth year of the new formula’s implementation pursuant to the ten-year phase in of the formula.
- L.** Column **L** is the difference between the sixth year of funding under the formula shown in Column **K** and the total state foundation aid shown in Column **H**.

**Table 2: Calculation of Funding Formula for FY 2017**

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>	<i>G</i>
	<i>FY 2017</i>	<i>FY 2017</i>	<i>%</i>	<i>Core Instruction</i>	<i>Student Success</i>	<i>Total</i>	<i>State</i>
<i>District</i>	<i>PK-12</i>	<i>Poverty</i>	<i>Poverty</i>	<i>Funding</i>	<i>Factor Funding</i>	<i>Foundation</i>	<i>Share</i>
	<i>RADM</i>	<i>Status</i>	<i>Status</i>				<i>Ratio</i>
							<i>(Table 4)</i>
Barrington	3,304	179	5.4%	\$ 29,666,616	\$ 642,896	\$ 30,309,512	17.5%
Burrillville	2,379	800	33.6%	21,361,041	2,873,280	24,234,321	53.6%
Charlestown	841	200	23.8%	7,551,339	718,320	8,269,659	19.5%
Coventry	4,663	1,550	33.2%	41,869,077	5,566,980	47,436,057	49.0%
Cranston	10,194	4,688	46.0%	91,531,926	16,837,421	108,369,347	53.6%
Cumberland	4,459	1,008	22.6%	40,037,361	3,620,333	43,657,694	43.0%
East Greenwich	2,434	174	7.1%	21,854,886	624,938	22,479,824	8.7%
East Providence	5,233	2,885	55.1%	46,987,107	10,361,766	57,348,873	59.5%
Foster	275	66	24.0%	2,469,225	237,046	2,706,271	40.5%
Glocester	535	81	15.1%	4,803,765	290,920	5,094,685	37.7%
Hopkinton	1,122	284	25.3%	10,074,438	1,020,014	11,094,452	45.5%
Jamestown	635	60	9.4%	5,701,665	215,496	5,917,161	7.4%
Johnston	3,240	1,461	45.1%	29,091,960	5,247,328	34,339,288	50.2%
Lincoln	2,906	792	27.3%	26,092,974	2,844,547	28,937,521	40.0%
Little Compton	373	59	15.8%	3,349,167	211,904	3,561,071	12.0%
Middletown	2,294	697	30.4%	20,597,826	2,503,345	23,101,171	31.1%
Narragansett	1,290	273	21.2%	11,582,910	980,507	12,563,417	16.2%
Newport	2,153	1,346	62.5%	19,331,787	4,834,294	24,166,081	45.7%
New Shoreham	113	17	15.0%	1,014,627	61,057	1,075,684	12.7%
North Kingstown	3,850	844	21.9%	34,569,150	3,031,310	37,600,460	28.1%
North Providence	3,510	1,529	43.6%	31,516,290	5,491,556	37,007,846	57.2%
North Smithfield	1,723	340	19.7%	15,470,817	1,221,144	16,691,961	37.4%
Pawtucket	8,856	6,990	78.9%	79,518,024	25,105,284	104,623,308	83.3%
Portsmouth	2,354	382	16.2%	21,136,566	1,371,991	22,508,557	14.4%
Providence	22,715	19,441	85.6%	203,957,985	69,824,296	273,782,281	87.9%
Richmond	1,133	191	16.9%	10,173,207	685,996	10,859,203	36.4%
Scituate	1,381	262	19.0%	12,399,999	940,999	13,340,998	21.2%
Smithfield	2,373	364	15.3%	21,307,167	1,307,342	22,614,509	26.0%
South Kingstown	3,218	649	20.2%	28,894,422	2,330,948	31,225,370	18.6%
Tiverton	1,832	580	31.7%	16,449,528	2,083,128	18,532,656	33.8%
Warwick	9,081	3,167	34.9%	81,538,299	11,374,597	92,912,896	40.5%
Westerly	2,950	1,088	36.9%	26,488,050	3,907,661	30,395,711	30.2%
West Warwick	3,468	1,732	49.9%	31,139,172	6,220,651	37,359,823	64.8%
Woonsocket	5,766	4,412	76.5%	51,772,914	15,846,139	67,619,053	85.4%
Bristol-Warren	3,308	1,212		29,702,532	4,353,019	34,055,551	see
Chariho	-	-	0.0%	-	-	-	table
Exeter-West Greenwich	1,624	241		14,581,896	865,576	15,447,472	below
Foster-Glocester	1,114	214	19.2%	10,002,606	768,602	10,771,208	39.2%
Central Falls*	2,470	2,148	87.0%	22,178,130	7,714,757	29,892,887	94.4%
<b>Total</b>	<b>131,169</b>	<b>62,406</b>		<b>\$ 1,177,766,451</b>	<b>\$ 224,137,390</b>	<b>\$ 1,401,903,841</b>	
<i>Bristol</i>	<i>2,049</i>	<i>662</i>	<i>32.3%</i>	<i>18,397,971</i>	<i>2,377,639</i>	<i>20,775,610</i>	<i>26.8%</i>
<i>Warren</i>	<i>1,259</i>	<i>550</i>	<i>43.7%</i>	<i>11,304,561</i>	<i>1,975,380</i>	<i>13,279,941</i>	<i>51.6%</i>
<i>Exeter</i>	<i>768</i>	<i>146</i>	<i>19.0%</i>	<i>6,895,872</i>	<i>524,374</i>	<i>7,420,246</i>	<i>22.9%</i>
<i>West Greenwich</i>	<i>856</i>	<i>95</i>	<i>11.1%</i>	<i>7,686,024</i>	<i>341,202</i>	<i>8,027,226</i>	<i>31.0%</i>
<i>Adjusted Chariho</i>	<i>3,096</i>	<i>675</i>		<i>27,798,984</i>	<i>2,424,330</i>	<i>30,223,314</i>	

\*This includes a \$4.6 million stabilization fund payment to Central Falls.

**Table 2: Calculation of Funding Formula for FY 2017**

	<i>H</i>	<i>I</i>	<i>J</i>	<i>K</i>	<i>L</i>
<i>District</i>	<i>FY 2017 Base Funding</i>	<i>FY 2016 Enacted Formula Aid</i>	<i>Adjusted Year Six Difference (Table 5)</i>	<i>FY 2017 Recommended Formula Aid*</i>	<i>Difference from Base Funding</i>
Barrington	\$ 5,317,657	\$ 5,040,087	\$ 138,785	\$ 5,178,872	\$ (138,785)
Burrillville	12,979,204	12,982,749	(709)	12,982,040	2,836
Charlestown	1,613,919	1,706,421	(18,500)	1,687,921	74,002
Coventry	23,222,167	21,765,325	728,421	22,493,746	(728,421)
Cranston	58,084,605	50,354,984	3,864,811	54,219,795	(3,864,811)
Cumberland	18,765,928	16,552,780	1,106,574	17,659,354	(1,106,574)
East Greenwich	1,962,065	2,770,431	(161,673)	2,608,758	646,693
East Providence	34,142,020	30,348,208	1,896,906	32,245,114	(1,896,906)
Foster	1,095,304	1,181,172	(17,174)	1,163,998	68,694
Glocester	1,919,976	2,515,667	(119,138)	2,396,529	476,553
Hopkinton	5,047,403	5,470,735	(84,666)	5,386,069	338,666
Jamestown	439,327	438,478	424	438,902	(424)
Johnston	17,223,712	13,920,605	1,651,553	15,572,158	(1,651,553)
Lincoln	11,588,673	10,225,160	681,757	10,906,917	(681,757)
Little Compton	428,070	398,464	14,803	413,267	(14,803)
Middletown	7,193,966	8,369,412	(235,089)	8,134,323	940,357
Narragansett	2,034,362	2,134,161	(19,960)	2,114,201	79,839
Newport	11,038,848	10,402,340	318,254	10,720,594	(318,254)
New Shoreham	136,152	85,500	25,326	110,826	(25,326)
North Kingstown	10,554,952	10,662,516	(21,513)	10,641,003	86,051
North Providence	21,150,268	17,944,337	1,602,965	19,547,302	(1,602,965)
North Smithfield	6,237,089	5,683,082	277,004	5,960,086	(277,004)
Pawtucket	87,137,336	78,238,483	4,449,426	82,687,909	(4,449,426)
Portsmouth	3,249,350	4,212,562	(192,642)	4,019,920	770,569
Providence	240,526,498	221,212,806	9,656,846	230,869,652	(9,656,846)
Richmond	3,950,392	5,063,630	(222,648)	4,840,982	890,590
Scituate	2,828,811	3,909,685	(216,175)	3,693,510	864,699
Smithfield	5,885,011	5,089,386	397,812	5,487,198	(397,812)
South Kingstown	5,811,779	7,289,894	(295,623)	6,994,271	1,182,492
Tiverton	6,269,409	6,027,039	121,185	6,148,224	(121,185)
Warwick	37,640,160	36,354,185	642,987	36,997,172	(642,987)
Westerly	9,177,517	8,272,261	452,628	8,724,889	(452,628)
West Warwick	24,199,031	21,833,719	1,182,656	23,016,375	(1,182,656)
Woonsocket	57,727,033	53,126,130	2,300,452	55,426,582	(2,300,451)
Bristol-Warren	12,413,460	15,310,869	(579,482)	14,731,387	2,317,927
Chariho	-	191,602	(38,320)	153,282	153,282
Exeter-West Greenwich	4,191,368	5,387,085	(239,143)	5,147,942	956,574
Foster-Glocester	4,227,346	4,872,233	(128,977)	4,743,256	515,910
Central Falls*	28,216,803	35,841,615	(1,524,962)	38,908,101	10,691,298
<b>Total</b>	<b>\$ 785,626,968</b>	<b>\$ 743,185,798</b>	<b>\$ 27,395,179</b>	<b>\$ 775,172,430</b>	<b>\$ (10,454,543)</b>
<i>Bristol</i>	<i>5,560,824</i>	<i>6,767,404</i>	<i>(241,316)</i>	<i>6,526,088</i>	<i>965,264</i>
<i>Warren</i>	<i>6,852,636</i>	<i>8,543,465</i>	<i>(338,166)</i>	<i>8,205,299</i>	<i>1,352,663</i>
<i>Exeter</i>	<i>1,699,641</i>	<i>2,400,545</i>	<i>(140,181)</i>	<i>2,260,364</i>	<i>560,723</i>
<i>West Greenwich</i>	<i>2,491,726</i>	<i>2,986,540</i>	<i>(98,963)</i>	<i>2,887,577</i>	<i>395,851</i>
<i>Adjusted Chariho</i>	<i>10,611,714</i>	<i>12,432,388</i>	<i>(364,135)</i>	<i>12,068,253</i>	<i>1,456,539</i>

\*This includes a \$4.6 million stabilization fund payment to Central Falls.

### **Table 3: Calculation of Group Home Aid for FY 2017**

- A.** Column *A* is the FY 2016 enacted amount of group home aid. The distribution includes \$15,000 per bed with the exception of \$22,000 per bed for the group home beds associated with Bradley Hospital's residential CRAFT program, both of which are then adjusted for the seven or ten year phase in.
- B.** Column *B* is the revised current law entitlement based on the December 31, 2015 report from the Department of Children, Youth and Families that identified 443 beds eligible for aid.
- C.** Column *C* shows the Governor's FY 2017 recommendation that assumes a bed count of 396.
- D.** Column *D* is the difference between the FY 2016 enacted aid shown in column *A* and the Governor's FY 2017 recommendation in column *C*.
- E.** Column *E* is the difference between the FY 2016 revised current law entitlement shown in column *B* and the Governor's FY 2017 recommendation in column *C*.
- F.** Column *F* shows the FY 2017 enacted group home aid. It includes an additional \$2,000 per bed for a total of \$17,000 per bed. Bradley Hospital's CRAFT beds increase \$4,000 to a total of \$26,000 per bed.
- G.** Column *G* is the difference between the FY 2017 enacted aid in Column *F* and the Governor's FY 2017 recommendation shown in Column *C*.

**Table 3: Group Home Aid**

<i>District</i>	<i>A</i> <i>FY 2016</i> <i>Enacted Aid</i>	<i>B</i> <i>FY 2016</i> <i>Revised</i>	<i>C</i> <i>Governor FY</i> <i>2017 Aid</i>	<i>D</i> <i>Change to</i> <i>Enacted</i>	<i>E</i> <i>Change to</i> <i>Revised</i>	<i>F</i> <i>FY 2017</i> <i>Enacted</i>	<i>G</i> <i>Change to</i> <i>Governor</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	283,374	283,374	66,140	(217,234)	(217,234)	82,140	16,000
Charlestown	-	-	-	-	-	-	-
Coventry	95,489	95,489	83,129	(12,360)	(12,360)	99,129	16,000
Cranston	46,354	46,354	39,702	(6,652)	(6,652)	47,702	8,000
Cumberland	-	-	-	-	-	-	-
East Greenwich	-	-	-	-	-	-	-
East Providence	510,748	510,748	446,150	(64,598)	(64,598)	550,150	104,000
Foster	-	-	-	-	-	-	-
Glocester	-	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	-	-
Jamestown	-	-	-	-	-	-	-
Johnston	-	-	-	-	-	-	-
Lincoln	113,099	113,099	101,396	(11,703)	(11,703)	119,396	18,000
Little Compton	-	-	-	-	-	-	-
Middletown	302,018	302,018	290,390	(11,628)	(11,628)	334,390	44,000
Narragansett	-	-	-	-	-	-	-
Newport	184,024	184,024	156,817	(27,207)	(27,207)	184,817	28,000
New Shoreham	-	-	-	-	-	-	-
North Kingstown	-	-	-	-	-	-	-
North Providence	182,432	182,432	153,742	(28,690)	(28,690)	185,742	32,000
North Smithfield	101,850	101,850	92,137	(9,713)	(9,713)	108,137	16,000
Pawtucket	491,410	491,410	358,964	(132,446)	(132,446)	458,964	100,000
Portsmouth	536,183	536,183	526,518	(9,665)	(9,665)	600,518	74,000
Providence	1,083,736	1,083,736	619,685	(464,051)	(464,051)	819,685	200,000
Richmond	-	-	-	-	-	-	-
Scituate	-	-	-	-	-	-	-
Smithfield	219,020	219,020	203,340	(15,680)	(15,680)	235,340	32,000
South Kingstown	300,911	300,911	221,242	(79,669)	(79,669)	253,242	32,000
Tiverton	-	-	-	-	-	-	-
Warwick	247,344	397,344	347,284	99,940	(50,060)	407,284	60,000
Westerly	-	-	-	-	-	-	-
West Warwick	-	-	-	-	-	-	-
Woonsocket	54,653	84,653	59,400	4,747	(25,253)	75,400	16,000
Bristol-Warren	109,676	109,676	101,362	(8,314)	(8,314)	117,362	16,000
Chariho	-	-	-	-	-	-	-
Exeter-West Greenwich	252,851	252,851	101,674	(151,177)	(151,177)	117,674	16,000
Foster-Glocester	-	-	-	-	-	-	-
Central Falls	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 5,115,172</b>	<b>\$ 5,295,172</b>	<b>\$ 3,969,072</b>	<b>\$ (1,478,626)</b>	<b>\$ (1,326,100)</b>	<b>\$ 4,797,072</b>	<b>\$ 828,000</b>

#### Table 4: Calculation of State Share Ratio

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

**A.** The assessed value of real and tangible personal property for each city and town as of December 31 of the third preceding calendar year in accordance with Rhode Island General Law, Section 16-7-21. The assessed value as of December 31, 2012, is used for FY 2017 calculations. Property value is certified annually by the Department of Revenue, Division of Municipal Finance, based on local sales data and appraisals.

**B.** The adjusted equalized weighted assessed property valuations for the third preceding calendar year per current law, as of December 31, 2012, as reported by the Department of Revenue's Division of Municipal Finance. The total assessed local property value of a community is adjusted for differences in local assessment rates to allow the reporting of figures comparable on a statewide basis, resulting in the equalized weighted assessed valuation (EWAV).

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

**C.** The FY 2017 student counts are shown in Column *C* based on the resident average daily membership as of June 30, 2015. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year.

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

**E.** Column *E* includes the percentage of students in poverty status in pre-kindergarten through 6<sup>th</sup> grade as of June 30, 2015. Poverty status is defined as being at 185 percent of federal poverty guidelines.

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

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

**G.** Column *G* shows what the share ratio was for FY 2016. It uses property valuations as of December 31, 2011 and student counts as of June 30, 2014.

**H.** Column *H* shows the difference between the share ratio for FY 2017 and that for FY 2016.

**Table 4: Calculation of State Share Ratio**

<i>District</i>	<i>A</i> <i>Assessed Value</i> <i>12/31/12</i>	<i>B</i> <i>Adjusted EWAV</i> <i>12/31/12</i>	<i>C</i> <i>June 2015 Student</i> <i>Count*</i>	<i>D</i> <i>Adjusted</i> <i>EWAV</i>
Barrington	\$ 2,987,954,443	\$ 4,383,235,285	3,282	24.1%
Bristol	2,952,751,390	2,906,078,707	2,061	19.9%
Burrillville	1,476,648,025	1,391,698,509	2,383	66.8%
Charlestown	2,407,194,152	2,251,351,748	975	0.0%
Coventry	3,545,517,942	3,157,938,643	4,675	61.6%
Cranston	7,101,399,705	6,999,193,795	10,125	60.7%
Cumberland	3,807,622,523	3,812,806,260	4,874	55.5%
East Greenwich	2,387,555,706	3,777,578,609	2,370	9.4%
East Providence	4,249,653,672	3,189,787,857	5,310	65.9%
Exeter	813,298,590	1,062,988,416	789	23.4%
Foster	222,120,040	238,431,755	283	52.1%
Glocester	415,086,592	455,788,708	520	50.2%
Hopkinton	942,140,575	833,325,557	1,137	58.4%
Jamestown	2,196,993,977	3,202,672,373	654	0.0%
Johnston	2,651,934,914	2,613,723,048	3,130	52.5%
Lincoln	2,680,527,454	3,009,045,430	3,226	47.0%
Little Compton	1,886,763,014	2,376,989,588	378	0.0%
Middletown	2,686,646,341	2,858,950,718	2,306	29.5%
Narragansett	4,602,710,361	6,084,458,025	1,351	0.0%
Newport	5,324,679,946	5,842,720,039	2,075	0.0%
New Shoreham	1,691,777,074	2,360,684,528	116	0.0%
North Kingstown	3,836,410,772	4,862,905,667	3,950	30.0%
North Providence	2,768,146,438	2,236,225,266	3,642	65.1%
North Smithfield	1,553,149,755	1,636,803,702	1,789	48.0%
Pawtucket	3,771,017,172	2,372,483,091	10,387	87.0%
Portsmouth	3,424,048,645	3,790,170,186	2,436	11.6%
Providence	10,701,550,880	6,076,707,560	26,718	87.1%
Richmond	883,778,525	1,074,269,111	1,161	47.4%
Scituate	893,386,793	1,895,263,126	1,409	23.6%
Smithfield	2,572,324,986	2,857,978,940	2,391	32.1%
South Kingstown	4,368,856,701	5,209,173,345	3,393	12.8%
Tiverton	2,023,477,875	2,033,466,225	1,784	35.2%
Warren	1,189,159,274	1,018,956,607	1,297	55.4%
Warwick	9,339,853,289	9,020,687,540	9,051	43.4%
West Greenwich	875,063,078	923,939,819	887	40.8%
West Warwick	2,085,341,143	1,587,582,565	3,424	73.7%
Westerly	6,452,424,133	5,508,424,964	3,108	0.0%
Woonsocket	1,866,301,827	1,011,044,556	6,142	90.6%
Foster/Glocester	955,809,949	948,278,649	1,115	51.7%
Central Falls	491,738,405	209,007,560	3,968	97.0%
<b>Total</b>	<b>\$ 117,082,816,077</b>	<b>\$ 117,082,816,077</b>	<b>140,072</b>	

\*Includes charter and state school students

**Table 4: Calculation of State Share Ratio**

<i>District</i>	<i>E</i> <i>FY 2014 % of</i> <i>Poverty Status</i>	<i>F</i> <i>FY 2017 State</i> <i>Share Ratio</i>	<i>G</i> <i>FY 2016 State</i> <i>Share Ratio</i>	<i>H</i> <i>Change to Share</i> <i>Ratio</i>
Barrington	5.9%	17.4%	19.7%	-2.3%
Bristol	32.2%	26.8%	26.9%	-0.1%
Burrillville	35.7%	53.6%	54.2%	-0.6%
Charlestown	27.6%	19.5%	19.3%	0.2%
Coventry	31.6%	49.0%	49.3%	-0.3%
Cranston	45.4%	53.6%	54.6%	-1.0%
Cumberland	24.8%	43.0%	42.5%	0.5%
East Greenwich	8.0%	8.7%	15.9%	-7.2%
East Providence	52.4%	59.5%	59.8%	-0.3%
Exeter	22.4%	22.9%	20.3%	2.6%
Foster	23.7%	40.5%	42.9%	-2.4%
Glocester	17.9%	37.7%	40.2%	-2.5%
Hopkinton	27.0%	45.5%	44.9%	0.6%
Jamestown	10.5%	7.4%	8.7%	-1.3%
Johnston	47.7%	50.2%	47.7%	2.5%
Lincoln	31.6%	40.0%	38.3%	1.7%
Little Compton	17.0%	12.0%	10.8%	1.2%
Middletown	32.7%	31.2%	33.2%	-2.0%
Narragansett	22.9%	16.2%	18.9%	-2.7%
Newport	64.6%	45.7%	46.0%	-0.3%
New Shoreham	17.9%	12.7%	8.3%	4.4%
North Kingstown	26.0%	28.1%	27.3%	0.8%
North Providence	47.9%	57.2%	58.1%	-0.9%
North Smithfield	22.1%	37.4%	36.4%	1.0%
Pawtucket	79.4%	83.3%	83.1%	0.2%
Portsmouth	16.8%	14.4%	16.3%	-1.9%
Providence	88.6%	87.8%	87.8%	0.0%
Richmond	20.0%	36.4%	39.6%	-3.2%
Scituate	18.5%	21.2%	28.3%	-7.1%
Smithfield	18.0%	26.0%	25.3%	0.7%
South Kingstown	23.0%	18.6%	19.0%	-0.4%
Tiverton	32.4%	33.8%	35.2%	-1.4%
Warren	47.5%	51.5%	51.7%	-0.2%
Warwick	37.4%	40.5%	40.4%	0.1%
West Greenwich	16.2%	30.9%	32.3%	-1.4%
West Warwick	54.4%	64.7%	64.2%	0.5%
Westerly	42.7%	30.2%	30.4%	-0.2%
Woonsocket	79.8%	85.4%	85.1%	0.3%
Foster/Glocester	21.9%	39.7%	42.1%	-2.4%
Central Falls	91.5%	94.3%	93.5%	0.8%
<b>Total</b>				

### **Table 5: Transition Plan for Districts**

The funding formula results in a redistribution of aid among communities with some getting less aid than prior years. In an effort to mitigate any losses to communities and allow for an adjustment period, the law allows for a transition of up to seven years. The Department of Elementary and Secondary Education has developed a methodology to implement this transition based on how a district fares compared to funding distributions under the current system. This year's version calculates aid for the Bristol-Warren School District by the member community to comply with a 2015 Superior Court decision. It requires establishing the total gain or loss to each district.

**A.** Column **A** is the amount of formula aid that districts received in the fifth year of the formula's implementation, FY 2016.

**B.** Column **B** is the FY 2017 total base funding calculation.

**C.** Column **C** is the difference between FY 2017 base funding shown in Column **B** and the amount of formula aid received in FY 2016 and shown in Column **A**.

**D.** Column **D** shows the transition calculation. Districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years.

**Table 5: Transition Plan for Districts**

<i>District</i>	<i>A</i> <i>FY 2016 Enacted</i> <i>Base Formula</i> <i>Funding</i>	<i>B</i> <i>FY 2017 Base</i> <i>Calculation</i>	<i>C</i> <i>Difference</i>	<i>D</i> <i>Transition =</i> <i>1/2 or 1/5th</i>
Barrington	\$ 5,040,087	\$ 5,317,657	\$ 277,570	\$ 138,785
Burrillville	12,982,749	12,979,204	(3,545)	(709)
Charlestown	1,706,421	1,613,919	(92,502)	(18,500)
Coventry	21,765,325	23,222,167	1,456,842	728,421
Cranston	50,354,984	58,084,605	7,729,621	3,864,811
Cumberland	16,552,780	18,765,928	2,213,148	1,106,574
East Greenwich	2,770,431	1,962,065	(808,366)	(161,673)
East Providence	30,348,208	34,142,020	3,793,812	1,896,906
Foster	1,181,172	1,095,304	(85,868)	(17,174)
Glocester	2,515,667	1,919,976	(595,691)	(119,138)
Hopkinton	5,470,735	5,047,403	(423,332)	(84,666)
Jamestown	438,478	439,327	849	424
Johnston	13,920,605	17,223,712	3,303,107	1,651,553
Lincoln	10,225,160	11,588,673	1,363,513	681,757
Little Compton	398,464	428,070	29,606	14,803
Middletown	8,369,412	7,193,966	(1,175,446)	(235,089)
Narragansett	2,134,161	2,034,362	(99,799)	(19,960)
Newport	10,402,340	11,038,848	636,508	318,254
New Shoreham	85,500	136,152	50,652	25,326
North Kingstown	10,662,516	10,554,952	(107,564)	(21,513)
North Providence	17,944,337	21,150,268	3,205,931	1,602,965
North Smithfield	5,683,082	6,237,089	554,007	277,004
Pawtucket	78,238,483	87,137,336	8,898,853	4,449,426
Portsmouth	4,212,562	3,249,350	(963,212)	(192,642)
Providence	221,212,806	240,526,498	19,313,692	9,656,846
Richmond	5,063,630	3,950,392	(1,113,238)	(222,648)
Scituate	3,909,685	2,828,811	(1,080,874)	(216,175)
Smithfield	5,089,386	5,885,011	795,625	397,812
South Kingstown	7,289,894	5,811,779	(1,478,115)	(295,623)
Tiverton	6,027,039	6,269,409	242,370	121,185
Warwick	36,354,185	37,640,160	1,285,975	642,987
Westerly	8,272,261	9,177,517	905,256	452,628
West Warwick	21,833,719	24,199,031	2,365,312	1,182,656
Woonsocket	53,126,130	57,727,033	4,600,904	2,300,452
Bristol-Warren	15,310,869	12,413,460	(2,897,409)	(579,482)
Chariho	191,602	-	(191,602)	(38,320)
Exeter-West Greenwich	5,387,085	4,191,368	(1,195,717)	(239,143)
Foster-Glocester	4,872,233	4,227,346	(644,887)	(128,977)
Central Falls	35,841,615	28,216,803	(7,624,812)	(1,524,962)
<b>Total</b>	<b>\$ 743,185,798</b>	<b>\$ 785,626,968</b>	<b>\$ 42,441,171</b>	<b>\$ 27,395,179</b>
<i>Bristol</i>	<i>6,767,404</i>	<i>5,560,824</i>	<i>(1,206,580)</i>	<i>(241,316)</i>
<i>Warren</i>	<i>8,543,465</i>	<i>6,852,636</i>	<i>(1,690,829)</i>	<i>(338,166)</i>
<i>Exeter</i>	<i>2,400,545</i>	<i>1,699,641</i>	<i>(700,904)</i>	<i>(140,181)</i>
<i>West Greenwich</i>	<i>2,986,540</i>	<i>2,491,726</i>	<i>(494,814)</i>	<i>(98,963)</i>
<i>Adjusted Chariho</i>	<i>12,432,388</i>	<i>10,611,714</i>	<i>(1,820,674)</i>	<i>(364,135)</i>

**Table 6: FY 2017 Estimated Charter & State School Enrollment by Sending District**

<i>Sending District</i>	<i>ACE (Textron)</i>	<i>Achievement First</i>	<i>Beacon</i>	<i>Blackstone Academy</i>	<i>Compass</i>	<i>Greene School</i>
Barrington	-	-	-	-	-	-
Burrillville	-	-	21	-	-	-
Charlestown	-	-	-	-	40	-
Coventry	-	-	1	-	1	41
Cranston	-	64	8	-	-	15
Cumberland	-	-	29	-	-	-
East Greenwich	-	-	-	-	2	-
East Providence	-	-	4	-	-	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	6
Jamestown	-	-	-	-	1	4
Johnston	-	-	6	-	-	2
Lincoln	-	-	10	-	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	-	-
Narragansett	-	-	-	-	8	4
Newport	-	-	-	-	-	1
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	1	-	37	8
North Providence	-	25	7	1	-	-
North Smithfield	-	-	22	-	-	-
Pawtucket	-	-	10	143	-	9
Portsmouth	-	-	1	-	-	-
Providence	225	616	18	44	2	33
Richmond	-	-	-	-	-	1
Scituate	-	-	9	-	-	-
Smithfield	-	-	4	-	-	-
South Kingstown	-	-	-	-	34	14
Tiverton	-	1	-	-	-	-
Warwick	-	14	16	-	2	18
Westerly	-	-	-	-	27	14
West Warwick	-	-	5	-	-	6
Woonsocket	-	-	137	-	-	-
Bristol-Warren	-	-	2	-	-	-
Exeter-West Greenwich	-	-	-	-	20	5
Foster-Glocester	-	-	-	-	-	3
Central Falls	-	-	10	113	-	16
<b>Total</b>	<b>225</b>	<b>720</b>	<b>321</b>	<b>301</b>	<b>174</b>	<b>200</b>
<i>Adjusted Chariho</i>	-	-	-	-	40	7

**Table 6: FY 2017 Estimated Charter & State School Enrollment by Sending District**

<i>Sending District</i>	<i>Highlander</i>	<i>Hope Academy</i>	<i>International</i>	<i>Kingston Hill</i>	<i>Learning Community</i>
Barrington	1	-	-	-	-
Burrillville	2	-	-	-	-
Charlestown	-	-	-	26	-
Coventry	-	-	1	9	-
Cranston	70	-	21	-	2
Cumberland	-	-	7	-	-
East Greenwich	-	-	-	1	-
East Providence	10	-	26	2	1
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	18	-	-	-	-
Lincoln	-	-	4	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	2	-
Narragansett	-	-	1	7	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	73	-
North Providence	8	4	12	1	-
North Smithfield	-	-	-	-	1
Pawtucket	50	-	137	2	120
Portsmouth	-	-	-	-	-
Providence	358	104	98	-	106
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	2	1	-
South Kingstown	-	-	-	50	-
Tiverton	-	-	-	-	-
Warwick	3	-	1	8	1
Westerly	-	-	-	6	-
West Warwick	1	-	3	5	-
Woonsocket	2	-	2	1	-
Bristol-Warren	4	-	-	-	-
Exeter-West Greenwich	-	-	-	16	-
Foster-Glocester	-	-	-	-	-
Central Falls	5	-	33	-	327
<b>Total</b>	<b>532</b>	<b>108</b>	<b>348</b>	<b>210</b>	<b>558</b>
<i>Adjusted Chariho</i>	-	-	-	26	-

**Table 6: FY 2017 Estimated Charter & State School Enrollment by Sending District**

<i>Sending District</i>	<i>New England Laborers</i>	<i>Nowell Academy</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>	<i>RI Mayoral Academies Blackstone Valley Prep</i>
Barrington	-	1	-	-	-
Burrillville	1	-	1	-	-
Charlestown	-	-	-	-	-
Coventry	3	-	-	-	-
Cranston	80	1	15	-	-
Cumberland	3	-	3	-	431
East Greenwich	-	-	-	-	-
East Providence	1	2	9	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	22	-	4	-	-
Lincoln	-	1	4	-	210
Little Compton	-	-	-	-	-
Middletown	-	-	1	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	1	1	-	-
North Providence	3	1	6	-	1
North Smithfield	-	-	3	-	-
Pawtucket	2	30	16	-	533
Portsmouth	-	-	-	-	-
Providence	22	78	170	774	1
Richmond	-	-	-	-	-
Scituate	5	-	-	-	-
Smithfield	-	-	-	-	1
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	14	3	10	-	2
Westerly	-	-	-	-	-
West Warwick	6	-	1	-	-
Woonsocket	2	25	7	-	-
Bristol-Warren	-	-	7	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	1	-	-
Central Falls	7	17	13	-	462
<b>Total</b>	<b>171</b>	<b>160</b>	<b>272</b>	<b>774</b>	<b>1,641</b>
<i>Adjusted Chariho</i>	-	-	-	-	-

**Table 6: FY 2017 Estimated Charter & State School Enrollment by Sending District**

<i>Sending District</i>	<i>RISE Mayoral Academy</i>	<i>Segue Institute</i>	<i>Southside Elementary</i>	<i>Times2</i>	<i>Trinity</i>
Barrington	-	-	-	-	-
Burrillville	5	-	-	-	-
Charlestown	-	-	-	-	-
Coventry	-	-	-	-	-
Cranston	-	-	-	-	-
Cumberland	-	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	-	-	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	-	-	-	-
Lincoln	-	-	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	-	-	-	-	-
North Smithfield	9	-	-	-	-
Pawtucket	-	-	-	-	-
Portsmouth	-	-	-	-	-
Providence	1	-	72	727	204
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	-	-	-	-	-
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	80	-	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	-	240	-	-	-
<b>Total</b>	<b>95</b>	<b>240</b>	<b>72</b>	<b>727</b>	<b>204</b>
<i>Adjusted Chariho</i>	-	-	-	-	-

**Table 6: FY 2017 Estimated Charter & State School Enrollment by Sending District**

<i>Sending District</i>	<i>Village Green</i>	<i>Davies Career &amp; Tech Center</i>	<i>Metropolitan Career &amp; Tech Center</i>	<i>Urban Collaborative</i>	<i>Total</i>	<i>Charter/State School % of Total Enrollment</i>
Barrington	3	-	5	-	10	0.3%
Burrillville	-	-	4	-	34	1.4%
Charlestown	1	-	5	-	72	
Coventry	1	-	6	-	63	1.3%
Cranston	6	2	29	7	320	3.1%
Cumberland	4	9	9	1	496	10.2%
East Greenwich	1	-	4	-	8	0.3%
East Providence	17	3	32	-	107	2.0%
Foster	-	-	-	-	-	0.0%
Glocester	-	-	-	-	-	0.0%
Hopkinton	1	-	-	-	7	
Jamestown	-	-	10	-	15	2.3%
Johnston	-	3	7	-	62	2.0%
Lincoln	3	40	4	-	276	8.4%
Little Compton	-	-	1	-	1	0.3%
Middletown	-	-	13	-	16	0.7%
Narragansett	-	-	7	-	27	1.9%
Newport	-	-	27	-	28	1.4%
New Shoreham	-	-	-	-	-	0.0%
North Kingstown	-	-	15	-	136	3.5%
North Providence	2	64	15	-	150	4.2%
North Smithfield	-	-	3	-	38	2.1%
Pawtucket	23	523	50	-	1,648	16.4%
Portsmouth	-	-	8	-	9	0.4%
Providence	142	55	372	122	4,344	16.6%
Richmond	2	-	3	-	6	
Scituate	-	-	2	-	16	1.1%
Smithfield	-	12	5	-	25	1.1%
South Kingstown	1	-	16	-	115	3.3%
Tiverton	-	-	19	-	20	1.1%
Warwick	2	-	32	-	126	1.4%
Westerly	-	-	-	-	47	1.5%
West Warwick	3	-	6	-	36	1.1%
Woonsocket	2	5	51	-	314	5.4%
Bristol-Warren	-	-	25	-	38	1.1%
Exeter-West Greenwich	-	-	-	-	41	2.5%
Foster-Glocester	1	-	4	-	9	0.8%
Central Falls	10	159	29	8	1,449	37.3%
<b>Total</b>	<b>225</b>	<b>875</b>	<b>818</b>	<b>138</b>	<b>10,109</b>	<b>7.4%</b>
<i>Adjusted Chariho</i>	<i>4</i>	<i>-</i>	<i>8</i>	<i>-</i>	<i>85</i>	<i>2.5%</i>

**Table 7: Transitioned Formula Funding to Charter and State Schools by Sending District**

<i>Sending District</i>	<i>ACE (Textron)</i>	<i>Achievement First</i>	<i>Beacon</i>	<i>Blackstone Academy</i>	<i>Compass</i>	<i>Greene School</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	-	-	112,528	-	-	-
Charlestown	-	-	-	-	75,001	-
Coventry	-	-	4,396	-	4,396	194,287
Cranston	-	383,085	42,351	-	-	79,890
Cumberland	-	-	128,909	-	-	-
East Greenwich	-	-	-	-	1,881	-
East Providence	-	-	21,382	-	-	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	24,510
Jamestown	-	-	-	-	933	2,667
Johnston	-	-	30,625	-	-	10,809
Lincoln	-	-	35,958	-	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	-	-
Narragansett	-	-	-	-	11,632	6,397
Newport	-	-	-	-	-	5,742
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	2,521	-	93,259	23,189
North Providence	-	165,236	44,131	7,184	-	-
North Smithfield	-	-	79,180	-	-	-
Pawtucket	-	-	104,696	1,383,488	-	85,253
Portsmouth	-	-	1,815	-	-	-
Providence	2,393,322	6,607,273	183,009	454,368	15,777	326,577
Richmond	-	-	-	-	-	3,266
Scituate	-	-	17,135	-	-	-
Smithfield	-	-	10,281	-	-	-
South Kingstown	-	-	-	-	58,826	25,402
Tiverton	-	4,253	-	-	-	-
Warwick	-	61,110	62,565	-	7,275	71,295
Westerly	-	-	-	-	77,537	42,293
West Warwick	-	-	36,059	-	-	37,222
Woonsocket	-	-	1,316,926	-	-	-
Bristol-Warren	-	-	6,729	-	-	-
Exeter-West Greenwich	-	-	-	-	41,134	14,321
Foster-Glocester	-	-	-	-	-	10,572
Central Falls	-	-	111,877	1,262,857	-	179,682
<b>Total</b>	<b>\$ 2,393,322</b>	<b>\$ 7,220,957</b>	<b>\$2,353,073</b>	<b>\$3,107,897</b>	<b>\$ 387,651</b>	<b>\$ 1,143,374</b>

**Table 7: Transitioned Formula Funding to Charter and State Schools by Sending District**

<i>Sending District</i>	<i>Highlander</i>	<i>Hope Academy</i>	<i>International</i>	<i>Kingston Hill</i>	<i>Learning Community</i>
Barrington	\$ 2,205	\$ -	\$ -	\$ -	\$ -
Burrillville	9,618	-	-	-	-
Charlestown	-	-	-	51,169	-
Coventry	-	-	4,396	41,319	-
Cranston	415,811	-	118,391	-	11,550
Cumberland	-	-	31,648	-	-
East Greenwich	-	-	-	1,097	-
East Providence	72,699	-	156,090	10,691	5,346
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	102,683	-	-	-	-
Lincoln	-	-	17,260	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	5,592	-
Narragansett	-	-	1,454	13,086	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	193,072	-
North Providence	53,368	20,526	73,895	5,132	-
North Smithfield	-	-	-	-	3,355
Pawtucket	466,647	-	1,311,697	14,957	1,199,522
Portsmouth	-	-	-	-	-
Providence	3,773,781	1,006,552	918,203	-	1,101,212
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	4,673	2,337	-
South Kingstown	-	-	-	90,913	-
Tiverton	-	-	-	-	-
Warwick	13,823	-	3,638	29,100	3,638
Westerly	-	-	-	16,266	-
West Warwick	5,816	-	17,448	29,080	-
Woonsocket	21,463	-	21,463	7,665	-
Bristol-Warren	18,741	-	-	-	-
Exeter-West Greenwich	-	-	-	33,730	-
Foster-Glocester	-	-	-	-	-
Central Falls	59,329	-	378,010	-	3,791,961
<b>Total</b>	<b>\$ 5,015,984</b>	<b>\$ 1,027,078</b>	<b>\$ 3,058,266</b>	<b>\$ 545,206</b>	<b>\$ 6,116,584</b>

**Table 7: Transitioned Formula Funding to Charter and State Schools by Sending District**

<i>Sending District</i>	<i>New England Laborers</i>	<i>Nowell Academy</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>	<i>RI Mayoral Academies Blackstone Valley Prep</i>
Barrington	\$ -	\$ 2,205	\$ -	\$ -	\$ -
Burrillville	4,809	-	6,732	-	-
Charlestown	-	-	-	-	-
Coventry	18,462	-	-	-	-
Cranston	504,364	4,813	97,215	-	-
Cumberland	14,666	-	16,210	-	1,967,601
East Greenwich	-	-	-	-	-
East Providence	5,346	12,829	67,354	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	115,293	-	25,220	-	-
Lincoln	-	3,596	18,698	-	880,262
Little Compton	-	-	-	-	-
Middletown	-	-	2,796	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	3,529	2,521	-	-
North Providence	19,500	7,184	41,053	-	5,132
North Smithfield	-	-	10,065	-	-
Pawtucket	17,948	302,124	164,523	-	5,260,247
Portsmouth	-	-	-	-	-
Providence	233,495	842,475	1,861,648	7,904,116	11,044
Richmond	-	-	-	-	-
Scituate	10,281	-	-	-	-
Smithfield	-	-	-	-	2,337
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	56,745	15,278	46,560	-	7,275
Westerly	-	-	-	-	-
West Warwick	48,854	-	8,142	-	-
Woonsocket	21,463	256,026	72,055	-	-
Bristol-Warren	-	-	36,040	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	4,934	-	-
Central Falls	83,060	184,767	147,475	-	5,302,304
<b>Total</b>	<b>\$ 1,154,286</b>	<b>\$ 1,634,826</b>	<b>\$ 2,629,241</b>	<b>\$ 7,904,116</b>	<b>13,436,202</b>

**Table 7: Transitioned Formula Funding to Charter and State Schools by Sending District**

<i>Sending District</i>	<i>RISE Mayoral Academy</i>	<i>Segue Institute</i>	<i>Southside Elementary</i>	<i>Times2</i>	<i>Trinity</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	27,892	-	-	-	-
Charlestown	-	-	-	-	-
Coventry	-	-	-	-	-
Cranston	-	-	-	-	-
Cumberland	-	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	-	-	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	-	-	-	-
Lincoln	-	-	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	-	-	-	-	-
North Smithfield	35,564	-	-	-	-
Pawtucket	-	-	-	-	-
Portsmouth	-	-	-	-	-
Providence	7,888	-	757,281	7,545,985	2,180,337
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	-	-	-	-	-
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	797,208	-	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	-	2,769,810	-	-	-
<b>Total</b>	<b>\$ 868,552</b>	<b>\$ 2,769,810</b>	<b>\$ 757,281</b>	<b>\$ 7,545,985</b>	<b>\$ 2,180,337</b>

**Table 7: Transitioned Formula Funding to Charter and State Schools by Sending District**

<i>Sending District</i>	<i>Village Green</i>	<i>Davies Career and Technical Center</i>	<i>Metropolitan Career and Technical Center</i>	<i>Urban Collaborative</i>	<i>Total</i>
Barrington	\$ 5,356	\$ -	\$ 8,507	\$ -	\$ 18,273
Burrillville	-	-	23,083	-	184,662
Charlestown	1,752	-	8,762	-	136,684
Coventry	4,396	-	28,132	-	299,784
Cranston	36,576	11,550	176,142	45,239	1,926,977
Cumberland	18,526	42,455	42,455	5,403	2,267,873
East Greenwich	784	-	3,448	-	7,210
East Providence	120,809	20,313	209,546	-	702,405
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	5,719	-	-	-	30,229
Jamestown	-	-	8,000	-	11,600
Johnston	-	17,114	36,930	-	338,674
Lincoln	15,103	168,285	17,260	-	1,156,422
Little Compton	-	-	1,079	-	1,079
Middletown	-	-	44,179	-	52,567
Narragansett	-	-	10,759	-	43,328
Newport	-	-	135,350	-	141,092
New Shoreham	-	-	-	-	-
North Kingstown	-	-	42,849	-	360,940
North Providence	12,316	392,052	95,447	-	942,156
North Smithfield	-	-	12,749	-	140,913
Pawtucket	234,819	4,895,306	484,595	-	15,925,822
Portsmouth	-	-	12,444	-	14,259
Providence	1,561,891	553,761	3,937,859	1,265,290	45,443,144
Richmond	7,839	-	9,799	-	20,904
Scituate	-	-	4,569	-	31,985
Smithfield	-	31,778	13,552	-	64,958
South Kingstown	1,671	-	28,745	-	205,557
Tiverton	-	-	67,433	-	71,686
Warwick	10,185	-	142,590	-	531,077
Westerly	-	-	-	-	136,096
West Warwick	22,101	-	44,201	-	248,923
Woonsocket	18,397	53,658	510,520	-	3,096,844
Bristol-Warren	-	-	91,481	-	152,991
Exeter-West Greenwich	-	-	-	-	89,185
Foster-Glocester	3,524	-	16,915	-	35,945
Central Falls	118,658	1,808,682	320,376	84,756	16,603,604
<b>Total</b>	<b>\$ 2,200,422</b>	<b>\$ 7,994,954</b>	<b>\$ 6,589,756</b>	<b>\$ 1,400,688</b>	<b>\$91,435,848</b>

**Table 8: Categorical Aid for FY 2017**

<i>Sending District</i>	<i>High Cost Special Education</i>	<i>ELL</i>	<i>Density Charter Aid</i>	<i>Transportation</i>	<i>Total</i>
Barrington	\$ 123,115	\$ 1,339	\$ -	\$ 73,424	\$ 197,878
Burrillville	11,802	721	-	34,510	47,033
Charlestown	-	-	-	-	-
Coventry	40,350	1,099	-	29,381	70,830
Cranston	497,530	59,195	-	597,409	1,154,134
Cumberland	77,357	2,123	86,800	154,954	321,234
East Greenwich	143,759	274	-	40,121	184,154
East Providence	263,702	25,391	-	17,079	306,172
Foster	26,519	-	-	8,907	35,426
Glocester	23,661	-	-	20,210	43,871
Hopkinton	-	-	-	-	-
Jamestown	34,940	33	-	-	34,973
Johnston	23,407	14,412	-	334,103	371,922
Lincoln	116,901	1,438	48,300	-	166,639
Little Compton	-	-	-	-	-
Middletown	143,318	9,787	-	-	153,105
Narragansett	35,732	218	-	-	35,950
Newport	16,538	16,406	-	-	32,944
New Shoreham	19,887	455	-	-	20,342
North Kingstown	48,838	2,268	-	-	51,106
North Providence	246,223	14,368	-	175,072	435,663
North Smithfield	71,106	1,007	-	37,185	109,298
Pawtucket	134,928	188,827	288,400	168,578	780,733
Portsmouth	166,554	389	-	-	166,943
Providence	833,506	1,540,593	760,200	388,736	3,523,035
Richmond	-	-	-	-	-
Scituate	35,619	-	-	47,004	82,623
Smithfield	115,493	467	-	74,327	190,287
South Kingstown	82,383	-	-	155,621	238,004
Tiverton	53,122	304	-	-	53,426
Warwick	432,542	6,548	-	37,750	476,840
Westerly	177,873	1,898	-	-	179,771
West Warwick	-	8,433	-	57,242	65,675
Woonsocket	41,108	122,647	54,950	13,002	231,707
Bristol-Warren	206,286	8,814	-	939,808	1,154,908
Chariho	49,320	776	-	1,606,730	1,656,826
Exeter-West Greenwich	131,533	727	-	903,061	1,035,321
Foster-Glocester	57,424	-	-	329,629	387,053
Central Falls	14,165	211,465	253,575	107,516	586,721
<b>Subtotal</b>	<b>\$ 4,496,541</b>	<b>\$ 2,242,422</b>	<b>\$ 1,492,225</b>	<b>\$ 6,351,360</b>	<b>\$ 14,582,548</b>
Charters & State Schools	3,459	130,830	-	-	134,289
<b>Total</b>	<b>\$ 4,500,000</b>	<b>\$ 2,494,939</b>	<b>\$ 1,492,225</b>	<b>\$ 6,351,360</b>	<b>\$ 14,716,837</b>

**Table 9: Education Aid for FY 2010 – FY 2015**

<i>District</i>	<i>FY 2010</i>	<i>FY 2011</i>	<i>FY 2012</i>	<i>FY 2013</i>	<i>FY 2014</i>	<i>FY 2015</i>
Barrington	\$ 1,800,191	\$ 1,777,692	\$ 2,374,854	\$ 3,350,904	\$ 3,971,797	\$ 4,701,418
Burrillville	13,169,342	13,049,312	13,008,772	12,965,501	13,063,243	13,173,610
Charlestown	1,725,632	1,708,264	1,704,449	1,694,669	1,706,995	1,708,666
Coventry	18,278,654	18,106,570	18,670,838	19,707,074	20,348,442	21,039,824
Cranston	32,032,775	31,729,746	34,148,058	39,188,868	43,347,609	47,040,378
Cumberland	11,966,879	11,853,639	12,663,079	13,834,760	14,705,457	15,756,436
East Greenwich	1,450,763	1,327,711	1,507,198	1,955,236	2,323,568	2,469,555
East Providence	24,881,232	24,531,957	25,375,608	26,993,305	28,082,665	29,373,000
Foster	1,305,135	1,293,021	1,242,314	1,214,327	1,204,783	1,193,192
Glocester	2,973,405	2,946,000	2,862,833	2,792,685	2,705,444	2,640,483
Hopkinton	5,749,276	5,695,888	5,726,195	5,615,973	5,515,535	5,576,348
Jamestown	391,353	386,846	369,267	363,461	361,936	406,834
Johnston	9,701,822	9,609,655	10,131,916	11,083,498	11,997,593	13,192,809
Lincoln	6,384,476	6,320,677	6,999,556	8,156,329	8,990,606	9,855,862
Little Compton	291,845	288,570	313,858	338,666	365,270	401,928
Middletown	9,653,308	9,562,746	9,407,808	9,288,241	9,109,276	8,905,309
Narragansett	1,440,139	1,423,684	1,488,608	1,663,260	1,805,079	1,993,920
Newport	10,912,686	10,812,053	10,701,213	10,661,062	10,656,332	10,623,202
New Shoreham	57,149	56,081	61,851	72,292	81,762	91,103
North Kingstown	10,735,891	10,633,129	10,674,839	10,758,204	10,796,604	10,725,467
North Providence	12,222,938	12,107,544	12,751,556	14,139,108	15,094,386	16,607,860
North Smithfield	4,384,693	4,342,683	4,630,725	5,133,980	5,400,054	5,587,845
Pawtucket	63,316,158	62,743,324	64,600,780	68,246,641	71,459,692	74,842,935
Portsmouth	6,026,090	5,968,097	5,762,149	5,380,832	5,128,661	4,882,427
Providence	181,619,378	179,813,040	185,804,948	197,968,379	206,273,348	215,122,639
Richmond	5,722,291	5,669,397	5,648,866	5,474,556	5,335,436	5,205,437
Scituate	2,942,545	2,913,522	3,155,942	3,514,829	3,720,471	3,960,437
Smithfield	5,023,550	4,899,277	4,966,920	4,982,755	4,985,793	5,115,212
South Kingstown	9,289,273	9,198,692	8,832,470	8,511,975	8,154,486	7,977,157
Tiverton	5,326,062	5,275,223	5,329,648	5,677,809	5,775,390	5,828,165
Warwick	33,816,257	33,493,714	33,796,578	34,449,461	35,164,250	36,064,777
Westerly	5,780,009	5,721,304	5,982,372	6,572,162	7,164,219	7,704,193
West Warwick	19,030,395	18,855,252	19,143,704	19,775,027	20,309,057	21,027,603
Woonsocket	44,881,514	44,356,033	45,012,523	46,744,955	48,170,444	50,690,278
Bristol-Warren	19,071,142	18,896,443	18,625,047	17,832,369	17,089,869	16,749,945
Exeter-West Greenwich	6,894,092	6,708,949	6,818,348	6,705,948	6,639,220	1,316,445
Chariho	387,074	383,667	642,082	898,449	1,127,409	6,637,627
Foster-Glocester	5,268,913	5,219,945	5,372,978	5,289,023	5,213,358	5,204,461
Central Falls	43,255,325	42,865,644	41,145,437	39,744,688	38,451,858	39,085,004
<b>Total</b>	<b>\$ 639,159,653</b>	<b>\$ 632,544,990</b>	<b>\$ 647,456,186</b>	<b>\$ 678,741,261</b>	<b>\$ 701,797,397</b>	<b>\$ 730,479,794</b>



## Revenues Changes

The Governor recommended \$5,000 and \$216.3 million more general revenues than estimated at the November 2015 Revenue Estimating Conference for FY 2016 and FY 2017, respectively. The May 2016 Revenue Estimating Conference increased the FY 2016 estimates by \$38.8 million, for a total of \$3,635.0 million and included \$3,717.0 million for FY 2017. The Budget includes total FY 2016 revenues of \$3,635.0 million and \$3,674.7 million for FY 2017. Notable items and changes are described below.

### Personal Income Taxes

- **Earned Income Tax Credit.** The Budget includes a revenue loss of \$2.7 million for FY 2017 from modification to the Earned Income Tax Credit for low and moderate wage earners. Effective January 1, 2017, the credit equals 15.0 percent of the federal credit. The 2014 Assembly enacted changes that enhanced the value of the credit, including altering the rate to 10.0 percent of the federal credit and making it 100 percent refundable. The value was again increased by the 2015 Assembly, which established the credit as equal to 12.5 percent of the federal credit, effective January 1, 2016. The loss from the proposed change is estimated to annualize to \$5.5 million for FY 2018.

- **Pension and Annuity Income Exemption.** The Budget includes a revenue loss of \$6.3 million from exempting up to \$15,000 of pension and annuity benefits from state personal income tax for single and head of household filers who have reached full social security retirement age and have federal adjusted gross incomes of \$80,000 or less and married joint and qualifying widow or widower filers with joint federal adjusted gross incomes of \$100,000 or less. The exemption is effective for tax year 2017 and includes income from federal, state, and local government retirement plans, military pensions, railroad retirement benefits, and private pension plans, from public and private sectors that is deemed taxable income and is included in a filer's adjusted gross income. The loss annualizes to \$13.0 million for FY 2018.

### Other Taxes

- **Minimum Corporate Tax.** The Budget assumes a revenue loss of \$1.6 million in corporate income tax revenues from the decrease of the minimum corporate tax from \$450 to \$400 per year, effective January 1, 2017. The loss annualizes to \$3.2 million for FY 2018.

- **Cigarette Tax.** The Budget does not include the Governor's proposal to increase the cigarette excise tax by \$0.25 per pack, to \$4.00 per 20-pack, effective August 1, 2016, for revenues of \$7.1 million. The 2015 Assembly increased the price per pack \$0.25 cents, from \$3.50 to \$3.75, effective August 1, 2015.

- **Hotel Taxes.** The Budget assumes that the Commerce Corporation will receive \$1.1 million less from state hotel tax collections for FY 2017, resulting from the one-year reinstatement of the percent shares of state hotel tax revenues that existed on December 31, 2015.

### Enhanced Compliance and Collection Initiatives

- **New Revenue Officers.** The Budget assumes a total of \$1.8 million in additional personal income, business, and sales tax revenues from the filling of three new revenue officer positions in the Division of Taxation. Combined with \$0.6 million in interest and penalties generated by collection and compliance actions, the Budget assumes a total increase of \$2.4 million. Accounting for the \$0.2 million cost for the positions, the net budget impact is \$2.2 million.

- ***New Field Audit Revenue Agents.*** The Budget assumes \$1.0 million in additional sales and use tax revenues from the filling of two new field audit revenue agent positions in the Division of Taxation. Accounting for the \$0.2 million cost for the positions, the net budget impact is \$0.8 million.
- ***Reinstate Nexus Program.*** The Budget includes \$1.0 million in additional business and sales tax revenues from reinstating the Division of Taxation Nexus program, which will 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 had an active Nexus program from FY 1993 through FY 2010, during which time it generated approximately \$19 million in collections. The Department reported that FY 2011 budget constraints resulted in a shift in Division resources away from the Nexus program. Accounting for the \$0.1 million cost for a new revenue policy analyst position to administer the program, the net budget impact is \$0.9 million.
- ***Retaliatory Assessments.*** The Budget assumes \$1.1 million in additional gross premiums taxes from a compliance initiative between the Department of Business Regulation and the Division of Taxation to collect retaliatory taxes, fees, and other assessments from insurance companies that are not domiciled but are registered to write policies in the state. Retaliatory assessments are imposed on insurance companies that charge Rhode Island residents the premium taxes and fees of their home state, if those taxes and fees are higher than those charged by Rhode Island.
- ***Intercompany Transfer Pricing Audit Project.*** The Budget assumes an additional \$6.7 million in revenue from the establishment of a contract between the Division of Taxation and a third-party vendor to analyze existing data to determine whether transactions between related companies that are not part of a combined group, but are affiliated, and transactions between commonly controlled companies were taxed accurately prior to the institution of combined reporting.

**Departmental Revenues.** The Budget includes additional revenues of \$172.3 million from departmental receipts for FY 2017. Of this amount, \$169.0 million relates to the extension of the hospital licensing fee.

- ***Medical Marijuana Restructuring.*** The Budget includes significant restructuring of the state's medical marijuana system. Changes include the establishment of a new license for individuals designated by patients as authorized purchasers; shifting regulation of compassion centers from the Department of Health to the Department of Business Regulation; the establishment of a new license for professional cultivators who will be allowed to sell medical marijuana only to compassion centers; the development and use of a state medical marijuana database; and the institution of a plant tagging system for patients, caregivers, and cultivators.

Annual tag prices will be no more than \$25 per tag for most patients and caregivers, with no fee for patients who are Medicaid eligible or disabled and their caregivers. The Budget assumes \$1.2 million from plant tags will be deposited as restricted receipts to be expended by the Department of Business Regulation on the development of the state database and tagging system.

All registration, renewal, and license fees will be deposited as restricted receipts, for exclusive use by the Departments of Health and Business Regulation for the administration of the program, effective July 1, 2016. Effective January 1, 2017, patient, caregiver, and authorized purchaser license renewals will be changed from biennial to annual, with a corresponding 50.0 percent decrease in cost. The Budget assumes a net revenue loss of \$0.7 million from the restructuring. This includes a loss of \$0.9 million from the shift of these fees to restricted receipts, offset by \$0.2 million of indirect cost recovery.

- ***Small Distilleries.*** The Budget assumes a revenue loss of \$30,000 from the establishment of a two-tiered licensing fee system for alcohol distilleries in the state. Distilleries producing more than 50,000 gallons per year will pay a licensing fee of \$3,000; those producing less than 50,000 will pay \$500. The

Budget also includes a tax exemption for the first 49,999 gallons of distilled spirits produced in the state by distilleries that have been operated within the state for at least twelve months.

- **Veterans' License Plates.** The Budget includes a total revenue loss of \$35,000 from changes made to motor vehicle registrations for veterans. The Budget assumes a loss of \$30,000 from exempting veterans from the \$20 service fee and \$5 transfer fee for veterans' license plates, effective July 1, 2016. Also included is a loss of \$5,000 for the creation of a new license plate for Gold Star Parents, whose children served in the armed forces and were killed in the line of duty.
- **Corporate Filing Fees Parity.** The Budget includes a revenue loss of \$30,000 from altering the application and renewal fees for registered limited liability partnerships from \$100 for each partner to a flat fee of \$150 for the original application and \$50 for the renewal application. This ensures that all limited liability partnerships will pay the same application and renewal fees regardless of the number of partners.
- **OHHS: Hospital Licensing Fee.** The Assembly extends the licensing fee for FY 2017 at the current rate of 5.652 percent for all hospitals except South County and Westerly, which will be assessed a fee of 3.55 percent. It assumes \$162.4 million from community hospital payments and \$6.6 million from state payments for Eleanor Slater Hospital. The licensing fee appears annually in the Appropriations Act and is not included in consensus revenue estimates; Revenue Estimating Conference can only estimate revenues under current law.
- **Local Agriculture and Seafood Fund.** The Budget does not include the Governor's proposal to require lease payment deposits from renewable energy projects costing \$5.0 million or more into the Local Agriculture and Seafood Fund. This would have resulted in Deepwater Wind's \$150,000 annual lease payment being deposited to restricted receipts instead of general revenues. The Assembly retained current law and included the enacted level of \$0.1 million from general revenues for the Local Agriculture and Seafood Program.
- **Public Finance Management Board Fees.** The Budget includes an additional \$0.3 million in revenues from removing the exemption to the fee paid for debt issuances for taxable issues and refundings and by municipalities. The additional revenues will be used to finance a new Office of Debt Management within the Office of the General Treasurer. The Office will be responsible for monitoring the process by which the state and other governmental units issue and manage public debt. Funding will support 1.0 new position and technology upgrades including a web portal to track all public debt.
- **License Plate Reissuance.** The Budget assumes a revenue loss of \$2.0 million from the one year delay of the mandatory reissuance of license plates, from July 1, 2016 to April 1, 2017. The reissuance has been delayed three times previously, from September 1, 2011 to September 1, 2013, from September 1, 2013 to September 1, 2015, and from September 1, 2015 to July 1, 2016. The associated legislation maintains the provision in current law that allows the new plates to be issued at the time of initial registration and upon the renewal of the registration. The FY 2016 enacted budget includes \$3.0 million to begin producing the new plate sets in FY 2016; the FY 2017 Appropriations Act shifts the funds to FY 2017.
- **New Revenue Officers.** The Budget assumes \$0.6 million in interest and penalties generated by the filling of three new revenue officer positions in the Division of Taxation. Combined with \$1.8 million in additional personal income, business, and sales tax revenues, the Budget assumes a total increase of \$2.4 million. Accounting for the \$0.2 million cost for the positions, the net budget impact is \$2.2 million.
- **Insurance and Banking and Regulation Staffing.** The Budget assumes \$0.4 million from the filling of Department of Business Regulation vacancies in the divisions of Banking and Insurance Regulation. Under current law, the state is reimbursed 150 percent of the Department's staffing and administrative costs for examinations conducted. The Budget adds \$0.2 million to fill the vacant positions.

- **Forward Capacity Market Revenue.** The Budget includes \$0.1 million in revenues from the state's participation in a Forward Capacity Market agreement, in which the state commits to a one-hour twice per year test to demonstrate its ability to decrease demand for electricity. If successful, an incentive payment is made. The Department of Administration indicated that \$0.7 million in revenues through FY 2019 could be received. The last four-year agreement, which ended in FY 2014, yielded a total of \$0.4 million.
- **Beach Fees and Reimbursements.** The Budget assumes a revenue loss of \$1.3 million from decreasing the beach parking fees collected by the Department of Environmental Management to the rates previously charged in 2011; the reimbursement rate for distribution to the state and the host beach communities is also changed back to the 2011 level. There is also a provision that ensures a credit for individuals who purchased season passes before the July 1, 2016 effective date.
- **Rhode Island Foundation Arts Grant.** The final FY 2016 budget includes \$5,000 from a new Rhode Island Foundation grant awarded to the State Council on the Arts for grants to cultural arts organizations and to the program's administrators to attend professional development workshops.

### Other Revenues

- **Fraud and Waste Initiative.** The Budget assumes \$5.0 million in revenues from investing a total of \$1.5 million for annual service agreements and purchasing a fraud and waste data tool that will combine data across agencies including Department of Labor and Training, Department of Revenue and health and human service agencies to detect fraud and waste. The Department of Administration indicated 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. The total estimate assumes that the state is not currently 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 assume a collection rate of 35 percent on individual income tax and 20 percent on sales tax.
- **State Fleet Vehicle Sale.** The Budget includes \$1.0 million in revenues from the sale of current vehicles and the leasing of approximately 250 light-duty passenger vehicles that are currently used by employees in numerous departments. A third party administrator will be responsible for maintenance and replacement with the leasing cost offset by the current costs to operate and maintain.
- **Infrastructure Bank Transfer.** The Budget does not include the Governor's proposal to transfer \$8.0 million from the Infrastructure Bank to general revenues.
- **Resource Recovery Corporation Transfer.** The Budget does not include the Governor's proposal to transfer \$1.5 million from the Resource Recovery Corporation to general revenues.
- **Narragansett Bay Commission Transfer.** The Budget does not include the Governor's proposal to transfer \$1.5 million from the Narragansett Bay Commission to general revenues.
- **RI Health and Educational Building Corporation Transfer.** The Budget does not include the Governor's proposal to transfer \$5.0 million from the Rhode Island Health and Educational Building Corporation to general revenues.
- **Rhode Island Airport Corporation Transfer.** The Budget does not include the Governor's proposal to transfer \$0.3 million from the Rhode Island Airport Corporation to general revenues.
- **Health Care Provider Revenue Impact from Medicaid Changes.** The Budget assumes a revenue loss of \$0.2 million to account for changes made in the medical assistance program that impact the assessments paid by the managed care plans and nursing facilities in FY 2017.

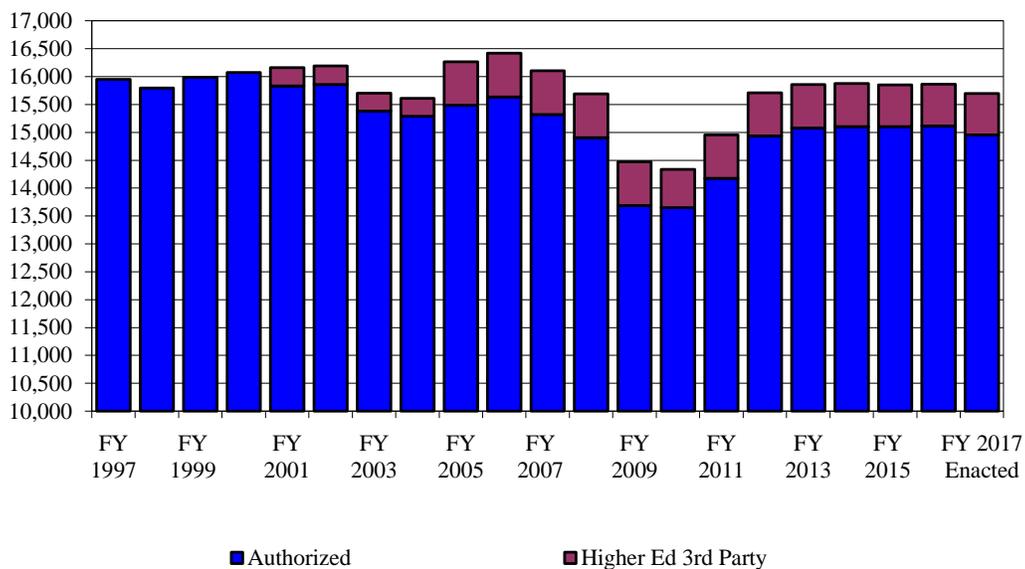
# State Government Personnel and Staffing

## Summary

The Governor recommended \$1,987.8 million for personnel expenditures and 15,227.3 full-time equivalent positions, including 745.8 higher education positions dedicated for research or supported by other third-party funds. The recommendation is \$66.9 million and 108.9 more positions than the FY 2016 enacted budget. The expenditures include both salaries and benefits, as well as contracted services.

The Assembly adopted \$1,985.5 million for personnel expenditures and 14,952.6 full-time equivalent positions, including 745.8 higher education positions dedicated for research or supported by other third-party funds. This is \$2.3 million and 274.7 full-time equivalent positions less than the Governor recommended.

**Full-Time Equivalent Positions**



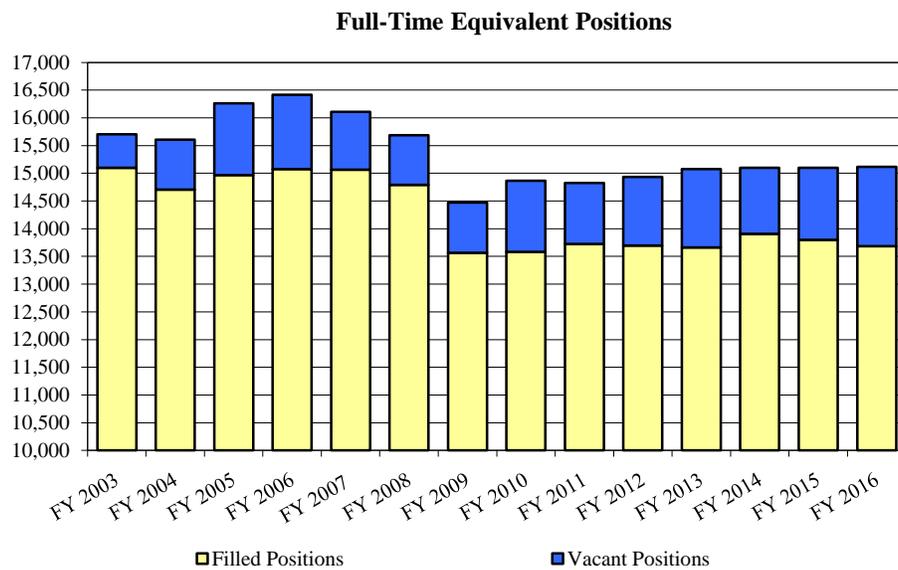
The General Assembly sets personnel limits for each agency and department defined as the maximum allowable number of full-time equivalent positions filled during any pay period. These limits are referred to as authorized levels. The authorized levels do not include temporary or seasonal employees or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

The chart on the next page shows the staffing levels from FY 2003 through FY 2016. Authorized levels peaked in FY 2006; however, filled positions peaked in FY 2003. A significant reduction to both authorized and filled positions is apparent in FY 2009, FY 2010 and FY 2011 due to a major surge of retirements. Other significant issues during that period are noted below.

- Total filled positions peaked at 15,099.0 in FY 2003. Filled positions dropped by 393.0 to 14,706.0 in FY 2004 due to a hiring freeze.
- The increase in authorized positions during FY 2005 is the result of an additional 461.2 higher education

positions that are dedicated for research or supported by other third-party funds. There are consistent vacancies within this group of positions.

- Total authorized positions peaked in FY 2006 from an additional 151.9 authorized positions, primarily from a new class of correctional officers at the Department of Corrections and new nursing programs at each of the colleges. However, filled positions remained consistent with prior years.
- During FY 2007, the Governor proposed initiatives including measures to encourage eligible individuals to retire, such as ending statutory status and payment for unused sick leave and revisions to accrued vacation leave, freezing longevity payments, shutting down government operations for two days, and establishing limited service positions. The Assembly did not concur with the proposal; however, it did adopt a reduction of vacant general revenue funded positions, eliminating 419.4 vacant positions.



- The decline in both authorized and filled positions in FY 2009 resulted from changes to retiree health benefits included in Article 4 of 2009-H 5019, Substitute A, as amended. This change caused a significant number of state employees to retire. There were 14,917.8 filled positions on December 6, 2007, compared to December 8, 2008, when there were 13,302.1 filled positions.

The FY 2017 enacted budget includes authorization for 14,952.6 positions. This is 274.7 positions less than recommended, including the elimination of 225.0 vacancies to better align authorization and staffing levels. In FY 2016, the state averaged 13,687.4 filled positions reflecting an average of 1,274.8 non-research vacancies. In FY 2015, the state averaged 13,801.1 filled positions reflecting an average of 1,142.1 non-research vacancies.

The FY 2016 final budget includes 15,116.3 positions, 23.0 fewer positions than the Governor recommended.

### Personnel Costs

Personnel costs include both salaries and benefits and contracted services. Benefits include direct benefits to employees as well as assessed statewide employee benefits. Contracted services are services state government purchases by contract.

The Governor’s personnel recommendation includes \$1,684.8 million for salaries and benefits and \$303.0 million for contracted services. These expenditures represent an increase of \$66.9 million, or 3.4 percent, from the FY 2016 enacted budget. Salaries and benefits increase by \$46.0 million, or 2.8 percent and contracted services increase by \$20.9 million, or 7.4 percent. General revenue expenses for salaries and benefits increase by 2.5 percent and contracted services increased by 21.4 percent to primarily reflect expenditures for the Unified Health Infrastructure Project.

FY 2017 Enacted	General		Restricted		Total
	Revenues	Federal Funds	Receipts	Other Funds	
Salaries and Wages	\$ 579,043,814	\$ 179,566,785	\$ 41,631,388	\$ 314,304,183	\$ 1,114,546,170
Benefits	313,442,532	105,688,688	25,638,839	125,089,756	569,859,815
<b>Total Salaries and Benefits</b>	<b>\$ 892,486,346</b>	<b>\$ 285,255,473</b>	<b>\$ 67,270,227</b>	<b>\$ 439,393,939</b>	<b>\$ 1,684,405,985</b>
Contracted Services	60,988,274	168,583,099	42,880,315	28,676,117	301,127,805
<b>Total Personnel</b>	<b>\$ 953,474,620</b>	<b>\$ 453,838,572</b>	<b>\$ 110,150,542</b>	<b>\$ 468,070,056</b>	<b>\$ 1,985,533,790</b>

The Assembly provided \$1,684.4 million for salaries and benefits and \$301.1 million for contracted services. Salaries and benefits are \$45.5 million more than enacted and \$0.4 million less than the Governor’s recommendation. This includes \$10.2 million from all funds, including \$5.0 million from general revenues to restore savings that the Governor had recommended in FY 2017 from transitioning individuals in 24-hour residential placements to less restrictive settings. This is offset by \$10.6 million in other salary and benefit changes to reflect savings from turnover and elimination of new positions that the Governor had recommended. Contracted services are \$1.9 million less than recommended. It should be noted that these expenditures exclude internal service funds; however, the staffing levels do include them.

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

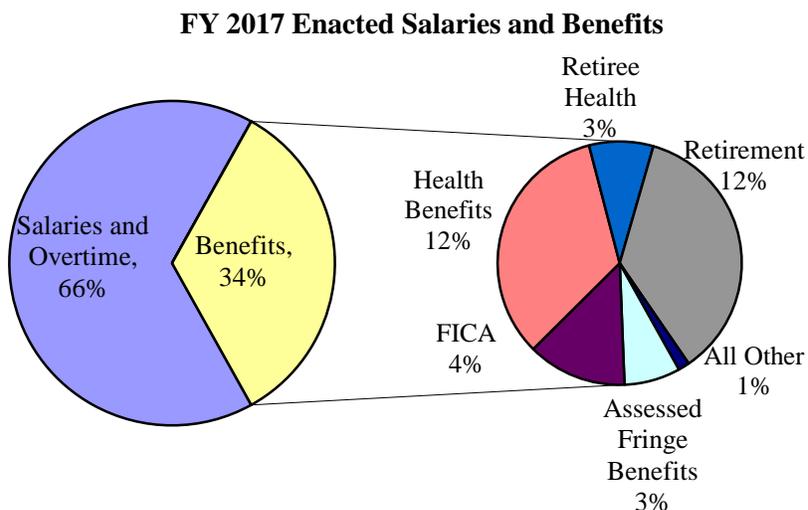
There are three divisions of state service: classified, unclassified, and non-classified. Classified service includes competitive and non-competitive positions. Competitive positions require employees to take civil service examinations, as opposed to non-competitive positions which include positions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

Employee status refers to an employee’s protection during reorganizations or layoffs. When an employee is first hired, he or she may have temporary or probationary status, which provides the least protection. All employees that were hired prior to August 7, 1996, will have statutory status when reaching 20 years of state service. This means that the state is required to find a suitable position for that employee in the case of reorganizations or layoffs. For veterans, statutory status is acquired after 15 years of service. As of February 2016, there were 3,318 employees with statutory status, including 159 employees who were eligible through the veteran provision.

Governor Chafee recommended \$300,000 to conduct an analysis of the state’s personnel system and to recommend alternatives to the current system. The study was completed in January 2013 and found that the current personnel structure, organization and staffing of the Division of Human Resources is not sufficient to support the state’s need. Additionally, 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.

A total of 16 actions were recommended, including: implementing an online application system, eliminating the public hearing process when making changes to classification structure, and hiring a new chief of human resources to be dedicated to establishing strategic direction and developing policies. The 2013 Assembly provided funding for this position, which was filled in December 2013. The FY 2016 revised and the FY 2017 recommended budgets include a total of \$1.2 million for a classification and compensation study. The vendor is currently working on the job descriptions.

Salaries and benefits make up 84.8 percent of total personnel costs. The following charts represent the total cost of salaries and benefits. The larger pie chart divides salaries, including overtime, and benefits. The smaller pie chart breaks out the percentage of each benefit type. Each of the items included in the graphic is described in further detail in the paragraphs that follow.



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

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

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

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

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

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

Most state employee contracts expired on June 30, 2013. In April 2014, the Chafee Administration reached agreements with its largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017. This includes 2.0 percent salary increases effective April 6, 2014, October 5, 2014 and October 4, 2015. Several contracts remained unsettled as of the submission of the FY 2017 budget, including those covering members of the Rhode Island Brotherhood of Correctional Officers.

The contract for the State Troopers Association covered the period of May 1, 2010 through April 30, 2013, and was subject to a wage re-opener for the last contract year. The State Troopers Association re-opened the contract for wage negotiations and a settlement was reached in August 2015. The settlement covers a three year period; May 1, 2013 through May 1, 2015 for a 10.0 percent salary increase, consisting of retroactive hikes of 3.5 percent as of May 1, 2013; 3.0 percent as of May 1, 2014; and 3.5 percent as of May 1, 2015.

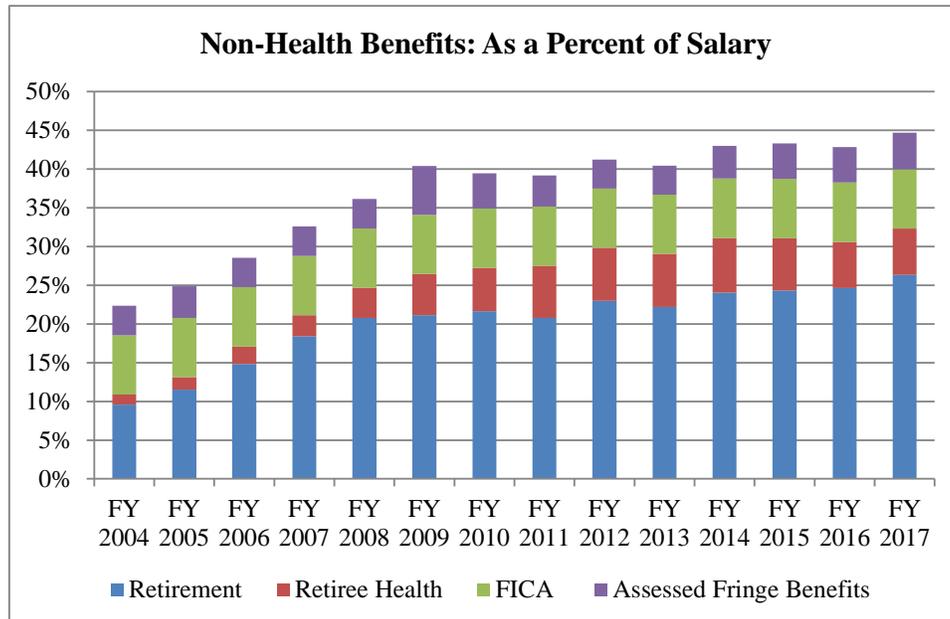
The following table identifies the recent cost-of-living adjustments and any other notable adjustments to employee salaries.

<b>Cost-of-Living Adjustments</b>		
<b>Fiscal Year</b>	<b>Increase</b>	<b>Notable Adjustments</b>
2005	1.5%	
2006	2.5%	
2007	4.0%	
2008	3.0%	6 furlough days
2009	-	
2010	2.5%	8 furlough days
2011	3.0%	6 month delay, 4 furlough days
2012	3.0%	
2013	-	
2014	2.0%	April 6, 2014
2015	2.0%	October 5, 2014
2016	2.0%	October 4, 2015

**Overtime.** Overtime accounts for 3.7 percent of total salary and benefit expenses. The majority of overtime expenses occur in the Department of Corrections for correctional officers, followed by the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals, Human Services and Public Safety.

Overtime - FY 2017 Enacted	
Corrections	39.7%
BHDDH	15.7%
Public Safety	8.6%
Human Services	8.6%
Transportation	7.7%
Higher Education	7.7%
Children, Youth and Families	6.2%
All Others	6.0%
<b>Total</b>	<b>100%</b>

**Benefits.** Benefits include direct benefits to employees such as health, workers' compensation and unemployment as well as unfunded liabilities for retirement and retiree health. With the exception of health benefits, these are calculated as a percentage of salary and are approximately one-third of the total cost of a position. The following table shows non-health benefits as a percent of salary from FY 2004 through FY 2017. It is important to note that while FICA is part of the cost of a position, it is a federal requirement over which the state has no control. Each benefit is described in the paragraphs that follow.



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

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

The salary basis is the five highest consecutive years. Cost-of-living adjustments are only granted when the pension systems' aggregate funded ratio exceeds 80.0 percent; the formula uses both investment returns and inflation, but no more than 3.5 percent or less than zero. It is only applied to the member's first \$25,000 of pension income, indexed to grow at the same rate as the cost-of-living adjustment. Prior to full funding,

intermittent cost-of-living adjustments are granted every four years and there are different provisions for pre-settlement retirees. There have been many changes to the retirement system over the past few years. These changes are discussed later in the report.

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

**FICA.** The Federal Insurance Contributions Act tax is a United States payroll tax imposed by the federal government on both employees and employers to fund Social Security and Medicare. This applies to all employee groups except State Police. This rate is calculated on salaries and overtime; however, the Social Security portion has a salary limit. In calendar year 2016, the salary limit is \$118,500. There is no salary limit for the Medicare portion.

The total rate is 7.65 percent, including 6.20 percent for the Social Security portion and 1.45 percent for the Medicare portion.

**Assessed Fringe.** The assessed fringe benefit internal service fund was established in August 1999 to comply with federal regulations and to eliminate the fluctuations in agency budgets that result from workers' compensation claims, unemployment claims, and unused leave. A biweekly assessment is applied to the amount of salaries and wages paid from all accounts and funds. This fund allows the costs to be spread out over all fund sources, as opposed to only general revenues. The rate for most employees is 4.6 percent for FY 2016; however, the rate for certain public safety personnel is 2.35 percent because these employees receive injured on duty benefits. The rate for higher education faculty is 3.93 percent because they do not receive severance payments.

The FY 2016 enacted budget was based on an assessment of 4.3 percent; however, nearing the end of FY 2015, the Budget Office projected that the fund would not have sufficient resources to cover costs. The fund ended FY 2015 with a deficit of \$1.9 million. In order to eliminate the deficit, the assessment rate for FY 2016 was increased from 4.3 to 4.6 percent, or by 7.0 percent.

The FY 2017 planning values assume a 4.75 percent assessment, which is projected to generate \$42.0 million in FY 2017 and will be used to pay workers' compensation claims, unemployment claims, and unused leave. Expenditures for workers' compensation account for approximately 80 percent of the total assessment.

The FY 2017 Budget assumes statewide savings of \$0.5 million, including \$0.3 million from general revenues from changes 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.

**Health Benefits.** All full-time state employees and certain part-time employees are eligible for health benefits, including medical, dental and vision through United HealthCare and Delta Dental. Employees began contributing to the cost of this health care ten years ago. At that time, some employees get a percentage of salary, depending on salary range, and some employees paid 5.0 percent of the cost of the health plans. Currently, an employee's contribution depends on his or her salary and the type of plan chosen.

The following table shows the cost of health benefits and the state employee co-shares for FY 2016 for both individual and family plans.

FY 2016 Final	Below \$49,670		\$49,670 - \$95,481		Over \$95,481	
	Individual	Family	Individual	Family	Individual	Family
Total Cost of Benefits	\$ 7,822	\$ 21,925	\$ 7,822	\$ 21,925	\$ 7,822	\$ 21,925
% of Premium: State	80.0%	85.0%	80.0%	80.0%	75.0%	75.0%
Annual Cost to State per Employee	\$ 6,258	\$ 18,636	\$ 6,258	\$ 17,540	\$ 5,867	\$ 16,444
% of Premium: Employee	20.0%	15.0%	20.0%	20.0%	25.0%	25.0%
Annual Cost to Employee	\$ 1,564	\$ 3,289	\$ 1,564	\$ 4,385	\$ 1,956	\$ 5,481

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

Weighted Average	FY 2016 Enacted	FY 2016 Final	FY 2017 Enacted
Medical	\$ 17,105	\$ 16,513	\$ 17,058
Dental	920	881	907
Vision	130	126	130
<b>Total</b>	<b>\$ 18,155</b>	<b>\$ 17,520</b>	<b>\$ 18,095</b>

In April 2014, Council 94 agreed to a new four-year contract effective July 1, 2013 through June 30, 2017. Among the main provisions of the new contract are increased co-pays for office visits and prescription drugs, and deductibles of \$250/\$500 for individuals/families effective January 1, 2015.

As shown in the table above, the FY 2016 enacted budget assumes a planning value of \$18,155; however, it assumes savings from medical and vision that were budgeted in the Department of Administration for later distribution. The Budget Office subsequently distributed the savings to agency budgets, thereby reducing the weighted average by 3.5 percent to \$17,520.

The Budget Office noted that the Health Insurance Fund was showing a larger surplus than expected; the FY 2016 revised budget includes additional medical benefit savings of \$2.5 million from a partial medical benefit “holiday,” which is equivalent to one-half of what agencies would be charged for a full pay period. The Budget Office further noted that as the fiscal year progresses, if the fund balance maintains sufficient funds then a full medical holiday would be possible. This would result in additional savings of \$2.5 million.

The FY 2017 budget is based on a planning value of \$18,095, which is 3.3 percent more than the FY 2016 revised budget. The FY 2017 recommended budget assumes \$2.6 million less for medical benefits than previously assumed.

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

The 2014 Assembly adopted legislation replacing the assessments that support the infant and adult immunization programs, effective on January 1, 2016, and established 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. It should be noted that this cost has not been factored into the health benefit rates in the budget.

**Total Costs.** The total cost examples for two employees who have salaries of \$50,000 and \$100,000, respectively, and a family health plan in FY 2017 is displayed in the following table.

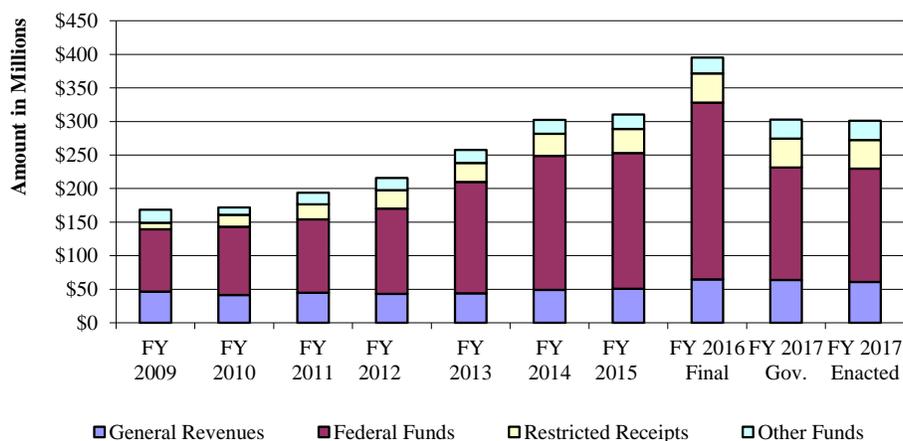
<b>Cost of a Position - FY 2017 Enacted</b>				
	Expense	% of Salary	Expense	% of Salary
Salary	\$ 50,000		\$ 100,000	
FICA	3,825	7.65%	7,650	7.65%
Assessed Fringe	2,375	4.75%	4,750	4.75%
Retiree Health	2,985	5.97%	5,970	5.97%
Retirement	13,170	26.34%	26,340	26.34%
Subtotal	\$ 22,355	44.71%	\$ 44,710	44.71%
Health Benefits	18,095	Family Plan	18,095	Family Plan
Total Co-share	(3,619)		(4,524)	
Subtotal Benefits	\$ 36,831	73.7%	\$ 58,281	58.3%
<b>Total Cost</b>	<b>\$ 86,831</b>		<b>\$ 158,281</b>	

**Contracted Services.** Contracted services make up the remaining 15.2 percent of personnel costs. The recommended budget includes \$301.1 million for expenditures the state classifies as contracted services, often referred to as consultants. These expenditures reflect the compensation paid for the services of non-employee individuals or firms and include payments to professional practitioners and other independent contractors who sell their services.

By fund source, 56.0 percent of the expenses are supported by federal grants and 20.3 percent are funded from general revenues. The Executive Office of Health and Human Services and the Department of Elementary and Secondary Education account for more than a third of these expenses from all sources.

The following chart shows the costs of contracted services from FY 2009 through FY 2017. The total cost remained relatively consistent from FY 2009 through FY 2011; however, there is a decline in the amount of general revenues spent over that time. The significant increases in FY 2012 and FY 2013 are mostly as a result of Race to the Top funds in the Department of Elementary and Secondary Education. The Department was awarded \$75.0 million to spend over four years. The FY 2013 and FY 2014 budgets also include over \$50 million from federal funds for the implementation of the Affordable Care Act.

**Contracted Services, FY 2010 to FY 2017**



The FY 2016 final budget includes \$395.3 million for contracted services. This is \$113.2 million more than enacted, including increases \$12.3 million from general revenues, \$91.0 million from federal funds, \$7.9 million from restricted receipts and \$2.0 million from other funds. Of the increase, \$109.3 million is

for the Unified Health Infrastructure Project. The FY 2017 budget includes \$301.1 million, which is \$19.0 million or 6.7 percent more than enacted, and is \$94.2 million less than the final budget.

Over the past few fiscal years, the Assembly required state agencies to be held more accountable for contracted services they purchase. The Assembly concurred with most of Governor Chafee's FY 2015 budget proposal to repeal or consolidate most requirements. The paragraphs that follow identify these reporting requirements, and any significant revision.

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

The 2006 Assembly amended this legislation in 2006-H 6779, Substitute A, to establish a \$0.1 million threshold for which services obtained are substantially similar to work performed by regular employees of the department, commission, board, council or agency. The legislation further required state agencies to list all privatization contracts as part of the budget requests, which must contain the name of the contractor, duration of the contract and costs of previous, current and upcoming years. Agencies must also include a summary of contracted private employees for each contract, reflected as full-time equivalent positions and their hourly wage rate. It appeared that only a few agencies were complying with this requirement.

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

Governor Chafee included legislation in Article 17 of his recommended FY 2015 budget that increased the threshold from \$100,000 to \$150,000 and required that the reporting be annually submitted to the Budget Office electronically. The legislation requires that the Budget Office electronically post all contracts and reports online using the state's transparency portal or an equivalent website no later than December 1 of each year. The Assembly concurred and included the legislation in Section 4 of Article 9 of 2014-H 7133, Substitute A, as amended. This reporting requirement has not been met.

RIGL 37-2.3-1. The 2006 Assembly adopted legislation requiring agencies to list all privatization contracts as part of the budget request when obtaining services that are substantially similar to work performed by regular employees of the department, commission, board, council or agency starting in FY 2009. The list must contain the name of the contractor, duration of the contract and costs of previous, current and upcoming years. Agencies must also include a summary of contracted private employees for each contract, reflected as full-time equivalent positions and their hourly wage rate.

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

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

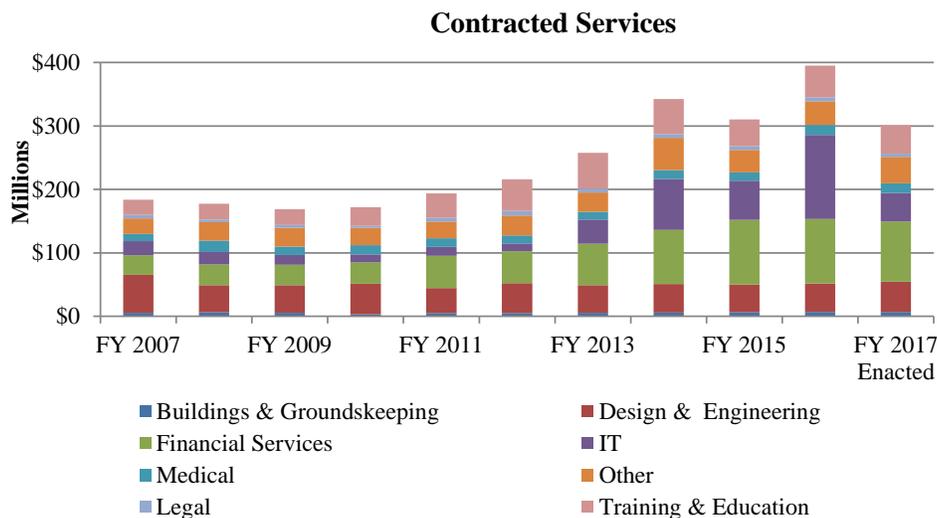
*RIGL 42-149-1.* This statute adopted in Public Law 2007, Chapter 525 requires all state departments to submit quarterly reports of all non-state employee expenditures for legal services, financial services, temporary work and other non-state employee personnel costs. The report must contain: efforts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

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

*RIGL 42-149-3.1.* This legislation, adopted in Public Law 2011, Chapter 409 requires an assessment of 5.5 percent on contractual costs to be paid to the retirement system on a quarterly basis when a department, commission, board, council, agency or a public corporation agrees to obtain contractual services that are substantially similar to and in lieu of services provided by regular employees. During the FY 2013 budget process, the administration indicated that it developed a mechanism within the state’s accounting system to calculate this charge and \$0.4 million was collected in FY 2013, FY 2014 and FY 2015.

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

*P.L. 2007, Chapter 073.* The 2007 Assembly adopted legislation to correct a situation concerning contract employees that were doing the same work as state employees, under state employee supervisors. Departments and agencies would be allowed to convert those positions to state employee positions within available funding. The law also required that an agency or department may not employ contracted employees or employee services where the contracted employees would work under state employee supervisors after October 1, 2007, without determination of need by the Director of Administration acting upon the positive recommendations of the Budget Officer and the Personnel Administrator and 15 days after a public hearing. The FY 2014 enacted budget and six previous budgets included this language. Consistent with the FY 2016 enacted budget, the FY 2017 enacted budget did not include this language.



The table above shows the types of services provided by outside contractors from FY 2007 to FY 2017. The majority of the expenditures are spent on design and engineering services, training and educational, and management and consultant services. The smallest areas of spending are legal services and buildings and grounds keeping services.

## FY 2017 Proposed Personnel Initiatives

The Governor included Article 3 as part of her recommended budget to include several personnel initiatives. The article covers four general issues: classification, compensation for directors, health benefits and personnel administration including the Personnel Appeal Board and probationary period. Several of these initiatives were included in her FY 2016 recommended budget; she subsequently requested an amendment to rescind some of the proposals or limit them to those employees not covered by collective bargaining agreements. Article 3 includes several proposals that were included in the FY 2016 recommended budget for reconsideration, including director's pay, probationary period and adding certain positions to the unclassified service. The Assembly rejected these proposals.

- **Classification Issues.** The Governor proposed legislation that adds several positions to the unclassified service, including an administrative officer for the Rhode Island Emergency Management Agency; a new cybersecurity officer; and chiefs of staff, public information officers and policy directors in several departments. The FY 2016 enacted budget included several changes to the unclassified service, including language that provided that if any position added to the unclassified service by legislative act after January 1, 2015, is occupied by a classified employee on June 30, 2015, the positions shall remain in the classified service until such position becomes vacant. It also added certain positions in several departments to the unclassified service: for the Department of Administration, a chief of staff, public information officer and legislative/policy director; for Office of Commerce, a secretary, deputy secretary, chief of staff, communications director, legislative director and policy director; and several others. The Assembly only added the cybersecurity officer position to the unclassified service.

- **Classification Study.** The Governor recommended a total of \$1.2 million from general revenues, including \$950,750 in FY 2016 and \$250,000 in FY 2017 for a classification and compensation study. This is to continue the work begun with a study and review of the personnel system completed in January 2013 that found that the current structure, organization and staff of the human resources division is not sufficient, the recruiting process is cumbersome and slow, the job classification structures do not reflect qualifications to deliver services and career earnings potential for state employees is lower than neighboring states. The vendor is currently working on the job descriptions. The Assembly concurred.

- **Retiree Health Insurance.** The Governor included a proposal that would allow retired employees who currently are receiving health insurance coverage from the state to opt out and receive a cash payment in lieu of the insurance coverage, provided that the individual has another form of health coverage. There would be no limit on the number of times a retiree could receive the waiver and the waiver amount is not specified. Current active employees who opt out of receiving health coverage receive a waiver of \$1,001 per year. The Assembly did not concur.

- **Administrative Changes.** The Governor proposed legislation to allow the Personnel Appeal Board to give deference to the degree of discipline imposed upon the employee by the appointing authority provided that the factual findings of the Personnel Appeal Board are substantially consistent with the facts relied upon by the appointing authority and the degree of discipline imposed was not arbitrary, capricious or contrary to rule or law. She also proposed to extend the probationary period for certain positions from 6 months to 12 months, effective July 1, 2016 or upon the expiration of applicable labor contracts. Her FY 2016 budget included similar proposals that were not adopted. The Assembly did not concur.

- **Director's Salaries.** The Governor proposed to repeal the requirement that the Department of Administration seek the General Assembly's approval in determining salaries for cabinet directors. Director's salaries would be similar to those employees of the Office of the Governor, which are currently determined by the Governor, and would be entitled to receive cost-of-living increases as provide to unclassified employees of the Executive branch. Current law requires that the Department of Administration refer a proposed salary for a director to the General Assembly by the last day in April, which

will take effect in 30 days unless it is rejected by a formal action of the House and Senate within the time frame. The Assembly did not concur.

- The 2015 Assembly provided a one-time four-month extension to the current law on director salaries, instead of enacting a similar proposal for the Governor to repeal this process. The public hearing process was extended to July and the referral of proposed salaries to the Assembly was extended to August 30.

### **Recent Compensation and Benefit Revisions**

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

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

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

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

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

In March 2015, a proposed settlement was announced. The Assembly enacted Article 21 of 2015-H 5900, Substitute A, as amended to codify the pension settlement agreement signed by all the parties (except all municipal police and Cranston fire) in April 2015 and determined by the Court to be fair, adequate and reasonable in May 2015. The legislation does not exclude any parties. It preserves over 90 percent of the 2011 pension reform savings. The changes include providing a cost-of-living increase every four years instead of every five as well as two, one-time \$500 payments to all current retirees. It changes the formula for calculating the cost-of-living increase to use both investment returns and the consumer price index with a maximum of 3.5 percent; currently it is only based on investment returns with a 4.0 percent maximum. It also increases the base used for cost-of-living calculations from \$25,000 to \$30,000 for current retirees.

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

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

There was no assumed impact to the FY 2016 budget; the FY 2017 budget was expected to require an additional \$12.6 million from general revenues. This is reflected in the rates adopted by the Retirement Board, which are used in the FY 2017 budget.

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

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

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

It should be noted that the federal "Cadillac" tax was scheduled to take effect in 2018 for plans deemed high cost. The tax would be 40.0 percent of the cost above federally established thresholds. While final regulations have not been issued, it is widely assumed that the threshold will be \$10,200 for an individual plan and \$27,500 for a family plan. The current pre-65 rate plan costs \$11,300 for an individual plan and \$31,500 for a family plan. In December 2015, Congress delayed the start of the tax to 2020. Originally, the tax was nondeductible; however, when the law was modified in December, it became tax deductible for employers who pay it. To date, no federal regulations have been issued.

The retiree health rate in the last actuarial valuation assumed 0.29 percent to account for the costs of the "Cadillac" tax. The rate has not been adjusted yet to account for the delay.

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

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

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

- **Longevity.** The 2011 Assembly included legislation that ended new longevity payments for all state employees effective July 1, 2011, or upon the expiration of any current collectively bargained contract. Employees continue to receive the same longevity percentage they have already earned; however, no new longevity will be granted. Provisions for these payments are generally a matter of collective bargaining agreements for union employees or personnel policy for non-union staff. Non-classified employees of the former Board of Governors, Board of Regents and Public Telecommunications Authority received longevity payments of 5 percent after 10 years and 10 percent after 20 years, pursuant to three different sections of the General Laws. Out-year estimates had projected \$4.0 million in annual costs from this provision.

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

Changes for each agency are summarized in the paragraphs at the end of this report and explained in further detail in the individual agency analyses contained in the FY 2016 Revised and FY 2017 sections of this publication.

### **Distribution of Positions**

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

<b>FY 2017 Changes to Enacted FTE</b>	<b>Gen. Govt.</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Res.</b>	<b>Transp.</b>	<b>Total</b>
<i>FY 2016 Enacted</i>	2,330.2	3,747.6	4,630.4	3,229.6	428.0	752.6	<b>15,118.4</b>
New Positions	24.0	3.0	36.3	8.0	-	-	71.3
Consolidation Initiatives	26.0	(13.0)	(2.0)	-	-	(11.0)	-
Program Reduction	(7.5)	(2.0)	-	(2.0)	-	(0.6)	(12.1)
Vacancy Reduction	(30.0)	(116.0)	(9.0)	(30.0)	-	(40.0)	(225.0)
<i>Total Change to Enacted</i>	12.5	(128.0)	25.3	(24.0)	-	(51.6)	(165.8)
<b>FY 2017 Enacted</b>	<b>2,342.7</b>	<b>3,619.6</b>	<b>4,655.7</b>	<b>3,205.6</b>	<b>428.0</b>	<b>701.0</b>	<b>14,952.6</b>

The following is a brief summary of the distribution of positions by function. A description of the position changes from the FY 2016 enacted budget follows. Most of the positions in state government are in the education and human services functions, which together account for 55.3 percent of all positions.

The Budget includes 2,342.7 full-time equivalent positions for general government agencies, 15.7 percent of the distributed positions. This is 12.5 positions more than the authorized level, reflecting 24.0 new positions, 26.0 for two consolidation initiatives and the elimination of 30.0 vacancies.

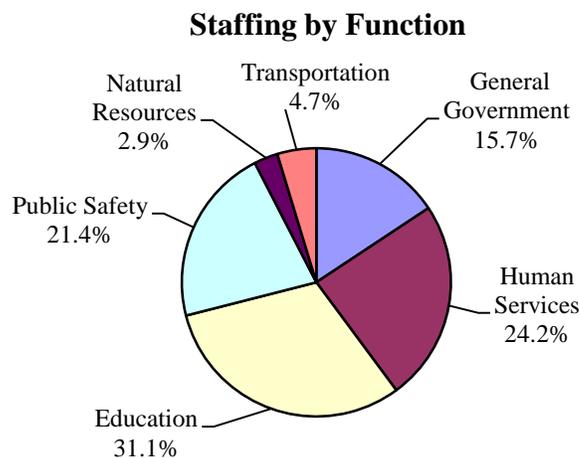
The Budget provides 3,619.6 full-time equivalent positions for human services, or 24.2 percent of all distributed positions. This is 128.0 positions less than enacted, to primarily reflect the elimination of 116.0 vacancies.

The Budget includes 4,655.7 full-time equivalent positions for education, 31.1 percent of all distributed positions. This is 25.3 positions more than the FY 2016 enacted budget.

There are 3,205.6 full-time equivalent positions for public safety agencies, 21.4 percent of all distributed positions. This is 24.0 positions less than the FY 2016 authorized level, reflecting the elimination of 30.0 vacancies.

The Budget provides 428.0 full-time equivalent positions for natural resources agencies, which is consistent with the FY 2016 authorized level.

The Budget provides 701.0 full-time equivalent positions for transportation, 5.1 percent less than enacted.



## Program Changes to FY 2016 Enacted Staffing Levels

**Administration.** The Governor recommended FY 2016 revised staffing of 723.7 positions, 12.0 more than authorized. This includes the transfer of 5.0 positions from the Departments of Transportation and Behavioral Healthcare, Developmental Disabilities and Hospitals, as part of the capital consolidation initiative, and 4.0 new senior positions. It also includes new positions in other programs including the Office of Management and Budget, Building Code Commission, Central Management and Purchasing. The recommendation assumes 12.7 unidentified positions to be eliminated.

She recommended staffing of 743.7 positions for FY 2017. To the revised budget, she added 20.0 positions from various agencies for the consolidation of auditing functions, 1.0 new cybersecurity officer position and 1.0 new position in the Office of Energy Resources.

The Assembly provided staffing of 712.7 positions for FY 2016, 1.0 more than enacted to reflect the new position in the Building Code Commission. For FY 2017, it provided staffing of 708.7 positions, 35.0 less than recommended. This reflects the elimination of 24.0 vacancies, an additional position transfer from the Department of Human Services for auditing functions and exclusion of the majority of new positions, with the exception of the cybersecurity officer.

**Business Regulation.** The Governor recommended staffing of 104.0 positions for the Department of Business Regulation in FY 2017, 6.0 more than enacted, including 5.0 positions added for administration of the Medical Marijuana program and one new position in the Insurance Division. The Assembly did not concur and reduced the number of authorized positions by 7.0 to reflect the elimination of roughly a third of the Department's vacancies and 1.0 fewer position for Medical Marijuana program administration. The Department's FY 2017 staffing authorization is 97.0 full-time positions.

**Labor and Training.** The Governor recommended 416.5 full-time positions for both FY 2016 and FY 2017. This is 6.5 positions more than authorized, including 3.0 each for grant monitoring and evaluation and the Misclassification Task Force and 1.0 for the Workforce and Education Realignment Project, offset by a vacancy reduction of 0.5 positions. The Assembly authorized 409.5 positions for both FY 2016 and FY 2017.

**Revenue.** The Governor recommended 523.5 positions for FY 2017, 9.0 more than enacted. This includes 6.0 positions in the Division of Taxation for revenue enhancements, 2.0 in the Office of Revenue Analysis and 1.0 in the Division of Municipal Finance for the Municipal Transparency Portal project. The Assembly concurred.

**Secretary of State.** The Governor recommended 59.0 positions for FY 2017, 2.0 more than authorized to reflect one junior application developer and a copy editor position. The Assembly concurred.

**Office of the General Treasurer.** The Governor recommended staffing of 87.0 for FY 2016, 3.0 more than the enacted level. This includes 1.0 new program director position for the CollegeBound*fund* and 2.0 new positions for the Retirement System.

For FY 2017, she also added 1.0 position to staff the new Office of Debt Management, for total staffing of 88.0. The Assembly provided the enacted level of staffing for FY 2016 and concurred with the Governor's recommendation for FY 2017.

**Board of Elections.** The Governor recommended 1.0 new position to assist with the implementation of new campaign finance laws, for FY 2017 staffing of 12.0 positions. The Assembly concurred.

**Public Utilities Commission.** The Governor recommended 51.0 positions for FY 2017, 1.0 more than the authorized level to reflect a new position to deal with residential utility termination cases. The Assembly concurred.

**Executive Office of Health and Human Services.** The Governor recommended the enacted level of 187.0 for FY 2016 and FY 2017. The Assembly eliminated 8.0 vacant positions for a staffing level of 179.0 in FY 2017.

**Children, Youth and Families.** The Governor recommended the enacted level of 672.5 positions for FY 2016 and FY 2017. Her recommendation also reallocated positions from other programs within the Department to Central Management. The Assembly reduced the Department's number of authorized positions by 43.0 to reflect the elimination of approximately one-third of its vacant positions. The Department's FY 2017 staffing authorization is 629.5 positions.

**Behavioral Healthcare, Developmental Disabilities and Hospitals.** The Governor transferred two positions in the FY 2016 revised and FY 2017 recommended budgets to the Department of Administration for the consolidation of facilities management functions that occurred in the FY 2016 enacted budget. Her FY 2017 budget also eliminates two positions in the Division of Behavioral Healthcare Services in FY 2017 for staffing authorizations of 1,419.4 in FY 2016 and 1,417.4 in FY 2017. The Assembly further eliminated 65.0 vacant positions for staffing authorization of 1,352.4 in FY 2017.

**Health.** The Governor recommended 503.6 positions for FY 2017, 13.0 more than enacted to reflect the transfer of the Women, Infants, and Children Nutrition Assistance Program from the Department of Human Services. The Assembly concurred.

**Human Services.** The Governor transferred seven fraud detection positions to consolidate audit functions into the new Office of Internal Audit in the Department of Administration and added three positions in the Division of Veterans' Affairs. The Governor transferred the Women, Infants and Children program to the Department of Health but did not reduce staffing by the 13.0 positions assigned to that program, essentially adding 13.0 unidentified positions to the Department. The Assembly provided 937.1 positions, 27.0 positions less than enacted including transferring eight fraud detection positions, eliminating 16 unidentified positions and adding two positions for the Office of Veterans' Affairs.

**Commission on the Deaf and Hard of Hearing.** The Governor recommended staffing authorization of 4.0 positions, 1.0 more than enacted to reflect a new staff interpreter position. The Assembly concurred.

**Elementary and Secondary Education.** The Governor recommended FY 2017 staffing of 339.4 positions, 2.0 more than authorized to support the Department's performance management system and the evaluation model to develop and implement professional practice and training for all evaluators. The Assembly authorized 325.1 positions for FY 2017. It did not recommend the 2.0 new positions and it removed authorization for 3.3 positions funded from federal Race to the Top Early Learning Challenge funds as that grant will end December 31, 2016. It also removed authorization for 9.0 vacant positions.

**Public Higher Education.** The Governor recommended 4,293.8 full-time equivalent positions for FY 2017, which is 34.6 more than enacted. 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. A senior internal auditor was also moved from the University to the new division within the Department of Administration. She recommended the enacted level of 745.8 third-party funded positions.

The Assembly concurred and also added 3.0 new positions to the Office of Postsecondary Commissioner for the new Westerly Higher Education and Industry Center, consistent with the Governor's requested budget amendment.

**Rhode Island State Council on the Arts.** The Governor's budget includes 2.6 fewer positions to reflect the elimination of the Rhode Island Film and Television Office. Elimination of the Office would require a statutory change, for which legislation was not included in the government reorganization article. The recommended budget does not eliminate the Office's statutory obligation to administer the Motion Picture and Theatrical Production tax credits. The Governor subsequently requested an amendment to restore the 2.6 Film and Television Office positions. The Assembly concurred and authorized the enacted level of 8.6 positions for FY 2017.

**Office of the Attorney General.** The Governor included 236.1 positions in FY 2016 and FY 2017. The Assembly eliminated a vacant position in FY 2017.

**Corrections.** The Governor included 1,432.0 positions for FY 2017, 13.0 more than enacted. This includes 8.0 new probation officer positions to shift inmate discharge planning from contracted to direct personnel. She also added 5.0 new probation officer positions to fund a proposal of the Justice Reinvestment Working Group that would allow for the closure of one double module at the Intake Service Center.

The Assembly authorized 1,423.0 positions for FY 2017. It did not authorize the 8.0 new positions associated with shifting inmate discharge planning to direct personnel as the Department extended the current contracts for one year. It did authorize 4.0 new probation officer positions as part of the Justice Reinvestment initiative.

**Judiciary.** The Governor recommended the enacted level of 724.3 positions for FY 2017. The Assembly eliminated a vacant deputy executive assistant/communication position in District Court for staffing authorization of 723.3.

**Military Staff.** The Governor recommended 96.0 positions for FY 2017, 4.0 more than enacted, including two maintenance positions, a project manager and a program manager. The Assembly concurred with the 4.0 new positions, but eliminated 4.0 vacancies, retaining the enacted level of 92.0 positions.

**Emergency Management.** The Governor recommended the enacted level of 32.0 positions for FY 2017. The Assembly eliminated 3.0 vacancies for staffing authorization of 29.0.

**Public Safety.** The Governor recommended the enacted level of 633.2 positions for FY 2017. The Assembly did not concur and reduced the Department's number of authorized positions by 23.0 to reflect the elimination of approximately 33 percent of the Department's vacancies. The Department's FY 2017 staffing authorization is 610.2 positions.

**Environmental Management.** The Governor recommended 401.0 positions for FY 2017, 2.0 more than enacted including an environmental scientist and a senior legal counsel position. The Assembly did not concur with the new positions and retained the enacted level of 399.0.

**Transportation.** The Governor recommended staffing of 752.0 positions for FY 2016, which includes a program reduction of 0.6 of a position. For FY 2017, she included 741.0 positions, 11.0 less than the revised budget to reflect the transfer of positions to the Department of Administration. This includes 3.0 to the Division of Capital Asset Management and Maintenance and 8.0 to the Office of Management and Budget for the consolidation of auditing functions.

The Assembly provided staffing of 701.0 full-time equivalent positions, 51.0 less than recommended to primarily reflect the elimination of vacancies. Sufficient authorization remains to fill over 80 positions. From FY 2009 through FY 2011, 89.0 positions were provided to assist in the implementation of additional projects funded through the American Recovery and Reinvestment Act. The 2014 Assembly eliminated only 20 of these positions.

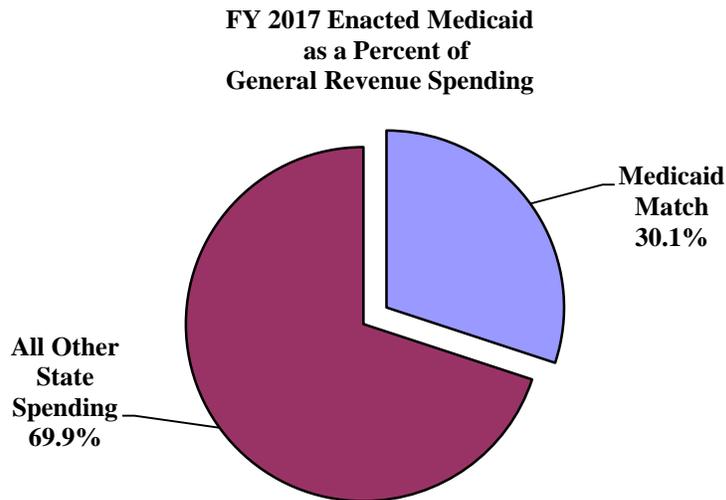
## Medicaid

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

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

FY 2017 as Enacted	General Revenues	All Funds	% of Medicaid
EOHHS	\$ 907,821,845	\$ 2,374,372,477	85.3%
BHDDH	163,514,235	332,601,572	11.9%
Children, Youth and Families	22,578,140	47,939,616	1.7%
Human Services	12,901,215	27,893,020	1.0%
Health	874,788	1,973,591	0.1%
<b>Total</b>	<b>\$ 1,107,690,223</b>	<b>\$ 2,784,780,276</b>	<b>100%</b>

**Medicaid as a Percent of the State Budget.** Programs supported by Medicaid are 31.2 percent of total spending in the FY 2017 enacted budget and 30.1 percent of spending from general revenues.



The programs and recipients receiving Medicaid funded services are discussed separately in the pages that follow, including the state’s mandated coverage for these populations, the number of individuals receiving services and the cost, as well as other optional services that the state provides through the health and human service agencies.

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

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

The Governor included \$92.3 million in savings in her recommended budget, including \$46.4 million from general revenues in the health and human service agencies from the initiative. 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 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 May Caseload estimating conference.

Proposal	FY 2017 Enacted		May 2016 Status
	Gen. Rev.	All Funds	
Hospital/Nursing Home & Managed Care Payments	\$ (30,943,766)	\$ (70,988,688)	On Target
Pilot Coordinated Care Program	(3,846,985)	(12,077,294)	On Target
Community Health Teams	(1,025,000)	(2,063,204)	On Target
Home Stabilization Initiatives	(25,625)	(51,684)	Delayed
Assisted Living Opportunities	(52,250)	(102,500)	Delayed
STOP Program	(500,000)	(1,006,440)	On Target
Adult Day Services	(410,000)	(826,946)	On Target
Coordinated Care Management for SPMI	(2,563,601)	(6,000,000)	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*	(256,250)	(512,500)	Delayed
Evaluate Structural Barriers to HCBS	(51,250)	(103,368)	Delayed
LTC - Align Activities of Daily Living	-	-	Delayed
Implement Expedited Eligibility for Long Term Care Services	-	-	Delayed
Other Program Efficiencies	(9,837,098)	(20,280,762)	On Target
<b>Total</b>	<b>\$ (52,011,825)</b>	<b>\$ (116,026,268)</b>	

*\*Initiatives also impact Department of Behavioral Healthcare, Developmental Disabilities & Hospitals*

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

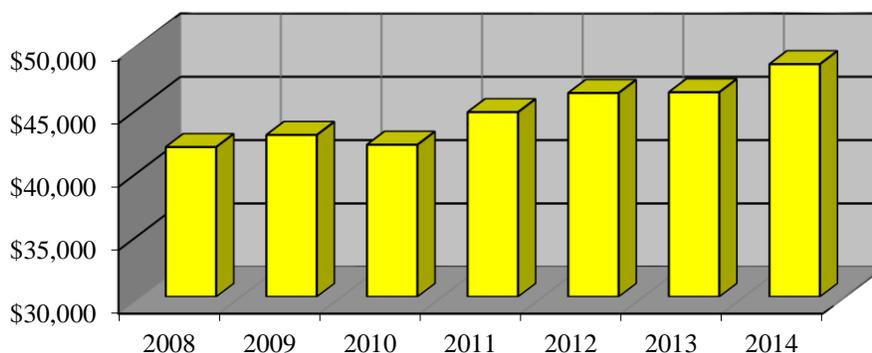
Medicaid rate cannot be lower than 50 percent or higher than 83 percent. It is important to note that the federal contribution to any state’s administrative costs for Medicaid services is set at 50 percent.

The following table includes the Rhode Island Medicaid rates used from FY 2010 through the projected FY 2017 rate. Enhanced rates were authorized as fiscal relief to states affecting FY 2008 through FY 2011 rates. Since the Medicaid rate is published for the federal fiscal year that starts on October 1, the state uses a blended rate for its fiscal year. For example, Rhode Island’s FY 2017 projected rate is based on one quarter of the federal fiscal year 2016 rate and three quarters of the federal fiscal year 2017 rate resulting in a slightly different rate. The Medicaid rates are shown in the following table.

<b>Medicaid Rates</b>	<b>FFY</b>	<b>SFY</b>
FY 2017	51.02%	50.87%
FY 2016	50.42%	50.32%
FY 2015	50.00%	50.03%
FY 2014	50.11%	50.40%
FY 2013	51.26%	51.48%
FY 2012	52.12%	52.33%
FY 2011	61.39%	62.26%
FY 2010	63.93%	63.92%
FY 2009	63.89%	61.04%
FY 2008	52.51%	52.59%

The following chart shows the state’s per capita income previous seven calendar years. The FY 2017 rate is based on 2012 through 2014 data.

**State of Rhode Island Per Capita Personal Income**



The per capita income data is released by the federal Bureau of Economic Analysis and is used by the federal government to calculate each state’s reimbursement rate for Medicaid. As reported by Federal Funds Information for States, some states, such as Wyoming, Alaska, New Mexico, Rhode Island and Oregon, had personal income growth above the national average in 2014.

**Medicaid - CHIP Enhanced Rate.** The federal medical assistance percentage rate not only determines the state and federal share of Medicaid, the state’s largest health and human services program, but also applies to adoption assistance, foster care, and child care. The Medicaid rate is the basis for calculating the enhanced federal medical assistance percentage rate, the federal matching rate for the Children’s Health Insurance Program (CHIP). The enhanced Medicaid rate is 30.0 percent higher than the federal medical assistance percentage rate. As a state’s Medicaid rate may increase or decrease depending on the adjustment to a state’s per capita income, so does the enhanced Medicaid rate.

**The Patient Protection and Affordable Care Act of 2010.** On March 23, 2010, President Obama signed the Patient Protection and Affordable Care Act of 2010, commonly referred to as the Affordable Care Act, which provides for national health care reform. The following week, he signed a package of amendments to the Act, called the Health Care and Education Reconciliation Act of 2010, though when referring to health care reform legislation, the Affordable Care Act (ACA) is the referenced Act, and the amendments are considered included.

The Act requires most citizens and legal residents to have health insurance by January 1, 2014, or pay a tax penalty, and expands Medicaid coverage to individuals and families up to 138 percent of the federal poverty level; the threshold is 133 percent, but the Act includes a 5 percent disregard, essentially making the Medicaid eligibility threshold 138 percent. It also provides for premium credits and cost-sharing subsidies for individuals and families between 139 percent and 400 percent of poverty. The Act requires most employers to offer medical coverage, includes small business tax credits for employers with no more than 25 employees and provides for a temporary reinsurance program for employers providing health insurance coverage to individuals over 55 years of age, but who are not eligible for Medicare.

The Affordable Care Act allows young adults to remain on their parents' or guardian's health plan until age 26; this provision became effective September 23, 2010. Issued regulations state that young adults are eligible for this coverage regardless of any of the following factors: financial dependency, residency with parent, student status, employment or marital status. The law does not require that a plan or issuer offer dependent coverage, but that if coverage is offered, it must be extended to young adults up to age 26. Rhode Island currently requires insurance plans that cover dependent children to cover unmarried dependent children until age 19, or until age 25 if a student, and if the dependent child is mentally or physically impaired, the plan must continue their coverage after the specified age.

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

Between 2014 and 2016, the federal government will pay 100 percent of the cost of covering newly-eligible individuals. The benefits are 100 percent federally funded until January 2017, at which time the Medicaid rate will decrease to 95 percent in 2017, 94 percent in 2018, 93 percent in 2019 and 90 percent on January 1, 2020 for all subsequent years, requiring a 10 percent state match. Rhode Island will receive federal funds according to this schedule.

States are required to maintain the same income eligibility levels through December 31, 2013 for all adults, and this requirement is extended through September 30, 2019 for children currently in Medicaid. For Rhode Island, this requirement applies to RItE Care eligibility for parents who are at or below 175 percent of poverty and children who are at or below 250 percent. The 2013 Assembly lowered the parent's threshold to 133 percent of poverty and included funding to assist in the transition to coverage through the health benefits exchange.

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

As noted, the federal government will pay 100 percent of the cost for states to provide benefits to adults age 19 to 64, without dependent children, with incomes at or below 138 percent of poverty from January 1, 2014 until January 1, 2017, with the rate incrementally decreasing to 90 percent in January 2020 requiring a 10 percent state match. The FY 2017 enacted budget includes \$390.9 million from all sources, \$381.1

million from federal funds and \$9.8 million from the state match. The program’s out-year estimates, including the state match, are in the following table.

<b>Medicaid Expansion</b>		
<b>FY</b>	<b>General Revenues</b>	<b>All Funds</b>
2018	\$ 23.1	\$ 420.0
2019	\$ 28.9	\$ 444.6
2020	\$ 40.1	\$ 471.8
2021	\$ 50.1	\$ 501.0

HealthSource RI. In September 2011, Governor Chafee issued an executive order to establish the Rhode Island Health Benefits Exchange, renamed HealthSource RI, the marketplace for purchasing health insurance, known as the exchange. The 2015 Assembly enacted Article 18 of 2015-H 5900, Substitute A, as amended, to establish the health benefits exchange into general law as a division within the Department of Administration. It authorizes HealthSource RI to operate a state-based exchange to meet the minimum requirements of the federal act. It authorizes an assessment be charged by the Department, which cannot be more than the revenues that would be raised through the federally facilitated marketplace upon those insurers offering products on the exchange. The assessment is estimated to generate \$7.1 million in calendar year 2016, of which \$3.6 million is budgeted for FY 2016. The Budget also includes \$2.6 million from general revenues to be used in conjunction with the revenues from the assessment for the operations of HealthSource RI.

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

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

The 2015 Legislature required religious employers that purchase plans on the Exchange to offer their employees a full-choice option. The employers would not be responsible for any additional costs of a plan selected by an employee. It also required that if an employer elects the religious exemption variation, it must provide written notice to enrollees that plan excludes coverage for abortion services.

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

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

Unified Health Infrastructure Project. The state received approval from the Centers for Medicare and Medicaid Services in April 2015 to implement a nine-year, \$230.8 million project that includes \$162.6

million from federal funds including Medicaid, matched by \$50.6 million from general revenues. The project is a joint venture among the Executive Office of Health and Human Services, Department of Human Services, and HealthSource RI. The project will replace the state's existing eligibility system that will eventually determine eligibility for all health and human services programs, including new health care reform subsidies, through a single application.

The state submitted a new plan in July 2015 that increased project costs to \$363.7 million, including \$79.0 million for the state match. This is \$154.2 million more than the October 2014 plan and increases state funding by \$27.2 million. The updated plan calls for a one-year delay to July 12, 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. Following adoption of the budget, the Executive Office indicated that the start date for Phase II will be delayed two months until September 13, 2016.

The FY 2017 enacted budget includes savings of \$30.4 million, including \$15.4 million from general revenues in administrative and operational efficiencies in the human services agencies. This includes \$29.0 million, \$14.9 million from general revenues in the medical assistance expenses and \$1.4 million, including \$0.5 million from general revenues in the Department of Human Services' budget. The majority of the savings is from ensuring eligibility standards are met through additional income verification sources. As noted, there is a two-month delay which will likely result in additional operating costs and the impact on any savings initiative has yet to be determined.

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

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

**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. When compared to the national average, Rhode Island has a higher cost per enrollee for each population whether an individual is full or a partial enrollee.

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's budget.

For disabled individuals, expenses for this population appear in the budgets of the Executive Office, 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 and the Department of Human Services.

Medicaid Expenses/Cost Per Enrollee				
Population	All Enrollees		Full Benefit Enrollees	
	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
<b>Average</b>	<b>\$ 6,833</b>	<b>\$ 10,689</b>	<b>\$ 7,482</b>	<b>\$ 10,978</b>

*Source: MACStats: Medicaid and CHIP Data Book December 2015; Medicaid Benefit Spending for FY 2012; in millions*

### Poverty Guidelines

The federal poverty guidelines are used for purposes of determining financial eligibility for certain state and federal programs, including several programs in state agencies under the Executive Office. The 2016 guidelines are shown in the following table.

Percent of Federal Poverty Level based on Annual Income									
Family Size	100%	133%	138%	150%	175%	180%	185%	200%	250%
1	\$ 11,880	\$ 15,800	\$ 16,394	\$ 17,820	\$ 20,790	\$ 21,384	\$ 21,978	\$ 23,760	\$ 29,700
2	16,020	21,307	22,108	24,030	28,035	28,836	29,637	32,040	40,050
3	20,160	26,813	27,821	30,240	35,280	36,288	37,296	40,320	50,400
4	24,300	32,319	33,534	36,450	42,525	43,740	44,955	48,600	60,750
5	28,440	37,825	39,247	42,660	49,770	51,192	52,614	56,880	71,100
6	32,580	43,331	44,960	48,870	57,015	58,644	60,273	65,160	81,450
7	36,730	48,851	50,687	55,095	64,278	66,114	67,951	73,460	91,825
8	40,890	54,384	56,428	61,335	71,558	73,602	75,647	81,780	102,225

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

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

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

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

### Medicaid Recipients

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

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

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

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

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

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

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

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

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

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

The second program available to a disabled individual is the Supplemental Security Income program. This is a federal public assistance program for individuals with limited income and resources. Individuals may be eligible for both the Social Security Disability Insurance program and the Supplemental Security Income

program if they meet the income eligibility requirements. States have the option of providing a state payment in addition to the federal payment. Rhode Island began to make this supplemental payment in 1987.

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

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

### Medicaid - Benefits

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

The most recent Executive Office of Health and Human Services’ Rhode Island Annual Medicaid Expenditure Report includes Medicaid spending by population and cost per person for FY 2014 as shown in the following table.

<b>Populations</b>	<b>Persons</b>	<b>% of Population</b>	<b>Costs*</b>	<b>% of Cost</b>	<b>Annual Cost/Person</b>
Children/Parents	138,963	62.9%	\$ 497.0	24.8%	\$ 3,576
Expansion	20,166	9.1%	137.0	6.8%	\$ 6,804
Elderly	18,457	8.4%	503.0	25.1%	\$ 27,240
Disabled - Children	11,929	5.4%	175.0	8.7%	\$ 13,500
Disabled - Adults	31,437	14.2%	693.0	34.6%	\$ 22,056
<b>Total</b>	<b>220,952</b>	<b>100%</b>	<b>\$2,005.0</b>	<b>100.0%</b>	
<i>*In millions</i>					

The report typically included a breakdown of cost by mandatory and optional populations and mandatory and optional services. However, this was not included in the 2015 report for FY 2014 spending but was included in the report for FY 2013 spending, which is shown in the next table. The state spent \$1,785.0 million from federal and state funds on Medicaid services in FY 2013. Of this total, \$615.0 million, or 34.0 percent, was spent on mandatory services for mandatory populations.

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

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

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

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

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

### **Medicaid Programs**

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

#### **Medical Benefits**

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

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

Under the MAGI conversion, states have a higher income threshold for certain populations because the disregards are adjusted using the new calculation with the intent to not make any person ineligible for benefits because of the conversion. For Rhode Island, this conversion changes the income threshold for children, increasing it from 250 percent with the disregards to 261 percent. Rhode Island lowered the income threshold for parents to the mandatory level of 133 percent, which is not impacted by the MAGI conversion.

RItE Share recipients are eligible for RItE Care but have access to employer sponsored insurance for which the state pays monthly cost sharing requirements and deductibles.

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

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

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

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

**Foster Care.** The state provides RItE Care benefits to a child in a foster care placement. The state does not provide benefits to the biological parent or the foster parent.

**Adoptive Assistance.** The state provides RItE Care benefits to a child in adoptive assistance.

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

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

**Rhody Health Partners Managed Care.** For adults who are disabled but not receiving Medicare, the state provides medical benefits through the Rhody Health managed care system through either Neighborhood Health Plan of Rhode Island or UnitedHealthcare.

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

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

### **Long Term Care Residential and Community Care Services**

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

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

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

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

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

### **Residential Services and Other Programs**

**Adults with Developmental Disabilities.** States are mandated to provide Medicaid funded medical benefits to developmentally disabled adults who require a nursing home level of care and to those who are supplemental security income recipients. The state continues to maintain four Intermediate Care Facilities for the Developmentally Disabled (ICF/DD) through the Eleanor Slater Hospital System, with the Tavares Pediatric facility as the state's fifth intermediate care facility.

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

For an individual to meet the *diagnostic* criteria, he or she must have mental retardation, defined as an intelligence quotient that is 70 or less, or another type of developmental disability. States have the ability to define developmental disabilities differently using a more expansive definition and consequently serve different populations. Rhode Island uses the expanded developmental disability definition.

Section 40.1-21-4.3 of the Rhode Island General Laws defines a developmentally disabled adult as someone who is 18 years of age or older, not under the jurisdiction of the Department of Children, Youth and Families, and who is either a mentally retarded developmentally disabled adult or is a person with a severe, chronic disability.

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

*Financial* eligibility requires a person to be income eligible for services. In most cases, the only source of income for individuals with developmental disabilities is a \$694.35 monthly Supplemental Security Income check, which places them below the 135 percent of the federal poverty level required for the program.

Medicaid funded services, provided through the waiver, for this eligible population include residential care, day programming and supportive services.

**Mental Health Treatment Services.** The state provides mental health treatment services through the Medicaid Global Waiver. Mental health services are not a mandated Medicaid benefit and states can choose to provide mental health services to Medicaid eligible individuals. Rhode Island chooses to provide these services.

**Substance Abuse Treatment Services.** As an option under Medicaid, states can also choose to provide substance abuse treatment services to Medicaid eligible individuals. These treatment services are not a mandated benefit in the Medicaid program. Rhode Island chooses to provide these services.

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

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

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

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

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

## Executive Office of Health and Human Services

The Executive Office of Health and Human Services is the umbrella agency for the four health and human service departments and each agency is analyzed separately in the *House Fiscal Advisory Staff Budget as Enacted FY 2017*. The following table shows the services provided by population and the department that is responsible for the expenses.

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

### Department of Justice Consent Decree

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

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

The consent decree has two fiscal components: a monitor and a Trust Fund. Charles Moseley from the National Association of State Directors of Developmental Disabilities Services has been assigned as the monitor. The consent decree stipulates the state payment to the monitor is not to exceed \$300,000 annually. The monitor is responsible for approving the training component of the consent decree related to career development and transition plans and will also approve outreach and education programs. The monitor will also conduct factual investigation and verification of data and documentation that is necessary to determine if the state is in compliance with the consent decree. The monitor has reporting requirements starting on April 1, 2014 through April 1, 2015 and every 6 months (180 days) after that.

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

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

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

The FY 2017 enacted budget includes \$246.2 million from all sources, of which \$119.7 million is from general revenues to support services to approximately 3,600 adults receiving services through the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals’ Division of Developmental Disabilities. This is \$15.4 million more than enacted and adds \$24.8 million, \$11.5 million from general revenues to: increase the hourly rate paid to direct care workers especially those in integrated employment and community based settings, anticipated costs for current recipients in order to meet the requirements of the consent decree and payments to services in the community based program based on current spending trends. The Assembly did not add funding for potential caseload growth related to an increased awareness of available programs because of the consent decree. Such growth has not occurred in the past year, and additional funding will be provided when the growth occurs. This is offset by \$2.8 million in savings, including \$1.0 million from general revenues primarily from moving individuals in the 24-hour residential facilities in both the community based and state-run programs to less intensive settings such as shared living arrangements.

It should be noted that as part of the Governor’s requested amendment that provided additional resources to the Department for community based services, she also directed the Department to allocate appropriate resources to support the Sherlock Center’s Conversion Institute from existing funds and also that \$170,000 from all funds, including \$81,521 from general revenues be used to support a Developmental Disabilities Ombudsman program. The Assembly concurred with both changes.

### **Medicaid Waiver Process**

The 2009 Assembly passed Article 22, which amended the Rhode Island Medicaid Reform Act of 2008. The legislation provides that the Executive Office of Health and Human Services may implement the Global Consumer Choice Demonstration Waiver; however, requires that any changes that requires a modification to any rules and regulations that was in existence prior to the global waiver must receive prior approval by the General Assembly. Also, any category II or category III change must receive General Assembly approval.

The Executive Office has submitted and continues to submit legislation to notify the Assembly of changes that may or may not eventually require a Category II or III change but this allows for a discussion of the intent to make changes within the Medicaid program that could potentially impact procedure, policy and program expenses. It is sometimes determined that a change does not need legislative approval and the language is not included in the final appropriations act. However, the changes are still vetted through the public budget process.

*Categories of Changes and General Requirements for Each Category.* When making changes, the state must characterize the change in one of the three following categories. The Centers for Medicare and Medicaid Services has 15 calendar days after receiving notification of the change (either informally for Category I or formally for Categories II and III) to notify the state of an incorrect characterization of a programmatic change. To the extent the state and the Centers are unable to reach mutual agreement on the

characterization of the programmatic change, the Centers' characterization shall be binding and non-appealable as to the procedure to be followed.

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

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

The following section describes the category changes.

A *Category I Change* is a change which is administrative in nature for which the state has current authority under the state plan or demonstration, and which does not affect beneficiary eligibility, benefits, overall healthcare delivery systems, payment methodologies or cost sharing. The state must notify Centers for Medicare and Medicaid Services of such changes either in writing or orally in the periodic review calls and update reports. Implementation of these changes does not require approval by Centers for Medicare and Medicaid Services or the Assembly.

Examples of Category I changes include, but are not limited to:

- Changes to the instruments used to determine the level of care
- Changes to the Assessment and Coordination Organization Structure Demonstration Approval Period: January 16, 2009 through December 31, 2013
- Changes to general operating procedures
- Changes to provider network methodologies (provider enrollment procedures, but not delivery system changes)
- Changes to prior authorization procedures
- Adding any home and community based service that has a core definition in federal guidelines
- Modifying a home and community based service definition to adopt the core definition

A *Category II Change* is a change that could be made as a State Plan Amendment or through federal authority without any change in either the special terms and conditions of the waiver, or the section 1115 waiver and expenditure authorities. This change requires Assembly approval. These changes may affect benefit packages, overall healthcare delivery systems, cost sharing levels, and post-eligibility contributions to the cost of care. Such changes do not, however, include changes that affect beneficiary eligibility (including changes to the level of spend down eligibility). The state must comply with its existing State Plan Amendment public notice process prior to implementation. The state must also notify Centers for Medicare and Medicaid Services in writing of Category II changes prior to implementation, and must provide the Centers with appropriate assurances and justification, that include but are not limited to the following:

- i) That the change is consistent with the protections to health and welfare;
- ii) Change results in appropriate efficient and effective operation of the program;

- iii) That the changes would be permissible as a State Plan or section 1915 waiver amendment; and that the change is otherwise consistent with sections 1902, 1903, 1905, and 1906, current Federal regulations, and Centers for Medicare and Medicaid Services policy; and
- iv) Assessment of the cost of the change. Centers for Medicare and Medicaid Services will not provide federal matching funds for activities affected by unapproved but implemented Category II changes.

Examples of Category II changes include, but are not limited to:

- Changes to the intermediate care facility (ICF/MR), hospital or nursing home level of care criteria that are applied prospectively (not to existing long term care or home and community care recipients);
- Adding any home and community based services for which the state intends to use a definition other than the core definition (the service definition must be included with the assurances);
- Modifying any home and community based service definition unless it is to adopt the core definition;
- Adding an “other” home and community based service that does not have a core definition (the service definition must be included with the assurances);
- Removing any home and community based service that is at that time being used by any participants;
- Change/modify or end RItE Share premium assistance options for otherwise eligible individuals; and
- Changes to payment methodologies for Medicaid covered services including, but not limited to diagnostic related group payments to hospitals or acuity based payments to nursing homes

Finally, a Category III Change is a change requiring modifications to the current waiver or expenditure authorities including descriptive language within those authorities and the special terms and conditions, and any other change that is not clearly described within Categories I and II. This change also requires Assembly approval.

In addition, a programmatic change may be categorized as a Category III change by the state to obtain reconsideration after unsuccessfully pursuing approval of the change under Category II. The state must comply with the waiver demonstration public notice process. The state must notify the Centers for Medicare and Medicaid Services in writing of Category III changes, and submit an amendment to the waiver. Category III changes shall not be implemented until after approval of the amendment by Centers for Medicare and Medicaid Services.

Examples of Category III changes:

- All eligibility changes;
- Changes in Early Periodic and Screening Diagnostic Treatment (EPSDT) benefit;
- Spend down level changes;
- Aggregate cost-sharing changes that are not consistent with Deficit Reduction Act cost sharing flexibility (would exceed five percent of family income unless otherwise specified in these special terms and conditions);
- Benefit changes are not in accordance with Deficit Reduction Act benchmark flexibility;
- Post-eligibility treatment of income; and
- Amendments requesting changes to the budget neutrality cap.

*Process for Changes to the Demonstration.* The state must submit the corresponding notification to the Centers for Medicare and Medicaid Services for any changes it makes to the demonstration as characterized in the Category I, II or III definitions section depending on the level of change. Assembly approval is required for Category II and III changes before any changes can be submitted for federal approval. The Centers for Medicare and Medicaid Services will inform the state within 15 calendar days of any correction

to the state's characterization of a change, which shall be binding and non-appealable as to the procedure for the change. The state must also have a public notice process for Category II and III changes to the demonstration.

# Mergers and Consolidations

## Introduction

Merger and consolidation proposals have appeared regularly in budgets. The FY 1991 budget presented to the 1990 General Assembly listed 72 state agencies and departments. By contrast, the FY 2016 budget adopted by the 2015 General Assembly contains 38 state agencies and departments. The Governor includes several administrative transfers, conversions, and revisions to some of the changes enacted by the 2015 Assembly, but retains 38 state agencies and departments. The FY 2017 budget adopted by the 2016 General Assembly also contains 38 agencies, and the Assembly's actions on the Governor's proposals are noted below.

## FY 2017

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

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

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

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

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

**Women, Infants, and Children Nutrition Program.** The Governor proposed legislation to transfer the administration and management of the Women, Infants, and Children Nutrition Program from the

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

**Department of Health.** The Governor's budget reflects a reorganization of functions within the Department of Health. Certain programs such as the Health Laboratories and the Office of State Medical Examiners are merged. It 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 Assembly concurred.

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

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

## **History**

### ***FY 1991***

**Motor Vehicle Dealer License Commission.** Governor DiPrete proposed abolition of this agency. It was merged into the Department of Transportation in the FY 1992 budget.

**Rhode Island Film Commission.** Governor DiPrete proposed abolition of this agency. It was merged into the Department of Economic Development in FY 1992.

**Consumers Council.** Governor DiPrete recommended abolition of this agency. The Assembly did not concur. The agency was later abolished in FY 1994.

**Permanent Commission on Naval Affairs.** This agency was unfunded beginning in FY 1991 and is no longer budgeted.

**Rhode Island Health Industry Development Council.** This agency was abolished.

### ***FY 1992***

**Motor Vehicle Dealer License Commission.** This agency was merged into the Department of Transportation.

**Rhode Island Film Commission.** This agency was merged into the Department of Economic Development.

**Office of Management and Administrative Services.** This office was created by Governor Sundlun through an Executive Order.

**Office of Substance Abuse.** This office was created by Executive Order 91-23 through consolidation of various programs in a number of agencies and the Division of Substance Abuse in the Department of Mental Health, Retardation and Hospitals.

***FY 1993***

**Commission on Interstate Cooperation.** This agency was merged into the Legislature.

**Commission on Uniform State Laws.** This agency was merged into the Legislature.

**Department of Substance Abuse.** The Office of Substance Abuse became a Department.

***FY 1994***

**Consumers Council.** The Council was abolished as recommended.

**General.** This collection of miscellaneous appropriations was combined into Department of Administration programs. It included the contingency account, the circuit breaker program, Tax Anticipation Notes interest, and certain other grants such as the Rhode Island Sports Foundation.

**Special.** This collection of expenditures was combined into the Department of Administration as well. It included tort claims and special claims.

**Children's Code Commission.** This agency was abolished.

**Department of Public Safety.** Governor Sundlun proposed merging seven agencies and departments providing training and education of public safety officials into a Department of Public Safety, to be headed by the Superintendent of the State Police. The agencies varied in size from 3.0 full-time equivalent positions to 252.0 full-time equivalent positions. They were State Police, E-911, Emergency Management, Fire Safety Code Commission, Fire Safety and Training Academy, Governor's Justice Commission, and the Municipal Police Training Academy. The Assembly did not enact the legislation.

**Water Resources Board.** Governor Sundlun recommended merging the Board with the Department of Environmental Management. The merger was blocked in the Energy and Environment Committee and was not voted upon.

**Vehicle Value Commission.** The Commission was merged into the Division of Taxation in the Department of Administration. Administrative support was provided by the Office of Municipal Affairs.

**Registry.** The Registry of Motor Vehicles was transferred from the Department of Transportation to the Division of Taxation. Legislation was adopted by the 1994 Assembly.

**Airport Corporation.** The functions of the Division of Airports in the Department of Transportation were transferred to a newly formed Airport Corporation under the Rhode Island Port Authority.

***FY 1995***

**Heritage Commission.** The Heritage Commission was merged into a new Historical Preservation and Heritage Commission under the administrative management structure of the Historical Preservation Commission.

## *FY 1996*

**Economic Development.** The Department of Economic Development was replaced by the quasi-public Economic Development Corporation, which in turn consolidated a number of entities and functions. State funding was by grant through the Department of Administration.

**Office of Housing, Energy, and Intergovernmental Relations.** Governor Almond originally recommended the breakup of this agency; CDBG (Community Development Block Grant) function would be merged into the Economic Development Corporation, means-tested energy programs merged into the Department of Human Services, energy conservation programs integrated into the Department of Administration, housing functions were taken over by the Department of Human Services, and Intergovernmental Relations merged functions into the Governor's Office.

The Governor modified his proposal to retain all energy programs and housing functions in a new Office of Energy and Conservation. The emergency shelter grants portion of housing transferred to the Department of Human Services.

The CDBG functions merged into the Office of Municipal Affairs in the Department of Administration. The intergovernmental relations functions merged into the Governor's Office.

**Personnel Appeal Board.** The Board was merged into the Department of Administration as a separate unit.

**Rite Care.** The program was consolidated in the Department of Human Services. It had been divided between the Department of Health and the Department of Human Services. The purpose was to eliminate duplicated functions and overhead and focus on greater program accountability.

**Substance Abuse.** The Department of Substance Abuse was abolished, with its functions transferred to the Department of Health. The Benjamin Rush in-patient detoxification component of the Department was privatized.

**State Library Services.** Governor Almond recommended merger of the Department of State Library Services into the Department of Elementary and Secondary Education. The House discussed moving the agency under the Joint Committee on Legislative Services. Legislation was not enacted to change the Department's status.

## *FY 1997*

**Arts and Tourism Council.** Governor Almond recommended merger of the Council into the Rhode Island Council on the Arts as a subcommittee of the Arts Council. The Assembly concurred, amending the legislation to make the chairperson of the Arts and Tourism subcommittee a voting member of the Arts Council.

**Board of Examination and Registration of Architects.** Governor Almond recommended the Board be merged into the Department of Business Regulation. The Assembly did not concur.

**Board of Registration of Engineers.** Governor Almond recommended that the Board be merged into the Department of Business Regulation. The Assembly did not concur. The Board had been in the Department of Business Regulation prior to becoming an autonomous agency through action of the 1990 Assembly.

**Board of Registration of Land Surveyors.** Governor Almond recommended that the Board be merged into the Department of Business Regulation. The Assembly did not concur. The Board had been in the Department of Business Regulation prior to becoming an autonomous agency through action of the 1990 Assembly.

**Capitol Police.** Governor Almond recommended that the Capitol Police be transferred from the Department of Administration to the Judicial Department. The Governor argued that the majority of Capitol Police positions were assigned to the Courts. The Assembly did not concur. The Capitol Police also provided security for the State House and a number of other state-owned buildings not under jurisdiction of the Judiciary, including the Powers Building, the Aime Forand Building, the State Office Building, the Health Department, and the Pawtucket Registry.

**Commission on Care and Safety of the Elderly.** Governor Almond recommended merging the Commission and the Department of Elderly Affairs into the Department of Human Services. The Assembly did not concur with the merger of Elderly Affairs, but did agree to legislation merging the Commission, with funding, into the Department of Elderly Affairs. The Commission retained its line item appropriation.

**Liquor Program.** Governor Almond proposed that the Liquor Control functions in the Department of Business Regulation be divided with the tax collection functions transferred to the Division of Taxation in the Department of Administration. Industry regulation functions would remain in the Department of Business Regulation. The Assembly concurred.

**Department of Library Services.** Governor Almond recommended the merger of the Department of State Library Services into the Department of Elementary and Secondary Education to the 1995 Assembly. The House discussed moving the agency under the Joint Committee on Legislative Services; legislation was not enacted to change the Department's status.

The Governor recommended to the 1996 Assembly that the Department be established as a Library Information Services division within the Department of Administration. The division would continue to support the development of the state libraries' access to information resources as well as adding the task of the Department of Administration information processing to its responsibilities. The Assembly concurred.

**Departments of Labor and Employment and Training.** Governor Almond recommended the elimination of the Department of Labor and the consolidation of its functions, along with the Department of Employment and Training, into a new Department of Labor and Training. The Assembly did not concur when the Appropriations Act, 1996-H 8783, Substitute A, was approved. However, the Assembly did agree with the consolidation later in the session, under a separate bill, 1996-H 8219.

**Department of Employment and Training Collections Functions.** Governor Almond recommended that the taxation functions administered by the Department of Employment and Training be consolidated into the Division of Taxation in the Department of Administration. This would enhance collection activities in both units. The Assembly concurred.

**Department of Human Services Child Support Enforcement.** Governor Almond also recommended that the Child Support Enforcement Unit in the Department of Human Services be consolidated into the Division of Taxation. The Assembly concurred.

**Emergency Shelter Grants.** Governor Almond recommended the transfer of the Emergency Shelter Grant program from the Department of Human Services to the Office of Municipal Affairs in the Department of Administration as consistent with the consolidation of energy related assistance programs in the Department of Administration. This involved the transfer of grant funds only; there was no assigned staff. The Assembly concurred.

**E-911 Emergency Telephone System.** Governor Almond recommended that a number of public safety functions be merged into the State Police. This was similar to Governor Sundlun's proposal to the 1993 Assembly to merge seven agencies and departments providing for training and education of public safety

officials into a Department of Public Safety headed by the Superintendent of the State Police. E-911 was one of the agencies recommended. The Assembly did not concur.

**Department of Elderly Affairs.** Governor Almond proposed that the Department be merged into the Department of Human Services. The Assembly did not concur.

**Fire Safety and Training Academy.** Governor Almond recommended that a number of public safety functions be merged into the State Police. This was similar to Governor Sundlun's proposal to the 1993 Assembly to merge seven agencies and departments providing for training and education of public safety officials into a Department of Public Safety headed by the Superintendent of the State Police. The Academy was one of the agencies recommended. The Assembly did not concur.

**Fire Safety Code Board of Appeal and Review.** Governor Almond proposed the merger of the Fire Safety Code Board into the Department of Administration. It would operate in conjunction with the Building Code Commission. The Assembly did not concur.

**Governor's Justice Commission.** Governor Almond proposed to merge the Commission into the Department of Administration. The Assembly did not concur. Governor Sundlun had proposed merging it into a new Department of Public Safety in 1993. The Assembly did not concur.

**Board of Hearing Aid Dealers and Fitters.** Governor Almond recommended transfer of the Board from the Department of Business Regulation to the Department of Health due to the public health functions of the Board. The Assembly concurred.

**Higher Education Assistance Authority.** Governor Almond recommended that the powers of the Authority be vested in the Board of Governors for Higher Education. The Assembly did not concur.

**Historical Preservation and Heritage Commission.** Governor Almond recommended that the Commission be merged under the Division of Planning in the Department of Administration. The Commission was formed in the 1994 session through consolidation of the Heritage Commission under the administrative management structure of the Historical Preservation Commission. The Assembly did not concur with the proposed merger, preferring to leave the Commission as a freestanding agency.

**Board of Examiners of Landscape Architects.** Governor Almond recommended that the Board be merged into the Department of Business Regulation. The Assembly did not concur. The Board had been in the Department of Business Regulation prior to becoming an autonomous agency through action of the 1990 Assembly.

**Mental Health Advocate.** Governor Almond proposed that the Office of the Mental Health Advocate be abolished. The Assembly did not concur.

**Municipal Police Training Academy.** Governor Almond proposed to merge the Academy into the State Police. The Assembly did not concur. This proposal was similar to Governor Sundlun's to the 1993 Assembly to merge seven agencies and departments providing for training and education of public safety officials into a Department of Public Safety headed by the Superintendent of the State Police. The Academy was one of these agencies. The 1993 Assembly did not concur.

**Office of Management and Administrative Services.** Governor Almond proposed that the Office be abolished with its functions and personnel merged into four departments: Administration, Governor's Office, Military, and State Police. The Assembly concurred. This office had been created by Governor Sundlun through an Executive Order in FY 1992.

**Plumbers Licensing Function.** Governor Almond proposed the transfer of licensing of plumbers from the Division of Professional Regulation in the Department of Health to the new Department of Labor and Training. The Assembly did not concur.

**Rhode Island Emergency Management Agency.** Governor Almond proposed the merger of the Agency into the Military Staff agency. The Assembly concurred. Governor Sundlun had proposed merging the agency into a Department of Public Safety in the 1993 Session, which was not adopted.

**Rhode Island Student Loan Authority.** Governor Almond recommended that the powers of the Authority be vested in the Board of Governors for Higher Education. The Assembly did not concur.

**Sheriffs.** Governor Almond proposed placing the Sheriffs of the various counties under the Judiciary and eliminating the writ processing function. The Assembly did not concur with either proposal.

**State Energy Office.** Governor Almond proposed transferring the agency to the Department of Administration, Division of Central Services. The Governor had recommended in his presentation of the FY 1996 budget to the 1995 Assembly that the Office of Housing, Energy and Intergovernmental Relations be broken up with the energy conservation program integrated into the Department of Administration Central Services and means-tested energy programs placed in the Department of Human Services. He modified his proposal to retain all energy programs and housing functions in a new Office of Energy and Conservation with the emergency shelter grants portion of housing being transferred to the Department of Human Services.

In October 1995, Governor Almond issued Executive Order 95-24 dissolving the Office of Energy and Intergovernmental Relations and establishing a new State Energy Office. It is this Office he recommended to the 1996 Assembly be merged into the Department of Administration. The Assembly concurred.

**Public Building Authority.** The Assembly merged the Authority into the Department of Administration with its powers and duties intact for the purpose of lowering overhead costs charged to state agencies with Authority projects in the form of lease payments.

#### ***FY 1998***

**Boards for Design Professionals.** Governor Almond recommended that the Board of Examination of Landscape Architects, the Board of Examination and Registration of Architects, the Board for Registration of Engineers, and the Board of Registration of Land Surveyors be consolidated into a single entity, the Boards for Design Professionals. The consolidation would allow for the sharing of administrative resources while maintaining the independence of the individual boards for licensing and registration issues. The Assembly concurred.

**Public Buildings Authority.** The Assembly eliminated the Public Buildings Authority. The Refunding Bond Authority was made its successor agency for the purpose of making payments on outstanding debt of the Authority.

#### ***FY 2000***

**Workers' Compensation Fraud Unit.** In Article 8 of his FY 2000 Appropriations Bill, Governor Almond proposed to transfer the Workers' Compensation Fraud unit from the Department of Administration to the Department of Labor and Training. Both the Workers' Compensation Fraud unit and the Workers' Compensation Compliance unit (then housed in Labor and Training) perform investigative activities. The merger would create a single investigative unit and provide the Fraud unit investigators with access to workers' compensation computer files. The Assembly concurred.

**Board of Accountancy.** Governor Almond proposed creating a separate Board of Accountancy with 2.0 positions. The Board was operating autonomously within the Department of Business Regulation with 1.0 position and administrative assistance from the Department. The Assembly did not concur.

**Educational Surrogate Parent Program.** Governor Almond proposed transferring the Educational Surrogate Parent Program from the Office of the Child Advocate to a private vendor. Federal funding for this program would continue to be provided to the Department of Elementary and Secondary Education who would select and contract with a private vendor instead of the Office of the Child Advocate for these services. The proposal also included the elimination of 7.4 full-time equivalent positions associated with the program. The Assembly did not concur.

#### *FY 2002*

**Division of Sheriffs.** The 2001 Assembly consolidated the Sheriffs and the Marshals (which were part of the Department of Corrections) into a new Division of Sheriffs in the Department of Administration and transferred 213.0 full-time equivalent positions to the Department of Administration. This was done in Article 29 of 2001-H 6100, Substitute A as amended, which also established the new position of Administrator of the new Division. This position would be responsible for oversight of both the Sheriffs and Marshals, and would be in the classified service. The legislation also established an Executive High Sheriff.

By statute, the primary responsibility of the Sheriffs had been to provide security in the state courthouses, which includes providing security in the cellblocks at most of the courthouses. The primary responsibility of the Marshals was to provide secure transportation of inmates from the Adult Correctional Institution to the various courthouses. However, the Marshals did provide cellblock security at Kent County Courthouse and Providence Superior Court.

#### *FY 2003*

**Department of Elderly Affairs.** The 2002 Assembly relocated the Department of Elderly Affairs to the John O. Pastore Campus from the previous Pine Street location in Providence. The Department was housed in the Rush Building with the Department of Human Services. The rent was to be renewed in July 2002 prompting the relocation to state-owned property, producing an annualized savings of \$180,000 a year in general revenues.

**Eleanor Slater Hospital.** In FY 2003, the Department of Mental Health, Retardation and Hospitals closed two wards at the Eleanor Slater Hospital, by accelerating patient discharge, selective admissions, and eliminating 20 hospital vacancies. The hospital census was reduced to 400 as of October 6, 2002.

**Governor's Commission on Disabilities.** Rhode Island Public Law 2002-132 transferred two employees from the State Building Commission to the Commission on Disabilities. The employees were responsible for the investigation and hearing of complaints alleging disability discrimination and fiscal management of all the handicapped accessibility renovation projects in the state. The transfer took effect on August 1, 2002.

#### *FY 2004*

**Public Utilities Commissioners.** The 2002 General Assembly raised the number of commissioners from three to five by amending Section 39-1-4 of the Rhode Island General Laws, effective January 31, 2004. Governor Carcieri did not include the positions in his FY 2004 budget and recommended passage of Article 12 to eliminate the two new commissioners. The Assembly did not adopt legislation to reverse the expansion of the number of commissioners.

**Rhode Island Commission on Women.** Governor Carcieri proposed the relocation of the Rhode Island Commission on Women from 260 West Exchange Street to the Department of Administration for July 1, 2003. The Assembly concurred.

**Eleanor Slater Hospital.** Governor Carcieri recommended closure of a psychiatric ward and a medical ward at the Eleanor Slater Hospital on the Pastore Complex in Cranston. One unit is in the Adolph Meyer Building and the other in the Long Term Care Unit. The projected hospital census following the FY 2004 plan implementation was projected to be between 360 and 370. His budget assumed \$10.3 million in savings, of which \$4.6 million was general revenues. The Assembly concurred.

**Children's Services.** The FY 2004 budget reflected the transfer of \$1.8 million from all sources, including \$1.0 million from general revenues from the Department of Mental Health, Retardation and Hospitals to the Department of Human Services for therapeutic home-based services to 335 children with developmental disabilities. The Assembly concurred.

**Health Services Council.** Governor Carcieri recommended eliminating the Certificate of Need process and the Health Services Council, which provided an advisory role for the process. The Governor proposed giving full responsibility for effective control review processes and initial licensure for health care facilities to the Department of Health. The Assembly did not concur.

**Educational Surrogate Parent Program.** Governor Carcieri proposed transferring the Educational Surrogate Parent Program with its 6.7 full-time equivalent positions from the Office of the Child Advocate to the Sherlock Center at Rhode Island College. Federal funding for this program was awarded to the Department of Elementary and Secondary Education, which had utilized the Child Advocate to provide these services. The Assembly concurred.

**Heritage Subcommittee.** Governor Carcieri's recommendation eliminated the 2.0 positions and funding that supported the Heritage Subcommittee. Under current law, the Subcommittee is responsible for sponsoring, coordinating and funding heritage festivals, events, and programs. The Governor included statutory changes in Article 33 of 2003-H 6174 to eliminate the coordination and funding functions, but maintained its sponsorship role. The 1994 Assembly created the Heritage Subcommittee to incorporate the Heritage Commission's duties as part of a merger with the Historical Preservation Commission. The Assembly did not concur.

**Drivers Education.** The 2003 Assembly enacted legislation that transferred responsibility for driver education from the Department of Elementary and Secondary Education to the Community College of Rhode Island to be operated as a self-supporting activity. The FY 2004 enacted budget did not reflect this change. Governor Carcieri included the transfer of the program in his FY 2004 revised and FY 2005 budgets.

**Rhode Island Film and TV Office.** The Assembly transferred the Rhode Island Film and TV Office from the Economic Development Corporation to the Rhode Island State Council on the Arts. This transfer also included the 1.0 full-time equivalent position for the office coordinator.

**Coastal Resources Management Council.** Governor Carcieri proposed relocating the Coastal Resources Management Council's Providence office from 40 Fountain Street to the Department of Administration. The space houses the Council's business office and is also used to hold meetings. The Assembly did not concur.

## *FY 2005*

**Information Technology.** Governor Carcieri recommended shifting 10.0 full-time equivalent positions from the divisions of Taxation and Library Services within the Department of Administration to a newly created Division of Information and Technology in his FY 2005 revised budget. The Governor issued Executive Order 04-06 to create the new division to improve efficiency, effectiveness and security of computer operations and management under the control of a Chief Information Officer responsible for oversight, coordination and development of all information and technology resources within the Executive Branch. The Assembly concurred.

**Legal Services.** Governor Carcieri recommended shifting 14.7 full-time equivalent positions from other parts of the Department of Administration into a newly created Division of Legal Services in his FY 2005 revised budget. The Governor issued Executive Order 04-09 to create the new division, which would centralize and coordinate the Executive Department's legal services for policy and provide more efficient use of legal resources within state government. The Assembly concurred.

**Public Utilities Commissioners.** Governor Carcieri again recommended passage of legislation to eliminate the 2.0 new commissioners mandated by the 2002 Assembly. The Assembly did not adopt legislation to reverse expansion of the number of commissioners.

**Child Support Enforcement Program.** Governor Carcieri's FY 2005 budget recommended transfer of the child support enforcement program to the Department of Human Services from the Division of Taxation in the Department of Administration. The transfer included \$10.5 million in expenditures and 100.8 full-time equivalent positions. The Assembly concurred. The program was originally transferred from the Department of Human Services to the Division in 1997.

**Early Intervention Program.** The 2004 Assembly transferred the early intervention program from the Department of Health to the Department of Human Services and included \$11.2 million in expenditures, \$5.7 million from general revenues, and 6.7 full-time equivalent positions.

**RICLAS Transfer to Private Providers.** Governor Carcieri recommended transferring operations of two state-run group homes for the developmentally disabled to the privately operated system in order to reduce overtime in the state-run system and shift operations to private providers. The Assembly did not concur.

**Vision Services.** Governor Carcieri proposed transferring the vision services program from the Department of Elementary and Secondary Education to the Sherlock Center at Rhode Island College; however, he retained funding in the Department's budget to contract the services. He did transfer 6.6 positions to Rhode Island College and added \$0.1 million and 1.0 position to enhance the program by adding a coordinator. The Assembly concurred.

## *FY 2006*

**Information Technology.** Governor Carcieri recommended continuation of the centralization of information and technology operations by shifting 31.0 full-time equivalent positions from other departments to the Department of Administration's Information Processing internal service fund. The funds and the employees were shown in the Department of Administration's budget for display purposes only; the expenditures were charged to user state agencies. The Assembly concurred.

**Capital Projects and Property Management.** Governor Carcieri recommended creation of the Capital Projects and Property Management program within the Department of Administration to assume direct responsibility for real property inventories, strategic planning, construction management budgeting and code enforcement for all capital projects. This included the transfer of 30.5 full-time equivalent positions

into the new division, 27.5 of which were from the Central Services Division within Administration and 3.0 from the departments located at the Pastore Government Center. The Assembly concurred.

**Facilities Management Program.** Governor Carcieri recommended creation of the Facilities Management Program within the Department of Administration to provide consistent delivery of facilities management services for state departments and agencies. This included the transfer of 58.0 existing full-time equivalent positions from the former Central Services Division to the new division. The Assembly concurred.

**Capitol Police and Sheriffs.** Governor Carcieri's budget reorganized the Department of Administration's program structure and established a new Security Services program, including the Capitol Police and the Sheriffs, which had been part of the Central Services Division. The new program would maintain two separate subprograms, the Capitol Police and the Sheriffs. It includes 46.0 Capitol Police and 196.0 Sheriffs positions. The Assembly concurred.

**Statewide Planning.** Governor Carcieri's budget reorganized the Department of Administration's program structure and created a new Statewide Planning program, including Strategic Planning responsibilities from the Budget Office and Statewide Planning functions from the Office of Municipal Affairs. The Assembly concurred.

**Municipal Aid and Property Tax Administration.** Governor Carcieri recommended the transfer of the Municipal Aid and Property Tax Administration function and its 8.0 full-time equivalent positions from the Office of Municipal Affairs to the State Budget Office. The Assembly concurred.

**Legal Services.** Governor Carcieri recommended continuation of the centralization of legal services by transferring 24.1 full-time equivalent positions from other parts of the Department of Administration into a newly created Division of Legal Services. The Governor had issued Executive Order 04-09 to create the new division to centralize and coordinate the Executive Department's legal services for policy and provide more efficient use of legal resources. The Assembly concurred.

**Public Utilities Commissioners.** Governor Carcieri again recommended passage of legislation to eliminate the 2.0 new commissioners mandated by the 2002 Assembly. The Assembly did not concur.

**Group Residence Closure.** Governor Carcieri's budget included savings from closing one underutilized state run residence for clients with developmental disabilities. Staff and clients would be reassigned to remaining facilities thereby reducing expenditures. The Assembly concurred.

**Adult Literacy.** On November 23, 2004, the Department of Elementary and Secondary Education signed a Memorandum of Agreement with the Department of Labor and Training to consolidate the management of all state adult basic education activities at the Department of Elementary and Secondary Education. Governor Carcieri recommended consolidating the state's adult literacy initiatives in the Department of Elementary and Secondary Education under a new adult education executive director in his FY 2006 budget. He added 3.0 positions, including the new executive director. The Assembly concurred and provided \$0.3 million from general revenues and \$4.1 million from Human Resource Investment Council grants.

**Shepard Building.** Governor Carcieri recommended transferring operating support for the Shepard building, previously shown in the Department of Administration's budget, to the Office of Higher Education and the Department of Elementary and Secondary Education. He included \$2.0 million for Higher Education for parking and operating costs and \$0.2 million for parking costs for Elementary and Secondary Education. The Assembly concurred.

**Fugitive Task Force.** The Assembly shifted the Fugitive Task Force unit, 8.0 full-time equivalent positions, and \$0.6 million from general revenues from the Judiciary to the State Police. The Fugitive Task

Force is a statewide warrant squad, established under Rhode Island General Laws Section 12-6-7.2, charged with the responsibility of arresting individuals for whom arrest warrants have been issued and remain outstanding.

**Rivers Council.** The 2004 Assembly passed legislation transferring the State's Rivers Council community service grant from the Department of Administration's budget to the Water Resources Board. The actual grant change was reflected in the FY 2006 enacted budget.

#### *FY 2007*

**Information Technology.** Governor Carcieri recommended increased use of the information processing internal service fund account for FY 2007. His budget transferred \$15.1 million and 100.3 positions from several departments and agencies to further centralize information technology services. The funds and the employees were shown in the Department of Administration's budget for display purposes only; the expenditures are charged to user state agencies. The Assembly concurred with the transfer of positions but included direct appropriations to the Department of Administration.

**Human Resource Service Centers Internal Service Fund.** Governor Carcieri recommended creating a new Human Resource Service Centers internal service fund within the Department of Administration's budget in FY 2007. This would be supported by \$9.3 million and 111.0 full-time equivalent positions transferred from various state departments and agencies. Four service centers would be created to serve the human resources needs of agencies in each grouping including human services, public safety, general government and transportation, natural resources and education. The funds and the employees were shown in the Department of Administration's budget for display purposes only; the expenditures were charged to user state agencies. The Assembly concurred with the transfer of positions, but included direct appropriations to the Department of Administration.

**Facilities Management Internal Service Fund.** Governor Carcieri recommended creating a new Facilities Management internal service fund within the Department of Administration's budget in FY 2007. This would fund coordinated facilities management for user state departments and agencies, including but not limited to operation, maintenance and repair of buildings, grounds, central HVAC, power plants and other facilities and be supported by \$35.4 million and 124.0 full-time equivalent positions transferred from those agencies. The funds and the employees were shown in the Department of Administration's budget for display purposes only; the expenditures were charged to user state agencies. The Assembly concurred with the transfer of positions but included direct appropriations to the Department of Administration.

**Closure of Registry Branch Offices.** Governor Carcieri recommended closure of all satellite offices of the Registry of Motor Vehicles, including West Warwick, Wakefield, Woonsocket, Warwick, Westerly, Middletown, and Warren. Of the 31.0 positions assigned to the branch offices, 13.5 would be transferred to the main registry office in Pawtucket, and 17.5 would be eliminated. The Assembly did not concur and restored funding and the 17.5 positions to maintain all registry branch offices for FY 2007. The Assembly also transferred the Registry of Motor Vehicles to the newly created Department of Revenue.

**Registry and School Bus Inspection Unit Closure.** Governor Carcieri recommended closure of the school bus inspection unit and elimination of 8.0 full-time equivalent positions. This change would have required outside inspection companies to do the bus inspections for a fee paid by the local city or town school systems. The Assembly did not concur and restored the funding and the 8.0 positions to keep the School Bus Inspection Unit open for FY 2007, and transferred the Registry to the newly created Department of Revenue.

**Lottery Division.** Governor Carcieri's FY 2006 revised and FY 2007 budgets included the Lottery Division as a program within the Department of Administration's budget based upon legislation enacted by the 2005

Assembly. He transferred \$215.1 million and 64.5 full-time equivalent positions for the Lottery, which was previously a quasi-public agency, into the Department of Administration. The Lottery would still operate on its own revenues collected from gaming sales. The Assembly reduced Lottery positions by 9.5 to an authorized level of 55.0 full-time equivalent positions and transferred the Lottery to the newly created Department of Revenue.

**Department of Revenue.** The Assembly transferred \$253.6 million from all sources of funds, including \$35.5 million from general revenues, \$1.6 million from federal funds, \$0.8 million from restricted receipts, and \$215.7 million from other funds from the Department of Administration for the establishment of a new Department of Revenue. The new department would include the current divisions of taxation, motor vehicles, state lottery, a new division of property valuation, a new office of revenue analysis, and a new Director of Revenue office. The funding assumes the creation of 6.5 new positions in addition to the 465.6 positions transferred from the Department of Administration, for a total of 472.1 positions, which resulted in a need for an additional \$745,109 from general revenues for FY 2007.

**Business Regulation Program Structure.** Governor Carcieri's FY 2007 budget included a program change to merge the Division of Banking and Securities and the Divisions of Commercial Licensing and Racing and Athletics. This reorganization reduced the number of structural programs from seven to five, but not eliminate any activity. The five divisions would be: Central Management, Insurance Regulation, Board of Accountancy, Banking and Securities and Commercial Licensing and Racing & Athletics. The Assembly concurred with the program changes.

**Public Utilities Commissioners.** Governor Carcieri again recommended passage of legislation to eliminate the 2.0 new commissioners mandated by the 2002 Assembly. The Assembly did not concur.

**Health and Human Services Secretariat.** Governor Carcieri proposed legislation consistent with his Executive Order 05-21 establishing the Executive Office of Health and Human Services to serve as the principal agency for managing the Departments of Human Services; Elderly Affairs; Mental Health, Retardation and Hospitals; Health; and Children, Youth and Families. It also created the unclassified position of Secretary of Health and Human Services. He included the position in the FY 2006 revised and FY 2007 budgets of the Governor's Office. The legislation gives the secretary authority to appoint the employees for the Secretariat. The budget did not include associated positions. The Assembly concurred and provided for the current five employees to be transferred to the office from their respective agencies. This included 2.0 from Department of Human Services; 1.0 from Department of Children, Youth and Families; 1.0 from Department of Health; and 1.0 from the Governor's Office.

**Institutional Care Group Homes to Private Providers.** Governor Carcieri recommended shifting responsibility for four group homes from the Zambarano unit of Eleanor Slater Hospital to a private provider. This reduced staffing by 41.0 positions. The Assembly restored 41.0 positions and shifted responsibility for one home and retained Zambarano's responsibility for the remaining three homes.

**Corrections Educational Programs.** Governor Carcieri recommended outsourcing educational instruction programs at the Department of Corrections. This initiative included the elimination of 17.0 instructors and individual instruction contracts and the establishment of a single \$0.6 million contract for all instructional services. The Assembly did not concur with the Governor's recommendation and restored the 17.0 instructor positions.

**Underground Storage Tank Fund.** Governor Carcieri proposed legislation to merge the Underground Storage Tank Financial Responsibility Fund Review Board into the Department of Environmental Management, with its one cent per gallon of motor fuel tax being deposited into a restricted receipt account within the Department. The Governor's FY 2007 Budget included \$4.0 million for all expenditures for the Underground Storage Tank program within the Environmental Protection program in the Department,

including \$3.55 million for remediation payments and \$550,000 to be used for administrative purposes, of which \$340,500 would fund the Board's 4.0 full-time equivalent positions. The Assembly concurred and provided that the employees be transferred with no loss of service time.

### *FY 2008*

**Energy Resources.** The 2006 Assembly adopted comprehensive energy legislation that created the Office of Energy Resources as a successor to the former State Energy Office and authorized the new office to be assigned to an existing department for administrative purposes. Governor Carcieri's budget included the Office as a distinct program in the Department of Administration's budget; it had formerly been included within the Department's facilities management program. The Assembly concurred.

**Public Utilities Commissioners.** Governor Carcieri again recommended passage of legislation to eliminate the 2.0 new commissioners mandated by the 2002 Assembly. The Assembly did not adopt legislation to reverse expansion of the number of commissioners.

**Boards for Design Professionals.** The Assembly merged the four boards for design professionals into a division under the Department of Business Regulation. The Division will contain equal representation from each of the current boards and will regulate engineers, architects, land surveyors, and landscape architects.

**Governor's Contingency Fund.** The Assembly moved the Governor's Contingency Fund from the Department of Administration's budget to the Office of the Governor's budget.

**Commission for Human Rights.** The Assembly provided that the Rhode Island Commission for Human Rights appear in the general government function of the appropriations act and not in the human services function to more accurately reflect the Commission's activities.

**Office of Health and Human Services.** The Assembly consolidated many of the back room operations from the departments under the Secretary of Health and Human Services into the Office of Health and Human Services to enhance budgeting, management, and program consistency.

**Department of Advocacy.** The Assembly enacted legislation to consolidate the advocacy agencies into a Department of Advocacy that would include the Child Advocate, Mental Health Advocate, Commission on Deaf and Hard of Hearing, Developmental Disabilities Council, and the Commission on Disabilities. The Governor would submit legislation to the 2008 Assembly as part of FY 2009 budget, with an effective date no sooner than July 1, 2008 and no later than January 1, 2009.

**Department of Children, Youth and Families Managed Care Transfer.** Governor Carcieri recommended completing the transfer of all managed care expenses for children in the custody of the Department of Children, Youth and Families to the Department of Human Services and provided \$79.9 million from all sources of funds for the expenses. The Assembly concurred.

**Commission on Judicial Tenure and Discipline.** The Assembly merged the Commission on Judicial Tenure and Discipline into the Judiciary, shifting 1.0 position and \$119,705 from general revenues.

**Department of Public Safety.** The Assembly enacted legislation to consolidate a number of public safety agencies into a single department to achieve efficiencies in training and facilities. The director would be the superintendent of the State Police. The agencies include the State Police, Fire Marshal, E-911, Fire Code Commission, Justice Commission, Municipal Police Training Academy, Sheriffs, and Capitol Police. The Governor would submit legislation to the 2008 Assembly as part of FY 2009 budget, with an effective date no sooner than July 1, 2008 and no later than January 1, 2009.

**Environmental Administrative Adjudication Program.** Governor Carcieri proposed legislation to transfer the administrative adjudication program from the Department of Environmental Management into the Department of Administration. His budget included \$551,331 from general revenues to support three of the five positions that staff the office and proposed laying off the remaining two positions. The Office adjudicates all appeals pertaining to applications or permits for environmental matters. The Assembly did not concur and provided \$666,308 to fund the program in the Department of Environmental Management.

**Department of Veterans' Affairs.** The Assembly enacted legislation establishing the Department of Veterans' Affairs within the Office of Health and Human Services, effective July 1, 2009. Governor Carcieri vetoed the legislation.

#### *FY 2009*

**Department of Elderly Affairs and Advocacy.** The 2007 Assembly enacted legislation requiring the Governor to consolidate the advocacy agencies into a Department of Advocacy that would include the Child Advocate, Mental Health Advocate, Commission on Deaf and Hard of Hearing, Developmental Disabilities Council, and the Commission on Disabilities, no sooner than July 1, 2008 and no later than January 1, 2009.

Governor Carcieri recommended the consolidation of the Commission on the Deaf and Hard of Hearing, the Developmental Disabilities Council, and the Governor's Commission on Disabilities with the Department of Elderly Affairs to form the new Department of Elderly Affairs and Advocacy in compliance with legislation passed by the 2007 Assembly. He did not include the Child Advocate or the Mental Health Advocate in the consolidation, indicating that these two agencies should remain separate to perform their independent oversight functions. The Assembly did not concur with the merger proposal. It maintained the Governor's Commission on Disabilities and the Commission on the Deaf and Hard of Hearing as agencies along with the Child Advocate and the Mental Health Advocate. The Assembly also transferred the Developmental Disabilities Council to the University of Rhode Island's budget, while the Council sought federal approval to become a non-profit corporation.

**Coastal Resources Management Council.** Governor Carcieri proposed merging the Coastal Resources Management Council's staff into the Department of Environmental Management to reduce overhead costs and duplication of effort; however, the Council itself would remain intact. The Governor assumed general revenue savings of \$701,856 by reducing staff assigned to perform the functions of the Council from 30.0 positions to 22.0 positions. The Assembly did not concur and maintained the Council as a separate agency.

**State Water Resources Board.** Governor Carcieri proposed to merge the Water Resources Board's staff into the Department of Environmental Management to reduce overhead costs and duplication of effort; however, the Board Corporate would remain intact as a quasi-public agency. The Governor assumed \$492,636 of general revenue savings by reducing the staff assigned to perform the functions of the Board from 9.0 positions to 6.0 positions. The Assembly did not concur and maintained the Board as a separate agency.

**Executive Office of Health and Human Services.** Governor Carcieri transferred 96.4 positions from the five health and human service agencies under the control of the executive office in compliance with legislation adopted by the 2007 Assembly. The transfer includes the fiscal and legal functions performed by the five agencies. The Assembly concurred; however transferred ten positions back to the agencies, consistent with a Governor's requested budget amendment.

**Department of Public Safety.** The 2007 Assembly enacted legislation to consolidate a number of public safety agencies into a single department to achieve efficiencies in training and facilities. The director would be the superintendent of the State Police. The agencies include the State Police, Fire Marshal, E-911, Fire Code Commission, Justice Commission, Municipal Police Training Academy, Sheriffs, and Capitol Police.

The Governor would submit legislation to the 2008 Assembly as part of the FY 2009 budget, with an effective date no sooner than July 1, 2008 and no later than January 1, 2009.

Governor Carcieri included that consolidation, with the exception of the Fire Code Commission, in his FY 2009 Budget noting that its functions were better aligned with the Building Code Commission in the Department of Administration. The Assembly included the Sheriffs and Fire Code Commission within the Department of Administration, and concurred with the remainder of the consolidation.

**Contingency Funds.** The 2007 Assembly transferred the contingency account from the Department of Administration to the Office of the Governor and provided \$100,000 in funding. Governor Carcieri retained the FY 2008 appropriation fund in his Office in FY 2008 and included a supplemental appropriation in the Department of Administration. He recommended \$1.0 million for FY 2009 in the Department of Administration. The Assembly provided \$500,000 for the contingency fund within the Office of the Governor.

**Accounts Payable Centralization.** Governor Carcieri's budget added \$0.6 million from general revenues to fund 8.0 full-time equivalent positions to consolidate executive branch invoice payments into the Office of Accounts and Control. The Budget assumes a statewide elimination of 13.0 positions that previously performed these functions in various departments. The Assembly concurred.

**Information Technology Contractor Consolidation Savings.** Governor Carcieri proposed to eliminate 62 contractors statewide for a savings of \$4.8 million and hire 39.4 full-time equivalent positions. The Budget includes \$3.5 million from all funds, including \$2.0 million from general revenues to fund the positions. The net savings to the state is \$1.3 million. The Assembly concurred.

**West Warwick Branch Closure.** Governor Carcieri proposed to close the West Warwick branch of the Division of Motor Vehicles to save \$0.4 million, which includes personnel reductions of 4.0 positions and lease expenses. This branch was staffed with 7.0 employees. The Governor recommended that the remaining staff be transferred to the main office. The Budget assumes relocating the main registry to the Pastore Complex in Cranston, which is very close to the West Warwick branch. The Assembly did not concur with closing the registry at this time. The new registry building, funded in the capital budget, would not be complete until FY 2010.

**Proprietary School Review.** Governor Carcieri transferred proprietary school review from the Office of Higher Education to the Department of Business Regulation. The Board of Governors for Higher Education has the authority to approve or deny the request for authorization to operate proprietary schools. Proprietary schools provide education and training in business, correspondence, and trade that grant awards only at the pre-associate certificate level. The Assembly did not concur.

**Burglar Alarm Regulation.** Governor Carcieri transferred the burglar alarm regulation licensing process from the Department of Business Regulation to the Department of Labor and Training. The Assembly concurred.

**Senior Community Service Employment Program.** Governor Carcieri transferred the senior community service employment program from the Department of Elderly Affairs to the Department of Labor and Training. The United States Department of Labor provides funding to develop and expand employment and training opportunities for persons age 55 and over who are at or below 125 percent of the federal poverty guidelines. The Assembly concurred.

**Public Utilities Commissioners.** Governor Carcieri again recommended statutory language to eliminate the scheduled addition of two members of the Public Utilities Commission. The Assembly did not adopt legislation to reverse expansion of the number of commissioners.

**Economic Policy Council.** Governor Carcieri recommended that the Economic Development Corporation assume responsibility for staffing the Council and eliminated its \$0.3 million appropriation, which had been matched by the same amount from the business community. The Assembly concurred.

#### *FY 2010*

**Local Government Assistance Program.** Governor Carcieri's budget reflects the transfer of the Local Government Assistance program from the Department of Administration to the Department of Revenue. The program provides assistance to municipal offices, mainly for city and town clerks. It also produces a series of publications including local government directories and handbooks as well as salary surveys and a compilation of local charters, most of which are updated annually. The Assembly concurred.

**Contractors' Registration and Licensing Board.** Governor Carcieri recommended the transfer of the Contractors' Registration and Licensing Board and its 12.0 full-time equivalent positions from the Department of Administration to the Department of Business Regulation. The Assembly did not concur and maintained the Board in the Department of Administration.

**Registry Branch Closures.** Governor Carcieri recommended the closures of the Registry of Motor Vehicles satellite branches in Warren, West Warwick and Westerly. There was no staffing reduction associated with the closures. Current staff from the three branches would be moved to the Division's main office and other branches. The Warren branch is mandated by Rhode Island General Law to stay open at least three days per week. The Governor's FY 2009 revised budget includes legislation to repeal the statute. The Assembly did not pass legislation to close the branch office in Warren, and provided funds to maintain offices in the Towns of Warren and Westerly. The Assembly concurred with the closure of the West Warwick office.

**State Lab Consolidation.** Governor Carcieri recommended the transfer of the Forensic Science Unit with the exception of toxicology and its 12.6 full-time equivalent positions from the Department of Health to the Department of Public Safety and added 3.0 new staff. The proposal is based on the activities being more in line with the public safety function. The Governor submitted Article 12 of 2009-H 5983 to shift the Forensic Science Unit from the Department of Health to the Department of Public Safety. The Governor did not include a proposal for the University of Rhode Island Crime Lab, which is funded through an appropriation in the Office of the Attorney General's budget.

The Assembly provided for the consolidation of the University of Rhode Island Crime Lab and the Department of Health Forensic Science Unit into the Department of Health. The consolidation includes the current Department of Health's 12.6 associated positions and \$1.6 million in associated funding as well as \$675,000 from general revenues for the crime lab from the Office of the Attorney General.

**Public Utilities Commissioners.** Governor Carcieri again recommended statutory language as part of his FY 2009 revised budget to eliminate the scheduled addition of two members of the Public Utilities Commission. The Assembly did not adopt legislation to reverse expansion of the number of Commissioners.

**Managed Care Transfer.** Governor Carcieri recommended shifting the residential portion of managed care expenses for children in the custody of the Department of Children, Youth and Families back from the Department of Human Services and provided \$37.5 million from all sources of funds for the expenses. In FY 2008, a portion of both residential and hospital based programs and funding were shifted from the Department of Children, Youth and Families to the Department of Human Services as part of an initiative to provide more efficient services to children. After the transfer, it was determined that the residential services portion of the transfer did not fit the managed care model. The Assembly concurred.

**Paratransit Program.** The Assembly enacted legislation to transfer the responsibility for paratransit services from the Department of Elderly Affairs to the Department of Human Services. Governor Carcieri had requested an amendment to shift only the Medicaid eligible portion of the program from Elderly Affairs to Human Services.

**Food Nutrition Service Function.** The Assembly enacted legislation to transfer food programs from the Department of Human Services and the Women, Infants and Children supplemental nutrition program from the Department of Health and any other such programs into the Executive Office of Health and Human Services by March 1, 2010.

**Client Protective Services.** The Assembly enacted legislation to transfer client protective service functions for children, elderly, and adults with developmental and other disabilities from the four separate human services agencies into the Executive Office of Health and Human Services by January 1, 2011.

**Community Health Centers.** The 2008 Assembly added \$1.2 million from general revenues to support uncompensated care expenses at the 12 community health centers for FY 2009. Governor Carcieri's FY 2010 budget continued that funding but substituted \$0.6 million from available federal matching funds. The 2009 Assembly shifted the expense from the Department of Health to the Department of Human Services.

**EOHHS/Department of Health.** Governor Carcieri recommended in his initial recommendation and subsequent amendments decoupling the Department of Health from the Executive Office of Health and Human Services and transferring 7.6 positions previously part of the Department from the Executive Office back to Health. The Assembly did not concur and maintained the Department of Health as an agency within the Executive Office of Health and Human Services and retained the positions within the Executive Office.

**Veterans' Affairs.** The 2009 Assembly passed 2009-H 5082, Substitute A, as amended and Governor Carcieri signed it into law on November 9, 2009, which created a separate Department of Veterans' Affairs, effective July 1, 2010. The Division of Veterans' Affairs is currently within the Department of Human Services.

**Water Resources Board Corporate Transfer to Clean Water Finance Agency.** The 2009 Assembly transferred the Water Resources Board Corporate into the Clean Water Finance Agency. The transfer would become effective once the debt of the Board Corporate is paid off, which was projected to be in 2014. The Board Corporate is the funding component for the state's Water Resources Board. Due to the capacity and capabilities of the Agency, it will absorb the functions of the Board Corporate to allow for more efficient and cost effective lending for water infrastructure projects.

#### *FY 2011*

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

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

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

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

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

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

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

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

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

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

#### *FY 2012*

**State Aid Transfer.** Governor Chafee's budget transferred some of the appropriations for the State Aid program from the Department of Administration to the Department of Revenue. These include the distressed communities' relief fund, motor vehicles excise tax, payment in lieu of taxes program, and the

newly proposed Municipal, Accountability, Stability and Transparency Fund. State aid for library operations and library construction remain in the Department of Administration. The Assembly concurred.

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

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

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

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

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

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

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

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

**Higher Education Administration.** The Assembly included legislation that requires the Director of Administration to submit a revised plan for the organizational structure for higher education administration, staff support and resource allocation. The plan shall address the goal of improving affordability and accessibility to public higher education and maximizing efficiencies while providing sufficient support to

the governance structure of public higher education. The Director of Administration is required to report findings, recommendations and alternative designs to the General Assembly no later than November 1, 2011.

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

**Dispatch Unit and Port Security.** Governor Chafee's budget does not include the transfer of the dispatch and port security surveillance units from the Department of Environmental Management to the Department of Public Safety. He proposed legislation to reverse the 2010 Assembly action that required the transfer to occur no later than January 1, 2011. The Assembly did not concur with the reversal, and instead delayed the transfer until January 1, 2012.

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

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

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

### ***FY 2013***

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

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

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

possible. The Assembly restored \$0.4 million of the general revenue savings and shifted funding for the personnel study from FY 2012 to FY 2013 to reflect a delay in the work proposed.

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

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

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

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

**HIV Care and Treatment Program.** Governor Chafee requested an amendment to transfer the HIV care and treatment program from the Department of Human Services to the Executive Office of Health and Human Services, effective July 1, 2012 consistent with his proposal for the medical benefits program. The Assembly concurred and transferred 5.0 positions.

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

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

**Rhode Island Public Telecommunications Authority.** The Budget included legislation to require the Administration to submit a plan to the Chairpersons of the House and Senate Finance Committees by

November 1, 2012 to transition the Rhode Island Public Telecommunications Authority from the state to a privately supported entity by July 1, 2013. The Administration also must include any statutory changes required for the transition as part of the FY 2014 budget.

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

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

#### *FY 2014*

**EDC/Commerce Corporation.** The Budget delays the creation of the Executive Office of Commerce and the transfer of the functions of the Department of Business Regulation from February 1, 2015 to July 1, 2015. It maintains the Office of Regulatory Reform in the Office of Management and Budget instead of transferring it to the new Executive Office of Commerce. As contained in 2013-H 6063, Substitute B, on or about February 1, 2015, the Office is empowered to assume functions from the Department of Business Regulation and, subsequently, various functions from the Department of Administration. The legislation further requires that the Office submit a comprehensive review of the roles, functions and programs of the Department of Administration and the Department of Labor and Training to the House of Representatives and the Senate before September 1, 2015. Additionally, the Office shall make recommendations and a business plan for the integration of these entities with the Office, and the Governor may include these recommendations as part of his FY 2017 budget.

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

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

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

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

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

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

### *FY 2015*

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

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

**Rhode Island Emergency Management Agency.** The Budget reflects the Emergency Management Agency and the National Guard as two stand-alone agencies. They were two distinct programs in the Military Staff under the control of the Adjutant General. This action was recommended to reflect the individual agency missions as well as their operational structures. There were major changes to funding levels or positions.

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

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

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

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

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

#### *FY 2016*

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

**Executive Office of Commerce.** The 2013 Assembly created the Executive Office of Commerce to be administered by a secretary of commerce, effective February 1, 2015. The Office oversees and serves as the lead agency of the Executive Branch for managing the promotion of commerce and the state's economy. Pursuant to 2013-H 6063, Substitute B, on or about February 1, 2015, the Executive Office of Commerce has powers to operate functions from the Department of Business Regulation and, subsequently, various functions from the Department of Administration. Consistent with the legislation, Governor Raimondo's Budget includes the transfer of Housing and Community Development functions to the Executive Office of Commerce. It also transfers the Film and Television Office from the Department of Administration to Commerce. It does not, however, transition Department of Business Regulation functions, leaving it as a stand-alone department. The Assembly concurred, with the exception of transferring the Film and Television Office to the Arts Council.

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

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

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

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

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

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## Explanations of Budget Articles

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### 2016-H 7454, Substitute A, as Amended

#### Article 1. FY 2017 Appropriations

**Section 1. Appropriations.** This section of Article 1 contains the appropriations for FY 2017.

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

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

**Section 4. Contingency Fund.** This section allows for expenditures from the contingency account located within the Office of the Governor's budget for unexpected and unbudgeted statewide expenditures. The Governor must approve all expenditures and transfers from this account.

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

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

**Section 7. Temporary Disability Insurance Funds.** This section appropriates all funds required for benefit payments from the Temporary Disability Insurance Fund and the Temporary Disability Insurance Reserve Fund for FY 2017.

**Section 8. Employment Security Funds.** This section appropriates all funds required for benefit payments to the unemployed from the Employment Security Fund for FY 2017.

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

**Section 10. Full-Time Equivalent Positions.** This section of Article 1 limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2017. It also provides that state employees whose funding is from non-state funds that are time limited shall receive appointments limited to the availability of the non-state funding source. In addition, this section provides that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee may jointly adjust the authorization. Total staffing is 14,952.6 full-time equivalent positions, 274.7 fewer positions than recommended by the Governor.

**Section 11. Multi-Year Appropriations.** This section makes multi-year appropriations for a number of capital projects included in the FY 2017 through FY 2021 Capital Budget that are funded from Rhode Island Capital Plan funds. The FY 2017 and multi-year appropriations supersede appropriations made for capital projects in Section 11 of Article 1 of the FY 2016 Appropriations Act.

**Section 12. Reappropriations.** This section provides that any unexpended and unencumbered funds for Rhode Island Capital Plan Fund projects may be reappropriated at the recommendation of the Governor in

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## Explanations of Budget Articles

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FY 2017. However, any such reappropriations are subject to final approval by the General Assembly as part of the supplemental appropriations act. Unexpended funds of less than \$500 can be reappropriated at the discretion of the state Budget Officer.

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

**Section 14. Appropriations to Nonprofits.** This section requires that no funds appropriated through this act to any nonprofit organization shall be used by the recipient to pay for lobbying, or to pay for, directly or indirectly, any compensation to a member of the General Assembly.

**Section 15. Effective Date.** This section of Article 1 establishes July 1, 2016 as the effective date of the article.

### Article 2. Public Finance Management Board

Article 2 requires the Public Finance Management Board to advise and assist municipalities, authorities, boards, commissions, public and quasi-public corporations having authority to issue debt. Currently that advice and assistance is given by the Board upon request. It also requires that each issuer of debt submit a report of final sale to the Board within 30 days after closing and allows a penalty of \$250 per day for any issuer that fails to submit a notice of proposed debt or report of final sale. It also adds new annual reporting for all state and local debt issuers.

The Article adds two purposes of the board. One is to annually ascertain the total amount of public and quasi-public corporation debt authorized, sold and unsold. The other is the undertaking of a debt affordability study at least every two years, which shall include recommended debt capacity limits. The article also gives the board the authority to offer non-binding, advisory opinions on all aspects of debt management practices. This article is effective January 1, 2017.

The budget assumes additional revenue of \$0.3 million from the 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. The revenues would support a new Office of Debt Management within the Office of the General Treasurer to be responsible for monitoring the process by which all governmental units issue and manage debt. This funds 1.0 new position and technology upgrades including a web portal to track public debt.

### Article 3. Making It Easier to Do Business in Rhode Island

Article 3 would make changes to the unemployment insurance taxes that some employers pay and lowers the amount the Unemployment Insurance 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 that would take effect on January 1, 2017. Article 3 would also establish a Temporary Disability Insurance Fraud and Integrity Task Force charged with educating workers, employers and healthcare professionals about the program and reduce the amount of time a claimant has to apply for temporary disability insurance benefits from 52 weeks to 90 days.

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## Explanations of Budget Articles

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### Article 4. Government Organization

**Sections 1 and 2. Office of Diversity, Equity and Opportunity.** Sections 1 and 2 of the article establish the Office of Diversity, Equity and Opportunity in statutes. The article 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.

**Sections 3 through 5. Division of Enterprise Technology Strategy and Services.** These sections replace the current Division of Information Technology, which was created by an executive order with the Division of Enterprise Technology Strategy and Services to be managed by the chief of digital excellence. The article amends current law to place the Office of Library and Information Services within the Division and requires the chief of library services to be under the supervision of the chief of digital excellence.

**Section 6. Division of Capital Asset Management and Maintenance.** This section creates the Division of Capital Asset Management and Maintenance, which will assume the responsibilities of the current Divisions of Facilities Management and Capital Projects and Property Management. Both divisions were created by an executive order in 2004. The article allows the director of the Department of Administration to appoint a director of the division. Some of the responsibilities of the division director include: reviewing agency capital budget requests to ensure that requests are consistent with strategic and master facility plans of the state; managing and maintaining state owned facilities; overseeing new construction and rehabilitation projects; maintaining an inventory of all state properties, and responding to facilities emergencies.

**Sections 7 through 12. Office of Internal Audit.** These sections amend current law to repeal the Bureau of Audits and establish the Office of Internal Audit within the Office of Management and Budget. The Office will be managed by a chief of internal audit, who must be appointed by the director of the Department of Administration. The Office is authorized to conduct audits of any state department, agency or private entity that is a recipient of state funding or state grants. The Office is also tasked with evaluating the efficiency of operations and internal controls, preventing and detecting fraud, waste, abuse or mismanagement of funds.

The Budget reflects the consolidation of internal auditing functions, and staff from the Departments of Transportation and Human Services, the Office of Postsecondary Commissioner and the University of Rhode Island are transferred to the Office. The Budget assumes savings of \$0.2 million, including \$0.1 million from general revenues from the elimination of 2.0 positions.

**Sections 13 through 15. Women, Infants, and Children Nutrition Program.** These sections transfer administration and management of the Women, Infants, and Children Nutrition Program from the Department of Human Services to the Department of Health to comply with federal statutes. The Budget includes \$26.1 million from federal funds and 13.0 full-time equivalent positions to support the program in the Department of Health, which managed the program prior to the 2009 Assembly action to transfer the program to the Department of Human Services to consolidate management of nutrition benefit programs.

**Sections 16 through 18. Office of Veterans' Affairs.** These sections create the Office of Veterans' Affairs within the executive branch reporting directly to the Governor. This will replace it as a Division in

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## Explanations of Budget Articles

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the Department of Human Services; however, for administrative purposes, funding for the Office of Veterans' Affairs will remain in the Department of Human Services' budget.

**Sections 19 and 20. Governor's Commission on Disabilities.** These sections of the article designate the Governor's Commission on Disabilities as the state agency responsible for applying for and receiving federal funds under the Workforce Innovation and Opportunity Act for the State Independent Living Plan, effective October 1, 2016, instead of the Department of Human Services. The legislation allows the Commission to retain up to 5.0 percent of the funds for administrative purposes.

**Sections 21 and 22. Behavioral Healthcare, Developmental Disabilities and Hospitals.** These sections identify the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals 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.

**Section 23. Positions in Unclassified Service.** This section adds a cybersecurity officer position in the Department of Administration to the unclassified service.

**Section 24. Effective Date.** This section establishes the effective date of the article upon passage, with the exception of Section 19, which takes effect October 1, 2016.

### Article 5. Capital Development Program

Article 5 places \$227.5 million of new general obligation bond authorizations on the November 2016 ballot for voter approval through five separate questions. Question one would provide \$27.0 million to assure completion of the veterans' home based on updated cost estimates. The voters approved a \$94 million bond that would be reduced by federal reimbursements estimated at the time to be \$21.2 million. The federal Veterans Administration issued new guidelines for a new design that increased the anticipated cost to \$120.5 million, but also authorized a federal reimbursement of \$60.6 million. The total cost to the state will be at least \$12.0 million less than originally anticipated.

The second question would provide \$25.5 million for the second phase of a project to renovate and build additions to the College of Engineering complex at the University of Rhode Island and provide \$20.0 million to build one or more innovation campuses affiliated with the University of Rhode Island. The third question is for \$70.0 million for port infrastructure modernization, including \$50.0 million for repairs to Pier 2 at the Port of Davisville at Quonset and \$20.0 million for increased terminal capacity at the Port of Providence.

Question four is \$35.0 million for green economy projects. It is divided into seven distinct components with \$4.0 million for capital improvements to state parks including Fort Adams, Brenton Point, Colt State Park and Goddard Memorial State Park; \$4.0 million for open space acquisition; \$10.0 million for designing and constructing bikeways; \$5.0 million for brownfield remediation; \$3.0 million for stormwater pollution prevention projects; \$5.0 million to develop public recreational facilities; and \$4.0 million for local land acquisition grants. Question five would provide \$40.0 million for affordable housing construction and

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redevelopment and \$10.0 million to improve properties that are blighted or in need of revitalization including residential and commercial properties and public and community spaces.

### **Article 6. Public Debt Management Act**

This article would authorize the Commerce Corporation to issue up to \$25.0 million in debt to provide funds to the Quonset Development Corporation for renovations to at least one of the Davisville piers. Assuming an interest rate of 5.0 percent and a 20-year term, annual debt service payments would be \$2.0 million to be paid back from Quonset Development Corporation funds. Article 5 includes legislation to put before the voters on the November 2016 ballot \$50.0 million in new general obligation bonds in support of the pier's renovation. Bond funds would be combined with \$15.0 million from Rhode Island Capital Plan funds to provide total project funding of \$90.0 million.

### **Article 7. Health and Human Services**

The article requires rates paid to home health aides and personal care attendants be increased and includes reporting requirements to certify that the payments were passed through for this purpose. The article also instructs the Secretary of the Executive Office to ensure that at least 85 percent of the October 1, 2016 annual nursing home rate adjustment applies to an increase in wages and/or benefits to direct care workers and also requires certification of the increase. It includes a four-year phase out of the direct care policy adjustment applied to nursing home rates starting October 1, 2017 and a reporting requirement for patient liability owed by recipients and collected by the providers.

The article extends uncompensated care payments for FY 2018 for a \$139.7 million payment to the community hospitals, ties payment rates to a national index and eliminates the minimum threshold for payments that insurers must make for early intervention services. It expands services to Medicaid beneficiaries, including supportive housing and community health teams and corrects language included in the FY 2016 enacted budget related to payments made through the managed care plans to nursing facilities.

The article extends the child care assistance transition program by one-year to September 30, 2017 and includes the necessary resolution language for the rate increase for health care professionals and the incentive programs. It also expands the reporting requirements for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals for services for adults with developmental disabilities to capture data and progress implementing the state's consent decree with the Department of Justice.

### **Article 8. Municipalities**

**Sections 1 through 3. Municipal Transparency Portal.** These sections require that the Division of Municipal Finance implement a standardized method of financial reporting for municipalities and develop an online "Transparency" portal for report submission and the public posting of municipal financial information. Municipal financial data must include audited annual financial statements, the status of its general fund, and a comparison of the municipality's budget to actual expenditures. Municipalities are required to use the portal to provide the Division of Municipal Finance with financial reports.

These sections also establish a financial reporting schedule of every three months, beginning in the sixth month of the municipality's fiscal year. Cities and towns must currently provide the Division with reports on a quarterly basis. Municipalities that do not comply with the standardized format and new reporting requirements would be publicly posted as delinquent via the portal. The Division will encourage municipalities' efforts to share data with each other via the portal and contract for shared services.

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**Section 4. Distressed Communities.** Section 4 establishes that all communities qualifying as distressed participate in the Division of Taxation's refund offset program within three months of notification of distressed status. The refund offset program allows cities and towns to contract with the Division to intercept state personal income tax refunds for application to outstanding municipal tax liabilities. Four of the eight communities that qualify for FY 2017 aid already participate in the program: East Providence, Pawtucket, West Warwick, and Woonsocket. This section also establishes that if the Assembly appropriates more than the enacted level for the program, distressed communities will receive shares determined by two calculations. The first is based on the community's tax levy, relative to the total tax levy of all distressed communities. The second is based on the city's or town's proportional share of the enacted level; the municipality will receive that percent share of the increase.

**Section 5. Effective Date.** This section establishes that the article is effective upon passage.

### Article 9. Division of Motor Vehicles

**Section 1. License Plate Issuance Delay.** Section 1 delays the mandatory reissuance of fully reflective license plates from July 1, 2016 to April 1, 2017. The reissuance has been delayed three times previously, from September 1, 2011 to September 1, 2013, again to September 1, 2015, and from that date to July 1, 2016. The Budget includes \$3.0 million for FY 2017 to allow the Division of Motor Vehicles to begin printing and stocking sets of plates prior to the beginning of the reissuance. Any unspent funds will be reappropriated to the following year.

**Sections 2 and 3. License Plates.** Sections 2 and 3 exempt veterans from the \$20 service fee and \$5 transfer fee for special veterans' license plates and require the creation of a special plate for Gold Star Parents, whose children served in the armed forces and were killed in the line of duty. The Budget assumes an associated revenue loss of \$35,000.

**Sections 4 and 5. Commercial Truck Registrations.** These sections establish a new schedule for annual registration fees for commercial trucks, truck tractors, and truck trailers with gross vehicle weight of over 10,000 pounds that are used for commercial purposes, effective for FY 2018. Annual registration costs will be reduced on a sliding scale from a 26.0 percent reduction for vehicles at lower weights to a 50.0 percent reduction in annual registration costs for vehicles weighing 26,000 pounds or more. The estimated FY 2018 revenue impact is a loss of \$4.2 million.

**Section 6. Effective Date.** This section establishes that Sections 1 through 3 shall take effect upon passage. Sections 4 and 5 are effective July 1, 2017.

### Article 10. Revised Budget

**Section 1. Revisions to Appropriations.** This section of Article 10 contains the revised appropriations for FY 2016.

**Section 2. Line Item Appropriations.** This section establishes that each line of Section 1 in Article 10 constitutes an appropriation.

**Section 3. Internal Service Funds.** This section authorizes the establishment of limited and specific internal service accounts to implement the cases in which state agencies provide services to other state agencies, institutions and other governmental units on a cost reimbursement basis.

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**Section 4. Full-Time Equivalent Positions.** This section limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2016. In addition, state employees whose funding is from non-state funds that are time limited shall receive appointments limited to the availability of the non-state funding source. This section also contains the usual provision that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee may jointly adjust the authorization. Total staffing is 15,116.3 full-time equivalent positions, 23.0 fewer positions than recommended by the Governor in her revised budget.

**Section 5. Effective Date.** This section establishes an effective date upon passage of the article.

### Article 11. Strengthening Neighborhood Schools

**Section 1. Local Budgets and Uniform Chart of Accounts.** Section 1 would require local education agencies to post their adopted budgets on their websites and also include a link to the Department of Elementary and Secondary Education's website effective for FY 2018. It would also require each local education agency to update the information within 60 days after adoption and/or making any changes to the budget.

Section 1 would also require the Department of Elementary and Secondary Education to ensure the uniform chart of accounts allows for both school to school and district to district comparisons and that the structure of the uniform chart of accounts shall ensure that data is collected and presented at a minimum, by position, program and school location in order to facilitate such comparisons. Local education agencies would have to submit budget information that conforms with the uniform chart of accounts requirements to the Department within 30 days of the local budget's adoption. It would require the Department of Elementary and Secondary Education to annually publish on its website a "performance dashboard" that would include the per pupil expenditures of each public school and district by revenue source and expenditure category as well as student performance indicators.

**Section 2. Education Funding Formula.** Section 2 makes a number of changes to the education funding formula.

English Language Learners. This section provides funding for FY 2017 only to support English language learners that are in the most intensive programs. 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 Department must collect performance reports from districts and approve the use of funds prior to expenditure. The Department shall ensure the funds are aligned to activities that are innovative and expansive and not utilized for activities the district is currently funding. 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. The Budget includes \$2.5 million.

School of Choice Density Aid. This section creates a new category of aid, which will provide additional state support for those districts who have at least 5.0 percent of their students enrolled at a school of choice, which includes charter schools or state schools. For FY 2017, six districts would be eligible for this funding which provides \$175 per pupil for every student sent to a charter or state school. This is a three-year program that would phase out in FY 2020. The Budget includes \$1.5 million.

Stabilization Fund. Section 2 amends the Central Falls stabilization fund language to include 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

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and career and technical education. The Budget includes \$1.7 million in additional funding to Davies and the Met schools.

High Cost Special Education Categorical Funding. Section 2 requires the Department of Elementary and Secondary Education to collect data on those educational costs that exceed four times the per pupil core instruction amount and student success factor amount; the current threshold is five times the amount.

Student Success Factor. Section 2 changes the definition of poverty used to calculate the 40.0 percent student success factor from being eligible for free and reduced lunch to being at 185 percent of federal poverty guidelines. Based on guidance from the United States Department of Agriculture, an alternate definition for use in the funding formula is required. This will have no impact on the number of children because free and reduced lunch eligibility is based on federal poverty guidelines with 185 percent of poverty being the threshold for reduced price lunch.

Local Tuition to Charter and State Schools. Section 2 reduces the local tuition payments made by districts to charter and state schools by the greater of seven percent of the local per pupil funding or the per pupil value of the district's "unique" costs. Unique costs are the per pupil value for preschool services and screening, services to students ages 18 to 21, career and technical education, out-of-district special education placements, retiree health benefits, debt service and rental costs offset by those same costs for charter schools. When unique costs are greater, there is an additional reduction to payments to mayoral academies with teachers that do not participate in the state teacher's retirement system. This is estimated to reduce local tuition payments to charter and state schools by \$5.9 million.

**Sections 3 through 5. Charter School.** Sections 3 through 5 remove obsolete language regarding the funding of charter schools that is no longer applicable because charter schools are funded through the funding formula. Section 3 also repeals the provision that any charter school with an approved career or technical education program that enrolls special education students would be able to charge the sending district its average per pupil special education cost. There are currently no charter schools with an approved career or technical program; however, if one were to become approved, this could present a very significant cost to the sending districts.

**Section 6. Group Home Aid.** Section 6 would increase the state funding for communities hosting group homes. It would provide an additional \$2,000 per group home bed for a total of \$17,000 per bed. Beds associated with Bradley Hospital's CRAFT program would increase by \$4,000 per bed to a total of \$26,000 per bed. The Budget includes an additional \$828,000.

**Section 7. Empowerment Schools.** Section 7 creates empowerment schools with regulatory and statutory flexibility, autonomy over budget, and flexibility in instructional polices. Empowerment schools would remain within a public school district but would be managed collaboratively on site by the principal and faculty. This would be a voluntary program. The act would give parents and families the affirmative right to enroll in an empowerment school that is different than their assigned school based on residence. It would ensure that teachers cannot be laid-off or fired by an empowerment school principal who would not otherwise have been laid off, suspended or terminated.

**Section 8. Recovery High Schools.** Section 8 would provide \$500,000 for FY 2017 only to support the state's recovery high school. Recovery high schools are high schools specifically designed for students recovering from a substance abuse disorder. It would also remove districts from the enrollment process and change the local tuition payments from the local per pupil expenditure to the core instruction amount.

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### Article 12. Budgets and Accounts

Article 12 authorizes the Board of Education to establish a restricted receipt account for the new Westerly Higher Education and Industry Center within the Office of Postsecondary Commissioner and to collect lease payments and other fees to support the operations and maintenance of the new facility. The article also exempts it as well as the existing Division of Motor Vehicles Modernization Project receipts from the state's indirect cost recovery charge.

Section 2 of the article amends current law to require that budget requests be directly submitted to the fiscal advisors of the House and Senate. Currently, budget requests are submitted to the Governor through the State Budget Officer, who then provides copies to the House Fiscal and Senate Fiscal advisors.

### Article 13. Taxes and Revenues

**Sections 1 and 2. Small Distilleries.** These sections establish a two-tiered licensing fee system for alcohol distilleries in the state. Distilleries producing more than 50,000 gallons per year will pay a licensing fee of \$3,000; those producing less than 50,000 will pay \$500 per year. The sections also establish a tax exemption for the first 49,999 gallons of distilled spirits produced in the state by distilleries that have operated within the state for at least twelve months. The Budget assumes a total revenue loss of \$30,000 from the changes.

**Section 3. Corporate Filing Cost Parity.** Section 3 alters the application and renewal fees for registered limited liability partnerships from \$100 for each partner to a flat fee of \$150 for the original application and \$50 for the renewal application. This ensures that all limited liability partnerships will pay the same application and renewal fees regardless of the number of partners. The Budget assumes an associated revenue loss of \$30,000.

**Sections 4 through 6 and 10 through 13. Corporate Filing Dates.** These sections amend filing deadlines for business taxes to bring state tax law into conformance with federal law. Changes include shifting the filing deadline for C corporations, banks, insurance companies, and public service companies to April or the fourth month following the end of the tax year. The sections also change the filing deadline for pass-through entities to March or the third month after the end of the tax year. The article is effective for tax years beginning January 1, 2016 and has no fiscal impact.

**Section 7. Hospital License Fee.** This section extends the hospital licensing fee in FY 2017 at a rate of 5.652 percent on net patient services revenue for the hospital fiscal year ending on or after September 30, 2015, for all community hospitals except South County and Westerly, which will be assessed a 3.55 percent license fee. It includes the due date for filing returns and making the payment.

Revenue from the two-tiered fee will be \$169.0 million, including \$162.4 million from community hospital payments and \$6.6 million from state payments for Eleanor Slater Hospital. This article appears annually in the Appropriations Act.

**Section 8. Motor Fuel Use Tax.** Section 8 establishes that any revenues received from the Motor Fuel Use Tax be deposited in the Intermodal Surface Transportation Fund, rather than the General Fund, for use by the Department of Transportation. There is no fiscal impact associated with this change.

**Section 9. Minimum Corporate Tax.** Section 9 reduces the minimum corporate tax from \$450 to \$400 per year, effective January 1, 2017. The 2015 Assembly reduced the minimum corporate tax rate from

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\$500 to \$450, effective January 1, 2017. The fiscal impact for this reduction is a revenue loss of \$1.6 million for FY 2017; the loss annualizes to \$3.2 million for FY 2018.

**Section 14. Transportation Network Companies.** Section 14 codifies that entities that use a digital network to connect riders to the network's local operators are providing a retail service comparable to that of taxicabs. The section requires that transportation network companies register with the Division of Taxation, obtain a permit to make sales at retail, and must collect and remit to the state a 7.0 percent sales tax. There is no estimated fiscal impact associated with this section.

**Section 15. Earned Income Tax Credit.** This section modifies the state's Earned Income Tax Credit for low and moderate wage earners to equal 15.0 percent of the federal credit, effective January 1, 2017. The Budget assumes an associated revenue loss of \$2.7 million, which annualizes to \$5.5 million for FY 2018. The 2015 Assembly increased the percent of the federal credit from 10.0 percent to 12.5 percent, effective January 1, 2016. The section also includes language codifying past practice regarding the percent of the federal credit and refundability of the state credit prior to the changes made by the 2014 Assembly. The addition of this language does not impact current treatment of the credit.

**Section 16. Pension and Annuity Income Exemption.** Section 16 exempts up to \$15,000 of pension and annuity benefits from state personal income tax for single and head of household filers who have reached full social security retirement age and have federal adjusted gross incomes of \$80,000 or less and married joint and qualifying widow or widower filers with joint federal adjusted gross incomes of \$100,000 or less. This is effective January 1, 2017 and includes income from federal, state, and local government retirement plans, military pensions, railroad retirement benefits, and private pension plans, from the public and private sectors that is deemed taxable income and is included in a filer's adjusted gross income. The fiscal impact of the expansion is a revenue loss of \$6.3 million for FY 2017, which annualizes to \$13.0 million in FY 2018.

**Section 17. Motion Picture Production Tax Credit.** This section provides a two year postponement of the sunset provision for the Motion Picture Production Tax Credit program from June 30, 2019 to June 30, 2021. The program provides a 25.0 percent credit for state certified production costs directly attributable to motion picture activity within Rhode Island, with primary filming locations in the state and minimum total production budgets of \$0.1 million.

**Section 18. Historic Structures Tax Credit.** This section provides a one year postponement of the sunset provision for the Historic Structures Tax Credit program enacted by the 2013 Assembly to be funded from available funds in the Historic Preservation Tax Credit Trust Fund. Under current law, the program expires on June 30, 2016 and the Division of Taxation may not conditionally approve any additional projects for credits.

**Section 19. Beach Fees and Reimbursements.** This section decreases the beach parking fees collected by the Department of Environmental Management to the rates previously charged in 2011. The reimbursement rate for distribution to the state and the host beach communities is also changed back to the 2011 level. There is also a provision that ensures a credit for individuals who purchased season passes before the July 1, 2016 effective date. The Budget assumes a loss to state general revenues of \$1.3 million in FY 2017.

**Section 20. Effective Date.** This section establishes that Sections 4 through 6 and 10 through 13 shall take effect upon passage and shall apply to tax years beginning on or after January 1, 2016. Sections 9, 15, and

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16 shall take effect as of January 1, 2017. The remainder of the article is effective as of July 1, 2016.

### **Article 14. Medical Marijuana Regulation**

Article 14 makes significant changes to the state's medical marijuana regulation system, effective July 1, 2017. Expanded regulation and enforcement, overseen by the Departments of Health and Business Regulation, includes: establishing licenses for cultivators who grow plants for exclusive sale to compassion centers; shifting the licensing of compassion centers from the Department of Health to the Department of Business Regulation; shifting license renewals from biennial to annual with corresponding 50 percent reductions; and instituting a tagging system for plants grown by patients and caregivers, with annual tag prices of no more \$25 per tag for most patients and caregivers and with no fee for patients who are Medicaid eligible or disabled and their caregivers.

The Department of Health will continue to license patients and caregivers and will also establish a new license for individuals designated by patients as authorized purchasers. Patients will no longer be required to choose a specific compassion center when registering and may purchase medical marijuana from any of the state's three centers. The Budget includes \$0.5 million from fees for licensing and administration of the program by the Department of Health. The Department of Business Regulation will establish a new cultivator license for businesses to legally grow marijuana for sale exclusively to compassion centers. The Budget includes \$1.5 million from tag and business license fees receipts and 4.0 full-time equivalent positions for the Department of Business Regulation to establish and maintain a tag tracking system. Tag revenues and existing licensing fees are treated as restricted receipts to support the Departments' joint regulation of the program.

### **Article 15. State Leases**

Current law requires departments to obtain legislative approval before entering into a long-term lease agreement of five years or more or extensions of existing leases of office and operating space, which carry a term of five years or longer, and exceed \$500,000 in value. This article contains General Assembly approval for a new five-year lease agreement for the Commission for Human Rights. The estimated cost of the new lease is \$175,938 annually; employee parking in the Rhode Island Convention Center is estimated to be \$18,000 annually for a total of \$193,938.

### **Article 16. Clean Diesel Program**

Article 16 establishes a Rhode Island Clean Diesel Fund within the Department of Environmental Management. The purpose of this new grant program is to reduce emissions from heavy-duty diesel engines operating on state roads and help companies improve supply chain efficiency. The Budget includes \$2.0 million from general revenues in FY 2017 to fund the Clean Diesel Program.

### **Article 17. Commerce and Economic Development**

**Section 1. Hotel Tax.** This section establishes that for FY 2017 only, the state's regional tourism districts and the Providence Warwick Convention and Visitors Bureau will receive percentage shares of state 5.0 percent hotel tax collections at statutory levels that existed prior to December 31, 2015. For FY 2017, the Commerce Corporation will receive correspondingly decreased shares of state hotel tax collections, estimated to total \$1.1 million.

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**Section 2. Rebuild Rhode Island Tax Credit.** This section amends the Rebuild Rhode Island Tax Credit program, enacted by the 2015 Assembly to establish a real estate development tax credit for qualified construction projects. Changes include the establishment of a total program cap of \$150.0 million and amending the administration of the credits, allowing the Corporation additional flexibility in terms of the treatment of assigned credits to assist developers to secure financing for projects. Additionally, the section allows for no more than one development per year located on single site on the I-195 land to be considered as multiple projects, each eligible for maximum project credits of \$15.0 million, provided each satisfies all other conditions of the program and exempts those additional projects from the current credit maximum of 30.0 percent of total project costs; however, the credits remain capped at the projects' demonstrated funding gaps.

**Section 3. Air Service Development.** This section establishes an Air Service Development Program, to be administered by the Commerce Corporation. The program will begin an initiative to support additional direct air routes to and from major metropolitan areas via T.F. Green Airport. The Corporation would be empowered to negotiate revenue guarantees or other incentives for airlines that agree to add direct flights to their schedules. The Budget includes \$1.5 million for FY 2017 for the program.

**Section 4. I-195 Land.** This section reduces the area within which projects may be considered on the I-195 land from within one quarter mile of the land owned by the I-195 District Commission to properties within five hundred feet, abutting, or across the street from the land.

**Section 5. Effective Date.** This section establishes that the article is effective upon passage.

### Article 18. Effective Date

Article 18 provides that the act shall take effect on July 1, 2016, except where a provision within an article specifies a retroactive or prospective effective date.

