

House Fiscal Advisory Staff

Governor's FY 2018 Budget at a Glance Summary and Special Reports



Submitted to the 2017 House of Representatives

House Committee on Finance

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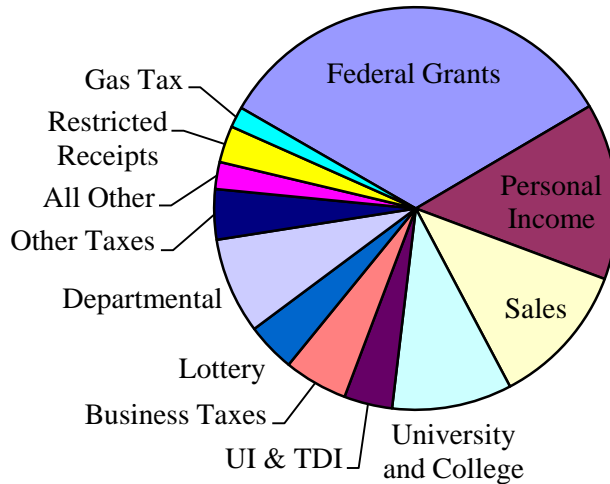
Hon. Carlos E. Tobon

Budget at a Glance

Governor's FY 2018 Budget at a Glance

The Governor's budget recommendations for FY 2018, along with her revisions to the FY 2017 enacted budget, are contained in 2017-H 5175, introduced on January 19, 2017. This was in compliance with the law requiring the budget be submitted by the third Thursday in January. Most required supporting documents were also made available that day; the Capital Budget was provided the next day.

Sources of Funds



Budget Issues

- **FY 2018 Gap.** The Budget Office estimates that in preparing the FY 2018 budget, the Governor faced a projected revenue-expenditure gap of about \$185 million. This was similar to the House Fiscal Staff June projections. By November it was clear that increased resources from the FY 2016 closing and consensus revenue estimates would decrease that gap. The House Fiscal Staff estimated in December that those additional resources would be offset by overspending in the current year that would likely impact FY 2018 as well. This revised the gap between expected expenses and available general revenues to about \$112 million. This represents approximately 2.9 percent of general revenue expenditures.
- **Out-Year Projections.** The out-years continue to be significantly unbalanced. The forecast included with the Budget estimates a \$150.6 million gap for FY 2019, equating to 4.0 percent of useable revenues, that grows to \$194.1 million in FY 2021, 4.8 percent of useable revenues. The FY 2018 gap is primarily due to the use of one-time items in the resolution of the current budget gap. The estimate also reflected growing impact of casino gaming in Massachusetts; this one factors in the new Tiverton Casino offsetting some of that. It also includes greater growth in sales tax collections based on the Governor's sales tax collection proposal. Staff is still reviewing the assumptions used for both expenditures and revenues.
- **Budget Assumptions.** The Governor's budget follows the traditional Rhode Island budgeting practice of assuming passage of legislation submitted with the budget and approval by requisite federal agencies of

changes under their purview. Should any of that legislation not pass; the budget will be significantly unbalanced.

Taxes and Revenues

Tax Changes

- ***Cigarette Tax.*** The Governor's budget assumes \$8.7 million in revenues associated with proposed legislation to increase the cigarette excise tax by \$0.50 per pack, to \$4.25 per 20-pack, effective August 1, 2017. The total price per pack in Rhode Island remains lower than in Massachusetts because of minimum markup provisions. The Office of Revenue Analysis estimates that the final retail price per pack in Rhode Island would be approximately \$0.22 less than Massachusetts.

Enhanced Compliance and Collections

- ***Remote Sellers Sales Tax Collection/Reporting.*** The Governor's budget assumes \$34.7 million in revenues associated with proposed legislation requiring remote sellers and marketplace providers to collect and remit sales and use taxes or be responsible for multiple notifications to customers before and after sales are made regarding their obligation to pay taxes on the purchases. Notably, Amazon, the nation's largest e-commerce retailer has recently announced it would begin collecting sales taxes due on its transactions with Rhode Islanders beginning February 1, 2017.
- ***Taxation Compliance Staffing.*** The Governor's budget assumes a total of \$2.0 million in additional personal income, business, and sales tax revenues from the filling of two revenue agent positions and two data analyst positions in the Division of Taxation to increase compliance efforts. Accounting for the \$0.4 million cost for the positions, the net budget impact is \$1.6 million.
- ***Taxation Penalties.*** The Governor proposes legislation allowing the Division of Taxation to penalize violators of tax statutes by revoking or suspending licenses or permits it issues, imposing fines of \$100 to \$50,000, and recovering legal costs. The legislation also increases the scope of sales tax enforcement to penalize those who fail to remit tax collected from a customer, increase the maximum fine from \$10,000 to \$25,000 and maximum imprisonment from one to five years, and expands the definition of prohibited manipulations of sales transaction data. No specific revenue estimates appear to be tied to these measures.

Other Revenues

- ***Medical Marijuana Receipts Transfer.*** The Governor's budget proposes legislation to annually transfer to state general revenues any remaining medical marijuana related receipts collected by the Department of Business Regulation and the Department of Health after expenses are covered. The budget assumes transfers of \$0.3 million and \$0.7 million in FY 2017 and FY 2018, respectively.
- ***Hospital Licensing Fee.*** The Governor's budget includes \$169.0 million in revenues from extending the hospital licensing fee into FY 2018 using the same two-tiered fee as included in FY 2017. The licensing fee appears annually in the Appropriations Act.
- ***Apprenticeship Fees.*** The Governor recommends eliminating fees associated with registered apprenticeships in Rhode Island to incentivize employers to establish apprenticeship programs and her budget lowers expected revenues by \$45,000 to reflect that.

- ***Penalties for Labor Law Violations.*** The Governor’s budget includes an additional \$650,000 in revenue from proposed changes to labor law violations. The revenues include \$100,000 from increasing the employee misclassification penalty from \$500 to \$1,500 for the first violation and \$950 to \$2,000 for any subsequent violations; \$150,000 from establishing a new penalty for employer wage and hour violations; \$300,000 from establishing a new penalty for employer failure to maintain payroll records; and \$100,000 from increasing the electrical trades violations penalty. It also assumes \$125,000 of restricted receipts would be generated from increasing unemployment reporting violations from \$10 to \$25 per incident.
- ***Infrastructure Bank Transfer.*** The Governor proposes that the Infrastructure Bank transfer \$1.0 million to state general revenues by June 30, 2018.
- ***Resource Recovery Corporation Transfer.*** The Governor proposes that the Resource Recovery Corporation transfer \$6.0 million to state general revenues by June 30, 2018.
- ***Narragansett Bay Commission Transfer.*** The Governor proposes that the Narragansett Bay Commission transfer \$2.5 million to state general revenues by June 30, 2018.
- ***RI Health and Educational Building Corporation Transfer.*** The Governor proposes that the Rhode Island Health and Educational Building Corporation transfers \$1.2 million to state general revenues by June 30, 2018.
- ***Turnpike and Bridge Authority Transfer.*** The Governor proposes that the Rhode Island Turnpike and Bridge Authority transfer \$2.6 million to state general revenues by June 30, 2018.
- ***Public Utilities Commission Rent.*** The Governor’s budget includes an additional \$0.2 million in revenue from increasing the rent charged to the Public Utilities Commission for its headquarters, a state-owned building in Warwick. The Commission is primarily funded from restricted receipts generated from billing the regulated utilities.

Commerce

- ***Refundable Investment Tax Credit Fund.*** The Governor’s budget includes a \$3.3 million impact from establishment of a refundable tax credit for qualifying business capital investments. The credit is the lesser of \$200,000 or the employer’s tax liabilities for the year. This expands access to investment tax credits to more businesses than current law allows. The Budget treats this as a revenue reduction, but it appears the intent is to appropriate general revenues to a fund similar to other recent tax credits.
- ***Refundable Job Training Tax Credit Fund.*** The Governor’s budget includes a \$2.0 million impact to establish a refundable tax credit for manufacturers and businesses in targeted industries for training qualified employees. The credit is the lesser of \$200,000 or the employer’s tax liabilities for the year. This expands access to job training tax credits to more businesses than current law allows. The Budget treats this as a revenue reduction, but it appears the intent is to appropriate general revenues to a fund similar to other recent tax credits.
- ***Rebuild Rhode Island Tax Credit.*** The Governor’s budget includes \$20.0 million from general revenues to continue funding for the Rebuild Rhode Island Tax Credit program. This would bring total funds committed to funding these tax credits, which are redeemed over time, to \$46.0 million. The Assembly capped the total amount of credits awarded under the program at \$150.0 million.
- ***Wavemaker Fellowships.*** The Governor’s budget includes \$1.6 million from general revenues for continued funding of the student loan forgiveness program enacted by the 2015 Assembly. It provides up to four years of loan forgiveness for an associate, bachelor or a graduate degree in the fields of natural or

environmental sciences, computer technology, engineering or medicine. Recipients must work at least 35 hours per week for an employer located in the state; and two-thirds of the awardees must be permanent residents of the state. The Governor's revised budget reduces the enacted funding for the program by \$1.5 million to \$2.0 million based on current use.

- **Main Street Streetscape Improvement Fund.** The Governor recommends providing an additional \$1.0 million for the Main Street Streetscape Improvement Fund. The FY 2016 and FY 2017 budgets each provided \$1.0 million for the fund and authorized the Commerce Corporation to award loans, matching grants and other forms of financing to enhance sidewalks, signage of public space and lighting in order to create an attractive environment in local business districts.
- **Municipal Technical Assistance Grants.** The Governor's budget recommends \$250,000 from general revenues and legislation to establish a fund to provide technical assistance to municipalities to evaluate and streamline municipal zoning, planning and permitting codes to foster economic development.
- **First Wave Closing Fund.** The 2015 Assembly authorized the closing fund to provide financing to ensure that certain transactions that are critical to the state's economy occur, subject to the Commerce Corporation's Board approval and provided \$5.0 million in FY 2016. The additional \$7.0 million allocated as part of the FY 2017 budget brought total funding to \$12.0 million. Commitments made through the end of 2016 total \$1.5 million. The Governor's budget adds \$1.5 million from general revenues in the current year, for total support of \$13.5 million.
- **P-Tech Initiative.** The Governor's budget includes \$1.2 million for the P-Tech Initiative, which establishes partnerships between high schools, higher education institutions, and employers to offer courses towards high school diplomas and associate's degrees. The enacted budget includes \$1.2 million for the program and the Commerce Corporation has partnered with five school districts, including three in the final year of funding. Two new school districts joined during FY 2017, and the Governor's budget would fund two additional school districts in FY 2018 and FY 2019.
- **Innovation Initiative.** The Governor's budget includes \$2.5 million from general revenues for Innovation Initiative grants and vouchers for businesses with less than 500 employees. Vouchers of up to \$50,000 may be given for research and development assistance from a Rhode Island university, research center, or medical center. Grants may be given to organizations that offer technical assistance to businesses or to businesses in targeted industries. Grants must be matched by funds from a private sector or non-profit partner.
- **Commerce Corporation - Operations.** The Governor's recommended budget includes \$7.5 million from general revenues to support general operations of the Corporation in FY 2018, which is \$80,000 more than enacted. She increases enacted funding by \$40,000 for the current year.
- **Innovate RI Small Business Programs.** The Governor's budget includes the enacted level of \$1.0 million to support Small Business Innovation Research grants and the Bioscience and Engineering Internship Programs.
- **College and University Research.** The Governor's budget includes the enacted level of \$150,000 for the College and University Research Collaborative to conduct ongoing economic analyses by the state's public and private higher education institutions to inform economic development policy.
- **Air Service Development.** The Governor's budget includes \$0.5 million from general revenues for an initiative to support additional direct routes to major metropolitan areas. This would provide a total of \$2.0 million for this purpose including the \$1.5 million allocated in the FY 2017 enacted budget.

- ***Experimental Program to Stimulate Competitive Research (EPSCoR).*** The Governor recommends the enacted amount of \$1.2 million for participation in the National Science Foundation’s Experimental Program to Stimulate Competitive Research.
- ***Polaris Manufacturing Extension Partnership.*** The Governor’s budget includes an additional \$300,000 to provide a total of \$550,000 from general revenues to support Rhode Island manufacturers by continuing to deploy technical experts to provide LEAN training facilities layout and assistance in manufacturing optimization. Polaris Manufacturing Extension Partnership is a Providence-based nonprofit organization. It receives funding from the National Institute of Standards and Technology to subsidize its consulting services to make them more affordable to smaller manufacturing business owners, fund awareness activities and educational seminars.
- ***National Security Infrastructure Fund.*** The Governor’s budget includes \$200,000 from general revenues to provide grants and loans in support of national security infrastructure and supporting strategies to repurpose surplus defense facilities and properties. This fund was authorized in Chapter 30-32 of the Rhode Island General Laws.
- ***Affordable Housing.*** The Governor’s budget includes \$40.0 million from general obligation bond funds approved by the voters in November 2016 to provide funding for affordable housing support, including rehabilitation of existing structures and new construction. The Budget also includes \$10.0 million from general obligation bonds the voters approved on the November 2016 ballot to improve properties that are blighted or in need of revitalization, including residential, commercial, and public properties.
- ***Quonset Piers.*** The Governor’s budget includes a total of \$90.0 million for extension and renovation of the Quonset Business Park’s piers. This includes \$50.0 million of general obligation bond proceeds approved by the voters on the November 2016 ballot, \$25.0 million from revenue bonds authorized by the 2016 Assembly to be issued by the Quonset Development Corporation, and \$15.0 million from Rhode Island Capital Plan funds.
- ***Port of Providence.*** The Governor’s budget includes \$20.0 million from general obligation bond funds approved by the voters on the November 2016 ballot to increase terminal capacity at the Port of Providence by funding the acquisition of up to 25 acres of land located between Allens Avenue in the City of Providence and the Providence River and associated infrastructure improvements. The state would enter into a revenue sharing agreement with ProvPort, a non-profit entity that provides port services for the City. ProvPort would be responsible for the management and marketing of the land; however, the state would own the land itself.
- ***Innovation Campus Bond.*** The Governor’s budget includes \$20.0 million from general obligation bonds approved by the voters on the November 2016 ballot for the construction of one or more innovation campuses affiliated with the University of Rhode Island.
- ***38 Studios Debt Service.*** The Governor’s budget assumes that debt service relating to 38 Studios will be paid with settlement funds that the Commerce Corporation recently received from defendants in the state’s lawsuit.
- ***Historic Tax Credit Trust Fund Debt Service.*** The Governor recommends \$31.0 million and \$31.1 million from general revenues in FY 2017 and FY 2018, respectively, to fund debt service for historic tax credits.
- ***Minimum Wage.*** The Governor’s budget includes legislation increasing the minimum wage from \$9.60 per hour to \$10.50 per hour, effective October 1, 2017. The 2015 Assembly increased the minimum wage from \$9.00 per hour to the current \$9.60, effective January 1, 2016. The recommended budget includes \$0.1

million for the impact on the Department of Environmental Management's seasonal recreational program in FY 2018.

Local Government

- ***Distressed Communities Relief Fund.*** The Governor recommends the enacted level of \$12.4 million for the Distressed Communities Relief Fund; there is a redistribution of funding among qualifying communities based on updated tax levies. In the first year a community qualifies, it receives a transition payment of half its proportional share; in the year a community no longer qualifies, it also receives a transition payment of half its proportional share. The FY 2018 recommendation reflects the inclusion of Johnston as a qualifying community and exclusion of Cranston. Both communities receive transition payments.

- ***Payment in Lieu of Taxes Program.*** The Governor recommends \$45.2 million for the Payment in Lieu of Taxes program that reimburses cities and towns for property taxes that would have been due on real property exempted 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 recommendation is \$3.2 million more than enacted and represents full funding for the program.

- ***Motor Vehicles Excise Tax.*** The Governor's budget funds the Motor Vehicles Excise Tax program at the enacted amount of \$10.0 million. The 2010 Assembly enacted legislation lowering the mandated exemption to \$500, for which the state will reimburse municipalities an amount subject to appropriation. Municipalities may provide an additional exemption; however, it will not be subject to reimbursement.

The Governor also proposes legislation to change the current requirement to use clean retail values in vehicle valuation to not more than 70.0 percent of the retail value beginning January 1, 2018. The state would reimburse municipalities for the revenue loss beginning in FY 2019. The Governor's out-year projections assume a cost of \$58.0 million in FY 2019 growing to \$62.4 million in FY 2022.

- ***Library Resource Sharing Aid.*** The Governor recommends \$9.4 million to level fund state support of public libraries at 22.8 percent. Current law allows 25.0 percent reimbursement of second prior year expenditures, subject to appropriation.

- ***Library Construction Aid.*** The Governor recommends \$2.3 million to fully fund library construction aid requirements. The state reimburses libraries up to half the total costs for eligible projects on an installment basis for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of the project. The three-year moratorium on the acceptance of applications for library construction aid projects ended June 30, 2014.

- ***Property Valuation Reimbursement.*** The Governor recommends \$0.6 million for FY 2017 and \$0.9 million for FY 2018 to reimburse communities conducting property valuation updates. Current law requires that municipalities complete full revaluations every nine years with statistical updates every third and sixth year following a full revaluation.

- ***Airport Impact Aid.*** The Governor recommends the enacted level of \$1.0 million for FY 2018 to the Commerce Corporation so that the Airport Corporation can provide impact aid payments to the seven communities that host the six state airports. The community payments are made proportionately based on the number of total landings and takeoffs.

- **Local Government Assistance.** The Governor recommends \$80,000 from general revenues for the Department of Revenue to purchase actuarial services to review and provide analysis of the City of Providence's employee retirement system.

Education Aid

- **FY 2018 Formula Education Aid.** The Governor recommends \$916.5 million for school formula aid for school districts, including Central Falls, the Metropolitan Career and Technical School, Davies Career and Technical School and charter schools pursuant to the funding formula. This is \$42.0 million more than enacted and fully funds current estimates for the core formula.
- **Funding Formula Assumptions.** The Governor funds the seventh year of the education funding formula adopted by the 2010 Assembly. The calculation for FY 2018 uses March 15, 2016 student enrollment data adjusted for FY 2018 projected charter school enrollments, a per pupil core instruction amount of \$9,163 and state share ratio variables updated with June 30, 2016 data. Districts that received more state funding are in the last year of a seven year phase-in, and aid to districts that are receiving less state funding is being phased in over ten years. Aid amounts are subject to final student enrollment data collected in March 2017.
- **School of Choice Density Aid.** The Governor's budget includes \$0.9 million for the density aid category which provides 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. This is \$0.6 million less than the enacted level, reflecting year two of a phased down, three-year program. For FY 2018, six districts would be eligible for this funding which provides \$100 per pupil for every student sent to a charter or state school. For FY 2017, six districts received \$175 per student from density aid funding.
- **Special Education Funds.** The education funding formula allows for additional resources from the state for high-cost special education students when those costs exceed five times the district's combined per pupil core instruction amount and student success factor amount. The Governor recommends \$4.5 million for FY 2018, consistent with the enacted budget.
- **Early Childhood Funds.** The education funding formula allows for additional resources from the state to increase access to voluntary, free, high-quality pre-kindergarten programs. The Governor recommends \$6.2 million from general revenues for FY 2018. This is \$1.1 million more than enacted and represents match on \$6.0 million in recently awarded federal funds.
- **Transportation Funds.** The education funding formula allows for additional resources from the state to districts for some transportation costs. The Governor recommends \$6.4 million for FY 2018, which is consistent with the FY 2017 enacted level. The state currently provides funding to mitigate a portion of the excess costs associated with transporting students to out-of-district non-public schools and within regional school districts.
- **Career and Technical Education Funds.** The education 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 offset the higher than average costs of maintaining highly specialized programs. The Governor recommends \$4.5 million for FY 2018, which is consistent with the enacted budget.
- **English Language Funds.** The Governor's budget includes \$2.5 million to continue funding to support English language learners that are in the most intensive programs. The funding is calculated at the level of 10.0 percent of the Core Instruction Amount, applied to students in the most intensive English

learner programs. Funds may only be used on evidence-based programs proven to increase outcomes for English learners and will be monitored by the Department of Elementary and Secondary Education. The 2016 Assembly authorized this as a one-year pilot program; the Governor recommends this category of funds be made permanent.

- **State Schools Stabilization Funding.** The Governor's budget adds \$3.8 million in stabilization funding to the Davies Career and Technical School and the Metropolitan Career and Technical School in order to mitigate some of the losses in funding from the implementation of the funding formula and recognize the additional costs associated with running a stand-alone school that offers both academic and career and technical education. Davies would receive \$3.0 million and the Met School the remaining \$0.8 million. The recommendation is \$2.2 million more than enacted.
- **School Construction Aid.** The Governor recommends a total of \$80.0 million to fund projected costs of school housing aid to local districts for FY 2018. This includes the enacted level of \$70.9 million for the traditional program and \$9.1 million for the School Building Authority.
- **Group Home Aid.** The Governor's budget reflects \$4.1 million for group home aid consistent with current law that requires that aid be paid for all beds opened as of December 31, 2016. The FY 2018 budget is \$0.7 million less than the enacted budget.
- **Recovery High School.** The Governor's budget continues providing \$0.5 million from general revenues to continue supporting the state's recovery high school, which provides programs to students recovering from substance abuse. The 2016 Assembly authorized this as a one-year pilot program, and legislation to extend it would be required but was not submitted with the budget.
- **Textbook Reimbursement.** The Governor recommends the enacted level of \$240,000 for reimbursements allowed under the textbook reimbursement program. Under current law, the state reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12th grade.
- **School Breakfast.** The Governor recommends the enacted level of \$270,000 from general revenues for the administrative cost reimbursements to districts for the school breakfast program. Food is paid from federal sources.

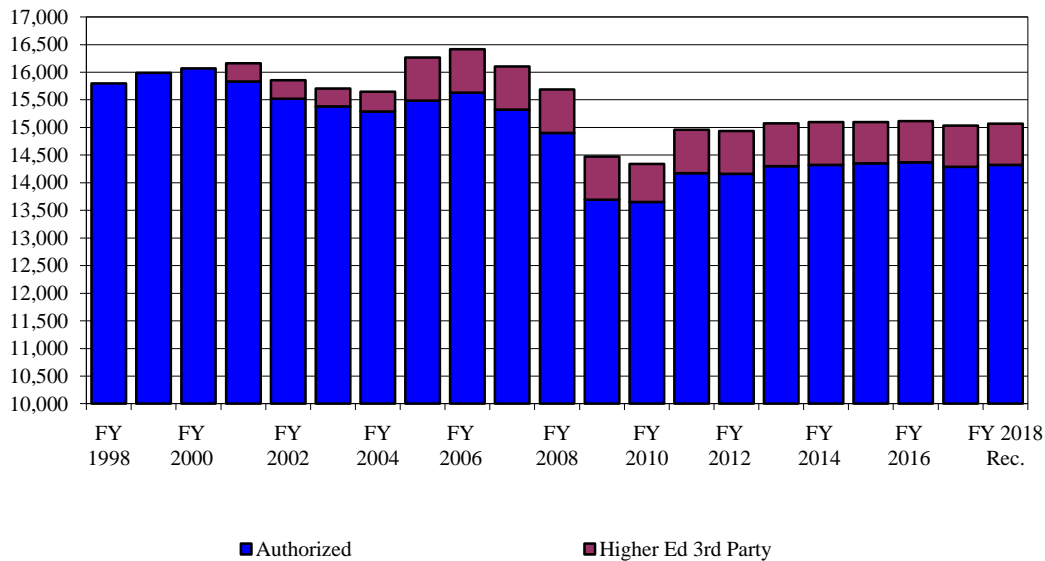
State Government

- **Fraud Detection and Prevention.** The Governor's budget assumes undefined savings of \$3.5 million from fraud and waste detection and prevention efforts to be achieved in FY 2018. The FY 2017 enacted budget assumes revenues of \$5.0 million by 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. It does not appear that this tool has been purchased yet.
- **Personnel.** The Governor recommends \$1,979.1 million for personnel expenditures and 15,067.4 full-time equivalent positions, including 745.8 higher education positions dedicated for research or supported by other third-party funds. The recommendation is \$6.4 million less and 114.8 more positions than the FY 2017 enacted budget. The expenditures include both salaries and benefits, as well as contracted services.

Salary and benefit costs are \$37.8 million more than enacted and are offset by a reduction of \$44.2 million for contracted services, largely for the Unified Health Infrastructure Project.

Among the staffing changes are 74.0 new positions in the Department of Transportation, including project managers and workers needed to carry out the Department’s plan to perform more operations in-house and the overall reorganization. The Governor adds 16.0 new positions in the Department of Revenue related to revenue initiatives and the implementation of new computer systems for Taxation and the Registry; and 26.7 new positions in the Department of Labor and Training. The Governor recommends the merger of the Emergency Management Agency into the Department of Public Safety which would grow by 21.4 positions net of the transferred ones, including a new commissioner, support staff, capitol police officers and screeners, and several new civilian positions. The increase in new positions were partially offset by the elimination of 60.0 full-time equivalent positions in the Department of Human Services.

Full-Time Equivalent Positions



As of January 7, there were 13,797.8 positions filled, leaving 1,022.4 non-research vacancies. 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.

- **Directors’ Salaries.** The Governor’s budget proposes 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 solely be determined by the Governor. This has been requested in the Governor’s prior two budgets; the Assembly did not concur.
- **Unclassified Positions.** The Budget adds several positions in various departments to the unclassified service. The positions include a legislative liaison, policy directors, chiefs of staff, the Medicaid director, and a commissioner in the Department of Public Safety.
- **Statewide Benefit Assessment.** The Budgets include savings of \$1.2 million and \$1.5 million in FY 2017 and FY 2018, respectively, from lowering the assessed fringe benefit rate for most employees from 4.75 percent to 4.49 percent in FY 2017 and to 4.20 percent in FY 2018. The savings are reflected in agency budgets. The assessed fringe is a rate that is applied to the amount of all salaries and wages paid, and is used to pay workers’ compensation claims, unemployment claims, and unused leave.
- **Medical Benefit Savings.** The Budget includes medical benefit savings of \$2.6 million in FY 2018 from updating the medical benefit rates. Though the rates are higher than the enacted budget; the recommendation is lower than what agencies had assumed in their requests.

- **Workers' Compensation Outsourcing.** The Governor's budget includes savings of \$1.3 million from general revenues from a proposal to privatize the administration of the Workers' Compensation program. The program is currently administered by 14.0 full-time equivalent positions.
- **Disparity Study.** The Governor's budget includes \$100,000 from general revenues to conduct a disparity study to examine procurement practices of state agencies, to award at least 10.0 percent of its purchasing and construction contracts to women and minority based businesses. The time period for the study is from July 1, 2011 through June 30, 2016.
- **Electric Vehicle Rebate Program.** The Governor's budget includes \$250,000 from general revenues to provide incentives for the purchase or lease of electric vehicles.
- **E-Procurement.** The Governor's budget assumes savings of \$350,000 from the implementation of an electronic procurement system. The system will be made available to agencies, quasi-public agencies, institutions of higher education and municipalities. It is unclear how this initiative results in savings to the state; it appears that staffing and storage cost efficiencies may be achieved.
- **Lean Process Improvement Projects.** The Governor's revised budget includes \$100,000 from general revenues to fund lean process improvement projects to improve operational efficiency in the Department of Administration's budget.
- **Health Care Utilization Review Program Transfer.** The Governor recommends transferring the oversight of the health care utilization review process from the Department of Health to the Office of the Health Insurance Commissioner.
- **City Year.** The Budget includes the enacted amount of \$50,000 from general revenues to City Year for the Whole School Whole Child Program, which provides individual support to at-risk students.
- **License Plate Reissuance.** The Governor proposes a one-year delay in the start of license plate reissuance until April 2018; the reissuance should occur after the deployment of the Registry's modernized information technology system for administrative ease. The budget shifts expected revenues and expenses to account for the delay.
- **Technology Surcharge.** The Governor proposes legislation to allow the Division of Motor Vehicles to extend the \$1.50 surcharge on its transactions from FY 2018 through FY 2022. The revenues are currently used for debt service for the Division's new information technology system; the proposed legislation codifies the original use and extends the use to maintenance and enhancements.
- **Integrated Tax System Support.** The Governor's budget includes \$1.0 million from general revenues for ongoing technical support and maintenance of the Department of Revenue's new integrated tax system for which the 2016 Assembly authorized borrowing \$25.0 million through Certificates of Participation to consolidate separate Division of Taxation programs and functions into a single computer system.
- **Unemployment Insurance Benefits.** The Governor's budget includes \$161.2 million in FY 2018 from the Unemployment Insurance trust fund for the payment of unemployment insurance benefits. This is \$0.8 million more than enacted to reflect current benefit recipients.
- **Temporary Disability Insurance Benefits.** The Governor recommends \$173.0 million from the Temporary Disability Insurance trust fund for benefit payments that protect eligible workers against wage loss resulting from a non-work related illness or injury. This is \$5.0 million more than enacted.

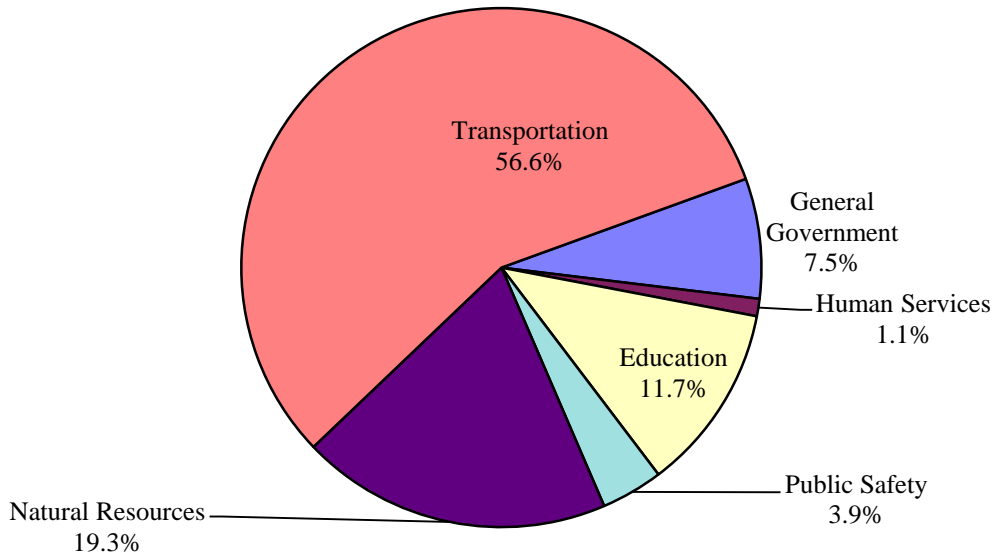
- **Temporary Caregiver Insurance Benefits.** The Governor recommends \$14.5 million from the Temporary Disability Insurance trust fund for the payment of benefits. This is \$5.0 million more than enacted.
- **Police and Fire Relief Fund.** The Governor's budget includes \$3.9 million from general revenues for the Police and Fire Relief program for annuity payments and in-state tuition to eligible spouses, domestic partners and dependents of certain injured or deceased police officers and firefighters. This is \$0.1 million less than enacted.
- **Contingency Fund.** The Governor's budget includes the enacted amount of \$250,000 for the Governor's Contingency Fund. The FY 2017 revised budget includes \$0.5 million, including \$292,000 in unused funds reappropriated from FY 2016.
- **Governor's Office Staff.** The Governor's revised FY 2017 and FY 2018 recommendations for the Office of the Governor lowers its staffing costs by allocating \$0.8 million of costs for several staff members to eight other state agencies. The enacted budget only assumed the allocation of the costs for a portion of one position to the Department of Administration. In the current recommendation, personnel costs are allocated to the Departments of Administration, Labor and Training, Public Safety, Transportation, Elementary and Secondary Education, Executive Office of Commerce, Executive Office of Health and Human Services, and Office of Postsecondary Commissioner.
- **Scanning Project for Business Services.** The Governor recommends \$50,000 from general revenues for the Secretary of State to begin scanning business records to allow for online viewing.
- **E-Poll Books.** The Governor's budget does not include any funding to purchase electronic poll books for FY 2018. The FY 2017 enacted budget includes \$195,000 from general revenues to purchase 200 electronic poll books; this was intended to be a multi-year initiative to purchase 1,600 books by the 2018 election.
- **New Voting Equipment.** The Governor recommends providing \$1.2 million from general revenues for the second year of a multi-year purchase and maintenance agreement for new voting equipment.
- **Rhode Island Historical Society.** The Governor includes the enacted level of \$125,000 in general revenue support for the Rhode Island Historical Society.
- **Newport Historical Society.** The Governor includes the enacted level of \$18,000 in general revenue support for the Newport Historical Society.
- **DMV Staff.** The Governor's budget includes \$0.3 million from general revenues to support operations and staffing costs for 8.0 new positions at the Division of Motor Vehicles to facilitate training and implementation of the new system without a negative impact on wait times.
- **Information Technology Projects.** The Budget includes \$16.2 million through the issuance of Certificates of Participation for several information technology projects. This includes: \$8.1 million for the development of a hospital information system, including electronic medical records and patient/case management tracking for the Departments of Human Services, Corrections and Behavioral Healthcare, Developmental Disabilities and Hospitals; \$2.5 million for the Department of Health to upgrade its Vital Records system; \$2.0 million to expand the new tax system; and \$3.5 million for a new payroll system. The annualized debt service would be \$2.1 million, assuming a 5.0 percent interest rate and a 10-year term.
- **Energy Improvements in State Facilities.** The Budget includes \$12.0 million through the issuance of Certificates of Participation to make energy improvements, including lighting and HVAC systems in

several state facilities, including group homes, the Cannon Building, the State House and others. Annualized debt service costs would be \$1.7 million; however, the payments would be made with energy savings. The Governor’s capital plan also includes \$5.0 million from Rhode Island Capital Plan funds to be used for the same purpose.

Capital

The Governor’s five-year capital recommendations for FY 2018 through FY 2022 call for total outlays of \$4,731.8 million for the period. Financing the plan requires \$987.7 million of debt issuances and \$3,744.1 million from current revenue streams. Over half of the expenditures are for transportation projects, including roads and bridges, rail, and public transportation. The next largest shares are for natural resources and education project outlays. The three areas account for almost 90 percent of total outlays during the five-year period. Highlights of her capital budget include:

FY 2018 - FY 2022 Capital Projects by Function



- Outlays and Funding.** The FY 2018 through FY 2022 recommended plan includes \$4,731.8 million of outlays on \$11,974.1 million of project estimates. Average outlays would be \$946.4 million per year for the five-year period with \$1,138.6 million required at the end of the period to complete the projects.
- General Obligation Bonds Referenda.** Financing the five-year plan is based on \$399.1 million of general obligation bond debt issuances. In a departure from past practice, the budget does not assume any new referenda will go before the voters in November 2018 or November 2020. The average bond referenda over the past five elections was \$189.3 million and the voters approved \$227.5 million on the November 2016 ballot. The impact of future referenda is excluded from any bond or debt projections in the plan.
- Other Debt Approvals.** The Governor recommends \$139.1 million to be approved by the 2017 Assembly under the Public Debt Management Act, including \$88.8 million from revenue bonds for the University of Rhode Island’s White Horn Brook Apartments. The remaining debt would be issued through Certificates of Participation including \$16.2 million for information technology projects throughout the state, \$12.0 million for energy improvements in state facilities, \$10.5 million for confined aquatic dredged

material disposal cells, and \$11.6 million for the third phase of energy performance improvements at the University of Rhode Island.

- **Financing.** Paying for the five-year outlays includes \$987.7 million from debt financing and \$3,744.1 million from current or pay-go sources. Pay-go represents 79.1 percent with debt funding being 20.9 percent.
- **Debt Levels.** Total net tax supported debt decreases during the period through FY 2022 by \$414.0 million from \$1,935.1 million to \$1,521.1 million. The FY 2018 levels assume issuance of \$92.0 million from authorized general obligation bonds, \$50.3 million of new debt recommended by the Governor for approval by the 2017 Assembly, and \$10.5 million of other previously approved debt. Past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget and as noted previously the plan identifies no new general obligation bond funded debt.
- **Debt Ratios.** Net tax supported debt would decrease from 3.2 percent of personal income reported for FY 2016 to 3.1 percent into FY 2017 before increasing to 3.4 percent in FY 2018, and then dropping gradually back to 2.2 percent in FY 2022 assuming that the capital budget is not increased. However, as with debt levels, past practice indicates it is likely to be higher than projected especially since as previously noted, the budget does not assume any new referenda will go before the voters in November 2018 or November 2020, a departure from past practice.
- **Rhode Island Capital Plan Fund.** The plan relies heavily on the use of Rhode Island Capital Plan funds, an important source of pay-go funds designed to reduce the need for borrowing. Total outlays for the five-year period are \$650.9 million.

Health and Human Services

- **Unified Health Infrastructure Project.** The Governor provides state and federal funding totaling \$87.5 million in FY 2017 and \$20.9 million in FY 2018 to support the Unified Health Infrastructure Project in the Executive Office of Health and Human Services and Department of Human Services' budgets.
- **Unified Health Infrastructure Project - Legal Costs.** The Governor adds \$100,000 from general revenues in the Department of Human Services' FY 2017 revised budget to fund legal fees incurred as a result of grievances filed related to implementation of the new eligibility system. She also includes \$150,000 from general revenues in the Department of Administration's budget for a total of \$250,000.
- **Governor's Healthy Aging in the Community Initiative.** The Governor's budget assumes savings of \$25.2 million, including \$12.3 million from general revenues, from what is being termed the Healthy Aging in the Community Initiative. The stated goals are to target resources towards community and home based care services for individuals receiving long term care services to decrease the length of stay in a nursing home or delay entry into a facility. The initiative assumes a reduction in the number of nursing home residents, a reduction in rates paid based on residents' acuity, and revising prior initiatives for managed care enrollment in the case of longer stays. A portion of the savings has been redirected to an expected increase in community based services and initiatives to improve them. The items are summarized in the following table and explained further below.

Governor's Healthy Aging in the Community Initiative		
<i>Proposal</i>	<i>General Revenues</i>	<i>All Funds</i>
Integrated Care Initiative - Exclude Longer Term		
Nursing Home Residents from Managed Care	\$ (7,879,373)	\$ (16,192,712)
Nursing Facilities - Acuity Rate Reduction	(5,224,523)	(10,736,792)
Nursing Home Census - Reduce by 2.5%	(2,493,538)	(5,124,410)
Subtotal	\$ (15,597,434)	\$ (32,053,914)
Home and Community Based Service Expansion	3,313,141	6,808,756
Total	\$ (12,284,293)	\$ (25,245,158)

- **Integrated Care Initiative.** The Governor's budget assumes savings of \$16.2 million, \$7.9 million from general revenues from a plan to move long-term stay nursing home residents who are enrolled in the Rhody Health Options managed care program back to the fee-for-service program and no longer pay Neighborhood Health Plan of Rhode Island to administer their care. The integrated care initiative began in November 2013.
- **Nursing Facility Acuity Rates.** The Governor's budget assumes savings of \$10.7 million, \$5.2 million from general revenues by rebasing the rates paid to a nursing facility based on a resident's level of need.
- **Nursing Facilities Census Reduction.** The Governor's budget includes savings of \$5.1 million, including \$2.5 million from general revenues from assuming that the number of individuals residing in a nursing home is reduced by 2.5 percent from either transitioning the resident to a less expensive setting or delaying the transition into a home by increasing community supports.
- **Home and Community Based Service Expansion.** The Governor's budget adds \$6.8 million, including \$3.3 million from general revenues from expanding services in order to delay entry into a nursing home. This is in addition to the \$4.7 million, including \$2.3 million from general revenues that was required to be added at the November caseload conference for home and community based services to reflect a reduction in nursing home days in the prior fiscal years.
- **Nursing Facilities Rate Freeze.** The Governor's budget includes savings of \$11.5 million, \$5.6 million from general revenues from eliminating the scheduled October 1, 2017 nursing home rate increase in both the fee-for-service and Rhody Health Options programs. This rate freeze is not identified as a component of the Healthy Aging in the Community Initiative.
- **Hospital Rates.** The Governor's budget includes savings of \$15.1 million, \$5.2 million from general revenues from reducing the rates by one percent from the FY 2017 level starting January 1, 2018.
- **Home Care Rates.** The Governor proposes increasing the rates paid to personal care attendants and home care workers in the Executive Office of Health and Human Services by seven percent and includes \$5.2 million, \$2.5 million from general revenues. This impacts services in both the managed care and fee-for-service system.
- **Graduate Medical Education.** The Governor proposes eliminating the \$2.0 million state payment to Lifespan for graduate medical education activities for FY 2018.
- **Health System Transformation Project.** The Governor announced the state's partnership with the federal Centers for Medicare and Medicaid Services to leverage \$130 million from federal funds over five years for the Health System Transformation Project in November 2016. Funding for this project is not included in either the FY 2017 revised or FY 2018 budgets. The project is part of the Reinventing Medicaid

initiative to provide comprehensive, quality healthcare to those enrolled in Medicaid and is intended to support hospitals, nursing facilities, and affordable care entities. Current plans for the funds are unclear.

- ***Behavioral Healthcare Inpatient Hospital Rates.*** The Governor's budget assumes savings of \$2.4 million, including \$0.9 million from general revenues, from a five percent reduction in rates paid for inpatient hospital stays for behavioral health and/or substance abuse treatment.
- ***Upper Payment Limit Reimbursement.*** The Governor's budget includes savings of \$9.9 million, including \$4.1 million from general revenues to reflect a 50 percent reduction to enhanced payments made to community hospitals for Medicaid services based on Medicare rates.
- ***Managed Care Organizations Administrative Rate.*** The Governor's budget proposes savings of \$2.2 million, including \$0.8 million from general revenues from reducing the administrative rate paid to the managed care plans by 3.0 percent.
- ***Federally Qualified Health Centers Payments.*** The Governor's budget assumes savings of \$3.3 million, including \$1.2 million from general revenues, from moving all payments made to the federally qualified health centers into the rates paid by the managed care plans and anticipating that the plans will determine if the health center is the appropriate setting for treatment.
- ***Healthcare Innovation Working Group.*** The Governor's budget adds \$250,000 from general revenues in the Executive Office of Health and Human Services' FY 2018 budget for a consultant to analyze state health data and develop policy recommendations in support the Governor's Working Group for Healthcare Innovation. This would include holding public hearings to understand state health care spending, as well as the causes and solutions to increasing costs.
- ***Children's Health Account.*** The Governor's budget includes \$3.6 million in general revenue savings from increasing the assessment charged to commercial insurers that offsets the state cost for certain services provided to children with special health care needs by \$5,000 from \$7,500 to \$12,500.
- ***Project Sustainability - Direct Care Worker Rates.*** The Governor includes \$3.0 million from general revenues matched by Medicaid to provide a rate increase to direct care workers in the privately operated system for adults with developmental disabilities; a rate increase was also included in the FY 2017 enacted budget. Supporting budget documents equate this to a five percent increase in wages; the proposed legislation does not cite a specific rate increase but rather an increase based on funding that will be appropriated for this purpose.
- ***Developmental Disabilities Caseload Growth.*** The Governor adds \$4.9 million, \$2.4 million from general revenues for anticipated caseload cost growth over FY 2017, based on projected costs of the state's program for developmentally disabled adults.
- ***Elderly and Disabled Transportation.*** The Governor adds \$300,000 from general revenues for a pilot program to provide 10-trip RIPTA passes to some elderly and disabled individuals who previously received free bus passes. This would cover 15,000 passes and 150,000 trips.
- ***Child Care Provider Rates.*** The Governor adds \$1.0 million from general revenues to increase rates paid to child care providers who offer higher quality of care. The rates are set in statute, but the Budget does not include any legislation to effectuate the increase envisioned.
- ***Head Start Program.*** The Governor adds \$390,000 from general revenues to increase state support for Head Start for total state support of \$1.2 million for FY 2018.

- ***Eleanor Slater Hospital Reorganization.*** The Governor assumes savings of \$4.9 million, including \$2.4 million from general revenues, from closing units, transferring medical patients to the Zambarano unit of the state hospital and renovating one of the existing hospital buildings into a step down unit. It is assumed that the Department of Children, Youth and Families will vacate the Youth Assessment Center for the forensic patients from the Pinel building and some patients from the Meyer building to move to that facility. Her budget includes \$2.5 million from Rhode Island Capital Plan funds to renovate the Regan building and the Roosevelt Benton Youth Assessment Center in FY 2017 in order to accomplish this plan.
- ***Eleanor Slater Hospital - Sex Offenders.*** The Governor's budget assumes savings of \$1.0 million, \$0.5 million from general revenues from transferring sex offenders currently receiving in-patient care at the state hospital to a non-hospital setting. This appears to double count the savings assumed in the reorganization.
- ***Eleanor Slater Hospital Laboratory Services - Privatization.*** The Governor's budget includes savings of \$1.0 million, \$0.5 million from general revenues, from privatizing laboratory services at Eleanor Slater Hospital.
- ***Intermediate Care Facilities.*** The Governor's budget assumes savings of \$1.2 million, including \$0.7 million from general revenues, from closing one of the two remaining intermediate care facilities whose residents are former Zambarano hospital patients.
- ***Rhode Island Alliance of Boys and Girls Clubs.*** The Governor includes the enacted level of \$250,000 from general revenues for the Boys and Girls Club Project Reach program, which provides homework assistance and afterschool activities.
- ***Day One.*** The Governor includes the enacted level of \$217,000 from general revenues for outreach programs and supportive services programs relating to sexual assault provided through Day One.
- ***Institute for the Practice and Study of Non-Violence.*** The Governor includes the enacted level of \$200,000 from general revenues to support the Institute's Violence Reduction Strategy program.
- ***Rhode Island Community Food Bank.*** The Governor includes the enacted level of \$175,000 from general revenues for food collection and distribution through the community food bank.
- ***Community Action Agencies.*** The Governor includes the enacted level of \$520,000 to support services provided by the state's community action agencies.
- ***Crossroads.*** The Governor includes the enacted level of \$660,000 from general revenues to support activities provided by Crossroads Rhode Island that address homelessness and other related issues.
- ***Domestic Violence Prevention Activities.*** The Governor includes the enacted level of \$0.3 million from general revenues for domestic violence prevention activities contracted through the RI Coalition Against Domestic Violence and distributed to domestic violence shelters in the state.
- ***Senior Center Support.*** The Governor includes the enacted level of \$400,000 from general revenues to support the state's senior centers through a grant process.
- ***Meals on Wheels/Elderly Nutrition Services.*** The Governor includes the enacted level of \$530,000 from general revenues to support Meal on Wheels.
- ***Respite Care.*** The Governor includes the enacted level of \$140,000 for the Diocese of Providence to support the respite care program.

- ***Elderly Housing Security.*** The Governor includes the enacted level of \$85,000 from general revenues to implement security measures in elderly housing complexes.
- ***Long Term Care Ombudsman.*** The Governor provides \$209,086 for the long term care ombudsman, including the enacted level of \$126,750 from general revenues. The Alliance for Better Long Term Care advocates on behalf of residents of nursing homes, assisted living residences and certain other facilities, as well as recipients of home care services.
- ***Veterans' Programs and Services.*** The Governor includes \$0.2 million from general revenues to support various veterans' programs and services with the Office of Veterans' Affairs determining how the funding is allocated.
- ***New Veterans' Home - Bond Authorization.*** The voters approved new bond language in November 2016 to ensure that there are sufficient resources to build the new Veterans' Home, which will still cost the state less than originally anticipated. The Governor's capital plan includes a total of \$121.0 million for the new home, split equally between general obligation bonds and federal funds.
- ***DCYF Caseload.*** The Governor's budget includes \$93.8 million from all funds, \$66.5 million from general revenues for placement and service costs within the children's behavioral health and child welfare programs excluding foster care support. This is \$7.4 million less than enacted, including \$1.6 million from general revenues from reducing congregate care placements and overall caseload reductions. The Department recently completed a provider contract reprourement for many services formerly delivered through the System of Care, primarily for congregate care placements.
- ***Foster Care Support.*** The Governor's budget includes \$27.5 million for foster care and adoption assistance subsidies, including \$20.4 million from general revenues. This is \$0.1 million more than enacted from general revenues. The additional funding is intended to build additional foster care capacity in support of the Department's efforts to reduce congregate care placements.
- ***DCYF Energy Efficiencies.*** The Governor's budget includes general revenue savings of \$0.3 million from an initiative to increase energy efficiency at the Department's main office building at 101 Friendship Street in downtown Providence. The savings would be achieved by installing energy conservation technology like motion-detecting light sensors and automated heating and cooling systems.
- ***Streamline Lead Poisoning Prevention Program.*** The Governor proposes consolidating funding for the Lead Poisoning Prevention Program at the Department of Health. Currently, funding for lead poisoning prevention activities is also included in the Housing Resources Commission.
- ***Tobacco Prevention and Cessation Program.*** The Governor recommends that \$500,000 of the \$8.7 million estimated to be generated from the proposed cigarette tax increase of \$0.50 fund anti-smoking media campaigns.

Education

- ***Public Higher Education.*** The Governor's budget includes \$1,188.0 million for Public Higher Education institutions including debt service. This is \$26.7 million more than enacted from all funds. The Governor's budget includes \$225.8 million from general revenues, which is \$29.4 million more than enacted.
- ***Public Higher Education Tuition and Fees.*** The Governor's budget assumes tuition and mandatory fee increases consistent with Board approval of 7.0 percent for in-state students and 4.0 percent for out-of-

state students at the University, 6.9 percent for in-state students and 5.0 percent for out-of-state students at the College, and 7.0 percent for students at the Community College.

- ***RI Promise Scholarship.*** The Governor's budget includes \$10.0 million from general revenues for the first year of funding for a new Rhode Island Promise Scholarship program. This program aims to cover two years of tuition and fee costs at one of the three public postsecondary institutions for all qualifying Rhode Island residents. The program envisions a four-year phase-in, with the full cost of the program projected to be \$30.0 million in FY 2021 and after.
- ***Westerly Higher Education and Job Skills Center.*** The Governor's budget includes \$1.3 million from general revenues in the Office of Postsecondary Commissioner to complete a two-year commitment of \$2.0 million to secure the lease for the new Westerly Higher Education and Job Skills Center. Her budget also includes \$1.5 million from restricted receipts to support the operations and staffing costs of the new facility, \$1.1 million more than enacted. The Governor's capital plan includes \$7.0 million from all sources programmed for FY 2017 and FY 2018, including \$2.0 million from Rhode Island Capital Plan funds, \$3.0 million from private funding, and the \$2.0 million from general revenues noted above.
- ***Rhode Island Nursing Education Center.*** The Governor's budget includes \$10.1 million in the Office of Postsecondary Commissioner for administrative costs associated with the new Rhode Island Nursing Education Center, which is scheduled to fully open in September 2017. This amount includes \$5.1 million for the facility's operating and administrative expenses split between the University and the College, \$3.6 million from general revenues for the lease payments and \$1.4 million for debt service for facility equipment expenses. The Governor's budget also shifts staffing for administration of the facility from the University and the College to the Office of Postsecondary Commissioner.
- ***Rhode Island College - New Residence Hall.*** The Governor's budget includes \$3.0 million from Rhode Island Capital Plan funds in FY 2018 to begin work on the construction of a new 376-bed residence hall at the College.
- ***Rhode Island College - Residence Hall Modernization/Renovations.*** The Governor's capital budget includes \$10.0 million from Rhode Island Capital Plan funds over FY 2021 and FY 2022 to renovate four of the College's six existing residence halls.
- ***Community College - Knight Campus Biology and Chemistry Labs.*** The Governor's capital budget includes \$0.8 million from Rhode Island Capital Plan funds, \$0.4 million in each FY 2018 and FY 2019, to complete the renovation of chemistry and biology labs at the Community College's Knight Campus.
- ***University Engineering Building Referendum.*** The Governor's budget includes \$25.5 million from general obligation bonds approved by the voters on the November 2016 ballot for the second phase of a project to renovate and build additions to the College of Engineering complex at the University of Rhode Island.
- ***University - Fine Arts Center Renovation/Addition.*** The Governor's capital budget includes \$1.0 million from Rhode Island Capital Plan funds in FY 2018 to begin site preparation and other work for renovation of the Fine Arts Center at the University's Kingston campus.
- ***Public Higher Education Asset Protection.*** The Governor's capital budget includes \$73.5 million from Rhode Island Capital Plan funds for asset protection projects at the institutions of public higher education for the five-year period of the capital plan.
- ***White Horn Brook Apartments.*** The Governor's budget includes authorization for Assembly approval of \$88.8 million from revenue bonds to construct a new 500-bed residence hall for third and fourth-year

students on the University's Kingston Campus. Annual debt service would be \$5.9 million, assuming 5.0 percent interest and a 30-year term and would be supported primarily by dorm rental charges.

- ***URI Energy Performance Contract Phase III.*** The Governor proposes issuance of \$11.6 million through Certificates of Participation for the University to begin the third phase of an energy performance contract to purchase energy-saving improvements in buildings and infrastructure systems. Annual debt service would be \$1.1 million paid from energy savings, assuming 5.0 percent interest and a 15-year term.
- ***Nursing Education Center Parking Lease.*** The Governor's budget includes authorization for Assembly approval for the Council on Postsecondary Education to enter into a lease agreement with an unidentified vendor to lease 400 spaces for the new Nursing Education Center. The lease agreement would be for five years with an estimated annual cost of \$0.5 million.
- ***Dual Enrollment Initiative.*** The Governor's budget includes \$1.8 million for the dual and concurrent enrollment initiative to allow qualified high school students to earn college credit at no cost to the student. The recommendation includes the enacted level of \$1.3 million from tuition savings fees and \$0.5 million from new general revenue funding.
- ***Last Dollar Scholarship.*** The Governor's budget includes the enacted level of \$10.1 million from tuition savings fees and federal loan reserve funds for the Last Dollar Scholarship program for students with proven academic performance and financial need to attend Rhode Island's public higher education institutions. Loan reserve funds are a finite resource projected to be exhausted in FY 2019.
- ***College Crusade Support.*** The Governor's budget includes the enacted amount of \$3.5 million to support the operations and scholarship programs offered by the College Crusade of Rhode Island, including \$3.1 million from the GEAR-UP federal grant and \$0.4 million from general revenues. The federal grant provides funds to states and nonprofits to support eligible low-income and disabled students in pursuit of secondary school diplomas and to prepare for postsecondary education. The \$0.4 million from general revenues supports staffing and office space.
- ***Best Buddies Program.*** The Governor's budget includes the enacted amount of \$30,000 from general revenues for Best Buddies Rhode Island to support programs for children with developmental disabilities.
- ***Small Business Development Center.*** The Governor's budget includes the enacted amount of \$250,000 from general revenues for the Small Business Development Center at the University of Rhode Island.
- ***Special Olympics Rhode Island.*** The Governor's budget includes the enacted amount of \$50,000 from general revenues for Special Olympics Rhode Island to support its mission of providing athletic opportunities for individuals with intellectual and developmental disabilities.
- ***Waterfire Providence.*** The Governor's budget includes the enacted level of \$375,000 to support operational costs of Waterfire Providence art installations.
- ***Fort Adams.*** The Governor's budget includes the enacted level of \$30,000 to support Fort Adams Trust Restoration activities.
- ***Telecommunications Education Access Fund.*** The Governor recommends \$1.5 million in FY 2018, including \$0.4 million from general revenues to support the Telecommunications Education Access Fund. This general revenue recommendation is consistent with the enacted budget. This fund provides financial assistance to qualified libraries and schools to acquire, install, and use telecommunications

technologies to access the Internet. This fund is supported by a \$0.26 monthly surcharge levied upon each residence and business telephone access line.

- ***Principal Empowerment and Training Fund.*** The Governor's budget includes \$0.5 million from general revenues for a professional development initiative for principals, consistent with the enacted budget.
- ***Kindergarten Entry Profile.*** The Governor's budget includes \$200,000 from general revenues to fund a kindergarten entry profile survey through which districts can receive technical assistance and strategic planning support to build capacity and sustainability for high-quality kindergarten curricula, assessment and instruction practices. This was previously funded from Race to the Top funds.
- ***Computer Science Education.*** The Governor's budget includes \$260,000 from general revenues to expand access to computer science courses for elementary and secondary students, consistent with the enacted budget.
- ***PSAT/SAT.*** The Governor's budget includes the enacted level of \$500,000 from general revenues to provide the SAT and PSAT for free to all Rhode Island public school students and adds \$133,600 from federal funds to cover costs above the original estimate based on a contract signed in November 2016.
- ***English Language Learner Support.*** The Governor's budget includes \$60,000 from general revenues to support the implementation of English language learner regulations. The Governor also recommends adding an English Language Learner/World Language Leadership position to support schools with the implementation of these regulations and to support the growth of world language programs; funding for this position and an increase in the authorization cap are not provided to help offset test taking costs.
- ***GED Waiver.*** The Governor's budget includes an additional \$65,000 from general revenues for the General Education Development waiver program.
- ***Advanced Coursework Network.*** The Governor recommends \$550,000 to support the advanced coursework network. This is \$50,000 less than enacted in the FY 2017 budget and includes \$250,000 from general revenues and \$300,000 from permanent school funds. The program allows middle and high school students in participating districts to access career preparatory as well as college credit bearing courses from a network of providers including postsecondary institutions, community organizations, and local education authorities.
- ***Davies Advanced Manufacturing.*** The Governor recommends \$3.7 million from Rhode Island Capital Plan funds to address technology and infrastructure needs for the advanced manufacturing program at Davies Career and Technical High School.
- ***Hasbro Children's Hospital.*** The Governor's budget includes the enacted level of \$90,000 from general revenues to support the hospital school at Hasbro Children's Hospital.
- ***Child Opportunity Zones.*** The Governor's budget includes the enacted level of \$245,000 from general revenues to support child opportunity zones through agreements with the Department of Elementary and Secondary Education to strengthen education, health and social services for students and their families as a strategy to accelerate student achievement.
- ***Arts Funds.*** The Governor includes the enacted level of \$0.8 million from general revenues for the Rhode Island State Council on the Arts' grant programs.
- ***Creative and Cultural Economy Bond.*** The Governor's capital budget includes \$35.0 million from general obligation bonds approved by the voters on the November 2014 ballot for renovations to public and

nonprofit theaters and performance spaces with \$5.0 million of that reserved for qualifying projects at historic sites. The program is administered by the Rhode Island State Council on the Arts in consultation with the Historical Preservation and Heritage Commission.

Public Safety

- ***Prison Population.*** The Governor's budget assumes a population of 3,059, which is 141 less inmates than the enacted population of 3,200. It also assumes a revised population of 3,058 for FY 2017, which is 142 less than enacted. Through the first six months of FY 2017, the average inmate population is 3,022.
- ***Corrections Asset Protection.*** The Governor includes \$18.9 million from Rhode Island Capital Plan funds for FY 2018 through FY 2022 for asset protection projects at correctional facilities.
- ***Dix Building Renovations.*** The Governor includes \$2.0 million from Rhode Island Capital Plan funds for FY 2018 through FY 2020 for renovations to the Dix Building including electrical system upgrades, new lighting fixtures, updated office and storage spaces, shower restoration and steam line replacement.
- ***Maximum Security Renovations.*** The Governor includes \$2.2 million from Rhode Island Capital Plan funds for FY 2018 through FY 2020 for infrastructure improvements at the maximum security facility for improvements to the shower exhaust system, steam pipes, laundry area, yard, roof and other upgrades throughout the facility.
- ***Medium Security Renovations.*** The Governor includes \$20.3 million from Rhode Island Capital Plan funds for FY 2018 through FY 2020 for infrastructure improvements at the John J. Moran medium security facility including expansion of the dining area, kitchen, dispensary and other inmate programs and recreational activity areas.
- ***Intake Service Center Renovations.*** The Governor includes \$7.1 million from Rhode Island Capital Plan funds for FY 2018 through FY 2021 to restore the exterior of the Intake Service Center.
- ***RIBCO Settlement.*** The Governor recommends an additional \$3.9 million for FY 2017 and \$6.7 million for FY 2018 for wage increases resulting from an arbitration award for members of the Rhode Island Brotherhood of Correctional Officers. Total funding is \$12.2 million and \$15.0 million for FY 2017 and FY 2018, respectively. Additional costs related to the retroactive nature of the settlement are included in the FY 2016 audited closing.
- ***Department of Justice Lawsuit.*** The Governor's FY 2017 revised budget adds \$0.2 million from general revenues for legal services and witness expenses resulting from an ongoing lawsuit with the U.S. Department of Justice. In February 2014, the Department of Justice filed suit against the Department of Corrections alleging that recruitment examinations are biased against minority candidates.
- ***Correctional Officer Training Class.*** The Governor's budget includes a net savings of \$119,525 from the hiring of 50.0 trainees from the 81st Correctional Officer Academy and 24.0 trainees from the 82nd Academy. The savings reflect increased staffing costs offset by a reduction to overtime.
- ***Mental Health Services.*** The Governor recommends adding \$0.4 million from general revenues in the Department of Corrections' budget to increase capacity to provide mental health services for inmates. This includes funding for two clinical social workers, one administrative assistant and funding for additional contracted discharge planning services.

- ***Cognitive Behavioral Therapy.*** The Governor recommends \$1.4 million from general revenues to support the cognitive behavioral therapy program enacted for FY 2017. This was a proposal of the Justice Reinvestment Working Group. Funding is \$0.5 million more than enacted to reflect the annualized costs of 4.0 probation and parole officers hired under this initiative and a full year of contracted services.
- ***Inmate Laboratory Testing.*** The Governor recommends \$120,000 from general revenues for a new contract for laboratory testing services needed for the Department of Corrections. These have been provided by the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals at no additional cost. Her budget proposes to privatize the Hospital's laboratory functions.
- ***Digital Body Scanner.*** The Governor's revised FY 2017 recommendation includes \$250,000 from Rhode Island Capital Plan funds for the Department of Corrections to purchase a digital body scanner. The equipment will be used at the Intake Service Center to address narcotics and other contraband smuggled into the facility through the commitment process.
- ***Women's Facilities.*** The Governor's budget includes overtime savings of \$1.1 million from general revenues for both FY 2017 and FY 2018 to reflect the Department of Corrections' declining female population. The Department has reassigned six staff posts to offset overtime expenses at other facilities.
- ***Medication/Mediation Assisted Treatment Program.*** The Governor recommends shifting the \$2.0 million enacted for the medication-assisted treatment of opioid users in the Adult Correctional Institutions from the Department of Corrections to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The program supports screening for opioid use disorders and conducting assessments of new inmates to determine treatment options. It also starts medication-assisted treatment prior to release with community referral for ongoing treatment. The recommendation assumes the general revenue funding cannot be used as match for federal funds if the appropriation is not moved.
- ***Recovery Housing.*** The Governor's budget includes \$200,000 from general revenues for a recovery housing pilot program to provide access to 60 individuals with behavioral health issues and a criminal justice history, in ten recovery homes that will focus on peer supports and other services, including employment and education.
- ***Indigent Defense Program.*** The Governor's budget includes \$3.8 million from general revenues for the Judiciary's indigent defense program, which is \$18,760 more than enacted.
- ***Judicial Asset Protection.*** The Governor recommends \$4.9 million from Rhode Island Capital Plan funds for FY 2018 through FY 2022 for asset protection projects at Judicial buildings, including security upgrades, courtroom restoration, fire suppression and alarm system upgrades, interior refurbishments to public areas and office spaces, cellblock upgrades, and elevator upgrades.
- ***Judicial Complex Restoration.*** The Governor recommends \$3.8 million from Rhode Island Capital Plan funds for FY 2018 through FY 2022 for the restoration of the Licht Judicial Complex.
- ***Judicial HVAC.*** The Governor recommends \$3.9 million from Rhode Island Capital Plan funds for FY 2018 through FY 2022 for the replacement and/or restoration and/or cleaning of the heating, ventilation and air conditioning system for all judicial complexes.
- ***Judicial Noel Shelled Courtrooms.*** The Governor recommends \$10.0 million from Rhode Island Capital Plan funds for the build out of the shelled courtrooms at the Noel Judicial Complex to relieve overcrowding at the Garrahy Judicial Complex. The work also involves the construction of a new parking lot to accommodate the need for additional parking for the added courtrooms.

- ***Rhode Island Legal Services.*** The Governor’s budget includes the enacted level of \$90,000 from general revenues for Rhode Island Legal Services to provide housing and eviction defense to indigent individuals.
- ***Rhode Island Coalition Against Domestic Violence.*** The Governor’s budget includes \$230,000 from general revenues for the Rhode Island Coalition Against Domestic Violence for the domestic abuse court advocacy project, consistent with the enacted budget.
- ***Public Safety Consolidation.*** The Governor proposes merging the Emergency Management Agency into the Department of Public Safety. She also adds a new commissioner position to oversee policy and management of all divisions in the Department of Public Safety, as well as two support staff. The total cost of the three positions is \$0.5 million. This would divide the responsibilities of the Superintendent of State Police into two positions and end its dual role as the Director of the Department of Public Safety. The recommended budget includes funding in the current year for the commissioner position; however, legislation creating the position is not effective until July 1, 2017. It appears the intent is to submit stand-alone legislation to create this position during FY 2017.
- ***Cybersecurity.*** The Governor proposes transferring the cybersecurity function, including the director of cybersecurity position from the Department of Administration to the Department of Public Safety. The recommendation includes \$0.3 million from general revenues to fund two new positions: a cyber analyst and a cyber forensic analyst. The Governor also includes \$50,000 from general revenues each year in FY 2017 and FY 2018 for the Rhode Island National Guard to participate in the Governor’s Cybersecurity Commission working groups.
- ***57th State Police Training Academy.*** The Governor’s budget includes \$0.1 million from general revenues to fund recruitment and testing of candidates for the 57th State Police training academy.
- ***Sheriffs Training Academy.*** The revised budget includes \$15,840 from general revenues for advertising and training costs associated with a Sheriffs Academy. The FY 2018 recommendation includes \$55,000 from general revenues for costs associated with conducting the academy.
- ***Video Conferencing.*** The Governor’s budget includes \$200,000 in general revenue savings for Sheriffs transportation of prisoners by expanding video conferencing for prisoners; however, the budget does not include funding for any associated equipment.
- ***State Police Arbitration Settlement.*** The Governor’s budget includes \$1.0 million in FY 2017 and FY 2018 for costs associated with settling a contract arbitration between the state and the Rhode Island State Troopers Association. The settlement provides salary increases retroactive to May 2016. It includes an increase of 1.25 percent, effective July 1, 2017. The prior settlement covered contract years of April 30, 2014 through April 30, 2016.
- ***Capitol Police Contract Reserve.*** The Governor’s budget includes \$0.3 million from general revenues for an anticipated settlement with Capitol Police officers regarding parity with other positions.
- ***New Capitol Police Screeners.*** The Governor’s budget adds \$0.4 million from general revenues for 5.0 new Capitol Police screeners and 2.0 new Capitol Police Officers supported by user agencies.
- ***Domestic Violence Intervention Program.*** The Governor’s budget includes \$100,000 from general revenues to support domestic violence intervention programs.
- ***Pre-arrest Diversion Program.*** The Governor’s budget includes \$0.2 million in FY 2018 for a mental health program in the Office of the Public Defender, which would include a pre-arrest diversion program

intended to ensure better access to mental health services and reduce the strain on healthcare systems, first responders, the Judiciary, and the Department of Corrections.

- ***Transition Employment.*** The Governor's budget includes \$400,000 from general revenues for a second year of the Pay for Success transition employment program, which is intended to increase employment and reduce recidivism of formerly incarcerated individuals. A vendor has not yet been selected from the request for proposals process initiated in 2016. This is \$100,000 less than enacted.
- ***Rhode Island Statewide Communications Network.*** The Governor's capital recommendation includes \$10.0 million from all sources for FY 2018 through FY 2022 for the Rhode Island Statewide Communications Network. This includes \$7.5 million from Rhode Island Capital Plan funds and \$2.5 million from federal sources. The Budget also includes \$1.1 million from general revenues each year in FY 2017 and FY 2018 for the contract with Motorola to maintain the radio system.
- ***Attorney General New Customer Services Center.*** The Governor recommends use of \$14.0 million from Google Settlement funds that were awarded to the Office of the Attorney General for the Office's new customer service center at the John O. Pastore Government Center. This will allow for the relocation of the consumer protection unit and diversion unit staff and those performing background and fingerprint checks to the Cranston campus.

Environment

- ***Outdoor Recreation Investment.*** The Governor recommends \$2.5 million from general revenues for outdoor recreation support. Funding will be used for local recreation matching grants, state and local recreation programming such as environmental education and events programming, and state capital funding for recreation-related acquisitions and maintenance. The Governor's budget identifies the source of the new general revenues from the proposed \$0.50 cigarette tax increase, which is expected to generate \$8.7 million.
- ***Unified Merchandising Brand.*** The Governor recommends \$121,978 from restricted receipts for a new merchandising program, stemming from recommendations of the Outdoor Recreation Council's final report: "A Vision of Outdoor Recreation in Rhode Island." The report recommends the creation of a unified merchandising brand through collaboration between the state tourism campaign and recreation advocates.
- ***Local Agriculture and Seafood Grants.*** The Governor recommends increasing funding for the local agriculture and seafood program by \$100,000 to provide a total of \$200,000 to allow more small businesses in the food sector to receive grants. Every dollar is matched by private sources.
- ***Clean Diesel.*** The Governor's FY 2018 recommended budget includes the enacted level of \$2.0 million from general revenues for the implementation of the Clean Diesel Program enacted by the 2016 Assembly to reduce emissions from heavy-duty diesel engines and help companies improve supply chain efficiency. The Department of Environmental Management has begun the process to promulgate rules and regulations; however, no expenditures are planned for FY 2017 and the Governor removes funding from the revised FY 2017 recommendation.
- ***Eisenhower House Transfer.*** The Governor recommends transferring the management of the Eisenhower House in Newport from the Historical Preservation and Heritage Commission to the Department of Environmental Management.
- ***Confined Aquatic Dredged Material Disposal Cells.*** The Governor's capital budget includes authorization for Assembly approval of \$10.5 million through Certificates of Participation to provide the

state's share for the construction of a new cell in order to maintain viability of the port and maritime operations. Annual debt service assuming 5.0 percent interest and 10 years would be \$1.5 million. The debt will be paid off in part from user fees.

- ***Volvo Ocean Race.*** The Governor recommends \$775,000 from general revenues in FY 2018 for security and other operating support for the Volvo Ocean Race at Fort Adams State Park. The race will be held in the spring of 2018.
- ***Conservation Districts.*** The Governor recommends \$50,000 from general revenues in FY 2018 for regional conservation districts. The Districts are quasi-public subdivisions of state government, governed by volunteer Boards of Directors from the communities. In prior years, these entities received community service grants.
- ***Recreation, Green Spaces, and Healthy Communities Bonds.*** The Governor's capital budget includes \$35.0 million from general obligation bonds approved by the voters on the November 2016 ballot for facilities and infrastructure improvements at state parks, storm water pollution prevention, brownfield remediation, bikeway development, open space acquisition, and recreation acquisition and development grants.
- ***Galilee Piers.*** The Governor's capital budget includes \$6.2 million from state and federal sources for FY 2018 through FY 2022 for infrastructure improvements at the Port of Galilee.
- ***World War II State Park Improvements.*** The Governor's capital budget includes \$128,715 from Rhode Island Capital Plan funds in FY 2017 to complete the revitalization of the World War II State Park. The Budget also includes \$250,000 from general revenues in FY 2018 for the third year of a five-year initiative to transfer maintenance and operation of the Park from the state to the City of Woonsocket following the completion of the capital project.
- ***State Recreational Facilities Improvements.*** The Governor's capital budget includes \$11.0 million for FY 2018 through FY 2022, including \$10.0 million from Rhode Island Capital Plan funds and \$1.0 million from federal funds for improvements at Rhode Island parks and management areas.
- ***State Piers.*** The Governor's capital budget includes \$0.1 million from Rhode Island Capital Plan funds for FY 2018 through FY 2022 for marine infrastructure and pier development at sites critical to Rhode Island's tourism and fishing economy.

Transportation

- ***Highway Maintenance Account.*** The Governor proposes transferring 0.5 percent of the receipts from the Highway Maintenance Account to the Division of Motor Vehicles to cover costs of fee collection. This equates to \$0.4 million. The Budget assumes it would be used to fund \$0.5 million of salary and benefit costs.
- ***Rhode Island Public Transit Authority.*** The Governor's budget includes \$1.6 million from general revenues to pay for debt service in FY 2018. Despite that, the Governor's budget shows the Authority's deficit projection of \$0.6 million in FY 2018.
- ***Elderly/Disabled Transportation.*** Under current law, the Department of Revenue transfers 1.0 cent of the gas tax to the Department of Human Services for its elderly/disabled transportation program. Of the 1.0 cent, 79.0 percent is paid directly to the Rhode Island Public Transit Authority through the Department

of Human Services, which then retains the rest. The Governor includes legislation to have the Authority's portion transferred directly to it with the Department retaining its 21.0 percent share.

- **Department of Transportation Staffing.** The Governor recommends an additional 74.0 full-time equivalent positions for the Department of Transportation including project managers who will be responsible for the oversight and delivery of assigned projects from initiation to closeout and maintenance bridge workers, reflective of the Department's plan to perform more operations in-house, including lane striping and bridge inspections. Other positions include administrators of new programs, reflective of the Department's recent reorganization.
- **Winter Maintenance.** The Governor's budget assumes \$19.6 million of winter maintenance expenditures in FY 2018, \$1.5 million less than enacted. The revised budget includes \$21.1 million.
- **Immediate Action Projects.** The budget includes \$6.3 million in both years from highway maintenance funds for projects that require immediate actions. This includes \$4.5 million to repair five bridges along Routes 6 and 10.
- **Highway Drainage.** The Governor's capital budget includes \$5.0 million from highway maintenance funds for catch basin inspection and cleaning. Pursuant to the state's sewer systems permit, the Department of Transportation must inspect and clean the state's 25,000 catch basins annually. The Department is currently required by a consent decree with the U.S. Department of Justice to maintain storm drains and address pollutants that are going into the Narragansett Bay and other waterways.
- **Providence Transit Connector.** The Governor's capital budget includes a total of \$2.0 million from Rhode Island Capital Plan funds, including \$0.5 million in FY 2018 and \$1.5 million in FY 2019 to provide matching funds to improve the transit corridor between Kennedy Plaza, the Providence Train Station and other hubs. The Rhode Island Public Transit Authority was awarded a \$13.0 million federal grant for this purpose.
- **Pawtucket Bus Hub and Transit Corridor.** The Governor's capital budget includes a total project cost of \$7.0 million, including \$1.3 million from Rhode Island Capital Plan funds to match federal funds for Rhode Island Public Transit Authority to build a transit hub adjacent to the new commuter rail station on the Pawtucket/Central Falls border.
- **College Hill Bus Tunnel.** The Governor recommends a total of \$1.6 million from Rhode Island Capital Plan funds over FY 2020 and FY 2021 to match federal funds to make structural and drainage repairs, and safety improvements to the College Hill Bus Tunnel.
- **Bus Purchases.** The Governor recommends the Department of Transportation use funds from the Highway Maintenance Account to provide resources for the Rhode Island Public Transit Authority to finance bus purchases; this includes \$2.9 million in FY 2018 and \$0.2 million in FY 2019. The Governor's capital plan also assumes use of \$3.5 million from Rhode Island Capital Plan funds in FY 2022 for the same purpose, in a departure from past practice.

Statewide Overview

Summary

	FY 2017 Enacted	FY 2017 Revised	FY 2018 Request	FY 2018 Recommended
Expenditures by Function*				
General Government	\$ 1,503.8	\$ 1,561.6	\$ 1,617.7	\$ 1,536.1
Human Services	3,767.9	3,901.7	3,932.5	3,897.2
Education	2,522.4	2,503.9	2,572.1	2,593.4
Public Safety	556.0	587.1	615.2	592.3
Natural Resources	110.1	111.9	124.5	118.5
Transportation	478.5	534.5	511.1	510.5
Total	\$ 8,938.7	\$ 9,200.5	\$ 9,373.1	\$ 9,248.1
Expenditures by Category*				
Salaries and Benefits	\$ 1,684.4	\$ 1,682.7	\$ 1,757.9	\$ 1,722.2
Contracted Services	301.1	349.8	301.9	256.9
Subtotal	\$ 1,985.5	\$ 2,032.5	\$ 2,059.9	\$ 1,979.1
Other State Operations	859.9	889.2	888.5	887.9
Aid to Local Units of Government	1,294.2	1,241.9	1,289.4	1,289.2
Assistance, Grants, and Benefits	3,977.6	4,104.2	4,080.8	4,121.1
Capital	426.5	467.9	509.8	478.7
Capital Debt Service	224.7	217.2	264.7	243.2
Operating Transfers	170.2	247.6	280.0	248.8
Total	\$ 8,938.7	\$ 9,200.5	\$ 9,373.1	\$ 9,248.1
Sources of Funds*				
General Revenue	\$ 3,683.7	\$ 3,700.4	\$ 3,932.4	\$ 3,792.7
Federal Aid	2,957.1	3,098.1	3,054.0	3,081.8
Restricted Receipts	257.0	306.8	273.6	273.8
Other	2,040.9	2,095.3	2,113.2	2,099.7
Total	\$ 8,938.7	\$ 9,200.5	\$ 9,373.1	\$ 9,248.1
FTE Authorization	14,952.6	15,034.9	15,226.7	15,067.4

**Data in millions*

Summary

The Governor's budget recommendations for FY 2018, along with her revisions to the FY 2017 enacted budget, are contained in 2017-H 5175, introduced on January 19, 2017, which is the day it was due by law. Most supporting documents were made available with the introduction; the Capital Budget was provided the next day. By law the budget is due by the third Thursday in January.

The Governor recommends a total FY 2018 budget of \$9,248.1 million. Total expenditures increase \$309.3 million from the FY 2017 budget enacted by the 2016 Assembly, or 3.5 percent. Her FY 2017 revised budget totals \$9,200.5 million; FY 2016 expenditures were \$8,505.2 million.

The Budget includes \$3,792.7 million of expenditures funded from general revenues, \$109.0 million, or 3.0 percent more than the enacted general revenue funded budget. They are also \$92.3 million more than her revised recommendations.

FY 2018	General				
	Revenue	Federal	Restricted	Other	All Funds
FY 2017 Enacted	\$ 3,683.7	\$ 2,957.1	\$ 257.0	\$ 2,040.9	\$ 8,938.7
Governor	3,792.7	3,081.8	273.8	2,099.7	9,248.1
Change to Enacted	\$ 109.0	\$ 124.8	\$ 16.8	\$ 58.8	\$ 309.3
Percent Change	3.0%	4.2%	6.5%	2.9%	3.5%

FY 2017 Revised	General				
	Revenue	Federal	Restricted	Other	All Funds
FY 2016 Final	\$ 3,572.6	\$ 3,085.3	\$ 309.1	\$ 1,974.2	\$ 8,941.1
FY 2016 Actual	3,547.9	2,877.4	245.7	1,834.2	8,505.2
Difference	\$ (24.7)	\$ (207.8)	\$ (63.3)	\$ (140.1)	\$ (435.9)
FY 2017 Enacted	\$ 3,683.7	\$ 2,957.1	\$ 257.0	\$ 2,040.9	\$ 8,938.7
Governor's FY 2017 Revised	3,700.4	3,098.1	306.8	2,095.3	9,200.5
Governor's Change to Enacted	\$ 16.7	\$ 141.0	\$ 49.8	\$ 54.3	\$ 261.8
Percent Change	0.5%	4.8%	19.4%	2.7%	2.9%

The Budget Office estimates that in preparing the FY 2018 budget, the Governor faced a projected revenue-expenditure gap of about \$185 million. This was similar to the House Fiscal Staff June projections. By November, it was clear that increased resources from the FY 2016 closing and consensus revenue estimates would decrease that gap.

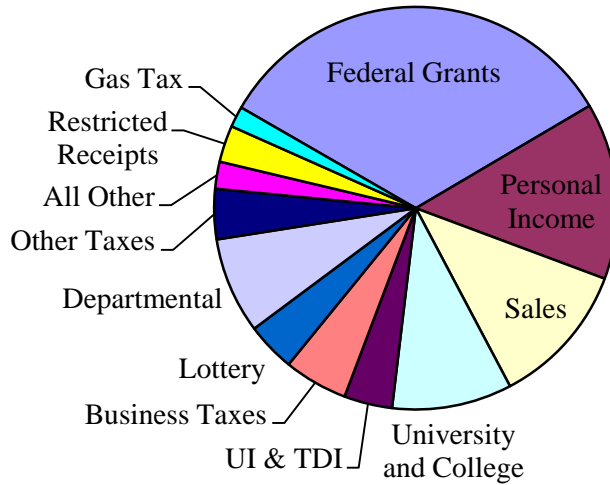
The House Fiscal Staff estimated in December that those additional resources would be offset by overspending in the current year that would likely impact FY 2018 as well. This revised the gap between expected expenses and available general revenues to about \$112 million. This represents approximately 2.9 percent of general revenue expenditures.

The Governor's budget resolves much of the deficit through increased revenue, less than a quarter of which is non-recurring. There are numerous spending changes in human service agencies which amount to a reduction that appears to be structural in nature. These reductions are offset by increased spending for new and existing commerce initiatives as well as a variety of new spending priorities.

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

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

Sources of Funds



- *Federal funds* continue to be the single largest source, accounting for approximately 33 percent of all revenues in FY 2018. Recommended expenditures from federal sources of \$3,081.8 million are \$124.8 million more than enacted for FY 2017, a 4.2 percent increase, and are from 290 different federal programs. Nearly one third of the increased spending relates to the federal contribution for construction of the new Veterans Home.

Medicaid is the single largest source of federal funds. The Budget includes \$1,641.9 million from Medicaid, 53.3 percent of all federal funds, and 17.7 percent of all revenues. Supplemental Nutrition (Food Stamps) of \$282.0 million is the second largest category, 9.2 percent of federal funds.

The following table shows the ten largest sources, along with the percent of total federal expenditures attributable to each. They account for 81.3 percent of all federal funds expenditures, with the remaining 280 programs accounting for the other 19.7 percent.

Top Ten Federal Sources	<i>Total</i>	<i>Percent of Total</i>	<i>Cumulative Percent</i>
Medicaid	\$ 1,641,908,459	53.3%	53.3%
Supplemental Nutrition (Food Stamps)	282,000,000	9.2%	62.4%
Federal Highway Funds	246,569,928	8.0%	70.4%
CHIP Children's Health Insurance	62,943,498	2.0%	72.5%
Temporary Assistance to Needy Families (TANF)	59,379,067	1.9%	74.4%
Title I Grants to Local Education Agencies	52,211,489	1.7%	76.1%
Grants for Construction of State Home Facilities (Veterans)	50,588,000	1.6%	77.7%
Special Education Grants to States	45,506,001	1.5%	79.2%
National School Lunch Program	32,261,619	1.0%	80.3%
Child Care and Development Block Grant	32,069,159	1.0%	81.3%

The table below shows FY 2018 sources with items contributing to general revenues in bold type. It also shows the total percent it contributes to all funds and general revenues for each source.

All Sources	All Funds	Contribution	General Revenue	Contribution
Federal Grants	\$ 3,081.8	33.2%	\$ -	0.0%
Personal Income	1,317.0	14.2%	1,317.0	34.4%
Sales	1,074.7	11.6%	1,074.7	28.0%
University and College	893.7	9.6%	-	0.0%
UI & TDI	359.0	3.9%	-	0.0%
Business Taxes	474.9	5.1%	474.9	12.4%
Lottery	365.0	3.9%	365.0	9.5%
Departmental	375.0	4.0%	375.0	9.8%
Other Taxes	201.5	2.2%	201.5	5.3%
All Other	717.0	7.7%	24.6	0.6%
Restricted Receipts	273.8	2.9%	-	0.0%
Gas Tax	154.5	1.7%	-	0.0%
Total	\$ 9,288.0	100%	\$ 3,832.6	100%

- *Sales and Personal Income taxes* combine for 25.8 percent of all revenues in FY 2018 and 62.4 percent of all general revenues. Combined with federal funds, they total over half, 58.9 percent.
- *Personal Income taxes* of \$1,317.0 million are the second largest of all revenue sources and the largest source of general revenues. The FY 2018 estimate is \$67.8 million more than the FY 2017 enacted budget estimates, or 4.2 percent.
- *Sales tax* revenues of \$1,074.7 million are the second largest of general revenue sources. That amount is \$57.7 million more than enacted for FY 2017, or 5.7 percent.
- *University and College Funds* are \$893.7 million and 9.6 percent of all sources, including tuition, revenues from the operation of enterprise type activities such as residence and dining halls, sponsored research, the direct student loan program, and federal scholarship and grant funds like Pell grants. These decrease \$11.7 million or 1.3 percent from the FY 2017 enacted estimates, primarily correcting an overstatement of resources.
- *Employment Security and Temporary Disability Insurance* payments are estimated at \$359.0 million, which are \$11.4 million more than the levels estimated for the FY 2017 enacted budget.
- *Business taxes* of \$474.9 million account for 5.1 percent of total revenues and 12.4 percent of general revenues for FY 2018. They would increase \$15.6 million or 3.4 percent from the enacted estimate. These include corporate income tax, public utilities gross earnings, the tax on banks, financial institutions, insurance companies and health care institutions.
- The *Lottery* is expected to contribute \$365.0 million, which is 3.9 percent of all revenues and 9.5 percent of general revenues.
- *Departmental Revenues* of \$375.0 million include \$169.0 million from extending the hospital licensing fee another year. Departmental revenues would be 4.0 percent of all revenues and 9.8 percent of general revenues.

- *Other taxes* include cigarettes, alcohol, inheritance, realty transfer, and racing and athletics. These total \$201.5 million in the FY 2018 budget and comprise 2.2 percent of all sources but 5.3 percent of general revenues. This category also included motor vehicle taxes which were transitioned over a four-year period ending FY 2018 from general revenue to a restricted use transportation account.
- The *gas tax*, currently 33.5 cents per gallon, not including the one-half cent for the Underground Storage Tank Financial Responsibility Fund, is estimated to produce \$4.5 million from each cent in FY 2018 for a total of \$154.5 million.
- The remaining sources, estimated at \$990.8 million, constitute 10.7 percent of all FY 2018 sources and include sources dedicated to specific purposes such as lottery operations, transportation funds and restricted receipts as well as unclaimed property and miscellaneous other items.

General Revenue Sources

Less than half of the total funds collected or received from all sources are considered as general revenues, \$3,832.6 million, 41.3 percent of all sources. They can be used for any legitimate purpose in contrast to federal funds, restricted receipts, and certain other sources that may only be used for specific purposes.

The Consensus Revenue Estimating Conference estimates the amount of general revenues annually in November and May. It is composed of the Budget Officer, the Senate Fiscal Advisor, and the House Fiscal Advisor who must achieve consensus on their forecast; votes are not taken. The estimates are to be based upon current law at the times of the conferences.

Available general revenues also include a balance forward from FY 2017 of \$78.0 million minus transfer of \$117.3 million to the Budget Stabilization and Cash Reserve Account, or “rainy day fund” to be used in case of emergency, and then only by legislative action. Three percent of the opening surplus plus all revenues must be deposited in the account. These amounts had been increasing by 0.2 percent per year until reaching 3.0 percent in FY 2013. Any amounts used must be replaced in the following year.

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

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

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

FY 2018 Expenditures

Recommended expenditures of \$9,248.1 million are \$309.3 million more than enacted for FY 2017, or 3.5 percent. They can be divided into a functional classification of expenditures that aggregates agencies with like programs and purposes into the six functions used: general government, human services, education, public safety, natural resources, and transportation. Viewing expenditures functionally offers a look at what they do or provide for.

The presentation of expenditure by function and category discussed below reflects the data in the Governor's budget.

Expenditures by Function

- The *Human Services* function includes all programs for medical assistance, supplemental security income, cash assistance, day care, elderly services, adjudicated youth, mental health, general health, developmental disabilities, children under the care and jurisdiction of the state, and the state's general hospitals. Expenditures of \$3,897.2 million are 42.1 percent of all expenditures and 36.7 percent of those funded from general revenues. These expenditures are \$129.3 million more than enacted for FY 2017 by the 2016 Assembly. Those funded from general revenues are \$4.8 million more.
- *Education* includes programs of elementary and secondary education, public higher education, scholarships and grants for all higher education, arts, and historical preservation and heritage. Education aid to local units of government represents 46.6 percent of total expenses or, \$1,208.0 million of the \$2,593.4 million. The inadvertent classification of certain construction aid expenses as an operating transfer has the effect of understating the aid total by almost \$55 million in this presentation. Education aid is discussed in detail in *Section VI* of this volume, *Special Reports: Education Aid*. Education expenditures comprise 28.0 percent of total expenditures, but 36.6 percent of general revenue funded ones. They increase by \$71.0 million over the enacted FY 2017 budget, and those funded from general revenues increase by \$75.2 million.
- The Budget includes \$592.3 million for *Public Safety* expenditures, \$36.3 million more than the enacted budget. They comprise 6.4 percent of all expenditures and 12.2 percent of those funded from general revenues.
- *Natural Resources* programs would spend \$118.5 million, which is \$8.4 million more than enacted for FY 2017. They are 1.3 percent of total expenditures and 1.2 percent of those from general revenues.
- *Transportation* programs account for 5.5 percent of expenditures and include the state's highway and transit programs. Funding of \$510.5 million, none from general revenues, is \$32.0 million more than enacted for FY 2017.
- The remaining 16.6 percent of expenditures, \$1,536.1 million, are for the *General Government* programs. These include programs that support all other functions as well as general type activities. Examples of the former include the Ethics Commission and the Department of Administration. Examples of the latter include the general officers except the Attorney General, the Board of Elections, and the Department of Labor and Training.

Expenditures also include all of the state's debt service except that for higher education and the transportation Grant Anticipation Revenue Vehicle bonds. General Government expenditures are \$32.3 million or 2.1 percent more than the enacted budget.

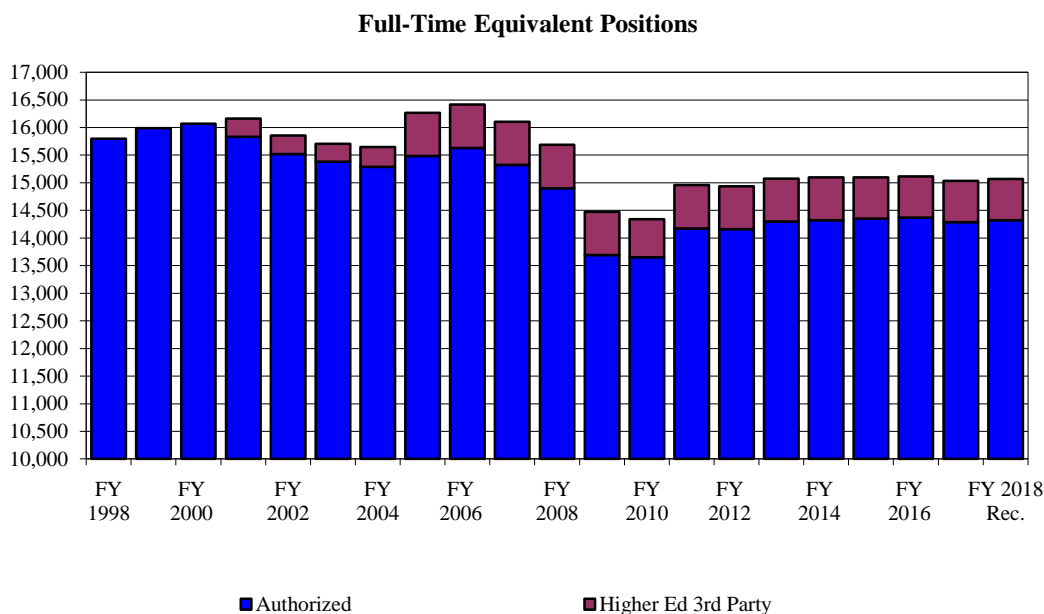
Expenditures by Category

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

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

Other operating expenditures are the non-personnel day-to-day expenses of state government, including maintenance and non-fixed capital assets.

The Budget includes \$1,722.2 million for total *salaries and benefits* for 15,067.4 full-time equivalent positions and *contracted services* expenditures of \$256.9 million. Salary and benefit expenditures are \$37.8 million more than the enacted budget. Contracted services expenditures would decrease \$44.2 million, primarily from the winding down of expenses related to a major new human services eligibility system installation. Salaries and benefits account for 18.6 percent of total expenditures and 24.2 percent of those funded from general revenues. Expenditures for contracted services account for 2.8 percent of the total budget and 1.5 percent of those funded from general revenues.



The total personnel expenditures are the costs associated with all positions in state service, excluding those funded through internal service accounts. These accounts are funded from operating charges to state agencies for overhead type services provided by the individuals funded from the accounts. These costs are treated in the budget as operating expenses; the personnel and operating costs in the internal service accounts are essentially off line to avoid double counting. The largest ones were converted to direct appropriations by the 2006 Assembly in the FY 2008 enacted budget.

The Budget includes \$887.9 million for *other state operations*, which constitutes 9.6 percent of FY 2018 expenditures from all sources and 3.7 percent of those funded with general revenues. This is \$28.1 million more than enacted, \$5.0 million less from general revenues.

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

EOHHS-Human Services Grants	All Funds				General Revenues			
	FY 2016 Reported	FY 2017 Enacted	FY 2018 Governor	Change	FY 2016 Reported	FY 2017 Enacted	FY 2018 Governor	Change
EOHHS/Human Services								
Managed Care	\$ 638.1	\$ 648.0	\$ 655.9	\$ 7.9	\$ 287.8	\$ 294.8	\$ 289.5	\$ (5.3)
Long Term Care	238.8	252.6	240.9	(11.7)	120.4	120.8	117.2	(3.6)
Hospitals	196.1	201.3	187.0	(14.3)	103.9	94.2	89.9	(4.3)
Rhody Health Partners	254.0	251.0	236.1	(14.9)	125.9	124.3	119.0	(5.3)
Rhody Health Options	303.7	338.6	338.6	(0.0)	150.6	167.2	161.5	(5.7)
Expansion	389.8	390.9	497.0	106.1	-	9.8	27.5	17.6
Other	93.0	94.1	116.2	22.1	35.5	35.9	42.3	6.5
Pharmacy	52.1	56.3	63.9	7.6	53.1	57.4	64.7	7.4
Subtotal: Medical Assistance	\$2,165.7	\$2,232.8	\$2,335.5	\$102.7	\$ 877.3	\$ 904.4	\$ 911.7	\$ 7.3
Child Care	\$ 61.3	\$ 69.9	\$ 69.5	\$ (0.3)	\$ 11.4	\$ 14.8	\$ 14.4	\$ (0.4)
Rhode Island Works Program	25.4	23.1	22.3	(0.8)	-	-	-	-
SSI State Program	18.5	18.5	18.5	(0.0)	18.5	18.5	18.5	(0.0)
SSI/Bridge Program	1.3	1.4	1.5	0.1	1.3	1.4	1.5	0.1
Subtotal: Cash Assistance	\$ 106.5	\$ 112.8	\$ 111.7	\$ (1.1)	\$ 31.2	\$ 34.7	\$ 34.3	\$ (0.3)
Supplemental Nutrition Assistance	\$ 275.5	\$ 282.0	\$ 282.0	\$ -	\$ -	\$ -	\$ -	\$ -
Women, Infants and Children*	22.5	-	-	-	-	-	-	-
Low Income Heating and Energy Assistance Program (LIHEAP)	27.1	11.4	29.2	17.7	-	-	-	-
Weatherization	0.9	1.0	0.9	(0.1)	-	-	-	-
Race to the Top	6.3	1.6	-	(1.6)	-	-	-	-
HIV/AIDS Prevention	7.9	7.3	11.6	4.3	-	-	-	-
Subtotal: Other Assistance	\$ 340.2	\$ 303.4	\$ 323.7	\$ 20.3	\$ -	\$ -	\$ -	\$ -
DHS/Division of Elderly Affairs								
Medical Assistance	6.2	6.3	6.0	(0.3)	3.1	3.0	3.1	0.1
Other Grants	8.8	8.8	9.6	0.8	2.0	2.0	2.0	(0.1)
Behavioral Healthcare, Developmental Disabilities and Hospitals								
Developmental Disabilities	\$ 200.7	\$ 209.9	\$ 218.6	\$ 8.6	\$ 100.7	\$ 103.1	\$ 108.6	\$ 5.5
Behavioral Healthcare Services	\$ 11.5	\$ 15.5	\$ 21.3	5.8	\$ 0.3	\$ 0.1	\$ 2.3	\$ 2.2
Children, Youth and Families								
Child Welfare	\$ 127.6	\$ 124.4	\$ 113.8	\$ (10.6)	\$ 93.5	\$ 91.3	\$ 83.6	\$ (7.7)
Children's Behavioral Health	7.3	7.5	7.5	-	3.7	3.4	3.3	(0.0)
Juvenile Corrections	2.3	2.3	2.3	-	2.2	2.3	2.3	-
Higher Ed. Incentive Grants	0.2	0.2	0.2	-	0.2	0.2	0.2	-
Health								
Women, Infants and Children*	\$ -	\$ 25.9	\$ 25.1	(0.8)	\$ -	\$ -	\$ -	\$ -
HIV Surveillance	1.5	1.1	1.5	0.4	-	-	-	-
Tobacco and Smoking Cessation	0.4	0.4	0.9	0.5	0.4	0.3	0.9	0.5
Other Grants	19.5	18.2	19.1	0.9	1.0	0.8	0.5	(0.3)

*FY 2017 enacted budget transfers program to Department of Health

Assistance, grants, and benefits are \$4,121.1 million and constitute the largest category, 44.6 percent of all expenditures and 33.0 percent of general revenue funded expenditures. While these include employment security and temporary disability fund expenditures, human services medical assistance, food stamps, and cash assistance make up most of these expenditures. These expenditures are \$143.5 million more than the enacted budget considering all sources, and \$18.8 million more from general revenues.

Local Aid, or *Aid to Local Units of Government*, is payments made to governmental units with taxing authority. It includes both aid to local governments designed to decrease property tax reliance and education aid. The budget includes \$1,289.2 million for *aid to local units of government* that includes \$1,208.0 million in education aid and \$81.3 million in general state aid. These expenditures comprise 13.9 percent of all expenditures. However, they comprise 29.5 percent of general revenue funded ones. These values are understated, because the budget classification for the Governor's FY 2018 budget shows \$73.4 million of general revenue support for local education expenses as operating transfers and not local aid.

Local aid expenditures from general revenues of \$1,118.7 million consist of \$1,038.4 million in education aid and \$80.3 million in general state aid. General revenue funded education aid increases by \$45.2 million but appears to decrease by \$9.7 million because of the change in category presentation; general aid is \$3.7 million more. Local aid is discussed in detail in *Section VI* of this volume, *Special Reports: State Aid to Local Governments* and *Special Reports: Education Aid*.

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

Capital expenses total \$478.7 million, or 5.2 percent of all expenditures; debt service of \$243.2 million is 2.6 percent. Capital expenditures would be \$52.2 million more than enacted for FY 2017 and debt service \$18.5 million more. A comprehensive review of the capital budget is contained in *Section IV: Capital Budget*. However, they now include capital purchases that had formerly been included as capital outlays within state operations. The purpose may be to include all fixed assets above certain threshold values of cost and time. The Budget does not present sufficient information to break the new items out from the old.

Operating Transfers are transfers between different funds and to component units of state government. They had been part of other categories in past budgets. Transfers to component units include transfers from general revenues to quasi-public agencies, such as the transfer to the Commerce Corporation. Recent budgets contained a significant increase in these related to limited-term investments via the Commerce Corporation. The budget also misclassifies most of the appropriation for school construction aid this way, skewing totals and comparisons as noted earlier.

They also represent transfers within state agencies from funds distinct from the General Fund. An example is transfers from the Department of Labor and Training to the three Rhode Island institutions of higher education. These transfers double count expenditures that appear elsewhere in this budget or in other state agencies. They total \$248.8 million and constitute 2.7 percent of the total budget. The general revenues portion is \$123.4 million, 3.3 percent of general revenue funded expenditures, though more than half of that should have been categorized as local aid.

General Revenue Surplus Statement

The Governor recommends an ending FY 2018 surplus of \$0.6 million, and an operating deficit of \$77.4 million reflecting use of the FY 2017 surplus.

	FY 2016	FY 2017	FY 2018
Opening Surplus			
Free Surplus	\$ 168,038,072	\$ 167,818,207	\$ 78,032,073
Reappropriated Surplus	6,890,273	7,848,853	-
Subtotal	\$ 174,928,345	\$ 175,667,060	\$ 78,032,073
Revenues			
Actual/Enacted/Estimated	\$ 3,663,592,637	\$ 3,674,742,668	\$ 3,611,647,000
Governor	-	44,643,450	220,989,714
Closing	-	-	-
Revenues	\$ 3,663,592,637	\$ 3,719,386,118	\$ 3,832,636,714
Cash Stabilization Fund	\$ (114,948,921)	\$ (116,616,130)	\$ (117,320,064)
Total Available Resources	\$ 3,723,572,061	\$ 3,778,437,048	\$ 3,793,348,723
Expenditures			
Actual/Enacted/Estimated	\$ 3,547,905,001	\$ 3,683,715,867	\$ 3,822,581,498
Reappropriations	-	7,848,853	-
Governor	-	8,840,255	(29,872,510)
Total Expenditures	\$ 3,547,905,001	\$ 3,700,404,975	\$ 3,792,708,988
Total Surplus	\$ 175,667,060	\$ 78,032,073	\$ 639,735
Transfers: Depreciation, Retirement	-	-	-
Reappropriations	(7,848,853)	-	-
Free Surplus	\$ 167,818,207	\$ 78,032,073	\$ 639,735
<i>Operating Surplus/(Deficit)</i>	<i>7,628,988</i>	<i>(89,786,134)</i>	<i>(77,392,338)</i>
Budget Stabilization and Cash Reserve	\$ 191,581,535	\$ 194,360,216	\$ 195,533,439
Percent of Revenues	5.2%	5.2%	5.1%

The budget reserve and cash stabilization account, the “rainy day fund” would have ending balances of \$191.6 million in FY 2016, \$194.4 million in FY 2017, and \$195.5 million in FY 2018. The account receives 3.0 percent of general revenues plus free surplus annually.

Out-Year Forecasts

The Governor’s budget projects the out-years again to be significantly unbalanced though without the steep increases as seen in prior years. The forecast included with the Budget estimates a \$150.0 million gap for FY 2019, equating to 4.0 percent of useable revenues, that grows to \$194.1 million in FY 2022, 4.8 percent of useable revenues. The FY 2019 gap is due to the use of one-time items in the resolution of the current budget gap as well as commitment of future expenses not reflected in FY 2018. Prior estimates included the growing impact of casino gaming in Massachusetts; this one factors in the new Tiverton Casino offsetting some of that. It also includes greater growth in sales tax collections based on the Governor’s sales tax collection proposal.

	FY 2019	FY 2020	FY 2021	FY 2022
Opening Surplus	\$ 0.6	\$ -	\$ -	\$ -
Revenues	3,902.8	3,985.1	4,066.3	4,151.7
Cash Stabilization Fund	(117.1)	(119.6)	(122.0)	(124.6)
Useable Revenues	\$ 3,786.3	\$ 3,865.6	\$ 3,944.4	\$ 4,027.1
Expenditures	3,936.3	4,049.7	4,136.9	4,221.3
Total Surplus	\$ (150.0)	\$ (184.1)	\$ (192.6)	\$ (194.1)
Revenue Growth	1.8%	2.1%	2.0%	2.1%
Useable Revenue Growth	-0.2%	2.1%	2.0%	2.1%
Expenditure Growth	3.8%	2.9%	2.2%	2.0%
Surplus Percent of Useable Revenues	-4.0%	-4.8%	-4.9%	-4.8%

The following table shows the out-year forecast surpluses and deficits, as well as the four-year average for the past eight Governor's budgets, including the current one.

(in millions)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Average
<i>Gov. Budget</i>	Out-Year Forecasts											
FY 2011	(362.2)	(416.2)	(457.8)	(535.7)								(443.0)
FY 2012*		(128.8)	(224.7)	(342.5)	(480.0)							(294.0)
FY 2013			(103.6)	(232.2)	(348.7)	(464.4)						(287.2)
FY 2014				(169.2)	(254.5)	(377.8)	(468.9)					(317.6)
FY 2015					(151.1)	(256.7)	(330.5)	(419.30)				(289.4)
FY 2016						(74.6)	(211.8)	(285.90)	(376.70)			(237.3)
FY 2017							(192.6)	(233.60)	(271.70)	(332.60)		(257.6)
FY 2018								(150.00)	(184.10)	(192.60)	(194.10)	(175.6)

*Corrected for miscalculation of stated personnel growth rate assumptions

The largest single contributor to the FY 2018 deficit that required solving was the use of one-time solutions for the FY 2018 budget, including the expected \$123.3 million FY 2016 surplus. Also contributing was the revenue losses estimated from the start of casino gaming in nearby Massachusetts and the continued implementation of the shift of motor vehicle related fees from general revenue to the transportation fund.

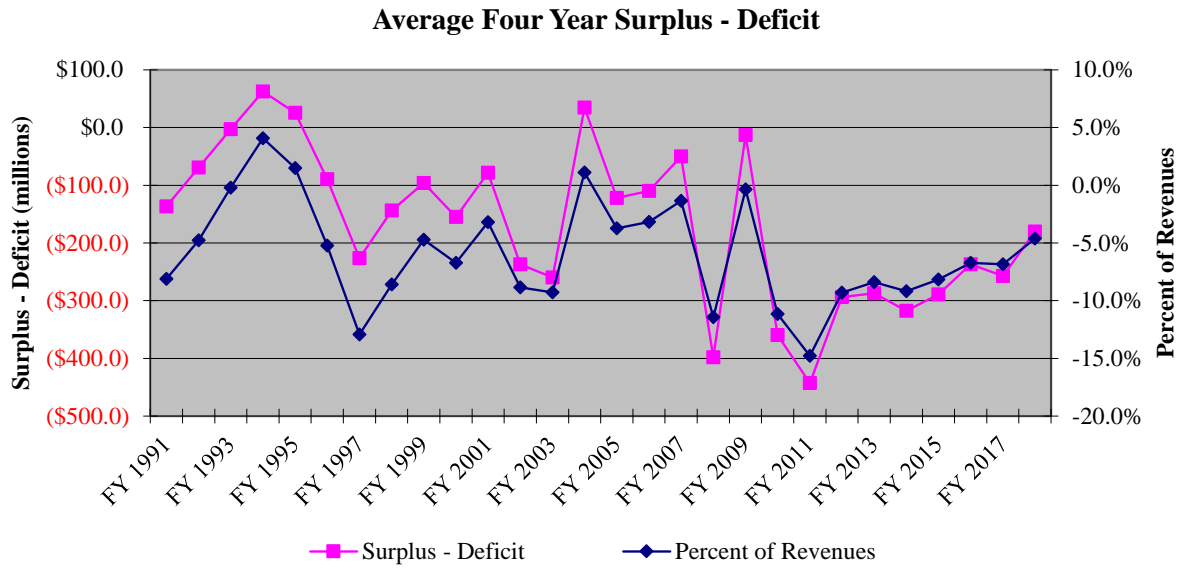
One-time revenues are also featured in the resolution of the current budget gap, notably revised surplus projections primarily related to FY 2016 underspending and excess revenues compared to that final budget. There are also proposals that generate one-time revenues only as well as commitment of future expenses not funded in FY 2018.

However, out-year projections are a function of both the assumptions made concerning revenues and expenditures and the structure of the budget. That is, the out-year projections are a function of assumed revenue and expenditure growth patterns for FY 2019 through FY 2022 and the FY 2018 budget itself. In the past a more pronounced pattern of growth in the out-year gaps illustrated the fact that projected expenditures continue to grow at faster rates than revenues are expected to grow. This budget does not show that level of growth; however, there is still a notable imbalance between expenditure growth and revenue growth.

The economic data used for the Governor's budget is from the November consensus economic forecast. This had been revised from earlier projections and will be revised again in May.

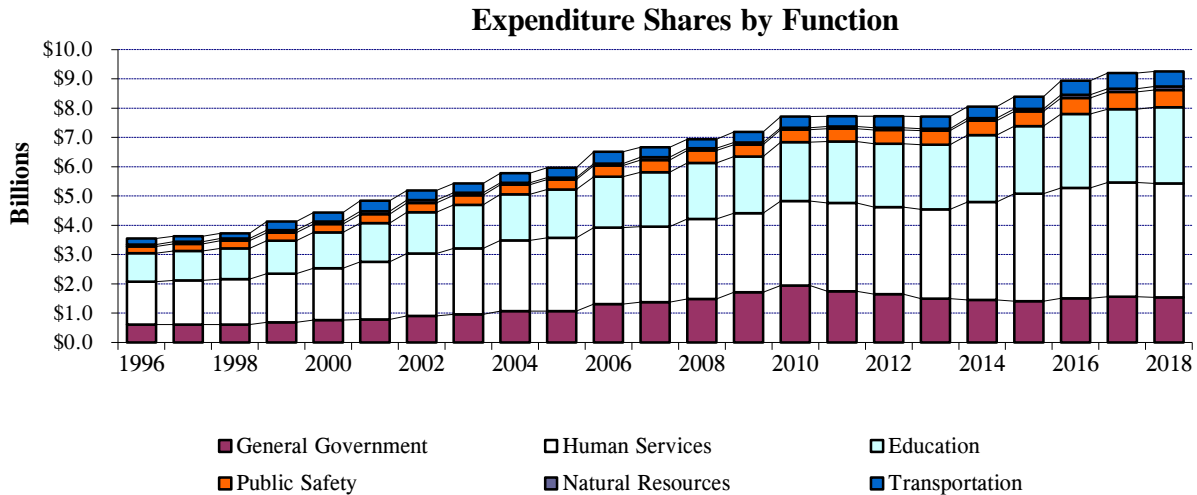
While deficits cannot constitutionally occur, they indicate the extent to which unresolved structural issues will carry through budgets, and to the extent that the problem in any given year is solved without addressing the underlying structural problem, the deficits amplify each year. Out-year deficits began increasing and reached a high of over \$535 million in Governor Carcieri's final budget.

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



Distribution of Total Expenditures

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



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

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

Education includes programs of elementary and secondary education, public higher education, arts, and historical preservation and heritage.

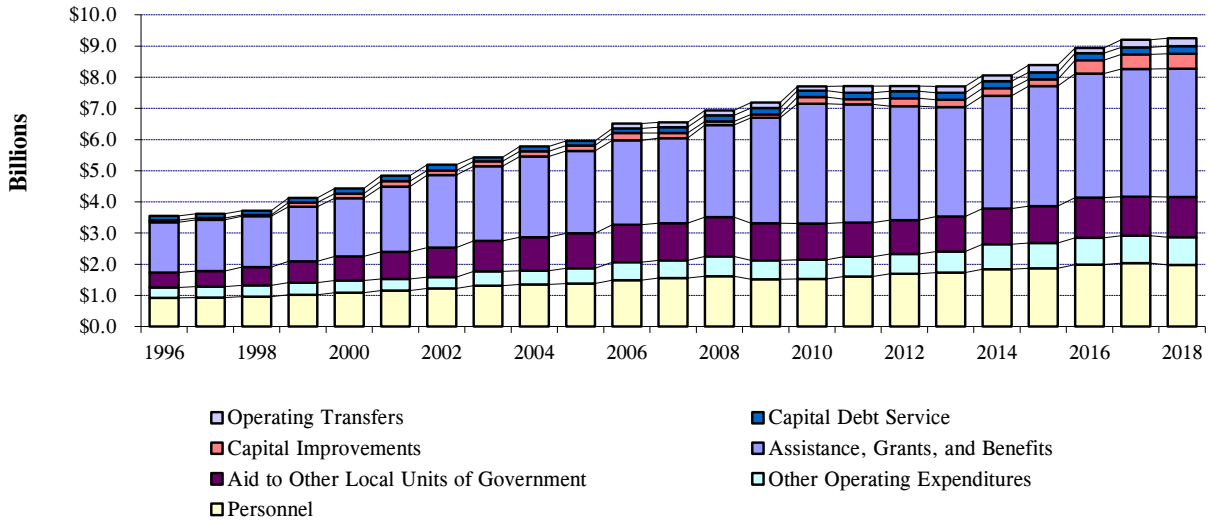
Public Safety includes the state’s law enforcement, adjudication, and penal programs.

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

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

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

Expenditure Shares by Category



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

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

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

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

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

Operating Transfers are transfers between different funds and to component units of state government. They had been part of other categories in past budgets. Transfers to component units include transfers to quasi-public agencies, such as the transfer to the Commerce Corporation. There are also instances where these expenses are already represented elsewhere in the budget thus double-counting the expenditure.

Staff has reviewed the Governor's recommended changes to the enacted budget for each agency and department, and compared them to the changes requested by those agencies and departments. The agencies and departments are arranged by function.

Distribution Tables

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

Expenditures from All Funds

FY 2016 Reported	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 229.4 2.7%	\$ 358.9 4.2%	\$ 507.1 6.0%	\$ 382.8 4.5%	\$ 50.3 0.6%	\$ 64.1 0.8%	\$ 1,592.6 18.7%
Contracted Services	43.6 0.5%	159.7 1.9%	70.8 0.8%	17.4 0.2%	4.3 0.1%	43.6 0.5%	\$ 339.5 4.0%
Other State Operations	416.5 4.9%	96.7 1.1%	209.5 2.5%	52.5 0.6%	12.0 0.1%	31.0 0.4%	\$ 818.2 9.6%
Aid to Local Units of Government	78.3 0.9%	0.0 0.0%	1,100.0 12.9%	0.1 0.0%	0.0 0.0%	- 0.0%	\$ 1,178.5 13.9%
Assistance, Grants, & Benefits	385.8 4.5%	3,075.8 36.2%	322.7 3.8%	42.4 0.5%	6.0 0.1%	21.5 0.3%	\$ 3,854.3 45.3%
Capital	24.8 0.3%	6.1 0.1%	57.3 0.7%	20.0 0.2%	10.6 0.1%	138.6 1.6%	\$ 257.4 3.0%
Debt Service	161.7 1.9%	- 0.0%	36.2 0.4%	- 0.0%	- 0.0%	- 0.0%	\$ 197.9 2.3%
Operating Transfers	92.5 1.1%	2.8 0.0%	75.2 0.9%	0.0 0.0%	- 0.0%	96.3 1.1%	\$ 266.9 3.1%
Total	\$ 1,432.7 16.8%	\$ 3,700.1 43.5%	\$ 2,378.9 28.0%	\$ 515.2 6.1%	\$ 83.2 1.0%	\$ 395.1 4.6%	\$ 8,505.2 100.0%

FY 2017 Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 250.7 2.8%	\$ 363.8 4.1%	\$ 539.5 6.0%	\$ 396.3 4.4%	\$ 53.5 0.6%	\$ 80.7 0.9%	\$ 1,684.4 18.8%
Contracted Services	35.2 0.4%	125.6 1.4%	72.3 0.8%	19.3 0.2%	10.1 0.1%	38.7 0.4%	301.1 3.4%
Other State Operations	432.1 4.8%	96.3 1.1%	231.1 2.6%	51.7 0.6%	14.3 0.2%	34.4 0.4%	859.9 9.6%
Aid to Local Units of Government	77.6 0.9%	- 0.0%	1,216.7 13.6%	- 0.0%	- 0.0%	- 0.0%	1,294.2 14.5%
Assistance, Grants, & Benefits	405.3 4.5%	3,153.0 35.3%	336.2 3.8%	49.8 0.6%	8.9 0.1%	24.4 0.3%	3,977.6 44.5%
Capital	65.2 0.7%	23.3 0.3%	61.5 0.7%	38.9 0.4%	23.3 0.3%	214.4 2.4%	426.5 4.8%
Debt Service	178.9 2.0%	- 0.0%	45.7 0.5%	- 0.0%	- 0.0%	- 0.0%	224.7 2.5%
Operating Transfers	58.8 0.7%	5.9 0.1%	19.5 0.2%	- 0.0%	0.1 0.0%	85.9 1.0%	170.2 1.9%
Total	\$ 1,503.8 16.8%	\$ 3,767.9 42.2%	\$ 2,522.4 28.2%	\$ 556.0 6.2%	\$ 110.1 1.2%	\$ 478.5 5.4%	\$ 8,938.7 100.0%

Expenditures from All Funds

FY 2018 Recommended	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 261.9 2.8%	\$ 359.4 3.9%	\$ 550.7 6.0%	\$ 406.4 4.4%	\$ 54.9 0.6%	\$ 88.9 1.0%	\$ 1,722.2 18.6%
Contracted Services	34.0 0.4%	91.2 1.0%	64.6 0.7%	19.7 0.2%	8.6 0.1%	38.8 0.4%	256.9 2.8%
Other State Operations	441.5 4.8%	101.8 1.1%	236.4 2.6%	55.3 0.6%	15.7 0.2%	37.2 0.4%	887.9 9.6%
Aid to Local Units of Government	81.3 0.9%	- 0.0%	1,208.0 13.1%	- 0.0%	- 0.0%	- 0.0%	1,289.2 13.9%
Assistance, Grants, & Benefits	408.0 4.4%	3,278.3 35.4%	350.9 3.8%	48.9 0.5%	11.7 0.1%	23.3 0.3%	4,121.1 44.6%
Capital	57.8 0.6%	60.5 0.7%	50.3 0.5%	62.1 0.7%	27.6 0.3%	220.4 2.4%	478.7 5.2%
Debt Service	185.6 2.0%	- 0.0%	57.6 0.6%	- 0.0%	- 0.0%	- 0.0%	243.2 2.6%
Operating Transfers	66.0 0.7%	6.0 0.1%	74.8 0.8%	- 0.0%	0.1 0.0%	101.9 1.1%	248.8 2.7%
Total	\$ 1,536.1 16.6%	\$ 3,897.2 42.1%	\$ 2,593.4 28.0%	\$ 592.3 6.4%	\$ 118.5 1.3%	\$ 510.5 5.5%	\$ 9,248.1 100.0%

FY 2018 Recommended Change to Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 11.2 3.6%	\$ (4.4) -1.4%	\$ 11.2 3.6%	\$ 10.1 3.3%	\$ 1.4 0.5%	\$ 8.2 2.7%	\$ 37.8 12.2%
Contracted Services	(1.2) -0.4%	(34.4) -11.1%	(7.6) -2.5%	0.4 0.1%	(1.5) -0.5%	0.2 0.0%	(44.2) -14.3%
Other State Operations	9.4 3.0%	5.5 1.8%	5.3 1.7%	3.6 1.2%	1.4 0.5%	2.8 0.9%	28.1 9.1%
Aid to Local Units of Government	3.7 1.2%	- 0.0%	(8.7) -2.8%	- 0.0%	- 0.0%	- 0.0%	(5.0) -1.6%
Assistance, Grants, & Benefits	2.7 0.9%	125.4 40.5%	14.8 4.8%	(1.0) -0.3%	2.7 0.9%	(1.1) -0.4%	143.5 46.4%
Capital	(7.3) -2.4%	37.2 12.0%	(11.2) -3.6%	23.2 7.5%	4.3 1.4%	6.0 1.9%	52.2 16.9%
Debt Service	6.6 2.1%	- 0.0%	11.8 3.8%	- 0.0%	- 0.0%	- 0.0%	18.5 6.0%
Operating Transfers	7.2 2.3%	0.1 0.0%	55.3 17.9%	- 0.0%	- 0.0%	16.0 5.2%	78.6 25.4%
Total	\$ 32.3 10.4%	\$ 129.3 41.8%	\$ 71.0 22.9%	\$ 36.3 11.7%	\$ 8.4 2.7%	\$ 32.0 10.4%	\$ 309.3 100.0%

Expenditures from General Revenues

FY 2016 Reported	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 144.3 4.1%	\$ 181.8 5.1%	\$ 140.6 4.0%	\$ 354.7 10.0%	\$ 31.5 0.9%	\$ - 0.0%	\$ 852.8 24.0%
Contracted Services	9.0 0.3%	32.5 0.9%	13.1 0.4%	12.5 0.4%	0.4 0.0%	- 0.0%	67.5 1.9%
Other State Operations	40.5 1.1%	20.3 0.6%	29.5 0.8%	38.4 1.1%	7.4 0.2%	- 0.0%	136.0 3.8%
Aid to Local Units of Government	77.6 2.2%	- 0.0%	944.8 26.6%	- 0.0%	0.0 0.0%	- 0.0%	1,022.4 28.8%
Assistance, Grants, & Benefits	8.3 0.2%	1,132.2 31.9%	34.8 1.0%	28.6 0.8%	1.3 0.0%	- 0.0%	1,205.3 34.0%
Capital	1.7 0.0%	0.2 0.0%	2.6 0.1%	2.0 0.1%	(0.1) 0.0%	- 0.0%	6.5 0.2%
Debt Service	112.5 3.2%	- 0.0%	10.4 0.3%	- 0.0%	- 0.0%	- 0.0%	123.0 3.5%
Operating Transfers	61.4 1.7%	(1.0) 0.0%	74.1 2.1%	- 0.0%	- 0.0%	- 0.0%	134.5 3.8%
Total	\$ 455.1 12.8%	\$ 1,366.1 38.5%	\$ 1,249.9 35.2%	\$ 436.2 12.3%	\$ 40.6 1.1%	\$ - 0.0%	\$ 3,547.9 100.0%

FY 2017 Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 160.8 4.4%	\$ 183.6 5.0%	\$ 151.1 4.1%	\$ 364.6 9.9%	\$ 32.4 0.9%	\$ - 0.0%	\$ 892.5 24.2%
Contracted Services	9.6 0.3%	27.7 0.8%	8.3 0.2%	15.0 0.4%	0.4 0.0%	- 0.0%	61.0 1.7%
Other State Operations	46.3 1.3%	21.8 0.6%	30.9 0.8%	40.7	6.9 0.2%	- 0.0%	146.5 4.0%
Aid to Local Units of Government	76.6 2.1%	- 0.0%	1,048.0 28.5%	- 0.0%	- 0.0%	- 0.0%	1,124.7 30.5%
Assistance, Grants, & Benefits	11.3 0.3%	1,152.9 31.3%	36.8 1.0%	28.0 0.8%	3.0 0.1%	- 0.0%	1,232.1 33.4%
Capital	2.6 0.1%	0.3 0.0%	2.2 0.1%	1.4 0.0%	0.0 0.0%	- 0.0%	6.6 0.2%
Debt Service	130.5 3.5%	- 0.0%	17.4 0.5%	- 0.0%	- 0.0%	- 0.0%	148.0 4.0%
Operating Transfers	52.7 1.4%	1.2 0.0%	18.5 0.5%	- 0.0%	- 0.0%	- 0.0%	72.4 2.0%
Total	\$ 490.5 13.3%	\$ 1,387.6 37.7%	\$ 1,313.3 35.7%	\$ 449.6 12.2%	\$ 42.7 1.2%	\$ - 0.0%	\$ 3,683.7 100.0%

Expenditures from General Revenues

FY 2018 Recommended	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 168.1 4.4%	\$ 181.7 4.8%	\$ 158.7 4.2%	\$ 374.9 9.9%	\$ 32.9 0.9%	\$ - 0.0%	\$ 916.4 24.2%
Contracted Services	10.8 0.3%	22.4 0.6%	8.9 0.2%	15.1 0.4%	0.4 0.0%	- 0.0%	57.6 1.5%
Other State Operations	40.6 1.1%	22.2 0.6%	29.9 0.8%	41.0 1.1%	7.8 0.2%	- 0.0%	141.6 3.7%
Aid to Local Units of Government	80.3 2.1%	- 0.0%	1,038.4 27.4%	- 0.0%	- 0.0%	- 0.0%	1,118.7 29.5%
Assistance, Grants, & Benefits	9.9 0.3%	1,164.4 30.7%	42.7 1.1%	28.3 0.7%	5.4 0.1%	- 0.0%	1,250.9 33.0%
Capital	1.4 0.0%	0.3 0.0%	5.5 0.1%	1.6 0.0%	0.0 0.0%	- 0.0%	8.7 0.2%
Debt Service	144.4 3.8%	- 0.0%	31.0 0.8%	- 0.0%	- 0.0%	- 0.0%	175.4 4.6%
Operating Transfers	48.8 1.3%	1.2 0.0%	73.4 1.9%	- 0.0%	- 0.0%	- 0.0%	123.4 3.3%
Total	\$ 504.3 13.3%	\$ 1,392.4 36.7%	\$ 1,388.5 36.6%	\$ 461.0 12.2%	\$ 46.6 1.2%	\$ - 0.0%	\$ 3,792.7 100.0%

FY 2018 Recommended Change to Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 7.3 6.7%	\$ (1.8) -1.7%	\$ 7.6 7.0%	\$ 10.3 9.5%	\$ 0.6 0.5%	\$ - 0.0%	\$ 23.9 22.0%
Contracted Services	1.3 1.2%	(5.3) -4.9%	0.6 0.5%	0.1 0.1%	(0.0) 0.0%	- 0.0%	(3.4) -3.1%
Other State Operations	(5.7) -5.2%	0.5 0.4%	(1.0) -1.0%	0.4 0.4%	0.9 0.8%	- 0.0%	(5.0) -4.5%
Aid to Local Units of Government	3.7 3.4%	- 0.0%	(9.7) -8.9%	- 0.0%	- 0.0%	- 0.0%	(6.0) -5.5%
Assistance, Grants, & Benefits	(1.4) -1.3%	11.5 10.5%	6.0 5.5%	0.3 0.3%	2.4 2.2%	- 0.0%	18.8 17.2%
Capital	(1.3) -1.2%	(0.1) -0.1%	3.2 3.0%	0.2 0.2%	(0.0) 0.0%	- 0.0%	2.1 1.9%
Debt Service	13.8 12.7%	- 0.0%	13.6 12.4%	- 0.0%	- 0.0%	- 0.0%	27.4 25.1%
Operating Transfers	(3.9) -3.6%	- 0.0%	55.0 50.4%	- 0.0%	- 0.0%	- 0.0%	51.1 46.8%
Total	\$ 13.8 12.6%	\$ 4.8 4.4%	\$ 75.2 69.0%	\$ 11.4 10.5%	\$ 3.9 3.6%	\$ - 0.0%	\$ 109.0 100.0%

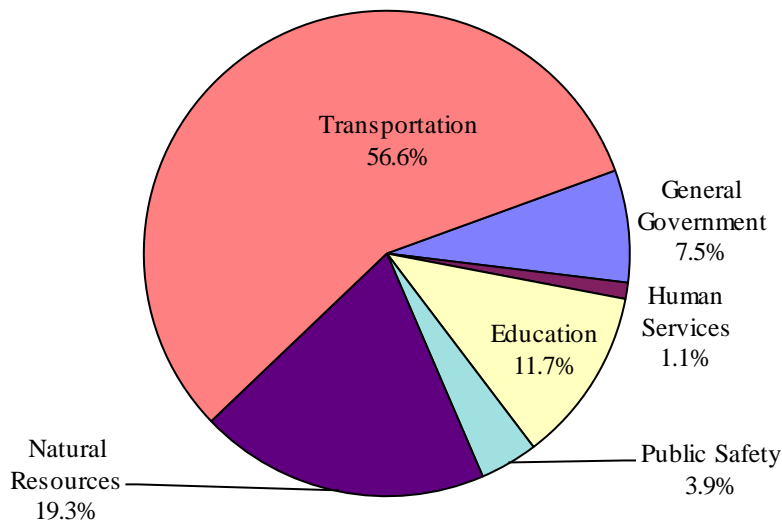
Capital Budget

Capital Budget

Summary

The Governor's five-year capital budget continues a process that began in 1991 and the capital budget document contains a presentation of the progress that has been made since then in attaining the capital budget goals that were formulated after review of the existing budget process. Most importantly, the document is the result of an ongoing capital budgeting process designed to ensure that there is public disclosure of the projects contemplated, that projects included are sufficiently advanced to lend credibility to the process, and that debt levels are presented and discussed.

FY 2018 - FY 2022 Capital Projects by Function



The Governor's five-year capital recommendations for FY 2018 through FY 2022 call for total outlays of \$4,731.8 million for the period. Financing the plan requires \$987.7 million of debt issuances and \$3,744.1 million from current revenue streams. Over half of the expenditures are for transportation projects, including roads and bridges, rail, and public transportation. The next largest shares are for natural resources and education project outlays. The three areas account for almost 90 percent of total outlays during the five-year period. Highlights of her capital budget include:

- **Outlays and Funding.** The FY 2018 through FY 2022 recommended plan includes \$4,731.8 million of outlays on \$11,974.1 million of project estimates. Average outlays would be \$946.4 million per year for the five-year period with \$1,138.6 million required at the end of the period to complete the projects.
- **General Obligation Bonds Referenda.** Financing the five-year plan is based on \$399.1 million of general obligation bond debt issuances. In a departure from past practice, the budget does not assume any new referenda will go before the voters in November 2018 or November 2020. The average bond referenda over the past five elections was \$189.3 million and the voters approved \$227.5 million on the November 2016 ballot. The impact of future referenda is excluded from any bond or debt projections in the plan.
- **Other Debt Approvals.** The Governor recommends \$139.1 million to be approved by the 2017 Assembly under the Public Debt Management Act, including \$88.8 million from revenue bonds for the University of Rhode Island's White Horn Brook Apartments. The remaining debt would be issued through

Certificates of Participation including \$16.2 million for information technology projects throughout the state, \$12.0 million for energy improvements in state facilities, \$10.5 million for confined aquatic dredged material disposal cells, and \$11.6 million for the third phase of energy performance improvements at the University of Rhode Island.

- **Financing.** Paying for the five-year outlays includes \$987.7 million from debt financing and \$3,744.1 million from current or pay-go sources. Pay-go represents 79.1 percent with debt funding being 20.9 percent.
- **Debt Levels.** Total net tax supported debt decreases during the period through FY 2022 by \$414.0 million from \$1,935.1 million to \$1,521.1 million. The FY 2018 levels assume issuance of \$92.0 million from authorized general obligation bonds, \$50.3 million of new debt recommended by the Governor for approval by the 2017 Assembly, and \$10.5 million of other previously approved debt. Past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget and as noted previously the plan identifies no new general obligation bond funded debt.
- **Debt Ratios.** Net tax supported debt would decrease from 3.2 percent of personal income reported for FY 2016 to 3.1 percent into FY 2017 before increasing to 3.4 percent in FY 2018 and dropping gradually back to 2.2 percent in FY 2022 assuming that the capital budget is not increased. However, as with debt levels, past practice indicates it is likely to be higher than projected especially since as previously noted, the budget does not assume any new referenda will go before the voters in November 2018 or November 2020, a departure from past practice.
- **Rhode Island Capital Plan Fund.** The plan relies heavily on the use of Rhode Island Capital Plan funds, an important source of pay-go funds designed to reduce the need for borrowing. Total outlays for the five-year period are \$650.9 million.

Outlays and Funding

In order to support the maintenance, repair and construction of infrastructure throughout Rhode Island, the state has utilized both funding and financing for infrastructure. Funding can be considered as “pay-go”, which means that annual budgets include sufficient appropriations for projects to continue on schedule, without incurring long term debt. For Rhode Island, this is accomplished primarily through the Rhode Island Capital Plan Fund, which is described in greater detail elsewhere in this report.

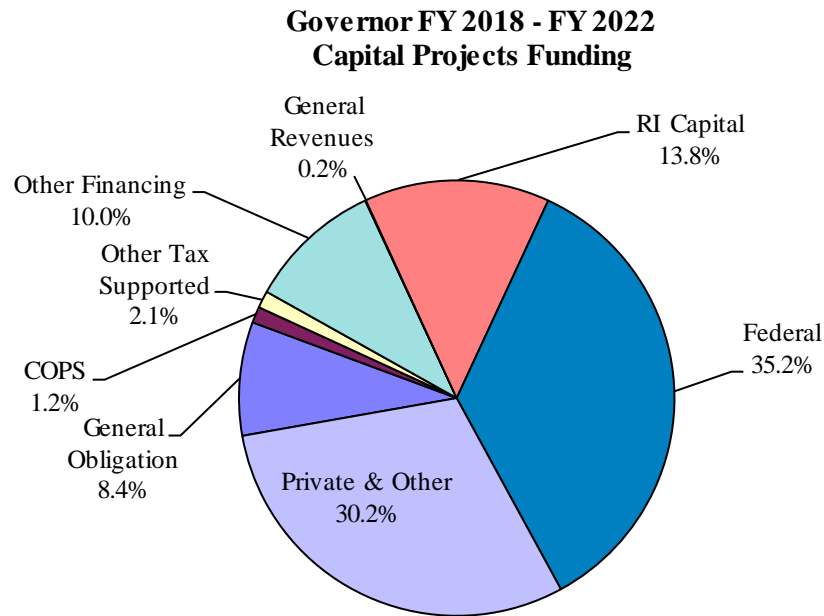
The advantage of this approach is that it does not limit future resources by incurring long term debt service payments; however, it does limit the extent of what can be accomplished to currently available sources. Because of this, short-term projects for relatively smaller amounts of money, such as asset protection projects, are better suited for pay-go funding, while long term and large scale infrastructure projects, such as the relocation of Interstate 195, are better suited for financing.

Financing capital projects includes borrowing, usually in the form of long term debt such as general obligation or revenue bonds. General obligation bonds are backed by the full faith and credit of the state, with annual debt service appropriated from general revenues. This type of borrowing is more closely related to state agencies, and the authorizations for this debt appear as referenda on election year ballots.

Revenue bonds are not backed by the full faith and credit of the state, and debt service is paid from a defined revenue stream, such as a user fee. This type of debt has historically been used by quasi-state agencies to fund long-term infrastructure projects. For example, the Turnpike and Bridge Authority uses toll revenue to fund the maintenance of the Newport Pell Bridge. Compared to pay-go funding, financing does not require large up-front investments in order to complete large projects; however, by the time the financing

has been completed, issuance and interest costs can significantly add to a project’s total cost, and may also require payments long after a facility has been constructed.

The total five-year outlays of \$4,731.8 million are supported by a mix of pay-as-you-go funding and financing. Over three-quarters, 79.1 percent of outlays, are supported by current revenues, or pay-go, with the remaining 20.9 percent from financing.

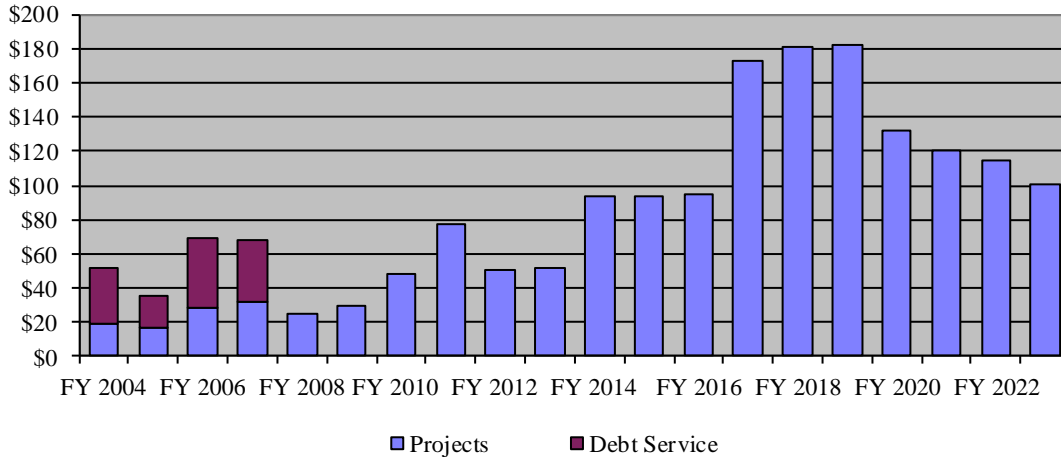


Pay-Go. The pay-go sources include \$1,663.2 million from federal sources, \$650.9 million from Rhode Island Capital Plan funds, \$2.5 million from general revenues, and \$1,427.4 million from private and other sources. Federal funds remain the largest source of capital funding, providing 35.2 percent of all funding, and 44.4 percent of pay-go funding.

A primary source of state pay-go funding is the Rhode Island Capital Plan Fund. These revenues are derived from the amounts exceeding 2.0 to 5.0 percent of revenues in the state’s Budget Stabilization and Cash Reserve Account, or “rainy day fund.” The rainy day fund received 2.0 percent of all revenues and opening surpluses in FY 2008, increasing by 0.2 percent per year until reaching 3.0 percent in FY 2013. It was capped at 3.0 percent in FY 2008, increasing by 0.4 percent per year until reaching a 5.0 percent cap in FY 2013. Resources above the cap are transferred to the Rhode Island Capital Plan Fund.

The fund was used nearly exclusively for debt service in the early 1990s. Governor Almond began moving debt service back to general revenues as the economy improved in the latter half of that decade, reserving the capital fund for pay-go capital projects so as not to use any for debt service by FY 2002. However, the economic slowdown caused that to reverse beginning in FY 2002, with significant amounts again used for debt service. The 2006 Assembly noted that the Governor’s budget was increasingly relying on these funds for debt service, while increasing the amounts being financed. It submitted a constitutional amendment to limit the use of the fund to capital projects beginning in FY 2008, which the voters approved.

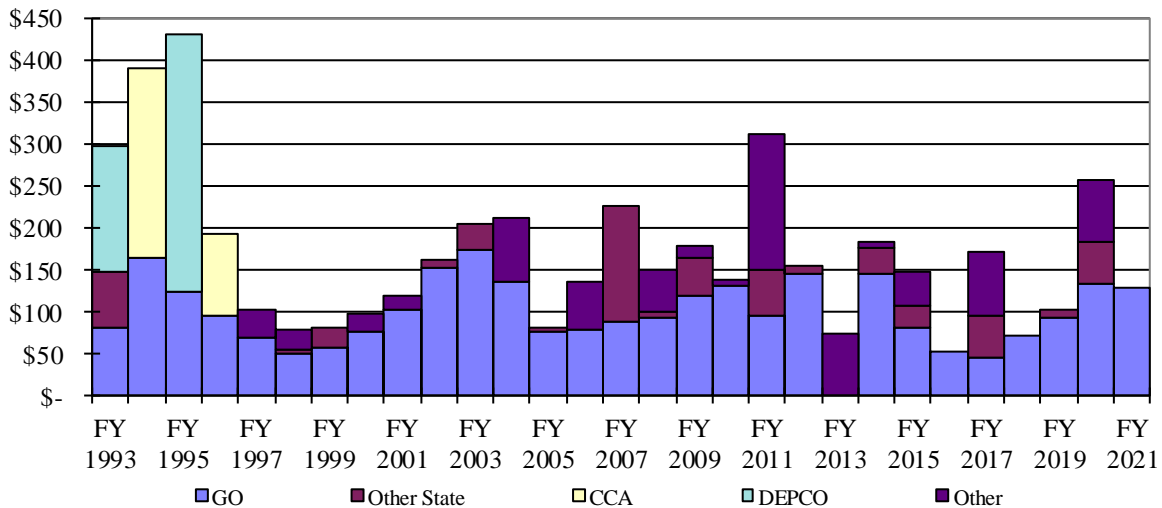
Use of Rhode Island Capital Fund



With the transition to the 5.0 percent cap complete, resources in the Rhode Island Capital Plan Fund have grown and begun to fulfill the purpose of lowering borrowing needs. An example of this is the annual \$27.2 million that is being used in lieu of borrowing to match federal transportation funds. Approximately \$100 million is transferred to this fund annually and programmed for use through the five-year capital plan. In addition to the transportation uses noted above, another primary use of the fund is for asset protection and other projects at the state’s public higher education institutions. These account for about one half of the use of the fund. The remaining half is used for the asset protection and improvements for state buildings, including courts, prisons, hospitals and other state facilities such as dams, piers, parks and office buildings. Many of these ongoing investments are designed to extend the life of the facilities and prevent the need for costly replacements.

Debt Financing. Proceeds from financing \$987.7 million, constitute 20.9 percent of the funds available for outlays during the period. Tax supported financing comprises \$515.7 million, including \$399.1 million from general obligation bonds and \$56.6 million from Certificates of Participation. Outlays from tax supported financing are 52.2 percent of the financed outlays and 10.9 percent of all outlays. Other non-tax supported financing supports \$472.0 million of outlays, or 10.0 percent. It includes debt such as \$149.9 million issued by the Rhode Island Health and Educational Building Corporation for higher education projects supported by University and College funds.

Debt Issues



The term net tax supported debt refers to all debt for which an appropriation is or may be required. That includes not only general obligation bonds and direct state issuance, but also debt issued by other entities for which the state is pledged to an annual lease payment or to make an appropriation in the event of a default. Debt that is an obligation of the state for which a non-state entity makes the debt service payments is not generally considered as net tax supported debt. An example is the bonds issued for the Narragansett Bay Water Quality Management District Commission for which the Commission pays the debt service from user charges.

Debt issued by the Colleges and University through the Rhode Island Health and Educational Building Corporation is also not included. The five-year budget includes expenditures of \$149.9 million from these bonds. It should be noted that it is the total charges to students that are used in tuition and fee comparisons to other institutions. Any tuition and fees used for debt service are not available for general operating expenses. This forms the context for general revenue requests by the Board of Education. Further, in the event of insufficient University and College revenues, it is likely that the state would intervene with appropriations rather than allow bondholders to take over assets financed.

The table below shows debt service for Higher Education, funded from general revenues and tuition and fees from FY 2008 through the Governor’s FY 2018 recommended budget. General obligation debt is funded solely from general revenues. For debt issued for projects funded through the Rhode Island Health and Educational Building Corporation, debt service is paid from both general revenues and tuition and fees. As the table shows, debt service costs more than doubled in the period from FY 2008 to FY 2014. It drops in FY 2015 and FY 2016 before increasing to \$27.4 million in the Governor’s FY 2017 revised budget.

The FY 2016 budget includes savings of \$14.6 million from the refinancing of general obligation bond debt.

	Unrestricted Debt Service			
	URI	RIC	CCRI	Total
FY 2008	\$ 10,437,786	\$ 3,192,316	\$ 1,381,264	\$ 15,011,366
FY 2009	\$ 12,590,080	\$ 3,278,968	\$ 1,504,159	\$ 17,373,207
FY 2010	\$ 16,969,110	\$ 2,024,109	\$ 1,414,364	\$ 20,407,583
FY 2011	\$ 15,006,727	\$ 3,552,373	\$ 1,585,869	\$ 20,144,969
FY 2012	\$ 19,334,834	\$ 4,656,198	\$ 2,233,761	\$ 26,224,793
FY 2013	\$ 25,321,543	\$ 5,679,879	\$ 3,248,295	\$ 34,249,717
FY 2014	\$ 25,800,709	\$ 6,024,206	\$ 2,645,586	\$ 34,470,501
FY 2015	\$ 23,992,610	\$ 4,424,086	\$ 2,720,253	\$ 31,136,949
FY 2016	\$ 13,251,194	\$ 2,408,090	\$ 1,341,228	\$ 17,000,512
FY 2017 Gov. Rev.	\$ 21,052,922	\$ 3,902,509	\$ 2,450,674	\$ 27,406,105
FY 2018 Gov. Rec.	\$ 27,981,314	\$ 6,933,854	\$ 2,887,870	\$ 37,803,038

38 Studios. In 2010, the Economic Development Corporation backed a \$75.0 million loan to 38 Studios through the Job Creation Guaranty Program. Of the loan amount, \$12.7 million was held in a capital reserve account and \$10.6 million was held on a capitalized interest account; 38 Studios defaulted on the loan after paying \$1.125 million of guaranty fees. The Corporation used the \$10.6 million to cover interest-only debt service from FY 2011 through FY 2013. The debt service payments are accounted for in the Capital Budget along with all other debt obligations. Outstanding service payments of \$61.8 million for 38 Studios are due through FY 2021, as summarized in the table on the following page.

	Total Owed	Reserve and Settlement Funds*	General Revenues
FY 2014	\$ 12,526,213	\$ (10,095,206)	\$ 2,431,007
FY 2015	12,511,463	(3,876,463)	8,635,000
FY 2016	12,499,113	-	12,499,113
FY 2017	12,449,288	(9,926,027)	2,523,261
FY 2018	12,378,881	(12,378,881)	-
FY 2019	12,352,638	(11,248,468)	1,104,170
FY 2020	12,322,300	-	12,322,300
FY 2021	12,288,412	-	12,288,412
Total	\$ 99,328,308	\$ (47,525,045)	\$ 51,803,263

*Does not reflect applicable share of \$16 million settlement with last defendant, First Southwest, announced Feb 1, 2016.

New Debt Authorizations

The Public Debt Management Act requires that all new debt authorizations be approved by the Assembly unless the Governor certifies that federal funds will be available to make all of the payments which the state is or could be obligated to make under the financing lease or guarantee; or the General Assembly has adjourned for the year with the expectation that it will not meet again until the following year and the Governor certifies that action is necessary, because of events occurring after the General Assembly has adjourned, to protect the physical integrity of an essential public facility, to ensure the continued delivery of essential public services, or to maintain the credit worthiness of the state in the financial markets. Select quasi-public agencies are exempt. The 2009 Assembly rescinded the exception previously granted to the Rhode Island Resource Recovery Corporation.

The Governor's budget includes \$139.1 million of new debt authority that require approval by the General Assembly under the Public Debt Management Act. Of this amount, \$50.3 million is from Certificates of Participation and \$88.8 million is from revenue bonds issued from the Rhode Island Health and Educational Building Corporation for the University of Rhode Island.

Governor's Recommended New Debt Authority	Amount	Debt Service	
		<i>Annual Est.*</i>	<i>Source</i>
Certificates of Participation			
Information Technology Improvements			
<i>Integrated Tax System Phase II</i>	\$ 2,000,000	\$ 259,009	Gen. Rev.
<i>Health Vital Records System</i>	2,500,000	323,761	Gen. Rev.
<i>New Hospital System</i>	8,100,000	1,048,987	Gen. Rev.
<i>Statewide Payroll System</i>	3,500,000	453,266	Gen. Rev.
<i>Issuance Costs</i>	100,000	12,950	Gen. Rev.
Total Information Technology Improvements	\$ 16,200,000	\$ 2,097,974	
Energy Improvements in State Facilities	12,000,000	1,688,281	Energy savings
Confined Aquatic Dredged Material Disposal Cells	10,500,000	1,359,798	User Fees, Gen. Rev.
URI Energy Performance Contract Phase III	11,600,000	1,117,571	Energy savings
Subtotal	\$ 50,300,000	\$ 6,263,624	
Other Debt Instruments			
Revenue Bonds			
URI White Horn Brook Apartments	\$ 88,787,000	\$ 5,863,983	Dorm Fees, Tuition, Gen. Rev.
Subtotal	\$ 88,787,000	\$ 5,863,983	
Total New Debt Authorization Recommended	\$ 139,087,000	\$ 12,127,607	

*in millions. Based on 5.0 percent interest: Information Technology, Energy Improvements and CAD Cells based on 10 years, URI Energy Performance based on 15 years, URI White Horn Brook Apts. based on 30 years

The previous table shows the \$139.1 million of recommended new debt authority requiring action by the 2017 General Assembly. It is followed by descriptions of the projects which would be funded by the new debt.

Information Technology Projects. The plan includes \$16.2 million for information technology projects at several state agencies. Annual debt service supported from general revenues would be \$2.1 million assuming 10 years and 5.0 percent interest. The legislation identifies the specific components to be funded through the Certificates of Participation which are described below.

Integrated Tax System Phase II. The plan includes \$2.0 million for phase II of the Integrated Tax System, which will expand the new tax system to replace the current system for cash check and credit card payments. The 2012 Assembly authorized \$25.0 million through Certificates of Participation for Phase I which involved the purchase of the new tax system.

Health Vital Records System. The plan includes \$2.5 million to update the paper-based death and marriage records system to electronic systems that will link funeral directors, municipalities and the state to one web based system. These updates are not federally required but would create greater efficiency in reporting and issuing these records.

New Hospital System. The plan includes \$8.1 million to develop a hospital information system, including electronic medical records and patient/case management tracking for the Departments of Human Services, Corrections and Behavioral Healthcare, Developmental Disabilities and Hospitals. The system will provide admission/discharge/transfer information on patients; financial records; order entry and medication administration; and electronic medical records.

Statewide Payroll System. The plan includes \$3.5 million to replace the existing payroll system, which is more than 30 years old. The new payroll system would be cloud-hosted and interface with the new Time, Leave and Attendance system, which is currently being developed and is funded from the Information Technology Investment Fund. It should be noted that prior plans for use of that included the project to upgrade the payroll system; the current plan excludes the funding and proposes debt instead.

Energy Improvements in State Facilities. The plan includes issuance of \$12.0 million through Certificates of Participation to make energy improvements, including lighting and HVAC systems in several state facilities, including group homes, the Cannon Building, and the State House. Annual debt service support by energy savings would be \$1.7 million assuming 10 years and 5.0 percent interest.

Confined Aquatic Dredged Material Disposal Cells. The plan includes authorization of \$10.5 million through Certificates of Participation to provide the state match for a federal project to construct new confined aquatic disposal cells that will contain non-biodegradable sediments that are displaced when the Army Corps of Engineers performs dredging in the Providence Harbor. The dredging has been deemed necessary by the Corps and was last performed more than ten years ago. Annual debt service supported by user fees and general revenues would be \$1.4 million assuming 10 years and 5.0 percent interest.

URI Energy Performance Contract Phase III. The plan includes \$11.6 million through Certificates of Participation for the University's third phase of an energy performance contract to purchase energy-saving improvements in buildings and infrastructure systems. The scope of work to be completed in Phase III of the program includes comprehensive multi-campus interior LED dimmable lighting, fume hood upgrades at the Center for Biology and Environmental Studies, replacement of HVAC components, installation of plug load controllers, electric sub-metering through the Kingston Campus, heating system upgrades, a program of continuous monitoring of energy usage, and a continuation of building weatherization upgrades. Annual debt service supported by energy savings would be \$1.1 million assuming 15 years and 5.0 percent interest.

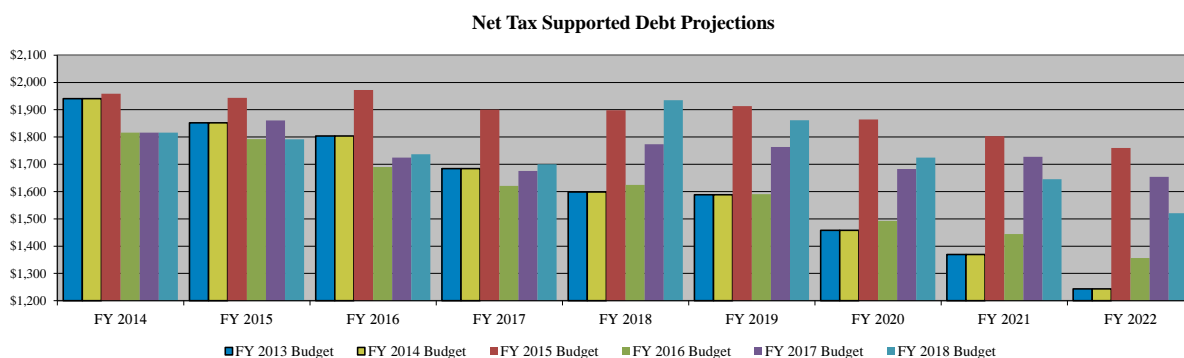
The 2006 Assembly approved \$18.1 million through Certificates of Participation for Phase I. Work completed in the first phase included energy efficiency upgrades to the Memorial Union, various buildings on the Narragansett Bay Campus and Providence Campus, and some dormitories and apartment complexes.

The 2010 Assembly approved \$12.6 million through Certificates of Participation for Phase II. Work completed in the second phase includes energy efficient window installation in academic and administrative buildings including Roosevelt, East, and Washburn Halls, replacement of steam and condensate lines, replacement of air handlers and air-conditioning units, replacement of steam valves, replacement of stairwell lighting, and the insulation of steam fittings in various other buildings. The second phase of the energy performance contract is in its final stage, work for which began in September 2016 and is anticipated to be completed in June 2018.

URI White Horn Brook Apartments. The plan includes \$88.8 million from revenue bonds to construct a new six story, 500-bed residence hall for third and fourth-year students on the University’s Kingston Campus. The University began the architectural and engineering process in FY 2016 with \$0.7 million from auxiliary fund balances and the Governor’s capital plan assumes use of \$4.9 million from auxiliary fund balances for FY 2017 and FY 2018. Construction is anticipated to begin in FY 2018 with the opening of the facility slated for May 2019. Annual debt would be \$5.9 million assuming 30 years and 5.0 percent interest. The legislation indicates that approximately 95 percent of the debt service would be supported from dorm fees and the remaining 5 percent would be supported from tuition and general revenues. As drafted, it does not limit the amounts.

Debt Levels

Total net tax supported debt decreases during the period through FY 2022 by \$414.0 million from \$1,935.1 million to \$1,521.1 million. Net tax supported debt had dropped to \$1,280.9 million in FY 2003 after the state used \$247.6 million of special revenue bonds backed by the state’s tobacco master settlement agreement to defease general obligation bond debt in FY 2002.



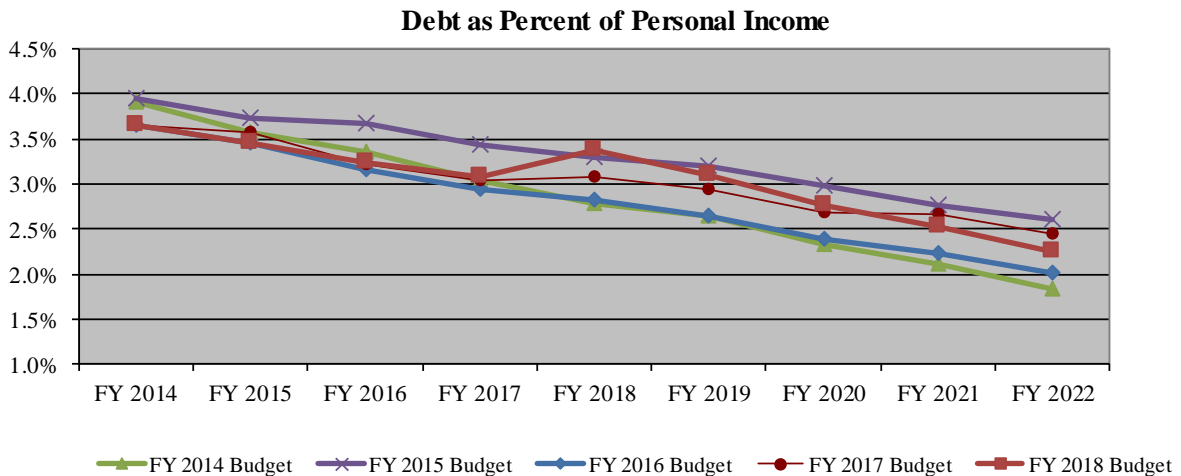
Past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget. In a departure from past practice, the budget does not assume any new referenda will go before the voters in November 2018 or November 2020. The average bond referenda over the past five elections was \$189.3 million and the voters approved \$227.5 million on the November 2016 ballot. The impact of future referenda is excluded from any bond or debt projections in the plan. The above chart shows projected debt levels for FY 2014 through FY 2022 in the past five budgets. The FY 2019 debt projection presented in the FY 2018 capital budget is \$97.7 million more than the FY 2019 projection in the FY 2017 capital budget, and \$273.2 million more than presented in the FY 2014 budget.

Debt is often expressed as a percent of state personal income as a measure to compare across jurisdictions; state personal income is a rough measure of the state’s wealth, and therefore its potential ability to service

its debt. Net tax supported debt would decrease from 3.1 percent into FY 2017 before increasing to 3.4 percent in FY 2018 and dropping gradually back to 2.2 percent in FY 2022 assuming that the capital budget is not increased. However, as with debt levels, past practice indicates it is likely to be higher than projected and as noted previously, the plan identifies no new general obligation bond funded debt.

Debt ratios began increasing significantly in FY 1988, reaching a peak in FY 1994 as the Depositors Economic Protection Corporation and Convention Center debt was added. In FY 1994, net tax supported debt reached 8.4 percent of personal income. The current and prior administrations have expressed the reduction of that ratio as a major capital policy goal. The FY 2015 level of 3.6 percent is the lowest amount since Staff began keeping track in FY 1991 due to use of the tobacco master settlement agreement revenues securitization.

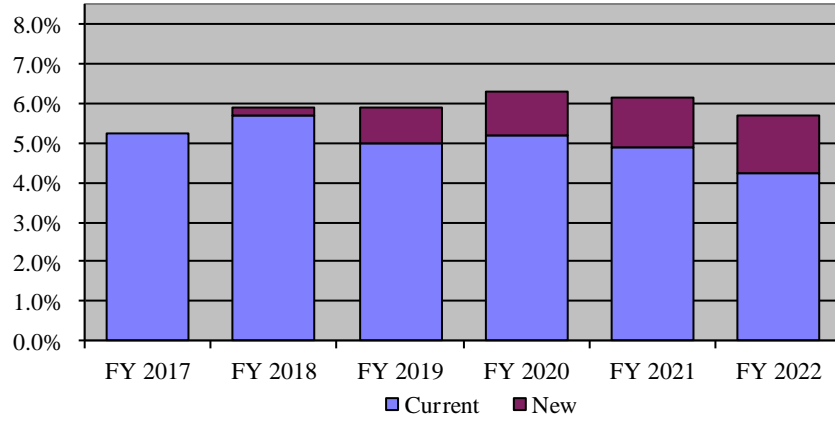
However, as with debt levels, past practices indicate it is likely to be higher than projected since as previously noted, the budget does not assume any new referenda will go before the voters in November 2018 or November 2020, a departure from past practice. The chart below shows projected debt as percent of personal income for FY 2014 through FY 2022 in the past five budgets. The FY 2014 budget projected FY 2019 debt at 2.7 percent of personal income, which is the same as projected in the FY 2016 budget and 40 basis points lower than the 3.1 percent projected in the FY 2018 budget. The projections assume that the debt levels do not increase in subsequent budgets.



Debt Service

Useable general revenues are estimated collections net of the transfers to the Budget Stabilization and Cash Reserve account. These transfers ultimately become Rhode Island Capital Plan funds and cannot be used for debt service. The term net tax supported debt refers to all debt for which an appropriation is or may be required. That includes not only general obligation bonds and direct state issuance, but also debt issued by other entities for which the state is pledged to an annual lease payment or to make an appropriation in the event of a default. The proportion of net tax supported debt to useable general revenues provides a snapshot of how the state is leveraging its debt compared to available resources eligible to pay off that debt. For FY 2015 and FY 2016, debt service as a percent of general revenues was 6.7 percent and 5.0 percent, respectively. Debt service in the recommended capital budget would increase from 5.3 percent of useable general revenues in FY 2017 to 6.3 percent in FY 2020 before steadily decreasing to 5.7 percent in FY 2022.

Net Debt Service as Percent of Useable General Revenues



FY 2017
Revised Budget

FY 2017 Revised Budget

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Rev. Req.	FY 2017 Revised
Expenditures by Function*				
General Government	\$ 1,432.7	\$ 1,503.8	\$ 1,558.6	\$ 1,561.6
Human Services	3,700.1	3,767.9	3,860.5	3,901.7
Education	2,378.9	2,522.4	2,493.6	2,503.9
Public Safety	515.2	556.0	599.4	587.1
Natural Resources	83.2	110.1	113.2	111.9
Transportation	395.1	478.5	524.6	534.5
Total	\$ 8,505.2	\$ 8,938.7	\$ 9,149.9	\$ 9,200.5
Expenditures by Category*				
Salaries and Benefits	\$ 1,592.6	\$ 1,684.4	\$ 1,698.8	\$ 1,682.7
Contracted Services	339.5	301.1	351.7	349.8
Subtotal	\$ 1,932.1	\$ 1,985.5	\$ 2,050.5	\$ 2,032.5
Other State Operations	818.2	859.9	872.6	889.2
Aid to Local Units of Government	1,178.5	1,294.2	1,242.3	1,241.9
Assistance, Grants, and Benefits	3,854.3	3,977.6	4,059.5	4,104.2
Capital	257.4	426.5	472.7	467.9
Capital Debt Service	197.9	224.7	223.4	217.2
Operating Transfers	266.9	170.2	229.0	247.6
Total	\$ 8,505.2	\$ 8,938.7	\$ 9,149.9	\$ 9,200.5
Sources of Funds*				
General Revenue	\$ 3,547.9	\$ 3,683.7	\$ 3,708.1	\$ 3,700.4
Federal Aid	2,877.4	2,957.1	3,055.5	3,098.1
Restricted Receipts	245.7	257.0	312.0	306.8
Other	1,834.2	2,040.9	2,074.3	2,095.3
Total	\$ 8,505.2	\$ 8,938.7	\$ 9,149.9	\$ 9,200.5
FTE Authorization	15,116.3	14,952.6	15,077.9	15,034.9
FTE Average	13,689.6			

**Data in millions*

Summary

The Governor's revised budget recommendations for FY 2017, along with her recommendations for FY 2018, are contained in 2017-H 5175, introduced on January 19, 2017. The Governor recommends total revised expenditures for FY 2017 of \$9,200.5 million, which is \$261.8 million or 2.9 percent more than enacted by the 2016 Assembly.

Total expenditures would increase \$695.3 million or 8.2 percent over reported FY 2016 expenditures. General revenue expenditures are \$16.7 million or 0.5 percent more than the FY 2017 budget adopted by the 2016 Assembly and \$152.5 million or 4.3 percent more than actual FY 2016 expenditures. Expenditures from federal funds are \$141.0 million more than enacted and \$220.7 million more than FY 2016. Expenditures from restricted receipts are \$49.8 million more than enacted and \$61.0 million more than FY

2016. Those from other funds, including the gas tax, Rhode Island Capital Plan funds and unemployment trust funds, are \$54.3 million or 2.7 percent more than enacted and \$261.1 million more than FY 2016.

FY 2017 Revised	General				
	Revenue	Federal	Restricted	Other	All Funds
FY 2016 Final	\$ 3,572.6	\$ 3,085.3	\$ 309.1	\$ 1,974.2	\$ 8,941.1
FY 2016 Actual	3,547.9	2,877.4	245.7	1,834.2	8,505.2
Difference	\$ (24.7)	\$ (207.8)	\$ (63.3)	\$ (140.1)	\$ (435.9)
FY 2017 Enacted	\$ 3,683.7	\$ 2,957.1	\$ 257.0	\$ 2,040.9	\$ 8,938.7
Governor's FY 2017 Revised	3,700.4	3,098.1	306.8	2,095.3	9,200.5
Governor's Change to Enacted	\$ 16.7	\$ 141.0	\$ 49.8	\$ 54.3	\$ 261.8
Percent Change	0.5%	4.8%	19.4%	2.7%	2.9%

The FY 2016 final budget projected \$123.3 million would be available for FY 2017 and was used for that budget. The State Controller finalized the closing statement on January 5, 2017, and it showed a surplus of \$167.8 million, or \$44.5 million more.

FY 2016 Closing		Enacted	Final	Variance
<i>Open:</i>	Free Surplus	168,038,072	168,038,072	\$ -
<i>Plus:</i>	Reappropriated Surplus	6,890,273	6,890,273	-
<i>Equals:</i>	Total Surplus	174,928,345	174,928,345	-
<i>Plus:</i>	Revenues	3,635,029,000	3,663,592,637	28,563,637
<i>Plus:</i>	Reversal of Transfer to Retirement*	-	-	-
<i>Minus:</i>	Transfer to Budget Stabilization Fund	(114,092,012)	(114,948,921)	(856,909)
<i>Equals:</i>	Total Available	3,695,865,333	3,723,572,061	27,706,728
<i>Minus:</i>	Expenditures	(3,572,582,032)	(3,547,905,001)	24,677,031
<i>Equals:</i>	Closing Surplus	\$ 123,283,300	\$ 175,667,060	\$ 52,383,760
<i>Minus:</i>	Reappropriations	-	(7,848,853)	(7,848,853)
<i>Equals:</i>	Free Surplus	\$ 123,283,301	\$ 167,818,207	\$ 44,534,907

Revenues were \$28.6 million more than estimated. Taxes were up \$22.7 million with an unusual inheritance tax payment covering decreases in income, corporate and sales taxes. Issues with timing of personal income tax refunds added an unexpected challenge to the personal income estimate and corporate taxes were down from the estimate because all pending refunds were cleared as the new computer system was implemented. All other revenues were up \$5.8 million, with \$3.8 million of that from departmental receipts.

Expenditures were \$24.7 million less than enacted; \$7.8 million must be reappropriated into FY 2017. The total free surplus is \$44.5 million more than the \$123.3 million anticipated in June 2016.

Closing expenses were lower than enacted primarily from Medicaid caseload savings and savings from personnel and utilities. There were areas of overspending that reduced the impact of the savings including the impact of an arbitration award for the Rhode Island Brotherhood of Correctional Officers. Many agencies projected overspending in the first quarter some of which related to overspending in FY 2016 and some related to challenges with managing savings assumed in the enacted budget, notably in the human services agencies. There was also a \$4.7 million increased caseload expense estimated in November, a portion of which was related to unachieved savings.

The Governor's revised budget lowers those first quarter projections primarily through unexpected debt service savings and expenditure shifts to FY 2018 based on certain program delays. Other changes include initiatives to lower costs in human services agencies and savings from an adjustment to employee benefit costs statewide. The pages that follow include full analyses of the expenditure changes by agency.

	Enacted	Revised	Difference
Opening Surplus			
Free Surplus	\$ 123,283,301	\$ 167,818,207	\$ 44,534,906
Reappropriated Surplus	-	7,848,853	7,848,853
Subtotal	\$ 123,283,301	\$ 175,667,060	\$ 52,383,759
Revenues	\$ 3,674,742,668	\$ 3,674,742,668	\$ -
November Revenue Conference	-	44,846,332	44,846,332
Governor Changes	-	(202,882)	(202,882)
Total Revenues	\$ 3,674,742,668	\$ 3,719,386,118	\$ 44,643,450
Budget Reserve Fund	(113,940,779)	(116,616,130)	(2,675,351)
Total Available Resources	\$ 3,684,085,190	\$ 3,778,437,048	\$ 94,351,858
Expenditures	\$ 3,683,715,867	\$ 3,683,715,867	\$ -
Reappropriation	-	7,848,853	7,848,853
November Caseload Conference	-	4,717,676	4,717,676
Governor Changes	-	4,122,579	4,122,579
Total Expenditures	\$ 3,683,715,867	\$ 3,700,404,975	\$ 16,689,108
Total Surplus	\$ 369,323	\$ 78,032,073	\$ 77,662,750
Rainy Day Fund	189,901,298	191,581,535	1,680,237
<i>Operating Surplus/(Deficit)</i>	<i>\$ (113,571,456)</i>	<i>\$ (38,584,057)</i>	<i>\$ 74,987,399</i>

The revised budget as recommended by the Governor would leave a \$78.0 million surplus for FY 2017. The general revenue surplus statement for FY 2018 shows an ending surplus of \$0.6 million and is presented as part of the overview of her FY 2018 budget recommendations in that section of this publication.

Special Reports

Special Reports Contents

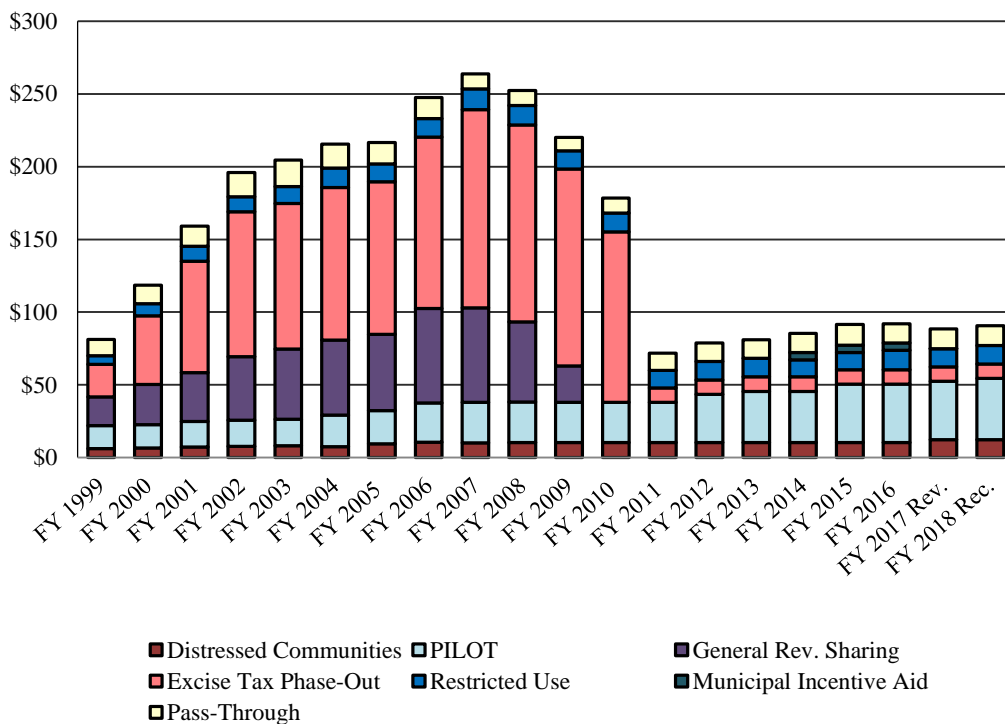
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State Aid to Local Governments

Introduction

The Governor recommends state aid to cities and towns totaling \$76.8 million in FY 2017 and \$80.3 million in FY 2018. Funding for general aid programs in FY 2017 includes \$64.5 million, which is \$0.1 million more than enacted. Funding for general aid programs in FY 2018 includes \$67.6 million, \$3.2 million more than the enacted level. The recommendation for restricted use programs includes the enacted level of \$12.3 million for FY 2017 and \$12.7 million, which is \$0.5 million more than enacted for FY 2018. Local communities will also receive \$13.6 million each year 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 1999 through the Governor’s recommendation for FY 2018.



The major changes included in the Governor’s aid proposal are discussed on the following pages, followed by tables that show recommended distribution of general aid 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 2018 recommendation for the Motor Vehicle Excise Tax will require data updates not reflected in the distributions. Those updates will likely change allocations to each community.

General. The Governor recommends \$64.5 million for FY 2017 and \$67.6 million for FY 2018 for general state aid programs to local governments.

Fiscal Year	1995	2000	2005	2010	2015	2017 Enacted	2017 Gov. Rev.	Rev. Diff.	2018 Gov. Rec.	Rec. Diff.
General Aid - State Sources										
Distressed Communities	\$ 7.2	\$ 6.6	\$ 9.5	\$ 10.4	\$ 10.4	\$ 12.4	\$ 12.4	\$ -	\$ 12.4	\$ -
PILOT	12.2	16.1	22.7	27.6	40.1	42.0	42.0	-	45.2	3.2
Excise Tax Phase-Out	-	47.3	105.0	117.2	10.0	10.0	10.0	-	10.0	-
Municipal Incentive Aid	-	-	-	-	5.0	-	0.1	0.1	-	-
General Rev. Sharing	13.6	27.6	52.4	-	-	-	-	-	-	-
Subtotal	\$ 33.0	\$ 97.5	\$ 189.7	\$ 155.1	\$ 65.5	\$ 64.4	\$ 64.5	\$ 0.1	\$ 67.6	\$ 3.2
Restricted Use Aid - State Sources										
Library Resource Aid	\$ 3.3	\$ 5.7	\$ 8.1	\$ 8.8	\$ 8.8	\$ 9.4	\$ 9.4	\$ -	\$ 9.4	\$ -
Library Const. Aid	1.9	1.6	2.5	2.6	2.3	2.2	2.2	(0.0)	2.3	0.1
Police & Fire Incentive	1.3	0.9	1.1	-	-	-	-	-	-	-
Prop. Val. Reimb.	-	0.0	0.6	1.6	0.7	0.6	0.6	-	0.9	0.4
Oversight Reimbursement	-	-	-	-	0.1	0.1	0.1	-	0.1	-
Subtotal	\$ 6.5	\$ 8.2	\$ 12.3	\$ 13.0	\$ 11.9	\$ 12.3	\$ 12.3	\$ (0.0)	\$ 12.7	\$ 0.5
Total - State Sources	\$ 39.5	\$ 105.7	\$ 202.0	\$ 168.2	\$ 77.4	\$ 76.6	\$ 76.8	\$ 0.1	\$ 80.3	\$ 3.7
Other Aid - Pass-Through										
Public Service Corp.	\$ 7.2	\$ 12.8	\$ 14.6	\$ 10.2	\$ 14.3	\$ 13.6	\$ 13.6	\$ -	\$ 13.6	\$ -

- **Distressed Communities Relief Fund.** The Governor recommends the enacted level of \$12.4 million for the Distressed Communities Relief Fund. Communities' aid distribution is based on updated qualifying tax levies and reflects inclusion of Johnston and exclusion of Cranston as distressed communities for FY 2018. 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.

The 2016 Assembly enacted legislation requiring that all communities qualifying as distressed participate in the Division of Taxation's refund offset program to collect taxes owed. All do participate and as of the November Revenue Conference, all but Cranston have received revenues from this program.

- **Payment in Lieu of Taxes Program.** The Governor recommends \$45.2 million for FY 2018 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 \$3.2 million more than enacted and represents full funding for the program. The enacted budget also provided full funding with reimbursements totaling \$42.0 million.

- **Motor Vehicle Excise Tax Phase-Out.** The Budget funds the Motor Vehicle Excise Tax program at the enacted level of \$10.0 million for FY 2018. The 2010 Assembly enacted legislation mandating a \$500 exemption, for which the state reimburses municipalities an amount subject to appropriation. State law allows municipalities to provide an additional exemption; however, that additional exemption is not subject to reimbursement. The Division of Municipal Finance reports that the FY 2017 revised and FY 2018 recommended distributions are based on fiscal year 2016 data. It anticipates adjusting planned distribution for FY 2017 in spring 2017, when updated tax rolls are available from communities.

The Governor's budget proposes legislation to change to the motor vehicle excise tax methodology assessing the valuation at not more than 70.0 percent of the clean retail value beginning January 1, 2018 and reimbursing municipalities for the loss of revenue estimated at \$58.0 million. That additional cost will not impact the state budget until FY 2019. These projections are based on assessments as of December 31, 2013, which were used for municipalities' FY 2015 budgets and likely to change with use of more recent data.

- ***Municipal Incentive Aid.*** While FY 2016 was the final year of the three-year Municipal Incentive Aid program, an ineligible municipality's share is reappropriated to the following fiscal year. Johnston was ineligible in FY 2016 and its funds were reappropriated to FY 2017. No funding is provided for FY 2018 consistent with current law.
- ***Library Resource Sharing Aid.*** The Governor recommends the enacted amount of \$9.4 million for library aid. Current law allows 25.0 percent reimbursement of second prior year expenditures.
- ***Library Construction Aid.*** The Governor provides \$2.3 million, \$0.1 million more than enacted, 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 Governor recommends \$0.6 million for FY 2017 and \$0.9 million for FY 2018 to reimburse communities conducting property valuation updates.
- ***Oversight Reimbursement.*** The Governor recommends the enacted amount of \$0.1 million for both FY 2017 and FY 2018 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.
- ***Public Service Corporation Tax.*** The FY 2018 budget assumes the state will collect and distribute the enacted level of \$13.6 million of property taxes from public service corporations on behalf of municipalities and pass that back to them. A final figure will be calculated in spring 2017 when updated data is available. 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	East			North			West		
	Central Falls	Cranston	Providence	Johnston	Providence	Pawtucket	Providence	Warwick	Woonsocket
FY 2015									
Levy/Full Value	1	7	11	4	5	8	2	6	3
Per Capita Income 2012	1	8	6	9	7	4	3	5	2
Personal Income/Full Value	1	16	22	9	6	3	14	4	2
Full Value Per Capita	1	9	10	8	6	3	4	5	2
Qualifying Rankings	4	2	1	2	4	4	3	4	4
FY 2016									
Levy/Full Value	2	7	8	9	4	5	3	6	1
Per Capita Income 2013	1	8	5	9	7	3	4	6	2
Personal Income/Full Value	1	13	15	22	5	3	14	4	2
Full Value Per Capita	1	9	7	12	6	3	4	5	2
Qualifying Rankings	4	2	3	0	4	4	3	4	4
FY 2017									
Levy/Full Value	3	8	9	6	5	7	2	4	1
Per Capita Income 2014	1	8	6	10	7	2	4	5	3
Personal Income/Full Value	1	13	15	11	5	4	7	2	3
Full Value Per Capita	1	8	7	9	6	3	4	5	2
Qualifying Rankings	4	3	2	1	4	4	4	4	4
FY 2018									
Levy/Full Value	2	8	9	4	6	7	3	5	1
Per Capita Income 2015	1	7	6	11	9	2	4	5	3
Personal Income/Full Value	1	16	18	6	3	4	12	5	2
Full Value Per Capita	1	11	8	7	6	3	4	5	2
Qualifying Rankings	4	2	2	3	3	4	3	4	4

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

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

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

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

The 2016 Assembly enacted legislation requiring that all communities qualifying as distressed participate in the Division of Taxation's refund offset program to collect taxes owed. As of the November Revenue Conference, all but Cranston have received revenues from this program. The enacted budget also includes legislation establishing that if the Assembly appropriates more than the enacted level for the program, distressed communities will receive shares, even if they are receiving a transition payment.

The Governor recommends the enacted level of \$12.4 million 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 2018, Johnston qualifies for the program and the Governor's recommended 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 2018 budget includes a 50.0 percent transition payment out of the program for Cranston.

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

The Governor's recommendation includes \$45.2 million for FY 2018, which is \$3.2 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 \$42.0 million, also representing full funding.

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 Governor recommends the enacted amount of \$10.0 million for FY 2018. The Division of Municipal Finance reports that the proposed distribution included in the Governor's FY 2018 recommended budget reflects fiscal year 2016 data. Updated tax data from municipalities was received in the fall of 2016. Updated information will be available in spring 2017.

The Governor's budget proposes legislation to change to the motor vehicle excise tax methodology assessing the valuation at not more than 70.0 percent of the clean retail value beginning January 1, 2018 and reimbursing municipalities for the loss of revenue, estimated to be \$58.0 million. That additional cost will not impact the state budget until FY 2019. These projections are based on assessments as of December 31, 2013, which were used for municipalities' FY 2015 budgets and likely to change with use of more recent data.

Municipal Incentive Aid. The Municipal Incentive Aid program, which encouraged sustainable funding of retirement plans and reduction of unfunded liabilities was conceived as a three year program. FY 2016 is the third and final year. Consistent with current law, the Governor did not include funding for the program for FY 2018 and the out-year forecast did 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 one month after the close of the fiscal year and made the requisite payment; 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. Consistent with current law, the Governor does not recommend new funding for the program in FY 2018; however, it does include the reappropriated FY 2016 Johnston aid to be paid during 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 had historically been funded at \$1.0 million per year. The 2016 Assembly concurred with the Governor's recommendation to reduce the statewide library resource reference grant to \$0.7 million. For FY 2017, the Assembly provided \$9.4 million for library aid, \$0.9 million more than was recommended by the Governor.

The Governor recommends \$9.4 million to level fund state support of public libraries at 22.8 percent. Current law allows 25.0 percent reimbursement of second prior year expenditures, subject to appropriation.

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 Governor recommends \$2.3 million for FY 2018 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 Governor recommends \$0.6 million for FY 2017 and \$0.9 million for FY 2018, reflecting 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
2016	\$ 1,300,849
2015	460,616
2014	460,616
2013	1,611,032
2012	905,220

For FY 2017, seven communities are required to conduct assessments and qualify for reimbursements, including Charlestown, Cumberland, Gloucester, Hopkinton, North Providence, Richmond, and West Greenwich. For FY 2018, the communities that qualify for reimbursement are Barrington, Cranston, East Greenwich, Exeter, Narragansett, Newport, and Tiverton.

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. For FY 2017 and FY 2018, the Governor recommends the enacted level of \$0.1 million for reimbursements to Central Falls, East Providence, and Woonsocket. 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.

Pass-Through Revenues

Public Service Corporation Tax. The FY 2018 budget assumes the state will collect \$13.6 million of property taxes from public service corporations on behalf of municipalities and pass that back to them; this is consistent with the FY 2017 enacted assumption. A final figure will be calculated in spring 2017 when updated data is available. 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.

Fiscal Year	Total Collections
2016	\$ 25,683,737
2015	23,901,840
2014	22,334,876
2013	21,355,178

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

Fiscal Year	Total Collections
2016	\$ 4,057,883
2015	3,413,541
2014	3,138,100
2013	2,961,884

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</i>	<i>FY 2017 Enacted</i>	<i>FY 2017 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ 331,283	\$ 233,472	233,472	\$ -
Bristol	1,010,755	1,049,086	1,049,086	-
Burrillville	415,045	345,996	345,996	-
Central Falls	415,541	344,609	344,609	-
Charlestown	78,425	44,097	44,097	-
Coventry	390,573	244,791	244,791	-
Cranston	6,941,758	7,668,224	7,668,224	-
Cumberland	387,674	247,620	247,620	-
East Greenwich	527,206	516,397	516,397	-
East Providence	1,709,881	1,566,995	1,566,995	-
Exeter	114,917	92,110	92,110	-
Foster	90,249	72,955	72,955	-
Glocester	140,937	102,420	102,420	-
Hopkinton	101,696	69,295	69,295	-
Jamestown	62,214	22,042	22,042	-
Johnston ¹	376,545	422,637	559,977	137,340
Lincoln	341,097	198,583	198,583	-
Little Compton	41,194	12,896	12,896	-
Middletown	163,660	63,006	63,006	-
Narragansett	173,609	60,810	60,810	-
Newport	1,503,421	1,435,708	1,435,708	-
New Shoreham	11,226	6,714	6,714	-
North Kingstown	356,534	187,428	187,428	-
North Providence	2,209,397	1,422,762	1,422,762	-
North Smithfield	235,674	177,990	177,990	-
Pawtucket	2,957,640	2,873,394	2,873,394	-
Portsmouth	189,412	84,669	84,669	-
Providence	36,002,442	37,624,443	37,624,443	-
Richmond	95,440	65,687	65,687	-
Scituate	174,975	68,633	68,633	-
Smithfield	984,897	965,856	965,856	-
South Kingstown	494,036	337,948	337,948	-
Tiverton	184,560	59,170	59,170	-
Warren	133,576	92,183	92,183	-
Warwick	2,905,869	2,677,487	2,677,487	-
Westerly	469,969	375,840	375,840	-
West Greenwich	88,838	54,390	54,390	-
West Warwick	1,196,290	1,123,696	1,123,696	-
Woonsocket	1,455,509	1,351,520	1,351,520	-
Total	\$ 65,463,964	\$ 64,363,560	\$ 64,500,900	\$ 137,340

¹ FY 2017 Revised reflects Johnston Municipal Incentive Aid reappropriated to FY 2017. If not in compliance by February 12, 2017, payment to be distributed amongst all other communities in May.

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

<i>City or Town</i>	<i>FY 2017 Enacted</i>	<i>FY 2018 Gov. Rec.</i>	<i>FY 2018 Rec. to Enacted</i>	<i>FY 2018 Rec. to FY 2017 Rev.</i>
Barrington	\$ 233,472	\$ 233,634	\$ (162)	\$ 162
Bristol	1,049,086	1,130,275	81,189	81,189
Burrillville	345,996	298,120	(47,876)	(47,876)
Central Falls	344,609	346,901	2,292	2,292
Charlestown	44,097	44,097	-	-
Coventry	244,791	244,791	-	-
Cranston	7,668,224	7,634,037	(34,187)	(34,187)
Cumberland	247,620	247,620	-	-
East Greenwich	516,397	541,286	24,889	24,889
East Providence	1,566,995	744,350	(822,645)	(822,645)
Exeter	92,110	92,110	-	-
Foster	72,955	72,955	-	-
Glocester	102,420	102,420	-	-
Hopkinton	69,295	69,295	-	-
Jamestown	22,042	22,042	-	-
Johnston	422,637	1,023,970	601,333	463,993
Lincoln	198,583	198,583	-	-
Little Compton	12,896	12,896	-	-
Middletown	63,006	63,006	-	-
Narragansett	60,810	60,810	-	-
Newport	1,435,708	1,483,237	47,529	47,529
New Shoreham	6,714	6,714	-	-
North Kingstown	187,428	187,403	(25)	(25)
North Providence	1,422,762	1,419,907	(2,855)	(2,855)
North Smithfield	177,990	177,990	-	-
Pawtucket	2,873,394	2,889,361	15,967	15,967
Portsmouth	84,669	84,669	-	-
Providence	37,624,443	40,983,508	3,359,065	3,359,065
Richmond	65,687	65,687	-	-
Scituate	68,633	68,633	-	-
Smithfield	965,856	974,428	8,572	8,572
South Kingstown	337,948	343,766	5,818	5,818
Tiverton	59,170	59,170	-	-
Warren	92,183	92,183	-	-
Warwick	2,677,487	2,655,097	(22,390)	(22,390)
Westerly	375,840	377,706	1,866	1,866
West Greenwich	54,390	54,390	-	-
West Warwick	1,123,696	1,156,149	32,454	32,454
Woonsocket	1,351,520	1,326,864	(24,655)	(24,655)
Total	\$ 64,363,560	\$ 67,590,063	\$ 3,226,178	\$ 3,089,162

Distressed Communities Relief

<i>City or Town</i>	<i>FY 2016</i>	<i>FY 2017 Enacted</i>	<i>FY 2017 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	-	-	-	-
Central Falls	211,123	223,894	223,894	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	-	1,341,001	1,341,001	-
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	685,142	817,097	817,097	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	989,710	1,032,992	1,032,992	-
North Smithfield	-	-	-	-
Pawtucket	1,430,131	1,523,936	1,523,936	-
Portsmouth	-	-	-	-
Providence	5,332,583	5,604,286	5,604,286	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	835,708	891,916	891,916	-
Woonsocket	900,062	949,336	949,336	-
Total	\$ 10,384,458	\$ 12,384,458	\$ 12,384,458	\$ -

Distressed Communities Relief

<i>City or Town</i>	<i>FY 2017 Enacted</i>	<i>FY 2018 Gov. Rec.</i>	<i>FY 2018 Rec. to Enacted</i>	<i>FY 2018 Rec. to FY 2017 Rev.</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	-	-	-	-
Central Falls	223,894	225,398	1,504	1,504
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	1,341,001	1,341,001	-	-
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	817,097	-	(817,097)	(817,097)
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	601,333	601,333	601,333
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	1,032,992	1,030,137	(2,855)	(2,855)
North Smithfield	-	-	-	-
Pawtucket	1,523,936	1,539,903	15,967	15,967
Portsmouth	-	-	-	-
Providence	5,604,285	5,797,634	193,349	193,348
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	891,916	924,370	32,454	32,454
Woonsocket	949,336	924,681	(24,655)	(24,655)
Total	\$ 12,384,458	\$ 12,384,458	\$ -	\$ -

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2016</i>	<i>FY 2017 Enacted</i>	<i>FY 2017 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ 14,638	\$ 15,995	\$ 15,995	\$ -
Bristol	784,360	954,792	954,792	-
Burrillville	127,468	145,198	145,198	-
Central Falls	21,411	24,507	24,507	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	5,645,799	5,322,139	5,322,139	-
Cumberland	119	135	135	-
East Greenwich	341,085	434,980	434,980	-
East Providence	218,245	248,601	248,601	-
Exeter	-	-	-	-
Foster	415	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	1,250,492	1,357,719	1,357,719	-
New Shoreham	-	-	-	-
North Kingstown	1,494	1,737	1,737	-
North Providence	713,714	-	-	-
North Smithfield	-	-	-	-
Pawtucket	508,302	554,958	554,958	-
Portsmouth	-	-	-	-
Providence	28,087,312	30,137,743	30,137,743	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	600,901	710,097	710,097	-
South Kingstown	173,565	198,218	198,218	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	1,453,550	1,712,951	1,712,951	-
Westerly	137,538	159,333	159,333	-
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	-	-	-	-
Total	\$ 40,080,409	\$ 41,979,103	\$ 41,979,103	\$ -

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2017 Enacted</i>	<i>FY 2018 Gov. Rec.</i>	<i>FY 2018 Rec. to Enacted</i>	<i>FY 2018 Rec. to FY 2017 Rev.</i>
Barrington	\$ 15,995	\$ 16,157	\$ 162	\$ 162
Bristol	954,792	1,035,981	81,189	81,189
Burrillville	145,198	97,322	(47,876)	(47,876)
Central Falls	24,507	25,295	788	788
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	5,322,139	5,287,952	(34,187)	(34,187)
Cumberland	135	135	-	-
East Greenwich	434,980	459,869	24,889	24,889
East Providence	248,601	243,053	(5,548)	(5,548)
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	1,357,719	1,405,248	47,529	47,529
New Shoreham	-	-	-	-
North Kingstown	1,737	1,712	(25)	(25)
North Providence	-	-	-	-
North Smithfield	-	-	-	-
Pawtucket	554,958	554,958	-	-
Portsmouth	-	-	-	-
Providence	30,137,743	33,303,459	3,165,716	3,165,716
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	710,097	718,669	8,572	8,572
South Kingstown	198,218	204,036	5,818	5,818
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	1,712,951	1,690,561	(22,390)	(22,390)
Westerly	159,333	161,199	1,866	1,866
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	-	-	-	-
Total	\$ 41,979,103	\$ 45,205,606	\$ 3,226,503	\$ 3,226,503

Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2016</i>	<i>FY 2017 Enacted</i>	<i>FY 2017 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ 217,477	\$ 217,477	\$ 217,477	\$ -
Bristol	94,294	94,294	94,294	-
Burrillville	200,798	200,798	200,798	-
Central Falls	96,208	96,208	96,208	-
Charlestown	44,097	44,097	44,097	-
Coventry	244,791	244,791	244,791	-
Cranston	1,005,084	1,005,084	1,005,084	-
Cumberland	247,485	247,485	247,485	-
East Greenwich	81,417	81,417	81,417	-
East Providence	501,297	501,297	501,297	-
Exeter	92,110	92,110	92,110	-
Foster	72,955	72,955	72,955	-
Glocester	102,420	102,420	102,420	-
Hopkinton	69,295	69,295	69,295	-
Jamestown	22,042	22,042	22,042	-
Johnston	422,637	422,637	422,637	-
Lincoln	198,583	198,583	198,583	-
Little Compton	12,896	12,896	12,896	-
Middletown	63,006	63,006	63,006	-
Narragansett	60,810	60,810	60,810	-
Newport	77,989	77,989	77,989	-
New Shoreham	6,714	6,714	6,714	-
North Kingstown	185,691	185,691	185,691	-
North Providence	389,770	389,770	389,770	-
North Smithfield	177,990	177,990	177,990	-
Pawtucket	794,500	794,500	794,500	-
Portsmouth	84,669	84,669	84,669	-
Providence	1,882,415	1,882,415	1,882,415	-
Richmond	65,687	65,687	65,687	-
Scituate	68,633	68,633	68,633	-
Smithfield	255,759	255,759	255,759	-
South Kingstown	139,730	139,730	139,730	-
Tiverton	59,170	59,170	59,170	-
Warren	92,183	92,183	92,183	-
Warwick	964,536	964,536	964,536	-
Westerly	216,507	216,507	216,507	-
West Greenwich	54,390	54,390	54,390	-
West Warwick	231,779	231,779	231,779	-
Woonsocket	402,183	402,183	402,183	-
Total	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ -

Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2017 Enacted</i>	<i>FY 2018 Gov. Rec.*</i>	<i>FY 2018 Rec. to Enacted</i>	<i>FY 2018 Rec. to FY 2017 Rev.</i>
Barrington	\$ 217,477	\$ 217,477	\$ -	\$ -
Bristol	94,294	94,294	-	-
Burrillville	200,798	200,798	-	-
Central Falls	96,208	96,208	-	-
Charlestown	44,097	44,097	-	-
Coventry	244,791	244,791	-	-
Cranston	1,005,084	1,005,084	-	-
Cumberland	247,485	247,485	-	-
East Greenwich	81,417	81,417	-	-
East Providence	501,297	501,297	-	-
Exeter	92,110	92,110	-	-
Foster	72,955	72,955	-	-
Glocester	102,420	102,420	-	-
Hopkinton	69,295	69,295	-	-
Jamestown	22,042	22,042	-	-
Johnston	422,637	422,637	-	-
Lincoln	198,583	198,583	-	-
Little Compton	12,896	12,896	-	-
Middletown	63,006	63,006	-	-
Narragansett	60,810	60,810	-	-
Newport	77,989	77,989	-	-
New Shoreham	6,714	6,714	-	-
North Kingstown	185,691	185,691	-	-
North Providence	389,770	389,770	-	-
North Smithfield	177,990	177,990	-	-
Pawtucket	794,500	794,500	-	-
Portsmouth	84,669	84,669	-	-
Providence	1,882,415	1,882,415	-	-
Richmond	65,687	65,687	-	-
Scituate	68,633	68,633	-	-
Smithfield	255,759	255,759	-	-
South Kingstown	139,730	139,730	-	-
Tiverton	59,170	59,170	-	-
Warren	92,183	92,183	-	-
Warwick	964,536	964,536	-	-
Westerly	216,507	216,507	-	-
West Greenwich	54,390	54,390	-	-
West Warwick	231,779	231,779	-	-
Woonsocket	402,183	402,183	-	-
Total	\$ 10,000,000	\$ 10,000,000	\$ -	\$ -

**FY 2018 Recommended Motor Vehicle Excise Tax distribution reflects FY 2017 data; distribution will be revised in fall 2017.*

Municipal Incentive Aid

<i>City or Town</i>	<i>FY 2016</i>	<i>FY 2017 Enacted</i>	<i>FY 2017 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ 79,669	\$ -	\$ -	\$ -
Bristol	110,194	-	-	-
Burrillville	78,261	-	-	-
Central Falls	94,747	-	-	-
Charlestown	38,228	-	-	-
Coventry	171,006	-	-	-
Cranston	393,283	-	-	-
Cumberland	164,680	-	-	-
East Greenwich	64,146	-	-	-
East Providence	230,209	-	-	-
Exeter	32,639	-	-	-
Foster	22,612	-	-	-
Glocester	47,897	-	-	-
Hopkinton	39,823	-	-	-
Jamestown	26,503	-	-	-
Johnston ^{1,2}	-	-	137,340	137,340
Lincoln	103,489	-	-	-
Little Compton	17,058	-	-	-
Middletown	78,930	-	-	-
Narragansett	77,283	-	-	-
Newport	118,991	-	-	-
New Shoreham	4,102	-	-	-
North Kingstown	128,823	-	-	-
North Providence	157,054	-	-	-
North Smithfield	58,718	-	-	-
Pawtucket	347,825	-	-	-
Portsmouth	84,739	-	-	-
Providence	870,225	-	-	-
Richmond	37,426	-	-	-
Scituate	50,622	-	-	-
Smithfield	104,852	-	-	-
South Kingstown	149,526	-	-	-
Tiverton	77,231	-	-	-
Warren	51,809	-	-	-
Warwick	402,713	-	-	-
Westerly	111,058	-	-	-
West Greenwich	29,812	-	-	-
West Warwick	141,933	-	-	-
Woonsocket	200,981	-	-	-
Total	\$ 4,999,098	\$ -	\$ 137,340	\$ 137,340

¹ FY 2016 payment reappropriated to FY 2017. If not in compliance by February 12, 2017, FY 2016 payment to be distributed amongst qualifying communities May 2017.

² FY 2015 payment reappropriated to FY 2016. Johnston did not meet funding requirements in FY 2016 and its share was distributed amongst the other qualifying communities in May 2016.

Municipal Incentive Aid

<i>City or Town</i>	<i>FY 2017 Enacted</i>	<i>FY 2018 Gov. Rec.</i>	<i>FY 2018 Rec. to Enacted</i>	<i>FY 2018 Rec. to FY 2017 Rev.</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	-	-	-	-
Central Falls	-	-	-	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	-	-	-	-
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	-	-	-	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston ¹	-	-	-	(137,340)
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	-	-	-	-
North Smithfield	-	-	-	-
Pawtucket	-	-	-	-
Portsmouth	-	-	-	-
Providence	-	-	-	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ (137,340)

¹ FY 2016 payment reappropriated to FY 2017. If not in compliance by February 12, 2017, FY 2016 payment to be distributed amongst qualifying communities May 2017.

Library Aid

<i>City or Town</i>	<i>FY 2016</i>	<i>FY 2017 Enacted</i>	<i>FY 2017 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ 337,167	\$ 374,284	\$ 374,284	\$ -
Bristol	168,505	185,859	185,859	-
Burrillville	144,949	165,414	165,414	-
Central Falls	26,046	30,523	30,523	-
Charlestown	46,654	51,221	51,221	-
Coventry	217,150	244,374	244,374	-
Cranston	553,271	595,274	595,274	-
Cumberland	266,665	287,647	287,647	-
East Greenwich	121,208	134,295	134,295	-
East Providence	354,339	422,447	422,447	-
Exeter	45,910	52,087	52,087	-
Foster	30,796	34,462	34,462	-
Glocester	70,625	78,763	78,763	-
Hopkinton	31,101	36,298	36,298	-
Jamestown	87,375	115,055	115,055	-
Johnston	116,751	122,211	122,211	-
Lincoln	195,339	210,541	210,541	-
Little Compton	30,355	36,397	36,397	-
Middletown	135,162	147,598	147,598	-
Narragansett	120,040	153,079	153,079	-
Newport	380,016	417,539	417,539	-
New Shoreham	80,325	88,318	88,318	-
North Kingstown	266,128	293,678	293,678	-
North Providence	175,272	192,234	192,234	-
North Smithfield	65,478	78,789	78,789	-
Pawtucket	336,605	384,468	384,468	-
Portsmouth	101,476	116,931	116,931	-
Providence*	2,213,877	2,047,753	2,047,753	-
Richmond	26,246	27,268	27,268	-
Scituate	94,694	104,517	104,517	-
Smithfield	269,640	298,995	298,995	-
South Kingstown	201,734	225,653	225,653	-
Tiverton	100,382	116,085	116,085	-
Warren	54,101	57,784	57,784	-
Warwick	673,157	739,844	739,844	-
Westerly	274,847	318,145	318,145	-
West Greenwich	29,133	32,312	32,312	-
West Warwick	152,016	162,630	162,630	-
Woonsocket	178,865	181,300	181,300	-
Total	\$ 8,773,398	\$ 9,362,072	\$ 9,362,072	\$ -

*Includes the Statewide Reference Library Resource Grant.

Library Aid

<i>City or Town</i>	<i>FY 2017 Enacted</i>	<i>FY 2018 Gov. Rec.</i>	<i>FY 2018 Rec. to Enacted</i>	<i>FY 2018 Rec. to FY 2017 Rev.</i>
Barrington	\$ 374,284	\$ 380,070	\$ 5,786	\$ 5,786
Bristol	185,859	187,103	1,244	1,244
Burrillville	165,414	170,118	4,704	4,704
Central Falls	30,523	27,075	(3,448)	(3,448)
Charlestown	51,221	50,815	(406)	(406)
Coventry	244,374	238,140	(6,234)	(6,234)
Cranston	595,274	582,746	(12,528)	(12,528)
Cumberland	287,647	285,364	(2,283)	(2,283)
East Greenwich	134,295	132,321	(1,974)	(1,974)
East Providence	422,447	415,613	(6,834)	(6,834)
Exeter	52,087	52,931	844	844
Foster	34,462	34,371	(91)	(91)
Glocester	78,763	77,938	(825)	(825)
Hopkinton	36,298	35,323	(975)	(975)
Jamestown	115,055	126,828	11,773	11,773
Johnston	122,211	124,168	1,957	1,957
Lincoln	210,541	203,414	(7,127)	(7,127)
Little Compton	36,397	35,067	(1,330)	(1,330)
Middletown	147,598	145,593	(2,005)	(2,005)
Narragansett	153,079	191,652	38,573	38,573
Newport	417,539	411,403	(6,136)	(6,136)
New Shoreham	88,318	74,303	(14,015)	(14,015)
North Kingstown	293,678	282,085	(11,593)	(11,593)
North Providence	192,234	202,114	9,880	9,880
North Smithfield	78,789	78,305	(484)	(484)
Pawtucket	384,468	409,155	24,687	24,687
Portsmouth	116,931	113,853	(3,078)	(3,078)
Providence*	2,047,753	2,028,860	(18,893)	(18,893)
Richmond	27,268	26,001	(1,267)	(1,267)
Scituate	104,517	104,815	298	298
Smithfield	298,995	294,639	(4,356)	(4,356)
South Kingstown	225,653	218,810	(6,843)	(6,843)
Tiverton	116,085	123,043	6,958	6,958
Warren	57,784	56,598	(1,186)	(1,186)
Warwick	739,844	739,962	118	118
Westerly	318,145	318,791	646	646
West Greenwich	32,312	33,299	987	987
West Warwick	162,630	162,506	(124)	(124)
Woonsocket	181,300	186,880	5,580	5,580
Total	\$ 9,362,072	\$ 9,362,072	\$ -	\$ -

*Includes the Statewide Reference Library Resource Grant.

Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2016</i>	<i>FY 2017 Enacted</i>	<i>FY 2017 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ 201,686	\$ 209,719	\$ 209,719	\$ -
Bristol	278,819	289,577	289,577	-
Burrillville	198,184	207,376	207,376	-
Central Falls	239,912	249,834	249,834	-
Charlestown	96,784	100,263	100,263	-
Coventry	432,985	450,490	450,490	-
Cranston	995,808	1,038,680	1,038,680	-
Cumberland	417,096	436,817	436,817	-
East Greenwich	162,408	168,882	168,882	-
East Providence	582,845	607,219	607,219	-
Exeter	82,701	85,909	85,909	-
Foster	57,271	59,761	59,761	-
Glocester	121,286	126,732	126,732	-
Hopkinton	100,831	104,846	104,846	-
Jamestown	67,109	70,086	70,086	-
Johnston	357,486	373,181	373,181	-
Lincoln	262,063	274,218	274,218	-
Little Compton	43,188	44,943	44,943	-
Middletown	199,830	207,028	207,028	-
Narragansett	195,635	203,230	203,230	-
Newport	301,205	316,689	316,689	-
New Shoreham	10,345	11,497	11,497	-
North Kingstown	326,128	339,927	339,927	-
North Providence	397,667	414,648	414,648	-
North Smithfield	148,734	155,854	155,854	-
Pawtucket	880,635	918,089	918,089	-
Portsmouth	214,568	223,391	223,391	-
Providence	2,203,425	2,298,821	2,298,821	-
Richmond	94,755	98,461	98,461	-
Scituate	128,192	134,071	134,071	-
Smithfield	265,491	276,509	276,509	-
South Kingstown	378,660	393,252	393,252	-
Tiverton	195,585	203,475	203,475	-
Warren	131,137	135,886	135,886	-
Warwick	1,019,420	1,056,511	1,056,511	-
Westerly	281,158	292,589	292,589	-
West Greenwich	75,512	78,764	78,764	-
West Warwick	359,305	372,833	372,833	-
Woonsocket	508,769	529,588	529,588	-
Total	\$ 13,014,620	\$ 13,559,646	\$ 13,559,646	\$ -

Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2017 Enacted</i>	<i>FY 2018 Gov. Rec.</i>	<i>FY 2018 Rec. to Enacted</i>	<i>FY 2018 Rec. to FY 2017 Rev.</i>
Barrington	\$ 209,719	\$ 209,719	\$ -	\$ -
Bristol	289,577	289,577	-	-
Burrillville	207,376	207,376	-	-
Central Falls	249,834	249,834	-	-
Charlestown	100,263	100,263	-	-
Coventry	450,490	450,490	-	-
Cranston	1,038,680	1,038,680	-	-
Cumberland	436,817	436,817	-	-
East Greenwich	168,882	168,882	-	-
East Providence	607,219	607,219	-	-
Exeter	85,909	85,909	-	-
Foster	59,761	59,761	-	-
Glocester	126,732	126,732	-	-
Hopkinton	104,846	104,846	-	-
Jamestown	70,086	70,086	-	-
Johnston	373,181	373,181	-	-
Lincoln	274,218	274,218	-	-
Little Compton	44,943	44,943	-	-
Middletown	207,028	207,028	-	-
Narragansett	203,230	203,230	-	-
Newport	316,689	316,689	-	-
New Shoreham	11,497	11,497	-	-
North Kingstown	339,927	339,927	-	-
North Providence	414,648	414,648	-	-
North Smithfield	155,854	155,854	-	-
Pawtucket	918,089	918,089	-	-
Portsmouth	223,391	223,391	-	-
Providence	2,298,821	2,298,821	-	-
Richmond	98,461	98,461	-	-
Scituate	134,071	134,071	-	-
Smithfield	276,509	276,509	-	-
South Kingstown	393,252	393,252	-	-
Tiverton	203,475	203,475	-	-
Warren	135,886	135,886	-	-
Warwick	1,056,511	1,056,511	-	-
Westerly	292,589	292,589	-	-
West Greenwich	78,764	78,764	-	-
West Warwick	372,833	372,833	-	-
Woonsocket	529,588	529,588	-	-
Total	\$ 13,559,646	\$ 13,559,646	\$ -	\$ -

Meals and Beverage Tax

<i>City or Town</i>	<i>FY 2013</i>	<i>FY 2014</i>	<i>FY 2015</i>	<i>FY 2016</i>
Barrington	\$ 137,483	\$ 150,289	\$ 160,982	\$ 172,575
Bristol	333,801	349,976	393,164	445,779
Burrillville	194,053	188,267	197,923	190,021
Central Falls	95,042	108,588	118,346	121,924
Charlestown	109,250	129,269	146,233	158,031
Coventry	353,161	369,572	392,485	389,819
Cranston	1,496,186	1,565,772	1,711,751	1,792,828
Cumberland	387,440	398,311	449,395	473,622
East Greenwich	505,899	542,163	603,838	677,598
East Providence	815,946	850,141	900,412	960,092
Exeter	77,753	82,729	91,328	100,330
Foster	14,837	15,555	15,854	17,936
Glocester	72,985	72,882	71,838	75,375
Hopkinton	51,648	48,816	48,178	52,205
Jamestown	77,397	82,430	93,444	92,434
Johnston	464,676	477,395	543,799	584,763
Lincoln	680,872	752,037	807,125	784,459
Little Compton	38,168	36,886	44,318	57,268
Middletown	601,666	650,819	650,757	725,596
Narragansett	500,618	523,958	583,414	664,935
Newport	1,912,423	1,850,957	2,069,020	2,266,128
New Shoreham	257,729	287,318	316,803	361,187
North Kingstown	462,381	473,098	507,483	556,133
North Providence	348,156	314,626	326,139	348,364
North Smithfield	195,593	229,300	242,418	314,344
Pawtucket	649,192	707,825	755,669	812,269
Portsmouth	177,469	175,345	179,150	229,833
Providence	4,555,807	4,744,243	4,927,997	5,260,911
Richmond	118,985	121,428	137,772	141,584
Scituate	67,382	63,926	68,385	64,084
Smithfield	582,110	649,927	678,253	786,891
South Kingstown	642,828	705,854	762,720	834,015
Tiverton	188,622	199,203	211,399	225,960
Warren	230,369	249,162	270,327	356,392
Warwick	2,338,168	2,502,697	2,657,702	2,712,574
Westerly	713,100	747,540	796,790	873,436
West Greenwich	103,943	124,809	136,840	137,441
West Warwick	313,596	321,518	337,902	347,921
Woonsocket	488,443	470,248	494,486	516,678
Total	\$ 21,355,178	\$ 22,334,876	\$ 23,901,840	\$ 25,683,737

Local Hotel Tax

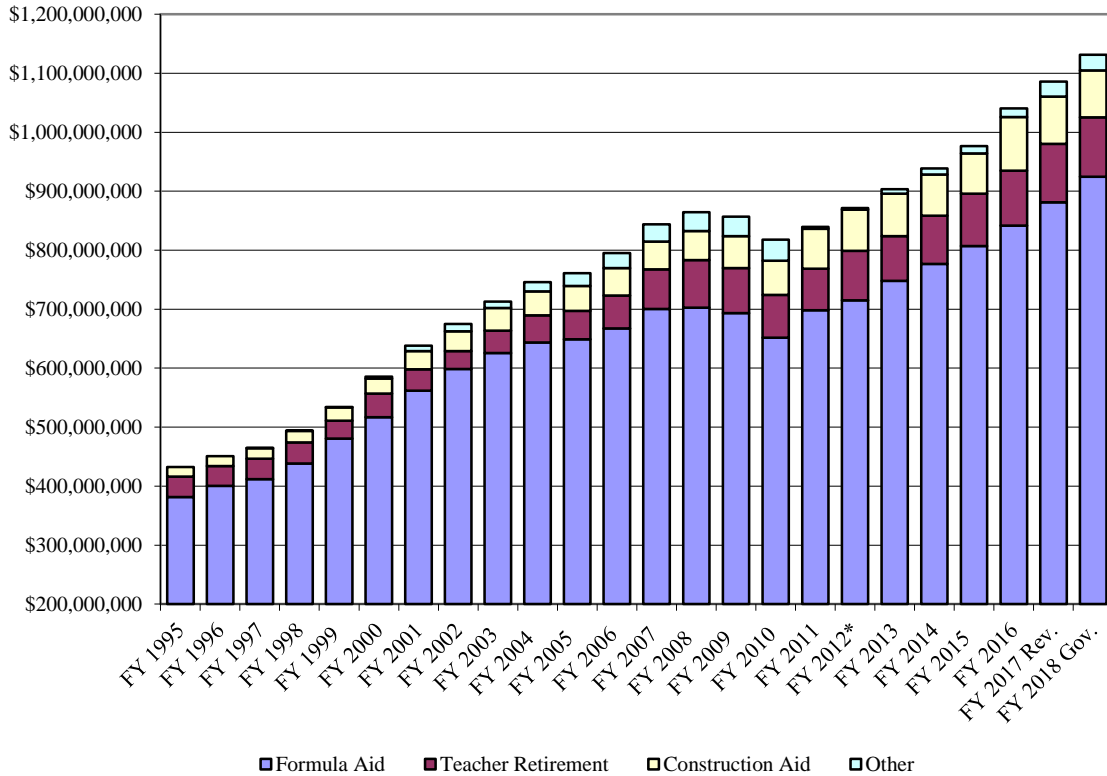
<i>City or Town</i>	<i>FY 2013</i>	<i>FY 2014</i>	<i>FY 2015</i>	<i>FY 2016</i>
Barrington	\$ -	\$ -	\$ -	\$ 269
Bristol	14,631	15,804	16,409	18,894
Burrillville	-	-	-	-
Central Falls	-	-	-	30
Charlestown	8,232	8,825	8,228	17,619
Coventry	29,526	34,086	40,343	44,161
Cranston	3,929	3,885	4,217	7,251
Cumberland	-	-	-	-
East Greenwich	229	370	249	384
East Providence	15,256	18,373	20,329	21,968
Exeter	-	-	-	7
Foster	38	104	93	70
Glocester	816	1,148	900	1,024
Hopkinton	-	-	-	347
Jamestown	4,043	3,870	4,743	7,420
Johnston	3,020	3,165	4,169	3,913
Lincoln	41,808	43,671	46,909	47,758
Little Compton	4,474	1,835	164	2,003
Middletown	259,616	289,889	331,476	370,993
Narragansett	34,265	34,462	36,258	68,467
Newport	790,380	815,986	862,954	1,065,006
New Shoreham	112,692	126,106	123,771	225,100
North Kingstown	31,236	32,951	36,732	36,972
North Providence	-	-	-	3
North Smithfield	1,379	1,284	1,444	1,498
Pawtucket	20,463	22,076	23,287	18,564
Portsmouth	3,943	4,913	8,333	8,476
Providence	782,201	825,596	901,828	1,002,140
Richmond	1,596	1,462	1,735	1,833
Scituate	1,458	2,059	2,824	2,972
Smithfield	56,971	62,429	65,311	76,793
South Kingstown	56,764	58,652	62,422	78,293
Tiverton	-	-	-	306
Warren	-	-	-	247
Warwick	416,065	432,937	474,245	524,392
Westerly	163,639	188,057	218,992	269,593
West Greenwich	39,230	40,274	41,057	47,165
West Warwick	36,974	41,880	50,205	59,550
Woonsocket	27,010	21,953	23,914	26,403
Total	\$ 2,961,884	\$ 3,138,100	\$ 3,413,541	\$ 4,057,884

Education Aid

Summary

The Governor recommends \$1,131.1 million for FY 2018 total aid for local school districts. This is \$45.5 million more than enacted for FY 2017. Funding for FY 2018 includes \$924.4 million in direct distributions to local school districts, \$25.0 million in categorical funding, \$1.0 million in other aid for distribution by the Department, \$100.7 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 2018 represents the seventh 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 2016 Assembly created two new categories of additional state support: one to support high-cost English language learners for FY 2017 only 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, to be phased out by FY 2020. The Governor recommends making permanent the categorical support for English language learners for FY 2018.

Education Aid by Component

The Governor recommends \$1,131.1 million for FY 2018 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 \$45.5 million more than enacted for FY 2017.

Education Aid	FY 2017 Enacted	FY 2017 Revised	Change to Enacted	FY 2018 Governor	Change to Enacted	Change to Revised
Operating Aid						
Local Districts	\$ 738,857,082	\$ 738,857,082	\$ -	\$ 772,628,489	\$ 33,771,407	\$ 33,771,407
Central Falls	39,100,578	39,100,578	-	39,351,304	250,726	250,726
Met School*	9,342,007	9,342,007	-	9,342,007	-	-
Davies Career & Technical*	12,590,093	12,590,093	-	13,358,058	767,965	767,965
Charter Schools	75,177,727	75,177,727	-	84,181,184	9,003,457	9,003,457
UCAP	1,115,290	1,115,290	-	1,390,794	275,504	275,504
Group Homes Funding	4,797,072	4,865,072	68,000	4,108,209	(688,863)	(756,863)
Subtotal	\$ 880,979,849	\$ 881,047,849	\$ 68,000	\$ 924,360,045	\$ 43,380,196	\$ 43,312,196
Categorical Funding						
High Cost Special Education	\$ 4,500,000	\$ 4,500,000	\$ -	\$ 4,500,000	\$ -	\$ -
Career and Technical	4,500,000	4,500,000	-	4,500,000	-	-
Early Childhood	5,160,000	5,160,000	-	6,240,000	1,080,000	1,080,000
Transportation	6,351,360	6,351,360	-	6,351,360	-	-
ELL	2,494,939	2,494,939	-	2,494,939	-	-
School of Choice Density Aid	1,492,225	1,492,225	-	938,900	(553,325)	(553,325)
Subtotal	\$ 24,498,524	\$ 24,498,524	\$ -	\$ 25,025,199	\$ 526,675	\$ 526,675
Set-Aside Funds						
Textbook Loans	\$ 240,000	\$ 240,000	\$ -	\$ 240,000	\$ -	\$ -
School Breakfast	270,000	270,000	-	270,000	-	-
Recovery High School	500,000	500,000	-	500,000	-	-
Subtotal	\$ 1,010,000	\$ 1,010,000	\$ -	\$ 1,010,000	\$ -	\$ -
Total	\$ 906,488,373	\$ 906,556,373	\$ 68,000	\$ 950,395,244	\$ 43,906,871	\$ 43,838,871
Other Aid						
Teacher Retirement	\$ 99,076,582	\$ 99,076,582	\$ -	\$ 100,659,986	\$ 1,583,404	\$ 1,583,404
Construction Aid**	70,907,110	68,891,558	(2,015,552)	70,907,110	-	2,015,552
School Building Authority Fund**	9,092,890	11,108,442	2,015,552	9,092,890	-	(2,015,552)
Statewide Total	\$ 1,085,564,955	\$ 1,085,632,955	\$ 68,000	\$ 1,131,055,230	\$ 45,490,275	\$ 45,422,275

*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.

** FY 2017 Revised reflects actual housing aid entitlements

The table on the previous page compares the FY 2018 recommended funding for the major components of education aid to the FY 2017 enacted budget and the Governor's FY 2017 revised recommendation. It is followed by an explanation of each of the items in the table.

The funding formula calculation for FY 2018 uses March 15, 2016 student enrollment data adjusted for FY 2018 projected charter school enrollments, a per pupil core instruction amount of \$9,163 and state share ratio variables updated with June 30, 2016 data. It was designed such that districts that were receiving more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding would have that loss phased in over ten years. As FY 2018 is the seventh year of the transition period, only districts that are receiving less state aid will have that remaining loss phased in; the gaining districts will now receive the full amount of the aid produced by the formula each year. The Department of Elementary and Secondary Education will provide updated March 2017 student enrollment data at the beginning of April. Districts are billed quarterly for students attending charter and state schools.

Operating Aid

Local Districts. The Governor recommends \$772.6 million for formula aid to locally operated school districts. This is \$33.7 million more than enacted. This reflects the seventh year of the funding formula.

Central Falls Operations. The Governor recommends \$39.4 million for formula aid for the Central Falls School District. This is \$0.3 million or 0.8 percent more than FY 2017 enacted aid. Beginning with FY 2012, Central Falls is funded pursuant to the funding formula.

The formula includes a stabilization fund for the Central Falls School District until the city can begin paying its local share. This is the fourth year of stabilization funding and the budget includes \$6.8 million. The formula produces a \$1.7 million reduction, reflecting year seven 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.

Metropolitan Career and Technical School. The Governor recommends \$9.3 million for formula aid for the Metropolitan Career and Technical School. This is consistent with the FY 2017 enacted level. The 2016 Assembly enacted a new stabilization fund for the state schools in order to mitigate some of the losses in funding from the implementation of the funding formula and recognize the additional costs associated with running a stand-alone school that offers both academic and career and technical education. The Governor recommends \$0.8 million in stabilization funding for the Met School, which is \$0.6 million more than enacted. This offsets the \$0.6 million reduction, reflecting year seven of the formula.

Prior to FY 2012, the Met School was fully state supported. The Met School is funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil cost of each sending district, which it must pay to the School. Table 6 at the end of this report includes estimated enrollment for FY 2018.

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

Davies Career and Technical School. The Governor recommends \$13.4 million from general revenues for formula aid to support the Davies Career and Technical School. This is \$0.8 million more than the FY 2017

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 2018.

The 2016 Assembly enacted a new stabilization fund for the state schools in order to mitigate some of the losses in funding from the implementation of the funding formula and 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 Governor's recommendation includes \$3.0 million in additional funding to Davies, \$1.5 million more than enacted. This offsets the \$0.7 million reduction, reflecting year seven of the formula.

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

Charter Schools. The Governor recommends \$84.2 million for formula aid to charter schools. This is \$9.0 million more than the FY 2017 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 2018.

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

Urban Collaborative Accelerated Program. The Governor recommends \$1.4 million for the fifth year of funding for the Urban Collaborative Accelerated Program (UCAP) for FY 2018. 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 2018.

Group Homes. The Governor recommends \$4.1 million for group home aid, based on 397 beds, and uses a method proposed by the Department and adopted by the 2014 Assembly that changed the way group home beds affect total funding allowed under Rhode Island General Law, Section 16-7-22(1)(ii), which requires that the number of group home beds be deducted from enrollment data for the purpose of determining average daily membership. Instead of showing the impact of group home beds on funding formula aid, the budget shows the impact in group home aid. The decrease in funding is phased-in over the remaining years of the transition period. As FY 2018 is the seventh year of the transition period, only districts that are receiving less state aid will have that remaining loss phased in; the gaining districts will receive total aid as produced by the formula each year.

The 2007 Assembly enacted legislation to ensure that the payment of communities' group home aid more closely reflects the actual number of group home beds open at the time of the budget. The legislation mandates that increases in beds prior to December 31 of each year shall be paid as part of the supplemental budget for that year and included in the budget year recommendation. Decreases in beds are not reflected until the budget year so any decreases in group home beds during FY 2017 would not be reflected until FY 2018. This is unlike increases which are funded as part of the supplemental budget. The 2016 Assembly increased the per bed amount from \$22,000 to \$26,000 for the group home beds associated with Bradley Hospital's residential CRAFT program. It also increased the per bed amount from \$15,000 to \$17,000 for all other group home beds.

Prior to FY 2002, an official community of residence, which is generally based on the parents' residence, was determined for each child living in a group home. The district of official residence was responsible to pay the district in which the child is placed for the cost of the child's education. This system produced disputes among communities concerning financial responsibility. These disputes often resulted in legal fees for all parties involved, and districts hosting group homes were largely unsuccessful in seeking reimbursements.

The 2001 Assembly enacted legislation to provide a per bed allotment to districts in which group homes are located. The legislation relieved the sending district of financial responsibility for students placed in out-of-district group homes. In FY 2018, the 16 communities hosting group homes will receive \$17,000 per bed or \$26,000 for CRAFT beds.

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; however, the out-year estimates submitted with the Governor's FY 2018 budget assume these costs will remain constant. For FY 2018, density aid is provided for districts affected by large numbers of their students attending charter and state schools; this is the second year of a three-year program that will phase out by FY 2020. The Governor recommends a permanent English language categorical fund for FY 2018, for which the enacted budget included one-time funding only.

High Cost Special Education. The funding formula allows for additional funding from the state for high cost special education students when those costs exceed five times the district's combined per pupil core instruction amount and student success factor amount. The Governor recommends \$4.5 million for FY 2018, consistent with the enacted budget. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, the out-year estimates submitted with the Governor's FY 2018 budget assume these costs will remain constant. This was first funded in FY 2013 at \$500,000.

Career and Technical Programs. The funding formula allows for additional resources from the state to help meet the initial capital investment needs to transform existing or create new comprehensive career and technical education programs and career pathways in critical and emerging industries and to help offset the higher than average costs associated with 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 recommends the enacted level of \$4.5 million for FY 2018. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, the out-year estimates submitted with the Governor's FY 2018 budget assume these costs will remain constant. This was first funded in FY 2013 at \$3.0 million. 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 Governor recommends \$6.2 million for FY 2018, which is \$1.1 million more than enacted. These funds are currently distributed through a request for proposal process and have been going directly to childcare programs. All early childhood categorical funds have been used as a match for a federal grant since FY 2016. The corresponding increase in federal grant funds is \$2.8 million. The total additional money of \$6.0 million in FY 2018 will provide funds to increase the pre-kindergarten classes by four from 56 to 60. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, the out-year estimates submitted with the Governor's FY 2018 budget assume these costs will remain constant. This was first funded in FY 2013 at \$1.5 million. These funds are not shown in the distribution tables at the end of this report.

Transportation. The funding formula allows for additional resources from the state to districts for transportation costs. 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 Governor recommends \$6.4 million for FY 2018, consistent with the enacted budget. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, the out-year estimates submitted with the Governor's FY 2018 budget assume these costs will remain constant. This was first funded in FY 2012 at \$1.1 million.

English Language Learners. The Governor's budget includes \$2.5 million to support English language learners that are in the most intensive programs. The 2016 Assembly enacted legislation to provide funding for this category for FY 2017 only; the Governor proposes legislation to make this funding permanent. The funding is used on evidence-based programs proven to increase outcomes and are monitored by the Department of Elementary and Secondary Education. This recommendation emerged from the Governor's funding formula work group. The calculation is 10.0 percent of the Core Instruction Amount, applied to students in the most intensive English learner programs.

School of Choice Density Aid. The Governor's budget includes \$0.9 million for year two of a three-year program that will phase out in FY 2020. This category of funding provides 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 were eligible for this funding, which provided \$175 per pupil for every student sent to a charter or state school. For FY 2018, the same six districts will receive \$100 per student. This recommendation emerged from the Governor's funding formula work group.

Set-Aside Funds

Textbook Loans. The Governor recommends the enacted level of \$240,000 for the textbook loan program. The state currently reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12th grade. The recommendation is \$124,255 more than the spent in FY 2016.

School Breakfast. The Governor recommends \$270,000 for FY 2018 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 2016 Assembly enacted legislation to provide \$500,000 for FY 2017 only to support the state's recovery high school. Recovery high schools are specifically designed for students recovering from a substance abuse disorder. The legislation also removed districts from the enrollment process and changes the local tuition payment from the local per pupil expenditures to the core instruction amount. For FY 2018, the Governor recommends \$0.5 million, consistent with the enacted budget. A change to current law would be required to provide such support, however, none was submitted.

Other Aid

Teacher Retirement. The Governor recommends \$100.7 million to fund the state's 40.0 percent share of the employer contribution for teacher retirement, an increase of \$1.6 million or 1.6 percent more than the FY 2017 enacted budget. Prior to changes enacted in 2011, teachers had contributed 9.5 percent of their salaries; as of July 1, 2012, teachers contribute 8.75 percent. That rate is set in the General Laws. Employers contribute the difference between the teachers' share and the amount needed to support the system, as determined annually by the State Employees' Retirement System. For districts that choose not to participate in Social Security, there is an additional 4.0 percent contribution; 2.0 percent paid by both the employee and the district. The state does not pay a share of this 2.0 percent.

School Housing (Construction) Aid. The Governor recommends \$70.9 million for construction aid to local districts. This is consistent with the enacted budget and will likely change based on the timeline of municipalities finishing projects. 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 2018. 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.

Current law requires that the difference between the annual school housing aid appropriation and actual aid be deposited into the School Building Authority Fund. Final FY 2017 aid is \$68.9 million; \$2.0 million will be transferred to the School Building Authority Fund.

School Building Authority Fund. The Governor recommends \$9.1 million from general revenues for the School Building Authority Fund, consistent with the enacted budget. This program complements the School Housing Aid program 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 revised FY 2017 allocation to the Fund will be \$11.1 million, consistent with current law that requires that the difference between the annual housing aid appropriation and actual aid goes to the Fund.

Calculation and Distribution Tables

The ten tables on the following pages include the calculation and distribution of the Governor's FY 2018 recommended education aid to districts, charter and state schools. Tables 1A and 1B show the total recommended funding and Tables 2 through 8 illustrate different components of the funding formula. Table 9 has education aid to districts for FY 2012 through FY 2016 for comparison purposes.

Table 1A: Total Recommended Education Aid for Districts for FY 2018

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2018

Table 2: Calculation of New Funding Formula for FY 2018

Table 3: Group Home Aid

Table 4: Calculation of State Share Ratio

Table 5: Transition Plan for Districts

Table 6: FY 2018 Estimated Charter & State School Enrollment by Sending District

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

Table 8: Recommended Categorical Aid for FY 2018

Table 9: Education Aid for FY 2012 - FY 2016

Table 1A: Total Recommended Education Aid for Districts for FY 2018

A. Column **A** is the amount that districts will receive in the seventh 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 group home aid districts will receive in FY 2018. Changes from FY 2017 are shown in Table 3. Group home aid is paid pursuant to current law in addition to aid paid through the funding formula.

C. 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. Also included is year two of density aid funding, a three-year program that will phase out in FY 2020. The Governor has proposed a permanent category of funding for English language learners for FY 2018. The Governor's recommendation is shown in Column **C**. Specific programs are shown in Table 8.

D. Column **D** shows the Governor's total FY 2018 recommended aid.

E. Column **E** is the FY 2017 enacted aid.

F. Column **F** is the difference between the Governor's FY 2018 recommendation shown in Column **D** and the FY 2017 enacted budget in Column **E**.

Table 1A: Total Recommended Education Aid for Districts for FY 2018

<i>District</i>	<i>A</i> <i>FY 2018</i> <i>Recommended</i> <i>Formula Aid</i> <i>(Table 2)</i>	<i>B</i> <i>Group Home</i> <i>Aid</i> <i>(Table 3)</i>	<i>C</i> <i>Categoricals</i> <i>(Table 8)</i>	<i>D</i> <i>FY 2018 Total</i> <i>Recommended Aid</i>	<i>E</i> <i>FY 2017 Total</i> <i>Enacted Aid</i>	<i>F</i> <i>Total</i> <i>FY 2018</i> <i>Change to</i> <i>Enacted</i>
Barrington	\$ 5,140,662	\$ -	\$ 190,028	\$ 5,330,690	\$ 5,551,766	\$ (221,076)
Burrillville	13,380,997	80,233	65,206	13,526,436	13,111,036	415,401
Charlestown	1,653,819	-	-	1,653,819	1,683,295	(29,477)
Coventry	23,593,240	85,982	56,086	23,735,308	23,602,823	132,485
Cranston	58,164,992	40,942	1,660,681	59,866,615	56,028,985	3,837,631
Cumberland	18,516,317	-	230,064	18,746,381	17,980,588	765,793
East Greenwich	2,526,160	-	204,580	2,730,740	2,810,467	(79,727)
East Providence	35,357,414	475,998	188,204	36,021,616	33,101,436	2,920,180
Foster	1,154,658	-	64,166	1,218,824	1,199,424	19,400
Glocester	2,381,051	-	17,807	2,398,858	2,546,748	(147,890)
Hopkinton	5,290,964	-	-	5,290,964	5,386,069	(95,104)
Jamestown	456,869	-	21,319	478,188	473,875	4,313
Johnston	18,383,733	-	412,842	18,796,575	16,142,240	2,654,335
Lincoln	12,039,708	105,292	79,790	12,224,790	11,192,952	1,031,838
Little Compton	397,961	-	40	398,001	413,267	(15,266)
Middletown	7,917,060	322,549	78,143	8,317,752	8,621,818	(304,066)
Narragansett	2,100,131	-	37,355	2,137,486	2,150,151	(12,665)
Newport	11,491,755	154,312	57,429	11,703,496	10,938,355	765,141
New Shoreham	117,208	-	19,968	137,176	131,168	6,008
North Kingstown	10,695,802	-	44,442	10,740,244	10,897,112	(156,868)
North Providence	21,688,549	153,801	353,039	22,195,389	20,168,707	2,026,682
North Smithfield	5,862,737	106,653	75,890	6,045,280	6,177,521	(132,241)
Pawtucket	88,018,408	294,434	679,247	88,992,089	83,927,607	5,064,482
Portsmouth	3,828,364	590,830	63,396	4,482,590	4,787,381	(304,791)
Providence	241,127,525	601,950	3,080,605	244,810,080	235,212,373	9,597,707
Richmond	4,637,363	-	-	4,637,363	4,840,982	(203,619)
Scituate	3,573,621	-	64,303	3,637,924	3,794,601	(156,677)
Smithfield	5,989,201	218,712	113,308	6,321,221	5,961,894	359,326
South Kingstown	6,519,760	249,723	226,943	6,996,426	7,485,517	(489,091)
Tiverton	6,477,570	-	75,055	6,552,625	6,284,270	268,355
Warwick	38,224,886	354,602	574,990	39,154,478	38,252,322	902,156
Westerly	8,970,783	-	161,918	9,132,701	8,904,660	228,041
West Warwick	24,228,708	-	81,784	24,310,492	23,082,050	1,228,442
Woonsocket	58,703,639	47,695	230,881	58,982,216	56,340,793	2,641,422
Bristol-Warren	14,317,762	108,583	1,289,547	15,715,892	16,003,657	(287,766)
Chariho	114,961	-	1,709,819	1,824,780	1,810,108	14,673
Exeter-West Greenwich	4,940,069	115,918	1,019,223	6,075,210	6,384,057	(308,847)
Foster-Glocester	4,644,083	-	373,575	5,017,658	5,130,308	(112,651)
Central Falls	39,351,304	-	448,579	39,799,883	39,687,299	112,584
Total	\$ 811,979,793	\$ 4,108,209	\$ 14,050,252	\$ 830,138,254	\$ 798,199,682	\$ 31,938,571
<i>Adjusted Chariho</i>	11,697,108	-	1,709,819	13,406,927	13,806,896	(313,527)

*This includes a \$6.8 million stabilization fund payment to Central Falls.

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2018

- A.** Column **A** is the FY 2017 enacted formula aid.
- B.** Column **B** includes mid-year revisions to FY 2017 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 2018. It uses March 2016 enrollment data adjusted for October 2016 charter school enrollment and projected charter school enrollment for FY 2018.
- D.** Column **D** is the difference between FY 2018 base funding and FY 2017 enacted formula aid.
- E.** Column **E** shows the transition calculation for districts that are receiving less state funding; that loss is being phased in over ten years. Charter and state schools that are receiving more state funding were subject to a seven-year phase in. As FY 2018 is the seventh year of the transition period, Column **E** is the same as Column **D** for gaining districts. Beginning in FY 2018, only districts that are receiving less state aid will have that remaining loss phased in.
- F.** Column **F** is the FY 2018 recommended formula aid. It is the transition calculation in Column **E** added or subtracted from the FY 2017 formula aid shown in Column **B**. Growth due to adding grades is paid in the year of the growth.
- G.** Column **G** is the difference between the seventh 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 recommended aid for FY 2018. It includes the formula aid shown in Column **F** as well as the distributions from categorical funding shown in columns **H** and **I**.

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2018

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>
<i>School</i>	<i>FY 2017 Enacted Formula Aid</i>	<i>FY 2017 Revised Formula Aid</i>	<i>FY 2018 Base Formula Funding</i>	<i>Change to Enacted</i>	<i>Transition = D or 1/4th*</i>
Academy for Career Exploration (Textron)	\$ 2,350,612	\$ 2,350,612	\$ 2,429,807	\$ 79,195	\$ 79,195
Achievement First	7,220,957	7,220,957	9,162,172	1,941,215	1,941,215
Beacon	2,353,074	2,353,074	2,750,059	396,985	396,985
Blackstone	3,107,898	3,107,898	3,686,292	578,394	578,394
Compass	485,495	485,495	381,971	(103,524)	(25,881)
Greene School	1,064,989	1,064,989	1,153,580	88,591	88,591
Highlander	5,015,985	5,015,985	5,490,953	474,968	474,968
Hope Academy	1,027,078	1,027,078	1,392,650	365,572	365,572
International	3,031,448	3,031,448	3,122,371	90,923	90,923
Kingston Hill	592,656	592,656	532,209	(60,447)	(15,112)
Learning Community	6,121,487	6,121,487	6,228,060	106,573	106,573
New England Laborers	1,148,340	1,148,340	1,173,734	25,395	25,395
Nowell	1,615,892	1,615,892	2,434,969	819,077	819,077
Nurses Institute	2,542,960	2,542,960	2,675,058	132,099	132,099
Paul Cuffee	7,941,389	7,941,389	8,024,610	83,221	83,221
RI Mayoral Academies Blackstone Prep.	13,436,201	13,436,201	16,096,050	2,659,849	2,659,849
RISE Mayoral Academy	868,551	868,551	1,368,632	500,081	500,081
Segue Institute	2,720,353	2,720,353	2,816,751	96,398	96,398
Southside Elementary	757,281	757,281	1,025,100	267,819	267,819
Times2 Academy	7,545,985	7,545,985	7,661,020	115,035	115,035
Trinity	2,187,348	2,187,348	2,213,575	26,227	26,227
Village Green	2,041,748	2,041,748	2,238,583	196,835	196,835
<i>Charter Schools Subtotal</i>	\$ 75,177,726	\$ 75,177,726	\$ 84,058,206	\$ 8,880,480	\$ 9,003,459
Davies Career and Tech	11,043,048	11,043,048	8,182,676	(2,860,372)	(715,093)
Met School	9,209,491	9,209,491	6,709,217	(2,500,274)	(625,069)
Urban Collaborative	1,115,290	1,115,290	1,421,625	306,335	275,504
Total	\$ 96,545,555	\$ 96,545,555	\$ 100,371,724	\$ 3,826,169	\$ 7,938,801

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

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2018

<i>School</i>	<i>F</i> <i>FY 2018</i> <i>Recommended</i> <i>Formula Aid**</i>	<i>G</i> <i>Change to</i> <i>Base</i> <i>Calculation</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 2018</i> <i>Recommended</i> <i>Aid</i>
Academy for Career Exploration (Textron)	\$ 2,429,807	\$ -	\$ 10,007	\$ -	\$ 2,439,814
Achievement First	9,162,172	-	24,950	-	9,187,122
Beacon	2,750,059	-	-	-	2,750,059
Blackstone	3,686,292	-	2,523	-	3,688,815
Compass	459,614	77,643	-	-	459,614
Greene School	1,153,580	-	2,129	-	1,155,709
Highlander	5,490,953	-	15,907	-	5,506,860
Hope Academy	1,392,650	-	1,072	-	1,393,722
International	3,122,371	-	21,587	-	3,143,958
Kingston Hill	577,544	45,335	109	5,046	582,699
Learning Community	6,228,060	-	20,840	13,616	6,262,516
New England Laborers	1,173,734	-	2,488	-	1,176,222
Nowell	2,434,969	-	7,290	-	2,442,259
Nurses Institute	2,675,058	-	4,289	-	2,679,347
Paul Cuffee	8,024,610	-	25,732	-	8,050,342
RI Mayoral Academies Blackstone Prep.	16,096,050	-	20,497	-	16,116,547
RISE Mayoral Academy	1,368,632	-	-	-	1,368,632
Segue Institute	2,816,751	-	8,847	-	2,825,598
Southside Elementary	1,025,100	-	1,072	-	1,026,172
Times2 Academy	7,661,020	-	10,722	-	7,671,742
Trinity	2,213,575	-	5,361	-	2,218,936
Village Green	2,238,583	-	5,388	-	2,243,971
<i>Charter Schools Subtotal</i>	\$ 84,181,184	\$ 122,978	\$ 190,810	\$ 18,662	\$ 84,390,657
Davies Career and Tech	13,358,058	5,175,382	9,767	-	13,367,825
Met School	9,342,007	2,632,790	10,505	-	9,352,512
Urban Collaborative	1,390,794	(30,831)	5,204	-	1,395,998
Total	\$ 108,272,042	\$ 7,900,319	\$ 216,285	\$ 18,662	\$ 108,506,991

**Includes a state schools stabilization payment of \$3.0 million to Davies and \$0.8 million to Met.

Table 2: Calculation of Funding Formula for FY 2018

- A.** The FY 2018 student counts are shown in Column **A** based on the resident average daily membership as of June 30, 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 12th 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 FY 2016 student count in Column **A** times the core instruction per pupil amount of \$9,163. 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 12th grade that are in poverty status in Column **B** times the core instruction amount.
- F.** The total foundation amount in Column **F** is the sum of the core instruction amount in Column **D** plus the student success factor funding in Column **E**.
- G.** Column **G** is the state share ratio; the calculation is described in Table 4.
- H.** Column **H** includes the state foundation aid under the funding formula based on FY 2014 data. It is the total foundation amount in Column **F** times the state share ratio in Column **G**.
- I.** Column **I** is the FY 2017 enacted formula aid in Table 5.
- J.** Column **J** is the seventh year transition amount for districts that are receiving less state funding; that loss is being phased in over ten years. Charter and state schools that are receiving more state funding were subject to a seven-year phase in. As FY 2018 is the seventh year of the transition period, Column **J** is the amount produced by the formula for gaining districts. Beginning in FY 2018, only districts that are receiving less state aid will have that remaining loss phased in and for those districts it is the amount that will be subtracted from the FY 2018 base aid amount. This year’s version calculates aid for regional school districts by member community; this is the second year that regional school districts are calculated this way 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 seventh 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 seventh year of funding under the formula shown in Column **K** and the total state foundation aid shown in Column **H**.

Table 2: Calculation of New Funding Formula for FY 2018

<i>District</i>	<i>A</i> <i>FY 2018</i> <i>PK-12</i> <i>RADM</i>	<i>B</i> <i>FY 2018</i> <i>Poverty</i> <i>Status</i>	<i>C</i> <i>%</i> <i>Poverty</i> <i>Status</i>	<i>D</i> <i>Core Instruction</i> <i>Funding</i>	<i>E</i> <i>Student Success</i> <i>Factor Funding</i>	<i>F</i> <i>Total</i> <i>Foundation</i>
Barrington	3,304	179	5.4%	\$ 30,274,552	\$ 656,071	\$ 30,930,623
Burrillville	2,369	796	33.6%	21,707,147	2,917,499	24,624,646
Charlestown	841	200	23.8%	7,706,083	733,040	8,439,123
Coventry	4,663	1,550	33.2%	42,727,069	5,681,060	48,408,129
Cranston	10,168	4,675	46.0%	93,169,384	17,134,810	110,304,194
Cumberland	4,380	972	22.2%	40,133,940	3,562,574	43,696,514
East Greenwich	2,434	174	7.1%	22,302,742	637,745	22,940,487
East Providence	5,223	2,880	55.1%	47,858,349	10,555,776	58,414,125
Foster	275	66	24.0%	2,519,825	241,903	2,761,728
Glocester	535	81	15.1%	4,902,205	296,881	5,199,086
Hopkinton	1,122	284	25.3%	10,280,886	1,040,917	11,321,803
Jamestown	635	60	9.4%	5,818,505	219,912	6,038,417
Johnston	3,238	1,460	45.1%	29,669,794	5,351,192	35,020,986
Lincoln	2,869	777	27.1%	26,288,647	2,847,860	29,136,507
Little Compton	373	59	15.8%	3,417,799	216,247	3,634,046
Middletown	2,294	697	30.4%	21,019,922	2,554,644	23,574,566
Narragansett	1,290	273	21.2%	11,820,270	1,000,600	12,820,870
Newport	2,153	1,346	62.5%	19,727,939	4,933,359	24,661,298
New Shoreham	113	17	15.0%	1,035,419	62,308	1,097,727
North Kingstown	3,849	844	21.9%	35,268,387	3,093,429	38,361,816
North Providence	3,501	1,523	43.5%	32,079,663	5,582,100	37,661,763
North Smithfield	1,712	335	19.6%	15,687,056	1,227,842	16,914,898
Pawtucket	8,724	6,886	78.9%	79,938,012	25,238,567	105,176,579
Portsmouth	2,354	382	16.2%	21,569,702	1,400,106	22,969,808
Providence	22,429	19,199	85.6%	205,516,927	70,368,175	275,885,102
Richmond	1,133	191	16.9%	10,381,679	700,053	11,081,732
Scituate	1,380	262	19.0%	12,644,940	960,282	13,605,222
Smithfield	2,372	364	15.3%	21,734,636	1,334,133	23,068,769
South Kingstown	3,217	649	20.2%	29,477,371	2,378,715	31,856,086
Tiverton	1,832	580	31.7%	16,786,616	2,125,816	18,912,432
Warwick	9,068	3,158	34.8%	83,090,084	11,574,702	94,664,786
Westerly	2,950	1,088	36.9%	27,030,850	3,987,738	31,018,588
West Warwick	3,467	1,731	49.9%	31,768,121	6,344,461	38,112,582
Woonsocket	5,700	4,364	76.6%	52,229,100	15,994,933	68,224,033
Bristol-Warren	3,308	1,212		30,311,204	4,442,222	34,753,426
Chariho	-	-	0.0%	-	-	-
Exeter-West Greenwich	1,624	241		14,880,712	883,313	15,764,025
Foster-Glocester	1,114	214	19.2%	10,207,582	784,353	10,991,935
Central Falls*	2,361	2,055	87.0%	21,633,843	7,531,986	29,165,829
Total	130,374	61,824		\$ 1,194,616,962	\$ 226,597,325	\$ 1,421,214,287
<i>Bristol</i>	<i>2,049</i>	<i>662</i>	<i>32.3%</i>	<i>18,774,987</i>	<i>2,426,362</i>	<i>21,201,349</i>
<i>Warren</i>	<i>1,259</i>	<i>550</i>	<i>43.7%</i>	<i>11,536,217</i>	<i>2,015,860</i>	<i>13,552,077</i>
<i>Exeter</i>	<i>768</i>	<i>146</i>	<i>19.0%</i>	<i>7,037,184</i>	<i>535,119</i>	<i>7,572,303</i>
<i>West Greenwich</i>	<i>856</i>	<i>95</i>	<i>11.1%</i>	<i>7,843,528</i>	<i>348,194</i>	<i>8,191,722</i>
<i>Adjusted Chariho</i>	<i>3,096</i>	<i>675</i>		<i>28,368,648</i>	<i>2,474,010</i>	<i>30,842,658</i>

*This includes a \$6.8 million stabilization fund payment to Central Falls.

Table 2: Calculation of New Funding Formula for FY 2018

<i>District</i>	<i>G</i> <i>State Share</i> <i>Ratio</i> <i>(Table 4)</i>	<i>H</i> <i>FY 2018 Base</i> <i>Funding</i>	<i>I</i> <i>FY 2017</i> <i>Enacted</i> <i>Formula Aid**</i>	<i>J</i> <i>Adjusted Year</i> <i>Seven</i> <i>Difference</i>	<i>K</i> <i>FY 2018</i> <i>Recommended</i> <i>Formula Aid*</i>	<i>L</i> <i>Difference</i> <i>from Base</i> <i>Funding</i>
Barrington	15.9%	\$ 4,917,337	\$ 5,215,104	\$ (74,442)	\$ 5,140,662	\$ 223,325
Burrillville	54.3%	13,380,997	12,982,040	398,957	13,380,997	-
Charlestown	18.4%	1,551,514	1,687,921	(34,102)	1,653,819	102,305
Coventry	48.7%	23,593,240	22,704,444	888,796	23,593,240	-
Cranston	52.7%	58,164,992	54,827,149	3,337,843	58,164,992	-
Cumberland	42.4%	18,516,317	17,659,354	856,963	18,516,317	-
East Greenwich	9.7%	2,225,700	2,626,313	(100,153)	2,526,160	300,460
East Providence	60.5%	35,357,414	32,245,114	3,112,300	35,357,414	-
Foster	40.8%	1,126,636	1,163,998	(9,341)	1,154,658	28,022
Glocester	38.8%	2,015,573	2,502,877	(121,826)	2,381,051	365,478
Hopkinton	44.2%	5,005,652	5,386,069	(95,104)	5,290,964	285,313
Jamestown	7.6%	456,869	438,902	17,967	456,869	-
Johnston	52.5%	18,383,733	15,770,318	2,613,415	18,383,733	-
Lincoln	41.3%	12,039,708	10,906,917	1,132,791	12,039,708	-
Little Compton	9.7%	352,043	413,267	(15,306)	397,961	45,918
Middletown	30.8%	7,265,271	8,134,323	(217,263)	7,917,060	651,789
Narragansett	16.1%	2,057,919	2,114,201	(14,070)	2,100,131	42,211
Newport	46.6%	11,491,755	10,720,594	771,161	11,491,755	-
New Shoreham	10.7%	117,208	110,826	6,382	117,208	-
North Kingstown	26.7%	10,245,191	10,846,006	(150,204)	10,695,802	450,611
North Providence	57.6%	21,688,549	19,547,302	2,141,247	21,688,549	-
North Smithfield	32.9%	5,570,693	5,960,086	(97,348)	5,862,737	292,045
Pawtucket	83.7%	88,018,408	82,687,909	5,330,498	88,018,408	-
Portsmouth	14.2%	3,253,696	4,019,920	(191,556)	3,828,364	574,668
Providence	87.4%	241,127,525	230,869,652	10,257,872	241,127,525	-
Richmond	36.3%	4,026,506	4,840,982	(203,619)	4,637,363	610,857
Scituate	23.2%	3,158,551	3,711,978	(138,357)	3,573,621	415,070
Smithfield	26.0%	5,989,201	5,536,267	452,934	5,989,201	-
South Kingstown	16.0%	5,096,227	6,994,271	(474,511)	6,519,760	1,423,533
Tiverton	34.3%	6,477,570	6,230,844	246,726	6,477,570	-
Warwick	40.4%	38,224,886	37,368,197	856,689	38,224,886	-
Westerly	28.9%	8,970,783	8,724,889	245,894	8,970,783	-
West Warwick	63.6%	24,228,708	23,016,375	1,212,334	24,228,708	-
Woonsocket	86.0%	58,703,639	56,033,685	2,669,954	58,703,639	-
Bristol-Warren	see	13,076,884	14,731,387	(413,626)	14,317,762	1,240,877
Chariho	table	-	153,282	(38,320)	114,961	114,961
Exeter-West Greenwich	below	4,067,086	5,231,063	(290,994)	4,940,069	872,983
Foster-Glocester	39.5%	4,346,563	4,743,256	(99,173)	4,644,083	297,519
Central Falls*	94.1%	27,434,877	39,100,578	(1,720,444)	39,351,304	11,916,427
Total		\$791,725,419	\$ 777,957,659	\$ 32,050,963	\$ 811,979,793	\$ 20,254,373
<i>Bristol</i>	28.2%	5,978,273	6,526,088	(109,563)	6,416,525	438,252
<i>Warren</i>	52.4%	7,098,611	8,205,299	(221,338)	7,983,961	885,350
<i>Exeter</i>	24.7%	1,870,627	2,295,387	(84,952)	2,210,435	339,808
<i>West Greenwich</i>	26.8%	2,196,459	2,935,676	(147,843)	2,787,833	591,374
<i>Adjusted Chariho</i>		10,583,672	12,068,253	(371,145)	11,697,108	1,113,436

*This includes a \$6.8 million stabilization fund payment to Central Falls.

**Includes Full Day Kindergarten Funding

Table 3: Calculation of Group Home Aid for FY 2018

- A.** Column *A* is the FY 2017 enacted amount of group home aid. The distribution includes \$17,000 per bed with the exception of \$26,000 per bed for the group home beds associated with Bradley Hospital's residential CRAFT program, 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 January 10, 2017 report from the Department of Children, Youth and Families that identified 397 beds eligible for aid.
- C.** Column *C* shows the Governor's FY 2018 recommendation that assumes a bed count of 397.
- D.** Column *D* is the difference between the FY 2017 enacted aid shown in column *A* and the Governor's FY 2018 recommendation in column *C*.
- E.** Column *E* is the difference between the FY 2017 revised current law entitlement shown in column *B* and the Governor's FY 2018 recommendation in column *C*.

Table 3: Group Home Aid

<i>District</i>	<i>A</i> <i>FY 2017</i> <i>Enacted</i>	<i>B</i> <i>FY 2017</i> <i>Revised</i>	<i>C</i> <i>FY 2018</i> <i>Governor</i>	<i>D</i> <i>Change to</i> <i>Enacted</i>	<i>E</i> <i>Change to</i> <i>Revised</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	82,140	82,140	80,233	(1,907)	(1,907)
Charlestown	-	-	-	-	-
Coventry	99,129	99,129	85,982	(13,147)	(13,147)
Cranston	47,702	47,702	40,942	(6,760)	(6,760)
Cumberland	-	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	550,150	550,150	475,998	(74,152)	(74,152)
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	-	-	-	-
Lincoln	119,396	119,396	105,292	(14,104)	(14,104)
Little Compton	-	-	-	-	-
Middletown	334,390	334,390	322,549	(11,841)	(11,841)
Narragansett	-	-	-	-	-
Newport	184,817	184,817	154,312	(30,505)	(30,505)
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	185,742	185,742	153,801	(31,941)	(31,941)
North Smithfield	108,137	108,137	106,653	(1,484)	(1,484)
Pawtucket	458,964	458,964	294,434	(164,530)	(164,530)
Portsmouth	600,518	600,518	590,830	(9,688)	(9,688)
Providence	819,685	887,685	601,950	(217,735)	(285,735)
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	235,340	235,340	218,712	(16,628)	(16,628)
South Kingstown	253,242	253,242	249,723	(3,519)	(3,519)
Tiverton	-	-	-	-	-
Warwick	407,284	407,284	354,602	(52,682)	(52,682)
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	75,400	75,400	47,695	(27,705)	(27,705)
Bristol-Warren	117,362	117,362	108,583	(8,779)	(8,779)
Chariho					
Exeter-West Greenwich	117,674	117,674	115,918	(1,756)	(1,756)
Foster-Glocester	-	-	-	-	-
Central Falls	-	-	-	-	-
Total	\$ 4,797,072	\$ 4,865,072	\$ 4,108,209	\$ (688,863)	\$ (756,863)

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, 2013, is used for FY 2018 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, 2013, 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 2018 student counts are shown in Column *C* based on the resident average daily membership as of June 30, 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.

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 6th grade as of June 30, 2016. Poverty status is defined as being at 185 percent of federal poverty guidelines.

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

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

G. Column *G* shows what the share ratio was for FY 2017. It uses property valuations as of December 31, 2013 and student counts as of June 30, 2016.

H. Column *H* shows the difference between the share ratio for FY 2018 and that for FY 2017.

Table 4: Calculation of State Share Ratio

<i>District</i>	<i>A</i> <i>Assessed Value</i> <i>12/31/13</i>	<i>B</i> <i>Adjusted EWAV</i> <i>12/31/13</i>	<i>C</i> <i>June 2016</i> <i>Student Count*</i>	<i>D</i> <i>Adjusted</i> <i>EWAV</i>
Barrington	\$ 2,962,782,871	\$ 4,419,363,601	3,282	21.8%
Bristol	2,913,601,850	2,798,865,920	2,057	21.0%
Burrillville	1,458,704,458	1,327,872,250	2,408	68.0%
Charlestown	2,336,020,837	2,197,815,454	905	0.0%
Coventry	3,290,466,535	3,180,058,232	4,603	59.9%
Cranston	7,087,818,813	6,942,197,033	10,202	60.5%
Cumberland	3,619,485,610	3,871,966,767	4,951	54.6%
East Greenwich	2,317,545,796	3,730,266,922	2,404	9.9%
East Providence	4,191,559,834	3,216,715,710	5,344	65.0%
Exeter	834,396,496	1,000,461,433	799	27.3%
Foster	543,747,430	232,381,429	280	51.8%
Glocester	1,012,877,591	451,779,684	552	52.5%
Hopkinton	861,381,645	833,670,698	1,125	57.0%
Jamestown	2,187,785,891	3,454,687,579	648	0.0%
Johnston	2,666,780,888	2,427,625,792	3,298	57.3%
Lincoln	2,626,930,583	2,761,366,561	3,179	49.6%
Little Compton	1,906,481,450	2,401,222,172	375	0.0%
Middletown	2,640,851,053	2,817,359,645	2,295	28.7%
Narragansett	4,543,637,822	5,657,390,383	1,311	0.0%
Newport	1,686,542,237	2,233,452,930	2,149	0.0%
New Shoreham	5,233,368,597	5,982,794,493	113	0.0%
North Kingstown	3,813,435,427	4,977,090,024	3,976	27.3%
North Providence	2,464,372,461	2,080,529,206	3,666	67.0%
North Smithfield	1,520,632,887	1,804,761,709	1,760	40.5%
Pawtucket	3,719,759,947	2,265,734,440	10,440	87.4%
Portsmouth	3,165,400,368	3,640,564,615	2,351	10.1%
Providence	10,667,176,830	6,114,681,072	27,146	86.9%
Richmond	843,502,119	1,039,537,702	1,150	47.5%
Scituate	1,475,065,064	1,729,106,943	1,405	28.5%
Smithfield	2,587,201,035	2,763,945,837	2,389	32.8%
South Kingstown	4,357,830,030	5,225,736,951	3,330	8.9%
Tiverton	1,937,535,874	2,075,409,710	1,830	34.1%
Warren	1,180,811,281	912,855,566	1,270	58.3%
Warwick	9,087,309,330	8,734,608,069	9,059	44.0%
West Greenwich	859,039,323	947,223,080	857	35.8%
West Warwick	2,082,488,022	1,577,282,752	3,508	73.9%
Westerly	5,985,005,586	5,066,610,499	2,935	0.0%
Woonsocket	1,797,475,272	950,852,801	6,072	90.9%
Foster/Glocester	918,089,738	918,089,738	1,118	52.3%
Central Falls	470,365,510	173,239,247	3,960	97.5%
Total	\$ 115,855,264,391	\$ 114,937,174,650	140,502	

Table 4: Calculation of State Share Ratio

<i>District</i>	<i>E</i> <i>FY 2016 % of</i> <i>Poverty Status</i>	<i>F</i> <i>FY 2018 State</i> <i>Share Ratio</i>	<i>G</i> <i>FY 2017 State</i> <i>Share Ratio</i>	<i>H</i> <i>Change to</i> <i>Share Ratio</i>
Barrington	5.5%	15.9%	17.4%	-1.5%
Bristol	33.9%	28.2%	26.8%	1.4%
Burrillville	35.8%	54.3%	53.6%	0.8%
Charlestown	26.0%	18.4%	19.5%	-1.1%
Coventry	34.1%	48.7%	49.0%	-0.2%
Cranston	43.6%	52.7%	53.6%	-0.9%
Cumberland	24.7%	42.4%	43.0%	-0.6%
East Greenwich	9.5%	9.7%	8.7%	1.0%
East Providence	55.7%	60.5%	59.5%	0.9%
Exeter	21.8%	24.7%	22.9%	1.8%
Foster	25.4%	40.8%	40.5%	0.3%
Glocester	15.8%	38.8%	37.7%	1.1%
Hopkinton	25.7%	44.2%	45.5%	-1.3%
Jamestown	10.7%	7.6%	7.4%	0.1%
Johnston	47.2%	52.5%	50.2%	2.3%
Lincoln	30.9%	41.3%	40.0%	1.3%
Little Compton	13.7%	9.7%	12.0%	-2.3%
Middletown	32.8%	30.8%	31.2%	-0.3%
Narragansett	22.7%	16.1%	16.2%	-0.1%
Newport	65.9%	46.6%	45.7%	0.9%
New Shoreham	15.1%	10.7%	12.7%	-2.0%
North Kingstown	26.1%	26.7%	28.1%	-1.4%
North Providence	46.3%	57.6%	57.2%	0.5%
North Smithfield	23.0%	32.9%	37.4%	-4.5%
Pawtucket	79.8%	83.7%	83.3%	0.4%
Portsmouth	17.3%	14.2%	14.4%	-0.3%
Providence	87.9%	87.4%	87.8%	-0.4%
Richmond	19.6%	36.3%	36.4%	0.0%
Scituate	16.3%	23.2%	21.2%	2.1%
Smithfield	16.5%	26.0%	26.0%	0.0%
South Kingstown	20.8%	16.0%	18.6%	-2.6%
Tiverton	34.4%	34.3%	33.8%	0.4%
Warren	45.7%	52.4%	51.5%	0.9%
Warwick	36.4%	40.4%	40.5%	-0.1%
West Greenwich	12.5%	26.8%	30.9%	-4.1%
West Warwick	51.2%	63.6%	64.7%	-1.2%
Westerly	40.9%	28.9%	30.2%	-1.3%
Woonsocket	80.9%	86.0%	85.4%	0.7%
Foster/Glocester	19.8%	39.5%	39.7%	-0.1%
Central Falls	90.5%	94.1%	94.3%	-0.2%
Total				

**Includes charter and state school students*

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 ten years. The Department of Elementary and Secondary Education has developed a methodology to implement this transition based on how a district fares compared to funding distributions under the current system. This year's version calculates aid for regional school districts by member community; this is the second year that it is calculated this way 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 sixth year of the formula's implementation, FY 2017.

B. Column **B** is the FY 2018 total base funding calculation.

C. Column **C** is the difference between FY 2018 base funding shown in Column **B** and the amount of formula aid received in FY 2017 and shown in Column **A**.

D. Column **D** shows the transition calculation for districts that are receiving less state funding; that loss is being phased in over ten years. Charter and state schools that are receiving more state funding were subject to a seven-year phase in. As FY 2018 is the seventh year of the transition period, Column **D** is the same as Column **C**. Beginning in FY 2018, only districts that are receiving less state aid will have that remaining loss phased in; the other districts will receive total aid as produced by the formula each year.

Table 5: Transition Plan for Districts

<i>District</i>	<i>A</i> <i>FY 2017 Enacted</i> <i>Base Formula</i> <i>Funding</i>	<i>B</i> <i>FY 2018 Base</i> <i>Calculation</i>	<i>C</i> <i>Difference</i>	<i>D</i> <i>Transition =</i> <i>C or 1/4th</i>
Barrington	\$ 5,215,104	\$ 4,917,337	\$ (297,767)	\$ (74,442)
Burrillville	12,982,040	13,380,997	398,957	398,957
Charlestown	1,687,921	1,551,514	(136,407)	(34,102)
Coventry	22,704,444	23,593,240	888,796	888,796
Cranston	54,827,149	58,164,992	3,337,843	3,337,843
Cumberland	17,659,354	18,516,317	856,963	856,963
East Greenwich	2,626,313	2,225,700	(400,613)	(100,153)
East Providence	32,245,114	35,357,414	3,112,300	3,112,300
Foster	1,163,998	1,126,636	(37,362)	(9,341)
Glocester	2,502,877	2,015,573	(487,304)	(121,826)
Hopkinton	5,386,069	5,005,652	(380,417)	(95,104)
Jamestown	438,902	456,869	17,967	17,967
Johnston	15,770,318	18,383,733	2,613,415	2,613,415
Lincoln	10,906,917	12,039,708	1,132,791	1,132,791
Little Compton	413,267	352,043	(61,224)	(15,306)
Middletown	8,134,323	7,265,271	(869,052)	(217,263)
Narragansett	2,114,201	2,057,919	(56,282)	(14,070)
Newport	10,720,594	11,491,755	771,161	771,161
New Shoreham	110,826	117,208	6,382	6,382
North Kingstown	10,846,006	10,245,191	(600,815)	(150,204)
North Providence	19,547,302	21,688,549	2,141,247	2,141,247
North Smithfield	5,960,086	5,570,693	(389,393)	(97,348)
Pawtucket	82,687,909	88,018,408	5,330,498	5,330,498
Portsmouth	4,019,920	3,253,696	(766,224)	(191,556)
Providence	230,869,652	241,127,525	10,257,872	10,257,872
Richmond	4,840,982	4,026,506	(814,477)	(203,619)
Scituate	3,711,978	3,158,551	(553,427)	(138,357)
Smithfield	5,536,267	5,989,201	452,934	452,934
South Kingstown	6,994,271	5,096,227	(1,898,044)	(474,511)
Tiverton	6,230,844	6,477,570	246,726	246,726
Warwick	37,368,197	38,224,886	856,689	856,689
Westerly	8,724,889	8,970,783	245,894	245,894
West Warwick	23,016,375	24,228,708	1,212,334	1,212,334
Woonsocket	56,033,685	58,703,639	2,669,954	2,669,954
Bristol-Warren	14,731,387	13,076,884	(1,654,503)	(413,626)
Chariho	153,282	-	(153,282)	(38,320)
Exeter-West Greenwich	5,231,063	4,067,086	(1,163,977)	(290,994)
Foster-Glocester	4,743,256	4,346,563	(396,692)	(99,173)
Central Falls	34,316,653	27,434,877	(6,881,776)	(1,720,444)
Total	\$ 773,173,735	\$ 791,725,419	\$ 18,551,686	\$ 32,050,963
<i>Bristol</i>	6,526,088	5,978,273	(547,815)	(109,563)
<i>Warren</i>	8,205,299	7,098,611	(1,106,688)	(221,338)
<i>Exeter</i>	2,295,387	1,870,627	(424,760)	(84,952)
<i>West Greenwich</i>	2,935,676	2,196,459	(739,217)	(147,843)
<i>Adjusted Chariho</i>	12,068,253	10,583,672	(1,484,582)	(371,145)

Table 6: FY 2018 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	-	-	24	-	-	-
Charlestown	-	-	-	-	40	-
Coventry	-	-	1	-	1	41
Cranston	-	80	9	-	-	15
Cumberland	-	-	33	-	-	-
East Greenwich	-	-	-	-	2	-
East Providence	-	-	5	-	-	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	6
Jamestown	-	-	-	-	1	4
Johnston	-	-	7	-	-	2
Lincoln	-	-	11	-	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	-	-
Narragansett	-	-	-	-	8	4
Newport	-	-	-	-	-	1
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	1	-	38	8
North Providence	-	31	8	1	-	-
North Smithfield	-	-	25	-	-	-
Pawtucket	-	-	11	167	-	9
Portsmouth	-	-	1	-	-	-
Providence	225	770	21	51	2	33
Richmond	-	-	-	-	-	1
Scituate	-	-	10	-	-	-
Smithfield	-	-	5	-	-	-
South Kingstown	-	-	-	-	35	14
Tiverton	-	1	-	-	-	-
Warwick	-	18	18	-	2	18
Westerly	-	-	-	-	27	14
West Warwick	-	-	6	-	-	6
Woonsocket	-	-	156	-	-	-
Bristol-Warren	-	-	2	-	-	-
Exeter-West Greenwich	-	-	-	-	20	5
Foster-Glocester	-	-	-	-	-	3
Central Falls	-	-	12	131	-	16
Total	225	900	366	350	176	200
<i>Adjusted Chariho</i>	-	-	-	-	40	7

Table 6: FY 2018 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	75	-	21	-	2
Cumberland	-	-	7	-	-
East Greenwich	-	-	-	1	-
East Providence	11	-	26	2	1
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	19	-	-	-	-
Lincoln	-	-	4	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	2	-
Narragansett	-	-	1	7	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	73	-
North Providence	9	5	12	1	-
North Smithfield	-	-	-	-	1
Pawtucket	54	-	137	2	120
Portsmouth	-	-	-	-	-
Providence	386	139	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
Total	572	144	348	210	558
<i>Adjusted Chariho</i>	-	-	-	26	-

Table 6: FY 2018 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	5	15	-	-
Cumberland	3	-	3	-	506
East Greenwich	-	-	-	-	-
East Providence	1	10	9	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	22	-	4	-	-
Lincoln	-	1	4	-	246
Little Compton	-	-	-	-	-
Middletown	-	-	1	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	1	1	-	-
North Providence	3	1	6	-	1
North Smithfield	-	-	3	-	-
Pawtucket	2	40	16	-	626
Portsmouth	-	-	-	-	-
Providence	22	113	170	774	1
Richmond	-	-	-	-	-
Scituate	5	-	-	-	-
Smithfield	-	-	-	-	1
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	14	10	10	-	2
Westerly	-	-	-	-	-
West Warwick	6	-	1	-	-
Woonsocket	2	32	7	-	-
Bristol-Warren	-	-	7	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	1	-	-
Central Falls	7	26	13	-	542
Total	171	240	272	774	1,925
<i>Adjusted Chariho</i>	-	-	-	-	-

Table 6: FY 2018 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>RISE</i>				
	<i>Mayoral Academy</i>	<i>Segue Institute</i>	<i>Southside Elementary</i>	<i>Times2</i>	<i>Trinity</i>
Barrington	-	-	-	-	-
Burrillville	12	-	-	-	-
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	17	-	-	-	-
Pawtucket	-	-	-	-	-
Portsmouth	-	-	-	-	-
Providence	1	-	96	727	204
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	-	-	-	-	-
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	120	-	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	-	240	-	-	-
Total	150	240	96	727	204
<i>Adjusted Chariho</i>	-	-	-	-	-

Table 6: FY 2018 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>Village Green</i>	<i>Davies Career & Tech Center</i>	<i>Metropolitan Career & Tech Center</i>	<i>Urban Collaborative</i>	<i>Total</i>	<i>Charter/State School Percentage of Total Enrollment</i>
Barrington	3	-	5	-	10	0.3%
Burrillville	-	-	4	-	44	1.8%
Charlestown	1	-	5	-	72	
Coventry	1	-	6	-	63	1.3%
Cranston	6	2	29	7	346	3.3%
Cumberland	4	9	9	1	575	11.6%
East Greenwich	1	-	4	-	8	0.3%
East Providence	17	3	32	-	117	2.2%
Foster	-	-	-	-	-	0.0%
Glocester	-	-	-	-	-	0.0%
Hopkinton	1	-	-	-	7	0.6%
Jamestown	-	-	10	-	15	2.3%
Johnston	-	3	7	-	64	1.9%
Lincoln	3	40	4	-	313	9.8%
Little Compton	-	-	1	-	1	0.3%
Middletown	-	-	13	-	16	0.7%
Narragansett	-	-	7	-	27	2.1%
Newport	-	-	27	-	28	1.3%
New Shoreham	-	-	-	-	-	0.0%
North Kingstown	-	-	15	-	137	3.4%
North Providence	2	64	15	-	159	4.3%
North Smithfield	-	-	3	-	49	2.8%
Pawtucket	23	523	50	-	1,780	16.9%
Portsmouth	-	-	8	-	9	0.4%
Providence	142	55	372	122	4,630	17.1%
Richmond	2	-	3	-	6	0.5%
Scituate	-	-	2	-	17	1.2%
Smithfield	-	12	5	-	26	1.1%
South Kingstown	1	-	16	-	116	3.5%
Tiverton	-	-	19	-	20	1.1%
Warwick	2	-	32	-	139	1.5%
Westerly	-	-	-	-	47	1.6%
West Warwick	3	-	6	-	37	1.1%
Woonsocket	2	5	51	-	380	6.3%
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	1,558	39.8%
Total	225	875	818	138	10,904	7.7%
<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	-	-	133,442	-	-	-
Charlestown	-	-	-	-	72,101	-
Coventry	-	-	4,466	-	4,466	197,392
Cranston	-	481,245	47,351	-	-	80,208
Cumberland	-	-	148,323	-	-	-
East Greenwich	-	-	-	-	2,133	-
East Providence	-	-	27,731	-	-	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	24,307
Jamestown	-	-	-	-	971	2,773
Johnston	-	-	37,518	-	-	11,544
Lincoln	-	-	41,649	-	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	-	-
Narragansett	-	-	-	-	11,766	6,471
Newport	-	-	-	-	-	5,978
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	2,447	-	92,991	22,514
North Providence	-	210,015	52,768	7,388	-	-
North Smithfield	-	-	81,478	-	-	-
Pawtucket	-	-	118,090	1,657,860	-	87,417
Portsmouth	-	-	1,817	-	-	-
Providence	2,429,807	8,386,599	216,232	533,372	16,017	331,556
Richmond	-	-	-	-	-	3,329
Scituate	-	-	21,273	-	-	-
Smithfield	-	-	12,846	-	-	-
South Kingstown	-	-	-	-	53,064	22,281
Tiverton	-	4,394	-	-	-	-
Warwick	-	79,919	71,039	-	7,400	72,519
Westerly	-	-	-	-	75,790	41,340
West Warwick	-	-	44,270	-	-	37,280
Woonsocket	-	-	1,542,177	-	-	-
Bristol-Warren	-	-	7,235	-	-	-
Exeter-West Greenwich	-	-	-	-	45,272	13,074
Foster-Glocester	-	-	-	-	-	10,870
Central Falls	-	-	137,907	1,487,672	-	182,727
Total	\$ 2,429,807	\$ 9,162,172	\$ 2,750,059	\$ 3,686,292	\$ 381,971	\$ 1,153,580

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	\$ 2,040	\$ -	\$ -	\$ -	\$ -
Burrillville	9,958	-	-	-	-
Charlestown	-	-	-	49,190	-
Coventry	-	-	4,466	41,979	-
Cranston	447,423	-	118,862	-	11,596
Cumberland	-	-	31,839	-	-
East Greenwich	-	-	-	1,245	-
East Providence	83,194	-	161,951	11,092	5,546
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	116,401	-	-	-	-
Lincoln	-	-	18,174	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	5,648	-
Narragansett	-	-	1,471	13,237	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	187,451	-
North Providence	62,266	26,384	75,985	5,277	-
North Smithfield	-	-	-	-	3,018
Pawtucket	515,302	-	1,344,998	15,336	1,229,976
Portsmouth	-	-	-	-	-
Providence	4,132,434	1,366,266	932,200	-	1,117,999
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	4,758	2,379	-
South Kingstown	-	-	-	79,743	-
Tiverton	-	-	-	-	-
Warwick	14,060	-	3,700	29,600	3,700
Westerly	-	-	-	15,900	-
West Warwick	5,825	-	17,475	29,125	-
Woonsocket	22,076	-	22,076	7,884	-
Bristol-Warren	19,640	-	-	-	-
Exeter-West Greenwich	-	-	-	37,123	-
Foster-Glocester	-	-	-	-	-
Central Falls	60,334	-	384,416	-	3,856,225
Total	\$ 5,490,953	\$ 1,392,650	\$ 3,122,371	\$ 532,209	\$ 6,228,060

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	\$ -	\$ 2,039	\$ -	\$ -	\$ -
Burrillville	4,979	-	6,971	-	-
Charlestown	-	-	-	-	-
Coventry	18,757	-	-	-	-
Cranston	506,371	24,159	97,602	-	-
Cumberland	14,755	-	16,308	-	2,323,470
East Greenwich	-	-	-	-	-
East Providence	5,546	66,555	69,883	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	123,135	-	26,936	-	-
Lincoln	-	3,786	19,689	-	1,085,914
Little Compton	-	-	-	-	-
Middletown	-	-	2,824	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	3,426	2,447	-	-
North Providence	20,051	7,387	42,214	-	-
North Smithfield	-	-	9,053	-	5,277
Pawtucket	18,403	414,082	168,700	-	6,333,914
Portsmouth	-	-	-	-	-
Providence	237,054	1,238,129	1,890,028	8,024,610	11,212
Richmond	-	-	-	-	-
Scituate	11,487	-	-	-	-
Smithfield	-	-	-	-	2,379
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	57,719	51,799	47,359	-	7,400
Westerly	-	-	-	-	-
West Warwick	48,930	-	8,155	-	-
Woonsocket	22,079	337,450	74,113	-	-
Bristol-Warren	-	-	37,729	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	5,073	-	-
Central Falls	84,468	286,157	149,974	-	6,326,484
Total	\$1,173,734	\$ 2,434,969	\$ 2,675,058	\$ 8,024,610	16,096,050

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	69,708	-	-	-	-
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	60,958	-	-	-	-
Pawtucket	-	-	-	-	-
Portsmouth	-	-	-	-	-
Providence	8,009	-	1,025,100	7,661,020	2,213,575
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	-	-	-	-	-
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	1,229,957	-	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	-	2,816,751	-	-	-
Total	\$ 1,368,632	\$ 2,816,751	\$ 1,025,100	\$ 7,661,020	\$ 2,213,575

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 Tech Center</i>	<i>Metropolitan Career and Tech Center</i>	<i>Urban Collaborative</i>	<i>Total</i>
Barrington	\$ 4,953	\$ -	\$ 7,866	\$ -	\$ 16,898
Burrillville	-	-	23,900	-	248,958
Charlestown	1,685	-	8,423	-	131,399
Coventry	4,466	-	28,582	-	304,574
Cranston	36,722	11,596	176,843	45,419	2,085,397
Cumberland	18,637	42,711	42,711	-	2,638,754
East Greenwich	889	-	3,912	-	8,179
East Providence	125,345	21,076	217,413	-	795,332
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	5,672	-	-	-	29,979
Jamestown	-	-	8,319	-	12,063
Johnston	-	18,278	39,442	-	373,254
Lincoln	15,903	177,199	18,174	-	1,380,488
Little Compton	-	-	888	-	888
Middletown	-	-	44,617	-	53,089
Narragansett	-	-	10,884	-	43,829
Newport	-	-	140,904	-	146,882
New Shoreham	-	-	-	-	-
North Kingstown	-	-	41,601	-	352,877
North Providence	12,664	403,145	98,148	-	1,023,692
North Smithfield	-	-	11,467	-	171,251
Pawtucket	240,781	5,019,589	496,898	-	17,661,346
Portsmouth	-	-	12,460	-	14,277
Providence	1,585,701	562,203	3,997,890	1,284,578	49,201,591
Richmond	7,990	-	9,988	-	21,307
Scituate	1,466	-	5,105	-	39,331
Smithfield	-	32,354	13,798	-	68,514
South Kingstown	-	-	25,213	-	180,301
Tiverton	-	-	69,672	-	74,066
Warwick	10,360	-	145,038	5,436	607,048
Westerly	-	-	-	-	133,030
West Warwick	22,135	-	44,270	-	257,465
Woonsocket	18,922	55,190	525,097	-	3,857,021
Bristol-Warren	-	-	96,497	-	161,101
Exeter-West Greenwich	-	-	-	-	95,469
Foster-Glocester	3,623	-	17,392	-	36,958
Central Falls	120,669	1,839,335	325,805	86,192	18,145,116
Total	\$ 2,238,583	\$ 8,182,676	\$ 6,709,217	\$ 1,421,625	\$ 100,371,724

Table 8: Recommended Categorical Aid for FY 2018

<i>Sending District</i>	<i>High Cost</i>		<i>Density</i>		<i>Total</i>
	<i>Special Education</i>	<i>ELL</i>	<i>Charter Aid</i>	<i>Transportation</i>	
Barrington	\$ 90,740	\$ 1,040	\$ -	\$ 98,248	\$ 190,028
Burrillville	34,017	667	-	30,522	65,206
Charlestown	-	-	-	-	-
Coventry	42,598	598	-	12,890	56,086
Cranston	826,679	63,609	-	770,393	1,660,681
Cumberland	46,167	11,956	59,800	112,141	230,064
East Greenwich	132,020	436	-	72,124	204,580
East Providence	151,856	33,166	-	3,182	188,204
Foster	47,363	-	-	16,803	64,166
Glocester	17,807	-	-	-	17,807
Hopkinton	-	-	-	-	-
Jamestown	21,195	124	-	-	21,319
Johnston	91,538	21,250	-	300,054	412,842
Lincoln	44,486	2,704	32,600	-	79,790
Little Compton	-	40	-	-	40
Middletown	69,700	8,443	-	-	78,143
Narragansett	37,224	131	-	-	37,355
Newport	34,945	22,484	-	-	57,429
New Shoreham	19,706	262	-	-	19,968
North Kingstown	41,603	2,839	-	-	44,442
North Providence	174,064	17,190	-	161,785	353,039
North Smithfield	54,325	808	-	20,757	75,890
Pawtucket	164,505	212,850	184,100	117,792	679,247
Portsmouth	62,991	405	-	-	63,396
Providence	794,219	1,526,070	465,400	294,916	3,080,605
Richmond	-	-	-	-	-
Scituate	27,480	-	-	36,823	64,303
Smithfield	32,071	743	-	80,494	113,308
South Kingstown	104,934	1,505	-	120,504	226,943
Tiverton	74,075	980	-	-	75,055
Warwick	558,269	11,888	-	4,833	574,990
Westerly	160,026	1,892	-	-	161,918
West Warwick	18,030	15,337	-	48,417	81,784
Woonsocket	48,463	128,073	38,100	16,245	230,881
Bristol-Warren	117,966	5,898	-	1,165,683	1,289,547
Chariho	102,084	256	-	1,607,479	1,709,819
Exeter-West Greenwich	102,904	825	-	915,494	1,019,223
Foster-Glocester	77,754	323	-	295,498	373,575
Central Falls	57,534	183,861	158,900	48,284	448,579
Subtotal	\$ 4,481,338	\$ 2,278,654	\$ 938,900	\$ 6,351,360	\$ 14,050,252
Charters & State Schools	18,662	216,285	-	-	234,947
Total	\$ 4,500,000	\$ 2,494,939	\$ 938,900	\$ 6,351,360	\$ 14,285,199

Table 9: Education Aid for FY 2012 – FY 2016

<i>District</i>	<i>FY 2012</i>	<i>FY 2013</i>	<i>FY 2014</i>	<i>FY 2015</i>	<i>FY 2016</i>
Barrington	\$ 2,374,854	\$ 3,350,904	\$ 3,971,797	\$ 4,701,418	\$ 5,157,096
Burrillville	13,008,772	12,965,501	13,063,243	13,173,610	13,301,214
Charlestown	1,704,449	1,694,669	1,706,995	1,708,666	1,706,421
Coventry	18,670,838	19,707,074	20,348,442	21,039,824	21,919,203
Cranston	34,148,058	39,188,868	43,347,609	47,040,378	51,129,521
Cumberland	12,663,079	13,834,760	14,705,457	15,756,436	16,689,944
East Greenwich	1,507,198	1,955,236	2,323,568	2,469,555	2,911,567
East Providence	25,375,608	26,993,305	28,082,665	29,373,000	31,094,815
Foster	1,242,314	1,214,327	1,204,783	1,193,192	1,206,855
Glocester	2,862,833	2,792,685	2,705,444	2,640,483	2,546,606
Hopkinton	5,726,195	5,615,973	5,515,535	5,576,348	5,470,735
Jamestown	369,267	363,461	361,936	406,834	456,252
Johnston	10,131,916	11,083,498	11,997,593	13,192,809	14,241,390
Lincoln	6,999,556	8,156,329	8,990,606	9,855,862	10,434,249
Little Compton	313,858	338,666	365,270	401,928	398,464
Middletown	9,407,808	9,288,241	9,109,276	8,905,309	8,723,282
Narragansett	1,488,608	1,663,260	1,805,079	1,993,920	2,154,808
Newport	10,701,213	10,661,062	10,656,332	10,623,202	10,597,219
New Shoreham	61,851	72,292	81,762	91,103	103,748
North Kingstown	10,674,839	10,758,204	10,796,604	10,725,467	10,693,934
North Providence	12,751,556	14,139,108	15,094,386	16,607,860	18,350,725
North Smithfield	4,630,725	5,133,980	5,400,054	5,587,845	5,824,568
Pawtucket	64,600,780	68,246,641	71,459,692	74,842,935	78,877,331
Portsmouth	5,762,149	5,380,832	5,128,661	4,882,427	4,797,771
Providence	185,804,948	197,968,379	206,273,348	215,122,639	223,060,894
Richmond	5,648,866	5,474,556	5,335,436	5,205,437	5,063,630
Scituate	3,155,942	3,514,829	3,720,471	3,960,437	3,974,844
Smithfield	4,966,920	4,982,755	4,985,793	5,115,212	5,348,196
South Kingstown	8,832,470	8,511,975	8,154,486	7,977,157	7,757,160
Tiverton	5,329,648	5,677,809	5,775,390	5,828,165	6,068,532
Warwick	33,796,578	34,449,461	35,164,250	36,064,777	36,764,894
Westerly	5,982,372	6,572,162	7,164,219	7,704,193	8,418,818
West Warwick	19,143,704	19,775,027	20,309,057	21,027,603	21,881,242
Woonsocket	45,012,523	46,744,955	48,170,444	50,690,278	53,233,700
Bristol-Warren	18,625,047	17,832,369	17,089,869	16,749,945	16,207,317
Exeter-West Greenwich	6,818,348	6,705,948	6,639,220	6,637,627	6,230,076
Chariho	642,082	898,449	1,127,409	1,316,445	1,322,688
Foster-Glocester	5,372,978	5,289,023	5,213,358	5,204,461	5,113,855
Central Falls	41,145,437	39,744,688	38,451,858	39,085,004	39,597,253
<i>District Subtotal</i>	\$ 647,456,186	\$ 678,741,261	\$ 701,797,397	\$ 730,479,794	\$ 758,830,818
Charter Schools	43,204,584	46,734,741	55,057,928	59,055,781	67,474,258
State Schools	26,326,495	25,029,795	24,173,800	23,299,251	22,300,780
Total	\$ 716,987,265	\$ 750,505,797	\$ 781,029,125	\$ 812,834,826	\$ 848,605,856

Revenues Changes

The Governor recommends \$0.2 million less and \$221.0 million more general revenues than estimated at the November 2016 Revenue Estimating Conference for FY 2017 and FY 2018, respectively. The Revenue Estimating Conference increased the enacted FY 2017 estimates by \$44.8 million for a total of \$3,719.1 million and included \$3,611.6 million for FY 2018. The table below shows the Governor's recommended changes, followed by explanations of them.

Recommended General Revenues Changes	FY 2017	FY 2018
Taxes		
Cigarette Tax	\$ -	\$ 8,717,457
Remote Sellers Reporting	-	34,715,462
New Revenue Agents and Data Analysts	-	2,000,000
Job Training Tax Credit	-	(2,000,000)
Manufacturing Investment Tax Credit	-	(3,250,000)
Medicaid Spending Proposals	-	(1,611,227)
Total Taxes	\$ -	\$ 38,571,692
Departmental Revenues		
License Plate Issuance Delay	\$ (935,975)	\$ (1,123,170)
Reinstitute Hospital Licensing Fee at 5.652 Percent	-	168,958,671
Apprenticeship Fee Elimination	-	(45,000)
New Employer Penalties: Failure to Maintain Payroll Records	-	300,000
New Employer Penalties: Wage and Hour Violations	-	150,000
Increased Employer Penalties: Electrical Trades Violation	-	100,000
Increased Employer Penalties: Employee Misclassification	-	100,000
Eisenhower House Transfer to Restricted Receipts	-	(153,500)
Total Departmental Revenues	\$ (935,975)	\$ 168,287,001
Other Revenue		
Attorney General Excess Receipts Transfer	\$ 401,323	\$ -
Medical Marijuana Excess Receipts Transfer	264,370	670,641
Refunding Bond Excess Funds transfer	67,400	-
Public Utilities Commission Rent Increase	-	160,380
Narragansett Bay Commission Transfer	-	2,500,000
Resource Recovery Corporation Transfer	-	6,000,000
Rhode Island Turnpike and Bridge Authority Transfer	-	2,600,000
Infrastructure Bank Transfer	-	1,000,000
Rhode Island Health and Educational Building Corporation Transfer	-	1,200,000
Total Other Revenues	\$ 733,093	\$ 14,131,021
Total General Revenues Changes	\$ (202,882)	\$ 220,989,714

Taxes. The Governor's budget includes \$38.6 million more in tax revenues for FY 2018. Of this amount, \$36.2 million is from enhanced compliance and collections measures for multiple taxes, primarily sales. The Budget also assumes a total of \$8.7 million of additional revenue from a 50-cent increase in the cigarette tax.

- **Cigarette Tax.** The Governor's budget assumes new revenues of \$8.7 million associated with proposed legislation to increase the cigarette excise tax by \$0.50 per pack, to \$4.25 per 20-pack, effective August 1, 2017. The Office of Revenue Analysis estimates a final retail price per pack of \$10.07, \$0.22 cents less than in Massachusetts, which has higher minimum markup provisions. The Budget assumes tobacco tax collections of \$7.5 million, including \$6.5 million from the excise tax increase and \$1.0 million from the

floor tax applied to inventory held as of August 1, 2017, and an associated \$1.0 million in sales tax collections.

- **Remote Sellers.** The Governor's budget recommends legislation to establish notification requirements for remote sellers doing at least \$100,000 or over 200 transactions with Rhode Islanders to collect sales taxes owed or be responsible for multiple notifications to customers before and after sales are made regarding their obligation to pay taxes on the purchases. The Budget assumes \$34.7 million of revenues from either collections at the point of sale or through taxpayers' use tax filings spurred by reporting from the retailers. Notably, Amazon, the nation's largest e-commerce retailer, has agreed to begin collecting sales taxes due on its transactions with Rhode Islanders beginning February 1, 2017.
- **New Revenue Agents and Data Analysts.** The Governor's budget assumes a total of \$2.0 million in additional personal income, business, and sales tax revenues from the filling of two revenue agent positions and two data analyst positions in the Division of Taxation. Accounting for the \$0.4 million cost for the positions, the net budget impact is \$1.6 million.
- **Job Training Tax Credit.** The Governor's budget reduces revenues by \$2.0 million from a proposal to establish a refundable tax credit for manufacturers and businesses in targeted industries for training qualifying employees. The credit is the lesser of \$200,000 or the employer's tax liabilities for the year. This expands access to job training tax credits to more businesses than current law allows. The Budget treats this as a revenue reduction, but it appears the intent is to appropriate general revenues to a fund similar to other recent tax credits.
- **Manufacturing Investment Tax Credit.** The Governor's budget reduces revenues by \$3.3 million from a proposal to establish a refundable tax credit for qualifying business capital investments. The credit is the lesser of \$200,000 or the employer's tax liabilities for the year. This expands access to investment tax credits to more businesses than current law allows. The Budget treats this as a revenue reduction, but it appears the intent is to appropriate general revenues to a fund similar to other recent tax credits.
- **Medicaid Spending Proposals.** The Governor's budget contains a series of proposals to reduce Medicaid expenditures delivered through managed care plans and nursing facilities. Those entities are taxed on gross revenues therefore a reduction in tax revenues would also occur. The Budget assumes that these proposals will reduce revenue from managed care organizations through the 2.0 percent provider tax by \$1.0 million. The estimated loss from the 5.5 percent provider tax on nursing facilities is \$0.6 million.

Departmental Revenues. The Governor recommends additional revenues of \$168.3 million from departmental receipts for FY 2018. Of this amount, \$169.0 million results from the extension of the hospital licensing fee.

- **License Plate Reissuance.** The Budget assumes a revenue loss of \$0.9 million in FY 2017 and \$1.1 million in FY 2018 from the one year delay of the mandatory reissuance of license plates, from April 1, 2017 to April 1, 2018. The reissuance has been delayed four times previously, from September 1, 2011 to September 1, 2013, then to September 1, 2015, then to July 1, 2016 and last year to April 2017. 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 enacted budget includes \$3.2 million to begin producing the new plate sets in FY 2017. The Governor recommends shifting most of the funds to FY 2018.
- **Reinstitute Hospital Licensing Fee at 5.652 Percent.** The licensing fee appears annually in the Appropriations Act and is not included in consensus revenue estimates, because the Revenue Estimating Conference can only estimate revenues under current law. The Governor recommends Article 14 to extend

the licensing fee for FY 2018 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, because the Revenue Estimating Conference can only estimate revenues under current law.

- ***Apprenticeship Fee Elimination.*** The Governor's budget assumes a loss of approximately \$45,000 in general revenues associated with the proposal to eliminate apprenticeship fees. Exemptions to the proposal include sponsors in the licensed trades that hold a contractor and or master license and apprentices involved in career and technical educational programs as approved by the United States Department of Labor and Training.
- ***New Employer Penalties: Failure to Maintain Payroll Records.*** The Governor's budget assumes new revenues of \$0.3 million associated with increasing penalties for employers that violate payroll record laws. The penalty for late filing would increase from \$10 to \$25 and the maximum penalty would increase from \$100 to \$200 for any one report. Currently, an employer must keep an accurate daily and weekly record of hours worked for all employees. No one, including employees paid on a salary basis, is exempt from the law. These records, along with payroll records, must be kept for at least three years.
- ***New Employer Penalties: Wage and Hour Violations.*** The Governor's budget assumes new revenues of \$150,000 for establishing penalties for employers that violate wage and hour laws. The Governor's proposal establishes penalties from 15 percent to 25 percent of the back wages ordered to be paid for the first violation within a three year period and 25 percent to 50 percent of the back wages ordered to be paid for subsequent violations during the same period.
- ***Increased Employer Penalties: Electrical Trades Violation.*** The Governor's budget assumes new revenues of \$100,000 in general revenues associated with increasing penalties for practicing the electrician's trade without a license. The Governor's proposal would increase the penalties from \$500 to \$1,500 for the first violation and from \$950 to \$2,000 for subsequent violations.
- ***Increased Employer Penalties: Employee Misclassification.*** The Governor's budget assumes new revenues of \$0.1 million in general revenues associated with increasing penalties to employers for the misclassification of employees. The Governor's proposal would increase the minimum penalty from \$500 to \$1,500 for each employee misclassified by the employer. Employee misclassification is the practice of labeling workers as independent contractors, rather than employees. The practice allows employers to avoid paying unemployment and other taxes on workers, and from covering them on workers compensation and unemployment insurance.
- ***Eisenhower House Transfer to Restricted Receipts.*** The Governor's budget recommends transferring all proceeds totaling \$153,500 from rental fees for the use of the Eisenhower House and its surrounding grounds to the Department of Environmental Management's Eisenhower House restricted receipt account. The Budget includes legislation to establish this account to be used for maintenance of the Eisenhower House and surrounding grounds.

Other Revenues

- ***Attorney General Excess Receipts Transfer.*** The Governor's budget includes transferring \$0.4 million to general revenues in FY 2017 from the amount in excess of the annual \$65,000 limit allowed to be retained by the Office of the Attorney General from legal settlements. A review of the past several years' collections showed a lack of adherence to the statute on the proper disposition of these funds.

- ***Medical Marijuana Excess Receipts Transfer.*** The Governor proposes legislation to annually transfer to state general revenues any remaining medical marijuana receipts collected by the Department of Business Regulation and the Department of Health in excess of that year's expenses. The Budget assumes transfers of \$0.3 million and \$0.7 million in FY 2017 and FY 2018, respectively. The calculation of this item fails to account for the existing 10.0 percent indirect cost recovery on these receipts, thereby overstating revenues available for transfer by \$0.2 million in each year.
- ***Refunding Bond Excess Funds Transfer.*** The Governor's budget includes the transfer of \$67,400 in FY 2017 of excess funds set aside for costs associated with prior debt issuances that are now considered surplus.
- ***Public Utilities Commission Rent Increase.*** The Governor's budget includes an increase in the rent charged to the Public Utilities Commission beginning in FY 2018. The Commission is primarily funded from restricted receipts generated from billing the regulated utilities. The Governor's budget includes an additional \$160,380 in revenues for total rent of \$333,420.
- ***Narragansett Bay Commission Transfer.*** The Governor's budget includes the transfer of \$2.5 million from the Narragansett Bay Commission to general revenues by June 30, 2018.
- ***Resource Recovery Corporation Transfer.*** The Governor's budget includes the transfer of \$6.0 million from the Resource Recovery Corporation to general revenues by June 30, 2018.
- ***Rhode Island Turnpike and Bridge Authority Transfer.*** The Governor's budget includes the transfer of \$2.6 million from the Rhode Island Turnpike and Bridge Authority to general revenues by June 30, 2018.
- ***Infrastructure Bank Transfer.*** The Governor's budget includes the transfer of \$1.0 million from the Infrastructure Bank to general revenues by June 30, 2018.
- ***RI Health and Educational Building Corporation Transfer.*** The Governor's budget includes the transfer of \$1.2 million from the Rhode Island Health and Educational Building Corporation to general revenues by June 30, 2018.

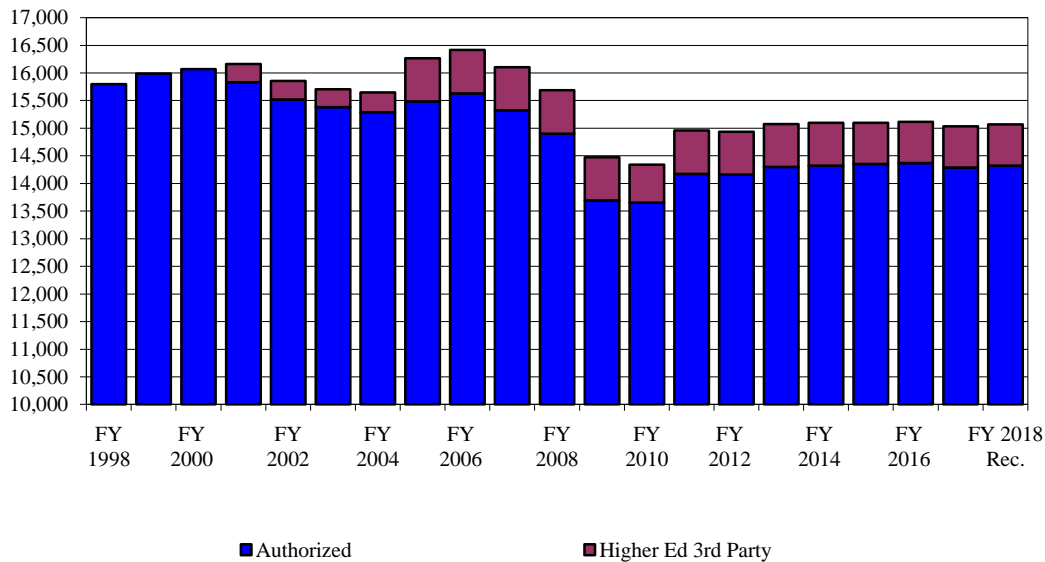
State Government Personnel and Staffing

Summary

The Governor recommends \$1,979.1 million for personnel expenditures and 15,067.4 full-time equivalent positions, including 745.8 higher education positions dedicated for research or supported by other third-party funds. The recommendation is \$6.4 million less and 114.8 more positions than the FY 2017 enacted budget. The expenditures include both salaries and benefits, as well as contracted services.

Salary and benefit costs are \$37.8 million more than enacted and are offset by a reduction of \$44.2 million for contracted services, largely for the Unified Health Infrastructure Project.

Full-Time Equivalent Positions



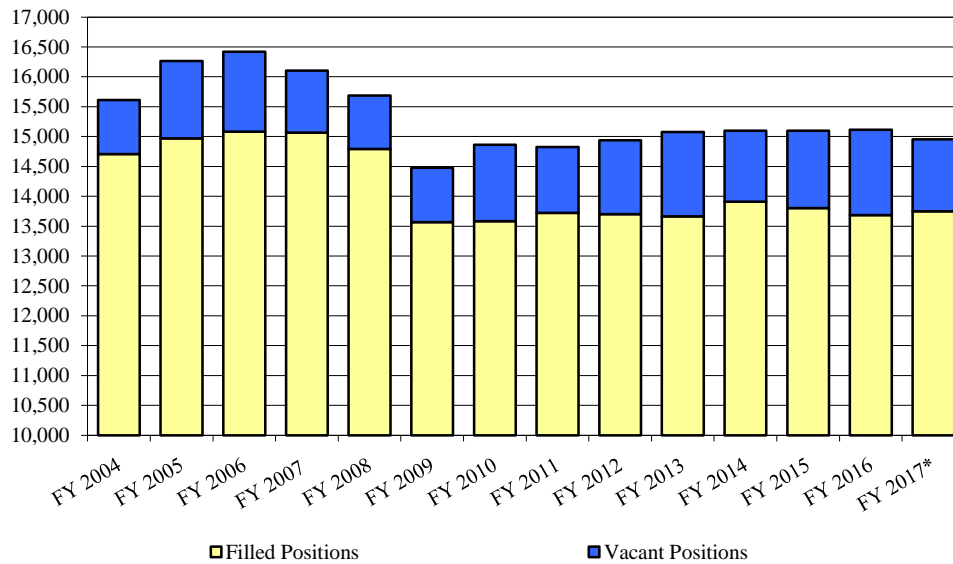
The General Assembly sets personnel limits for each agency and department defined as the maximum allowable number of full-time equivalent positions filled during any pay period. These limits are referred to as authorized levels. The authorized levels do not include temporary or seasonal employees or 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 both filled and authorized 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 resulting from a major surge of retirements in 2008 and severe constraints put on refilling the vacancies. Other significant issues during that period are noted below.

- Total filled positions peaked at 15,099.0 in FY 2003. Filled positions dropped by 393.0 to 14,706.0 in FY 2004 during which there was a hiring freeze.
- The increase in authorized positions during FY 2005 is the result of an additional 461.2 higher education positions that are dedicated for research or supported by other third-party funds. 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 reduce vacant general revenue funded positions, eliminating 419.4 vacant positions.

Full-Time Equivalent Positions



*As of January 7, 2017

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

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

The Governor's FY 2017 revised recommendation includes 82.3 positions more than enacted. For FY 2018, she recommends staffing of 15,067.4 positions, 114.8 positions more than enacted. 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.

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 \$1,722.2 million for salaries and benefits and \$256.9 million for contracted services. These expenditures represent a decrease of \$6.4 million or 0.3 percent,

from the FY 2017 enacted budget. Contracted services decrease by \$44.2 million, or 17.2 percent and salaries and benefits increase by \$37.8 million, or 2.2 percent. While there is no wage increase budgeted statewide, included in these figures is the result of a multi-year contract settlement with the Rhode Island Brotherhood of Correctional Officers. General revenue expenses for salaries and benefits increase by 2.7 percent and contracted services decrease by 5.5 percent to primarily reflect expenditures for the Unified Health Infrastructure Project.

FY 2018 Governor	General		Restricted		Total
	Revenues	Federal Funds	Receipts	Other Funds	
Salaries and Wages	\$ 591,453,941	\$ 177,475,379	\$ 42,273,405	\$ 314,388,530	\$ 1,125,591,255
Benefits	324,975,193	108,788,514	26,326,744	136,489,853	596,580,304
Total Salaries and Benefits	\$ 916,429,134	\$ 286,263,893	\$ 68,600,149	\$ 450,878,383	\$ 1,722,171,559
Contracted Services	57,622,784	133,254,601	43,354,349	22,700,857	256,932,591
Total Personnel	\$ 974,051,918	\$ 419,518,494	\$ 111,954,498	\$ 473,579,240	\$ 1,979,104,150

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; the Governor's FY 2018 recommended budget proposes adding 10.0 more positions.

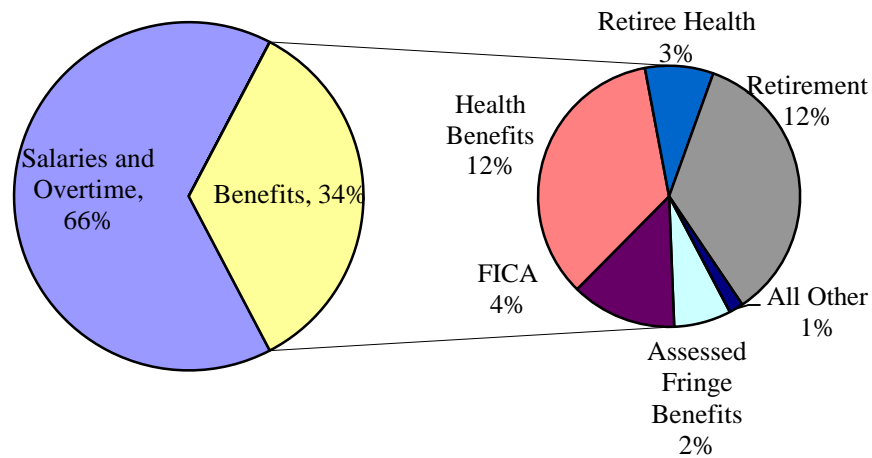
Employee status refers to an employee's protection during reorganizations or layoffs. When an employee is first hired, he or she may have temporary or probationary status, which provides the least protection. All employees that were hired prior to August 7, 1996, will have statutory status when reaching 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 August 2016, there were 3,159 employees with statutory status, including 148 employees who were eligible through the veteran provision.

Governor Chafee recommended \$300,000 as part of his FY 2012 budget 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. Funding recommended through FY 2018 totals \$1.5 million for the continuation of a classification and compensation study. The vendor is currently working on the compensation component of the study.

Salaries and benefits make up 87.0 percent of total personnel costs. The following charts represent the total cost of salaries and benefits. The larger pie chart divides salaries and wages, including overtime, and benefits. The smaller pie chart breaks out the percentage of each benefit type. Each of the items included in the graphic is described in further detail in the paragraphs that follow.

FY 2018 Recommended Salaries and Benefits



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

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

*As of July 1, 2011 or contract expiration

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. Most state employee contracts will expire on June 30, 2017. The FY 2018 recommended budget includes no wage increases but does include \$0.2 million in the Department of Administration’s budget for labor contract negotiation costs.

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 FY 2017 revised and the FY 2018 recommended budget includes \$1.0 million in both years for costs associated with settling a contract arbitration that was reached in December 2016 between the state and the Rhode Island State Troopers Association. The settlement provides salary increases retroactive to May 2016. It includes an increase of 1.25 percent, effective July 1, 2017.

The Rhode Island Brotherhood of Correctional Officer’s Union settled its contract in October 2016 through binding arbitration. This awarded the civilians a compounded increase of 6.1 percent, consistent with other state unions. The uniform staff will receive a compounded increase of 11.1 percent, with retroactive payments for 2012 and 2013 awarded only to retired staff. The yearly percentage increases are 2.0 percent annually from July 1, 2012 through June 30, 2015, 2.0 percent on July 1, 2015, and 2.25 percent on July 1, 2017.

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

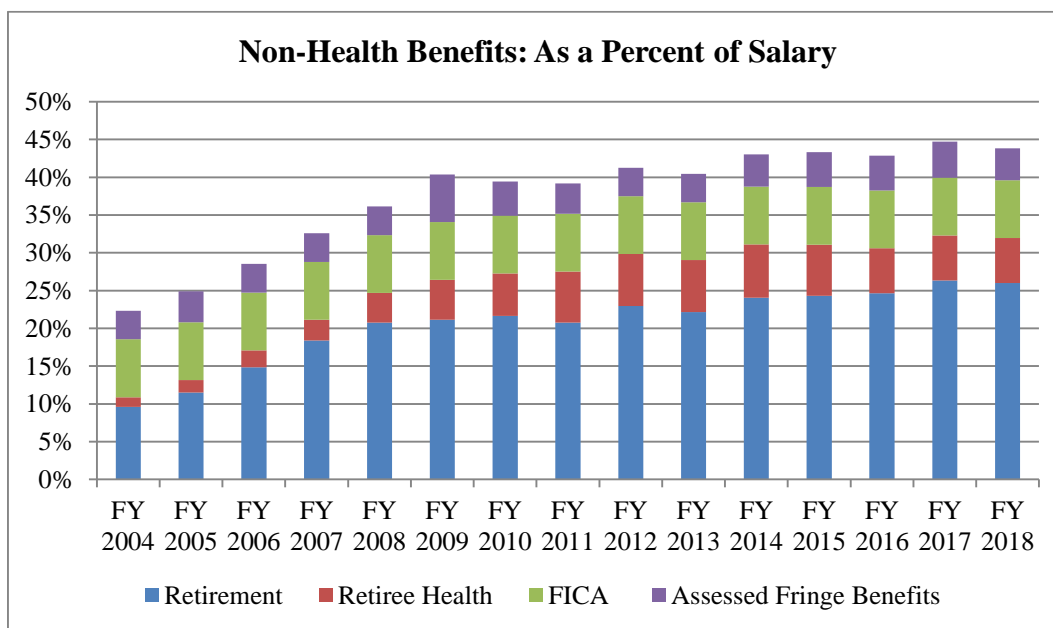
Cost-of-Living Adjustments		
Fiscal Year	Increase	Notable Adjustments
2005	1.5%	
2006	2.5%	
2007	4.0%	
2008	3.0%	6 furlough days
2009	-	
2010	2.5%	8 furlough days
2011	3.0%	6 month delay, 4 furlough days
2012	3.0%	
2013	-	
2014	2.0%	April 6, 2014
2015	2.0%	October 5, 2014
2016	2.0%	October 4, 2015

Excludes Troopers, RIBCO and some other smaller unions

Overtime. Overtime accounts for 3.4 percent of total salary and benefit expenses. The majority of overtime expenses occur in the Department of Corrections for correctional officers, followed by the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals, Public Safety and Higher Education.

Overtime - FY 2018 Recommended	
Corrections	38.2%
BHDDH	13.5%
Public Safety	9.1%
Higher Education	9.1%
Human Services	8.8%
Transportation	8.1%
Children, Youth and Families	6.5%
All Others	7.0%
Total	100%

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 2018. 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 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; the fund ended FY 2016 with a surplus of \$3.1 million.

The FY 2017 enacted budget was based on an assessment of 4.75 percent for most employees; however, based on the fund's projected balance, the Budget Office assumes a FY 2017 revised rate of 4.49 percent and 4.20 percent for FY 2018. The current rate for certain public safety personnel is 2.18 percent because these employees receive injured on duty benefits. The rate for higher education faculty is 3.69 percent because they do not receive severance payments.

Health Benefits. All full-time state employees and certain part-time employees are eligible for health benefits, including medical, dental and vision through UnitedHealthcare 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 2017 for both individual and family plans.

2017 Calendar Plan Year	Below \$49,670		\$49,670 - \$95,481		Over \$95,481	
	Individual	Family	Individual	Family	Individual	Family
Total Cost of Benefits	\$ 8,582	\$ 23,980	\$ 8,582	\$ 23,980	\$ 8,582	\$ 23,980
% of Premium: State	80.0%	85.0%	80.0%	80.0%	75.0%	75.0%
Annual Cost to State per Employee	\$ 6,866	\$ 20,383	\$ 6,866	\$ 19,184	\$ 6,437	\$ 17,985
% of Premium: Employee	20.0%	15.0%	20.0%	20.0%	25.0%	25.0%
Annual Cost to Employee	\$ 1,716	\$ 3,597	\$ 1,716	\$ 4,796	\$ 2,146	\$ 5,995

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 2017 Enacted	FY 2017 Gov. Rev.	Change to Enacted	FY 2018 Gov. Rec.	Change to Enacted
Medical	\$ 17,058	\$ 17,970	\$ 912	\$ 18,770	\$ 1,712
Dental	907	915	8	929	22
Vision	130	126	(4)	126	(4)
Total	\$ 18,095	\$ 19,011	\$ 916	\$ 19,825	\$ 1,730

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 previous table, the FY 2017 enacted budget assumes a planning value of \$18,095 and agencies used a planning value of \$20,121 based on instruction provided by the Budget Office in July 2016. The FY 2018 recommended budget includes medical benefit savings of \$2.6 million from updating the medical benefit rates. Though the rates are higher than the enacted budget, the recommendation is lower than what agencies had assumed in their requests.

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, Section 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 budgeted health benefit rates.

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 2018 is displayed in the following table.

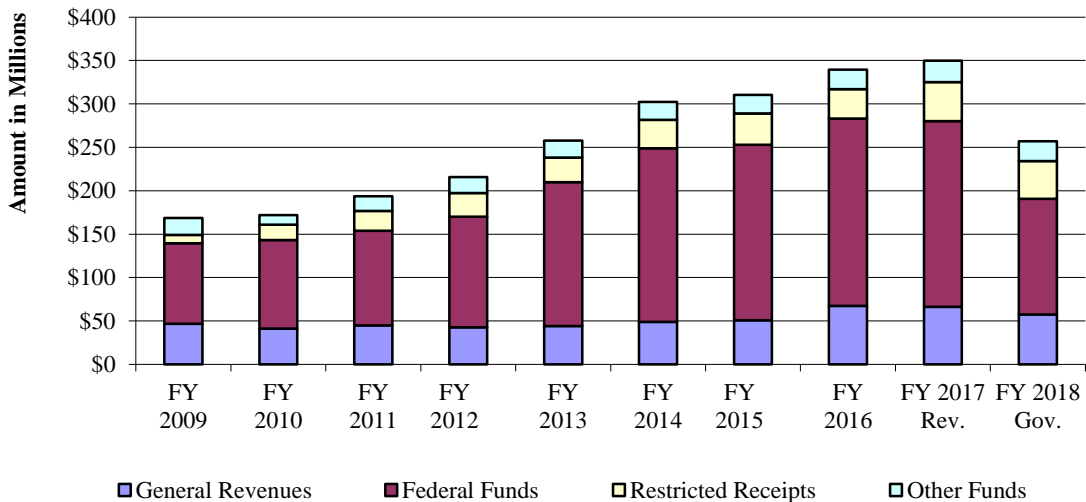
Cost of a Position - FY 2018 Recommended				
	Expense	% of Salary	Expense	% of Salary
Salary	\$ 50,000		\$ 100,000	
FICA	3,825	7.65%	7,650	7.65%
Assessed Fringe	2,100	4.20%	4,200	4.20%
Retiree Health	2,985	5.97%	5,970	5.97%
Retirement*	13,000	26.00%	26,000	26.00%
Subtotal	\$ 21,910	43.82%	\$ 43,820	43.82%
Health Benefits	19,825	Family Plan	19,825	Family Plan
Total Co-share	(3,965)		(4,956)	
Subtotal Benefits	\$ 37,770	75.5%	\$ 58,689	58.7%
Total Cost	\$ 87,770		\$ 158,689	

Rate includes 1.0 percent for defined contribution plan and 0.13 percent to reflect current law requirement to reinvest 20.0 percent of any rate reduction into Retirement System.

Contracted Services. Contracted services make up the remaining 13.0 percent of personnel costs. The recommended budget includes \$256.9 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, 51.9 percent of the expenses are supported by federal grants and 22.4 percent are funded from general revenues. The Executive Office of Health and Human Services and the Department of Transportation account for more than a third of these expenses from all sources.

Contracted Services, FY 2009 to FY 2018



The chart above shows the costs of contracted services from FY 2009 through FY 2018. 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. The FY 2018 recommended

budget is \$82.5 million less than FY 2016 actual expenditures and is \$44.2 million less than enacted primarily reflecting removal of federal funds for the implementation of the Unified Health Infrastructure project.

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

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

Governor Chafee included legislation in Article 17 of his recommended FY 2015 budget that increased the threshold from \$100,000 to \$150,000 and required that the reporting be annually submitted to the Budget Office electronically. The legislation requires that the Budget Office electronically post all contracts and reports online using the state's transparency portal or an equivalent website no later than December 1 of each year. The Assembly concurred and included the legislation in Section 4 of Article 9 of 2014-H 7133, Substitute A, as amended. 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.

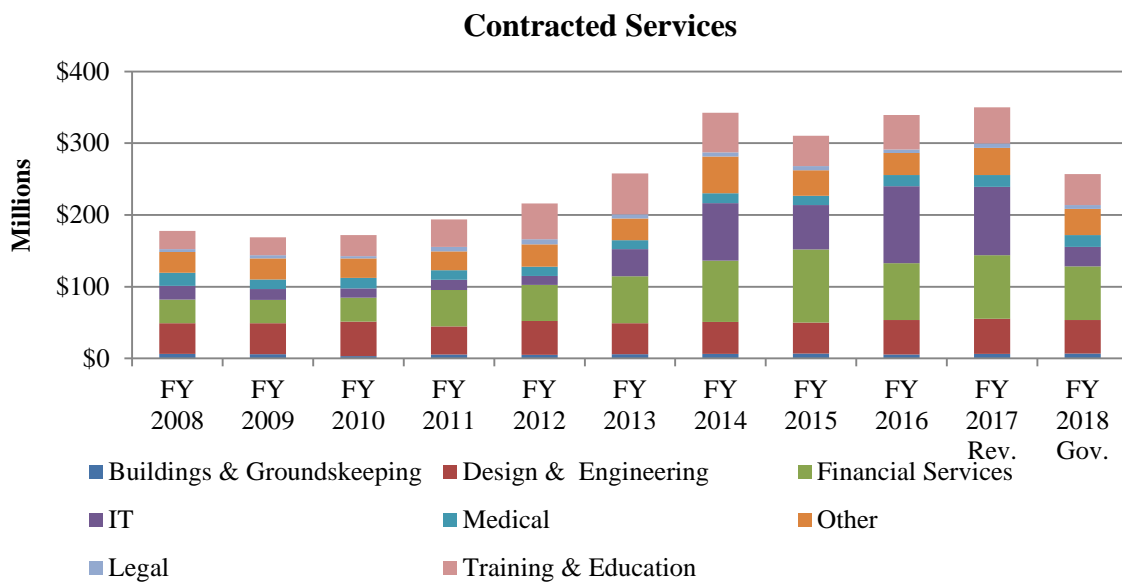
RIGL 42-149-1. This statute adopted in Public Law 2007, Chapter 525 requires all state departments to submit quarterly reports of all non-state employee expenditures for legal services, financial services, temporary work and other non-state employee personnel costs. The report must contain: efforts made 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 in each year has been collected from FY 2013 through FY 2016.

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

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



The table above shows the types of services provided by outside contractors from FY 2008 to FY 2018. 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 2018 Proposed Personnel Initiatives

The Governor recommends Articles 5 and 6 as part of her budget to make changes to several personnel statutes. Her two previous budgets had included legislation pertaining to the compensation for directors.

- **Classification Issues.** The Governor proposed legislation that adds several positions to the unclassified service, including a legislative liaison, policy directors, chiefs of staff, a Medicaid director, and a commissioner in the Department of Public Safety.
- **Employee Protection.** Current law provides protective status for a union or non-union employee who receives a promotion; however, gets dismissed during the probationary period to return to his/her former position. The Governor proposes legislation to restrict that by making the return of the employee at the discretion of the appointing authority of the position from which the individual was promoted to and it would be limited to positions not covered by a collective bargaining agreement, effective July 1, 2017.
- **Classification Study.** The Governor recommends a total of \$0.9 million from general revenues, including \$0.6 million in FY 2017 and \$0.3 million in FY 2018 for the 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 has submitted its recommendation for classification of job descriptions, which the Department of Administration is in the process of reviewing. The vendor is currently working on the compensation component of the study.
- **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 determined by the Governor. 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. This is the third time she has requested this repeal.

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.

- **Workers' Compensation Outsourcing.** Rhode Island General Laws, Section 28-31 contains the provisions for the workers' compensation program for state as well as municipal employees. Workers' Compensation is a program that requires employers to carry insurance coverage protecting their employees from loss of earnings and/or medical expenses for any work-related injury or illness. Rhode Island is self-insured and administers its own claims. The Governor proposes to privatize the administration of the Workers' Compensation program. The program is currently administered by 14.0 full-time equivalent positions. The Budget assumes undistributed savings of \$1.3 million from general revenues in the Department of Administration's budget.
- **Eleanor Slater Hospital – Privatize Laboratory Services.** The Governor recommends savings of \$1.1 million, including \$0.6 million from general revenues, from privatizing laboratory services located at the Cranston campus of the Eleanor Slater Hospital system in FY 2018. The laboratory services were provided to both the Department of Corrections and patients who reside at the state hospital.

Recent Compensation and Benefit Revisions

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

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

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

- **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 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 five percent after 10 years and ten percent after 20 years, pursuant to three different sections of the General Laws. Out-year estimates had projected \$4.0 million in annual costs from this provision.

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

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 2017 Revised and FY 2018 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.

FY 2018 Changes to Enacted FTE	Gen. Gov't.	Human Services	Education	Public Safety	Natural Res.	Transp.	Total
<i>FY 2017 Enacted</i>	2,342.7	3,619.6	4,655.7	3,205.6	428.0	701.0	14,952.6
New Positions	76.7	7.0	10.0	30.0	3.0	74.0	200.7
Consolidation Initiatives	6.0	(2.0)	-	(4.0)	-	-	-
Transfers	2.0	(2.0)	(1.0)	-	1.0	-	-
Program Reduction	(8.5)	(61.0)	-	-	-	-	(69.5)
Undeidentified Program Changes*	(16.0)	-	-	(0.4)	-	-	(16.4)
<i>Total Change to Enacted</i>	60.2	(58.0)	9.0	25.6	4.0	74.0	114.8
FY 2018 Recommended	2,402.9	3,561.6	4,664.7	3,231.2	432.0	775.0	15,067.4

*DOA Unidentified

The following is a brief summary of the distribution of positions by function. A description of the position changes from the FY 2017 enacted budget follows. Most of the positions in state government are in the education and human services functions, which together account for 54.6 percent of all positions.

The Budget includes 2,402.9 full-time equivalent positions for general government agencies, 15.9 percent of the distributed positions. This is 60.2 positions more than the authorized level to primarily reflect new positions in the Department of Labor and Training, as well as the Department of Revenue.

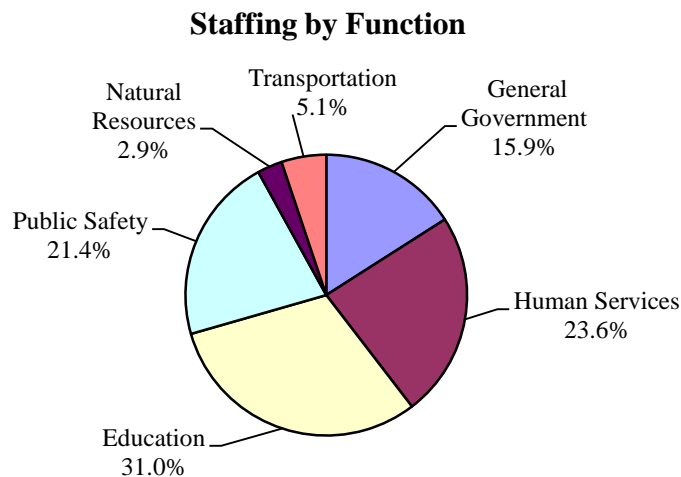
The Budget provides 3,561.6 full-time equivalent positions for human services, or 23.6 percent of all distributed positions. This is 58.0 positions less than enacted, primarily reflecting the elimination of positions in the Department of Human Services.

The Budget includes 4,655.7 full-time equivalent positions for education, 31.0 percent of all distributed positions. This is 9.0 positions more than the FY 2017 enacted budget.

There are 3,231.2 full-time equivalent positions for public safety agencies, 21.4 percent of all distributed positions. This is 25.6 positions more than the FY 2017 authorized level, to primarily reflect new positions in the Department of Public Safety.

The Budget provides 432.0 full-time equivalent positions for natural resources agencies, 4.0 more than the FY 2017 authorized level.

The Budget provides 775.0 full-time equivalent positions for transportation, 74.0 more than enacted.



Program Changes to FY 2017 Enacted Staffing Levels

The chart above shows the Governor’s staffing recommendation by function; however, the practice of cost allocation may skew the distribution of positions. Cost allocation refers to the practice of charging an agency for a portion of the costs for a position that is working in a different agency. There are also cases in which the entire cost of a position is being charged to one agency while the authorization for that position is in another agency.

Administration. The Governor recommends the authorized staffing level of 708.7 full-time equivalent positions for FY 2017; however, it reflects filling 18.0 new positions and the transfer of the cybersecurity director position to the Department of Public Safety. The increase is offset by the elimination of unidentified positions. The majority of the new positions are in the Division of Human Resources, Capital

Asset Management and Maintenance, and the Office of Management and Budget. It appears that the majority of the new positions have already been filled.

She recommends staffing of 713.7 positions for FY 2018, 5.0 more positions than the revised budget reflecting the transfer of positions from the Department of Public Safety for consolidated initiatives. This includes 4.0 positions to the Human Resources Division and 1.0 position to the Division of Enterprise Technology Strategy and Services, formerly the Division of Information Technology.

Business Regulation. The Governor recommends staffing of 106.0 positions for the Department of Business Regulation for FY 2017 revised and FY 2018, 9.0 more than authorized. This includes 3.0 new bank examiners, 5.0 new positions for the Insurance Division and 1.0 new senior management and methods analyst position in Central Management. The Governor also transfers 2.0 positions from the Department of Health to the Office of the Health Insurance Commissioner and eliminates 2.0 vacant associate director positions.

Executive Office of Commerce. The Governor recommends staffing of 17.0 positions for FY 2018, one more than the enacted and revised budgets, reflecting a new principal planner position in Housing and Community Development.

Labor and Training. The Governor recommends 26.7 new positions in the revised budget for FY 2017 staffing of 436.2 full-time equivalent positions. This includes 1.5 positions for Central Management, 6.0 positions for the Workforce Development Service program, 2.5 positions for the Workplace Regulation and Safety program, 14.2 positions for the Income Support program and 1.0 position for information and public relations. She recommends staffing of 433.7 positions for FY 2018, or 2.5 fewer than the revised budget, attributed to retirement as well as the elimination of a position.

Revenue. The Governor recommends 539.5 positions for FY 2018, 16.0 more than authorized. This includes 8.0 positions in the Division of Motor Vehicles to reduce wait time and 8.0 positions in the Division of Taxation, including 4.0 positions for the new integrated tax computer system, two revenue agents, and two data analysts related to increased revenues in the Governor's budget.

Office of the General Treasurer. The Governor recommends staffing of 87.0 for FY 2017 and FY 2018, which is 1.0 less than enacted and consistent with the Treasurer's request based on current projections of staffing needs.

Public Utilities Commission. The Governor recommends 54.0 positions for FY 2017 and 57.0 for FY 2018 which is 3.0 and 6.0 more than enacted, respectively. For FY 2017, the Governor adds 2.0 administrative assistants and 1.0 chief of program development. For FY 2018, the Governor also adds 1.0 deputy chief of legal services, 1.0 fiscal management officer, and 1.0 regulatory research specialist.

Executive Office of Health and Human Services. The Governor recommends 178.0 positions for FY 2017 and 269.0 positions for FY 2018. She eliminates one administrative position in both FY 2017 and FY 2018 and adds 91.0 positions for the consolidation of the remaining finance administration, billing and rate setting, and data entry positions from the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals, Human Service, Health and Children, Youth and Families to the Executive Office. The funding remains with the individual agencies.

Children, Youth and Families. The Governor recommends 628.5 positions for FY 2017 and 616.5 positions for FY 2018, which is 1.0 and 13.0 fewer than enacted, respectively. This reflects the transfer of a position to the Office of the Governor in FY 2017 and FY 2018, and 12.0 finance staff to the Executive Office of Health and Human Services in FY 2018.

Health. The Governor recommends the enacted authorization of 503.6 full-time equivalent positions for FY 2017. For FY 2018, she recommends 499.6 positions, 4.0 fewer than authorized. This reflects the transfer of 9.0 positions for consolidated initiatives, including 2.0 positions to the Department of Business Regulation and 7.0 positions to the Executive Office of Health and Human Services. She adds 6.0 new positions, 3.0 positions for the lead poisoning prevention activities, one health program administrator, a nursing care evaluator and a public health promotion specialist. She also recommends the elimination a position as a result of a program consolidation.

Human Services. The Governor transfers 39.0 positions to the Executive Office for the consolidation of financial staff, and eliminates another 60.0 positions resulting from the implementation for the Unified Health Infrastructure Project, for a staffing authorization of 838.1 positions in FY 2018.

Behavioral Healthcare, Developmental Disabilities and Hospitals. The Governor transfers 33.0 positions to the Executive Office of Health and Human Services budget for the consolidation and includes staffing authorization for 1,319.4 positions in FY 2018.

Office of the Child Advocate. The Governor recommends a new case management coordinator for total staffing of 7.0 positions in both the FY 2017 revised and FY 2018 budgets.

Public Higher Education. The Governor recommends the authorized level of staffing for FY 2017. For FY 2018, she recommends staffing of 4,306.8 full-time equivalent positions, 10.0 positions more than enacted for the Office of Postsecondary Commissioner to reflect administrative and managerial staffing for the new Rhode Island Nursing Education Center. Her recommendation does not include an associated decrease of authorized positions at either the University or the College, from which these positions would be transferred.

Rhode Island Historical Preservation and Heritage Commission. The Governor recommends revised staffing of 15.6 positions in both the FY 2017 revised and the FY 2018 budgets, 1.0 less than authorized to reflect the transfer of management of the Eisenhower House to the Department of Environmental Management.

Corrections. The Governor includes 1,426.0 positions for FY 2018, 3.0 more than enacted. This includes 2.0 new clinical social workers and 1.0 new administrative assistant to increase capacity to address inmate mental health issues.

Judiciary. The Governor recommends 723.5 positions for both FY 2017 and FY 2018, 0.2 more than enacted. This adjustment appears to have been made in error.

Public Defender. The Governor recommends 92.0 positions for FY 2017, 1.0 less than enacted; however, she subsequently requested an amendment clarifying the recommendation should be for the enacted level of 93.0 positions. For FY 2018, the Governor recommends 94.0 positions, 1.0 more than enacted for an additional attorney, an assistant public defender position.

Emergency Management. The Governor recommends the merger of the Emergency Management Agency into the Department of Public Safety.

Public Safety. The Governor recommends FY 2017 staffing of 616.6 positions, 6.4 positions more than authorized. This reflects the restoration of 5.0 State Police vacancies reduced from the FY 2017 enacted budget, the addition of a civilian commissioner, the transfer of the cybersecurity director position from the Department of Administration and the elimination of a 0.6 administrative assistant position. For FY 2018, she recommends staffing of 660.6 positions, 44.0 more than the revised recommendation, including the transfer of 29.0 positions from the Emergency Management Agency and 3.0 new positions for staffing of

32.0 positions. The recommendation transfers 5.0 positions to the Department of Administration for human resources and information technology consolidation initiatives. It also includes 5.0 Capitol Police screeners and 2.0 officers, 3.0 positions in Central Management, 2.0 positions to support the commissioner, one in the State Fire Marshal, 4.0 in State Police, including two cyber security positions and two civilian support positions.

Environmental Management. The Governor recommends 400.0 positions for FY 2017, or 1.0 more than enacted to reflect the transfer of a position for management of the Eisenhower House. She recommends 403.0 positions for FY 2018, or 3.0 positions more than the revised budget, including 2.0 environmental scientists and 1.0 position for management of the new parks merchandising program.

Transportation. The Governor recommends staffing of 741.0 positions for FY 2017, 40.0 positions more than enacted reflecting the restoration of vacancies eliminated in the FY 2017 enacted budget. To the revised budget, she adds 34.0 positions for FY 2018 staffing of 775.0 full-time equivalent positions.

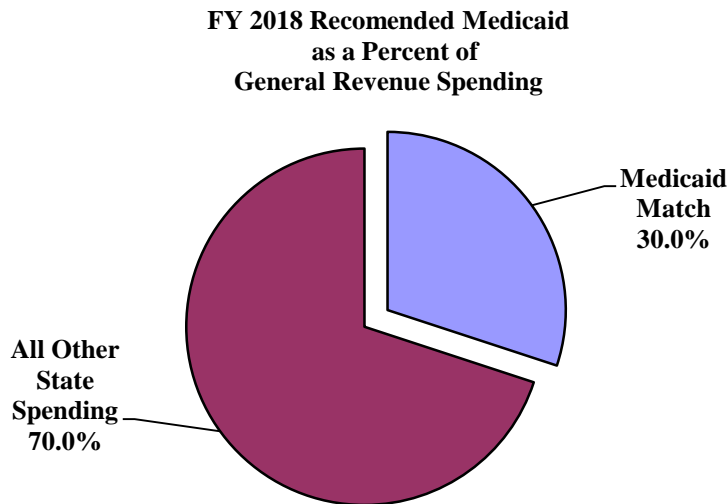
Medicaid

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 2018 as Recommended	General Revenues	All Funds	% of Medicaid
EOHHS	\$ 931,180,792	\$ 2,428,913,024	85.0%
BHDDH	172,182,456	351,854,979	12.3%
Children, Youth and Families	18,920,877	39,004,782	1.4%
Human Services	16,590,903	37,152,612	1.3%
Health	582,345	1,510,704	0.1%
Total	\$ 1,139,457,373	\$ 2,858,436,101	100%

Medicaid as a Percent of the State Budget. Programs supported by Medicaid are 30.9 percent of total spending in the FY 2018 recommended budget and 30.0 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 Executive Office from Reinventing Medicaid. A majority of the savings, \$71.0 million from all sources, is from a reduction to rates paid to hospitals, nursing facilities and the managed care plans. There are over 40 initiatives and the table aggregates some of the program efficiencies, such as residency verification and coordinated coverage for those with Medicare or other third party coverage. The status noted represents the testimony provided at the November Caseload estimating conference.

Proposal	FY 2017 Enacted		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)	Delayed
Adult Day Services	(410,000)	(826,946)	On Target
Coordinated Care Management for SPMI	(2,563,601)	(6,000,000)	On Target
Medicaid Eligible Adults to Expansion	(1,500,000)	-	On Target
Electronic Visit Verification	(256,250)	(512,500)	On Target
Evaluate Structural Barriers to HCBS	(51,250)	(103,368)	Delayed
Enhanced Residency	(307,500)	(618,962)	Delayed
Automate Patient Share	(1,000,000)	(2,012,882)	Delayed
Personal Choice Program Admin	(198,720)	(400,000)	Delayed
Enhanced Medicare Identification	(512,500)	(1,031,602)	Delayed
Coordinate Coverage with VA for veterans	(450,000)	(905,797)	Delayed
Predictive Modeling	(1,018,440)	(2,505,000)	On Target
Other Program Efficiencies	(7,349,938)	(14,819,401)	On Target
Total	\$ (52,011,825)	\$ (116,026,268)	
<i>*As of November 2016 Caseload Estimating Conference</i>			

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

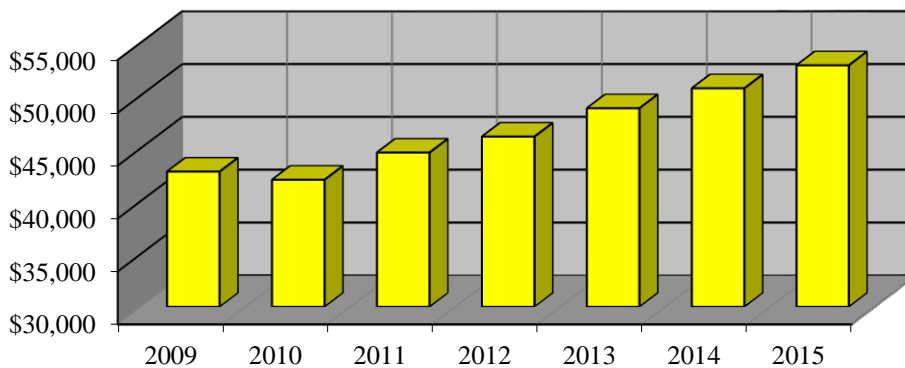
of medical services delivered under the Medicaid program that the federal government will contribute. States with a higher per capita income level are reimbursed a smaller share of their costs. By law, the Medicaid rate cannot be lower than 50 percent or higher than 83 percent. It is important to note 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 2018 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 2018 projected rate is based on one quarter of the federal fiscal year 2017 rate and three quarters of the federal fiscal year 2018 rate resulting in a slightly different rate. The Medicaid rates are shown in the following table.

Medicaid Rates	FFY	SFY
FY 2018	51.45%	51.34%
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%

The following chart shows the state’s per capita income for the previous seven calendar years. The FY 2018 rate is based on 2013 through 2015 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.

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 have 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 were 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, or FY 2020, 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, or FY 2018, with the rate incrementally decreasing to 90 percent in January 2020 requiring a 10 percent state match. The FY 2017 enacted budget included \$390.9 million from all

sources, \$381.1 million from federal funds and \$9.8 million from the state match and the November 2016 Caseload Conference estimate and the Governor’s revised recommendation increases that to \$450.0 million with a state match of \$11.3 million. The Governor’s FY 2018 recommendation and the program’s out-year estimates, including the state match, are shown in the following table.

Medicaid Expansion		
FY	General Revenues	All Funds
2018	\$ 27.5	\$ 499.5
2019	\$ 33.2	\$ 511.4
2020	\$ 39.4	\$ 463.3
2021	\$ 48.5	\$ 485.1
2022	\$ 55.4	\$ 554.1

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 \$6.7 million budgeted for FY 2018. 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 the plan excludes coverage for abortion services.

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

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

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 so the state could comply with federal testing requirements for the new system.

In May 2016, the Department received a memo from United States Department of Agriculture's Food and Nutrition Service indicating its decision not to allow implementation as planned and required that a full three-month pilot in a live environment follow by a phased statewide implementation. The Department offered an alternative pilot proposal, which was accepted. On September 2, 2016, the state received notification from the Food and Nutrition Services that it was unable to agree with the state's decision to proceed with the September 13 start date.

As of January 1, 2017, the Unified Health Infrastructure Project continues to function with multiple operational problems and the state has received notification from the Food and Nutrition Service of its concern with system function. The state has submitted a corrective action plan addressing issues identified by the federal authority and is still in communication to finalize an accepted corrective action plan.

Expenses for the Unified Health Infrastructure Project appear in the Executive Office of Health and Human Services' budget and the Departments of Human Services and Administration. The Governor's FY 2017 revised recommendation includes \$87.1 million from all sources, including \$11.3 million from general revenues, \$73.7 million from federal funds and \$2.1 million from the Information Technology Investment Fund.

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

The 2016 Assembly included Section 9 of Article 7 of 2016-H 7545 Substitute A, as amended to seek federal authority to fund the Rhode Island Health System Transformation Program, for a new cost not otherwise matchable programs, also called CNOMs, and the Designated State Health Programs to seek Medicaid match through a health workforce development partnership with the University of Rhode Island, Rhode Island College and the Community College of Rhode Island. The amended request retains the language to use hospital resources if federal approval is denied.

On May 16, 2016, the Executive Office held the final public hearing and sought federal approval; however, that decision was not made before the Assembly adjourned in late June. The Assembly did include \$18.8 million from federal funds in the Medical Assistance program in the event that the program was approved.

The fall caseload estimating conference, which met on November 7, 2016, did not provide a funding estimate since the program is not considered an entitlement.

The state received approval on October 20, 2016 for a five-year grant that totals \$129.7 million for the Health System Transformation Project. Through this demonstration, approved by the Centers for Medicare and Medicaid Services, the state, along with accompanying changes to its managed care contracts, will develop shared savings agreements between the managed care health plans and the certified affordable entities. The shared savings incentive programs are: the Hospital and Nursing Home Incentive Program and the Accountable Entity Incentive Arrangement. Supporting documentation indicates that the Hospital and Nursing Home Incentive Program will operate for nine months and it is the intent to prepare hospitals and nursing homes for participation in affordable entities in order to manage long term services and supports through a rebalancing strategy that includes the introduction of an affordable entity payment.

It also should be noted that the Governor's revised budget includes \$0.2 million from all sources, \$0.1 million from general revenues, for the University of Massachusetts Medical School to provide technical assistance to establish a partnership between Rhode Island's three public institutions for higher education, University of Rhode Island, Rhode Island College, and the Community College of Rhode Island, and the Executive Office of Health and Human Services' Medicaid Health System Transformation Program.

Rhode Island Consumer Choice Global Compact Waiver. The Rhode Island Consumer Choice Global Compact Waiver, or Medicaid Global Waiver, was approved by the Centers for Medicare and Medicaid Services on January 16, 2009. The Global Waiver establishes a new federal-state agreement that provides Rhode Island with the flexibility to provide services in the least restrictive, most cost effective way to meet the needs of its citizens. 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 a full or 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				
	All Enrollees		Full Benefit Enrollees	
Population	US	RI	US	RI
Children	\$ 2,679	\$ 4,256	\$ 2,696	\$ 4,254
Adults	4,044	7,677	4,696	7,726
Blind/Disabled	17,848	20,625	19,660	21,321
Aged	15,346	18,357	19,563	21,304
Average	\$ 6,833	\$ 10,689	\$ 7,482	\$ 10,978
<i>Source: MACStats: Medicaid and CHIP Data Book December 2015; Medicaid Benefit Spending for FY 2012; in millions</i>				

The Medicaid and CHIP Payment and Access Commission (MACPAC) has published the December 2016 data with information for FY 2013 spending; however, the information excludes Rhode Island as it is footnoted in the report that “states were excluded due to data reliability concerns regarding the completeness of monthly claims and enrollment data.” Other states excluded are Idaho and Louisiana.

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 2017 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	\$ 12,060	\$ 16,040	\$ 16,643	\$ 18,090	\$ 21,105	\$ 21,708	\$ 22,311	\$ 24,120	\$ 30,150
2	16,240	21,599	22,411	24,360	28,420	29,232	30,044	32,480	40,600
3	20,420	27,159	28,180	30,630	35,735	36,756	37,777	40,840	51,050
4	24,600	32,718	33,948	36,900	43,050	44,280	45,510	49,200	61,500
5	28,780	38,277	39,716	43,170	50,365	51,804	53,243	57,560	71,950
6	32,960	43,837	45,485	49,440	57,680	59,328	60,976	65,920	82,400
7	37,140	49,396	51,253	55,710	64,995	66,852	68,709	74,280	92,850
8	41,320	54,956	57,022	61,980	72,310	74,376	76,442	82,640	103,300

For families with more than 8 members, add \$4,180 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 2015 as shown in the following table.

Populations	Persons	% of Population	Costs*	% of Cost	Annual Cost/Person
Children/Parents	149,449	55.2%	\$ 524.0	22.6%	\$ 3,504
Expansion	58,488	21.6%	392.0	16.9%	\$ 7,056
Elderly	18,944	7.0%	523.0	22.6%	\$ 27,612
Disabled - Children	12,169	4.5%	171.0	7.4%	\$ 14,052
Disabled - Adults	31,797	11.7%	709.0	30.6%	\$ 22,308
Total	270,847	100%	\$2,319.0	100.0%	

**In millions*

The report typically included a breakdown of cost by mandatory and optional populations and mandatory and optional services. However, this was not included in either the 2015 report for FY 2014 spending or the 2016 report for FY 2015 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.

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

**In millions*

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

Acute Care Benefits	
Mandatory	Optional
Physician services	Prescriptions
Lab & X-ray	Rehabilitation & other therapies
In/outpatient hospital services	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.

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

Medicaid Programs

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

Medical Benefits

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

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

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

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

Section 40.1-21-4.3 of the Rhode Island General Laws defines a developmentally disabled adult as someone who is 18 years of age or older, not under the jurisdiction of the Department of Children, Youth and Families, and who is either a 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 Analysis FY 2018*. The following table shows the services provided by population and the department that is responsible for the expenses.

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

Department of Justice Consent Decree

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

The Governor’s revised budget includes \$250.6 million from all sources, of which \$122.0 million is from general revenues and recommends \$256.7 million for FY 2018, including \$123.8 million from general revenues. She also requested an amendment to her FY 2017 recommendation that the Assembly concurred with that instructed the Department to use existing resources for an ombudsman. The \$170,000 assumed for the activity is not included in either the revised or recommended budgets.

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

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

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; and
- 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 the 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 2017 budget adopted by the 2016 General Assembly contains 38 state agencies and departments. The Governor's FY 2018 recommendation of 37 state agencies and departments includes several administrative transfers, conversions, and revisions to some of the changes enacted by the 2016 Assembly. These are noted below along with a history of prior proposals and enacted changes.

FY 2018

Public Safety Consolidation. The Governor proposes legislation to replace the director of the Department of Public Safety with a civilian commissioner, who will be appointed by the Governor with the advice and consent of the Senate. Under current law, the Department of Public Safety is administered by a director who also serves as superintendent of the State Police. She also proposes to merge the Emergency Management Agency and establish it as the seventh division within the Department of Public Safety. The director of the Emergency Management Agency will be appointed by the Governor; however, the Commissioner may prescribe other duties and responsibilities.

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

The Governor proposes legislation to amend the disposition of the real estate conveyance tax to transfer five cents of the current 30 cents that the Housing Resources Commission receives to the Department of Health for lead poisoning prevention activities. The Budget includes \$0.6 million from these resources for the Department of Health to fund 3.0 additional positions, including two lead inspectors and one data manager as well as operating costs.

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

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

Health and Human Services - Finance Staff. The Governor transfers 91.0 finance positions to the Executive Office of Health and Human Services from agencies under its umbrella in her FY 2018 recommendation; this is consistent with current law. The transfer includes: 39.0 positions from the Department of Human Services, 33.0 positions from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, 12.0 positions from the Department of Children, Youth and Families, and 7.0 positions from the Department of Health. Funding remains with the individual agencies.

Functions include finance administration, billing and data entry. This increases the current level of 17.0 finance positions in the Executive Office to 108.0 positions.

Eleanor Slater Hospital Reorganization. The Governor's FY 2018 recommendation assumes savings of \$8.9 million, \$5.2 million from general revenues from reorganizing the state hospital. This includes transferring youth currently at the 54-bed Youth Assessment Center to the Youth Detention Center and moving the current adult forensic population at the Pinel Building into the newly vacated space. It also includes privatizing laboratory services, closing one intermediate care facility, downsizing medical services and administrative staff and closing one of the two remaining intermediate care facilities. The plan also includes transferring medical patients to the Zambarano campus in Burrillville and converting recently vacated space into a step-down unit to increase capacity for psychiatric patients.

Eisenhower House. The Governor proposes to transfer the management of Eisenhower House, a historic state-owned property in Newport, from the Historical Preservation and Heritage Commission to the Department of Environmental Management. The Budget transfers 1.0 position as well as general revenues for staffing and operations to the Department, \$0.1 million for FY 2017 and \$0.2 million for FY 2018. The Governor also recommends converting rental fees to restricted receipt and includes \$0.1 million for the use of the Eisenhower House and its surrounding grounds to a new restricted receipt account within the Department for the operations and maintenance. The Budget still uses general revenues for operations as well.

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 recommended 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 included 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 was 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 Laws to transfer the Office of Regulatory Reform from the Economic Development Corporation to the Office of Management and Budget in the Department of Administration. Governor Chafee's revised budget reflects this transfer as well as the 2.0 positions that support the Office. The Office was created in 2010 to improve the state's business climate by making it easier for businesses to navigate through state and local permitting and regulatory issues. The Assembly adopted legislation in 2013-H 6063, Substitute B, requiring that the Office of Regulatory Reform 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 Budget reflects the creation of a new program in the Department of Administration: Construction Permitting, Approvals and Licensing, consisting of the State Building Code Commission, Contractors' Registration Board, and Fire Code Board of Appeal. Staffing and funding were transferred from Capital Projects and Property Management. The Department

indicates that the program change was necessary to avert the appearance of a conflict of interest between the Office of Capital Projects and the aforementioned offices.

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

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

FY 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 no major changes to funding levels or positions.

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

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

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

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

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

FY 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 promote the benefits of working in Rhode Island. Governor Raimondo's FY 2016 recommendation transferred the Office to the Executive Office of Commerce. The Office was transferred to the Department of Administration from the Council as part of the FY 2013 budget.

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

FY 2017

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

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

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

Office of Internal Audit. Governor Raimondo proposed legislation to repeal the Bureau of Audits and establish the Office of Internal Audit within the Office of Management and Budget. The Office will be managed by a chief of internal audit, who must be appointed by the director of the Department of

Administration. The Office is authorized to conduct audits of any state department, agency or private entity that is a recipient of state funding or state grants. The Office is also tasked with evaluating the efficiency of operations and internal controls, preventing and detecting fraud, waste, abuse or mismanagement of funds.

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

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

Office of Veterans' Affairs. Governor Raimondo included legislation to create the Office of Veterans' Affairs within the executive branch, reporting directly to the Governor. This 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.

Explanations of Budget Articles

2017-H 5175

Article 1

Section 1. Appropriations. This section of Article 1 contains the appropriations for FY 2018.

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. 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 2018.

Section 7. Employment Security Funds. This section appropriates all funds required for benefit payments to the unemployed from the Employment Security Fund for FY 2018.

Section 8. Lottery. This section appropriates to the Lottery Division any funds required for the payment of prizes and commissions.

Section 9. 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 2018. 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 15,067.4 full-time equivalent positions, 114.8 positions more than enacted.

Section 10. Multi-Year Appropriations. This section makes multi-year appropriations for a number of capital projects included in the FY 2019 through FY 2021 Capital Budget that are funded from Rhode Island Capital Plan funds. The FY 2018 and multi-year appropriations supersede appropriations made for capital projects in Section 11 of Article 1 of the FY 2017 Appropriations Act.

Section 11. 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 FY 2018. 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.

Explanations of Budget Articles

Section 12. Rhode Island Housing and Mortgage Finance Corporation. This section requires that the Rhode Island Housing and Mortgage Finance Corporation provide from its resources an appropriate amount to support the Neighborhood Opportunities Program. The Corporation is also required to provide to the director of the Department of Administration, the chair of the Housing Resources Commission and both chairs of the House and Senate Finance Committees a report detailing the amount of funding and information such as the number of housing units created.

Section 13. Resource Recovery Corporation Transfer. This section requires the transfer of \$6.0 million from the Resource Recovery Corporation to state general revenues by June 30, 2018.

Section 14. Infrastructure Bank Transfer. This section requires the transfer of \$1.0 million from the Infrastructure Bank to state general revenues by June 30, 2018.

Section 15. Narragansett Bay Commission Transfer. This section requires the transfer of \$2.5 million from the Narragansett Bay Commission to state general revenues by June 30, 2018.

Section 16. Health and Educational Building Corporation. This section of the article requires the transfer of \$1.2 million from the Rhode Island Health and Educational Building Corporation to state general revenues by June 30, 2018.

Section 17. Rhode Island Turnpike and Bridge Authority. This section requires the transfer of \$2.6 million from the Rhode Island Turnpike and Bridge Authority to general revenues by June 30, 2018.

Section 18. PUC Rent Charge. This section includes an increase in the rent rate charged to the Public Utilities Commission beginning in FY 2018 from \$173,040 to \$333,420. The Commission is primarily funded from restricted receipts generated from billing the regulated utilities. The Governor's budget includes the additional \$160,380 as revenues to the state.

Section 19. Effective Date. This section establishes July 1, 2017 as the effective date of the article.

Article 2. Economic Development and Tax Credits

This article would establish three new programs to be administered by the Commerce Corporation. The first two are refundable tax credits to manufacturers and businesses in targeted industries similar in purpose to credits in current law that are available only to corporations structured a certain way. The first is a credit for qualifying capital investments by businesses and the second is for job training expenses. Both credits would be allowed up to the lesser of \$200,000 or the employer's tax liabilities for the year. Both would be subject to prior application to the Commerce Corporation. The Governor's budget includes a \$3.3 million impact for the investment tax credit and \$2.0 million for the job training credit. The Budget treats both as a revenue reduction, but as drafted, the article envisions an appropriation to a fund similar to other recent tax credits. There is no sunset on either tax credit.

Article 2 also includes legislation to establish a fund to provide technical assistance to municipalities to evaluate and streamline municipal zoning, planning and permitting codes to foster economic development. The Governor's budget recommends \$250,000 from general revenues for this fund. Article 2 would also expand the eligible uses of innovation vouchers to include research and development for and by small business manufacturers and require the Commerce Corporation to reserve up to \$1.0 million of the funding made available for vouchers for this purpose.

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Article 3. Rhode Island Promise Scholarship

Article 3 establishes a new Rhode Island Promise scholarship program intended to provide two years of free tuition and mandatory fees at the University of Rhode Island, Rhode Island College, or the Community College of Rhode Island for qualifying Rhode Island students. The program is intended to be a “last dollar scholarship,” meaning that after a student exhausts all other sources of student aid the program would cover the remainder of their tuition bill. Room and board and other non-mandatory fees would not be covered by this program. The program would be implemented over a four-year period beginning in FY 2018.

The Governor’s budget includes \$10.0 million in FY 2018 for costs at the Community College of Rhode Island and implementation expenses for the University of Rhode Island and Rhode Island College. Supporting documents indicate future costs to be \$13.0 million in FY 2019, \$18.0 million in FY 2020 and \$30.0 million in FY 2021.

Article 4. Division of Motor Vehicles

Section 1. Technology Surcharge. This section would allow the Division of Motor Vehicles to extend the \$1.50 surcharge on its transactions from FY 2018 through FY 2022. The revenues are currently used for debt service for the Division’s new information technology system; the proposed legislation codifies the original use and extends the use to maintenance and enhancements.

Section 2. License Plate Issuance Delay. This section delays the mandatory reissuance of fully reflective license plates from April 1, 2017 to April 1, 2018. The reissuance has been delayed four times previously, from September 1, 2011 to September 1, 2013, again to September 1, 2015, again to July 1, 2016 and from that date to April 1, 2017. The Budget shifts related revenues and expenses to account for the delay.

Section 3. Highway Maintenance Account. This section would transfer 0.5 percent of the receipts from the Highway Maintenance Account to the Division of Motor Vehicles to cover costs of fee collection. This equates to \$0.4 million. The Budget assumes it would be used to fund \$0.5 million of salary and benefit costs.

Article 5. Government Reorganization

The article replaces the director of the Department of Public Safety who is currently the Rhode Island State Police Superintendent with a civilian commissioner, who will be appointed by the Governor with the advice and consent of the Senate. The Governor’s budget includes \$0.5 million including 2.0 new support staff for the commissioner. This would be effective July 1, 2017; however, the budget includes funding for a Commissioner in FY 2017 with the intent that separate legislation is introduced and passed before the budget is adopted. Article 5 also establishes the Emergency Management Agency as the seventh division within the Department. The director of the Emergency Management Agency will be appointed by the Governor; however, the Commissioner may prescribe other duties and responsibilities.

The article also transfers the oversight of the health care plan utilization review from the Department of Health to the Office of the Health Insurance Commissioner. The Budget reflects the transfer of funding and staffing of 2.0 full-time equivalent positions from the Department of Health to the Office of the Health Insurance Commissioner.

Explanations of Budget Articles

The article adds several positions in various departments to the unclassified service. The positions include a legislative liaison, policy directors, chiefs of staff, a Medicaid director, and a commissioner in the Department of Public Safety.

Article 6. Governmental Reform

The article repeals the requirement that the Department of Administration seek the General Assembly's approval in determining salaries for cabinet directors. Director's salaries would solely be determined by the Governor. The article also allows the director of the Department of Administration to approve the pay plan of unclassified employees through delegated authority. Currently, the director only has the authority to make recommendations to the Governor for the pay plan of unclassified employees.

Current law provides for a union or non-union employee who receives a promotion but gets dismissed during the probationary period to return to the former position. The article makes the return to the prior position at the discretion of that position's appointing authority. It would be limited to positions not covered by a collective bargaining agreement, effective July 1, 2017.

The article also permits the tax administrator to share information that he/she considers proper with the Office of Internal Audit for the purpose of detecting and preventing fraud. The information may be from tax reports, returns or audits.

Article 7. State Funds

Section 1. Medical Marijuana. This section of the article proposes to annually transfer to state general revenues any remaining balances from medical marijuana receipts collected by the Department of Business Regulation and the Department of Health. The Budget assumes transfers of \$0.3 million and \$0.7 million in FY 2017 and FY 2018, respectively.

Section 2. Indirect Cost Recovery. Section 2 exempts five accounts from the state's indirect cost recovery charge. This includes two existing accounts: Lead Poisoning Prevention and OPEB System Restricted Receipt Account. The new accounts include: State Park Merchandising and DMV Registry Technology, for which legislation is proposed in Article 4. It also exempts an account for Office of Energy Resources Reconciliation Funding for which there is no current or proposed statutory authority.

Section 3. Performance Improvement. Section 3 establishes the Government Performance Improvement Fund to provide incentives in support of innovative initiatives. Payments are to be made only if contractual performance targets are achieved as determined by an independent evaluator and approved by the Office of Management and Budget. The legislation limits the use of funding to paying for successful contracts.

Section 4. Parks and Recreation Merchandising. Section 4 establishes a new restricted receipt account within the Department of Environmental Management to collect proceeds from the sale of merchandising developed by the Department to promote Rhode Island's state parks, beaches, and campgrounds. Funding shall be used to replenish merchandise stock and for special park projects that enhance recreational facilities and/or expand interpretive, educational and recreational programming managed by the Department.

Sections 4 and 5. Eisenhower House. Sections 4 and 5 transfer the authority to collect Eisenhower House rental fees from the Historical Preservation and Heritage Commission to the Department of Environmental Management and establish a restricted receipt account for deposit of the fees to be limited to use on the facility. The Governor's budget transfers staff and funding between the two agencies as well.

Explanations of Budget Articles

Section 6. Taxation Contingency Contracts. Section 6 allows the Division of Taxation to use an undefined portion of contingency fee contract collections to be used to maintain its computer system, subject to the approval of the Director of the Office of Management and Budget.

Article 8. Tax and Revenues

Section 1. Elderly/Disabled Transportation - Gas Tax Disposition. Under current law, the Department of Revenue transfers 1.0 cent of the gas tax to the Department of Human Services for its elderly/disabled transportation program. Of the 1.0 cent, 79 percent is paid to the Rhode Island Public Transit Authority through an agreement with the Department of Human Services, which then retains the rest. Section 1 would have the Authority's portion transferred directly to it with the Department retaining its 21 percent share.

Sections 2 and 3. Cigarette Tax. These sections increase the cigarette tax from \$3.75 to \$4.25 per pack effective August 1, 2017 and includes an inventory tax on cigarettes on hand upon which the existing rate was paid for the tax stamps. Whenever rates change, a tax on the differential rate, often called an inventory or floor tax, on existing inventory that had been taxed at the old rate is levied. The 2015 Assembly last increased the cigarette tax from \$3.50 to \$3.75 per pack, effective August 1, 2015. The FY 2018 budget assumes \$8.7 million in sales and tobacco tax revenues from the proposal.

Sections 4 and 7. Taxation Enforcement. These sections would allow the Tax Administrator to impose penalties on violators of tax statutes including the revocation or suspension of licenses issued by the Division of Taxation, levy administrative penalties between \$100 and \$50,000, issue cease and desist orders, recover reasonable in-house legal fees, and add other legal protections to ensure recoveries including expanding notice requirements for sale and or transfer of assets in bankruptcies.

These sections also expand the scope of sales tax enforcement to include failure to remit taxes collected from a customer and increases the maximum fine from \$10,000 to \$25,000 and maximum imprisonment from one year to five years. The law prohibiting manipulation of sales transaction data would also be expanded to include more possible ways of doing so. The Budget does not assume any additional revenues from these measures.

Section 5. Corporate Tax Withholding. Section 5 corrects the Corporate Tax Withholding rate to 7.0 percent from 9.0 percent consistent with prior year changes. It also expands the requirement for notification of the Tax Administrator of the sale or transfer of assets outside of normal business operations to include foreign and domestic limited liability companies, limited partnerships, or any other business entity at least five days prior to the transaction by requesting a letter of good standing and requiring that all necessary tax returns be filed and requisite taxes paid upon notification of the Tax Administrator of the completed transaction.

Section 6. Sales Tax Exemption. Section 6 provides that certificates of the sales tax exemption will be valid for a period of four years, and stipulates that all tax exempt certificates issued prior to the act will expire four years from passage of the act.

Section 8. Other Tobacco Products. Section 8 includes language to clarify existing statutes on products subject to state taxation to aid enforcement efforts. The section also enhances the penalties for noncompliance in a number of ways. It expands the revocation of licensed activities to include purchasing of tobacco products and preventing licensure for sale to parties associated with a person whose license is suspended. Additionally, the penalties for sale of these products without a license would be increased to a misdemeanor subject to a fine of \$10,000 for each offense, and/or imprisonment of not more than one year

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or both, and the sale of items without a tax stamp to 10 times the retail value, and/or imprisonment of not more than one year or both. Fraudulent or missing report penalties would also be increased for first offenses.

Article 9. Remote Sellers Sales Tax Collection

Article 9 would require remote sellers and marketplace providers to collect and remit sales and use taxes or be responsible for multiple notifications to customers before and after sales are made regarding their obligation to pay taxes on the purchases. Legal precedent has dictated that only those sellers with a physical presence in Rhode Island can be compelled to do so. However a recent United States Supreme Court ruling on a similar notification law in Colorado appears to have opened the door to this option. The Governor's budget assumes \$34.7 million in revenues associated with this proposal which appears to assume collection of the taxes owed on all transactions for a full year.

For those entities that opt to do notifications, a full year of sales would be reflected in their notices to taxpayers who would be expected to remit the use tax when filing their income taxes. As drafted, those entities that elect to collect the tax rather than do notifications would not be obligated to do so until January 1, 2018 or six months of FY 2018. This lag does not appear to be reflected in the revenue estimate. The state currently receives revenue on remote sellers with no physical presence in the state through use tax payments as well as from remote sellers who have been collecting and remitting voluntarily. These collections, roughly \$3.8 million, are likely double counted in the budget estimate.

Article 10. Revised Budget

Article 10 contains the revised appropriations for FY 2017 including revisions to full-time equivalent positions.

Article 11. Motor Vehicle Excise Tax

Article 11 changes the current requirement to use clean retail values in vehicle valuation to be not more than 70.0 percent of the clean retail value beginning January 1, 2018. It would also freeze the municipal exemptions at the prior fiscal year level and limit the exemptions to the FY 2017 level. The state would reimburse municipalities for the revenue loss from this change beginning in FY 2019. The Governor's out-year projections assume a cost of \$58.0 million in FY 2019 growing to \$62.4 million in FY 2022. These projections are based on assessments as of December 31, 2013, which were used for municipalities' FY 2015 budgets and likely to change with use of more recent data.

Article 12. Medicaid Reform

Article 12 includes the resolution language for Assembly approval to make program changes included in the Governor's FY 2018 budget. The resolution eliminates the October 1, 2017 nursing home adjustment and further reduces rates based on acuity, reduces hospital rates by one percent from the FY 2017 level starting January 1, 2018. It also changes the rate reimbursements methodology for community health centers; the necessary statutory changes are included in Article 13.

Article 12 also identifies the budget proposals that do not require statutory change but do require notification to the Assembly. These are: collection of patient liability, payment reform for adult dental services, reduction of managed care plans administrative rates, changes to the Integrated Care Initiative and administrative changes to the long term care service and supports eligibility determination process. It

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includes waiver authority to seek Medicaid reimbursement for the Home Asthma Response Program and Centers of Excellence initiative to treat opioid addiction. It allows the Executive Office of Health and Human Services to seek federal opportunities that do not adversely impact beneficiaries or increase program expenses beyond the FY 2018 appropriation. The Governor's budget includes savings of \$62.6 million, \$28.5 million from general revenues from the proposals contained in this article.

Article 13. Medical Assistance and Uncompensated Care

Article 13 eliminates the October 1, 2017 adjustment for nursing facilities and changes the reimbursements made based on acuity. It freezes hospital rates at the FY 2017 level and, starting January 1, 2018, further reduces those rates by one percent. It includes a 50.0 percent reduction to the two upper payment limit reimbursements made to community hospitals, eliminates the payment for graduate medical education activities and changes the definition of a participating hospital for the purposes of uncompensated care.

The article changes the methodology used to reimburse community health centers and increases wages paid to home care workers. It also increases the \$7,500 assessment made against commercial insurers to \$12,500 for services to be deposited into the children's health account. The Governor's budget includes \$3.6 million in additional revenue to offset state expenses from the proposed increase.

Article 14. Licensing of Hospital Facilities

This article extends the hospital licensing fee in FY 2018 at a rate of 5.652 percent on net patient services revenue 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. The Governor's budget includes revenue from the two-tiered fee totaling \$169.0 million, including \$162.4 million from community hospital payments and \$6.6 million from state payments for Eleanor Slater Hospital. The article includes an updated base year against which the license fee will be assessed; however, the revenues assumed in the Governor's budget are based on 2015. This article appears annually in the Appropriations Act.

Article 15. Behavioral Healthcare, Developmental Disabilities and Hospitals Maintenance of Effort

Article 15 identifies 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 2016 Assembly approved similar language but it appears that clarification was required. Article 15 clarifies these two agencies' roles.

Article 16. Debt Management Act

The Public Corporation Debt Management Act requires that all new non-general obligation debt authorizations be approved by the Assembly, except in certain circumstances. Article 16 contains five authorizations totaling \$139.1 million. It includes \$88.8 million from revenue bonds for the University of Rhode Island's White Horn Brook Apartments. Annual debt service would be \$5.9 million assuming 30 years and 5.0 percent interest. The legislation indicates that approximately 95 percent of the debt service would be supported from dorm fees and the remaining 5 percent would be supported from tuition and general revenues.

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Article 16 also includes \$16.2 million for information technology projects at several state agencies, \$12.0 million for energy improvements in state facilities, \$10.5 million for confined aquatic dredged material disposal cells, and \$11.6 million for the third phase of energy performance improvements at the University of Rhode Island. Annual debt service for all these projects funded through Certificates of Participation would be \$6.3 million and primarily supported from general revenues.

Article 17. 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 authorizes the Council on Postsecondary Education to enter into a lease to provide additional parking for the new Rhode Island Nursing Education Center in Providence. The lease agreement would be for an initial term of five years with two optional two-year extensions. The Budget for the Nursing Education Center includes \$500,000 for this expense.

Article 18. Education

Article 18 makes permanent the categorical support for English language learners that are in the most intensive programs. The funding was to be for FY 2017 only and used on evidence-based programs proven to increase outcomes and would be monitored by the Department of Elementary and Secondary Education. The calculation is ten percent of the core instruction amount, adjusted for the state share ratio, for students based on criteria determined by the Commissioner. The Governor's budget includes \$2.5 million for FY 2018.

Article 19. Electric Vehicle Rebate Program

This article creates the electric vehicle rebate program to provide incentives for the purchase or lease of electric vehicles to promote the reduction of greenhouse gas emissions. The program would be administered by the Office of Energy Resources, which would determine the amount of the rebates by rules and regulations. The program would begin in FY 2018 and expire at the end of FY 2022. The Budget includes \$250,000 in FY 2018 and the legislation requires an annual appropriation each fiscal year thereafter. The legislation also requires the Office to annually publish a report on its website to include the total amount of payments made through the program.

Article 20. Minimum Wage

This article would increase the minimum wage from \$9.60 per hour to \$10.50 per hour, effective October 1, 2017. The 2015 Assembly increased the minimum wage from \$9.00 per hour to the current \$9.60, effective January 1, 2016. There were three annual increases between 2013 and 2016; prior to that date, it had not increased since 2007. The Budget includes \$0.1 million for the impact of the increase on seasonal employees of the Department of Environmental Management.

Article 21. Department of Labor and Training Fees and Fines

Article 21 makes changes to several Department of Labor and Training fees and fines. It eliminates the \$20 fee associated with registered apprenticeships. It also increases the electrical trade violations penalty from \$500 to \$1,500 for the first violation and \$950 to \$2,000 for any subsequent violations, and the employee misclassification penalty from \$500 to \$1,500. The article establishes a new penalty of 15

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percent to 25 percent of wages owed during the first offense for employer wage and hour violations. Finally, the article increases the penalties for employers' failure to submit timely wage reports and unemployment tax reports and payments from \$10 to \$25 with maximum of \$200.

The Department of Labor and Training will also be instituting a new penalty of \$250 per quarter for employer failure to maintain payroll records, which it has the authority to do through rules and regulations.

The Governor's FY 2018 budget includes an additional \$0.7 million in revenue associated with all of these changes. Of that total, \$0.6 million is general revenues with \$0.3 million directly related to the article.

Article 22. Lead Poisoning Prevention Programs

This article repeals the Lead Hazard Mitigation Act and amends the Lead Poisoning Prevention legislation to centralize lead poisoning prevention under the Department of Health. The legislation allows the Department to oversee interagency coordination activities and would be responsible for adopting rules and regulations to certify lead safe compliance for all residential units and permitting lead inspectors. It requires the Department to maintain a registry of lead safe certificates. There are a number of notable changes including adding a requirement that pre-1978 rental properties be inspected by a licensed lead inspector, ending the exemptions for owner-occupied houses and foster homes and eliminating the requirement for landlords to take a three hour lead awareness seminar.

The article also amends the Real Estate Conveyance Tax to split the 30 cents that the Housing Resources Commission currently receives for both lead and housing to allow 5 cents of that to be dedicated to the Department of Health. The funds would be deposited into a restricted receipt account for program expenses and the budget includes \$0.6 million from that for the Department to fund an additional 3.0 positions, including two lead inspectors and one data manager positions as well operating costs.

Article 23. Behavioral Healthcare, Development Disabilities and Hospitals Wages

Article 23 is a resolution for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to provide a one-time increase in the rate paid to direct support professionals and job coaches for services provided by licensed developmental disability organizations by October 1, 2017. The FY 2018 budget includes \$6.2 million, \$3.0 million from general revenues for the increase.

Article 24. Effective Date

Article 24 provides that the act shall take effect on July 1, 2017, except where a provision within an article specifies a retroactive or prospective effective date.

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Summary Tables

General Revenues

	FY 2016 Audited	FY 2017 Enacted	FY 2017 Gov. Rev.	FY 2018 Nov. Consensus	FY 2018 Governor
Personal Income Tax	\$ 1,217,429,575	\$ 1,249,175,346	\$ 1,267,600,000	\$ 1,316,200,000	\$ 1,316,950,000
General Business Taxes	-				
Business Corporations	134,908,997	164,471,657	167,500,000	172,300,000	167,550,000
Public Utilities Gross	103,062,420	101,000,000	104,100,000	105,500,000	105,500,000
Financial Institutions	21,095,888	20,300,000	21,000,000	22,100,000	22,100,000
Insurance Companies	130,344,054	126,064,809	139,500,000	135,400,000	134,419,046
Bank Deposits	2,555,974	2,400,000	2,500,000	2,500,000	2,500,000
Health Care Provider	43,236,332	45,100,000	42,400,000	43,500,000	42,869,727
Sales and Use Taxes					
Sales and Use	971,872,924	1,017,043,806	1,014,200,000	1,038,100,000	1,074,710,095
Motor Vehicle	39,691,836	13,100,000	13,100,000	-	-
Motor Fuel	(208,068)	-	-	-	-
Cigarettes	142,782,086	139,600,000	137,700,000	133,900,000	141,472,824
Alcohol	19,630,268	19,800,000	19,800,000	20,800,000	20,800,000
Other Taxes					
Inheritance and Gift	70,028,952	21,400,000	31,000,000	25,600,000	25,600,000
Racing and Athletics	1,059,487	1,100,000	1,100,000	1,100,000	1,100,000
Realty Transfer	10,430,664	11,100,000	11,600,000	12,500,000	12,500,000
Total Taxes	\$ 2,907,921,389	\$ 2,931,655,618	\$ 2,973,100,000	\$ 3,029,500,000	\$ 3,068,071,692
Departmental Receipts	367,641,395	361,522,050	363,864,025	206,700,000	374,987,001
Other Miscellaneous	4,102,234	7,065,000	7,922,093	847,000	14,978,021
Lottery	369,760,879	365,300,000	363,500,000	365,000,000	365,000,000
Unclaimed Property	14,166,740	9,200,000	11,000,000	9,600,000	9,600,000
Total General Revenues	\$ 3,663,592,637	\$ 3,674,742,668	\$ 3,719,386,118	\$ 3,611,647,000	\$ 3,832,636,714

Expenditures from All Funds

	FY 2017 Enacted	FY 2017 Revised	FY 2018 Request	FY 2018 Recommended
General Government				
Administration	\$ 391,952,283	\$ 400,715,432	\$ 420,911,900	\$ 391,158,286
Business Regulation	15,859,889	16,875,344	16,502,073	15,906,183
Executive Office of Commerce	79,415,044	79,503,826	126,637,163	76,792,843
Labor and Training	419,517,728	444,584,790	428,954,411	428,383,022
Revenue	485,517,596	491,757,112	502,976,886	501,141,263
Legislature	42,749,302	47,547,814	44,448,807	44,252,464
Lieutenant Governor	1,079,576	1,053,288	1,091,229	1,084,217
Secretary of State	10,937,570	10,534,006	15,737,517	9,350,797
General Treasurer	37,560,433	49,146,897	40,245,093	48,025,446
Board of Elections	1,982,707	2,068,676	1,643,304	1,548,735
Rhode Island Ethics Commission	1,653,383	1,631,610	1,672,836	1,665,873
Governor's Office	5,091,069	5,375,482	5,420,108	5,397,554
Human Rights	1,581,423	1,646,008	1,695,275	1,690,102
Public Utilities Commission	8,926,973	9,177,801	9,720,373	9,733,377
Subtotal - General Government	\$ 1,503,824,976	\$ 1,561,618,086	\$ 1,617,656,975	\$ 1,536,130,162
Human Services				
Health and Human Services	\$ 2,398,192,585	\$ 2,489,033,653	\$ 2,466,237,178	\$ 2,466,045,748
Children, Youth and Families	216,489,823	218,284,037	224,663,937	209,069,952
Health	162,884,652	169,940,915	171,560,883	171,168,076
Human Services	602,087,123	620,615,953	656,131,392	653,721,813
BHDDH	385,632,555	401,089,576	411,075,553	394,366,931
Child Advocate	795,582	780,155	823,509	814,329
Deaf and Hard of Hearing	587,746	590,650	630,752	627,910
Commission on Disabilities	685,423	778,020	790,457	842,190
Mental Health Advocate	542,009	549,273	553,345	549,563
Subtotal - Human Services	\$ 3,767,897,498	\$ 3,901,662,232	\$ 3,932,467,006	\$ 3,897,206,512
Education				
Elementary and Secondary	\$ 1,353,972,840	\$ 1,358,110,571	\$ 1,403,429,784	\$ 1,398,479,535
Higher Education	1,161,281,203	1,137,268,264	1,161,268,659	1,187,999,008
Arts Council	3,030,538	3,731,796	3,480,074	3,072,310
Atomic Energy	1,333,049	1,539,039	1,308,503	1,304,373
Historical Preservation	2,803,698	3,218,083	2,641,319	2,538,339
Subtotal - Education	\$ 2,522,421,328	\$ 2,503,867,753	\$ 2,572,128,339	\$ 2,593,393,565

Expenditures from All Funds

	FY 2017 Enacted	FY 2017 Revised	FY 2018 Request	FY 2018 Recommended
Public Safety				
Attorney General	\$ 35,142,783	\$ 46,080,121	\$ 46,793,491	\$ 44,129,197
Corrections	224,790,655	223,366,125	228,771,975	234,218,260
Judicial	117,067,369	120,252,202	128,434,301	121,038,254
Military Staff	23,177,316	20,996,945	37,604,392	38,177,942
Emergency Management*	23,994,138	22,158,553	20,179,165	-
Public Safety	119,972,144	142,334,521	141,169,989	142,343,112
Public Defender	11,897,202	11,866,028	12,254,040	12,438,055
Subtotal-Public Safety	\$ 556,041,607	\$ 587,054,495	\$ 615,207,353	\$ 592,344,820
Natural Resources				
Environmental Management	\$ 102,747,614	\$ 103,441,715	\$ 105,272,615	\$ 113,264,686
CRMC	7,322,525	8,440,396	19,275,516	5,232,623
Subtotal-Natural Resources	\$ 110,070,139	\$ 111,882,111	\$ 124,548,131	\$ 118,497,309
Transportation				
Transportation	\$ 478,457,845	\$ 534,458,464	\$ 511,123,539	\$ 510,490,328
Subtotal-Transportation	\$ 478,457,845	\$ 534,458,464	\$ 511,123,539	\$ 510,490,328
Total	\$ 8,938,713,393	\$ 9,200,543,141	\$ 9,373,131,343	\$ 9,248,062,696

*The Governor's budget transfers the Emergency Management Agency into the Department of Public Safety

Expenditures from General Revenues

	FY 2017 Enacted	FY 2017 Revised	FY 2018 Request	FY 2018 Recommended
General Government				
Administration	\$ 237,083,518	\$ 229,671,472	\$ 275,433,837	\$ 248,080,830
Business Regulation	10,583,452	10,621,228	12,464,003	11,115,093
Executive Office of Commerce	55,574,117	55,735,212	102,664,387	51,842,819
Labor and Training	8,212,636	8,139,796	9,068,355	8,751,313
Revenue	113,893,951	110,882,648	115,250,950	119,391,677
Legislature	41,052,730	45,936,290	42,718,850	42,522,507
Lieutenant Governor	1,079,576	1,053,288	1,091,229	1,084,217
Secretary of State	10,281,051	9,920,874	9,087,317	8,911,319
General Treasurer	2,736,231	2,733,044	2,708,339	2,698,692
Board of Elections	1,982,707	2,068,676	1,643,304	1,548,735
Rhode Island Ethics Commission	1,653,383	1,631,610	1,672,836	1,665,873
Governor's Office	5,091,069	5,375,482	5,420,108	5,397,554
Human Rights	1,258,128	1,247,603	1,354,241	1,258,074
Public Utilities Commission	-	-	-	-
Subtotal - General Government	\$ 490,482,549	\$ 485,017,223	\$ 580,577,756	\$ 504,268,703
Human Services				
Health and Human Services	\$ 936,987,012	\$ 945,360,040	\$ 978,825,348	\$ 938,634,987
Children, Youth and Families	151,773,764	156,296,331	161,794,752	149,855,862
Health	25,931,822	25,999,235	27,701,328	26,325,249
Human Services	97,636,314	93,147,617	96,999,037	95,725,491
BHDDH	173,184,239	181,721,907	186,270,608	179,645,532
Child Advocate	650,582	635,541	678,888	669,708
Deaf and Hard of Hearing	477,746	460,650	520,752	498,710
Commission on Disabilities	412,547	420,596	433,512	454,938
Mental Health Advocate	542,009	549,273	553,345	549,563
Subtotal - Human Services	\$ 1,387,596,035	\$ 1,404,591,190	\$ 1,453,777,570	\$ 1,392,360,040
Education				
Elementary and Secondary	\$ 1,112,847,293	\$ 1,112,937,359	\$ 1,166,742,359	\$ 1,158,617,116
Higher Education	196,357,528	198,610,423	207,965,622	225,782,593
Arts Council	1,951,884	1,939,368	2,358,820	1,945,056
Atomic Energy	981,100	979,682	986,287	982,157
Historical Preservation	1,202,559	1,162,001	1,273,205	1,168,706
Subtotal - Education	\$ 1,313,340,364	\$ 1,315,628,833	\$ 1,379,326,293	\$ 1,388,495,628

Expenditures from General Revenues

	FY 2017 Enacted	FY 2017 Revised	FY 2018 Request	FY 2018 Recommended
Public Safety				
Attorney General	\$ 25,595,982	\$ 26,146,783	\$ 28,709,045	\$ 26,194,751
Corrections	211,700,506	213,349,798	214,158,779	216,818,823
Judicial	96,606,091	97,067,590	101,934,524	98,014,477
Military Staff	2,659,719	2,626,341	2,696,948	2,634,057
Emergency Management*	1,848,876	1,847,848	2,458,023	-
Public Safety	99,442,148	101,565,164	111,988,832	105,028,142
Public Defender	11,784,382	11,768,208	12,156,220	12,340,235
Subtotal-Public Safety	\$ 449,637,704	\$ 454,371,732	\$ 474,102,371	\$ 461,030,485
Natural Resources				
Environmental Management	\$ 40,206,777	\$ 38,295,450	\$ 41,622,826	\$ 43,995,800
CRMC	2,452,438	2,500,547	2,947,161	2,558,332
Subtotal-Natural Resources	\$ 42,659,215	\$ 40,795,997	\$ 44,569,987	\$ 46,554,132
Transportation				
Transportation	\$ -	\$ -	\$ -	\$ -
Subtotal-Transportation	\$ -	\$ -	\$ -	\$ -
Total	\$ 3,683,715,867	\$ 3,700,404,975	\$ 3,932,353,977	\$ 3,792,708,988

**The Governor's budget transfers the Emergency Management Agency into the Department of Public Safety*

Expenditures from Federal Grants

	FY 2017 Enacted	FY 2017 Revised	FY 2018 Request	FY 2018 Recommended
General Government				
Administration	\$ 14,896,706	\$ 21,447,637	\$ 13,306,644	\$ 13,215,878
Business Regulation	1,100,710	2,011,396	356,461	892,213
Executive Office of Commerce	17,790,927	18,266,931	17,922,776	17,890,642
Labor and Training	38,451,580	49,186,947	35,713,950	35,459,683
Revenue	2,145,367	4,375,213	1,567,500	1,567,500
Legislature	-	-	-	-
Lieutenant Governor	-	-	-	-
Secretary of State	-	22,859	-	-
General Treasurer	952,881	905,808	890,337	890,337
Board of Elections	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	-	-	-	-
Human Rights	323,295	398,405	341,034	432,028
Public Utilities Commission	104,669	128,000	129,225	129,225
Subtotal - General Government	\$ 75,766,135	\$ 96,743,196	\$ 70,227,927	\$ 70,477,506
Human Services				
Health and Human Services	\$ 1,447,676,171	\$ 1,527,858,521	\$ 1,469,854,561	\$ 1,506,283,492
Children, Youth and Families	60,409,483	57,877,731	58,795,788	55,015,159
Health	100,365,021	103,507,285	104,701,708	105,373,312
Human Services	497,644,896	519,019,535	551,568,641	550,132,608
BHDDH	193,038,756	198,847,973	205,922,054	200,747,244
Child Advocate	145,000	144,614	144,621	144,621
Deaf and Hard of Hearing	-	-	-	-
Commission on Disabilities	228,750	298,064	305,000	343,542
Mental Health Advocate	-	-	-	-
Subtotal - Human Services	\$ 2,299,508,077	\$ 2,407,553,723	\$ 2,391,292,373	\$ 2,418,039,978
Education				
Elementary and Secondary	\$ 206,229,553	\$ 207,575,449	\$ 203,500,000	\$ 203,500,000
Higher Education	14,308,847	16,738,854	13,933,669	13,933,669
Arts Council	775,454	786,728	781,454	781,454
Atomic Energy	32,422	228,863	-	-
Historical Preservation	1,093,966	1,547,028	859,444	860,963
Subtotal - Education	\$ 222,440,242	\$ 226,876,922	\$ 219,074,567	\$ 219,076,086

Expenditures from Federal Grants

	FY 2017 Enacted	FY 2017 Revised	FY 2018 Request	FY 2018 Recommended
Public Safety				
Attorney General	\$ 1,692,545	\$ 3,351,007	\$ 1,779,505	\$ 1,779,505
Corrections	1,130,008	1,884,570	1,393,828	1,546,884
Judicial	3,254,091	3,948,329	3,411,144	3,411,144
Military Staff	17,497,797	16,660,113	27,717,460	27,717,460
Emergency Management*	20,094,466	17,946,354	14,946,487	-
Public Safety	9,292,391	12,131,031	13,848,150	29,249,442
Public Defender	112,820	97,820	97,820	97,820
Subtotal-Public Safety	\$ 53,074,118	\$ 56,019,224	\$ 63,194,394	\$ 63,802,255
Natural Resources				
Environmental Management	\$ 29,728,792	\$ 34,155,995	\$ 33,399,312	\$ 33,399,312
CRMC	4,148,312	5,218,074	1,553,355	1,649,291
Subtotal-Natural Resources	\$ 33,877,104	\$ 39,374,069	\$ 34,952,667	\$ 35,048,603
Transportation				
Transportation	\$ 272,409,980	\$ 271,544,359	\$ 275,242,789	\$ 275,390,062
Subtotal-Transportation	\$ 272,409,980	\$ 271,544,359	\$ 275,242,789	\$ 275,390,062
Total	\$ 2,957,075,656	\$ 3,098,111,493	\$ 3,053,984,717	\$ 3,081,834,490

**The Governor's budget transfers the Emergency Management Agency into the Department of Public Safety*

Expenditures from Restricted Receipts

	FY 2017 Enacted	FY 2017 Revised	FY 2018 Request	FY 2018 Recommended
General Government				
Administration	\$ 34,263,955	\$ 42,293,091	\$ 32,519,810	\$ 33,095,338
Business Regulation	4,175,727	4,242,720	3,681,609	3,898,877
Executive Office of Commerce	4,750,000	4,750,000	4,750,000	4,159,382
Labor and Training	23,585,123	29,710,613	24,090,443	24,090,443
Revenue	5,947,043	5,033,373	3,962,015	3,962,015
Legislature	1,696,572	1,611,524	1,729,957	1,729,957
Lieutenant Governor	-	-	-	-
Secretary of State	556,519	440,273	439,478	439,478
General Treasurer	33,320,911	36,859,237	36,096,175	35,886,175
Board of Elections	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	-	-	-	-
Human Rights	-	-	-	-
Public Utilities Commission	8,822,304	9,049,801	9,591,148	9,604,152
Subtotal - General Government	\$ 117,118,154	\$ 133,990,632	\$ 116,860,635	\$ 116,865,817
Human Services				
Health and Human Services	\$ 13,529,402	\$ 15,815,092	\$ 17,557,269	\$ 21,127,269
Children, Youth and Families	3,466,576	3,150,302	3,113,397	3,098,931
Health	36,587,809	40,434,395	39,157,847	39,469,515
Human Services	1,712,435	3,444,789	2,970,236	3,270,236
BHDDH	8,435,824	6,909,155	7,909,155	6,909,155
Child Advocate	-	-	-	-
Deaf and Hard of Hearing	110,000	130,000	110,000	129,200
Commission on Disabilities	44,126	59,360	51,945	43,710
Mental Health Advocate	-	-	-	-
Subtotal - Human Services	\$ 63,886,172	\$ 69,943,093	\$ 70,869,849	\$ 74,048,016
Education				
Elementary and Secondary	\$ 30,186,994	\$ 30,330,048	\$ 29,454,419	\$ 29,454,419
Higher Education	1,022,720	1,517,568	2,173,990	2,173,990
Arts Council	-	25,000	-	-
Atomic Energy	-	-	-	-
Historical Preservation	427,175	429,200	427,700	427,700
Subtotal - Education	\$ 31,636,889	\$ 32,301,816	\$ 32,056,109	\$ 32,056,109

Expenditures from Restricted Receipts

	FY 2017 Enacted	FY 2017 Revised	FY 2018 Request	FY 2018 Recommended
Public Safety				
Attorney General	\$ 7,554,256	\$ 16,164,801	\$ 16,004,941	\$ 16,004,941
Corrections	60,141	96,336	94,368	94,368
Judicial	11,682,187	13,132,527	12,512,633	12,512,633
Military Staff	337,300	132,000	329,500	129,500
Emergency Management*	861,046	448,112	280,241	-
Public Safety	4,452,070	19,742,691	3,835,210	1,168,707
Public Defender	-	-	-	-
Subtotal-Public Safety	\$ 24,947,000	\$ 49,716,467	\$ 33,056,893	\$ 29,910,149
Natural Resources				
Environmental Management	\$ 18,981,956	\$ 16,950,296	\$ 17,322,769	\$ 17,496,061
CRMC	250,000	250,000	250,000	250,000
Subtotal-Natural Resources	\$ 19,231,956	\$ 17,200,296	\$ 17,572,769	\$ 17,746,061
Transportation				
Transportation	\$ 180,219	\$ 3,610,153	\$ 3,168,128	\$ 3,168,128
Subtotal-Transportation	\$ 180,219	\$ 3,610,153	\$ 3,168,128	\$ 3,168,128
Total	\$ 257,000,390	\$ 306,762,457	\$ 273,584,383	\$ 273,794,280

**The Governor's budget transfers the Emergency Management Agency into the Department of Public Safety*

Expenditures from Other Funds

	FY 2017 Enacted	FY 2017 Revised	FY 2018 Request	FY 2018 Recommended
General Government				
Administration	\$ 105,708,104	\$ 107,303,232	\$ 99,651,609	\$ 96,766,240
Business Regulation	-	-	-	-
Executive Office of Commerce	1,300,000	751,683	1,300,000	2,900,000
Labor and Training	349,268,389	357,547,434	360,081,663	360,081,583
Revenue	363,531,235	371,465,878	382,196,421	376,220,071
Legislature	-	-	-	-
Lieutenant Governor	-	-	-	-
Secretary of State	100,000	150,000	6,210,722	-
General Treasurer	550,410	8,648,808	550,242	8,550,242
Board of Elections	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	-	-	-	-
Human Rights	-	-	-	-
Public Utilities Commission	-	-	-	-
Subtotal - General Government	\$ 820,458,138	\$ 845,867,035	\$ 849,990,657	\$ 844,518,136
Human Services				
Health and Human Services	\$ -	\$ -	\$ -	\$ -
Children, Youth and Families	840,000	959,673	960,000	1,100,000
Health	-	-	-	-
Human Services	5,093,478	5,004,012	4,593,478	4,593,478
BHDDH	10,973,736	13,610,541	10,973,736	7,065,000
Child Advocate	-	-	-	-
Deaf and Hard of Hearing	-	-	-	-
Commission on Disabilities	-	-	-	-
Mental Health Advocate	-	-	-	-
Subtotal - Human Services	\$ 16,907,214	\$ 19,574,226	\$ 16,527,214	\$ 12,758,478
Education				
Elementary and Secondary	\$ 4,709,000	\$ 7,267,715	\$ 3,733,006	\$ 6,908,000
Higher Education	949,592,108	920,401,419	937,195,378	946,108,756
Arts Council	303,200	980,700	339,800	345,800
Atomic Energy	319,527	330,494	322,216	322,216
Historical Preservation	79,998	79,854	80,970	80,970
Subtotal - Education	\$ 955,003,833	\$ 929,060,182	\$ 941,671,370	\$ 953,765,742

Expenditures from Other Funds

	FY 2017 Enacted	FY 2017 Revised	FY 2018 Request	FY 2018 Recommended
Public Safety				
Attorney General	\$ 300,000	\$ 417,530	\$ 300,000	\$ 150,000
Corrections	11,900,000	8,035,421	13,125,000	15,758,185
Judicial	5,525,000	6,103,756	10,576,000	7,100,000
Military Staff	2,682,500	1,578,491	6,860,484	7,696,925
Emergency Management*	1,189,750	1,916,239	2,494,414	-
Public Safety	6,785,535	8,895,635	11,497,797	6,896,821
Public Defender	-	-	-	-
Subtotal-Public Safety	\$ 28,382,785	\$ 26,947,072	\$ 44,853,695	\$ 37,601,931
Natural Resources				
Environmental Management	\$ 13,830,089	\$ 14,039,974	\$ 12,927,708	\$ 18,373,513
CRMC	471,775	471,775	14,525,000	775,000
Subtotal-Natural Resources	\$ 14,301,864	\$ 14,511,749	\$ 27,452,708	\$ 19,148,513
Transportation				
Transportation	\$ 205,867,646	\$ 259,303,952	\$ 232,712,622	\$ 231,932,138
Subtotal-Transportation	\$ 205,867,646	\$ 259,303,952	\$ 232,712,622	\$ 231,932,138
Total	\$ 2,040,921,480	\$ 2,095,264,216	\$ 2,113,208,266	\$ 2,099,724,938

**The Governor's budget transfers the Emergency Management Agency into the Department of Public Safety*

Full-Time Equivalent Positions

	FY 2017 Enacted	FY 2017 Revised	FY 2018 Request	FY 2018 Recommended
General Government				
Administration	708.7	708.7	707.7	713.7
Business Regulation	97.0	106.0	106.0	106.0
Executive Office of Commerce	16.0	16.0	18.0	17.0
Labor and Training	409.5	436.2	436.2	433.7
Revenue	523.5	523.5	543.5	539.5
Legislature	298.5	298.5	298.5	298.5
Lieutenant Governor	8.0	8.0	8.0	8.0
Secretary of State	59.0	59.0	59.0	59.0
General Treasurer	88.0	87.0	87.0	87.0
Board of Elections	12.0	12.0	12.0	12.0
Rhode Island Ethics Commission	12.0	12.0	12.0	12.0
Governor's Office	45.0	45.0	45.0	45.0
Human Rights	14.5	14.5	14.5	14.5
Public Utilities Commission	51.0	54.0	57.0	57.0
Subtotal - General Government	2,342.7	2,380.4	2,404.4	2,402.9
Human Services				
Health and Human Services	179.0	178.0	179.0	269.0
Children, Youth and Families	629.5	628.5	695.0	616.5
Health	503.6	503.6	512.4	499.6
Human Services	937.1	937.1	877.1	838.1
BHDDH	1,352.4	1,352.4	1,352.4	1,319.4
Child Advocate	6.0	7.0	7.0	7.0
Deaf and Hard of Hearing	4.0	4.0	4.0	4.0
Commission on Disabilities	4.0	4.0	4.0	4.0
Mental Health Advocate	4.0	4.0	4.0	4.0
Subtotal - Human Services	3,619.6	3,618.6	3,634.9	3,561.6
Education				
Elementary and Secondary	325.1	325.1	327.1	325.1
Higher Education	4,296.8	4,296.8	4,320.8	4,306.8
Arts Council	8.6	8.6	8.6	8.6
Atomic Energy	8.6	8.6	8.6	8.6
Historical Preservation	16.6	15.6	16.6	15.6
Subtotal - Education	4,655.7	4,654.7	4,681.7	4,664.7

Full-Time Equivalent Positions

	FY 2017 Enacted	FY 2017 Revised	FY 2018 Request	FY 2018 Recommended
Public Safety				
Attorney General	235.1	235.1	244.1	235.1
Corrections	1,423.0	1,423.0	1,423.0	1,426.0
Judicial	723.3	723.5	723.3	723.5
Military Staff	92.0	92.0	92.0	92.0
Emergency Management*	29.0	29.0	34.0	-
Public Safety	610.2	616.6	689.2	660.6
Public Defender	93.0	92.0	93.0	94.0
Subtotal-Public Safety	3,205.6	3,211.2	3,298.6	3,231.2
Natural Resources				
Environmental Management	399.0	400.0	411.0	403.0
CRMC	29.0	29.0	33.0	29.0
Subtotal-Natural Resources	428.0	429.0	444.0	432.0
Transportation				
Transportation	701.0	741.0	775.0	775.0
Subtotal-Transportation	701.0	741.0	775.0	775.0
Total Positions	14,952.6	15,034.9	15,226.7	15,067.4

**The Governor's budget transfers the Emergency Management Agency into the Department of Public Safety*

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