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**Section V**

**FY 2018**

**Revised Budget**

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**FY 2018 Revised Budget  
Table of Contents**

	<b>Page</b>
<b>Summary</b> .....	489
 <b>Agency and Department Changes to the Enacted Budget</b>	
 <b>General Government Agencies</b>	
Department of Administration .....	493
Department of Business Regulation.....	503
Executive Office of Commerce .....	507
Department of Labor and Training .....	511
Department of Revenue .....	517
Legislature .....	523
Office of the Lieutenant Governor.....	525
Office of the Secretary of State.....	527
Office of the General Treasurer .....	531
Rhode Island Board of Elections .....	533
Rhode Island Ethics Commission .....	535
Office of the Governor.....	537
Rhode Island Commission for Human Rights .....	539
Public Utilities Commission .....	541
 <b>Human Services Agencies</b>	
Executive Office of Health and Human Services .....	543
Department of Children, Youth and Families.....	559
Department of Health.....	565
Department of Human Services .....	569
Dept. of Behavioral Healthcare, Developmental Disabilities and Hospitals .....	579
Office of the Child Advocate.....	591
Commission on the Deaf and Hard of Hearing.....	593
Governor’s Commission on Disabilities.....	595
Office of the Mental Health Advocate.....	597
 <b>Education Agencies</b>	
Department of Elementary and Secondary Education .....	599
Public Higher Education .....	605
Rhode Island Council on the Arts.....	611
Rhode Island Atomic Energy Commission.....	613
Historical Preservation and Heritage Commission .....	615

**Public Safety Agencies**

Office of the Attorney General ..... 617  
Department of Corrections..... 621  
Judicial Department ..... 627  
Military Staff..... 631  
Rhode Island Emergency Management Agency ..... 635  
Department of Public Safety ..... 637  
Office of the Public Defender ..... 645

**Natural Resources Agencies**

Department of Environmental Management..... 647  
Coastal Resources Management Council..... 651

**Transportation Agencies**

Department of Transportation..... 655

## FY 2018 Revised Budget

		FY 2017 Reported		FY 2018 Enacted		FY 2018 Rev. Req.		FY 2018 Revised
<b>Expenditures by Function*</b>								
General Government	\$	1,439.8	\$	1,503.6	\$	1,549.7	\$	1,486.7
Human Services		3,838.3		3,935.3		4,019.9		4,038.9
Education		2,435.3		2,589.5		2,595.5		2,608.3
Public Safety		545.5		591.6		609.6		617.6
Natural Resources		84.6		108.8		111.8		115.8
Transportation		415.8		514.1		595.6		595.0
<b>Total</b>	<b>\$</b>	<b>8,759.3</b>	<b>\$</b>	<b>9,242.8</b>	<b>\$</b>	<b>9,482.1</b>	<b>\$</b>	<b>9,462.3</b>
<b>Expenditures by Category*</b>								
Salaries and Benefits	\$	1,652.7	\$	1,700.1	\$	1,720.3	\$	1,691.0
Contracted Services		265.2		279.6		326.9		318.0
<b>Subtotal</b>	<b>\$</b>	<b>1,917.9</b>	<b>\$</b>	<b>1,979.7</b>	<b>\$</b>	<b>2,047.3</b>	<b>\$</b>	<b>2,009.0</b>
Other State Operations		663.4		859.2		886.6		935.4
Aid to Local Units of Government		1,222.4		1,318.7		1,322.7		1,320.9
Assistance, Grants, and Benefits		4,137.2		4,170.8		4,203.9		4,194.0
Capital		335.7		449.6		565.5		550.4
Capital Debt Service		189.4		238.8		235.2		237.2
Operating Transfers		293.2		226.1		220.9		215.3
<b>Total</b>	<b>\$</b>	<b>8,759.3</b>	<b>\$</b>	<b>9,242.8</b>	<b>\$</b>	<b>9,482.1</b>	<b>\$</b>	<b>9,462.3</b>
<b>Sources of Funds*</b>								
General Revenue	\$	3,672.5	\$	3,767.7	\$	3,809.4	\$	3,806.7
Federal Aid		2,977.4		3,134.1		3,219.4		3,222.0
Restricted Receipts		228.0		261.7		273.5		275.8
Other		1,881.4		2,079.2		2,179.8		2,157.7
<b>Total</b>	<b>\$</b>	<b>8,759.3</b>	<b>\$</b>	<b>9,242.8</b>	<b>\$</b>	<b>9,482.1</b>	<b>\$</b>	<b>9,462.3</b>
<b>FTE Authorization</b>		<b>14,959.0</b>		<b>15,160.2</b>		<b>15,209.0</b>		<b>15,186.2</b>
<b>FTE Average</b>		<b>13,805.0</b>						

*\*Data in millions*

### Summary

The Governor's revised budget recommendations for FY 2018, along with her recommendations for FY 2019, are contained in 2018-H 7200, introduced on January 18, 2018. The Governor recommends total revised expenditures for FY 2018 of \$9,462.3 million, which is \$219.4 million or 2.4 percent more than enacted by the 2017 Assembly.

Total expenditures would increase \$703.0 million or 8.0 percent over reported FY 2017 expenditures. General revenue expenditures are \$39.0 million or 1.0 percent more than the FY 2018 budget adopted by the 2017 Assembly and \$134.3 million or 3.7 percent more than actual FY 2017 expenditures. Expenditures from federal funds are \$87.9 million more than enacted and \$244.7 million more than FY 2017. Expenditures from restricted receipts are \$14.1 million more than enacted and \$47.8 million more than FY

2017. Those from other funds, including the gas tax, Rhode Island Capital Plan funds and unemployment trust funds, are \$78.4 million or 3.8 percent more than enacted and \$276.3 million more than FY 2017.

<b>FY 2018 Revised</b>	<b>General</b>				
	<b>Revenue</b>	<b>Federal</b>	<b>Restricted</b>	<b>Other</b>	<b>All Funds</b>
FY 2017 Final	\$ 3,686.5	\$ 3,184.6	\$ 276.3	\$ 2,054.1	\$ 9,201.5
FY 2017 Actual	3,672.5	2,977.4	228.0	1,881.4	8,759.3
Difference	\$ (14.0)	\$ (207.2)	\$ (48.3)	\$ (172.7)	\$ (442.2)
FY 2018 Enacted	\$ 3,767.7	\$ 3,134.1	\$ 261.7	\$ 2,079.2	\$ 9,242.8
Governor's FY 2018 Revised	3,806.7	3,222.0	275.8	2,157.7	9,462.3
Governor's Change to Enacted	\$ 39.0	\$ 87.9	\$ 14.1	\$ 78.4	\$ 219.4
Percent Change	1.0%	2.8%	5.4%	3.8%	2.4%

The FY 2017 final budget projected \$49.7 million would be available for FY 2018 and was used for that budget. The State Controller finalized the closing statement on January 5, 2018, and it showed a surplus of \$61.7 million, or \$11.9 million more.

<b>FY 2017 Closing</b>		<b>Enacted</b>	<b>Final</b>	<b>Variance</b>
<b>Open:</b>	Free Surplus	\$ 167,818,207	\$ 167,818,207	\$ -
<b>Plus:</b>	Reappropriated Surplus	7,848,853	7,848,853	-
<b>Equals:</b>	Total Surplus	175,667,060	175,667,060	-
<b>Plus:</b>	Revenues	3,675,827,389	3,684,357,619	8,530,230
<b>Minus:</b>	Transfer to Budget Stabilization Fun	(115,309,368)	(115,565,275)	(255,907)
<b>Equals:</b>	Total Available	3,736,185,081	3,744,459,404	8,274,323
<b>Minus:</b>	Expenditures	(3,686,469,015)	(3,672,460,275)	14,008,740
<b>Equals:</b>	<b>Closing Surplus</b>	\$ 49,716,066	\$ 71,999,129	\$ 22,283,063
<b>Minus:</b>	Reappropriations	-	(10,338,899)	(10,338,899)
<b>Equals:</b>	<b>Free Surplus</b>	\$ 49,716,066	\$ 61,660,230	\$ 11,944,164

Revenues were \$8.5 million more than estimated. Taxes were up \$13.4 million with an unusual inheritance tax payment covering decreases in income and corporate taxes. Issues with timing of personal income tax refunds continue to add challenges to the personal income estimate. Corporate taxes remain difficult to estimate, and uncertainty in the federal tax environment appears to be a contributing factor to the shortfall this year. All other revenues were down \$4.9 million, with \$6.1 million of that from departmental receipts.

Expenditures were \$14.0 million less than enacted; \$10.3 million must be reappropriated into FY 2018. The total free surplus is \$11.9 million more than the \$49.7 million anticipated in June 2017.

Closing expenses were lower than enacted primarily from Medicaid caseload savings and savings from personnel and utilities. There were areas of overspending, particularly at the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, that reduced the impact of the savings. Many agencies projected overspending in the first quarter of FY 2018 some of which related to overspending in FY 2017 and some related to challenges with managing savings assumed in the enacted budget, notably in the human services agencies. There was also a \$29.3 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. Her budget also relies on \$33.0 million in new revenues, primarily transfers from

transportation as well as quasi-public corporations. The pages that follow include full analyses of the expenditure changes by agency.

	<b>Enacted</b>	<b>Revised</b>	<b>Difference</b>
<b>Opening Surplus</b>			
Free Surplus	\$ 49,716,066	\$ 61,660,230	\$ 11,944,164
Reappropriated Surplus	-	10,338,899	10,338,899
<b>Subtotal</b>	<b>\$ 49,716,066</b>	<b>\$ 71,999,129</b>	<b>\$ 22,283,063</b>
<b>Revenues</b>	<b>\$ 3,611,647,000</b>	<b>\$ 3,834,722,506</b>	<b>\$ 223,075,506</b>
November Revenue Conference	-	(10,322,506)	(231,312,220)
Governor Changes	220,989,714	28,013,132	25,927,340
Assembly Changes	2,085,792	-	(2,085,792)
Total Revenues	\$ 3,834,722,506	\$ 3,852,413,132	\$ 17,690,626
<b>Budget Reserve Fund</b>	<b>(116,533,157)</b>	<b>(117,422,201)</b>	<b>(889,044)</b>
<b>Total Available Resources</b>	<b>\$ 3,767,905,415</b>	<b>\$ 3,806,990,060</b>	<b>\$ 39,084,645</b>
<b>Expenditures</b>	<b>\$ 3,767,715,656</b>	<b>\$ 3,767,715,656</b>	<b>\$ -</b>
Reappropriation	-	10,338,899	10,338,899
November Caseload Conference	-	29,258,280	29,258,280
Governor Changes	-	(591,237)	(591,237)
Total Expenditures	\$ 3,767,715,656	\$ 3,806,721,598	\$ 39,005,942
<b>Total Surplus</b>	<b>\$ 189,759</b>	<b>\$ 268,462</b>	<b>\$ 78,703</b>
<b>Rainy Day Fund</b>	<b>194,221,929</b>	<b>191,581,535</b>	<b>(2,640,393)</b>
<i>Operating Surplus/(Deficit)</i>	<i>\$ (116,343,398)</i>	<i>\$ (117,153,739)</i>	<i>\$ (810,341)</i>

The revised budget as recommended by the Governor would leave a \$0.3 million surplus for FY 2018. The general revenue surplus statement for FY 2019 shows an ending surplus of \$0.9 million and is presented as part of the overview of her FY 2019 budget recommendations in that section of this publication.



## Department of Administration

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 2,142,200	\$ 3,048,657	\$ 3,468,637	\$ 3,151,962
Accounts & Control	3,999,112	4,355,796	4,186,146	5,226,223
Office of Management & Budget	7,508,069	10,901,845	10,793,706	11,072,296
Purchasing	3,050,163	3,404,368	3,483,073	3,595,007
Human Resources	10,597,688	11,274,547	11,212,231	1,159,112
Personnel Appeal Board	114,599	145,130	147,461	147,365
General	47,697,141	56,190,757	83,400,510	62,221,988
Debt Service	168,071,675	181,332,001	181,332,001	179,980,846
Legal Services	1,893,892	2,170,956	2,153,634	2,144,274
Information Technology	38,271,729	42,278,719	42,613,951	11,713,418
Library Programs	2,336,188	2,642,845	2,747,819	2,770,642
Planning	3,070,692	5,502,111	4,927,411	5,027,476
Energy Resources	9,078,262	12,133,823	10,475,474	10,554,566
Construction Permitting, Approvals & Licensing	2,913,525	2,978,845	3,484,786	3,718,340
Statewide Savings	-	(30,080,124)	(27,970,472)	(8,750,000)
Health Benefits Exchange	11,836,188	9,568,822	12,866,416	12,924,000
Diversity, Equity & Opportunity	954,214	1,368,873	1,398,200	1,171,920
Capital Asset Mgmt. & Maintenance	36,001,574	40,008,113	39,029,743	9,801,781
<b>Total</b>	<b>\$ 349,536,911</b>	<b>\$ 359,226,084</b>	<b>\$ 389,750,727</b>	<b>\$ 317,631,216</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 74,757,607	\$ 58,787,183	\$ 58,134,604	\$ 31,670,500
Contracted Services	18,125,483	13,193,067	17,870,067	13,237,941
<b>Subtotal</b>	<b>\$ 92,883,090</b>	<b>\$ 71,980,250</b>	<b>\$ 76,004,671</b>	<b>\$ 44,908,441</b>
Other State Operations	40,625,897	30,404,098	39,175,708	20,730,074
Aid to Local Units of Government	11,154,782	11,523,700	11,523,700	11,523,700
Assistance, Grants, and Benefits	5,550,560	12,867,967	3,267,593	3,267,593
Capital	32,649,053	51,218,068	78,547,054	57,320,562
Capital Debt Service	141,935,670	181,232,001	181,232,001	179,880,846
Operating Transfers	24,737,859	-	-	-
<b>Total</b>	<b>\$ 349,536,911</b>	<b>\$ 359,226,084</b>	<b>\$ 389,750,727</b>	<b>\$ 317,631,216</b>
<b>Sources of Funds</b>				
General Revenue	\$ 217,802,033	\$ 216,198,914	\$ 216,982,361	\$ 185,759,136
Federal Aid	16,553,489	13,162,089	17,533,232	8,380,874
Restricted Receipts	26,458,599	33,225,906	31,728,661	29,321,631
Other	88,722,790	96,639,175	123,506,473	94,169,575
<b>Total</b>	<b>\$ 349,536,911</b>	<b>\$ 359,226,084</b>	<b>\$ 389,750,727</b>	<b>\$ 317,631,216</b>
<b>FTE Authorization</b>	<b>708.7</b>	<b>696.7</b>	<b>696.7</b>	<b>696.7</b>
<b>FTE Average</b>	<b>653.3</b>			

**FY 2018 Revised Request.** The Department requests \$30.5 million more than enacted from all sources of funds, including \$0.8 million more from general revenues. The changes from general revenues include the discretionary reappropriation of \$0.8 million for several initiatives; adjusting for that, the request is \$7,472 less than enacted. It also includes \$1.5 million less from restricted receipts and increases of \$4.4 million from federal funds and \$26.8 million from other funds, primarily Rhode Island Capital Plan funds.

The Department requests the authorized level of 696.7 full-time equivalent positions. However, it includes authorization and funding for several new positions, which are offset by the elimination of unidentified positions.

*The Governor recommends expenditures of \$317.6 million from all sources, including \$185.8 million from general revenues. This is \$41.6 million less than enacted. Excluding the cost of centralized services transferred to other state agencies, the recommendation is \$26.6 million more than enacted and \$2.9 million less than requested.*

*The Governor recommends staffing consistent with the revised request. As of the pay period ending January 20, the Department has 31.0 positions vacant.*

### **Statewide Savings**

**Distributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. For the Department of Administration, the budget identifies \$3.5 million as a measure to reach the undistributed savings goal. The savings are included in the items described in the following analysis where appropriate.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses.

The Department includes a general revenue savings of \$254,260 from the establishment of internal service funds.

*The revised recommendation reflects the establishment of internal service funds. A total of \$81.5 million, including \$61.6 million from general revenues were converted from direct appropriation to internal funds. The recommendation includes \$13.2 million from all sources, including \$12.5 million for the Department's share of centralized services. This includes \$7.9 million from all sources, of which \$7.7 million is from general revenues for facilities management, \$1.2 million from all sources, of which \$1.1 million is from general revenues for human resources support, and \$4.1 million from all sources, of which \$3.7 million is from general revenues for information technology services.*

**Unachieved Savings – Telephone Conversion.** The revised request restores the enacted general revenue savings of \$0.3 million from a proposal to convert leased telephone lines to state-owned lines. The Department indicates that it is no longer pursuing this initiative because of compatibility issues with the current telephone system. *The Governor concurs.*

**Fraud and Waste Detection.** The enacted budget assumes revenues of \$5.0 million as well as \$3.5 million in expenditure credits from fraud and waste detection efforts that will combine data across agencies including the Department of Labor and Training, Department of Revenue and health and human services agencies. The revenues were initially included in the FY 2017 budget; however due to a delay, they were shifted to the FY 2018 budget. The Department issued a request for proposals in July 2016, which was later rescinded. The Department has not selected a vendor to perform data analytics; however, it indicates that the revenues and the savings assumed in the current year are achievable.

The Governor reappropriated \$30,000 of the \$60,000 from general revenues in the FY 2017 final budget for the initiative. The FY 2018 enacted budget includes \$1.9 million to purchase the data tools.

*The Governor recommends the reappropriation and converts the revenues assumed for FY 2018 to expenditure reduction, bringing the total saving to \$8.5 million. This assumes that recoveries will somehow be credited against current expenses. As of February 2018, the Department reports it has recovered \$4.0 million from all sources, but it is unclear how much of this will accrue to the state.*

**Workers' Compensation Privatization.** The enacted budget includes general revenue savings of \$1.3 million from an initiative to privatize the administration of the Workers' Compensation program. The Department notes that the privatization of the workers' compensation program would improve claims adjudication and management, improve return-to-work opportunities for injured employees and use best practices and improved technologies to create an effective and efficient program. The Department indicates that due to delays, the savings are unlikely to be achieved in the current year; however, the Administration is working on a revised plan, which will be included in the Governor's budget recommendation.

*The revised budget reflects restoring \$1.0 million of the assumed savings; however, no further information is provided in terms of how the remaining savings will be achieved.*

### **Office of Energy Resources**

**Regional Greenhouse Gas Initiative.** The revised request includes \$1.6 million less than enacted from the Regional Greenhouse Gas Initiative restricted receipts fund, which are derived from the sale of carbon emission credits through an auction process. Receipts were \$10.3 million in FY 2015, \$11.7 million in FY 2016 and \$5.1 million in FY 2017. Through December 2017, the state had received a total of \$59.7 million and the Department had \$14.1 million of these receipts available at the end of FY 2017. The funds are used to invest in projects that reduce long-term energy demands and costs, and the adjustment reflects anticipated receipts. *The Governor recommends \$1,250 less than requested to include medical benefit savings.*

**Other Expenses.** The revised request includes \$20,835 less than enacted from all sources, including \$8,601 more from federal funds, offset by \$29,436 less from restricted receipts for all other expenditures for the Office. It includes \$0.2 million less for various weatherization grants and \$0.1 million more for salaries and benefits, reflective of current staffing allocations. As of the last pay period in November 2017, the Office has no vacancies. *The Governor recommends \$2,256 less than requested to include medical benefit savings.*

### **HealthSource RI**

**Staffing and Operations.** The revised request includes \$3.3 million more than enacted from all sources for HealthSource RI. This includes the carry-forward of \$4.1 million from federal funds for consultant services relating to the exchange. The Office negotiated with the U.S. Department of Health and Human Services to obtain a no cost extension to use the remaining funds through December 30, 2017. Information obtained from the state's accounting system shows expenditures of \$0.7 million through December 11.

The request also includes \$0.8 million less from the health reform assessment, reflective of enrollments through the exchange. As of November 2017, average enrollments for FY 2018 were: 29,641 in the individual/family group or 1.9 percent less than projected, and 5,068 in the small business group or 6.9 percent below the projection. Receipts for the first quarter of the fiscal year totaled \$1.5 million. This equates to \$6.0 million if the current trend continues. The Office indicates that it can absorb the reduction in receipts from the Health Reform Assessment due to current turnover savings and allocation of some contracted service costs to available federal sources. As of the last pay period in December 2017, the Office has three vacancies. *The Governor recommends \$4,935 less than requested to include medical benefit savings.*

## **Debt Service**

**I-195 Land Acquisition Debt Service.** The revised request includes the enacted amount of \$0.7 million from general revenues for debt service costs of the I-195 land acquisition project. The 2011 Assembly's debt authorization stipulated that proceeds from the eventual sale of the land parcels would be used for debt service costs and capped the interest rate up to 8.0 percent.

The legislation assumed \$42.0 million of revenue bonds would be issued by the Economic Development Corporation to purchase land made available through the relocation of Interstate 195 by the Department of Transportation. The project requires resources from these land sales to finance the remaining work, and this interim mechanism allows for a more deliberate process led by the I-195 Commission on the disposition of the land to occur while the project is completed. The principal amount for the bonds was \$38.4 million, amortized over a ten-year period. *The Governor recommends an additional \$250,000 from general revenues, based on updated interest rates. The FY 2019 budget assumes savings from efforts to reduce this cost.*

**Convention Center Authority Debt Service.** The revised request includes the enacted amount of \$19.6 million from general revenues for debt service for the Convention Center Authority. Under the terms of the lease agreement between the state and the Authority, the minimum rentals payable to the state in any fiscal year are equal to the gross debt service costs in that year; the state is responsible for covering any operating shortfalls and recoups any operating profits. *The Governor includes general revenue savings of \$0.2 million from a refunding that occurred in December 2017.*

**Other Debt.** The Department's revised request includes the enacted amount of \$161.1 million from all sources for all other debt payments. This includes the enacted amount \$96.2 million for general obligation bonds of which \$41.0 million is for transportation related debt; \$7.0 million for performance based debt service, of which \$3.4 million is for required payments under the Fidelity Job Rent Credits agreement. Under the incentive based agreement between the state and Fidelity, the state provides job rent credits for each full-time equivalent employee in excess of a 1,000-employee base. Debt issued through Certificates of Participation for technology and energy conservation related projects are \$26.7 million.

*The Governor includes debt service savings of \$1.4 million from all sources, including \$0.3 million more for general obligation bond debt, offset by \$0.1 million less from the Fidelity Job Rent Credits agreement, reflecting actual average filled positions, and \$1.6 million for debt issued through Certificates of Participation.*

## **Office of Management and Budget**

**Building/Fire Codes Economic Impact Study.** The revised request includes \$250,000 from general revenues to obtain contractual services for an economic impact statement of proposed changes to building and fire codes that must be done prior to implementation. Current law requires that agencies state the effect of regulatory action on small businesses, identify and estimate the number of small businesses subject

to a proposed regulation, calculate small business regulatory compliance costs, and describe any less intrusive or less costly alternatives. The Request for Proposals has not been issued. The Department indicates that the specifications for the study is being developed and anticipates the study being done mid-July 2018, which is FY 2019. *The Governor recommends funding as requested.*

**Regulatory Reform - APA Staff Support (2.0 New FTE).** The enacted budget includes \$170,704 from general revenues for the Office of Regulatory Reform to obtain contracted legal services for the review of state regulations. The request converts the funding from contracted services to salaries and benefits, which are not time-limited. It reflects a net increase of \$38,727 and staffing authorization for the two new positions, an economic policy analyst and a senior management analyst to perform the associated work. Both positions were filled by July 2017. Subsequently, one became vacant. *The Governor concurs.*

**Office of Regulatory Reform - Other.** The revised request includes \$33,167 less from all sources for other expenses for the Office of Regulatory Reform. This includes a carry-forward of \$24,392 from a Rhode Island Foundation grant for implementation costs of the e-permitting system, offset by \$0.1 million less from general revenues, primarily the cost of the ombudsman position now being allocated to the Commerce Corporation. The Department indicates that the Corporation has agreed to pay the cost for the position in FY 2019 as well.

It should be noted that the ombudsman position was previously in the Commerce Corporation; however, the 2012 Assembly transferred it to the Department of Administration. The Administration had proposed transferring the position to Commerce, as well as the Department of Business Regulation. The Assembly did not concur with either proposal. *The Governor recommends \$2,239 less than requested to include medical benefit savings.*

**Reappropriation - Lean Initiatives.** The Governor reappropriated \$58,526 to fund lean process improvement projects to improve operational efficiency for which the final budget included \$100,000.

The revised request also includes a carry-forward of \$84,964 from a Rhode Island Foundation grant for integration of lean tools and resources that will help build lean capacity among state employees for strategic business process reviews. This grant must be spent by December 31, 2017 and as of that date, expenditures were \$11,180. The Department indicates that it requested an extension and it has been approved through March 2018. *The Governor recommends funding as requested.*

**Performance Management Portal.** The revised request removes the enacted amount of \$0.1 million from general revenues, which was provided to make modifications to the portal, tying performance measures to the departments' new strategic plans. The Department indicates that funding is not needed in the current year; however, it has not provided a plan for use of the funds in FY 2019. It appears that not all agency program performance measures are on the website and some of the data are outdated. *The Governor recommends funding as requested.*

**Office of Performance Management (2.0 New FTE).** Based on the number of filled positions, the request adds \$0.2 million of general revenue funding for the Office of Performance of Management. The 2017 Assembly did not concur with the Governor's recommendation to increase staff in the Office and removed the funds as well as the authorization for two positions, which the Department indicated would analyze departmental performance data and provide management support to agencies. Both positions were filled in FY 2016. *The Governor concurs.*

**Federal Grants Management System.** The Department requests \$0.1 million from general revenues for its share of the cost to develop a federal grants management system, which will also be integrated with the state's financial, budget, payroll, and time and attendance systems with grants information. The total project cost with four years of software licensing is \$9.1 million, \$1.7 million of which will be paid with

sources from the Information Technology Investment Fund; remaining costs were allocated to several state agencies. *The Governor recommends funding as requested.*

## **Planning**

**Water Resources Board to PUC.** The Department's revised request includes a proposal to transfer the Water Resources Board to the Public Utilities Commission and assumes a savings of \$0.4 million from general revenues. Operating costs for the Water Resources Board would be charged to regulated water suppliers. The Public Utilities Commission currently regulates six water suppliers. The request includes \$20,000 to obtain services for auditing of water suppliers. Legislative approval is required for this proposal to take effect. The proposal assumes 100 percent of the costs can be charged retroactively.

Prior to 2011, the Water Resources Board was a stand-alone agency. The 2011 Assembly adopted legislation merging the Board into the Division of Planning to more closely align the water planning aspects of the Board with the statewide planning process. The Water Resources Board is staffed by 3.0 full-time equivalent positions, including a staff director who is responsible for monitoring water quality protection surcharge collections, tracking drought and supply data as well as managing the day to day operations of the Board itself; and a supervising civil engineer who is responsible for oversight of the Big River Management Area, which must be maintained for future development of groundwater wells. The third position is the general manager, which has been vacant for almost two years. *The Governor concurs, with the exception of providing \$20,000 for auditing services.*

*A Memorandum of Understanding, signed on October 20, 2017, between the Department of Administration and the Public Utilities Commission is being used to allow the transfer for FY 2018. Article 3 of the Governor's recommended budget transfers the Board effective FY 2019. Additional statutory changes are required; however, the article calls for those changes to be submitted to the 2019 Assembly.*

**Planning Support to Gasoline Tax.** The Department's revised request shifts \$0.5 million of salary and benefit costs for 4.3 full-time equivalent positions from general revenues to Department of Transportation sources. This represents staff time associated with the development of the Transportation Improvement Program in the Division of Planning. This is part of the Governor's proposal to achieve \$25.0 million of statewide savings included in the enacted budget. The Department of Transportation's revised budget request reflects this expense. *The Governor concurs, with the exception of including \$8,379 for medical benefit savings.*

## **Purchasing**

**E-Procurement.** The 2017 Assembly authorized the chief purchasing officer to establish, charge as well as collect a statewide contract administrative fee not to exceed 1.0 percent of master price agreements from vendors. The Department indicates that it will start charging the assessment on new master price agreement contracts and then it will work to determine how it will charge existing vendors.

The enacted budget assumes general revenue savings of \$350,000 from the implementation of an electronic procurement system. The revised request restores the general revenue savings. It also recategorized expenditures from the assessment to include \$0.2 million to fund two positions who will be working on the project. If these assessments generate receipts, there should be some savings to the state not reflected in the request. *The Governor concurs.*

**Transportation Positions.** Based on anticipated workload, the revised request includes \$0.1 million from other funds to support two new positions that would be dedicated to procurement for transportation related projects. Though funding for this was not included in the Department of Transportation's budget, the Department indicates that based on its current filled positions, this cost can be absorbed. The

Administration is in the process of filling the positions and anticipates them starting in February 2018. The annualized cost of the positions is \$226,562. *The Governor concurs, with the exception of including \$1,257 for medical benefit savings.*

### **Other Programs**

**Reappropriation - Personnel Classification and Compensation Study.** The Governor reappropriated \$579,559 included in the FY 2017 final budget to obtain outside services to redesign the state's classification and compensation system. The study is complete; however, the Department indicated that it has not received the invoice from the vendor. The FY 2018 enacted budget does not include any funding. Based on projected expenditures, it appears that only \$135,000 is needed. *The Governor recommends \$329,559, reducing the reappropriation by \$250,000.*

**Disparity Study.** The Department requests new expenditures of \$160,000 from general revenues for the Office of Diversity, Equity and Opportunity to conduct a disparity study to examine procurement practices of state agencies that purchase goods and services pursuant to the provisions of the State Purchasing Act, to award at least 10.0 percent of its purchasing and construction contracts to women and minority based businesses. The estimated cost of the study is \$0.5 million; however, no additional funding is requested beyond the current year. The Department indicates that the Office is seeking financial contribution from the City of Providence and the Rhode Island Foundation. It also estimated that the study will take two years to complete. *The Governor does not recommend funding.*

**Labor Contract Negotiations.** The revised request includes \$0.2 million more than enacted from general revenues for labor contract negotiation costs, for which the enacted budget included \$0.1 million. Most state employee contracts expired on June 30, 2017. The Department indicates that negotiations are underway. Reported expenditures through December 7, 2017 were \$86,381. *The Governor recommends funding as requested.*

**Building Code Staff Training.** The revised request includes \$130,000 from general revenues for the State Building Code Commission to conduct training on adopted codes for building, residential, plumbing, mechanical, fuel gas, energy, and property management. The Commission conducts training programs for code officials and building trades people, as statutorily mandated.

It should be noted that the FY 2016 final budget included funding for this, which was later reappropriated to FY 2017. The funds were also not spent in FY 2017; the Department attributed this to a delay in obtaining an economic impact study of proposed changes to the codes that must be done prior to implementation, pursuant to the Administrative Procedures Act. The Department indicates that once the impact study is done then training can be conducted. It subsequently noted that based on the timeline of the study, it will submit revisions to its request to better reflect when the expenditures for training will occur. *The Governor recommends funding as requested.*

**Natural Gas.** The revised request includes general revenue savings of \$1.0 million from natural gas, due to lower than anticipated costs. The Department reported expenditures totaling \$14.0 million or 85.1 percent of the FY 2017 final appropriation. This resulted in a surplus balance of \$2.4 million, including \$3.3 million from general revenues. The Department indicates these savings are part of the Governor's proposal to achieve \$25.0 million of statewide general revenue savings included in the enacted budget. *The Governor concurs.*

**Veterans' Home Staffing and Maintenance.** The Department requests new expenditures of \$0.3 million from general revenues for staffing and maintenance costs associated with the new Veterans' Home, which opened in October 2017. The request includes \$64,143 for two maintenance technician positions, which the Department anticipates filling in February 2018. The positions will be filled within the Department's

current authorization. The request also includes \$0.2 million for snow removal, and grounds and landscaping services. *The Governor recommends funding as requested.*

**Reappropriation - Staff Training.** The Governor reappropriated \$122,834 of the \$128,319 included in the FY 2017 budget for the Division of Capital Asset Management and Maintenance to provide training and education; one of the initiatives will include training and certifying staff to use certain machinery. Currently, certain jobs are delayed or contracted out, which the Department indicates increases overall operating costs. Certifying staff will allow it to perform certain functions in-house. *The Governor recommends funding as requested.*

**IT Investment Fund - Staffing Costs.** The revised request adds salary and benefit costs of \$0.4 million for two positions being paid from the Information Technology Investment Fund, which was created for acquiring information technology improvements, including, but not limited to, hardware, software, and ongoing maintenance. One of the positions is new and the Department indicates that this employee is working on the implementation of the federal grants management system. This was not requested or recommended as part of the FY 2018 budget process.

The Department indicates that the positions would be paid through the Fund as time-limited positions for a 12-month period. However, a similar arrangement is also included in the FY 2019 request. It further noted its plan to create a billed service model for the grants management unit and bill the costs statewide through the statewide cost allocation plan. This would require federal approval, which the Department has not received.

At the end of FY 2017, the Fund had a balance of \$21.2 million and the Department projected receipts of \$19.6 million through FY 2023, resulting in \$40.8 million of resources. However, the plan assumes \$45.4 million in total project costs, or \$4.6 million above projected resources, and this did not take into account annual salary and benefit costs of \$0.4 million, which would cost another \$2.6 million from FY 2018 through FY 2023.

*The Governor recommends \$1,345 less than requested to include statewide medical benefit savings.*

*It appears that funding for several new projects is included in the Governor's recommendation; however, overall funding for projects remains at the enacted amount of \$9.0 million.*

**Other Salaries and Benefits.** The Department requests \$0.8 million less than enacted from all sources for salary and benefit costs including \$0.5 million less from general revenues, reflective of additional turnover and savings from medical benefits. The majority of the turnover savings occurred in Legal Services, Accounts and Control, and the Office of Diversity, Equity and Opportunity. The Department's averaged filled positions through the last pay period in November 2017 were 675.2 or 21.5 below the authorized level.

*The Governor recommends \$1.7 million less from all sources than enacted, including \$1.1 million from general revenues, some of which is being attributed to the voluntary retirement incentive program, though the amount is unclear. As of the pay period ending January 20, the Department has 31.0 positions vacant.*

**Other Expenses.** The Department requests \$0.3 million less than enacted, including \$0.2 million less from general revenues for all other expenses. Expenditures for the central power plant are projected to be \$0.1 million less than enacted; the contract for the operations of the power plant has two components: the direct labor paid, which is a fixed amount, and consumables, which depend on repair costs. It also includes savings of \$0.1 million for delivery of library materials, for which the enacted budget included \$0.6 million. *The Governor recommends funding as requested.*

**Capital – Virks Building Renovations.** The Department requests \$6.2 million more than enacted from Rhode Island Capital Plan funds to finish renovating the Virks building in the Pastore Center to be occupied by the Office of Health and Human Services. The project consists of interior renovations, including the electrical system, the heating, ventilation, and air conditioning system, and roof replacement. Subsequently, the Department indicated that it overestimated the amount needed to close out the project, which is the available balance of \$1.6 million from FY 2017 unspent funds. Once renovated, the building could accommodate 200 to 225 employees. The approved plan assumed that the state will recover a portion of the project cost for rent through Medicaid. *The Governor includes the \$1.6 million.*

**Capital – Zambarano Buildings and Utilities.** The Department requests a total of \$12.2 million or \$6.1 million more from Rhode Island Capital Plan funds than enacted for capital repairs to various buildings and equipment at the Zambarano Campus in Burrillville. The Zambarano Campus includes buildings totaling 307,000 square feet on 460 acres of land. The Department indicated that the intent was to request a total of \$7.2 million in the current year; the request is overstated by \$5.0 million. *The Governor recommends funding consistent with the enacted budget and excludes \$1.9 million reappropriated from FY 2017.*

**Capital – Hospital Reorganization.** The Department requests \$3.3 million from Rhode Island Capital Plan funds to reorganize hospital operations for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. This is \$50,000 less than the enacted amount included in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' budget. Though the request is consistent with the Department's capital budget, it does not reflect its most current plan, renovating the Department of Children, Youth and Families' Youth Assessment Center.

It appears that funding for this project is also included in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' budget. *The Governor recommends a total of \$7.9 million in the Department of Administration's budget.*

**Capital – Other Projects.** The Department requests \$11.7 million more than enacted from Rhode Island Capital Plan funds for 31 projects. This includes \$0.2 million for a new project to renovate the Board of Elections' office building. The total request of \$41.5 million is \$1.3 million more than the Department's capital budget request. *The Governor recommends \$3.5 million less than enacted. A detailed analysis of all projects is included in the Capital Budget section of this publication.*



## Department of Business Regulation

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 1,252,612	\$ 1,296,420	\$ 1,323,550	\$ 2,090,088
Banking Regulation	1,547,988	1,793,062	1,780,378	1,653,508
Securities Regulation	897,141	989,364	971,566	967,691
Commercial Licensing and Gaming & Athletics Licensing	2,097,853	2,671,652	2,647,181	2,648,523
Insurance Regulation	4,896,924	5,751,931	5,902,689	5,780,270
Office of the Health Insurance Commissioner	3,074,848	2,735,299	2,742,082	2,744,876
Board of Accountancy	6,046	6,000	6,000	6,000
Boards for Design Professionals	355,608	362,455	324,276	323,703
<b>Total</b>	<b>\$ 14,129,020</b>	<b>\$ 15,606,183</b>	<b>\$ 15,697,722</b>	<b>\$ 16,214,659</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 10,738,008	\$ 12,257,188	\$ 12,114,341	\$ 11,742,877
Contracted Services	2,640,899	2,226,213	2,444,494	2,444,494
<b>Subtotal</b>	<b>\$ 13,378,907</b>	<b>\$ 14,483,401</b>	<b>\$ 14,558,835</b>	<b>\$ 14,187,371</b>
Other State Operations	635,148	1,004,044	1,020,149	1,908,550
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	-	80,000	80,000	80,000
Capital	114,965	38,738	38,738	38,738
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 14,129,020</b>	<b>\$ 15,606,183</b>	<b>\$ 15,697,722</b>	<b>\$ 16,214,659</b>
<b>Sources of Funds</b>				
General Revenue	\$ 9,864,380	\$ 10,815,093	\$ 10,835,898	\$ 10,958,638
Federal Aid	1,645,328	892,213	981,521	1,049,269
Restricted Receipts	2,619,312	3,898,877	3,880,303	4,206,752
Other	-	-	-	-
<b>Total</b>	<b>\$ 14,129,020</b>	<b>\$ 15,606,183</b>	<b>\$ 15,697,722</b>	<b>\$ 16,214,659</b>
<b>FTE Authorization</b>	<b>100.0</b>	<b>101.0</b>	<b>106.0</b>	<b>106.0</b>
<b>FTE Average</b>	<b>91.7</b>			

**FY 2018 Revised Request.** The Department of Business Regulation requests \$0.1 million more than enacted from all fund sources, including \$20,805 more from general revenues, \$89,308 more from federal funds, and \$18,574 less from restricted receipts. The general revenue increase relates to the Office of the Health Insurance Commissioner. The request includes 106.0 full-time equivalent positions, 5.0 more than the authorized level. *The Governor recommends \$16.2 million from all sources, \$0.6 million more than enacted, including \$0.1 million more from general revenues. Excluding the cost of centralized services transferred from the Department of Administration, the recommendation is \$2,353 more than enacted,*

including \$50,786 less from general revenues. The recommendation includes the requested 106.0 full-time equivalent positions. As of the pay period ending January 20, the Department has 4.4 vacancies.

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education.

*The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. For the Department of Business Regulation, the budget identifies \$0.7 million from several items. These include \$0.4 million in personnel savings, some of which is being attributed to the voluntary retirement incentive program, and shifting \$0.3 million of expenses for the Boards for Design Professionals to restricted receipts from the Contractor's Registration Board.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses.

*The Governor's budget adds \$888,401, including \$880,842 from general revenues for the Department's share of centralized services transferred from the Department of Administration. This includes \$143,215 for human resources support, \$390,694 for information technology services and \$354,492 for facilities management.*

**Staffing.** The Department's FY 2018 revised request includes 106.0 full-time equivalent positions, which is 5.0 more positions than the enacted authorization. The 2016 Assembly reduced the number of authorized positions by six existing vacancies; but did not remove funding. The Governor's FY 2018 recommendation included the Department's request to add 9.0 full-time equivalent positions, eliminated 2.0 positions within the Office of the Health Insurance Commissioner, and added 2.0 positions transferred from the Department of Health. The 2017 Assembly concurred with the Governor's recommendation for the Office, and provided 5.0 fewer positions than recommended for the remainder of the Department. The Department requests 5.0 positions above its current authorization, including 1.0 position each for Banking and Insurance regulation, and 4.0 positions for Commercial Licensing, Gaming and Athletics, including 1.0 reallocated from Central Management. *The Governor recommends the staffing level as requested.*

**OHIC- State Innovation Model.** The Office requests \$6,413 more than enacted from federal funds for staffing and operations related to its State Innovation Models grant. This request includes \$4,848 more to adjust for current staffing costs and \$1,565 to realign project operating costs not previously covered by this fund source. The grant is intended to identify effective strategies to actively engage patients in their healthcare choices, develop outcome measures, build insurer-specific price transparency tools to allow both providers and consumers to better understand the cost and price variation of health care, link provider practices with the communities, and be a critical and effective partner to improve population health, and to transform the health care delivery system. *The Governor recommends \$1,227 less than requested to reflect statewide medical benefit savings.*

**OHIC- Rate Review Activities.** The Department requests \$113,673 more than enacted from federal funds. The rate review grants were funded from three federal sources which were all slated to close September 30, 2016. The Office received an extension to utilize the funds from two grants through September 30, 2017 and has since received a second extension through December 2017 to complete its project. This request

adds \$111,993 in vendor costs to complete an interstate analysis of premiums intended to disclose the marginal value of the insurance products available regionally, ensure that insurance products are compliant with both state and federal benefit mandates, and expose potentially discriminatory policies. The remaining \$1,680 in new funding reflects the office's efforts to shift its operational expenses from general revenues to its other fund sources. *The Governor recommends funding as requested.*

**OHIC - Enforcement and Consumer Protection Grant.** The Department requests \$30,778 less than enacted from federal funds for staffing related to the Health Insurance Enforcement and Consumer Protection grant. The request reflects turnover savings from an approximate one month delay of the transition of staff from other grants compared to the timeline in the enacted budget, consistent with the Office's report at the close of FY 2017. *The Governor recommends \$1,025 less than requested to reflect statewide medical benefit savings.*

**OHIC - Health Care Utilization Review.** The Office requests \$0.1 million less than enacted from restricted receipts related to the transfer of the Health Care Utilization review program from the Department of Health to the Office of the Health Insurance Commissioner, effective January 1, 2018. The enacted budget reflects the transfer of a full year's funding for the program, including two full-time equivalent positions. The request aligns the program's funding with the effective date of transfer between the agencies. *The Governor recommends \$587 less than requested to reflect statewide medical benefit savings.*

**OHIC - Other Staffing and Operations.** The Office of the Health Insurance Commissioner requests \$20,805 more than enacted from general revenues for all other expenses. This includes \$36,945 more than enacted for salaries and benefits for 6.0 full-time equivalent positions, consistent with the current complement of staffing and \$18,640 less for all other expenses, to reflect historical expenditure levels.

As part of its FY 2019 request, the Office includes a proposal to shift \$70,000 of Rhode Island Insurance Resource, Education, and Assistance Consumer Helpline expenses to federal Medicaid funds to reflect the proportion of the services supporting Medicaid. If the appropriate approvals are received, savings could also accrue to the current year.

*The Governor recommends \$1,591 less than requested, including \$50,786 less from general revenues to reflect statewide medical benefit savings and a shift of helpline expenses from general revenues to federal Medicaid funds pursuant to a memorandum of understanding between the Office and the Executive Office of Health and Human Services.*

**Actuarial Services for Rate Review Filings.** The Department requests \$0.1 million more than enacted from restricted receipts for the costs of actuaries for the Insurance Regulation Division, and Office of the Health Insurance Commissioner. The Department contracts with several vendors that include a 5.0 percent annual inflator through June 30, 2020. The need for actuarial costs has historically been overstated, compared to actual expenditures; the Department has underspent its appropriation by approximately \$0.4 million, each of the last three years. The Department reports that it requests the maximum amount available under each contract for each fiscal year, as the actuarial costs are paid directly by the corporations whose fees the Department researches and regulates. *The Governor recommends funding as requested.*

**Medical Marijuana Regulation.** The Department's revised request includes essentially the enacted level of \$0.9 million from restricted receipts that was for staffing and operating costs related to medical marijuana licensing. The request includes funding for 5.0 full-time equivalent positions, one more than included in the enacted budget. It appears the Department filled a legal counsel vacancy with an administrative officer position not authorized. It now requests to hire a legal counsel as well. The Department anticipates sufficient resources to cover the additional position for a portion of the year because of the lower costs of the administrative officer position. Annual funding would have to increase by \$76,745, the value of the

administrative position. *The Governor recommends \$556 less than requested to reflect statewide medical benefit savings. She includes the additional position.*

**Boards for Design Professionals.** The Department requests \$38,179 less than enacted from general revenues for the Boards for Design Professionals to reflect the actual cost of staffing for its 3.0 full-time equivalent positions. The request includes the enacted amount of \$58,753 from general revenues for operating costs, including contracted stenographic services required for hearings, postage, and miscellaneous office supplies. The Department's request is fairly consistent with historical expenditures for these items. The Boards for Design Professionals provides administrative support to the following independent boards: the Board of Registration for Professional Engineers, the Board of Registration for Professional Land Surveyors, the Board of Examiners of Landscape Architects, and the Board of Examination and Registration for Architects.

*The Governor recommends \$573 less than requested to reflect statewide medical benefit savings. The recommendation shifts \$323,703 from general revenues to restricted receipts from the Contractor's Registration Board. The Governor's budget includes Article 3 of 2018-H 7200, which creates a new Division of Building, Design and Fire Professionals. A Memorandum of Understanding between the Department of Administration, the Department of Public Safety and the Department of Business Regulation, signed on January 12, 2018, is being used to allow the transfer of funds for FY 2018. The savings are among the items identified as meeting the \$25.0 million savings target.*

**Turnover.** The Department requests \$8,354 less than enacted, including \$38,179 more from general revenues and \$46,533 less from restricted receipts for all other salaries and benefits to fill its 4.0 remaining requested positions. It should be noted that the FY 2018 revised request is \$1.0 million more than FY 2017 actual spending, including \$0.8 million more from general revenues and \$0.1 million more from restricted receipts.

The request includes a staffing level consistent with the Department's FY 2018 request, but reallocates 1.0 position from central management to Commercial Licensing and Gaming. The Department requested 9.0 additional full-time equivalent positions for FY 2018; the 2017 Assembly provided 4.0 fewer positions than requested. The Department has been seeking to specifically increase its staffing in the Banking and Insurance divisions in order to achieve or maintain institutional accreditations, three of the restored vacancies were allocated to those divisions.

*The Governor recommends \$0.4 million less than requested, including \$0.6 million less from general revenues, offset by \$3,670 less from restricted receipts. The recommendation includes statewide medical benefit savings of \$5,564, assumes turnover savings of \$0.2 million from Banking Regulation, \$0.1 million from Insurance Regulation, \$74,512 from the remaining Divisions, the Governor also recommends the 4.0 requested positions.*

**Other Operations.** The Department requests \$25,000 more than enacted from restricted receipts for all other expenses, including \$15,000 for revisions to membership fees charged by regulatory organizations in which Rhode Island participates, and \$10,000 for associated travel and training. These funds were originally requested for the FY 2017 final budget, as one time funds related to delayed billing from FY 2016. These are ongoing expenses, which reflect increases in the cost of dues for two organizations that assist, train, and advocate for financial regulators. *The Governor recommends total funding as requested.*

## Executive Office of Commerce

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Program</b>				
Executive Office of Commerce	\$ 945,275	\$ 1,138,714	\$ 933,912	\$ 1,130,959
Housing & Community Development	14,804,435	23,282,944	24,264,809	26,022,148
Quasi-Public Appropriations	12,662,574	15,076,714	16,614,971	14,750,108
Commerce Programs	3,500,000	1,300,000	1,300,000	1,300,000
Economic Development Initiative Funds	37,700,000	17,800,000	17,800,000	14,800,000
<b>Total</b>	<b>\$ 69,612,284</b>	<b>\$ 58,598,372</b>	<b>\$ 60,913,692</b>	<b>\$ 58,003,215</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 2,083,274	\$ 2,389,378	\$ 2,012,031	\$ 2,159,716
Contracted Services	550	-	140,000	140,000
<b>Subtotal</b>	<b>\$ 2,083,824</b>	<b>\$ 2,389,378</b>	<b>\$ 2,152,031</b>	<b>\$ 2,299,716</b>
Other State Operations	66,278	159,119	195,229	501,930
Assistance, Grants, and Benefits	13,598,308	23,159,911	24,136,911	25,386,911
Capital	1,300	2,903,250	4,131,891	3,077,944
Capital Debt Service	-	-	-	-
Operating Transfers	53,862,574	29,986,714	30,297,630	26,736,714
<b>Total</b>	<b>\$ 69,612,284</b>	<b>\$ 58,598,372</b>	<b>\$ 60,913,692</b>	<b>\$ 58,003,215</b>
<b>Sources of Funds</b>				
General Revenue	\$ 54,708,754	\$ 33,057,819	\$ 33,162,514	\$ 29,808,525
Federal Aid	9,800,246	17,890,642	18,873,926	18,871,385
Restricted Receipts	4,391,678	4,749,911	4,749,911	6,249,911
Other	711,606	2,900,000	4,127,341	3,073,394
<b>Total</b>	<b>\$ 69,612,284</b>	<b>\$ 58,598,372</b>	<b>\$ 60,913,692</b>	<b>\$ 58,003,215</b>
<b>FTE Authorization</b>	<b>16.0</b>	<b>17.0</b>	<b>17.0</b>	<b>17.0</b>
<b>FTE Average</b>	<b>15.0</b>			

**FY 2018 Revised Request.** The Executive Office of Commerce requests \$2.3 million more than enacted for FY 2018. This includes \$0.1 million more from general revenues, \$1.0 million more from federal funds, and \$1.2 million more from Rhode Island Capital Plan funds.

*The Governor recommends \$58.0 million from all sources, \$0.6 million less than enacted, including \$3.2 million less from general revenues. Excluding the cost of centralized services transferred from the Department of Administration, the recommendation is \$0.9 million less than enacted, including \$3.6 million less from general revenues. As of the pay period ending January 20, there are 3.0 vacant positions.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education.

*The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. For the Executive Office, the Governor's recommendation identifies \$0.5 million in savings from reductions in funding through the Commerce Corporation.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses.

*The Governor's budget adds \$306,701 from general revenues for centralized services for the Office's share of centralized services. This includes \$23,670 for human resources support, \$21,405 for information technology services, and \$261,626 for facilities management.*

**I-195 Redevelopment District Commission.** The request includes \$310,916 more than enacted from general revenues for staffing and operations for the I-195 Redevelopment District Commission. This includes \$47,104 more for salaries and benefits, \$26,500 more for office and administrative expenses, and \$0.2 million more for contracted services.

The Commission's FY 2017 and FY 2018 requests included funding for a new senior project manager position. The Commission reported its staffing was inadequate to meet the workload demands and the increase in staff size would expedite closing new developments. The 2016 and 2017 Assemblies did not include funding for the position. The position was filled during the first half of 2017, prior to passage of the budget. The general revenues request for contracted services also appears to offset expenditures from FY 2017 for which additional funds were requested, but not provided by the Assembly. *The Governor does not recommend the requested increase and includes the enacted amount of funding.*

**Executive Office Turnover.** The Office requests \$0.2 million less than enacted from general revenues to reflect the savings related to two funded vacancies in the Office. The enacted budget includes a cost allocation of \$98,617 for a position in the Governor's Office, and \$0.2 million in turnover savings equivalent to the vacancy of the Deputy Secretary position. The request is \$233,522 less than enacted to reflect two vacancies within the Office, one of which would be filled in the current year. *The Governor recommends \$81,550 less than enacted and \$151,972 more than requested. This reflects the filling of two positions and maintaining the vacancy of the Deputy Secretary position, as well as statewide benefit adjustments. The recommendation appears to include \$148,134 for cost allocations in the Governor's Office.*

**Other Executive Office Operations.** The Office requests \$28,780 more than enacted from general revenues for all other expenses for the Office. The request includes \$19,727 more for rent, \$8,293 more for office related expenses to reflect actual spending and \$700 more for advertising. The rent request reflects 15 months of payments because of a delay in the billing related to the relocation of the Office in FY 2017. Excluding the rent, the revised request is \$24,179 more than FY 2017 actual spending. *The Governor recommends funding as requested.*

**Commerce Corporation Operations.** The Office requests the enacted level of \$7.5 million from general revenues for the Commerce Corporation's operations. The Corporation supports salary and benefit costs for 63.0 full-time equivalent positions and operational expenses for its Business Development, Client Services, Financial Services, Investments, and Marketing and Communications activities. *The Governor recommends \$250,000 less than requested as a means to reach the statewide undistributed savings.*

**Science and Technology Advisory Council.** The Office requests the enacted amount of \$1.2 million from general revenues for participation in the National Science Foundation's Experimental Program to Stimulate Competitive Research. Initially, this was a three-year commitment, which ended in FY 2011; FY 2015 marked the last year of the second five-year commitment. In FY 2015, the Science and Technology Advisory Council indicated it has submitted an application to continue the program, which requires state support for FY 2016 through FY 2020. Funding provides administrative support and the state match to federal grant awards to establish a partnership between state government, higher education and industry to effect lasting improvements in research infrastructure and national research and development competitiveness. *The Governor recommends \$250,000 less than requested as a means to reach the statewide undistributed savings and reflect the state match based on actual federal fund matching funds.*

**Rebuild Rhode Island Tax Credit.** The enacted budget includes \$12.5 million for the Rebuild Rhode Island Tax Credit program, in addition to the \$26.0 million provided by the FY 2016 and FY 2017 budgets, to provide funding for tax credits to be redeemed over time, for qualified real estate development projects. The 2016 Assembly capped the total amount of credits awarded under the program at \$150.0 million. Credits valued between 20.0 and 30.0 percent of qualified project costs up to a maximum of \$15.0 million are available to projects that have demonstrated a gap between available funding and total estimated project cost. The design of the program is to forward fund credits, thereby creating a lesser burden on state sources when those credits begin to be redeemed in the future; the program has existing tax credits obligated to awardees totaling \$89.9 million through FY 2022. No credits awarded under the program have been redeemed as of December 2017. *The Governor recommends shifting \$3.0 million of funding from general revenues from FY 2018 to FY 2019. Her FY 2019 recommendation includes \$15.5 million, which is the enacted amount plus the shifted funds.*

**Housing and Community Development.** The Office requests \$0.1 million less than enacted from all sources for Housing and Community Development staffing and operations for its 11.8 full-time equivalent positions. This includes \$1,419 less from general revenues and \$0.1 million less from federal funds.

The request includes turnover equivalent to 1.3 full-time equivalent positions, primarily from federal Community Development Block Grant funds. The request aligns some general revenue capital and operational spending with FY 2017 actuals, but the general revenues request is approximately \$5,000 more than FY 2017 actual spending; requested federal operating funds include \$6,000 more for travel consistent with prior year expenditures. *The Governor recommends \$4,287 less than requested to reflect statewide medical benefit savings.*

**Neighborhood Stabilization.** Subsequent to a 2012 audit, the Department of Housing and Urban Development required repayment of federal American Reinvestment Act funds related to the Neighborhood Stabilization Program. Pursuant to an agreement between the Department of Housing and Urban Development and the Housing Resources Commission reached during 2017, the state is obligated to repay \$1.5 million for insufficiently documented projects expenses incurred from 2009 through 2011. The Office of Housing and Community Development reports that under the agreement the Department of Housing and Urban Development will return the funds to the state to reuse on Neighborhood Stabilization Program eligible activities. *The Governor recommends \$1.5 million from restricted receipts from the Real Estate Conveyance Tax dedicated to lead and housing initiatives to repay the penalty.*

**Community Development Block Grant.** The Office requests \$1.1 million more than enacted from federal Community Development Block Grant fund expenses to reflect the Office's actual FY 2018 award amount, including prior year carry-over funding. *The Governor recommends funding as requested.*

**Capital.** The Office requests \$1.2 million more than enacted from Rhode Island Capital Plan funds, including \$0.6 million more than the Office's capital request. The request includes \$0.6 million more for the I-195 Redevelopment Commission and \$0.6 million more for the Quonset Development Corporation's

Pier project. The request appears to erroneously include \$0.6 million for the Quonset Development Corporation; the Corporation reports its request is \$2.6 million from Rhode Island Capital Plan funds, \$27,341 more than enacted, to reflect unspent funds carried over from FY 2017. *The Governor recommends \$173,394 more than enacted to correct the request for the Quonset Development Corporation and include \$146,053 more for the I-195 Redevelopment Commission for land preparation for parcels under agreement. These projects are described in detail in the Capital Budget section of this publication.*

## Department of Labor and Training

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 1,042,437	\$ 2,451,919	\$ 2,126,078	\$ 2,522,896
Workforce Development Services	39,096,946	36,033,127	52,311,115	52,282,224
Workforce Regulation and Safety	1,818,761	2,811,148	2,796,321	2,986,222
Income Support	371,299,139	379,512,413	376,921,812	382,475,960
Injured Workers Services	8,185,124	8,701,434	7,724,679	7,791,556
Labor Relations Board	404,678	397,335	395,799	412,555
<b>Total</b>	<b>\$ 421,847,085</b>	<b>\$ 429,907,376</b>	<b>\$ 442,275,804</b>	<b>\$ 448,471,413</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 40,661,876	\$ 40,797,736	\$ 41,354,546	\$ 41,277,578
Contracted Services	4,680,223	4,887,318	2,667,418	2,667,418
<b>Subtotal</b>	<b>\$ 45,342,099</b>	<b>\$ 45,685,054</b>	<b>\$ 44,021,964</b>	<b>\$ 43,944,996</b>
Other State Operations	6,788,248	4,289,568	7,570,677	14,053,254
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	361,118,142	368,956,430	382,289,052	382,289,052
Capital	118,036	1,691,286	1,927,111	1,717,111
Capital Debt Service	-	-	-	-
Operating Transfers	8,480,560	9,285,038	6,467,000	6,467,000
<b>Total</b>	<b>\$ 421,847,085</b>	<b>\$ 429,907,376</b>	<b>\$ 442,275,804</b>	<b>\$ 448,471,413</b>
<b>Sources of Funds</b>				
General Revenue	\$ 7,010,095	\$ 8,094,063	\$ 8,137,880	\$ 8,975,670
Federal Aid	43,869,516	36,930,858	45,802,331	51,355,725
Restricted Receipts	21,996,462	24,323,914	30,564,326	30,614,296
Other	348,971,012	360,558,541	357,771,267	357,525,722
<b>Total</b>	<b>\$ 421,847,085</b>	<b>\$ 429,907,376</b>	<b>\$ 442,275,804</b>	<b>\$ 448,471,413</b>
<b>FTE Authorization</b>	<b>409.5</b>	<b>428.7</b>	<b>428.7</b>	<b>428.7</b>
<b>FTE Average</b>	<b>403.1</b>			

**FY 2018 Revised Request.** The Department requests \$12.4 million more than enacted including \$43,817 more from general revenues, \$8.9 million more from federal funds, \$6.2 million more from restricted receipts, and \$2.8 million less from other funds. *The Governor recommends \$6.2 million more than enacted including \$0.9 million more from general revenues. Excluding centralized services transferred from the Department of Administration, the recommendation is \$0.3 million less than enacted from all funds, including \$12,871 less from general revenues.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations

and Public Higher Education. *The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. None of these savings has been attributed to this agency.*

**Reappropriation – Work Immersion/Non-Trade Apprenticeship Program.** The Governor reappropriated \$43,817 of unspent general revenues for the work immersion/non-trade apprenticeship program. The program ended in FY 2017 with a surplus of \$73,655, which relates to the non-trade apprenticeship portion of the program, where funding was obligated but not yet spent. The reappropriation was only for \$43,817 because overspending for the Police & Fire Relief program reduced the available balance. The program provides post-secondary school students, recent college graduates, and unemployed adults with meaningful work experience, and assists employers by training individuals for potential employment. For each participant in the work immersion program, the Department reimburses eligible employers up to 50.0 percent of the cost of not more than 400 hours of work experience and during a period of ten weeks. *The Governor's budget includes the reappropriation.*

**Real Jobs Rhode Island.** The Department requests \$4.7 million more than enacted from federal funds for the Real Jobs Rhode Island program. Funding includes \$0.8 million more from sector partnership emergency grant funds and \$3.9 million more from the America's Promise grant. These funds are being carried forward from FY 2017.

The additional funds will be used to continue supporting partnerships. The Department decided to spread out training programs into more than just one or two cohorts. The Department notes that grants were budgeted based on available funding to allow for the flexibility to spend on various opportunities as they presented. The Real Jobs Rhode Island program aims to develop job partnerships connecting industry employers and key stakeholders to build alliances and address business workforce demands. *The Governor recommends funding as requested.*

**Governor's Workforce Board.** The Department requests \$7.9 million more than enacted from restricted receipts to continue supporting workforce development grant awards and employment and training initiatives through the Governor's Workforce Board. The increase reflects unspent funds carried forward from FY 2017 since several grant initiatives and partnership programs began in FY 2017, which may have caused delays in spending grant awards. The Board receives funding from the Job Development Fund, a 0.21 percent assessment of the employer's payroll tax. The assessment generates approximately \$12.5 million for the Board's use. The balance is distributed for workforce development activities, including adult education and requested grant expenditures. *The Governor recommends funding as requested.*

**Dislocated Workers.** The Department requests \$37,723 more than enacted from federal funds to reflect remaining available funding from a grant awarded from the United States Department of Labor's Employment Training Administration that ended in FY 2017. The funding is to process final payments related to the program. The Department excludes the grant from its FY 2019 request. Funding was used to train laid-off workers for available jobs and to provide client services, such as job counseling, apprenticeships, and direct job placement that help connect laid-off workers, including the long-term unemployed, with jobs. *The Governor recommends funding as requested.*

**Trade Readjustment Act.** The Department requests \$0.2 million more than enacted from federal funds for trade readjustment assistance programs. The increase reflects new funding awarded to the Department by the United States Department of Labor's Employment and Training Administration. The main objective of the Trade Readjustment Assistance Act is to provide support to qualified workers adversely affected by foreign trade and assist them to obtain suitable employment. State workforce agencies serve as an agent of the United States for administering the worker adjustment assistance benefit provisions of the Trade Act. The programs provide testing, counseling, and job placement services; job search and relocation assistance; training; and payment of weekly trade readjustment allowances. Trade impacted workers are eligible to receive job search and relocation allowances to attend approved training outside the normal commuting distance of the worker's regular place of residence. *The Governor recommends funding as requested.*

**Employ Rhode Island.** The Department requests \$0.2 million more than enacted for Employ Rhode Island, a free online recruiting resource for businesses and organizations wishing to fill staff vacancies by either recruiting from the database or posting a vacant position. The additional funding will allow the Department to continue development of a document manager module, which will allow the Department to switch to a paperless application process in the NetWORKri offices. The Department notes that it needs the document manager to ensure adequate security for personal information and to maintain files organized for audit reviews. The funding is from the Social Security Administration, received as a result of successful job placements and retention milestones for participants in the Disability Employment Initiative. *The Governor recommends funding as requested.*

**Other Workforce Development Grants.** The Department requests \$2.3 million more than enacted from federal funds for all other workforce development grants. These increases reflect unspent funds from FY 2017, which have been carried forward into FY 2018. This includes \$1.1 million more from the data quality initiative grant and \$1.3 million more for Workforce Innovation and Opportunity Act programs to support employment initiatives oriented towards the youth, adults and dislocated workers. Although the demand for such services has increased, the Department repeatedly requests the total amount it anticipates having available, but spends significantly less than it requests. It often budgets the entire grant awards to specific grantees, even though the grant is anticipated to span two or more fiscal years. *The Governor recommends funding as requested.*

**Unemployment Benefits.** The Department requests \$4.1 million less than enacted from other funds for unemployment insurance benefits. This includes \$0.4 million more for benefit payments to federal and veteran employees, \$2.5 million less for benefit payments to other states, and \$2.0 million less for traditional benefit payments. There have been both fewer individuals collecting benefits overall and lower total benefit payments per individual, primarily from individuals finding employment before exhausting their 26 weeks of benefits. *The Governor recommends funding as requested.*

**Unemployment Administration.** The Department requests \$12.3 million from all sources, or \$1.1 million less than enacted from federal funds and Tardy and Interest Fund restricted receipts, for the administration of the unemployment insurance program including salaries and benefits for the program's 156.3 full-time equivalent positions. The Department indicated that it has implemented a staff work-sharing plan to create necessary savings in unemployment insurance and cross-train staff in temporary disability insurance so they can be shifted as workloads dictate. The enacted budget contains funding for approximately 140 positions. The request for staffing is \$1.3 million less than enacted, representing turnover equivalent to approximately 16 positions in the program. As of the pay period ending December 23, 2017, the Department has 21.9 total vacancies. *The Governor recommends \$43,869 less than requested to reflect statewide medical benefits savings.*

**Unemployment Information Technology System.** The Department requests \$1.4 million more than enacted from federal funds for expenses related to the replacement of the unemployment benefit and tax system. The increase reflects funds carried forward from FY 2017 when the Department underspent by \$2.8 million. The Department has indicated that it received an extension to expend these funds through September of 2018. The benefit system is currently scheduled to go live in March 2019 and the tax system will follow shortly after that.

Rhode Island joined a consortium with Maine and Mississippi to develop new automated unemployment insurance tax and benefit systems, based on Mississippi's systems. The United States Department of Labor awarded the consortium \$90.0 million for the project, \$60.0 million for the centralized program development and \$10.0 million to each state to develop the program to its specific needs. *The Governor recommends funding as requested.*

**Temporary Disability Insurance Benefits.** The Department requests \$2.0 million more than enacted from the Temporary Disability Insurance Fund for benefit payments that protect eligible workers against wage loss resulting from a non-work related illness or injury. Requested benefits are \$4.3 million more than FY 2017 expenditures. The Department is projecting higher benefit levels because benefits have been steadily increasing each year since a low of \$156.8 million during the great recession. *The Governor recommends funding as requested.*

**Temporary Disability Insurance Administration.** The Department requests \$0.9 million more than enacted from the Temporary Disability Insurance Fund for administration of those benefits. The request includes \$0.9 million more in staffing costs, equivalent to 10.8 positions. The enacted budget contains full funding for the program's 65.9 full-time equivalent positions and the program has 5.5 vacancies as of October 16, 2017. The Department indicates that it has implemented a staff work-sharing plan to create necessary savings in unemployment insurance and cross-train staff in temporary disability insurance so they can be shifted as workloads dictate. *The Governor recommends \$31,755 less than requested to reflect statewide medical benefits savings.*

**Temporary Caregiver Benefits.** The Department requests \$2.0 million less than enacted from the Temporary Disability Insurance Fund for benefits for the temporary caregiver insurance program. The FY 2018 revised request is \$1.0 million more than FY 2017 expenditures and based on the Department's updated projection for the program. The program began on January 1, 2014, and allows eligible claimants up to four weeks of benefits to care for a seriously ill child, spouse, domestic partner, parent, parent-in-law or grandparent, or to bond with a newborn child, new adopted child or new foster care child. *The Governor recommends funding as requested.*

**Temporary Caregiver Administration.** The Department requests \$0.1 million more than enacted from the Temporary Disability Insurance Fund for the administration of the temporary caregiver program. The enacted budget contains full funding for the program's 7.9 positions. The request is equivalent to hiring 2.0 full-time equivalent positions for the program. The Department indicated that it has implemented a staff work-sharing plan to create necessary savings in unemployment insurance and cross-train staff in temporary disability insurance so they can be shifted as workloads dictate. *The Governor recommends \$3,790 less than requested to reflect statewide medical benefits savings.*

**Workers' Compensation.** The Department requests \$1.5 million less than enacted from workers' compensation restricted receipts for the workers' compensation program. This includes \$0.4 million less to represent turnover savings equivalent to 3.4 full-time equivalent positions and \$1.2 million less for medical services provided to claimants. This is offset by \$0.1 million more for the operations of the second injury fund program, which provides services to individuals that are injured for the second time and the injury is related to the first one. These expenditures can fluctuate significantly from year to year. The Department indicated that an additional \$1.3 million should have been included in the request for medical services provided to claimants. Adjusting for the error, the request would be for \$0.1 million less than enacted, in line with FY 2017 expenditures. *The Governor recommends \$66,602 more than requested. This assumes the equivalent of filling one vacancy and \$20,739 for statewide medical benefits savings. The recommendation does not include the funding that was inadvertently excluded from the request.*

**Police and Fire Relief Funds.** The Department requests \$61,457 less than enacted from general revenues for police and fire benefits paid to surviving spouses of deceased police and firefighters and education benefits for spouses and children of deceased or disabled officers and firefighters, as well as the disabled workers based on projected expenditures. This consists of \$37,501 less for the Firemen's Relief Fund and \$23,956 less for the Policemen's Relief Fund. By benefit type, it is \$39,183 less for pension payments and \$21,610 less for scholarships. *The Governor recommends funding as requested.*

**Other Salaries and Benefits.** The Department requests \$1.2 million more than enacted from all sources, for salaries and benefits of the Department's remaining 154.1 full-time equivalent positions. This includes \$0.2 million more from general revenues, \$0.7 million more from federal funds, \$0.3 million more from Tardy and Interest Fund restricted receipts, and \$35,457 less from other funds. The enacted budget contains funding for approximately 143 positions. The FY 2018 revised request continues to utilize Tardy and Interest funds, specifically \$563,390 of the restricted receipts to offset projected overspending from the Workforce Regulation and Safety program, an historical use for the Department. The request reflects additional funding equivalent to approximately 12 positions, or nearly all of the turnover in the enacted budget. The Department has 21.9 vacant positions as of the pay period ending December 23, 2017. *The Governor recommends \$64,156 less than requested from all funds, including \$12,757 less from general revenues, to reflect statewide medical benefits savings.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor's budget adds \$6.5 million from all sources including \$0.9 million from general revenues for the Department's share of centralized services. This includes \$2.6 million for facilities management, of which \$0.3 million is from general revenues, \$0.6 million for human resource services, of which \$0.1 million is from general revenues, and \$3.2 million for information technology services, of which \$0.4 million is from general revenues.*

**All Other Operations.** The Department requests \$0.1 million less than enacted from all sources for all other expenses. This includes \$105,199 less from general revenues and \$35,617 less from other funds. The decrease to general revenues reflects adjustments to various operating expenses to bring most of the expenses in line with actual spending from FY 2017. The decrease to other funds reflects the end of the State Workforce and Education Alignment Project grant, which had been received in May 2015, as well as from Short Time Compensation programs. *The Governor recommends \$114 less than requested to include telecommunications expenses among the adjustments to reflect FY 2017 spending.*

**Capital Projects.** Consistent with the capital budget request, the Department requests \$0.2 million more than enacted from Rhode Island Capital Plan funds for the Center General Asset Protection project. The project is comprised of fifteen different asset protection projects for the Center General Complex in Cranston and the Arrigan Rehabilitation Center in Providence. The Department expects to complete all fifteen projects from FY 2018 through FY 2022. *The Governor recommends the enacted level. The projects are described in detail in the Capital Budget section of this publication.*



## Department of Revenue

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Program</b>				
Office of Director	\$ 1,285,542	\$ 1,244,266	\$ 1,268,258	\$ 1,997,887
Office of Revenue Analysis	745,011	788,009	725,809	724,135
Lottery Division	350,376,387	375,039,436	370,380,096	370,224,511
Division of Municipal Finance	2,876,060	3,111,025	2,946,096	2,927,558
Taxation	65,861,749	95,449,305	95,449,305	25,495,309
Registry of Motor Vehicles	25,091,475	26,263,221	25,805,536	29,324,943
State Aid	25,139,737	23,476,456	24,238,348	93,993,496
<b>Total</b>	<b>\$ 471,375,961</b>	<b>\$ 525,371,718</b>	<b>\$ 520,813,448</b>	<b>\$ 524,687,839</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 49,653,617	\$ 50,779,564	\$ 50,367,236	\$ 49,704,357
Contracted Services	3,668,703	5,530,051	5,510,479	5,510,479
<b>Subtotal</b>	<b>\$ 53,322,320</b>	<b>\$ 56,309,615</b>	<b>\$ 55,877,715</b>	<b>\$ 55,214,836</b>
Other State Operations	347,843,641	371,758,856	367,616,547	373,782,101
Aid to Local Units of Government	65,989,581	95,578,344	95,568,104	94,112,295
Assistance, Grants, and Benefits	1,669,776	1,013,641	1,012,395	1,012,395
Capital	2,475,174	643,161	668,489	496,014
Operating Transfers	75,469	68,101	70,198	70,198
<b>Total</b>	<b>\$ 471,375,961</b>	<b>\$ 525,371,718</b>	<b>\$ 520,813,448</b>	<b>\$ 524,687,839</b>
<b>Sources of Funds</b>				
General Revenue	\$ 110,837,278	\$ 143,622,132	\$ 143,943,404	\$ 147,980,937
Federal Aid	3,087,712	1,567,500	1,487,007	1,487,293
Restricted Receipts	6,028,989	3,962,015	3,904,244	3,900,165
Other	351,421,982	376,220,071	371,478,793	371,319,444
<b>Total</b>	<b>\$ 471,375,961</b>	<b>\$ 525,371,718</b>	<b>\$ 520,813,448</b>	<b>\$ 524,687,839</b>
<b>FTE Authorization</b>	<b>523.5</b>	<b>533.5</b>	<b>536.5</b>	<b>529.5</b>
<b>FTE Average</b>	<b>499.6</b>			

**FY 2018 Revised Request.** The Department of Revenue requests \$4.6 million less than enacted from all sources for FY 2018. This includes \$321,272 more from general revenues, \$80,493 less from federal funds, \$57,771 less from restricted receipts, and \$4.7 million less from other sources, the majority of which are Lottery funds. The Department requests 3.0 more positions than the authorized level for a new enforcement initiative at the Registry of Motor Vehicles.

*The Governor recommends \$524.7 million from all sources, \$0.7 million less than enacted, including \$4.4 million more from general revenues. Excluding centralized services costs transferred from the Department of Administration, the recommendation is \$7.0 million less than enacted, including \$1.8 million less from general revenues. The recommendation includes 529.5 full-time equivalent positions, 4.0 fewer than enacted. As of the pay period ending January 20, the Department has 27.5 vacancies.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction

to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education.

*The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. For the Department of Revenue, the budget was reported to include \$3.4 million from several items. These include \$0.8 million of personnel savings from the voluntary retirement incentive, maintaining vacancies, eliminating positions, as well \$2.0 million that Twin River is expected to transfer to the Lottery based on a recent agreement reached and \$0.6 million from Lottery revenues based on a reduction to expenditures that does not seem to have occurred. The savings are included in the items described in the following analysis where appropriate.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses.

*The Governor's budget adds \$6.3 million, including \$6.2 million from general revenues for the Department's share of centralized services transferred from the Department of Administration. This includes \$0.8 million for human resources support, \$4.2 million for information technology services and \$1.3 million for facilities management.*

**Director's Office Staffing.** The Department requests \$23,992 more than enacted from general revenues to fund 10.3 positions in the Director's Office, of which one position has a 75.0 percent cost allocation to the Division of Lottery. The request appears to overstate the value of the associated benefits by \$21,703. *The Governor recommends \$29,119 less than requested from general revenues to reflect corrections to benefit rates and statewide medical benefit savings.*

**Office of Revenue Analysis Staffing and Operations.** The Department requests \$62,200 less than enacted from general revenues for the Office of Revenue Analysis, including \$86,420 less for salaries and benefits and the \$24,220 more for all other expenses. The requested reduction for salaries and benefits reflects a vacancy within the Office, which it intends to maintain for the remainder of the current year. The \$24,220 increase relates to licenses for its forecasting software, including expanded functionality, for new analysts approved in the FY 2017 budget. The Department did not anticipate incurring the expense in the current year, and therefore did not request funding last year. *The Governor recommends \$1,674 less than requested from general revenues to reflect statewide medical benefit savings.*

**Lottery Staffing and Operations.** The Department's request includes \$0.4 million more than enacted from Lottery funds, including \$0.3 million less for salaries and benefits. The request includes turnover savings equivalent to 9.0 full-time equivalent positions. The Division has averaged 7.0 vacancies in the first half of the year. The request may overstate available savings. It should be noted that in FY 2017, the Division overspent salaries and benefits by \$0.1 million, and the FY 2018 revised request is \$0.1 million less than FY 2017 actual spending.

The Department requests \$99,712 from Lottery funds for information technology expenses at Twin River-Tiverton, to be reimbursed by Twin River. The technology infrastructure needs to be built, configured, and tested in time for the planned gaming equipment installation set for the first week of August 2018. The request also includes \$600,000 more than enacted to promote a New England Patriots instant win ticket, and \$58,158 less for other expenditures to reflect actual spending.

*The Governor recommends \$84,838 more than enacted from lottery funds. The recommendation includes turnover as requested and statewide medical benefit savings; adds \$0.6 million for the instant win ticket promotions and excludes the requested \$99,712 for information technology funding. It also eliminates \$0.2 million for motor vehicle maintenance, and 1.0 full-time equivalent position. The recommendation is based on updated motor vehicle expenditure projections and assumes sufficient existing resources for the technology funding. The Governor's budget indicates that reduced lottery expenses would increase the transfer to general revenues beyond the November Consensus estimate. It is not clear how that was calculated.*

**Lottery Payments.** The Department requests \$5.0 million less than enacted from Lottery funds for commission payments to reflect current estimates of activities for the Division's traditional lottery games. The appropriations act historically includes language authorizing the Lottery to pay winning prize funds and commission payments to the local casinos for the fiscal year. *The Governor recommends funding as requested.*

**Municipal Transparency Portal.** The Division requests \$0.1 million less than enacted for its Municipal Transparency portal, most of which reflects not filling the position authorized by the 2016 Assembly. The Division does not anticipate the delay to have any impact as the responsibilities have been reallocated within the Division. The Division intended to launch the Portal in January 2017, and fill the position concurrent with the launch. The Division delayed the launch because of difficulties in standardizing the reporting between the state's municipalities. The Division planned a multiphase rollout beginning in May 2017; the portal continues to be delayed. The 2016 Assembly enacted legislation to implement a standardized method of financial reporting for municipalities and develop an online portal for municipal report submission to publicly post municipal financial information, including one new full-time equivalent position to administer the initiative.

*The Governor concurs and also eliminates the position, and further reduces funding by \$500. This appears to underfund the cost of the portal.*

**Municipal Finance - Turnover.** The Department requests \$35,102 less than enacted from general revenues for the remaining 16.0 full-time equivalent positions to reflect the Division of Municipal Finance staffing turnover. The request includes \$0.3 million in turnover savings consistent with the Division's current staffing, which has averaged 3.5 vacancies through the first half of the year. The request appears to overstate the necessary funding by \$0.1 million.

*The Governor recommends \$61,756 less than enacted and eliminates authorization for 2.0 unfunded positions within the Division. The recommendation assumes additional turnover and includes statewide medical benefits savings.*

**Other Operations.** The Department requests \$15,240 less than enacted from general revenues for all other Division of Municipal Finance expenses. The request includes \$5,000 less than enacted for contracted financial and legal services based on current needs. It also includes \$10,240 less than enacted for municipal oversight reimbursement to reflect the end of oversight of Central Falls, anticipated in April 2018. Current law requires the state to reimburse the city or town 50.0 percent of the cost of the financial overseer. *The Governor recommends funding as requested.*

**Motor Vehicles Excise Tax Program.** The Department requests \$36.0 million for the Motor Vehicles Excise Tax and Phase out program for FY 2018. The 2017 Assembly enacted Article 11 of 2017-H 5175, Substitute A, as amended, to restart the phase-out, which had been frozen for several years and provided \$26.0 million more to reimburse lost revenues to local municipalities for FY 2018. Prior to that, only a \$500 exemption was being reimbursed, subject to appropriation. The legislation fixed the prior \$10.0

million reimbursement in statute as the base for reimbursements under the new program, and requires municipalities to maintain current calculation practices.

For FY 2018 the changes include increasing the minimum exemption from \$500 to \$1,000, lowering the assessed value from 100.0 percent to 95.0 percent, and no longer taxing cars older than 15 years.

*The Governor's budget funds the Motor Vehicles Excise Tax Phase-Out program at \$34.5 million for FY 2018, \$1.5 million less than enacted based on updated data.*

**Taxation – Salaries and Benefits.** The Department requests \$0.5 million less than enacted from all sources to fund the Division of Taxation's 235.0 full-time equivalent positions. This includes \$0.3 million less from general revenues, \$81,501 less from federal funds, \$57,053 less from restricted receipts, and \$81,182 less from other funds, reflective of current staffing levels and updated benefit rates. The request assumes additional turnover savings to reflect the 8.6 vacancies the Division has averaged over the first half of the year.

The 2017 Assembly authorized four positions, including two revenue agent positions and two data analyst positions in the Division of Taxation intended to increase compliance efforts. The positions were associated with \$2.0 million of increased revenues assumed in the budget. The Department reports it has prioritized its hiring based on revenue generation, and the two revenue agent positions have been filled. *The Governor recommends \$0.3 million less than requested, including \$0.6 million less from general revenues to reflect additional turnover and statewide medical benefit savings.*

**Taxation - Other Operations.** The Department requests \$31,203 more than enacted from all sources for all other Division of Taxation expenses, including \$33,703 more from general revenues, and \$2,500 less from Department of Labor and Training fund sources. The request aligns the Division's capital and records center requests with prior spending, adjusts its information technology expenditures and includes a new contract for cash management and financial logistics services, with new consumer-friendly features including daily processing of payments. *The Governor recommends funding as requested.*

**Multistate Tax Commission Dues.** The Department's request includes \$45,963 more than enacted from general revenues for dues for the Multistate Tax Commission. This includes the Division's Sovereignty level membership, and participation in the Nexus and Joint Audit Programs. The Nexus and Joint Audit Programs, are third-party auditor contracts with the Multistate Tax Commission, which allow multiple states to jointly audit a single multistate taxpayer to produce efficiencies to both taxpayers and the states. The Division reported it has increased its membership level during the prior year, and the FY 2018 request is consistent with FY 2017 actual spending. *The Governor recommends funding as requested.*

**Motor Vehicles – Suspension Fees (3.0 FTE).** The Department requests \$0.1 million more than enacted from general revenues for the Registry of Motor Vehicles to begin enforcing registration suspensions, permitted under current law, for failure to comply with the state's inspection requirements. The request includes \$120,626 for salaries and benefits for three new full-time equivalent positions, including two senior tellers and one motor vehicle appeals officer. The request also includes \$14,960 for computer programming and to construct a hearing room at the state inspection facility at 325 Melrose Street, in Providence.

The Department reports that enforcement of this initiative is anticipated to impact 850 registrations per month and does not require a legislative change as the authority exists under current law. Prior to the launch of the Rhode Island Motor Vehicle System the Registry could not uniformly identify vehicles which had had a lapse in the inspection requirement.

The Department reports the reported lapses from the insurance requirement would be generated by the system approximately one month after the lapse, and a notice of noncompliance would be sent to the owner

who would have 20 days from the date of the notice to come into compliance with the inspection requirement. After that date the registration would be suspended, as permitted under current law; the fee for registration reinstatement is \$250. The Department reports the initiative would begin in January 2018 and begin receiving revenues in April 2018. Estimated revenues would total \$0.6 million for FY 2018, with net revenues to the state of \$0.5 million.

Subsequent to the Department's budget submission, the Governor announced suspension of this effort until the legislature has had an opportunity to review it.

*The Governor's FY 2018 revised budget does not include this initiative; however, her FY 2019 recommended budget does include \$2.6 million of revenues associated with this initiative.*

**Motor Vehicles – Other Salaries and Benefits.** The Department requests \$0.5 million more than enacted from all fund sources for all other Division of Motor Vehicles salaries and benefits. The request includes \$478,828 from general revenues to restore funding excluded from the enacted budget when the Assembly declined to transfer a portion of staffing costs from the registry to transportation funds. The request also includes updated planning values, and assumes turnover savings to reflect the 4.7 vacancies the Division has averaged through the first half of the year.

*The Governor recommends \$0.3 million more than enacted, primarily from general revenues to reflect the requested restoration of funding. The recommendation also includes personnel savings from the voluntary retirement incentive program and statewide medical benefit savings.*

**Driver's License Imaging.** The Department requests \$105,700 more than enacted from general revenues, for the cards on which the driver's licenses and other credentials, such as state identification cards are printed by the registry branches. Costs are billed per card, and the request includes funding consistent with the number of cards issued during FY 2017. *The Governor recommends funding as requested.*

**Motor Vehicles - Other Operations.** The Department requests \$39,744 more than enacted from general revenues for all other expenses for the Division of Motor Vehicles. The request includes \$39,328 for technology maintenance and support, and \$29,010 for the Department's new contract for cash management and financial logistics services, offset by reductions to spending consistent with prior years' actuals. *The Governor recommends \$25,000 less than requested for property rental costs, which is \$24,344 less than FY 2017 actual spending. It was unclear why this adjustment was made.*



## Legislature

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Program</b>				
General Assembly	\$ 5,571,559	\$ 6,080,325	\$ 8,117,345	\$ 8,116,093
Fiscal Advisory Staff	1,467,289	1,843,417	1,843,979	1,839,038
Legislative Council	4,001,277	5,436,430	5,088,433	5,062,093
Joint Comm. on Legislative Affairs	22,685,305	23,130,388	26,616,954	26,546,507
Office of the Auditor General	4,591,884	5,748,004	5,496,831	5,486,511
Special Legislative Commissions	8,539	13,900	13,900	13,900
<b>Total</b>	<b>\$ 38,325,853</b>	<b>\$ 42,252,464</b>	<b>\$ 47,177,442</b>	<b>\$ 47,064,142</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 32,309,925	\$ 35,026,369	\$ 35,888,458	\$ 35,735,679
Contracted Services	367,395	555,500	755,300	755,300
<b>Subtotal</b>	<b>\$ 32,677,320</b>	<b>\$ 35,581,869</b>	<b>\$ 36,643,758</b>	<b>\$ 36,490,979</b>
Other State Operations	3,071,104	3,545,595	6,818,684	6,858,163
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,051,025	2,300,000	2,300,000	2,300,000
Capital	526,404	825,000	1,415,000	1,415,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 38,325,853</b>	<b>\$ 42,252,464</b>	<b>\$ 47,177,442</b>	<b>\$ 47,064,142</b>
<b>Sources of Funds</b>				
General Revenue	\$ 36,925,853	\$ 40,522,507	\$ 45,528,394	\$ 45,419,385
Federal Aid	-	-	-	-
Restricted Receipts	1,400,000	1,729,957	1,649,048	1,644,757
Other	-	-	-	-
<b>Total</b>	<b>\$ 38,325,853</b>	<b>\$ 42,252,464</b>	<b>\$ 47,177,442</b>	<b>\$ 47,064,142</b>
<b>FTE Authorization</b>	<b>298.5</b>	<b>298.5</b>	<b>298.5</b>	<b>298.5</b>
<b>FTE Average</b>	<b>253.2</b>			

**FY 2018 Revised Request.** The Legislature's revised budget of \$47.2 million includes \$5.0 million from the \$7.1 million reappropriation and 298.5 full-time equivalent positions.

The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor's budget adds \$39,479 from general revenues for centralized information technology services and removes \$0.2 million including \$0.1 million from general revenues to reflect statewide medical benefit savings. She concurs with the remainder of the request.*



## Office of the Lieutenant Governor

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 902,407	\$ 1,041,881	\$ 1,000,614	\$ 943,100
Contracted Services	112,849	-	41,267	41,267
<b>Subtotal</b>	<b>\$ 1,015,256</b>	<b>\$ 1,041,881</b>	<b>\$ 1,041,881</b>	<b>\$ 984,367</b>
Other State Operations	44,253	41,586	41,586	62,379
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	750	750	750
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,059,509</b>	<b>\$ 1,084,217</b>	<b>\$ 1,084,217</b>	<b>\$ 1,047,496</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,059,509	\$ 1,084,217	\$ 1,084,217	\$ 1,047,496
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,059,509</b>	<b>\$ 1,084,217</b>	<b>\$ 1,084,217</b>	<b>\$ 1,047,496</b>
<b>FTE Authorization</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>
<b>FTE Average</b>	<b>7.7</b>			

**FY 2018 Revised Request.** The Office of the Lieutenant Governor’s revised request shifts \$41,267 from salaries and benefits to contracted legal services. *The Governor recommends \$1.0 million from general revenues, which is \$36,721 less than enacted and requested. Excluding centralized services transferred from the Department of Administration, the recommendation is \$57,514 less than enacted.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *The Governor’s revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. None of these savings has been attributed to this agency.*

**Legal Services.** The Office’s revised request adds \$41,267 from general revenues for outside legal services. The Office indicates that some of the funding is used to intervene in Public Utilities Commission hearings regarding planned National Grid utility rate hikes and pipeline location plans. The enacted budget does not include any funds for legal services, though in FY 2017 the Office spent \$0.1 million on legal services, including \$65,748 for special counsel related to public utility dockets. For FY 2018, the Office has spent \$29,207 on legal services as of December 1, 2017. *The Governor recommends funding as requested.*

**Turnover.** The Office's revised request includes \$41,267 less than enacted from general revenues for staffing costs. The Office indicates that the savings would be achieved by replacing an employee at a lower rate than the previous employee. While the Office did have additional turnover in FY 2017, the FY 2018 enacted budget was based on full staffing at 8.0 positions at the current rate and did not assume any turnover. The Office has had all 8.0 authorized positions filled as of the pay period ending November 25, 2017, but notes that it anticipates savings from an employee who is on leave. *The Governor recommends \$57,514 less than requested, including \$55,651 to reflect additional turnover savings and \$1,863 of statewide medical benefit savings. As of the pay period ending January 20, all 8.0 positions are filled.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor's budget adds \$20,793 from general revenues for the Office of the Lieutenant Governor for its share of centralized information technology services.*

## Office of the Secretary of State

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Program</b>				
Administration	\$ 3,175,089	\$ 3,382,625	\$ 3,476,544	\$ 3,472,059
Corporations	2,120,565	2,224,127	2,226,939	2,219,266
Elections and Civics	3,101,885	1,906,470	1,989,957	2,009,021
Office of Public Information	418,366	612,562	616,422	614,774
State Archives	547,181	501,628	605,635	615,789
State Library	579,060	723,385	595,110	594,463
<b>Total</b>	<b>\$ 9,942,146</b>	<b>\$ 9,350,797</b>	<b>\$ 9,510,607</b>	<b>\$ 9,525,372</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 5,860,820	\$ 6,247,510	\$ 6,137,202	\$ 6,110,776
Contracted Services	368,837	438,698	668,307	688,307
<b>Subtotal</b>	<b>\$ 6,229,657</b>	<b>\$ 6,686,208</b>	<b>\$ 6,805,509</b>	<b>\$ 6,799,083</b>
Other State Operations	3,248,766	2,481,388	2,433,902	2,455,093
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	140,768	143,976	143,000	143,000
Capital	322,955	39,225	128,196	128,196
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 9,942,146</b>	<b>\$ 9,350,797</b>	<b>\$ 9,510,607</b>	<b>\$ 9,525,372</b>
<b>Sources of Funds</b>				
General Revenue	\$ 9,478,004	\$ 8,911,319	\$ 8,953,690	\$ 8,958,301
Federal Aid	-	-	22,859	22,859
Restricted Receipts	421,688	439,478	426,512	436,666
Other	42,454	-	107,546	107,546
<b>Total</b>	<b>\$ 9,942,146</b>	<b>\$ 9,350,797</b>	<b>\$ 9,510,607</b>	<b>\$ 9,525,372</b>
<b>FTE Authorization</b>	<b>59.0</b>	<b>59.0</b>	<b>59.0</b>	<b>59.0</b>
<b>FTE Average</b>	<b>55.7</b>			

**FY 2018 Revised Request.** The Secretary of State requests revised FY 2018 expenditures which are \$0.2 million more than enacted. This includes \$42,371 more from general revenues, \$22,859 more from federal funds, \$12,966 less from restricted receipts and \$65,092 more from Rhode Island Capital Plan funds. *The Governor recommends \$0.2 million more than enacted and \$14,765 more than requested. Excluding centralized services transferred from the Department of Administration, the change to the enacted budget is \$153,384 more from all sources, including \$25,791 from general revenues.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations

and Public Higher Education. *The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. None of these savings has been attributed to this agency.*

**Turnover.** The Office requests \$110,308 less than enacted from all sources, including \$124,141 less from general revenues and \$13,833 more from restricted receipts based on projected staffing for FY 2018. As of the pay period ending December 9, 2017, the Office has 3.0 vacant positions and has averaged 2.0 vacancies since the beginning of the fiscal year. The Office anticipates that two of these vacancies will be filled as soon as possible while the third would remain open until March 2018. The enacted budget did not assume any turnover savings.

*The Governor recommends \$26,426 less than requested from all sources, including \$36,580 less from general revenues and \$10,154 more from restricted receipts. The recommendation includes \$20,194 less from statewide medical benefit savings. The recommendation also reallocates an employee between fund sources causing a shift to restricted receipts from general revenues. As of the pay period ending January 20, 2018, the Office has 3.0 vacancies.*

**Cyber Security Testing.** The Office requests total project costs of \$120,000 from general revenues for cyber security testing over both FY 2018 and FY 2019. This project is a new initiative, not funded in the enacted budget, resulting from reported election interference throughout the country in November 2016. The testing would be carried out and completed prior to the elections in November 2018. The cost will be paid over two years, with \$41,907 in FY 2018 and \$78,093 in FY 2019. The goal of the testing is to assess the overall security of the Central Voter Registration System. The Office indicates that the project will aid in the development of additional security measures to ensure that networks and information are properly protected. *The Governor recommends funding as requested.*

**eGov Initiative.** The Office requests \$120,064 less than enacted from general revenues for information technology expenditures for which the enacted budget includes \$394,465. The reduction reflects the completion of phases of the owner's manual and lobby tracker redesign and updated estimates for ongoing projects including the redesign of the open meeting user interface, the redesign of the Boards and Commissions database and webpage, and restructuring of the business services database. *The Governor recommends funding as requested.*

**Regulatory Reform Initiative.** The Office requests \$182,400 more than enacted from general revenues to support the state's regulatory reform initiative begun in FY 2017. The FY 2018 enacted budget includes \$173,713 for two contractors to work on the project for three months. The Office notes these contractors were hired later than expected in FY 2017 and at a significantly lower cost; therefore, the Office's FY 2018 revised request includes \$356,113 to keep the contractors on for the entire year. The FY 2019 request reflects funding to keep contracted staff until the end of July 2018 in order to account for any necessary fixes after the live release of the application. The Rhode Island Code of Regulations is expected to go live in FY 2018. *The Governor recommends funding as requested.*

**Business Assistant Wizard.** The Office is statutorily required by Rhode Island General Law, Chapter 42-132 to maintain and operate a Business Fast-Start Office, which is intended to provide a convenient and accessible business start-up portal that includes an interactive business wizard. The revised request includes \$12,000 from general revenues in FY 2018 and FY 2019 to modernize and redesign the current portal and wizard to meet the current demands. There is no funding for this project in the FY 2018 enacted budget. The Office noted that the Bureau of Audits recommended the Office find a better way to track funding that is coming in through this system. This project was started in response to that recommendation, which was officially submitted on November 10, 2017. *The Governor recommends funding as requested.*

**Scanning Project.** The Office requests \$14,200 less than enacted from general revenues to hire an outside company for the scanning project for the Business Services Division. The enacted budget includes \$50,000

for this project. The Division houses business records pursuant to Rhode Island General Law, Chapters 7-1 through 7-6, which contain the filing of entities dating back to 1741. The Office notes that approximately 38,000 active files, containing between 2 and 1,000 pages need to be imaged and matched. This would allow for the files to be viewable on line and allow for the transparency of businesses in Rhode Island. The Office assessed the progress of the project within FY 2018 and, based on a new timeline, determined the project would need to be funded in FY 2019 as well. The FY 2019 request includes \$42,940 to finish the project, which suggests the total project cost is \$78,740, or \$28,740 more than the original funding provided. *The Governor recommends funding as requested.*

**Records Center.** The Office requests \$0.9 million, or \$0.1 million more than enacted from other funds for the Records Center. This includes apportioning \$43,067 more of the rental costs at Westminster Street in Providence where the Office stores its archival records to the Records Center fund. Rent at Westminster Street is paid through the state archives and records center divisions. The request also includes \$44,239 more for records storage and retrieval, based on FY 2017 expenditures. The Office's FY 2018 revised request is consistent with FY 2017 expenditures. The Records Center is an internal service program that does not appear in the Appropriations Act. Its expenses are budgeted in user agencies that pay a portion of their operating costs into this fund for record storage and retrieval. *The Governor recommends \$15,231 more than requested reflecting \$1,591 less from statewide medical benefit savings offset by a budget office adjustment to employee cost allocation.*

**Relocation of State Archives.** The Office requests \$0.1 million from unspent Rhode Island Capital Plan funds carried forward from FY 2017 to finalize the study to select a possible site for the relocation of the State Archives. This study is expected to be finalized by December 2017. *The Governor recommends funding as requested.*

**Microfilm Machines.** The Office requests \$10,498 from all sources for the purchase of two multipurpose microfilm machines for the State Archives. The cost is split between Historical Records Trust restricted receipts and the Records Center fund, \$5,249 each. There is no funding in the enacted budget for these items. The Office notes that the Archives currently has three machines which are outdated. The Office's FY 2019 request includes a third microfilm machine. *The Governor recommends funding as requested.*

**Declaration of Independence Preservation.** The Office requests \$15,000 from Historical Records Trust restricted receipts in FY 2018 and FY 2019 for the conservation and emergency stabilization of the state's copy of the Declaration of Independence, for a total cost of \$30,000. There is no funding in the enacted budget for this project. Also included in the request are the costs to house the original document, insurance costs associated with the project, and the digitization of a copy for display. *The Governor recommends funding as requested.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor's budget adds \$21,191 from general revenues for the Office's share of centralized information technology services.*

**Other Operations.** The Office requests \$40,280 more than enacted from all sources, including \$64,469 more from general revenues, for all other expenses. Major increases include \$6,700 more to continue a data migration project, \$9,120 more for overhead costs associated with the records center, \$7,196 for the lease of a copier, and \$23,859 for computer maintenance associated with the new voting equipment. The request also includes increases to keep appropriations consistent with FY 2017, including \$20,000 for legal

services and \$16,499 for expenses such as travel and postage. Additionally, the request reflects savings from shifting \$43,067 of rent costs from the State Archives restricted receipts to the Records Center fund, noted earlier. *The Governor recommends the requested funding and adds \$20,000 to allow the Office to reimburse the Division of Motor Vehicles for payments made to establish a method to transfer electronic signatures to the Office relating to online voter registration. The Division and the Office signed a memorandum of understanding during FY 2016. The Division inadvertently did not request the reimbursement during the last fiscal year.*

## Office of the General Treasurer

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Program</b>				
General Treasurer	\$ 3,384,364	\$ 3,297,246	\$ 3,323,762	\$ 3,555,629
Unclaimed Property	26,348,524	26,324,334	26,084,320	26,536,282
Employees' Retirement System	10,076,889	10,968,526	11,222,493	11,309,737
Crime Victim Compensation	2,192,364	2,174,344	1,924,241	1,938,382
<b>Subtotal</b>	<b>\$ 42,002,141</b>	<b>\$ 42,764,450</b>	<b>\$ 42,554,816</b>	<b>\$ 43,340,030</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 9,629,389	\$ 9,995,925	\$ 10,263,364	\$ 10,233,238
Contracted Services	4,584,502	4,853,850	4,849,143	4,849,143
<b>Subtotal</b>	<b>\$ 14,213,891</b>	<b>\$ 14,849,775</b>	<b>\$ 15,112,507</b>	<b>\$ 15,082,381</b>
Other State Operations	25,771,786	25,820,400	25,567,884	26,383,224
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,985,721	1,988,000	1,708,000	1,708,000
Capital	30,743	106,275	166,425	166,425
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 42,002,141</b>	<b>\$ 42,764,450</b>	<b>\$ 42,554,816</b>	<b>\$ 43,340,030</b>
<b>Sources of Funds</b>				
General Revenue	\$ 2,653,651	\$ 2,698,692	\$ 2,653,795	\$ 2,876,681
Federal Aid	1,087,203	1,090,337	1,026,818	1,034,011
Restricted Receipts	37,596,086	38,425,179	38,239,186	38,785,988
Other	665,201	550,242	635,017	643,350
<b>Total</b>	<b>\$ 42,002,141</b>	<b>\$ 42,764,450</b>	<b>\$ 42,554,816</b>	<b>\$ 43,340,030</b>
<b>FTE Authorization</b>	<b>87.0</b>	<b>89.0</b>	<b>89.0</b>	<b>89.0</b>
<b>FTE Average</b>	<b>76.0</b>			

**FY 2018 Revised Request.** The Office of the General Treasurer requests \$0.2 million less than enacted from all sources. General revenues are \$44,897 less than enacted. *The Governor recommends \$0.6 million more than enacted and \$0.8 million more than requested. General revenues are \$0.2 million more than enacted and \$0.2 million more than requested. Excluding funding added for centralized services shifted from the Department of Administration, the recommendation is \$0.2 million more than enacted from all sources of funds, including \$50,594 less from general revenues. As of the pay period ending January 20, the Office has 4.5 vacant positions.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *The Governor's revised budget includes a series of recommended*

revenues and reductions that amount to the \$25.0 million. None of these savings has been attributed to this agency.

**Crime Victim Compensation.** The Office requests \$280,000 less for crime victim compensation claims including \$200,000 less from restricted receipts and \$80,000 less from federal funds based on current receipts. The program pays claims from restricted receipts from fees collected by the state courts. Federal funds come from the Victims of Violent Crimes program administered by the United States Department of Justice and are drawn down on a reimbursement basis. The grant award is 60.0 percent of the court receipts disbursed for claims from the previous federal period. The Office has indicated that court receipt transfers were impacted by the implementation of the Judiciary's new case management system; as restricted receipts decrease, so do the federal reimbursements. The Office has indicated that receipts have rebounded some since the implementation of the system, but are not sufficient to sustain the program at the same levels. *The Governor recommends funding as requested.*

**Unclaimed Property.** The Office requests \$0.2 million less for unclaimed property. This includes \$1.1 million less in transfer to the General Fund and \$1.0 million more in claims. It also includes a decrease of \$0.1 million in the amount of revenues set aside for future claims liability. Although this represents the agency's estimate, these expenditures will be based on the estimate adopted by the Revenue Estimating Conference that meets in November and May. The Office has reported that the increase in claims relates to technology improvements which has led to increased revenue collections, specifically around improved holder compliance, and electronic reporting and remittance. Likewise, the Office has reported that it has more efficient data-matching on the claim payout side. *The Governor recommends \$0.2 million more than enacted. The Governor's budget includes a transfer to the General Fund of \$10.1 million; the transfer adopted at the November Revenue Estimating Conference was \$10.6 million.*

**Retirement System Personnel.** The Office requests an additional \$0.2 million from Retirement System restricted receipts to fully fund the System's 37.0 full-time equivalent positions. The increase includes \$0.1 million in additional overtime based on extended office hours for counseling staff and \$0.1 million to restore the turnover savings in the FY 2018 enacted budget. The 2017 Assembly added authorization for 2.0 new positions including 2.0 new retirement counselors and 1.0 new operations assistant offset by the removal of authorization for 1.0 vacant position. The Office reports there are currently 4.0 vacancies that will be filled in late October/early November. The additional \$100,000 requested for overtime is related to the administration's retirement incentive. The System is anticipating a large influx of retirees in the first half of the year related to this incentive. *The Governor recommends \$18,069 less than requested to reflect statewide medical benefit savings.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor's budget adds \$0.4 million from all sources including \$0.2 million from general revenues. This includes \$0.2 million for facilities management services, including \$51,691 from general revenues, and \$0.2 million from general revenues for information technology services.*

**Other Operations.** The Office requests \$48,546 more than enacted for all other expenses including \$44,897 less from general revenues. Major changes include \$45,000 less from general revenues for bank fees. The revised request also includes an additional \$15,000 for Public Finance Management Board legal counsel based on FY 2017 spending and \$29,000 more for new servers for the Retirement System. *The Governor recommends \$12,057 less than requested, including \$5,697 less from general revenues, to reflect statewide medical benefit savings.*

## Rhode Island Board of Elections

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,279,171	\$ 1,252,717	\$ 1,097,234	\$ 1,180,299
Contracted Services	136,732	83,788	162,574	135,788
<b>Subtotal</b>	<b>\$ 1,415,903</b>	<b>\$ 1,336,505</b>	<b>\$ 1,259,808</b>	<b>\$ 1,316,087</b>
Other State Operations	444,255	204,230	299,480	365,664
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	109,511	8,000	8,000	8,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,969,669</b>	<b>\$ 1,548,735</b>	<b>\$ 1,567,288</b>	<b>\$ 1,689,751</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,969,669	\$ 1,548,735	\$ 1,567,288	\$ 1,689,751
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,969,669</b>	<b>\$ 1,548,735</b>	<b>\$ 1,567,288</b>	<b>\$ 1,689,751</b>
<b>FTE Authorization</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>
<b>FTE Average</b>	<b>9.2</b>			

**FY 2018 Revised Request.** The Board of Elections requests \$18,553 more than enacted from general revenues. *The Governor recommends \$141,016 more than enacted, which is \$0.1 million more than requested. Excluding centralized services transferred from the Department of Administration, the change to the enacted budget is \$14,832.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. None of these savings has been attributed to this agency.*

**Turnover.** The Board requests \$155,483 less than enacted from general revenues for salaries and benefits to reflect turnover savings not assumed in the enacted budget. The request represents turnover equivalent to 4.0 positions, but that appears to be overstated. Since the beginning of the fiscal year through the pay period ending December 9, 2017, the Board has 2.0 vacant positions, a principal projects manager and a senior administrative aide. The Board plans to fill the vacancies by the end of December. The turnover savings are also a result of lower costs for positions than assumed in the enacted budget. *The Governor recommends \$83,065 more than requested. This corrects the turnover assumptions for the current vacancies and includes statewide medical benefit savings of \$5,633. The funding allows the Board to be*

fully staffed for the rest of the year; however, as of the pay period ending January 20, the Board still has 2.0 vacancies.

**Board Meeting Legal Counsel.** The Board requests \$50,000 more than enacted from general revenues to provide legal services for board meetings. The enacted budget assumed \$70,000 in funds to support the Board's legal needs. The Board indicates that it needs more legal representation at board meetings to provide answers for commissioner legal questions. The Board does not have legal counsel present at every meeting, only those with agenda items that require it. Additionally, there is ongoing litigation with the former executive director. The revised request is in line with spending from FY 2017. *The Governor recommends funding as requested.*

**Voting Efficiency Project.** The Board requests \$26,786 from general revenues to begin to implement the results of a study conducted by the University of Rhode Island to increase efficiency at polling places. The Board's initiative is a result of the Secretary of State's Election Task Force recommendation issued in April 2017 regarding problems with long and slow moving lines during the 2016 election. If funded, the goal is to have the project completed this year, while being paid out over two years: \$26,786 in FY 2018 and \$23,787 in FY 2019. *The Governor does not recommend funding.*

**Voting Machine Storage.** The Board of Elections has limited storage for voting equipment at its location at 50 Branch Avenue and also occupies 10,350 square feet at the Cranston Street Armory. The Board requests \$60,000 in new expenditures for FY 2018 for alternative storage space for its voting equipment currently stored at the Armory, noting that the State Fire Marshal's Office has expressed concerns about the amount of combustible materials being stored there. The revised request assumes six months; the annualized cost is estimated at \$120,000. The Board notes that the Division of Capital Asset Management and Maintenance is working on finding a new state owned location and this funding is being requested if that does not occur. *The Governor does not recommend funding.*

**Election Telecommunications.** The Board requests \$24,000 more than enacted from general revenues to support telecommunications expenses related to the new voting machines. The machines have wireless transmission capabilities, which require a contract from Verizon. The contract was signed during FY 2017 for \$24,000 more than assumed in the enacted budget. *The Governor recommends funding as requested.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor's budget adds \$0.1 million from general revenues for the Board of Elections for its share of centralized services. This includes \$71,802 for facilities management and \$54,382 for information technology services.*

**Other Operations.** The Board requests \$13,250 more from general revenues for other expenses. The majority of the increase, \$6,250, reflects more for travel as a result of the passage of 2017-H 5704, Substitute A, which requires the Board to conduct post-election audits. The bill was signed into law on October 5, 2017. The Board requests the additional funding to observe post-election risk audits in other states as well as attend additional Certified Elections Registration Administrator classes. The request also includes \$2,000 from general revenues to contract a stenographer for board meetings to ensure the validity of meeting minutes and compliance with the Open Meetings Act. The remainder of the increase reflects minor adjustments to general office supplies. *The Governor recommends funding as requested.*

## Rhode Island Ethics Commission

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,423,899	\$ 1,457,159	\$ 1,457,159	\$ 1,454,173
Contracted Services	22,301	32,001	57,001	57,001
<b>Subtotal</b>	<b>\$ 1,446,202</b>	<b>\$ 1,489,160</b>	<b>\$ 1,514,160</b>	<b>\$ 1,511,174</b>
Other State Operations	153,617	172,387	175,729	217,793
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	4,416	4,326	4,326	4,326
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,604,235</b>	<b>\$ 1,665,873</b>	<b>\$ 1,694,215</b>	<b>\$ 1,733,293</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,604,233	\$ 1,665,873	\$ 1,694,215	\$ 1,733,293
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,604,235</b>	<b>\$ 1,665,873</b>	<b>\$ 1,694,215</b>	<b>\$ 1,733,293</b>
<b>FTE Authorization</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>
<b>FTE Average</b>	<b>11.8</b>			

**FY 2018 Revised Request.** The Commission requests \$28,342 more than enacted from general revenues. *The Governor recommends \$39,078 more than requested. Excluding the addition of centralized information technology costs, the recommendation is \$6,328 less than requested. As of the pay period ending January 20, all of the Commission's authorized positions are filled.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. None of these savings has been attributed to this agency.*

**Legal Services.** The Commission requests \$25,000 more from general revenues for legal services in its revised request, for a total of \$45,726 for FY 2018, which is \$34,014 more than spent in FY 2017.

The Commission reports that it has two new litigation matters pending in Rhode Island Superior Court. The matters include challenges to its constitutional authority to enforce the state's Code of Ethics and to its regulatory authority. The Commission anticipates that its expenses for independent legal counsel will double in the current year due to these cases, and reports that additional resources may be required for FY 2019 if the matters are not resolved. *The Governor recommends funding as requested.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor's budget adds \$45,406 from general revenues for the Commission's share of centralized information technology services.*

**All Other Personnel and Operating.** The Commission requests \$3,342 more than enacted for all other operations. This includes \$2,000 more for record center costs in order to begin shredding old records, \$1,042 more for subscription fees for legal resources, and \$300 more for telephone costs reflecting FY 2017 actual expenditures. *The Governor recommends \$6,328 less than requested, including \$3,342 less for electricity costs and \$2,986 less from statewide medical benefit savings.*

## Office of the Governor

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 4,468,088	\$ 4,861,187	\$ 4,861,187	\$ 4,851,144
Contracted Services	120,895	500	1,000	1,000
<b>Subtotal</b>	<b>\$ 4,588,983</b>	<b>\$ 4,861,687</b>	<b>\$ 4,862,187</b>	<b>\$ 4,852,144</b>
Other State Operations	379,175	265,967	335,356	420,955
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	250,000	250,000	250,000
Capital	40,235	19,900	17,100	17,100
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 5,008,393</b>	<b>\$ 5,397,554</b>	<b>\$ 5,464,643</b>	<b>\$ 5,540,199</b>
<b>Sources of Funds</b>				
General Revenue	\$ 5,008,393	\$ 5,397,554	\$ 5,464,643	\$ 5,540,199
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 5,008,393</b>	<b>\$ 5,397,554</b>	<b>\$ 5,464,643</b>	<b>\$ 5,540,199</b>
<b>FTE Authorization</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>
<b>FTE Average</b>	<b>39.6</b>			

**FY 2018 Revised Request.** The Office of the Governor requests \$67,089 more from general revenues than enacted to reflect the discretionary reappropriation of unused contingency funds from FY 2017. *The Governor recommends \$75,559 more than requested. Excluding centralized services transferred from the Department of Administration, the recommendation is \$10,043 less than requested. As of the pay period ending January 20, the Office has 7.0 positions vacant.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. None of these savings has been attributed to this agency.*

**Reappropriation.** The Office's revised request includes \$67,089 the Governor reappropriated from FY 2017 unexpended general revenues from the contingency fund for which the FY 2017 final budget included \$242,000. The contingency fund may be used for expenditures in any state department or agency where funding is insufficient, or where such requirements are due to unforeseen conditions or are non-recurring items of an unusual nature. According to the Budget Office, all expenses incurred in FY 2017 were paid. The FY 2018 enacted budget also includes \$250,000 from the contingency fund. *The Governor recommends funding as requested.*

**Staff Allocation to Other Agencies.** The Office's revised request reduces direct personnel expenditures allocated to other state agencies by \$0.1 million. The Office reports that it provides staff support to agencies for various initiatives, such as Real Jobs RI, RhodeWorks, and RI Promise. It allocates the cost of these staff members to the agencies to reflect time spent on agency initiatives. The enacted budget shifts \$0.8 million of personnel costs from the Office of the Governor to seven other state agencies, including the Departments of Administration, Elementary and Secondary Education, Public Safety, and Transportation, as well as the Executive Office of Commerce, Executive Office of Health and Human Services, and the Office of Postsecondary Commissioner. The revised request reduces total cost allocations to \$0.7 million. *The Governor recommends funding as requested.*

**Other Salaries and Benefits.** Excluding staff allocations noted above, the Office requests \$0.1 million less than enacted from general revenues to fully fund all remaining authorized positions, reflecting turnover savings equivalent to 0.7 full-time positions. As of the last pay period in November 2017, the Office had 39.0 filled positions. *The Governor recommends \$10,043 less than enacted reflecting statewide medical benefit savings.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor's budget adds \$85,599 from general revenues for the Office's share of centralized information technology services.*

## Rhode Island Commission for Human Rights

		FY 2017 Reported		FY 2018 Enacted		FY 2018 Rev. Req.		FY 2018 Revised
<b>Expenditures by Category</b>								
Salaries and Benefits	\$	1,271,216	\$	1,409,431	\$	1,409,431	\$	1,402,851
Contracted Services		35,392		9,250		7,350		7,350
<b>Subtotal</b>	<b>\$</b>	<b>1,306,608</b>	<b>\$</b>	<b>1,418,681</b>	<b>\$</b>	<b>1,416,781</b>	<b>\$</b>	<b>1,410,201</b>
Other State Operations		250,713		271,421		289,518		327,796
Aid to Local Units of Government		-		-		-		-
Assistance, Grants, and Benefits		-		-		-		-
Capital		-		-		-		-
Capital Debt Service		-		-		-		-
Operating Transfers		-		-		-		-
<b>Total</b>	<b>\$</b>	<b>1,557,321</b>	<b>\$</b>	<b>1,690,102</b>	<b>\$</b>	<b>1,706,299</b>	<b>\$</b>	<b>1,737,997</b>
<b>Sources of Funds</b>								
General Revenue	\$	1,247,603	\$	1,258,074	\$	1,258,776	\$	1,292,590
Federal Aid		309,718		432,028		447,523		445,407
Restricted Receipts		-		-		-		-
Other		-		-		-		-
<b>Total</b>	<b>\$</b>	<b>1,557,321</b>	<b>\$</b>	<b>1,690,102</b>	<b>\$</b>	<b>1,706,299</b>	<b>\$</b>	<b>1,737,997</b>
<b>FTE Authorization</b>		<b>14.5</b>		<b>14.5</b>		<b>14.5</b>		<b>14.5</b>
<b>FTE Average</b>		<b>12.8</b>						

**FY 2018 Revised Request.** The Commission requests revised expenditures of \$16,197 more than enacted from all sources, including \$702 more from general revenues and \$15,495 more from federal funds. *The Governor recommends \$47,895 more than enacted, which is \$31,698 more than requested, including \$33,814 more from general revenues. Excluding centralized services transferred from the Department of Administration, the recommendation is \$4,464 less from general revenues.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. None of these savings has been attributed to this agency.*

**Federal Receipts.** The enacted budget assumes that federal receipts available to be spent in FY 2018 will be \$432,028. The Commission's revised budget includes expenses totaling \$447,523 to reflect additional federal funds for staff training, telecommunication expenses, and out-of-state travel. The FY 2019 request includes only \$369,463, leaving a likely surplus of \$249,430 at the end of FY 2019. *The Governor's budget uses \$445,407 for FY 2018.*

**Personnel and Operating.** The Commission requests \$16,197 more than enacted from all sources in FY 2018 for personnel and operating expenses, including \$702 more from general revenues and \$15,495 more from federal funds. This reflects revised estimates from the Commission for interpreter services, telecommunication expenses, and out of state travel. There is also a \$3,800 increase in rent to reflect current property tax payments on the Commission's lease, for which no funding was requested or included in the enacted budget. *The Governor recommends \$7,282 less than requested including \$5,166 less from general revenues. This primarily reflects \$6,580 for statewide medical benefit savings, including \$4,464 from general revenues. As of the pay period ending January 20, the Commission has 14.0 filled positions.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor's budget adds \$38,980 from general revenues for the Commission's share of centralized information technology services.*

## Public Utilities Commission

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 5,960,754	\$ 6,288,381	\$ 6,318,094	\$ 6,597,529
Contracted Services	1,295,927	1,651,075	1,990,525	2,045,525
<b>Subtotal</b>	<b>\$ 7,256,681</b>	<b>\$ 7,939,456</b>	<b>\$ 8,308,619</b>	<b>\$ 8,643,054</b>
Other State Operations	703,635	1,126,887	1,144,701	1,257,158
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	4,200
Capital	54,578	70,000	70,000	70,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 8,014,894</b>	<b>\$ 9,136,343</b>	<b>\$ 9,523,320</b>	<b>\$ 9,974,412</b>
<b>Sources of Funds</b>				
General Revenue	-	-	-	-
Federal Aid	118,808	129,225	166,202	165,593
Restricted Receipts	7,896,086	9,007,118	9,357,118	9,808,819
Other	-	-	-	-
<b>Total</b>	<b>\$ 8,014,894</b>	<b>\$ 9,136,343</b>	<b>\$ 9,523,320</b>	<b>\$ 9,974,412</b>
<b>FTE Authorization</b>	<b>51.0</b>	<b>51.0</b>	<b>51.0</b>	<b>54.0</b>
<b>FTE Average</b>	<b>47.6</b>			

**FY 2018 Revised Request.** The Public Utilities Commission requests \$0.4 million more than enacted including \$36,077 from federal funds and \$350,000 from restricted receipts.

*The Governor recommends \$0.8 million more than enacted, which is \$0.5 million and 3.0 full-time equivalent positions more than requested, largely to reflect the transfer of the Water Resources Board to the Public Utilities Commission. Excluding the cost of centralized services transferred from the Department of Administration, the recommendation is \$0.7 million more than enacted and \$0.4 million more than requested.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million.*

*The transfer of the Water Resources Board from the Department of Administration to the Public Utilities Commission is a measure to achieve \$0.4 million of the savings. A Memorandum of Understanding, signed on October 20, 2017, between the Department of Administration and the Public Utilities Commission is being used to allow the transfer for FY 2018. Article 3 of the Governor's recommended budget transfers the Board effective FY 2019.*

**Water Resources Board (3.0 FTE).** The Water Resources Board is currently in the Department of Administration's budget with 3.0 full-time equivalent positions and a general revenue funded budget of \$0.4 million. *The Governor proposes to transfer the Board to the Public Utilities Commission for general revenue savings in the Department of Administration's budget. Operating costs for the Water Resources Board would be charged to regulated water suppliers. The Public Utilities Commission currently regulates six water suppliers.*

**Other Salaries and Benefits.** The Commission requests \$29,713 more than enacted for salaries and benefits, which represents a reduction in turnover savings. The enacted budget includes turnover savings of \$0.1 million, or 0.9 of a position with salaries and benefits. The request assumes filling a vacant senior legal counsel position and a vacant customer service specialist position in the middle of November. *The Governor recommends \$17,747 less than enacted to reflect medical benefit savings; she does not recommend the requested reduction in turnover savings. As of the pay period ending January 20, the Commission has 49.0 filled positions.*

**Rate Case Reserve Account.** The Commission requests \$250,000 more than enacted from restricted receipts to represent the full amount permitted by law. Legislation enacted during the 2017 session increased the cap on the reserve account from \$500,000 to \$750,000 per year. Funds from this account are used to purchase materials and contract with external legal counsel, official stenographers, engineers, accountants, economists, and other expert witnesses, and for all other necessary expenses. While the request represents the cap, the Commission rarely expends the full amount. *The Governor recommends funding as requested.*

**Energy Facility Siting Board.** The Commission requests \$0.1 million more than enacted from restricted receipts to support the work of the Energy Facility Siting Board based on FY 2017 spending; it is \$0.1 million more than spent in FY 2016. The Energy Facility Siting Board regulates the issuance of licenses to construct major energy facilities. All expenditures related to the investigation are billed back to the applicants. Funding is primarily used for expert witnesses, stenographers, print advertising notices and advisory opinions. *The Governor recommends funding as requested.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses.

*The Governor's budget adds \$89,400 from restricted receipts for the Public Utilities Commission's share of centralized information technology services.*

**Other Operations.** The Commission requests \$7,264 more than enacted for other operations, including \$5,000 from federal funds and \$2,264 from restricted receipts. Reductions were made to several expenditures to align the budget more closely to FY 2017 actual spending. Those reductions were offset by increases to travel and supplies associated with more available federal funding from the gas pipeline safety grant. *The Governor recommends funding as requested.*

## Executive Office of Health and Human Services

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 126,705,698	\$ 132,875,297	\$ 173,180,754	\$ 172,556,083
Medical Assistance	2,317,552,201	2,408,966,599	2,401,639,592	2,422,362,037
<b>Total</b>	<b>\$ 2,444,257,899</b>	<b>\$ 2,541,841,896</b>	<b>\$ 2,574,820,346</b>	<b>\$ 2,594,918,120</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 24,367,658	\$ 23,662,548	\$ 27,655,644	\$ 27,577,063
Contracted Services	75,985,398	79,643,647	107,818,620	105,719,057
<b>Subtotal</b>	<b>\$ 100,353,056</b>	<b>\$ 103,306,195</b>	<b>\$ 135,474,264</b>	<b>\$ 133,296,120</b>
Other State Operations	7,700,850	7,976,205	8,640,359	10,193,832
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,335,955,278	2,429,632,538	2,430,140,095	2,450,862,540
Capital	98,715	926,958	565,628	565,628
Capital Debt Service	-	-	-	-
Operating Transfers	150,000	-	-	-
<b>Total</b>	<b>\$ 2,444,257,899</b>	<b>\$ 2,541,841,896</b>	<b>\$ 2,574,820,346</b>	<b>\$ 2,594,918,120</b>
<b>Sources of Funds</b>				
General Revenue	\$ 945,258,892	\$ 964,299,956	\$ 961,603,763	\$ 978,479,417
Federal Aid	1,483,967,040	1,558,325,403	1,587,403,610	1,590,628,323
Restricted Receipts	15,031,967	19,216,537	25,812,973	25,810,380
Other	-	-	-	-
<b>Total</b>	<b>\$ 2,444,257,899</b>	<b>\$ 2,541,841,896</b>	<b>\$ 2,574,820,346</b>	<b>\$ 2,594,918,120</b>
<b>FTE Authorization</b>	<b>178.0</b>	<b>285.0</b>	<b>285.0</b>	<b>285.0</b>
<b>FTE Average</b>	<b>163.2</b>			

**FY 2018 Revised Request.** The Executive Office includes \$33.0 million more from all sources for total funding of \$2,574.8 million from all sources in its FY 2018 revised request. This includes \$2.7 million less from general revenues, \$29.1 million more from federal funds and \$6.6 million more from restricted receipts. The revised request was submitted in October and does not reflect the revised caseload estimates adopted in November.

The revised request includes savings of \$7.9 million in the medical assistance program, of which \$4.3 million is from general revenues for the Executive Office to meet its portion of the \$25.0 million in undistributed savings included in the FY 2018 enacted budget. The remainder is primarily for increases related to the Unified Health Infrastructure Project.

*The Governor recommends \$20.1 million more than requested, including \$16.9 million more from general revenues; she lowers the November caseload estimate by \$11.9 million, including \$14.6 million from general revenues to reflect proposals to meet the undistributed savings and recent reauthorization of the Children's Health Insurance Program. Excluding centralized services transferred from the Department of*

Administration, the recommendation is \$18.5 million more than requested from all sources, including \$16.1 million less from general revenues.

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education.

*The Governor’s revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. For the Executive Office of Health and Human Services, the budget identifies \$6.8 million from all sources, including \$3.6 million from general revenues from changes to three state-only programs and home and community care funding in the medical assistance program as measures to reach the undistributed savings goal.*

**Federal Poverty Guidelines.** The federal poverty guidelines are used for purposes of determining financial eligibility for certain state and federal programs, including several programs in state agencies under the Executive Office of Health and Human Services. The 2017 guidelines are shown in the following table.

Percent of Federal Poverty Level based on Annual Income								
Family Size	100%	138%	150%	180%	185%	200%	225%	250%
1	\$ 11,880	\$ 16,394	\$ 17,820	\$ 21,384	\$ 21,978	\$ 23,760	\$ 26,730	\$ 29,700
2	16,020	22,108	24,030	28,836	29,637	32,040	36,045	40,050
3	20,160	27,821	30,240	36,288	37,296	40,320	45,360	50,400
4	24,300	33,534	36,450	43,740	44,955	48,600	54,675	60,750
5	28,440	39,247	42,660	51,192	52,614	56,880	63,990	71,100
6	32,580	44,960	48,870	58,644	60,273	65,160	73,305	81,450
7	36,730	50,687	55,095	66,114	67,951	73,460	82,643	91,825
8	40,890	56,428	61,335	73,602	75,647	81,780	92,003	102,225

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

### Medical Assistance

The Caseload Estimating Conference met on November 7, 2017 and based on current law, set the FY 2018 medical assistance expenditures at \$2,391.7 million, including \$965.9 million from general revenues, which is \$88.4 million more than enacted from all funds and \$9.6 million more from general revenues. The Executive Office’s revised request submitted in October does not reflect the adopted estimate and contains several proposals for savings to meet \$4.3 million of the \$25.0 million of undistributed savings assumed in the enacted budget. These proposals are noted and discussed in the appropriate programs.

The following table itemizes medical assistance expenditures spent in FY 2016 and FY 2017, as enacted for FY 2018, requested by the Executive Office, adopted by the caseload estimators and recommended by the Governor. The caseload estimate does not include any of the new proposals to meet the undistributed savings. Each category is discussed separately.

*The Governor recommends \$11.9 million less than the conference estimate, including \$14.6 million less from general revenues. She includes several proposals to meet a portion of the \$25.0 million in undistributed savings, realizes general revenue savings from reauthorization of the Children’s Health Insurance Program and eliminates funding for the graduate medical education program; each is discussed separately.*

Medical Assistance	FY 2016 Spent	FY 2017 Spent	FY 2018 Enacted	FY 2018 Request	FY 2018 Nov. CEC	FY 2018 Gov. Rev.
<b>Hospitals</b>						
Regular Payments	\$ 61.6	\$ 48.8	\$ 58.3	\$ 58.3	\$ 54.5	\$ 50.5
DSH Payments	140.5	138.1	139.7	139.7	139.7	139.7
<b>Total</b>	<b>\$ 202.1</b>	<b>\$ 186.9</b>	<b>\$ 198.0</b>	<b>\$ 198.0</b>	<b>\$ 194.2</b>	<b>\$ 190.2</b>
<b>Long Term Care</b>						
Nursing and Hospice Care	\$ 175.3	\$ 195.6	\$ 178.8	\$ 178.8	\$ 188.5	\$ 188.5
Home and Community Care	63.6	53.2	59.9	56.8	58.5	55.4
<b>Total</b>	<b>\$ 238.9</b>	<b>\$ 248.8</b>	<b>\$ 238.7</b>	<b>\$ 235.6</b>	<b>\$ 247.0</b>	<b>\$ 243.9</b>
<b>Managed Care</b>						
Rlte Care	\$ 562.4	\$ 611.6	\$ 620.5	\$ 619.6	\$ 645.7	\$ 645.2
Rlte Share	8.1	7.3	6.9	6.9	7.3	7.3
Fee For Service	73.4	62.2	63.1	63.1	60.0	60.0
<b>Total</b>	<b>\$ 643.9</b>	<b>\$ 681.2</b>	<b>\$ 690.5</b>	<b>\$ 689.6</b>	<b>\$ 713.0</b>	<b>\$ 712.5</b>
<b>Rhody Health Partners</b>	<b>\$ 211.3</b>	<b>\$ 228.4</b>	<b>\$ 236.3</b>	<b>\$ 236.3</b>	<b>\$ 243.9</b>	<b>\$ 243.9</b>
<b>Rhody Health Options</b>	<b>\$ 303.7</b>	<b>\$ 352.2</b>	<b>\$ 355.3</b>	<b>\$ 352.2</b>	<b>\$ 367.6</b>	<b>\$ 364.5</b>
<b>Pharmacy</b>	<b>\$ (1.0)</b>	<b>\$ (4.9)</b>	<b>\$ (1.4)</b>	<b>\$ (1.4)</b>	<b>\$ (1.5)</b>	<b>\$ (1.5)</b>
<b>Pharmacy Part D Clawback</b>	<b>\$ 53.1</b>	<b>\$ 59.1</b>	<b>\$ 63.4</b>	<b>\$ 63.4</b>	<b>\$ 63.5</b>	<b>\$ 63.5</b>
<b>Medicaid Expansion</b>	<b>\$ 374.3</b>	<b>\$ 438.6</b>	<b>\$ 478.5</b>	<b>\$ 478.5</b>	<b>\$ 457.0</b>	<b>\$ 456.6</b>
<b>Other Medical Services</b>	<b>\$ 137.9</b>	<b>\$ 103.0</b>	<b>\$ 107.1</b>	<b>\$ 106.3</b>	<b>\$ 107.0</b>	<b>\$ 106.3</b>
Federal Funds	\$ 1,270.2	\$ 1,364.0	\$ 1,417.9	\$ 1,414.2	\$ 1,414.6	\$ 1,417.3
General Revenues	883.4	918.4	937.3	933.0	965.9	951.2
Restricted Receipts	10.5	11.0	11.3	11.3	11.3	11.3
<b>Total*</b>	<b>\$ 2,164.1</b>	<b>\$ 2,293.4</b>	<b>\$ 2,366.5</b>	<b>\$ 2,358.5</b>	<b>\$ 2,391.7</b>	<b>\$ 2,379.9</b>

\*Expenditures in millions

## Hospitals

The November Caseload Estimating Conference estimate includes hospital expenses totaling \$194.2 million, \$95.4 million from general revenues. It includes \$54.5 million for direct medical services and \$139.7 million for uncompensated care payments to community hospitals. The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor recommends \$4.0 million less than the conference estimate to reflect her proposal to eliminate the Graduate Medical Education payment.*

**Hospitals.** The November Caseload Estimating Conference estimate includes FY 2018 expenditures at \$54.5 million, including \$23.0 million from general revenues. The estimate also includes the \$20.5 million upper payment limit reimbursement payment made to the community hospitals and \$4.0 million for general graduate medical education activities.

The estimate lowers fee-for-service hospital spending by \$3.8 million from all funds, including \$1.8 million from general revenues, in the current fiscal year to reflect fewer inpatient and outpatient days. FY 2017 final expenses were \$48.8 million, or \$5.2 million less than the final appropriation. The FY 2018 revised estimate adjusts for current expenditure trends.

The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor recommends \$4.0 million less than the conference estimate reflecting elimination of the Graduate Medical Education payment.*

**Upper Payment Limit Reimbursements.** The enacted budget includes \$20.5 million from all sources, of which \$8.4 million is general revenues, to make the inpatient and outpatient upper payment limit reimbursements to the state's community hospitals. The Executive Office's revised request and the

November caseload estimate include the funding. *The Governor recommends funding consistent with the caseload estimate.*

**Graduate Medical Education.** The enacted budget includes \$4.0 million from general revenues for graduate medical education at the state’s community hospitals. The Executive Office’s revised request and the November caseload estimate include the funding. *The Governor’s budget eliminates the payment for FY 2018. Her FY 2019 budget includes \$1.5 million from all sources for a new plan to eliminate the payment to Lifespan and instead create a new pool that is available to all the teaching hospitals with a focus on improving mental health and substance abuse treatment and training.*

**Disproportionate Share Payments to Hospitals.** The Executive Office requests \$139.7 million from all sources for the disproportionate share payments for uncompensated care costs to the state’s community hospitals, consistent with the enacted budget. This includes \$68.4 million from general revenues and matching federal funds.

Hospital Payments	FY 2017 Reported	FY 2018 Enacted	FY 2018 Nov. CEC	FY 2018 Gov. Rev.	Gov. Change to Enacted
<b>Community Hospitals</b>					
State	\$ 68,485,782	\$ 68,426,813	\$ 68,426,813	\$ 68,426,813	\$ -
Federal	69,646,090	71,276,768	71,276,768	71,276,768	-
Subtotal	\$ 138,131,872	\$ 139,703,581	\$ 139,703,581	\$ 139,703,581	\$ -
<b>Upper Payment Limit</b>					
State	\$ 8,833,122	\$ 8,330,643	\$ 8,365,056	\$ 8,365,056	\$ 34,413
Federal	10,951,186	12,147,832	12,113,419	12,113,419	(34,413)
Subtotal	\$ 19,784,308	\$ 20,478,475	\$ 20,478,475	\$ 20,478,475	\$ -
<b>Graduate Medical Education</b>					
State	\$ 2,000,000	\$ 4,000,000	\$ 4,000,000	\$ -	\$ (4,000,000)
<b>Total</b>	<b>\$ 159,916,180</b>	<b>\$ 164,182,056</b>	<b>\$ 164,182,056</b>	<b>\$ 160,182,056</b>	<b>\$ (4,000,000)</b>

Rhode Island’s calculation for the uncompensated care payments includes the costs incurred treating uninsured individuals and the Medicaid “shortfall” which represents the difference between payments made by the state for its Medicaid recipients (including managed care enrollees and fee-for-service patients) and what the hospital’s costs are for that treatment. Each hospital has its own set of costs for each procedure so there may be different charges for the same procedures among hospitals; however, the state pays the same rate for the same services for Medicaid-eligible individuals, regardless of which hospital provides the treatment. *The Governor recommends funding consistent with the conference estimate.*

**Hospital License Fee.** The Assembly included Section 7 of Article 8 of 2017-H 5175, Substitute A, as amended, which set the FY 2018 license fee at 5.856 percent based on 2016 revenues for all hospitals, including the state-run Eleanor Slater Hospital, except for South County Hospital and Westerly Hospital which will pay a lower 3.686 percent fee. *The Governor includes funding consistent with the FY 2018 enacted level.*

FY 2018 Hospital License Fee	FY 2018 Enacted	FY 2018 Gov. Rev.	Gov. Change to Enacted
<b>Revenues</b>			
<i>Base Year</i>	2016	2016	
<i>Tax Rate</i>	5.856%	5.856%	
Community Hospital License Fee	\$ 179,643,592	\$ 179,643,592	\$ -
Washington County Hospitals Waiver	(4,466,055)	(4,466,055)	-
Subtotal Licensing fee	175,177,537	175,177,537	\$ -
Slater License Fee	\$ 6,777,324	\$ 6,777,324	-
<b>Total</b>	<b>\$ 181,954,861</b>	<b>\$ 181,954,861</b>	<b>\$ -</b>

## Long Term Care

The November Caseload Estimating Conference estimate includes long term care expenses at \$247.0 million, of which \$120.3 million is from general revenues. This includes \$188.5 million for nursing facilities and hospice care and \$58.5 million for home and community care. The caseload estimate is \$8.3 million more than the enacted budget and \$11.4 million above the request.

The Executive Office's revised request is \$3.1 million less than enacted, including \$1.5 million less from general revenues from eliminating the funding increase included in the FY 2018 enacted budget for home and community care, commonly referred to as Sullivan/Perry.

Long term care fee-for-service costs total \$233.4 million and combined with the \$347.9 million in Rhody Health Options total \$614.6 million, including \$299.3 million from general revenues. The conference increased expenses across these programs by \$20.6 million, including \$10.1 million from general revenues for services to the elderly compared to the enacted budget. This is \$26.8 million more than the revised request, including \$13.2 million more from general revenues. The caseload estimate includes the enacted funding for Sullivan/Perry funds.

*The Governor recommends \$3.1 million less than the conference estimate, including \$1.5 million less from general revenues, from eliminating the Sullivan/Perry funding to meet a portion of the statewide undistributed savings.*

**Nursing Facilities and Hospice Care.** The Caseload Estimating Conference estimate includes FY 2018 expenditures of \$188.5 million, of which \$91.7 million is from general revenues for the state's 84 nursing facilities. The estimate increases nursing home costs by \$9.5 million in the current year, including \$4.7 million from general revenues. *The Governor recommends funding consistent with the conference estimate.*

Unachieved Savings - Nursing Facilities Utilization. The FY 2018 enacted budget includes savings of \$5.1 million, of which \$2.5 million is from general revenues from the Governor's FY 2018 budget proposal to lower the daily census for those residing in a nursing facility by 2.5 percent. The conference estimate restores the savings based on testimony from the Executive Office that the savings will not be achieved because of the following factors: lack of available staff resources, lack of funding for operational costs associated with the change and lack of operational lead time to complete the activities and competing prioritization of other projects, including those related to the RI Bridges system.

The Executive Office had reported in its FY 2018 budget submission that this reduction would be achieved through more effective interventions that increase transitions out of nursing facilities and into a community-based setting and reduce the number of new nursing home placements by reducing long term care spending on nursing facilities from 81 percent to 70 percent by calendar year 2020. The plan to achieve that reduction included a Medicaid staff reorganization of its nursing home transition team and adding up to four nurses to that team. The primary role will be to "hotspot" members eligible for very early release from nursing homes (10-20 day stays) beyond targeting the 90 day stays that are currently staffed through Money Follows the Person funding. The request did not identify the need for any new positions or resources. *The Governor recommends funding consistent with the conference estimate.*

**Home and Community Care.** The November Caseload Estimating Conference estimate includes \$58.5 million for home and community care expenses, including \$28.6 million from general revenues in the FY 2018 estimate. This is \$1.4 million less than enacted, including \$0.5 million less from general revenues to reflect current spending projections.

The revised request does not reflect the caseload estimate and eliminates the fee-for-service share of Sullivan/Perry funds to meet a portion of the \$25.0 million in undistributed savings included in the enacted

budget, discussed below. *The Governor recommends the requested proposal to eliminate the Sullivan/Perry funds and reduces fee-for-service home and community care services by \$3.1 million from all sources, including \$1.5 million from general revenues.*

Unachieved Savings – Patient Liability Payments. The enacted budget includes savings of \$5.0 million, including \$2.4 million from general revenues from collecting the individual’s share of benefit costs. This includes \$2.5 million, of which \$1.4 million is from general revenues, in the fee-for-service program. The November caseload conference estimate restores the savings based on the testimony from the Executive Office that it would not be achieved and that no actions have been taken toward increased collections.

The Executive Office reported the providers in the fee-for-service system billed the state for services provided and, for those with a patient liability, must bill for services minus what is owed by the recipient. However, this may or may not be happening because there is currently no process in the Medicaid Management Information System to ensure appropriate billing. In the Rhody Health Options managed care program, Neighborhood Health Plan of Rhode Island collects the liability based on information provided by the Executive Office, but the information has been incomplete. *The Governor recommends funding consistent with the conference estimate that restores the savings.*

Sullivan/Perry. The FY 2018 enacted budget includes \$6.2 million, including \$3.1 million from general revenues, for funding for home and community care services available through the Sullivan/Perry provision of state law. There is a statutory requirement that if there is reduction in nursing home days in prior fiscal years, the number of days are multiplied by the estimated daily nursing home rate and that total is reinvested in the home and community care program. The investment was programmed in the fee-for-service and Rhody Health Options programs.

The Executive Office’s revised budget eliminates the Sullivan/Perry funding in both programs, including \$3.1 million, of which \$1.5 million is from general revenues, in the fee-for-service program. The change was proposed to meet a portion of the \$25.0 million of undistributed savings included in the enacted budget.

The proposal assumes using these resources to substitute for the enacted funding provided to increase direct care wages and, as previously mentioned, the FY 2018 enacted budget includes savings from a reduction in the nursing home census and that proposal requires accessibility to home and community based services that can accommodate this population. The November caseload conference estimate restored funding for the unachieved savings from the census reduction but did not exclude the \$6.2 million for the investment in home and community care programs. *The Governor’s recommendation includes the savings.*

### **Managed Care**

The Caseload Estimating Conference estimate includes managed care expenses of \$713.0 million, including \$323.7 million from general revenues and \$289.3 million from federal funds; the estimate adds \$22.5 million from all sources, including \$18.0 million from general revenues. The estimate includes RItE Care expenses at \$645.7 million, RItE Share at \$7.3 million and fee-for-service expenses at \$60.0 million; a discussion of each follows.

The November caseload estimate adds back \$7.0 million from general revenues to reflect the expiration of funding for the Children’s Health Insurance Program (CHIP). As of March 2018, the state will exhaust its federal funds. The program allows states to expand Medicaid benefits to certain children and pregnant women and receive an enhanced Medicaid rate for these populations. For Rhode Island, the funding is used to offset state costs in the RItE Care program. As of January 1, 2018, Congress had not reauthorized the program resulting in the loss of federal funds. It should be noted that eligibility for the program will not change just the amount of Medicaid funds that can be leveraged to support the program costs. As noted, the state will exhaust its federal funding by March 2018 absent federal action.

The Executive Office's revised request does not reflect the adopted estimate and is \$0.9 million less than enacted, including \$0.5 million less from general revenues.

*The Governor's budget includes general revenue savings of \$7.0 million from the reauthorization of the Children's Health Insurance Program which happened on January 22, 2018, days after the budget was submitted.*

*The Governor also lowers the conference estimate by \$0.5 million including \$0.3 million less from general revenues apparently in error. There are offsetting errors elsewhere.*

**RIte Care.** The Caseload Estimating Conference estimated RIte Care expenditures at \$645.7 million including \$290.9 million from general revenues and revisions to the caseload enrollment and demographics that influence program costs. This is \$25.2 million more than enacted including \$16.3 million more from general revenues. The estimate assumes higher than anticipated enrollment and adjustments to capitated rates. Functionality of the eligibility system continues to impact reporting accuracy and program costs.

The Executive Office's revised request is \$0.9 million less than enacted, including \$0.5 million less from general revenues based on its proposal to eliminate the patient center medical home program, discussed separately. The revised request assumed the reauthorization of the Children's Health Insurance Program.

*The Governor shifts \$7.0 million in managed care expenses to the enhanced federal match through the newly reauthorized Children's Health Insurance Program. It also adjusts funds downward by \$0.5 million apparently in error.*

**Patient Center Medical Home.** The Executive Office includes savings of \$0.9 million, of which \$0.5 million is from general revenues, from eliminating the payments made to the community providers to support the Patient Care Medical Home program in FY 2018. This proposal is to meet a portion of the \$25.0 million in undistributed savings noted earlier. The Executive Office testified at the November caseload conference that the proposal was being rescinded but did not provide any substitute proposals to meet the savings included in its revised request. *The Governor does not include this proposal.*

**RIte Share.** The Caseload Estimating Conference estimate includes RIte Share expenditures of \$7.3 million, including \$3.6 million from general revenues. The Department's revised request is consistent with the enacted budget. The RIte Share program allows families who are eligible for medical assistance to remain on their employer based health insurance plan. The state pays the health care premiums and co-payments of RIte Share eligible participants if the coverage is similar to the cost and services offered through RIte Care. Until October 1, 2011, the state also paid the co-pays and deductibles for prescriptions and doctor's visits when the charges exceeded the amount that the employer's insurance would pay. *The Governor recommends funding consistent with the conference estimate.*

**Fee-Based Managed Care.** The Caseload Estimating Conference estimate includes fee-based managed care expenditures of \$60.0 million from all sources, of which \$29.2 million is general revenues. The estimate is \$3.1 million less than enacted, including \$1.5 million less from general revenues, for updated costs. This is consistent with FY 2017 expenses. Fee-based managed care provides additional services to those in the contracted managed care system. The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor recommends funding consistent with the conference estimate.*

### **Rhody Health Partners**

**Rhody Health Partners.** The Caseload Estimating Conference estimate includes expenditures of \$243.9 million from all sources, including \$119.4 million from general revenues for FY 2018 for the managed care

program for adults with disabilities. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate.

The estimate is \$7.6 million more than the enacted level, including \$3.7 million more from general revenues. The estimate includes a 3.4 percent increase in enrollment offset by a 2.8 percent reduction in the monthly capitated payment. *The Governor recommends funding consistent with the conference estimate.*

### **Medicaid Expansion**

**Medicaid Expansion for Certain Adults.** The November caseload estimate decreases spending by \$21.5 million for total funding of \$457.0 million to provide Medicaid coverage to adults between the ages of 19 to 64, without dependent children and with incomes at or below 138 percent of poverty. This includes updated enrollment of approximately 70,000. The estimate also includes \$25.2 million from general revenues for the state match, \$1.2 million less than included in the enacted budget. *The Governor recommends \$0.4 million less than the conference estimate, apparently in error.*

### **Rhody Health Options**

**Rhody Health Options.** The state has a managed care contract with Neighborhood Health Plan of Rhode Island to manage acute care and long-term care services for individuals eligible for both Medicare and Medicaid. The caseload conference estimate includes \$367.6 million from all sources, including \$179.0 million from general revenues for the Rhody Health Options program. This is \$12.3 million more than enacted, including \$6.0 million more from general revenues. The revised request does not include the caseload conference estimate but does eliminate the \$3.1 million, \$1.5 million from general revenues, added in the FY 2018 enacted budget for home and community based services as part of the Sullivan/Perry adjustment.

As discussed in the long-term care program section, spending on the elderly, including those eligible for Medicare and Medicaid is estimated to be \$614.6 million across the fee-for-service and Rhody Health Options programs. *The Governor reduces the caseload estimate by \$3.1 million from all sources, including \$1.5 million from general revenues from eliminating the Sullivan/Perry funding in the managed care program to meet part of the \$25.0 million in statewide undistributed savings.*

Sullivan/Perry. The FY 2018 enacted budget includes \$6.2 million, including \$3.1 million from general revenues, for funding for home and community care services available through the Sullivan/Perry provision of state law. There is a statutory requirement that if there is reduction in nursing home days in prior fiscal years, the number of days are multiplied by the estimated daily nursing home rate and that total is reinvested in the home and community care program. The investment was programmed in the fee-for-service and Rhody Health Options programs.

The Executive Office's revised budget eliminates the Sullivan/Perry funding in both programs, including \$3.1 million, of which \$1.5 million is from general revenues, in the managed care program. The change was proposed to meet a portion of the \$25.0 million of undistributed savings included in the enacted budget.

The proposal assumes using these resources to substitute for the enacted funding provided to increase direct care wages. As previously mentioned, the FY 2018 enacted budget includes savings from a reduction in the nursing home census and that proposal requires accessibility to home and community based services that can accommodate this population. The November caseload conference estimate restored funding for the unachieved savings from the census reduction but did not exclude the \$6.2 million for the investment in home and community care programs. *The Governor includes this proposal and reduces funding accordingly.*

## Pharmacy

The Caseload Estimating Conference estimate includes pharmacy expenses of \$62.0 million; this includes direct pharmacy costs and the state's estimated Medicare Part D clawback payment. The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor recommends funding consistent with the conference estimate.*

Fee-for-Service. The Caseload Estimating Conference estimate includes net savings of \$1.5 million for FY 2018 pharmacy expenses, which reflects fee-for-service pharmacy costs offset by federal rebates; this is \$0.1 million more than enacted.

The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. Elderly and disabled individuals who are not enrolled in Rhody Health receive this fee-for-service pharmacy benefit. The caseload estimate separates the actual pharmacy costs for fee-for-service clients and the state's payment for the Medicare Part D clawback. *The Governor recommends funding consistent with the conference estimate.*

Medicare Drug Benefit - Part D Clawback. The Caseload Estimating Conference estimate includes the state payment for the Medicare Part D clawback provision at \$63.5 million, \$0.1 million more than enacted. The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. The plan provides coverage with a series of deductibles and co-payments based on the recipient's income level. For individuals enrolled in Medicaid as well as Medicare, commonly referred to as dual eligibles, the state paid a portion of their drug costs matched by the federal participation rate. The state no longer directly pays for the drug costs; however, the state does pay a portion of the savings to the federal government, or a clawback, which has been calculated based on a nationwide formula. *The Governor recommends funding consistent with the conference estimate.*

## Other Medical Services

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

The Caseload Estimating Conference estimate includes expenditures for other medical services at \$107.0 million, which includes \$39.8 million from general revenues, \$55.9 million from federal funds and \$11.3 million for the children's health account. The estimate is \$0.1 million less than the enacted budget, including \$0.3 million less from general revenues.

The Executive Office's revised request is \$0.8 million less than the enacted budget and does not reflect the adopted estimate. The revised request includes three proposals to meet the \$25.0 million in undistributed savings included in the enacted budget; each is discussed separately. These savings were not included in the November estimate.

*The Governor recommends \$0.8 million less than the conference estimate and makes adjustment to three programs to meet a portion of the \$25.0 million in undistributed savings, discussed separately below. There are also savings not noted in the total as they were incorrectly taken in the managed care costs.*

Cortical Integrated Therapy. The FY 2018 enacted budget includes \$1.0 million from general revenues for cortical integrated therapy services. The November caseload conference estimate includes funding the services; however, the Executive Office's revised request eliminates \$750,000. Notification was provided

in October 2017 that payments would no longer be made after November 1, 2017. *The Governor recommends the savings from this proposal and reduces the caseload conference estimate accordingly.*

Recovery Navigation (STOP) Program. The FY 2018 enacted budget includes \$950,000 from all sources including \$278,840 from general revenues for payments made through the managed care plans to support the Recovery Navigation Program at Emmanuel House, operated through The Providence Center. The Executive Office anticipated receiving federal approval to match Medicaid funds and that the individuals receiving services would be enrolled through the Medicaid expansion program, which allows for the higher Medicaid match. As of January 1, 2018, the state has not received approval.

The Executive Office reports that by November 2017, it had spent the general revenue appropriation and arrangements were made for the Department of Behavioral Healthcare Developmental Disabilities and Hospitals to use its federal substance abuse block grant to support the program for four months, December 2017 through March 2018. The November caseload conference includes the enacted funding.

The Executive Office's revised request includes savings of \$26,073 from general revenues, which is in error since it has spent its general revenues for this program and therefore cannot realize any savings. For the program to continue for the last three months in FY 2018, the Executive Office will either have to: use general revenues; have received federal approval to leverage Medicaid and still require general revenues as a match; use federal substance abuse block grant funds or no longer fund the program for the final three months. *The Governor's budget adds \$0.1 million to fund the program until November 2017, but the funding is already included in the November caseload estimate. The additional funding is an error.*

Community Health Teams. The FY 2018 enacted budget includes \$0.7 million, including \$0.4 million from general revenues for the contract with CareLink to provide patient centered medical home services to those enrolled in fee-for-service programs. This assumes the approval to leverage Medicaid funds, which has since been denied by the Centers for Medicare and Medicaid Services. Similar to the Recovery Navigation Program, general revenues appropriated for the program were spent by October and the November caseload conference added \$15,000 to make those payments. The program has ended; however, the Executive Office included savings of \$17,500 from general revenues from reducing the payments, which is in error. *The Governor's budget adds \$25,465 to fund the program until November but that is already included in the November caseload estimate; this appears to be in error.*

### **Central Management**

**Staffing/Reorganization.** The 2017 Assembly added 91.0 positions to complete the transfer of finance positions to the Executive Office from the departments under its umbrella; funding remains with the agencies for a total of 269.0 positions, concurring with the Governor's recommendation. The positions included: 39.0 from Human Services; 33.0 from Behavioral Healthcare, Developmental Disabilities and Hospitals; 12.0 from Children, Youth and Families; and 7.0 from Health.

The FY 2018 enacted budget did not reallocate the funding that supports the positions to the Executive Office's budget from the sending Departments. This was consistent with the Governor's recommendation which also did not shift the funding. The funding remained with the sending agencies because a final determination had not been made as to how to account for the federal resources that currently fund affected employees. For example, if an employee is paid for through several federal grants in the Department of Health, those funds would have to be accounted for in the Executive Office's budget.

The Executive Office's FY 2018 revised and FY 2019 requests are consistent with the enacted budget. *The Governor includes staffing consistent with the enacted budget and funding continues to remain with the sending agency. Personnel tables in the Governor's budget publications also show the staff in the sending agency. This discrepancy appears to be a technical issue resolved for FY 2019.*

**Predictive Modeling Initiative - Reappropriation.** The Governor reappropriated \$254,967 from general revenues for the predictive modeling initiative. The revised request includes this for total funding of \$2.3 million from all sources, \$0.5 million from general revenues. The enacted budget includes \$1.1 million for BAE Systems Applied Intelligence, including \$0.3 million from general revenues for the four-year, \$5.7 million contract, expiring on October 19, 2018, that provides enhanced fraud, waste and abuse and improper payment surveillance detection capability. The increase funds the \$1.5 million of contract obligations and additional tasks. The system was implemented in FY 2017 and has identified \$4.4 million in improper payments in that fiscal year. *The Governor recommends funding as requested.*

**Medicaid Information Technology Assistance Assessment – Reappropriation.** The Executive Office requests \$1.2 million from all sources, including \$0.1 million from general revenues, to conduct a Medicaid Information Technology Assistance Assessment. The FY 2017 enacted budget include \$95,000 from general revenues matched by Medicaid which was not spent and reappropriated by the Governor; however, the Executive Office adds only \$23,719 of the reappropriation for this project. *The Governor recommends funding as requested.*

**Medicaid Management Information System Procurement.** The revised request adds \$0.4 million, of which \$0.2 million is from general revenues, to contract for services to assist with the development for a Request for Proposals for the Medicaid Management Information System which ended December 31, 2017. Funding was not included in the enacted budget for this activity. The contract with the Public Consulting Group started on May 25, 2012 and ended December 31, 2017. *The Governor recommends funding as requested.*

**State Innovation Models Grant.** The Executive Office was awarded a four-year \$20.0 million federally funded State Innovation Models Grant to address health care delivery. The revised request includes \$5.8 million, \$1.7 million more than enacted including \$4.7 million for contracted financial services, \$0.8 million for grants and \$0.3 million for staffing and operating expenses.

The revised request does provide: \$0.5 million to the University of Rhode Island and \$0.2 million to Rhode Island College for evaluation activities, \$0.4 million to Care Transformation Collaborative to lead the primary care transformation projects for integrated behavioral healthcare for adults and primary medical home for children and adolescents. It also includes \$0.3 million to the Rhode Island Quality Institute to implement a statewide common provider directory, \$0.2 million to The Autism Project for a pilot program in three schools and \$0.2 million for a child psychiatry project through Bradley Hospital. The remaining \$2.5 million increase is for activities that have not yet been determined. *The Governor recommends \$534 less than requested for statewide medical benefit savings.*

**All Payer Claims Database.** The Executive Office's revised request includes \$1.5 million from all sources, including \$0.2 million from general revenues for its share of the All Payer Claims Database project.

The FY 2018 enacted budget includes \$103,500 from restricted receipts for the state's all payers claims database in the Department of Health's budget. The Department spent \$83,222 for FY 2015 and \$36,067 for FY 2016 from federal funds. The Executive Office reports that its program staff are working to finalize a Memorandum of Understanding with the Department of Health for the detailed activities for this project.

As part of the State Innovation Models grant, \$0.3 million from federal funds was allocated for this project, but the newly approved plan for the claims database exceeds the time frame awarded for the federal innovation models grant. This results in the request for expenses to be funded by general revenues matched by Medicaid. *The Governor recommends \$200 less than requested for statewide medical benefit savings.*

**Unified Health Infrastructure Project.** Unified Health Infrastructure Project costs are requested at \$80.1 million from all sources, \$13.1 million from general revenues, \$63.3 million from federal funds and \$3.8

million from Information Technology funds in the budgets of the Executive Office and Department of Human Services. The Executive Office requests \$63.5 million from all sources, including \$8.1 million from general revenues in its revised budget. This includes \$57.6 million for contracted services, \$4.7 million for staffing and \$1.2 million for other operating expenses.

The revised request is \$24.3 million more from all sources of which \$1.7 million is from general revenues. It includes \$21.3 million more for contracted services of which \$9.3 million is for a new contract with KPMG, \$5.9 million is for a new contract with IBM and \$3.2 million is for the Faulkner Group to address the ongoing functional issues with the new eligibility system. It also includes \$11.6 million or \$6.9 million more for than enacted, paid to Automated Health Systems to operate the contact center. The request also includes \$14.1 million for Deloitte Consulting for system development, which is \$12.0 million less than enacted.

The request includes \$4.4 million for salary and benefit expenses, \$3.6 million more than enacted. This includes \$0.6 million from general revenues, or \$0.5 million more than enacted. The FY 2018 enacted budget included 16 new positions to support the project; 13 have been filled and are matched at the higher 90/10 Medicaid rate as services and are approved in the project's planning document. The new positions total \$1.5 million from all sources, and the Executive Office shifts \$0.4 million in salary and benefit expenses for current personnel to the project leveraging the higher Medicaid rate. The revised request also adds \$2.0 million from shifting project-related costs from the Department of Administration and HealthSource RI for a total of \$2.6 million in the revised request.

<b>Unified Health Infrastructure Project</b>	<b>General Revenues</b>	<b>Federal Funds</b>	<b>Information Technology Investment Fund</b>	<b>Total</b>
<b>FY 2016 Spent</b>				
EOHHS	\$ 13,015,924	\$ 79,690,883	\$ 1,723,232	\$ 94,430,039
DHS	2,883,527	4,628,457	-	7,511,984
<b>Total</b>	<b>\$ 15,899,451</b>	<b>\$ 84,319,340</b>	<b>\$ 1,723,232</b>	<b>\$ 101,942,023</b>
<b>FY 2017 Spent</b>				
EOHHS	\$ 5,353,039	\$ 33,077,048	\$ 1,126,410	\$ 39,556,497
DHS	1,546,360	6,359,539	-	7,905,899
<b>Total</b>	<b>\$ 6,899,399</b>	<b>\$ 39,436,587</b>	<b>\$ 1,126,410</b>	<b>\$ 47,462,396</b>
<b>FY 2018 Enacted</b>				
EOHHS	\$ 6,340,334	\$ 32,883,357	\$ 1,224,027	\$ 40,447,718
DHS	1,191,154	2,849,659	-	4,040,813
<b>Total</b>	<b>\$ 7,531,488</b>	<b>\$ 35,733,016</b>	<b>\$ 1,224,027</b>	<b>\$ 44,488,531</b>
<b>FY 2018 Revised</b>				
EOHHS	\$ 8,050,475	\$ 55,470,128	\$ 3,773,590	\$ 67,294,193
DHS	5,038,730	7,816,230	-	12,854,960
<b>Total</b>	<b>\$ 13,089,205</b>	<b>\$ 63,286,358</b>	<b>\$ 3,773,590</b>	<b>\$ 80,149,153</b>
<b>FY 2018 Governor Revised</b>				
EOHHS	\$ 5,499,942	\$ 55,460,147	\$ 2,549,563	\$ 63,509,652
DHS	3,624,505	5,497,684	-	9,122,189
<b>Total</b>	<b>\$ 9,124,447</b>	<b>\$ 60,957,831</b>	<b>\$ 2,549,563</b>	<b>\$ 72,631,841</b>
<b>Governor Revised to Enacted</b>				
EOHHS	\$ (840,392)	\$ 22,576,790	\$ 1,325,536	\$ 23,061,934
DHS	2,433,351	2,648,025	-	5,081,376
<b>Total</b>	<b>\$ 1,592,959</b>	<b>\$ 25,224,815</b>	<b>\$ 1,325,536</b>	<b>\$ 28,143,310</b>

The state has recently been approved for a project plan that totals \$444.5 million through federal fiscal year 2019. This includes \$355.2 million from federal funds and \$89.3 million from general revenues for design, development and implementation that totals \$298.5 million and \$146.0 million for maintenance and operations. The planning document indicates that the backlogs will be cleared by March 30, 2018 and the system will be fully compliant by September 28, 2018. *The Governor recommends funding essentially as requested but shifts \$2.5 million in expenses to the Information Technology Investment Fund and includes statewide medical benefit savings.*

**Contact Center/Open Enrollment.** The Executive Office requests \$1.0 million more than enacted, including \$0.5 million from general revenues to support open enrollment activities through HealthSource RI through the contact center operated by Automated Health Systems.

The Automated Health Systems contract, which is paid for through HealthSource RI and the Executive Office, was amended to increase the costs to operate the contact center for two open enrollment periods. The change is fully funded through the Executive Office's budget and is not shared by HealthSource RI even though open enrollment encompasses the ability to sign up for either commercial insurance or the state's Medicaid program. The revised request assumes the ability to leverage Medicaid funds for the open enrollment period and does not distinguish between Medicaid eligible administrative activities and those done for enrollment in the commercial plans. The amendment includes open enrollment activity for the fall and another amendment will need to be done for the spring. It appears that the second enrollment is funded as part of this request. *The Governor recommends funding as requested.*

**Health System Transformation Programs.** The Executive Office requests \$29.7 million from federal funds for implementation of the Health System Transformation Project, initially referred to as the hospital and nursing home incentive programs legislation presented to the 2015 Assembly as part of the Governor's Reinventing Medicaid initiative. The revised request is \$4.0 million more than enacted. Funding includes \$24.1 million, of which \$13.5 million is for the hospital incentive program and \$10.2 million is for the Accountable Entities initiative. This is \$0.6 million more than enacted and includes \$0.4 million available to the Department of Health and the Commission on the Deaf and Hard of Hearing for other potential projects. The Executive Office reports that the two state agencies have not submitted any proposals for this funding as of early January 2018.

The request also includes \$5.7 million in administrative and management costs, \$3.5 million more than enacted. The Executive Office has identified administrative and management expenses totaling \$4.1 million but has not identified how it will spend the remainder of the funding request. Identified costs include: \$2.0 million for investment in Healthcare Workforce Transformation initiative in coordination with the three state institutions of higher education, University of Rhode Island, Rhode Island College and the Community College of Rhode Island, \$1.3 million for contracted evaluation and other oversight services through Conduent, and \$0.8 million for contracted staffing for project management, financial operations, analysis, evaluation and federal compliance.

The Executive Office spent \$7.0 million in FY 2017 in the medical assistance program for incentive payments to the nursing facilities. *The Governor recommends funding as requested.*

**Health Information Technology Enhancements Opioid Reporting.** The revised request includes \$1.3 million from new federal funds and \$0.1 million from restricted receipts received via the Rhode Island Foundation to support the technical design, development, and implementation of four activities that will leverage the existing health information enhancements to focus on several interventions that can assist with helping individuals with opioid and other substance use disorders.

This includes advanced alerts or notifications using Health Information Exchange data to identify patients who come into the emergency room and are at risk of certain conditions, like substance use disorders. A

medical services integration project would support the Department of Health's Emergency Medical Systems data system to notify primary care and other providers to be notified that the patient called emergency medical services and what the outcome was. Another focus will be integrating the prescription drug monitoring program data into hospital systems emergency health records so that providers can get this data directly from within their records system. Finally, there will be a focus on developing and implementing a documented methodology for how an overdose is identified in the exchange, and then alerting certain providers about an event. *The Governor recommends funding as requested.*

**HIV Services and Administration.** The Executive Office's revised request is \$8.0 million more than enacted for HIV services and administration expenses totaling \$19.6 million. The revised request increases the use of funding from drug rebates by \$6.4 million through the Ryan White federal grant by \$1.5 million. The FY 2018 revised request assumes collections of \$11.7 million in receipts from drug rebates which is \$7.3 million more than FY 2017. The same collections are assumed for FY 2019. It appears that there is also an \$8.5 million balance from previous rebate collections that can be used to support the programs so that total available resources would be \$13.7 million if collections track to the Executive Office's projections.

Based on those available resources, the Executive Office has expanded services available to individuals with HIV. This includes a new initiative, Co-Exist, an agreement between the Executive Office, Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, Rhode Island College, University of Rhode Island, and community providers to expand services to individuals who are HIV positive and in need of other services, such as residential and outpatient treatment for those with substance abuse issues, and training and evaluation services that totals \$19.5 million over three years. The revised request includes \$2.5 million to AIDS Care Ocean State, \$1.8 million to Community Care Alliance, \$1.1 million to Family Services of RI and \$1.2 million to the RI Public Health Foundation for the new Co-Exist program. If the collections are less than projected, there may be an impact on the availability of funding for this program, including the new initiative which would leave the contracts underfunded. *The Governor recommends \$2,593 less than requested for statewide medical benefit savings.*

**Insurance Intercepts.** The Executive Office includes the enacted level of \$280,000 from all sources, including \$140,000 from general revenues for a contract with Stellarware to assist the state in intercepting insurance settlements for those who receive medical assistance as a result of an injury that is the basis of an insurance payout which will offset state costs. The 2014 Assembly included Article 19 of 2014-H 7133, Substitute A, as amended so that the state would conform to new federal requirements that allow states to recover resources from third party settlements paid to medical assistance recipients. Insurance recoveries are part of the Medicaid caseload estimate and are an offset to program costs. Since the law change, \$7.5 million has been identified as outstanding and \$4.1 million collected leaving a balance of \$3.4 million in outstanding collections. The collections include \$1.6 million for FY 2017, \$1.2 million for FY 2016 and \$1.4 million for FY 2015. It is unclear what is preventing full collection. *The Governor recommends funding as requested.*

**Demonstration Ombudsman Program – Phase II Integrated Care Initiative.** The Executive Office's revised request includes \$168,814 for the demonstration ombudsman program which will provide services to individuals enrolled in Phase II of the Integrated Care Initiative through the Rhode Island Parent Information Network. This is \$19,500 more than enacted to reflect unspent funds from FY 2017. *The Governor recommends funding as requested.*

**Medicaid Claiming Technical Assistance.** The enacted budget includes \$500,000, of which \$250,000 is from general revenues, to provide technical assistance for Medicaid claiming activities in the human service agencies. The FY 2018 enacted budget includes general revenue savings of \$4.0 million from shifting expenses to Medicaid in the Department of Children, Youth and Families. The Executive Office has not used this funding for claiming activities and shifts general revenues to support other administrative

expenses, and the Department of Children, Youth and Families restored the general revenues in its revised budget. *The Governor recommends funding as requested.*

**Medicaid Management Information System Expenses.** The Executive Office's revised request adds \$0.5 million, including \$0.9 million from general revenues, for total funding of \$23.2 million for expenses related to the Medicaid Management Information System. The state's contract with HP Enterprises to manage the system is in effect from January 1, 2013 through December 31, 2020. As previously noted, the Executive Office is in the process of re-procuring the contract. The contractor processes an estimated 11 million transactions a year at \$0.20 a transaction, manages the data warehouse, and performs prior authorization, utilization and claims reviews, training and outreach activities, and other core system functions.

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

**Department of Justice Consent Decree Monitor.** The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals revised request includes the enacted level of \$450,000 for consent decree costs for the monitor, Charles Moseley. The state entered into a consent decree with the Department of Justice that addresses community based and employment services for adults with developmental disabilities. This includes \$225,000 from general revenues matched by Medicaid funds. The consent decree stipulates the state payment to the monitor is not to exceed \$300,000; the Department includes \$450,000 for monitoring costs. The Department reports that there are no specific activities tied to the \$150,000 not allocated for the monitor and cannot provide a list of these activities or how the funds were spent in FY 2017. *The Governor's recommendation transfers funding to the Executive Office's budget but incorrectly includes the full \$450,000 as general revenues; this appears to be an oversight.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses.

*The Governor's budget adds \$1.6 million from all sources including \$0.8 million from general revenues for the Executive Office for its share of centralized services. This includes \$0.6 million for facilities management, of which \$0.5 million is from general revenues, \$0.3 million for human resources, of which \$0.2 million is from general revenues and \$0.2 million for information technology services, of which \$0.2 million is from general revenues.*

**Other Medicaid Administration Expenses.** The Executive Office's revised request reduces other Medicaid administrative expenses by \$1.1 million, including \$1.1 million less from general revenues primarily. This is \$0.2 million less than spent in FY 2017, including \$0.1 million more from general revenues.

The Office requests \$14.0 million for salaries and benefits, \$0.1 million less than enacted, including \$0.6 million less from general revenues for 93.7 positions, leaving nine positions vacant. The request includes \$3.6 million for RItE Care and RItE Share program administration, and \$3.4 million for Medicaid administration costs, including the data warehouse and other oversight projects. *The Governor recommends*

*\$0.1 million less than requested, including \$17,890 less from general revenues for updated administration expenses, including statewide medical benefit savings.*

**Other Central Management Operations.** The Executive Office requests \$2.1 million less than enacted including \$0.8 million less from general revenues for all other central management expenses including contracted services and other operating expenses. This includes \$0.3 million more for salary and benefit expenses for the remaining 187.3 positions. The revised request includes \$0.5 million from general revenues savings that the Executive Office has reprogrammed to support new contracts previously discussed and not contemplated in the enacted budget. *The Governor recommends \$26,062 less than requested, including \$14,238 less from general revenues for updated program costs including statewide medical benefit savings.*

## Department of Children, Youth and Families

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 8,406,011	\$ 9,989,054	\$ 11,429,029	\$ 12,130,520
Child Welfare	171,432,790	164,158,971	169,568,862	163,443,821
Juvenile Corrections	24,283,893	23,604,738	23,223,901	26,017,612
Children's Behavioral Health	10,630,241	11,096,965	13,147,471	12,289,136
Higher Education Incentive Grants	200,000	200,000	200,000	200,000
<b>Total</b>	<b>\$ 214,952,935</b>	<b>\$ 209,049,728</b>	<b>\$ 217,569,263</b>	<b>\$ 214,081,089</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 66,701,229	\$ 72,706,793	\$ 71,170,272	\$ 69,962,598
Contracted Services	3,092,584	4,193,313	4,686,287	4,686,287
<b>Subtotal</b>	<b>\$ 69,793,813</b>	<b>\$ 76,900,106</b>	<b>\$ 75,856,559</b>	<b>\$ 74,648,885</b>
Other State Operations	7,122,348	7,273,053	8,234,101	12,526,351
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	137,556,602	123,826,569	132,212,541	125,705,853
Capital	480,172	1,050,000	1,266,062	1,200,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 214,952,935</b>	<b>\$ 209,049,728</b>	<b>\$ 217,569,263</b>	<b>\$ 214,081,089</b>
<b>Sources of Funds</b>				
General Revenue	\$ 154,742,352	\$ 145,855,862	\$ 155,854,678	\$ 152,586,787
Federal Aid	57,416,767	59,015,159	57,864,414	57,710,193
Restricted Receipts	2,227,542	3,128,707	2,584,109	2,584,109
Other	566,274	1,050,000	1,266,062	1,200,000
<b>Total</b>	<b>\$ 214,952,935</b>	<b>\$ 209,049,728</b>	<b>\$ 217,569,263</b>	<b>\$ 214,081,089</b>
<b>FTE Authorization</b>	<b>628.5</b>	<b>616.5</b>	<b>616.5</b>	<b>612.5</b>
<b>FTE Average</b>	<b>531.1</b>			

**FY 2018 Revised Request.** The Department of Children, Youth and Families requests \$8.5 million more than enacted from all sources, including \$10.0 million more from general revenues, \$1.2 million less from federal funds, \$0.5 million less from restricted receipts, and \$0.2 million more from Rhode Island Capital Plan funds. The increased request primarily reflects cost increases for placement services, unachieved savings from initiatives included in the enacted budget and a potential state payment for its settlement regarding litigation with Children's Rights. As of the pay period ending October 28, the Department has 558.0 filled positions which is 31.4 more than the same time in 2017.

The Department submitted a corrective action plan on November 30 to address its general revenue overspending. The corrective action plan includes four proposals to lower expenses by \$4.1 million. This includes: \$2.0 million in savings from a 12 percent rate reduction for institutional care; \$1.2 million from a reduction in rates and reduction of specific contracts; \$0.6 million from increased Title IV-E claiming; and \$0.3 million from shifting family preservation services between programs.

*The Governor recommends \$5.0 million more than enacted, including \$6.7 million more from general revenues; this is \$3.5 million less than requested, including \$3.3 million less from general revenues. Excluding centralized services transferred from the Department of Administration, the recommendation is \$8.7 million less than requested from all sources, including \$6.6 million less from general revenues.*

*The Department submitted a second quarter report on February 2, 2018 that projected a general revenue deficit of \$5.2 million compared to the Governor's recommendation. As of the pay period ending January 20, the Department has 557.0 filled positions and 59.5 positions vacant.*

[Staff note: The budget program supplement publication total staffing of 628.5, which includes 16.0 positions that were transferred to the Executive Office of Health and Human Services in the enacted budget and shown there in Article 10. There is also an inadvertent reduction of 4.0 positions. The Budget Office indicates the intent is to recommend 616.5 positions consistent with the enacted budget.]

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. For the Department, the budget identifies \$0.3 million from the voluntary retirement incentive as a measure to reach the undistributed savings goal.*

### **Placements and Services**

**System of Care Replacement Contracts.** On March 31, 2016, the Department issued a Request for Proposals to replace the System of Care services contracted through the two networks, Family Service of Rhode Island and Children and Family Services, which ended on that same day. The Department was seeking to build upon its strengths and improve in the following priority areas: strengthen families to increase the proportion of children who can be safely maintained in their own home; increase care in family settings; improve placement and permanency for adolescents; and sustain reunification. During FY 2017, the Department negotiated the terms and reimbursements with each of the providers that resulted in 117 separate contracts with 37 community agencies to provide the array of home and placement based services identified in the proposal. The contracts were signed on January 1, 2017 with most lasting 18 months. Added together, the maximum value of all the contracts totals \$170.6 million. The contracts also identified capacity and services to be provided.

Also as part of the process, each provider was required to describe its readiness to bill Medicaid and private health plans for covered activities and services. The responses varied among the submissions. Several providers currently bill Medicaid in other states, but not in Rhode Island. Others are able to bill Medicaid for services in Rhode Island provided through the other human service agencies, such as the Executive Office of Health and Human Services, but do not for the Department of Children, Youth and Families. Others noted they are willing to bill this way but need support and some guidance; a few bill for certain services but not the array of services provided.

Each individual contract also notes that the parties acknowledge that the Department is moving toward the provider doing direct billing with Medicaid in order to maximize federal funding to the state. The ability of the Department to increase its Medicaid billings results in the direct savings from general revenues. The contracts stipulate that the providers agree to submit claims directly to the state Medicaid Management Information System provided through the state's four human service agencies, including the Department of Children, Youth and Families when it is requested. The Department also agrees to work with the contractor as it prepares to direct bill Medicaid if it makes that request to the Department, understanding that the provider may need to take steps to prepare to direct bill for Medicaid services.

These services include congregate care placements formerly provided through the System of Care Networks; home-based services for children, youth and families to develop skills, resources, and natural support to remain safely together and avoid removal; placement-based services for children, youth and families that require temporary out of home care while providing effective clinical treatment and addressing other barriers to returning to family-like settings and preparing youth for independence; and home-based services for children, youth and families reunifying from an out of home care or otherwise transitioning to and sustaining permanency.

The Department submitted a corrective action plan that includes savings from reducing contracts that are not fully utilized. *The Governor's budget includes savings from reducing rates paid for congregate care and realignment of resources for other contracts; this is discussed separately.*

**18-21 Year Olds.** The revised request includes \$6.1 million less from all sources, including \$1.0 million less from general revenues for services to individuals 18 through 21 years old formerly in the Department's care for total funding of \$14.8 million, including \$12.3 million from general revenues. The enacted budget assumes general revenue savings of \$4.0 million through additional federal funding from increased billings for Medicaid eligible services for 18-21 year olds. This includes \$2.0 million for FY 2018 and the ability to backbill for prior under claiming for Medicaid to achieve the remaining \$2.0 million in savings. The Department reports those savings will not be achieved and further reduces the total expected to be spent for this population. FY 2017 expenses were \$12.8 million from all sources, including \$11.1 million from general revenues. The enacted savings assumes leveraging more Medicaid funds for services provided to this population based on 30 percent of annual costs being matched as opposed to 18 percent in the Governor's recommendation. There is a current agreement between the Department and the Executive Office of Health and Human Services to leverage Medicaid for the services provided.

As noted earlier, the Department is moving towards a direct billing system that reduces the labor-intensive time study methods currently used. That action may result in general revenue savings in other programs that would allow it to meet the savings included in the enacted budget. It appears that some of the Department's internal policies have hampered its ability to claim additional federal funding. *The Governor recommends funding as requested.*

**Congregate Care.** The Department requests \$12.2 million more than enacted, including \$8.9 million from general revenues, for congregate care services and placements, excluding services to individuals ages 18 through 21, described previously. The enacted budget includes saving of \$9.4 million, of which \$3.8 million is from general revenues, from a reduction in the use of congregate care placements. Those savings were not achieved. The Department believes that the FY 2018 budget did not properly account for the cost of its new contracts. However, documents supporting the Governor's recommendation suggests otherwise. The revised request restores the savings included in the enacted budget and also adds \$1.0 million, including \$4.5 million from general revenues for services provided through the new contract.

As previously noted, the corrective action plan included four proposals to lower expenses by \$4.1 million, leaving \$5.9 million in overspending projected in the first quarter report unaddressed. This includes: \$2.0 million in savings from a 12 percent rate reduction for institutional care; \$1.2 million from a reduction in rates and utilization of specific contracts that are under-utilized and do not align with Department priorities given available resources; \$0.6 million from increased Title IV-E claiming; and \$0.3 million from shifting family preservation services between programs.

*The Governor recommends \$6.9 million more than enacted including \$4.3 million more from general revenues. This is \$5.3 million less than requested, including \$4.6 million less from general revenues. The recommendation recognizes that at the current pace of spending, the Department would overspend by \$12.2 million. The budget includes several proposals to either reduce expenses or increase federal claiming opportunities in the current year to offset this trend. Each is shown separately in the following table.*

<b>Governor's Revised Recommendations</b>		
<b>Placement and Services</b>	<b>General Revenues</b>	<b>Total</b>
Current Services	\$ 8,915,702	\$ 12,231,286
Congregate Care Rate Reduction	(2,016,566)	(3,619,321)
Contract Reductions	(1,239,777)	(1,435,004)
Enhanced Family Support Services	(315,263)	(525,437)
Enhanced Title IV-E Claiming	(800,000)	-
Enhanced Medicaid Claiming	(250,000)	-
Unidentified Change	-	273,074
<b>Total</b>	<b>\$ 4,294,096</b>	<b>\$ 6,924,598</b>
<i>Savings Initiatives Change to Enacted</i>	<i>\$ (4,621,606)</i>	<i>\$ (5,579,762)</i>

*The Governor recommends savings of \$3.6 million, of which \$2.0 million is from general revenues, by reducing rates paid for institutional care, including group homes. As of early February, the Department reports that its staff is in the process of finalizing the negotiations with the vendors. The specific information detailing the savings proposals has not been submitted in a timely manner and will need to be explored through the House Finance Committee subcommittee hearing process.*

*The budget also includes savings of \$1.4 million, including \$1.2 million from general revenues from modification to contracts, including rates and census reductions but has not identified which providers are impacted by this change.*

*The Governor's revised budget also includes savings of \$0.5 million, including \$0.3 million from general revenues, from shifting family support services to the lower cost daily rate of \$32.58 through the family stabilization program from the higher rate of \$85.90 for services through Preserving Families Network program. Supporting documentation notes that this change was effective January 1, 2018.*

*The Governor includes general revenue savings \$800,000 from increased claiming from Title IV-E funds and \$250,000 from increased Medicaid claiming. There is also a \$0.3 million increase from federal funds which was inadvertently included in the recommendation.*

**Unachieved Savings – SSI Recovery.** The enacted budget assumes general revenue savings of \$0.3 million by shifting additional expenditures to restricted receipts for the children's trust account based on increased claiming of Supplemental Security Income funds administered by the Social Security Administration. This was consistent with the budget assumptions for FY 2017. The Department reports that the savings will not be achieved and its collections will be \$2.4 million, consistent with FY 2017 actuals and adjusts funding accordingly. It should be noted that the Department collected \$2.7 million in FY 2015. FY 2016 collections were \$2.4 million despite an initiative to enhance this effort.

The Department reported that it has experienced difficulties when enhancing its collection efforts during FY 2016 and FY 2017. The Department attributes this to a lack of proper documentation for many of the children deemed potentially eligible to receive the Supplemental Security Income for the benefit. Documentation includes: birth certificate, social security number and up-to-date evaluations that include medical, clinical and school evaluations reports, and other appropriate material. It is unclear why these documentation difficulties cannot be overcome. *The Governor recommends funding as requested.*

**Foster Care and Adoption Services.** The Department requests \$3.0 million more than enacted from all sources, including \$1.9 million more from general revenues and \$1.1 million more from federal funds for foster care and adoption services. This is largely consistent with FY 2017 spending of \$29.7 million for these same services, upon which the Department's revised request was based.

The revised request also adds \$700,000 for additional home studies to increase the availability of foster care families. The Department also includes this funding in its FY 2019 request. This will increase the Department's capacity to evaluate and process potential foster care families in a more efficient and timely manner. Currently, there are four community providers that perform the home study services: Community Care Alliance, Family Service of Rhode Island, Deveraux Foundation, and Children's Friends and Services. This includes \$50 hourly rate for services not to exceed 20 hours for one potential foster family unless approved by the Department. *The Governor recommends funding as requested. It should be noted that the Department is planning a recruitment weekend, March 9 to 11, for prospective foster care parents. At that time, most of the requirements to become a foster care parent can be completed. The home study will be the next step in the process and is separate from the weekend activities.*

**All Other Services.** The revised request includes \$1.8 million less than enacted from all sources, including \$0.6 million less from general revenues, for all other services. This includes \$1.2 million less from federal funds, including \$0.2 million less for education and training vouchers and \$0.1 million less from mental health block grant funds. The revised request reduces general revenue spending for Project Hope and Project Reach by \$0.2 million, which is \$0.4 million less than spent for FY 2017. *The Governor recommends funding as requested.*

### Other Operations

**Children's Rights Settlement.** The Department requests \$1.2 million from general revenues for the state's settlement with Children's Rights. The settlement has recently been finalized but as of January 12, 2018, no specific information has been made public as to what the payment is for or how the settlement impacts funding for the Department's programs in the FY 2018 revised or FY 2019 requests. The Department includes \$1.6 million for FY 2019. *The Governor does not include a payment for FY 2018 because the FY 2017 audited financial statements released in early January account for a \$3.5 million payable in anticipation of this settlement and the need to pay legal costs. It appears the actual cost will be \$3.4 million.*

**Child Welfare Institute Contract.** The revised request includes \$0.1 million more than enacted from general revenues for social caseworker training through the Child Welfare Institute at Rhode Island College to prepare caseworkers for field work before taking on a client caseload. This is for the final six months of FY 2018 and the FY 2019 request includes a full year at \$0.2 million from general revenues. Funding for the contract was not included in the enacted budget because the Department did not request it nor did the Governor recommend any funding for the training. Rhode Island College did not renew its social worker training contract with the Department when it expired in late FY 2016. The College indicated that this decision was made because program costs continued to grow from year-to-year and the College actually experienced a net loss for the Child Welfare Institute in FY 2016. The Governor recommended funding in the FY 2017 revised request to develop in-house capacity. The Assembly did not include it because there was no apparent plan to do so. *The Governor recommends funding as requested.*

**Juvenile Corrections.** The revised request includes \$0.5 million less than enacted from all sources for services associated with the Juvenile Corrections program, primarily from general revenues. This is \$0.5 million less for salaries and benefits and \$18,589 less for all other operating expenses. The revised request is also \$0.8 million less than spent in FY 2017 and \$1.7 million less than FY 2016. This includes \$0.5 million more for staff at the Rhode Island Training School and \$1.1 million less for probation and parole staff. It should be noted that both the population of youths at the Training School as well as the Department's parole and probation caseload have declined significantly in recent years; the average for the FY 2018 probation and parole caseload of 474 is less than FY 2017 experience of 550. The request appears to reflect vacancies not assumed in the enacted budget and a shift between programs. *The Governor recommends \$0.2 million less than requested, primarily from general revenues, for statewide medical benefit savings and additional turnover savings.*

**Other Salaries and Benefits.** The Department includes \$1.0 million less for all other salaries and benefits, primarily from general revenues for updated expenses. This includes a shift of \$1.1 million to children's behavioral health, from child welfare and \$0.8 million less for central management. It includes savings from several vacancies not assumed in the enacted budget. The Department requests \$0.2 million less from all sources, including \$0.4 million less from general revenues, for salaries and benefits in children's behavioral and child welfare for approximately 365 positions. The revised request is \$4.4 million more than FY 2017 actuals and \$5.3 million more than FY 2016. The request includes \$0.7 million in savings from keeping approximately four positions of its 51.0 positions vacant in central management. This is \$0.3 million less than spending in FY 2017 but consistent with staffing expenses in FY 2016.

*The Governor recommends \$1.0 million less than requested, including \$0.7 million less from general revenues, for salaries and benefits. This includes savings of \$0.5 million, of which \$0.3 million is from general revenues, from the voluntary retirement incentive, \$0.2 million from statewide medical benefit savings, and \$0.3 million from keeping three additional positions vacant in the child welfare division. The recommendation keeps approximately 6.0 positions vacant in central management and 38.0 positions vacant in children's behavioral health and child welfare.*

**Energy Efficiencies - Unachieved Savings.** The enacted budget includes savings of \$0.3 million from general revenues by installing energy efficiency upgrades at the Department's 101 Friendship Street office including automated lighting and climate control systems. The Department noted that this would require upfront capital investments of \$420,000 so that the savings could be achieved. Although the Governor's recommendation included the savings, she did not include funding for the upfront capital investments in the Department's budget; instead it was noted that funding in the Department of Administration's recommended budget for energy efficiency upgrades could be used for this purpose. The upgrades were not made and no savings have been achieved. *The Governor restores funding as requested.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The Department's revised request adds \$0.9 million from federal funds for information technology services in anticipation of the change. *The Governor's budget adds \$4.3 million from all sources, including \$3.4 million from general revenues for the Department for its share of centralized services. This includes \$2.3 million, including \$1.5 million from general revenues for information technology, \$1.2 million from general revenues for facilities management, and \$0.8 million, including \$0.7 million from general revenues for human resources. The recommendation appears to overfund centralized services because it includes the \$0.9 million requested by the Department for information technology services.*

**Asset Protection.** The Department's revised request includes \$0.2 million more than enacted for funding of \$1.3 million from Rhode Island Capital Plan funds for capital projects, which is consistent with the capital budget request. *The Governor recommends the enacted level of \$150,000, which is \$66,062 less than requested. Projects are discussed in detail in the Capital Budget section of this publication.*

**All Other Expenses.** The revised request includes \$0.1 million more from all sources, of which \$0.5 million is from general revenues, for all other expenses. The request adds funding for temporary and clerical contracted services in central management and reduces contracted financial expenses funded through Title IV-E in child welfare. The Department has not provided the requested explanation for the changes. *The Governor recommends funding as requested.*

## Department of Health

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 4,781,372	\$ 9,412,255	\$ 9,655,917	\$ 12,157,031
Community Health and Equity	98,246,872	104,683,926	101,429,869	101,700,678
Environmental Health	11,635,860	12,665,281	12,495,049	12,730,787
Health Lab. & Medical Examiner	11,852,124	11,565,607	12,099,771	12,007,913
Customer Services	11,133,786	11,605,253	11,534,466	11,326,907
Policy, Information & Communications	3,073,856	4,065,011	5,041,964	5,178,536
Preparedness, Response, Infectious Disease & Emergency Services	13,652,528	15,648,088	15,057,406	14,942,834
<b>Total</b>	<b>\$ 154,376,398</b>	<b>\$ 169,645,421</b>	<b>\$ 167,314,442</b>	<b>\$ 170,044,686</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 53,406,083	\$ 58,055,923	\$ 54,826,354	\$ 54,108,065
Contracted Services	8,655,472	9,294,917	9,950,189	9,416,466
<b>Subtotal</b>	<b>\$ 62,061,555</b>	<b>\$ 67,350,840</b>	<b>\$ 64,776,543</b>	<b>\$ 63,524,531</b>
Other State Operations	50,263,114	55,492,237	58,191,991	62,174,247
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	41,124,441	46,511,976	43,975,204	43,975,204
Capital	927,288	290,368	370,704	370,704
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 154,376,398</b>	<b>\$ 169,645,421</b>	<b>\$ 167,314,442</b>	<b>\$ 170,044,686</b>
<b>Sources of Funds</b>				
General Revenue	\$ 25,499,236	\$ 24,893,123	\$ 25,393,123	\$ 26,419,356
Federal Aid	92,729,507	105,373,312	99,981,339	100,313,716
Restricted Receipts	36,147,655	39,378,986	41,939,980	43,311,614
Other	-	-	-	-
<b>Total</b>	<b>\$ 154,376,398</b>	<b>\$ 169,645,421</b>	<b>\$ 167,314,442</b>	<b>\$ 170,044,686</b>
<b>FTE Authorization</b>	<b>503.6</b>	<b>493.6</b>	<b>493.4</b>	<b>506.6</b>
<b>FTE Average</b>	<b>465.2</b>			

**FY 2018 Revised Request.** The Department requests \$2.3 million and 0.2 full-time equivalent positions less than enacted. The request includes increases of \$0.5 million from general revenues and \$2.6 million from restricted receipts, offset by \$5.4 million less from federal funds based on anticipated awards.

*The Governor recommends \$0.4 million more than enacted from all sources, including \$1.5 million more from general revenues. Excluding the cost of centralized services transferred from the Department of Administration, the recommendation is \$4.8 million less than enacted and \$2.5 million less than requested.*

*The Governor recommends staffing of 506.6 full-time equivalent positions, 13.0 more than authorized. It is assumed that these positions will be funded with restricted receipts and opioid related federal funds that*

*the Department received. As of the pay period ending January 20, the Department has 14.2 positions vacant.*

[Staff note: The budget program supplement publication shows staffing recommendation of 513.6, which is 7.0 more than included in the Appropriations Act for positions that were transferred to the Executive Office of Health and Human Services in the enacted budget. The intent is to recommend the 506.6 positions for staffing as included in the Appropriations Act.]

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. For the Department of Health, the budget identifies \$0.6 million from the voluntary retirement incentive program as a measure to reach the undistributed savings goal.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The Department's request includes \$1.2 million from federal and restricted receipts for information technology charges in anticipation of the costs being shown in its budget.

*The Governor's budget adds \$5.2 million from all sources including \$2.2 million from general revenues for the Department's share of centralized services. This includes \$1.1 million from general revenues for facilities management, \$0.7 million for human resources, of which \$0.2 million is from general revenues, and \$3.4 million is for information technology services, of which \$1.0 million is from general revenues.*

**Unachieved Savings.** The enacted budget includes a general revenue savings of \$0.5 million from shifting expenses for staff in the Medical Examiner's Office and the Health Laboratories to available restricted receipts. The Department indicates that it is projecting a negative balance at the end of FY 2019 and therefore requests that the general revenue savings be restored.

The revised request assumes \$4.6 million in revenues from the indirect cost recovery charge, which is \$1.0 million below FY 2017 revenues. Additionally, average revenues for the last four fiscal years total \$5.1 million; the current request is \$0.5 million below that. The Department reported a surplus of \$1.3 million at the end of FY 2017. *The Governor does not concur and assumes the general revenue savings as enacted.*

**Indirect Cost Recovery.** Excluding the unachieved savings and expenditures for centralized services mentioned above, the Department requests \$0.3 million more than enacted from its indirect cost recovery restricted receipts, which it uses to offset costs associated with administering federally funded programs. Revenues for the indirect cost recovery account are based on the expenditure of certain federal grants and exclude some expenditures such as assistance and grants. The request includes \$0.5 million less for salary and benefit costs, based on updated cost allocation and filled positions, offset by new expenditures of \$0.1 million to replace 100 computers, which the Department indicates are currently not functional for Windows 10. The request also includes increases for leased copy machines and telephone expenses.

*The Governor concurs, with the exception of providing \$10,995 less for medical benefit savings.*

**Medical Marijuana Program.** The Department requests \$0.2 million more than enacted from restricted receipts for costs associated with the Medical Marijuana program. This includes \$36,269 more for salaries and benefits, reflective of staffing allocation and turnover restoration. The program is staffed by 5.9 full-time equivalent positions. The request adds \$0.1 million for software maintenance costs associated with the medical marijuana regulation system and \$26,350 for program expenses, including printing and postage costs. The request is \$5,469 less than FY 2017 reported expenditures. *The Governor concurs, with the exception of providing \$3,048 less to reflect medical benefit savings.*

**Prescription Drug Overdose Prevention.** The Department requests \$0.9 million more than enacted from federal funds for prescription drug overdose prevention activities reflective of an additional award and unspent funds from FY 2017. Of this, \$0.2 million will be used to fund two additional positions for administration of the program. The request includes \$0.3 million for software maintenance costs associated with the Prescription Drug Monitoring system, which provides information regarding prescription of controlled substances in order to prevent improper or illegal use of controlled substances, pursuant to Rhode Island General Law, Section 21-28.3-1. Funds will also be used for targeted campaigns to raise awareness, educate, and prevent drug overdoses. *The Governor recommends \$3,244 less than requested to include medical benefit savings.*

**Opioid Surveillance.** The Department requests \$245,198 from a new federal grant for the Opioid Surveillance Program, which tracks fatal and nonfatal opioid-involved overdoses. Of this amount, \$193,805 will be used to fund 1.5 full-time equivalent positions, including a senior public health epidemiologist. The remaining \$51,393 is for educational training activities. *The Governor recommends \$838 less than requested to include medical benefit savings.*

**Health Professional Loan Repayment.** Based on FY 2017 reported expenditures, the Department requests \$0.6 million more from restricted receipts for the health professional loan repayment program. The program pays a portion of an eligible health care professional's student loan if the participant agrees to work for two years in a health professional shortage area. Expenditures in FY 2017 were \$0.5 million below the final appropriation. The Department indicates that there was a delay in issuing the payments. *The Governor recommends funding as requested.*

**Immunization Programs.** The Department requests \$0.6 million more than enacted from all sources for immunization expenses based on vaccine purchasing projections. This includes \$1.1 million less from federal funds based on the anticipated amount of free vaccines provided by the Centers for Disease Control and Prevention's federal immunization program and \$1.6 million more from restricted receipt expenditures for children and adults. *The Governor recommends \$12,258 less than requested to include medical benefit savings.*

**WIC Nutrition Assistance.** The revised request includes \$1.5 million less from federal funds than enacted for the Women, Infants, and Children nutrition assistance program, which provides supplemental foods, nutrition education and information, referral and coordination services for eligible women and children under the age of five, who are at risk of poor health and development because of inadequate nutrition or health care or both. The revised request is based on FY 2017 expenditures, which were \$2.4 million below the final appropriation. The 2016 Assembly adopted legislation as part of the budget to transfer the program from the Department of Human Services to the Department of Health. *The Governor recommends \$3,166 less than requested to reflect medical benefit savings.*

**Maternal, Infant and Early Childhood Home Visiting.** The Department requests \$6.9 million from federal funds, \$4.0 million less than enacted to reflect updated estimates from the removal of extinguished stimulus funds. This program provides families with resources and services such as preventive health and prenatal practices, promoting positive parenting techniques. *The Governor recommends funding essentially as requested.*

**Other Staffing and Operations.** The Department requests \$42,029 more than enacted from all sources of funds for all other expenses. Salary and benefit costs are \$1.4 million less from federal funds based on additional turnover savings and the elimination of several federal grants. The Department averaged 21.2 vacancies through the end of November 2017. The request includes benefit rates consistent with FY 2018 revised planning values.

The request includes \$1.0 million more in grants to various community-based organizations. Operating costs are \$0.6 million more, including \$0.3 million to conduct a survey that measures changes in the health of people in the state as part of the Behavioral Risk Surveillance System.

*The Governor recommends \$0.8 million less than requested from all sources. This includes \$0.7 million less from general revenues, of which \$0.6 million is savings from employees participating from the voluntary retirement incentive program and \$0.1 million is from medical benefit savings.*

## Department of Human Services

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 8,988,161	\$ 7,892,005	\$ 7,742,972	\$ 8,331,745
Child Support Enforcement	8,730,388	10,950,113	10,984,093	11,228,522
Individual and Family Support	117,584,289	124,685,948	131,313,863	131,821,971
Office of Veterans' Affairs	80,649,465	42,054,204	44,097,420	44,631,452
Health Care Eligibility	17,279,435	14,046,789	16,088,677	15,709,435
Supplemental Security Income	18,734,400	18,548,119	18,548,119	19,461,600
Rhode Island Works	90,339,978	93,274,960	93,274,960	94,105,762
Other Programs	269,902,448	283,619,382	283,539,951	283,465,156
Elderly Affairs	16,565,125	19,610,702	19,997,103	20,814,862
<b>Total</b>	<b>\$ 628,773,689</b>	<b>\$ 614,682,222</b>	<b>\$ 625,587,158</b>	<b>\$ 629,570,505</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 89,982,493	\$ 88,082,927	\$ 100,981,192	\$ 95,337,601
Contracted Services	15,850,550	16,495,570	15,858,904	15,974,544
<b>Subtotal</b>	<b>\$ 105,833,043</b>	<b>\$ 104,578,497</b>	<b>\$ 116,840,096</b>	<b>\$ 111,312,145</b>
Other State Operations	17,587,827	15,373,207	15,159,494	21,977,781
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	452,016,009	478,848,972	477,712,064	480,492,764
Capital	49,935,186	10,875,858	11,114,517	11,026,828
Capital Debt Service	-	-	-	-
Operating Transfers	3,401,624	5,005,688	4,760,987	4,760,987
<b>Total</b>	<b>\$ 628,773,689</b>	<b>\$ 614,682,222</b>	<b>\$ 625,587,158</b>	<b>\$ 629,570,505</b>
<b>Sources of Funds</b>				
General Revenue	\$ 91,502,890	\$ 91,113,618	\$ 98,276,740	\$ 100,592,486
Federal Aid	530,240,802	515,584,197	520,052,282	521,799,119
Restricted Receipts	2,447,931	3,390,929	2,416,275	2,415,422
Other	4,582,066	4,593,478	4,841,861	4,763,478
<b>Total</b>	<b>\$ 628,773,689</b>	<b>\$ 614,682,222</b>	<b>\$ 625,587,158</b>	<b>\$ 629,570,505</b>
<b>FTE Authorization</b>	<b>937.1</b>	<b>981.1</b>	<b>981.1</b>	<b>981.1</b>
<b>FTE Average</b>	<b>835.7</b>			

**FY 2018 Revised Request.** The Department of Human Services requests an additional \$10.9 million from all sources of funds for FY 2018, including \$7.2 million more from general revenues, \$4.5 million more from federal funds, and \$0.2 million more from other funds, along with \$1.0 million less from restricted receipts.

The revised request includes \$8.6 million from all sources, including \$1.3 million from general revenues for the Unified Health Infrastructure Project; this is \$3.2 million more than enacted from all sources, including \$0.3 million more from general revenues. *The Governor recommends \$4.0 million more than requested from all sources, including \$2.3 million more from general revenues. Excluding centralized*

services expenses transferred from the Department of Administration, the revised budget is \$8.1 million more than requested from all sources. The recommendation includes the authorized level of 981.1 full-time equivalent positions. As of the pay period ending January 20, the Department has 118.0 vacancies.

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *The Governor’s revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. For the Department of Human Services, the budget identifies \$90,000 from a reduction to hardship payments as a measure to reach the undistributed savings goal.*

**Federal Poverty Guidelines.** The federal poverty guidelines are used for purposes of determining financial eligibility for certain state and federal programs, including several programs in state agencies under the Executive Office of Health and Human Services. The 2017 guidelines are as follows.

Percent of Federal Poverty Level based on Annual Income								
Family Size	100%	138%	150%	180%	185%	200%	225%	250%
1	\$ 11,880	\$ 16,394	\$ 17,820	\$ 21,384	\$ 21,978	\$ 23,760	\$ 26,730	\$ 29,700
2	16,020	22,108	24,030	28,836	29,637	32,040	36,045	40,050
3	20,160	27,821	30,240	36,288	37,296	40,320	45,360	50,400
4	24,300	33,534	36,450	43,740	44,955	48,600	54,675	60,750
5	28,440	39,247	42,660	51,192	52,614	56,880	63,990	71,100
6	32,580	44,960	48,870	58,644	60,273	65,160	73,305	81,450
7	36,730	50,687	55,095	66,114	67,951	73,460	82,643	91,825
8	40,890	56,428	61,335	73,602	75,647	81,780	92,003	102,225

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

**Staffing.** The Department requests 981.1 full-time equivalent positions in FY 2018, consistent with the enacted budget. The request also shifts 84.0 term limited positions to permanent staff. The Department requests \$12.9 million more than enacted from all sources, including \$6.9 million more from general revenues, \$7.4 million more from federal funds, and \$1.4 million less from restricted receipts for staffing costs across all program areas.

The enacted budget includes authorization for 981.1 positions and provides funding for approximately 860 positions, leaving approximately 121 positions unfunded. The Governor’s FY 2018 recommended budget included authorization for 838.1 full-time equivalent positions. She subsequently requested an amendment to increase the authorization by 143.0 positions related to the Unified Health Infrastructure Project. The amendment included 66.0 permanent and 77.0 term limited. The Assembly concurred.

As of November 25, 2017, the Department had 856.1 filled positions, and has been averaging 860.8 filled positions in FY 2018. The Department averaged 835.7 filled positions in FY 2017 and 869.3 positions in FY 2016. The number of filled positions had been slowly increasing from a low of 781.2 in November 2011, though declined in FY 2017 with the implementation of the Unified Health Infrastructure Project, which was assumed to reduce the number of staff needed and resulted in the elimination of 99.0 positions in the Governor’s FY 2018 recommended budget. System issues have since resulted in a staffing increase. *The Governor recommends staffing consistent with the enacted level.*

**Unified Health Infrastructure Project Staffing.** The Department requests \$9.5 million more than enacted, including \$4.6 million more from general revenues and \$4.9 million more from federal funds, for Unified Health Infrastructure Project related staffing expenses. The additional funding will support 143.0

full-time equivalent positions included in the enacted budget specifically to support ongoing efforts to resolve system issues and application backlogs. While the enacted budget included authorization for the additional personnel, it did not add funding for these positions as it anticipated the Department could fund them with existing resources. This assumption was based on a budget amendment requested by the Governor subsequent to her FY 2018 budget recommendation. The amendment indicated that funding for the positions would be made available through concessions with the contractor.

All 143.0 full-time equivalent positions were hired within the first quarter of FY 2018. It should be noted that the enacted budget assumes 77.0 positions would be term limited, with the remaining positions to be permanent. The Department reports that the positions will be permanent by the end of FY 2018. This plan would put the Department's staffing above levels authorized before the system launched.

Subsequent to submitting its budget request, the Department reported that its revised request overestimated project related staffing expenses by \$3.7 million from all sources of funds. *Consistent with the Department's updated projections, the Governor recommends \$3.7 million less than requested, including \$1.4 million less from general revenues.*

**Other Unified Health Infrastructure Project Expenses.** The Department requests \$0.6 million less from all sources, including \$0.8 million less from general revenues, offset by a \$0.1 million increase from federal sources, for all other operating expenses related to the Unified Health Infrastructure Project and primarily reflecting decreases in information technology expenses. The Department reports that the reduction to general revenues reflects a shift of expenditures to Information Technology Investment funds appropriated in the Department of Administration's budget.

The Department of Administration's current accounting of expenditures from the Information Technology Investment Fund does not list a project from the Department of Human Services, but does list two from the Executive Office of Health and Human Services. However, the Department's revised request appears to use unspent project funds from FY 2017, which it reports are available for use. The Department reported that it spent \$1.2 million of the \$2.5 million from Information Technology Investment funds included in the final FY 2017 budget. *The Governor recommends funding as requested.*

### **Cash Assistance Programs**

The Caseload Estimating Conference estimate includes \$114.0 million from all sources, including \$31.3 million from general revenues for cash assistance programs, including Rhode Island Works, child care, state only supplemental security income program payments and general public assistance bridge program benefits. The caseload estimate is \$2.1 million more than enacted, including \$0.7 million more from general revenues. The Department's request is consistent with the enacted level for cash assistance and does not reflect the estimate adopted at the November caseload conference. *The Governor recommends funding consistent with the caseload estimate.*

The following table itemizes cash assistance expenditures as enacted by the 2017 Assembly, adopted by the caseload estimators, and recommended by the Governor, along with comparable data for FY 2016 and FY 2017. Each category is discussed separately.

Cash Assistance	FY 2016 Actual	FY 2017 Actual	FY 2018 Enacted	FY 2018 Nov. CEC	FY 2018 Gov. Rev.
<b>Rhode Island Works</b>					
Persons	11,031	10,652	9,746	9,800	9,800
Monthly Cost per Person	\$ 178.14	\$ 184.67	\$ 180.00	\$ 187.50	\$ 187.50
<b>Total Costs/Federal Funds*</b>	<b>\$ 25.4</b>	<b>\$ 25.6</b>	<b>\$ 22.9</b>	<b>\$ 23.9</b>	<b>\$ 23.9</b>
<b>Child Care</b>					
Subsidies	8,537	8,880	9,422	9,612	9,612
Annual Cost per Subsidy	\$ 7,136	\$ 7,313	\$ 7,323	\$ 7,220	\$ 7,220
General Revenue	\$ 11.37	\$ 9.86	\$ 10.6	\$ 10.6	\$ 10.6
Federal Funds	49.6	55.1	58.4	58.8	58.8
<b>Total Costs*</b>	<b>\$ 60.9</b>	<b>\$ 64.9</b>	<b>\$ 69.0</b>	<b>\$ 69.4</b>	<b>\$ 69.4</b>
<b>SSI</b>					
Persons	33,660	33,610	33,685	34,400	34,400
Monthly Cost per Person	\$ 45.63	\$ 46.29	\$ 46.00	\$ 47.00	\$ 47.00
<b>Total Costs/General Revenues*</b>	<b>\$ 18.5</b>	<b>\$ 18.7</b>	<b>\$ 18.5</b>	<b>\$ 19.5</b>	<b>\$ 19.5</b>
<b>SSI Transition/Bridge</b>					
Persons	394	355	364	350	350
Monthly Cost per Person	\$ 141.58	\$ 119.70	\$ 146.28	\$ 137.00	\$ 137.00
<b>Total Costs/General Revenues*</b>	<b>\$ 1.5</b>	<b>\$ 1.2</b>	<b>\$ 1.4</b>	<b>\$ 1.2</b>	<b>\$ 1.2</b>
General Revenue	\$ 31.3	\$ 29.8	\$ 30.5	\$ 31.3	\$ 31.3
Federal Funds	74.9	80.6	81.3	82.6	82.6
<b>Total Cash Assistance*</b>	<b>\$ 106.2</b>	<b>\$ 110.4</b>	<b>\$ 111.8</b>	<b>\$ 114.0</b>	<b>\$ 114.0</b>

\*Expenditures in millions

**Maintenance of Effort Requirement.** The Department is required to spend \$60.4 million from general revenues as its maintenance of effort requirement for the \$95.0 million temporary assistance to needy families' block grant, assuming it meets its work participation rates. The state has separate one-parent and two-parent participation rates, but receives the penalty if either rate is not met. For Rhode Island, this increases by \$4.0 million to \$64.4 million if one or both of the work participation rates are not met. The state has not met its 90 percent two-parent participation rate, so it must maintain the higher maintenance of effort.

The state can report any spending for its maintenance of effort requirement as long as it meets one of the four temporary assistance to needy families purposes: assisting needy families so that children can be cared for in their own homes; reducing the dependency of needy parents by promoting job preparation, work and marriage; preventing out-of-wedlock pregnancies; and encouraging the formation and maintenance of two-parent families. The state uses the circuit breaker program, earned income tax credit, administrative expenses through the Department of Human Services, and services provided through the Departments of Children, Youth and Families and Labor and Training. The Department's revised request assumes that the higher \$64.4 million requirement will be met. *The Governor concurs.*

**Rhode Island Works.** The November Caseload Estimating Conference estimate includes program expenditures of \$23.9 million entirely from federal funds. The estimate increased the monthly caseload by 54 cases to a level of 9,800. The cost per case is estimated to increase by \$7.50 to a \$187.50 monthly cost per person. The estimated program expenditures are \$1.0 million more than the enacted budget, primarily from the increased number of persons, along with minor adjustments for transportation, clothing and other supportive services. The Department's request is consistent with the enacted level for the Rhode Island Works program and does not reflect the estimate adopted in November. *The Governor recommends funding consistent with the caseload estimate.*

**Child Care.** The November Caseload Estimating Conference estimate includes child care expenditures of \$69.4 million, of which \$10.6 million is from general revenues. This is \$0.4 million more than enacted from federal funds and includes the enacted amount from general revenues. The estimate reflects 190 more child care subsidies for a monthly level of 9,612 and an annual cost of \$7,220, which is \$103 less than enacted. The Department's request is consistent with the enacted level for the child care program and does not reflect the estimate adopted in November.

A family is eligible for child care assistance either through the Rhode Island Works program (if they qualify for Works they are automatically eligible for child care assistance) or if they qualify as low income, which is at or below 180 percent of federal poverty. The 2013 Assembly passed legislation for a pilot program allowing families eligible for subsidized child care because their income is at or below 180 percent of poverty to remain eligible until the family income exceeds 225 percent of poverty, from October 1, 2013 through September 30, 2014. The 2014 Assembly extended the pilot through September 30, 2016 and the 2016 Assembly provided another one-year extension until September 30, 2017. The 2017 Assembly enacted legislation to make the child care transition program permanent.

Reauthorization of the federal Child Care and Development Block Grant requires changes that are effective October 1, 2017. This includes a 12-month recertification period, at least three months of continued eligibility for families who lose their jobs, and expanded outreach to homeless families. Rhode Island applied for a one-year extension for several of the requirements including: 12-month recertification, three months of continued eligibility, and expanded outreach. *The Governor recommends funding consistent with the caseload estimate.*

**Supplemental Security Income Payments.** The November Caseload Estimating Conference estimate includes FY 2018 direct supplemental security income expenditures at \$19.5 million from general revenues, or \$0.9 million more than enacted. The caseload increased by 715 persons to a monthly level of 34,400 and the estimators increased the monthly cost per person by \$1 to \$47. The estimate also includes transaction fees of \$60,000, \$6,000 more than the enacted level. The Department's request is consistent with the enacted level and does not reflect the estimate adopted at the November caseload conference. *The Governor recommends funding consistent with the caseload estimate.*

**Assisted Living State Supplemental Payment.** The Department requests \$358,000 from general revenues, essentially consistent with the enacted budget, for additional state supplemental payments of \$206 per month to individuals who receive the state supplemental security income payment and live in a state licensed assisted living facility that is not eligible to receive Medicaid. The 2014 Assembly expanded the payment to individuals living in an assisted living facility that was financed by Rhode Island Housing prior to January 1, 2006, beginning on October 1, 2014. *The Governor recommends funding as requested.*

**Supplemental Security Income Transition/Bridge Program.** The November Caseload Estimating Conference estimate lowered the supplemental security income transition/bridge program spending by \$0.1 million for total funding of \$1.2 million, from general revenues. The estimate includes \$0.7 million for both cash payments and burials. The estimate lowered the number of persons by 14, for total caseload of 350 persons at \$137 for the monthly costs, \$9.28 less than enacted. The Department's request does not reflect the conference estimate and is consistent with the enacted level. This program is designed for individuals who maintain an active application for the supplemental security income program. *The Governor recommends funding consistent with the caseload estimate.*

**Hardship Payments.** The Department requests \$90,000 less from general revenues for hardship contingency payments, which provide temporary support to persons who do not qualify for the supplemental security income or Rhode Island Works programs. The request reduces program funding by \$90,000 in order to meet the undistributed statewide savings initiative of \$25.0 million included in the enacted budget. The reduction is consistent with historically declining expenses. The Department spent

\$55,242 for FY 2017, \$70,000 for FY 2016, \$70,766 for FY 2015, \$112,775 for FY 2014 and \$151,675 for FY 2013. It has indicated that the rules and criteria for the program are strict, and applicants often do not want to fill out the paperwork for the \$100 payment, especially since the applicants must reapply each month in which they request the payment. *The Governor recommends funding as requested and includes the \$90,000 savings as a measure to achieve the \$25.0 million undistributed savings included in the enacted budget.*

### Other Programs

**Rhode Island Works Pilot/Workforce Training.** The Department requests the enacted amount of \$0.8 million from federal temporary assistance for needy families block grant funds for on-the-job training programs, job search and placement services, disability assessments and services, and overall service delivery redesign. *The Governor recommends funding as requested.*

**Program Eligibility Administration – Staffing.** The Department requests \$2.8 million more from all sources, including \$1.1 million more from general revenues for staffing expenses related to the eligibility administration of assistance programs, including cash assistance, health determination services, and the supplemental nutrition assistance program. The revised request reflects the allocation of personnel costs across programs based on anticipated expenditures as well as additional funding for personnel in the supplemental nutrition assistance program. The FY 2019 request is consistent with its revised request, both of which anticipate the filling of 50.0 full-time equivalent positions. The Department reports that additional staffing is needed to address backlogs and other issues with its administration of the program. This request is in addition to \$11.6 million from all sources requested for staffing identified as directly for the Unified Health Infrastructure Project.

The table below shows the staffing changes to each program as compared to the enacted budget; the Department attempts to allocate costs based on which programs it projects will incur the expense. *The Governor recommends \$0.2 million less than requested, including \$0.1 million less from general revenues reflecting statewide benefit savings.*

<b>FY 2018 Revised Request Change to Enacted - Staffing</b>		
<b>Program Administration</b>	<b>General Revenues</b>	<b>Total</b>
Child Care	\$ (41,542)	\$ (41,542)
Health Care Determination	(1,620,911)	(3,731,463)
Rhode Island Works	(502,995)	(204,145)
Social Security Payments	(195,868)	(195,868)
Supplemental Nutrition Assistance	3,487,803	6,949,433
<b>Total Change to Enacted</b>	<b>\$ 1,126,487</b>	<b>\$ 2,776,415</b>

**Program Eligibility Administration – Operating.** The Department requests \$1.7 million more from all sources for all other expenses related to the eligibility administration of assistance programs, including cash assistance, health care determination services, and the supplemental nutritional assistance program. The revised request includes additional funding in order to reflect actual FY 2017 spending, including \$0.2 million for contracted legal services, \$0.5 million for telecommunication costs, \$0.1 million for interpreter services, \$0.3 million for information technology and computer related expenses, and \$0.2 million for grants to local organizations. It should be noted that the request does not appear to adjust for any one-time costs that may have occurred in FY 2017 due to the implementation of the Unified Health Infrastructure Project.

The following table shows the operating changes to each program as compared to the enacted budget; the Department attempts to allocate costs based on which programs it projects will incur the expenses. *The Governor recommends funding as requested.*

**FY 2018 Revised Request Change to Enacted - Operating**

<b>Program Administration</b>	<b>General Revenues</b>	<b>Total</b>
Child Care	\$ 73,687	\$ 73,687
Health Care Determination	422,408	913,779
Rhode Island Works	(381,007)	(1,305,375)
Social Security Payments	67,773	67,773
Supplemental Nutrition Assistance	889,073	1,978,222
<b>Total Change to Enacted</b>	<b>\$ 1,071,934</b>	<b>\$ 1,728,086</b>

**Child Support Services.** The Department’s revised request is \$33,980 more than enacted, including \$0.1 million more from general revenues, offset by fewer federal funds, for child support services. This includes \$5.6 million from all sources, or \$0.1 million less than enacted for 57.0 positions. All other division expenses decrease by \$0.1 million, including \$0.2 million more from general revenues offset by a reduction in federal funds. This shift primarily impacts funding for the contract with Northrup Grumman for information technology support in order to reflect the available match rate, as well as other operating expenses such as postage. *The Governor recommends \$22,033 less than requested including \$7,491 less from general revenues, reflecting statewide medical benefit savings.*

**Supplemental Nutrition Assistance Program – Benefits.** The Department requests the enacted level of \$282.0 million from federal funds for direct benefit payments for the Supplemental Nutrition Assistance Program in its revised request. This is \$13.5 million more than FY 2017 actual expenses and consistent with prior year estimates. *The Governor recommends funding as requested.*

**Supplemental Nutrition Assistance Program – Bonus Funding.** The Department requests \$170,000 from other funds from a bonus awarded by the Supplemental Nutrition Assistance Program in FY 2015. The Department was awarded a total of \$0.5 million based on its performance in administering the program that year and it has included \$170,000 from available funds in each FY 2018 revised and FY 2019. While included in the budget request, the Department reports that funding will be reserved to cover any fines it may receive from the federal administration or any other unanticipated program expenses. *The Governor recommends funding as requested.*

**LIHEAP and Weatherization Assistance Programs.** The Department requests \$2.5 million less than enacted from all sources, reflecting anticipated awards, for a total of \$26.6 million for expenses related to the low income home energy assistance and weatherization assistance programs. The revised request is \$0.9 million more than FY 2017 actuals, including \$0.8 million more for assistance programs and \$0.1 million more for staffing. *The Governor recommends \$2,853 less than requested reflecting statewide medical benefit savings.*

**Paratransit Services for the Elderly.** The Department requests \$0.5 million less than enacted from federal Medicaid funds for elderly transportation services. The enacted budget assumes \$0.5 million of general revenue savings by shifting costs to Medicaid funds, consistent with the Department’s actual FY 2016 spending. The revised request reduces available Medicaid funding based on the FY 2017 experience. *The Governor recommends funding as requested.*

**Vocational Rehabilitation Services.** The Department requests \$0.8 million less than enacted for vocational rehabilitation services, including \$0.2 million more from general revenues, offset by \$0.9 million less from federal funds. This includes \$0.2 million less for staffing costs, \$0.1 million less for temporary service contracts, \$0.2 million more for client services, and eliminates \$0.8 million of operating supplies and expenses. The revised request is \$4.5 million more than FY 2017 actual expenditures. *The Governor recommends \$31,565 less than requested reflecting statewide medical benefit savings.*

**Services for Blind and Visually Impaired.** The Department requests \$0.6 million less than enacted from all sources for total funding of \$0.4 million for services to the blind and visually impaired. This includes \$0.3 million less for staffing and \$0.3 million less for all services and expenses. The Department reports that expenditures were revised to reflect actual FY 2017 spending. *The Governor recommends \$0.2 million more than requested, primarily reflecting carry-forward of unspent FY 2017 funds.*

**Medicaid Rehabilitative Services.** The Department requests \$23,771 less from all sources, including \$0.1 million less from general revenues for three programs managed by the Office of Rehabilitation Services that provide services eligible for federal matching funds under provisions of the global Medicaid waiver. The services include social services for the blind, personal care attendants, and home modifications; these services are aimed at helping an individual maintain independence. The request includes total funding of \$0.4 million for personal care attendants, \$0.3 million for social services for the blind and \$0.2 million for home modification services. *The Governor recommends funding as requested.*

**Community Services Block Grant.** The Department requests authorization to spend \$0.3 million more from federal Community Services block grant funds in its revised request. It reports that the additional funding reflects payments for contract expenses incurred at the end of FY 2017 and must be paid in FY 2018. This is \$0.2 million more than FY 2017 actual expenses with funds supporting local community agencies and programs. *The Governor recommends \$0.5 million more than enacted, reflecting carry-forward of unspent funding from FY 2017.*

**Refugee Assistance Programs.** The Department requests authorization to spend \$1.2 million more from federal funds for refugee assistance programs totaling \$1.9 million in the revised request. The revised request primarily reflects \$1.1 million more for salaries and benefits from refugee social services funds. The Department subsequently reported that it inadvertently increased grant expenses for personnel. The refugee services grant cannot support these personnel costs and must be moved to another program.

Subsequent to the budget submission, the Department notified staff that it would be requesting general revenues to cover these expenses. *The Governor's budget does not address the lack of available federal funds to support the requested personnel expenses. However, she does recommend \$5,665 less than requested from federal funds, reflecting statewide medical benefit savings.*

**Other Staffing.** The Department requests \$1.2 million less than enacted for all other staffing expenses, including \$30,534 less from general revenues, \$0.8 million less from federal funds, and \$0.4 million less from restricted receipts. The request reflects shifting personnel expenses to program areas expected to incur the costs, primarily the Supplemental Nutrition Assistance Program. *The Governor recommends \$23,557 less than requested reflecting statewide medical benefit savings.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses.

*The Governor's budget adds \$6.8 million from all sources including \$4.7 million from general revenues for the Department's share of centralized services. This includes \$2.9 million for facilities management, \$1.3 million for human services, and \$2.6 million for information technology services. It should be noted that of the total, \$2.2 million and \$0.3 million are charged to the Office of Veterans' Affairs and Division of Elderly Affairs, respectively.*

**Other Expenses.** The Department requests \$0.9 million less from all sources, including \$53,116 less from general revenues and \$0.9 million less from federal funds, offset by \$44,901 more from restricted receipts for all other operating expenses. The reduction from federal funds primarily reflects a \$1.2 million reduction from disability determination funds based on anticipated program expenses, offset by changes to several federal sources reflecting anticipated awards. The request also eliminates \$0.3 million from federal independent living services as the Department reports the Governor's Commission on Disabilities now receives this funding. *The Governor recommends \$1.1 million more than requested, reflecting updated Supplemental Nutrition Assistance Program employment and training grant funding.*

**Capital - Blind Vending Facilities.** The Department requests \$0.1 million more than enacted from Rhode Island Capital Plan funds for the ongoing construction and renovation of statewide vending facilities. There are currently 15 facilities that operate under the name COFFEE PLUS. The staff is trained through the Department's Office of Rehabilitation Services. The request reflects carry-forward of unspent funds from FY 2017 and is consistent with the Department's capital budget request. *The Governor does not recommend the additional funding for FY 2018, consistent with the approved plan. However, she adds funding for FY 2023 and post-FY 2023. This project is discussed in greater detail in the Capital Budget section of this publication.*

### **Division of Elderly Affairs**

**Volunteer Guardianship Program.** The Division's revised request includes the enacted amount of \$40,756 from general revenues for the volunteer guardianship program. The program was previously operated by a contracted vendor; in FY 2017, the Division began directly overseeing the program. *The Governor recommends funding as requested.*

**Integrated Care Initiative.** The Division was awarded a \$0.4 million federal grant to be spent between FY 2017 and FY 2019 to support the state health insurance assistance program and to provide options through counseling for individuals who are eligible for Medicare and Medicaid, also called "dual eligible." This grant is available to states that have an integrated care initiative agreement with the federal government; for Rhode Island that is the Rhody Health Options program operated through the Executive Office of Health and Human Services. The Division spent \$0.1 million in FY 2017 and has programmed \$0.2 million for FY 2018 in its revised request. All remaining grant funds will be spent in FY 2019. *The Governor recommends funding as requested.*

**Pharmaceutical Assistance to the Elderly.** The Division's revised request includes \$0.1 million less from restricted receipts for funding of \$33,000 for administration expenses of the pharmaceutical assistance program. This request is for staffing; however, the program has experienced continuing annual decreases in participation and utilization, so the staff time required is minimal and there are nominal operating expenses included with the Division's other operating expenditures for this program. Based on historical spending, the enacted budget appears to have overfunded the program and the revised request reduces funding to reflect prior year expenditures. The Department spent \$32,211 in FY 2017, or \$88,852 less than the final appropriation. *The Governor recommends funding as requested.*

**Home and Community Care Program Expenses.** The Division requests \$0.4 million less from all sources for home care, adult day and case management services for total funding of \$5.9 million, including \$2.9 million from general revenues. The request reflects anticipated utilization of the programs. The revised request is \$0.9 million more than FY 2017 expenditures. These programs serve low-income elderly who pay a portion of the costs of the services, which include bathing, dressing, household chores, ambulatory needs, adult day activities, and case management services based on needs assessments in physical, cognitive, social, emotional, financial, nutritional, and environmental domains. *The Governor recommends funding as requested.*

**Salaries and Benefits.** The Division requests \$0.2 million more than enacted from all sources for salaries and benefits in the division. This includes \$0.2 million more from general revenues, \$21,442 more from federal funds, and \$10,028 more from restricted receipts. The request restores \$0.1 million of turnover savings, which is equivalent to 1.0 full-time position and includes updates to medical benefit costs. *The Governor recommends \$12,824 less than requested reflecting statewide medical benefit savings.*

**Other Operations.** The Division requests \$0.9 million more than enacted for other operating expenditures within the division, including \$33,541 more from general revenues. The revised request is \$0.9 million more from federal funds, \$0.7 million of which reflects additional Title III grant funding for preventative health, supportive services, and home delivered meals. The request includes \$0.8 million more for grants to local organizations providing supportive services for the state's elderly, \$23,785 more for contracted interpreters and information technology support, and \$0.1 million more for other operating expenses. *The Governor recommends \$8,918 less than enacted from federal funds based on updated information from the Department.*

### **Office of Veterans' Affairs**

**Salaries and Benefits.** The Office's revised request includes \$0.8 million more than enacted from all sources for staffing expenses in the Office of Veterans' Affairs and 240.1 positions. This includes \$1.4 million more from general revenues and \$0.4 million more from federal funds, offset by \$1.0 million less from restricted receipts. The enacted budget assumes turnover savings equivalent to 20.3 full-time equivalent vacancies; the revised request is equivalent to filling approximately eight of those positions. As of the pay period ending November 25, 2017, the Office had 24.0 vacant positions.

The Department subsequently submitted a corrective action plan and reported that the additional general revenues for staffing was no longer needed based on updated payroll projections. *The Governor recommends \$0.9 million less than enacted including \$0.3 million less from general revenues. This is \$1.7 million less than requested, primarily from general revenues and includes \$0.3 million less for overtime, \$0.8 million in savings from benefit adjustments, and \$0.5 million in turnover savings.*

**Other Operations.** The Office requests \$1.1 million more than enacted from all sources for other expenses in the Office of Veterans' Affairs. This includes \$0.2 million more than enacted from general revenues for contracted janitorial services, \$0.6 million more from federal funds for medical supplies and physical and occupational therapy services, and \$0.2 million more from restricted receipts for increased security costs for the new Veterans' Home.

The Department subsequently submitted a corrective action plan and reported that the additional general revenues were no longer needed, as the Office lowered its projection for operating expenses. It should be noted that the Department of Administration also requests \$0.3 million from general revenues in its FY 2018 revised request for operating expenses at the new Veterans' Home. The request includes additional funding for grounds maintenance, snow removal, janitorial supplies, and other expenses. *The Governor recommends funding as requested.*

**Capital.** The Office's revised request includes \$0.2 million more than enacted from all sources, including \$88,000 less from federal funds and \$277,000 more from restricted receipts for capital projects at the Rhode Island Veterans' Memorial Cemetery and to complete construction of the new Veterans' Home in Bristol. *The Governor recommends funding as requested. A detailed description of these projects is included in the Capital Budget section of the publication.*

## Dept. of Behavioral Healthcare, Developmental Disabilities & Hospitals

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 1,377,032	\$ 1,655,306	\$ 1,418,344	\$ 2,650,900
Services for the Dev. Disabled	258,901,389	256,907,760	282,903,707	272,207,664
Hosp. & Comm. System Support	1,727,405	2,317,954	2,318,454	3,190,577
Hospital & Comm. Rehab. Services	114,952,644	108,046,777	116,741,488	120,444,732
Behavioral Healthcare Services	21,928,982	28,162,439	28,262,602	28,685,341
<b>Total</b>	<b>\$ 398,887,452</b>	<b>\$ 397,090,236</b>	<b>\$ 431,644,595</b>	<b>\$ 427,179,214</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 124,022,781	\$ 114,304,560	\$ 125,358,915	\$ 123,016,985
Contracted Services	3,642,029	3,263,348	2,929,137	2,276,795
<b>Subtotal</b>	<b>\$ 127,664,810</b>	<b>\$ 117,567,908</b>	<b>\$ 128,288,052</b>	<b>\$ 125,293,780</b>
Other State Operations	15,395,303	14,697,742	14,521,437	27,736,861
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	250,292,572	256,703,925	279,603,546	266,242,702
Capital	5,534,767	8,120,661	9,231,560	7,905,871
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 398,887,452</b>	<b>\$ 397,090,236</b>	<b>\$ 431,644,595</b>	<b>\$ 427,179,214</b>
<b>Sources of Funds</b>				
General Revenue	\$ 182,335,176	\$ 176,448,622	\$ 192,329,318	\$ 191,626,281
Federal Aid	204,677,098	204,267,459	225,969,304	223,190,524
Restricted Receipts	5,369,048	8,509,155	5,180,973	5,178,956
Other	6,506,130	7,865,000	8,165,000	7,183,453
<b>Total</b>	<b>\$ 398,887,452</b>	<b>\$ 397,090,236</b>	<b>\$ 431,644,595</b>	<b>\$ 427,179,214</b>
<b>FTE Authorization</b>	<b>1,352.4</b>	<b>1,319.4</b>	<b>1,319.4</b>	<b>1,319.4</b>
<b>FTE Average</b>	<b>1,173.3</b>			

**FY 2018 Revised Request.** The Department requests \$34.6 million more than enacted, including \$15.9 million more from general revenues, \$21.7 million more from federal funds, \$0.3 million more from Rhode Island Capital Plan funds and \$3.3 million less from restricted receipts.

The Department's revised request adds \$26.0 million for services provided to adults with developmental disabilities, \$8.7 million for Eleanor Slater Hospital, and \$0.1 million for behavioral health care services. These increases are partially offset by \$0.2 million in decreased expenditures for administrative expenses.

*The Governor recommends \$4.5 million less than requested, including \$0.7 million less from general revenues. Excluding centralized services transferred from the Department of Administration, the*

*recommendation is \$17.7 million less than requested from all sources, including \$8.9 million less from general revenues. As of the pay period ending January 20<sup>th</sup>, the Department has 170.6 vacant positions.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. For the Executive Office of Health and Human Services, the budget identifies \$0.8 million of savings from using available restricted receipts to offset general revenue expenses at Eleanor Slater Hospital.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses.

*The Governor's budget adds \$13.2 million from all sources including \$8.2 million from general revenues for the Department's share of centralized services. This includes \$9.2 million for facilities management, of which \$5.3 million is from general revenues, \$1.7 million for human resources, of which \$1.0 million is from general revenues, and \$2.4 million for information technology services, of which \$2.0 million is from general revenues.*

*The centralized charges in the Eleanor Slater Hospital program and Division of Developmental Disabilities total \$11.1 million, including \$6.8 million from general revenues. Since both programs have Medicaid matching rates of at least 50 percent, the Medicaid rate of 38.7 percent is significantly lower than what is allowed and currently being charged for other services in these programs. Using the corrected Medicaid rate, the recommended budget overfunds the general revenue Medicaid match by \$1.5 million.*

### **Division of Developmental Disabilities**

**Developmental Disabilities Programs.** The Department's revised request includes \$282.9 million from all sources, of which \$135.6 million is from general revenues, for programs to support adults with developmental disabilities. It includes \$1.3 million from Rhode Island Capital Plan funds for the upkeep and maintenance of the state-owned group homes and day programming sites in the privately-operated community based system. The revised request is \$26.0 million more than enacted, including \$12.0 million more from general revenues; this includes \$23.5 million more in the privately-operated system and \$2.5 million more in the state-run one. The revised request is also \$24.1 million more than FY 2017 and \$41.0 million more than FY 2016 from all sources and includes \$10.6 million more from general revenues compared to FY 2017 and \$16.3 million more than FY 2016 actuals.

The request funds the contract and monitoring activities to satisfy the requirement of the consent decree that the state entered into with the Department of Justice regarding individuals whose day activities were at sheltered workshops.

*The Governor recommends \$268.8 million, including \$128.1 million from general revenues, which is \$14.1 million less than requested, including \$7.5 million less from general revenues. She includes several proposals to reduce program expenses in both the privately-operated and state-run system; each is discussed separately*

**Monthly Caseload Report.** Rhode Island General Law, Section 40.1-22-39 requires that the Department submit monthly developmental disabilities caseload and expense reports to the House and Senate Finance Committee chairpersons, budget officer and fiscal advisors by the 15<sup>th</sup> of each month. The report is to be submitted in any format required by the House and Senate fiscal advisors.

The 2016 Assembly expanded the information to be contained in the monthly report 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. The Department has indicated 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. 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.

For the collection of patient liability, the Department reports that there are currently 821 individuals with a cost of care payment requirement with financial monthly requirements totaling \$0.2 million, which the Department is not collecting. The Department's position is that it is the responsibility of the Executive Office of Health and Human Services' long-term care unit to report on whether or not the collections by the providers are being made, and that it does not have access to the specific information and can only report it in the aggregate. It should be noted that the information reported each month is unchanged.

The Department does report the amount of funding authorized above the resource level but has not provided the information as to the approval process for additional services or what the services are.

The 2017 Assembly also expanded the reporting requirements to capture data on services provided and any sale of state owned property if revenue is used to offset advanced payments made to community based providers. It also requires that provider annual cost reports be submitted by the Department to the House and Senate fiscal advisors and the State Budget Officer by November 1<sup>st</sup> of each year.

**Privately Operated Community Programs.** The Department requests \$250.3 million from all sources, including \$122.1 million from general revenues for programs operated through community based agencies providing residential and day programming services to approximately 3,600 adults with developmental disabilities. It also provides day program activities to approximately 60 of the 144 individuals residing in the state-run facility. The providers are AccessPoint RI, Blackstone Valley, Bridges, The Cove, Frank Olean Center, the Fogarty Center, Living Innovations, Perspectives and Seven Hills.

The Department requests \$24.6 million more than enacted, including \$12.0 million more from general revenues, which are \$25.5 million above FY 2017 actual expenses, including \$11.3 million from general revenues. This includes unanticipated program costs for services authorized for individuals using a new assessment tool totaling \$17.4 million, including \$8.4 million from general revenues and restoration of savings that are included in the enacted budget, which will not be achieved and are discussed separately. When comparing the FY 2018 revised request to FY 2016 spending, expenditures increase \$44.7 million, including \$18.5 million from general revenues; this is a 22.6 percent increase.

Beginning in October 2016, the Department instituted new Support Intensity Systems (SIS) assessment model, SIS-A, that added new questions that results suggest may have provided significantly higher resources to program participants than before.

The Department reports that this change was to address an individual's needs for certain behavioral health issues above the initial authorizations. In some cases, it should have lowered the instances where a provider or family eventually requested additional services through what is known as the "L-9" process, but that is not apparent in the funding request.

As of November 2017, the Department has stopped using the new SIS-A on current participants; only new clients are taking the SIS-A for services. It appears that the new questions did not have the unintended impact on new, mostly younger, entrants when comparing results from prior SIS assessments to the new tool. As noted, the Department has reported that of the requested increase, \$17.4 million, including \$8.4 million from general revenues, is for current services for those reassessed under the new model.

The FY 2018 enacted budget also includes savings of \$10.7 million from all sources, including \$5.2 million from general revenues, from four proposals and reports that it has not achieved \$7.2 million of those savings, including \$3.6 million from general revenues.

The Department submitted a corrective action plan that identifies general revenue savings of \$1.7 million from two initiatives: continuing to rebalance the residential system and reducing the supplemental authorizations. *The Governor's recommendation recognizes that at the current pace of spending, the Department would overspend by \$17.0 million, including \$7.7 million from general revenues. She includes savings initiatives totaling \$10.2 million to offset this trend, which includes \$5.1 million from general revenues. Each initiative is discussed separately including the two proposals identified in the corrective action plan.*

<b>FY 2018 Governor's Revised Recommendation</b>		
<b>Privately Operated Program</b>	<b>General Revenues</b>	<b>Total</b>
Current Service Adjustment	\$ 7,698,371	\$ 17,012,417
Assessment Tool - Moratorium	(2,264,626)	(4,439,359)
Person Centered Supported Employment Performance Program	(2,000,000)	(4,110,152)
Resource Allocations Review Process (L9) and Reductions	(787,792)	(1,696,654)
Residential Service Rebalancing	980,650	1,835,331
Resource Levels (SIS Tiers)	427,052	877,625
Professional Supports	800,000	1,644,061
<b>Total Change to Enacted</b>	<b>\$ 4,853,655</b>	<b>\$ 11,123,269</b>
<i>Savings Initiatives</i>	<i>\$ (5,052,418)</i>	<i>\$ (10,246,165)</i>

**Assessment Tool - Moratorium.** The Department instituted new Support Intensity Systems (SIS) assessment model, SIS-A, in October 2016 that added new questions that results suggest may have provided significantly higher resources to program participants than before. As of November 2017, the Department has stopped using the new SIS-A on current participants; only new clients are taking the SIS-A for services. It appears that the new questions did not have the unintended impact on new, mostly younger, entrants when comparing results from prior SIS assessments to the new tool. As noted, the Department has reported that of the requested increase, \$17.4 million, including \$8.4 million from general revenues, is for current services for those reassessed under the new model. *The Governor's recommended budget includes savings of \$4.4 million, including \$2.3 million from general revenues, from instituting a moratorium on using the new tool and validating the new assessment questions.*

**Person Centered Supported Employment Performance Program.** The Department requests \$6.8 million from all sources, including \$3.4 million from general revenues, to make payment to the community based providers who are participating in the person centered supported employment performance program as part of the state's consent decree. This includes certification payments, supplemental authorization and payments for meeting benchmarks in the consent decree. The Department's second quarter report identifies savings of \$2.0 million from general revenues from updated expenditures. *The Governor's budget reduces funding for those payments by \$4.1 million, including \$2.0 million from general revenues.*

**Residential Conversion - Community Based Programs.** The enacted budget assumes savings of \$4.2 million, including \$2.2 million from general revenues by transferring 66 individuals from a 24-hour group home placement to a less intensive setting and accelerating the implementation of new rules by the Centers for Medicare and Medicaid Services for home and community based services. That home and community care change will not be required until FY 2019. The Department's request restores \$2.2 million of the savings, including \$1.2 million from general revenues, because it expects to transition fewer individuals than originally projected. There is a 28 person census reduction when comparing the June 2017 total of 1,275 to the November total of 1,247 in FY 2018. These reductions include transitions to another placement as well as death.

The Department submitted a corrective action plan that included savings of \$1.8 million from all sources and \$0.9 million from general revenues from continuing to rebalance the system and provide services in the least restrictive setting. *The Governor restores all but \$0.4 million of the savings, of which \$0.2 million is from general revenues.*

**Resource Allocation Process.** The FY 2018 enacted budget assumes approximately \$16.0 million from all sources, of which \$8.0 million is from general revenues, for services allocated above the service package authorizations. This reflects savings of \$1.5 million, including \$0.8 million from general revenues from a new process to monitor and approve through the "L-9" process. The Department's revised request includes \$19.0 million, of which \$9.0 million is from general revenues for these authorizations. This \$3.0 million increase, of which \$1.5 million is from general revenues, is from not achieving the savings and further exceeding the spending estimate.

As noted above, the Department has been unable to manage these expenses as expected. The Department submitted a corrective action plan that included savings of \$1.6 million from all sources and \$0.8 million from general revenues from reducing the supplemental authorizations.

*The Governor includes savings of \$1.7 million, including \$0.8 million from general revenues by making two changes to this process that reduces the enacted level of \$16.0 million to revised projected spending of \$14.3 million. She includes savings from reviewing the process that increases the authorizations above the assigned tier levels and reducing the allocations.*

**Resource Levels (SIS Tiers).** The FY 2018 enacted budget includes savings of \$1.7 million, of which \$0.8 million is from general revenues from keeping 96 individuals who have had their resource plan decrease because of an assessment change at the assessed lower level instead of the higher, previously assessed level. The Department restores all of the savings. It reports that it could not properly track these individuals through the appeals process.

*The Governor's budget restores \$0.9 million in savings, of which \$0.4 million is from general revenues, from providing services for individuals based on the newly assessed tier. This is about half of what was included in the enacted budget.*

**Professional Supports.** The enacted budget includes savings of \$1.6 million, of which \$0.8 million is general revenues, from two changes to professional supports benefits, such as physical, speech and occupational therapy, and nursing supports, updating the process to approve the services and payment for those services. The Department would no longer include the services as part of a standard authorization and instead require the providers to first bill the individual's insurance, in most cases Medicaid, before paying for the service. The Department did not make either of the changes and requests funding to restore the savings. *The Governor recommends funding as requested.*

**Department of Justice Consent Decree - Monitor.** The Department's revised request includes the enacted level of \$450,000 for consent decree costs for the monitor, Charles Moseley. The consent decree stipulates

the state payment to the monitor is not to exceed \$300,000; the Department includes \$450,000 for monitoring costs. The Department reports that there are no specific activities tied to the \$150,000 not allocated for the monitor and cannot provide a list of these activities or how the funds were spent in FY 2017. *The Governor's recommendation transfers funding to the Executive Office's budget but incorrectly includes the full \$450,000 as general revenues; this appears to be an oversight.*

**Department of Justice Consent Decree – Conversion Institute.** The Department includes \$300,000 from all sources, including \$150,000 from general revenues for the Workshop Conversion Trust Fund that is administered by the Paul V. Sherlock Center on Disabilities at Rhode Island College. This is \$50,000 more than enacted, including \$25,000 more from general revenues to reflect an updated scope of work to meet requirements of the consent decree. *The Governor recommends funding as requested.*

**Case Management System.** The FY 2018 enacted budget includes \$0.5 million from the Information Technology Investment Fund to purchase an electronic case management system to track the services that are provided to individuals with developmental disabilities to comply with the consent decree. It also includes \$0.1 million from general revenues for associated operating costs, which the Department excludes from its revised request.

The Department has entered into an agreement with Therap which provides electronic records and documentation in long-term care services. The Department has reported the operating costs associated with the contract might be \$0.4 million annually, and for FY 2018 those costs are covered by the original outlay of information technology funds. *The Governor recommends funding as requested.*

**Developmental Disabilities Day Programming – Rehabilitation Option.** The Department's revised request eliminates the enacted level of \$0.7 million from all sources, including \$0.4 million from general revenues for services provided through the Medicaid rehabilitation option. Current spending suggests the savings is improbable.

From FY 2010 through FY 2014, an average of \$1.2 million was spent annually. Spending was \$0.9 million in FY 2015 and \$0.6 million each in FY 2016 and FY 2017. Services are provided by the 40 community agencies in the privately-operated system and the payments are made at the same rate as similar services provided through the waiver. The services are charged through the state's Medicaid Management Information System and as of January 1, 2018, expenditures total \$0.4 million. *The Governor recommends funding as requested*

**Other Medicaid Funded Services.** The Department requests \$94,256 for services funded through the 1115 Medicaid waiver as a cost not otherwise matchable. The services are provided to individuals who are not eligible for either the home and community based Medicaid funded program or services through the rehabilitation option because the client does not have a disability that is consistent with the federal Social Security Administration's definition of a disability. The revised request is \$33,679 less than enacted and \$13,490 less than FY 2017 actual spending that appears to support services to six individuals. *The Governor recommends funding as requested*

**Developmental Disabilities Administration & Other Services.** The Department requests \$0.1 million less than enacted for other state services for adults with developmental disabilities, including \$0.1 million more from general revenues. Total funding of \$8.1 million, including \$4.2 million from general revenues, supports staffing costs in the division as well as state funded services to individuals who are not Medicaid eligible or for services that are not eligible for Medicaid reimbursement.

The revised request includes \$6.8 million for 56 staff, including \$3.4 million from general revenues, which is \$0.2 million more than enacted and \$0.9 million more than FY 2017. The Department also pays for family subsidies for some individuals, which is a statutory requirement. This totals approximately \$0.2

million annually. *The Governor recommends \$0.3 million less than requested, primarily from general revenues from updating expenses for current staffing and statewide medical benefit savings.*

**Rhode Island Community Living and Supports Program (RICLAS).** There are 27 state run group homes and apartments that provide overnight care, of which two are special needs facilities that have the capacity to provide residential services to 167 clients. As of November 2017, there were 141 clients in the state-run facilities. The Department has established a policy that clients would be admitted into the state-run system in emergency situations only. Of that amount, approximately 60 attend day programs operated by private providers including: AccessPoint, Blackstone Valley, Bridges, Cove, Frank Olean Center, Fogarty Center, Living Innovations, Perspectives and Seven Hills.

The FY 2018 enacted budget assumes savings of \$3.7 million from all sources, including \$1.8 million from general revenues from closing group homes through natural attrition. This includes the consolidation of residents allowing for the closure of five homes in FY 2018. The plan was to close two in July 2017, one in October, and two in January 2018; those closures did not occur. Instead, the Department has started closing wings in the two remaining special care facilities, University Fields and Smithfield Commons. Each have two remaining wings with one wing at University Fields closed in May 2017 and one wing at the Smithfield Commons facility closed in October 2017.

The Department's revised request adds back \$2.5 million, including \$0.5 million from general revenues, to reflect the unachieved savings. This includes \$2.7 million more from all sources for salaries and benefits, including \$0.5 million more from general revenues and \$2.3 million more from federal funds. Of this amount, \$1.3 million is for overtime. The FY 2018 enacted budget is based on a Medicaid rate of 51.46 percent. The revised request is 54.46 percent, which is higher than the rate the state is able to claim; it appears that the revised request underfunds the state match from general revenues by approximately \$0.9 million.

The Department requests \$0.3 million less than enacted for all other operations, including \$13,203 less from general revenues. Of this amount, there is a \$0.3 million reduction in collections from restricted receipts to reflect updated client resources that support their living costs, such as rent, food, utilities and other daily living expenses in the state-run system.

*The Governor recommends \$0.2 million less than requested, including \$0.1 million more from general revenues. This includes savings of \$0.3 million from general revenues from closing another unit of the two remaining special needs facilities and \$0.2 million from more closely managing worker's compensation incidents. Having individuals return to work, who are able to, reduces overtime costs.*

### **Division of Behavioral Healthcare Services**

The state provides behavioral health services including Medicaid funded mental health and substance abuse services to individuals through the Office of Health and Human Services while the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals provides additional services through federal resources, primarily the Substance Abuse, Mental Health and Social Services block grants.

The 2014 Assembly transferred Medicaid funded behavioral healthcare services from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to the Executive Office of Health and Human Services to align direct medical benefits with mental health and substance abuse services for disabled individuals. The Medicaid expansion opportunity through the Affordable Care Act that the state accepted allowed the Department's behavioral healthcare clients who received a limited benefit to have full access to Medicaid through the Executive Office of Health and Human Services' budget. With the transfer of the funds to the Executive Office of Health and Human Services, the state now provides Medicaid funded direct care and behavioral healthcare benefits through one agency with coordination through the managed

care plans. The November caseload estimate includes \$457.0 million to provide Medicaid coverage to adults between ages 19 to 64, without dependent children, with incomes at or below 138 percent of poverty. This reflects an updated enrollment of approximately 70,000 enrollees.

**Recovery Navigation (STOP) Program.** The FY 2018 enacted budget includes \$950,000 from all sources, including \$278,840 from general revenues, for payment made through the managed care plans to support the Recovery Navigation Program at Emmanuel House, operated through The Providence Center in the Executive Office of Health and Human Services' Medicaid budget. The Executive Office anticipated receiving federal approval to match Medicaid and that the individuals receiving services would be enrolled through the Medicaid expansion program, which allows for the higher Medicaid match; as of January 1, 2018, the state had not received approval.

The Executive Office reports that by November 2017, it had spent the general revenue appropriation and arrangements were made for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to use its federal substance abuse block grant to support the program for four months, December 2017 through March 2018. The November caseload conference includes the enacted funding.

The Executive Office's revised request erroneously includes savings of \$26,073 from general revenues. As it has spent its general revenues for this program, it cannot realize any savings compared to the enacted budget. For the program to continue for the last three months in FY 2018, the Executive Office will either have to use general revenues, have received federal approval to leverage Medicaid and still require general revenues as a match, use federal substance abuse block grant funds, or no longer fund the program for the final three months. *The Governor recommends funding through March 2018 using state funding in the Executive Office of Health and Human Services' budget and the Department's federal block grant funds.*

**Strategic Prevention Framework Grant.** The Department requests federal funding totaling \$3.0 million from the strategic prevention framework state incentive grant to support activities that deliver and sustain effective substance abuse and/or mental health services. This is \$0.9 million more than enacted for available funds to use for preventing the onset and reducing the progression of substance abuse, including underage drinking; reducing substance abuse-related problems in communities and building prevention capacity and infrastructure at the state and community levels. *The Governor recommends funding as requested.*

**Screening, Brief Intervention and Referral to Treatment Grant.** The Department's revised request includes \$1.5 million, \$0.1 million less than enacted, for projected spending for the second year of a five-year federal Screening, Brief Intervention and Referral to Treatment (SBIRT) grant to pre-screen Rhode Islanders for use of tobacco, alcohol, marijuana and other drugs with treatment being delivered to individuals in primary care and health centers, emergency departments, and at the Department of Corrections. The Department reports that this project is in coordination with the state's efforts to integrate health and behavioral health care; however, it has not reported on or identified any additional costs in the budgets of the Executive Office of Health and Human Services or the Department of Corrections to provide treatment.

The Care Transformation Collaborative will implement the initiative in primary care, emergency departments, the Department of Corrections, and in the community. There will be collaboration with the State Innovation Model to include Community Health Teams and will screen 3,000 people in high risk settings each year. *The Governor recommends funding as requested.*

**Overdose Prevention and Intervention.** The Department requests \$1.2 million from federal State Targeted Response funds to support the state's Overdose Prevention and Intervention Action Plan that includes access to treatment and reducing deaths from overdose through prevention and recovery support initiatives. This is \$1.0 million less than enacted to more accurately reflect funding to be spent in the current year. *The Governor recommends funding as requested.*

**Centers for Excellence – Medication Assisted Treatment Grant.** The Department’s revised request includes \$0.9 million from federal medication assisted treatment grant to establish Centers of Excellence, which is \$0.1 million less than enacted. This is the second year of funding and will support the start-up costs of one final Center of Excellence in an underserved area and continue to support the start-up costs of those that were contracted late in the first year. *The Governor recommends funding as requested.*

**Drug Overdose Prevention – Cooperative Agreement.** The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals has entered into a Memorandum of Understanding with the Department of Health to implement the Prescription Drug Overdose Prevention for State grant program through the Community Navigator program, or certified peer recovery specialists program. The Department did not request any funding in its revised budget for this activity. *The Governor recommends \$180,000 from federal funds for this agreement for the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals in her revised budget.*

**Homelessness Services.** The Department revised request includes the enacted level of \$1.7 million from federal funds to address the housing needs of individuals in coordination with the state and community based treatment providers. The Department spent \$1.1 million for FY 2017.

The grant supports direct services, including mental health, substance abuse treatment, recovery services and peer supports to a total of 150 individuals, or 50 over the three-year grant award period, who are experiencing chronic homelessness or veterans who have mental health, substance use disorders or co-occurring mental health and substance use disorders. The Department contracts with Riverwood that works with other homeless service providers including: Amos House, House of Hope, The Providence Center, Crossroads, Providence In-Town Churches Association (PICA), Community Care Alliance and Newport County Community Mental Health Center. The agencies are providing outreach services, case managements, recovery support services and employment training. *The Governor recommends funding as requested.*

**Substance Abuse Treatment Block Grant.** The Department requests \$6.8 million from federal funds for the substance abuse treatment block grant, or \$0.2 million less than enacted. Funding is awarded to community agencies to support municipal substance abuse activities, student assistance programs, peer support, residential, outpatient and detoxification programs. The Department plans to use \$0.4 million for the Behavioral Healthcare Link program, discussed separately. The grant can be spent over two years and the revised request is \$0.3 million more than FY 2017. *The Governor recommends funding as requested.*

**Mental Health Block Grant.** The Department requests \$1.8 million from the federally funded mental health block grant that supports services provided by the community mental health centers. This is \$0.1 million more than enacted for peer and family support and court diversion. Peer support services are provided by the Rhode Island Parent Information Network at \$0.5 million. Other community based providers receiving funding include The Kent Center, National Alliance on Mental Illness (NAMI), and the Rhode Island Council on Community Mental Health Organizations. The Department plans to use \$0.2 million for the Behavioral Healthcare Link program, discussed separately. *The Governor recommends funding as requested.*

**Behavioral Healthcare Link.** The Department issued a Request for Proposals in October 2017 to potential providers for the Behavioral Healthcare Link initiative, which is expected to be statewide resource to provide 24-hour community based assessment and treatment for those experiencing a behavioral health care crisis. Individuals needing comprehensive behavioral health or addiction services, including screening and evaluation, crisis management, assessment, treatment coordination and discharge planning may seek care in a specialized facility. As noted the Department plans to use \$0.6 million from federal funds for the new program. As of February 2018, the Department is in negotiations with the selected provider. *The*

*Governor recommends the \$0.6 million of federal funds from the two grants as described above. It should be noted she includes \$650,000 from general revenues for this project in FY 2019.*

*The Department reports that once the program is operational, the provider will also be able to bill Medicaid. Any funding that may be required to support services billed is not included in the Executive Office of Health and Human Services' budget. The Governor includes Article 14 to seek waiver approval for this initiative as part of the Medicaid resolution.*

**Social Services Block Grant - Mental Health Treatment Services.** The Department requests the enacted level of \$1.1 million from federal social services block grant funds to support mental health services. This includes \$0.9 million for clinical services previously supported by the Medicaid funded limited benefit for certain behavioral healthcare services primarily through the community mental health centers. *The Governor recommends funding as requested.*

**Healthy Transitions Grant.** The Department requests \$0.7 million more than enacted, for updated awards to local agencies through the healthy transitions grant. The Department reports that funding is awarded to the Community Care Alliance and The Kent Center for services not covered by Medicaid with the University of Rhode Island providing the evaluation. *The Governor recommends funding as requested.*

**Behavioral Healthcare Clinics Grant.** The Department requests \$0.8 million less from federal funds for the Rhode Island Certified Community Behavioral Health Clinic planning initiative to develop a behavioral health system of care that is person-centered, trauma-informed and recovery-oriented. The Department entered into a contract with the University of Massachusetts and the payment was made July 19, 2016. The enacted budget assumed an additional year of funding, which the state did not receive. *The Governor recommends funding as requested.*

**Staffing and Other Operations.** The Department's revised request includes \$0.7 million more from all sources, of which \$0.1 million is from general revenues, for all other Division expenses and 44.0 full-time equivalent positions. This includes 5.0 positions more than enacted, transferred from other programs to work on federal grants. The Department adds \$0.8 million more from all sources, including \$0.1 million from general revenues, for the transferred positions. The Department requests \$0.1 million less from all sources, including \$4,200 less from general revenues, for all other expenses. *The Governor recommends \$13,383 less than requested, including \$5,672 less from general revenues, for statewide medical benefit savings.*

### **Eleanor Slater Hospital**

**Hospital Operations.** The Department's revised request adds \$7.8 million from all sources, including \$3.9 million from general revenues. The FY 2018 enacted budget includes savings of \$11.2 million from all sources, of which \$6.8 million is from general revenues, from two proposals impacting the state hospital, discussed separately. It should be noted that the revised request is \$1.8 million more than FY 2017 actuals which did not include the current reorganization plan.

The FY 2018 enacted budget includes savings of \$11.2 million from all sources, including \$5.2 million from general revenues for the reorganization plan at the state hospital. The Department's revised request adds back \$7.8 million from all sources, including \$2.9 million from general revenues, for updated savings based on progress that has been made with the plan.

*The Governor recommends \$1.2 million less than requested, including \$0.7 million less from general revenues. She includes five proposals that achieve \$2.0 million in savings, including \$1.2 million from general revenues and each is discussed in the paragraphs that follow.*

The first proposal is savings of \$1.0 million from all sources, including \$0.5 million from general revenues from closing one unit and consolidating 20 patients in the remaining three units at the Zambarano complex of the state-run hospital. Her FY 2019 recommendation includes annualized savings of \$2.0 million, including \$1.0 million from general revenues from this initiative.

<b>Governor's Revised Recommendation</b>	<b>General Revenues</b>	<b>Total</b>
Zambarano Unit Consolidation	\$ (500,000)	\$ (1,027,538)
Workers' Compensation Plan	(245,847)	(505,233)
Hospital Patients to Other Settings	(46,000)	(94,533)
Joint Commission Mitigation Plan	350,000	350,000
Third Party Billing	(800,000)	(800,000)
<b>Total</b>	<b>\$ (1,241,847)</b>	<b>\$ (2,077,304)</b>

The second proposal is savings of \$94,533, of which \$46,000 is from general revenues, from transferring hospital patients to other residential settings. Based on supporting documentation, this is the net savings to the hospital based on reducing staffing needs to the updated census and the cost of the individuals in another setting. All funding associated with the transferred patients would need to move to the department paying for the alternate setting, most likely the Executive Office of Health and Human Services.

The Governor's budget also proposes savings of \$0.5 million from all sources, including \$0.2 million from general revenues, from reducing overtime expenses from more closely managing individuals who are out on workers' compensation to have them return to work as soon as they are able.

Hospital Accreditation. The Department had been issued a "Preliminary Denial of Accreditation from the Joint Commission on Accreditation of Hospitals (JCAHO) based on deficiencies at the state-run hospital. In November 2017, the hospital's accreditation was reinstated based on an approval of plans to correct deficiencies. The Department has been asked to provide to House Fiscal Staff the initial findings and mitigation plan that was submitted to the Joint Commission. The Department has not provided either document. The revised budget submission does not identify any additional costs for the mitigation plan to address the deficiencies.

The Governor includes \$350,000 from general revenues to support staffing needs to meet the conditions in the mitigation plan. The Department reports it needs to fill 18 vacant positions totaling \$1.3 million. The positions include two hospital compliance officers, six mental health workers, eight psychiatric institutional attendants and two certified nursing assistants. The Department reports that there are savings anticipated from lowering overtime costs. It should be noted that most of the costs at the hospital are matched by Medicaid; it can be assumed that this funding leverages another \$350,000. It should also be noted that the Governor's FY 2019 recommended budget does not fund any of the positions.

Third Party Billing. The enacted budget assumed additional general revenue savings of \$1.6 million from the ability to claim third party billing from commercial insurers and Medicare for patients at the hospital. This brought revenues to a total of \$6.5 million, consistent with prior year collections. The revised request lowers that by \$3.0 million based on the Department's projections for historical spending not expected collections. It should be noted that there is a \$1.0 million balance from resources collected for FY 2017 that is not reflected in the Department's revised projections.

The Governor's budget includes savings of \$0.8 million from using the available restricted receipts to offset general revenue expenses. It should be noted there is \$0.2 million more in available receipts and funding is not correctly represented in the recommendation. This savings has been cited as a portion of the \$25.0 million in undistributed savings.

**Hospital License Fee.** The enacted budget includes \$6.8 million from all sources to pay the 5.862 percent fee assessed on state and community hospitals' revenue for the hospital year ending September 30, 2016, including \$3.3 million from general revenues in FY 2018. The Department's request shifts \$0.2 million from general revenues to federal funds in error. *The Governor includes funding as requested.*

**Applied Management Systems Contract.** The enacted budget includes \$0.3 million to pay for contracted services with Applied Management Systems. The contract was scheduled to end in September 2017 but has been extended to March 2018 at no cost to the state. *The Governor includes funding as requested.*

**Long Term Care Information System.** The Department requests \$0.5 million, including \$0.2 million from general revenues for a new hospital information system. It also requested a new system in its capital request using Rhode Island Capital Plan funds. The only updated information provided by the Department for the new system it is coordinating with the Department of Administration on the procurement.

The Department also includes \$2.5 million in its FY 2019 request. *The Governor does not recommend the new system; it appears that the budget continues to include the state portion of the request in error.*

**Incident Management/Dietary System.** The Department requests \$100,000, including \$45,421 from general revenues, for a new project to purchase an incident and risk management system and nutrition and dietary information system at the state hospital.

The Department requested funding the project using Information Technology Investment funds in its capital request, which notes that waiting for funding for the nutrition/dietary information system and the incident/risk management is in the research phase. *The Governor does not recommend the new system; it appears that the budget continues to include the state portion of the request, in error.*

### **Other Programs**

**Staffing and Operations.** The Department requests \$0.2 million less from general revenues for the central management and hospital and community supports programs totaling \$3.5 million. The revised request includes \$3.3 million to fully fund 14.4 positions in the hospital and community support program. The revised request fully funds 11.0 positions in central management, leaving 3.4 positions vacant. *The Governor recommends \$9,301 less than requested for statewide medical benefit savings.*

**Capital.** The Department requests \$8.2 million for various projects outlined in the capital section. This is \$0.2 million more from Rhode Island Capital Plan funds, eliminates Medicaid funds, and is not consistent with the Department's capital budget request, which is \$15.2 million for FY 2018. *The Governor recommends \$1.0 million less than requested. These projects are discussed in detail in the Capital Budget section of this publication.*

## Office of the Child Advocate

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 499,278	\$ 882,015	\$ 880,721	\$ 822,707
Contracted Services	166	500	500	30,500
<b>Subtotal</b>	<b>\$ 499,444</b>	<b>\$ 882,515</b>	<b>\$ 881,221</b>	<b>\$ 853,207</b>
Other State Operations	84,617	23,820	40,367	133,214
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	17,785	17,785	17,785
Capital	28,045	2,000	48,616	41,516
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 612,106</b>	<b>\$ 926,120</b>	<b>\$ 987,989</b>	<b>\$ 1,045,722</b>
<b>Sources of Funds</b>				
General Revenue	\$ 470,980	\$ 781,499	\$ 728,851	\$ 787,881
Federal Aid	141,126	144,621	259,138	257,841
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 612,106</b>	<b>\$ 926,120</b>	<b>\$ 987,989</b>	<b>\$ 1,045,722</b>
<b>FTE Authorization</b>	<b>7.0</b>	<b>8.0</b>	<b>9.0</b>	<b>8.0</b>
<b>FTE Average</b>	<b>4.9</b>			

**FY 2018 Revised Request.** The Office of the Child Advocate requests \$61,869 more than enacted, including \$52,648 less from general revenues and \$114,517 more from federal funds. This includes \$46,404 reappropriated by the Governor. The Office requests one new position. *The Governor recommends \$0.1 million more than enacted. Adjusted for centralized services transferred from the Department of Administration, the recommendation is \$26,155 more than enacted and \$35,714 less than requested. The Governor does not include the new position.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. None of these savings has been attributed to this agency.*

**Furniture - Reappropriation.** The Office purchased new furniture in FY 2017 for \$39,516; however, it was not delivered and costs were not incurred. The Office's FY 2017 final expenses for staffing were \$159,839 less from general revenues and the Governor reappropriated \$39,516 of that for the new furniture. It should be noted that the Governor's appropriation authority is limited to items consistent with the original appropriation. In the case of the furniture there was no original appropriation. The Office includes this expense in its revised request. *The Governor recommends funding as requested.*

**Conference Expenses - Reappropriation.** In FY 2017, the Office registered and paid for several employees to attend an out-of-state conference in FY 2018. Travel costs to attend the conferences, totaling \$6,888, were not included in the FY 2018 enacted budget. The Governor reappropriated staff savings from FY 2017 to fund this expense in FY 2018. It should be noted that the Governor's appropriation authority is limited to items consistent with the original appropriation. In the case of the conference expenses, there was no original appropriation. The Office includes this expense in its revised request. *The Governor recommends funding as requested.*

**Children's Rights Settlement.** The state finalized its settlement agreement with Children's Rights, which provides for an independent monitoring team consisting of the Office of the Child Advocate as the monitor, and a data validator who will be an independent evaluator and final arbiter of the information that is submitted by the Department of Children, Youth and Families to meet its obligations under the settlement agreement. *The Governor's budget adds \$30,000 for contracted administrative services to support the activities in the Office for FY 2018, but does not include any funding for FY 2019.*

**Planning and Program Specialist.** The Office requests \$43,382 from general revenues and authorization for a new Planning and Program Specialist and \$7,700 for a computer and other supplies. This assumes a hire date of January 2018.

This position would assist with the Office's statutory responsibility to conduct for its review of child fatalities. Other responsibilities include investigations of alleged institutional abuse or neglect, review and assess the Child Protective Services call log daily to identify and take appropriate action on matters requiring intervention from the Child Advocate, and assist with investigations at the Rhode Island Training School. The Office reports that with its current staffing, it is not possible to conduct oversight of all facilities licensed by the Department of Children, Youth and Families and provide timely and thorough reports of its findings. *The Governor does not recommend the position or funding requested.*

**Other Salaries and Benefits.** The Office requests \$44,676 less than enacted, including \$159,193 less from general revenues and \$114,517 more from federal funds for anticipated costs for its eight authorized positions, not all filled at the time of the budget submission. The Office shifts expenses to federal funds available from its Victims of Crime Act grant that can be used to support staff. The Assembly included a new position for FY 2018 and assumed funding based on it being filled in the second quarter of the fiscal year, but it was actually filled somewhat later. *The Governor recommends \$14,632 less than requested, including \$13,335 less from general revenues for statewide medical benefit savings and filling the vacant position at lower pay grade. As of the pay period ending January 20<sup>th</sup>, all positions are filled.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor's budget adds \$93,447 for the Office's share of centralized services. This includes \$67,732 for facilities management and \$25,715 for information technology services.*

**Other Operations.** The Office includes \$9,059 more from general revenues for all other expenses. The request adds \$5,399 for cell phones, \$3,000 for miscellaneous expenses and \$1,260 for printing expenses. This may exceed the Office's needs based on current spending. *The Governor recommends funding as requested.*

## Commission on the Deaf and Hard of Hearing

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 359,193	\$ 467,069	\$ 402,655	\$ 382,001
Contracted Services	68,817	100,646	103,000	103,000
<b>Subtotal</b>	<b>\$ 428,010</b>	<b>\$ 567,715</b>	<b>\$ 505,655</b>	<b>\$ 485,001</b>
Other State Operations	65,551	57,395	59,395	78,081
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	12	2,800	2,800	2,800
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 493,573</b>	<b>\$ 627,910</b>	<b>\$ 567,850</b>	<b>\$ 565,882</b>
<b>Sources of Funds</b>				
General Revenue	\$ 421,448	\$ 498,710	\$ 438,650	\$ 436,682
Federal Aid	-	-	-	-
Restricted Receipts	72,125	129,200	129,200	129,200
Other	-	-	-	-
<b>Total</b>	<b>\$ 493,573</b>	<b>\$ 627,910</b>	<b>\$ 567,850</b>	<b>\$ 565,882</b>
<b>FTE Authorization</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>
<b>FTE Average</b>	<b>3.0</b>			

**FY 2018 Revised Request.** The Commission requests \$60,060 less than enacted from general revenues. *The Governor recommends \$1,968 less general revenues than requested. Excluding the cost of centralized services transferred from the Department of Administration, the recommendation is \$80,714 less than enacted and \$20,654 less than requested.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *None of these savings has been attributed to this agency.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor's budget adds \$18,686 from general revenues for the Commission's share of centralized information technology services.*

**Turnover Savings.** The Commission requests \$64,414 less from general revenues to reflect additional turnover savings for FY 2018 from changes in employee benefit selection and an employee on leave. The

new interpreter position was filled at the end of September; it appears there would be additional turnover savings associated with the delay in filling the position. The FY 2018 enacted budget assumed no turnover savings. *The Governor recommends \$20,654 less than requested to reflect additional turnover and statewide medical savings. As of the pay period ending January 20, the Commission has no vacancies.*

**Interpreter Services.** The Commission requests an additional \$2,354 from general revenues for contracted translation and interpreter services based on the delay in hiring the staff interpreter and increased demand for the services. *The Governor recommends funding as requested.*

**Copy Machine Lease.** The Commission requests \$2,000 more than enacted from general revenues for FY 2018 for the lease of a new copy machine. The Commission now indicates it does not expect to sign the lease before FY 2019, therefore, making this request unnecessary. *The Governor recommends funding as requested.*

## Governor's Commission on Disabilities

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 398,409	\$ 406,794	\$ 410,511	\$ 409,249
Contracted Services	25,923	54,864	42,751	42,728
<b>Subtotal</b>	<b>\$ 424,332</b>	<b>\$ 461,658</b>	<b>\$ 453,262</b>	<b>\$ 451,977</b>
Other State Operations	19,769	41,318	37,205	62,295
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	225,018	339,214	353,400	353,400
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 669,119</b>	<b>\$ 842,190</b>	<b>\$ 843,867</b>	<b>\$ 867,672</b>
<b>Sources of Funds</b>				
General Revenue	\$ 418,544	\$ 454,938	\$ 454,961	\$ 478,907
Federal Aid	211,435	343,542	335,167	335,167
Restricted Receipts	39,140	43,710	53,739	53,598
Other	-	-	-	-
<b>Total</b>	<b>\$ 669,119</b>	<b>\$ 842,190</b>	<b>\$ 843,867</b>	<b>\$ 867,672</b>
<b>FTE Authorization</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>
<b>FTE Average</b>	<b>4.0</b>			

**FY 2018 Revised Request.** The Commission requests \$1,677 more than enacted from all sources of funds, including \$23 more from general revenues. *The Governor recommends \$25,482 more from all sources than enacted. Excluding the cost of centralized services transferred from the Department of Administration, the recommendation is \$392 more than enacted and \$1,285 less than requested.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *None of these savings has been attributed to this agency.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor's budget adds \$25,090 from general revenues for the Commission's share of centralized services. This includes \$5,700 for human resources and \$19,390 for information technology services.*

**Staffing and Operations.** Salary and benefit costs are \$1,677 more than enacted, which includes adjustments to both salaries and benefits based on current staffing. The request also includes \$4,337 for longevity payment that the Commission indicated was in error. Costs for other expenses are \$2,040 less than enacted, including \$15,684 more for the Statewide Independent Living Council to provide habilitative services and \$8,351 for clerical services, offset by reductions for travel, interpreter and janitorial services, reflective of FY 2017 expenditures. *The Governor recommends \$1,285 less than requested, including \$23 less for interpreter services and \$1,262 less for medical benefit savings. It does not correct for overstated salary costs. As of the pay period ending January 20, the Commission has no vacancies.*

## Office of the Mental Health Advocate

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 529,565	\$ 535,404	\$ 535,404	533,563
Contracted Services	335	1,950	2,200	1,950
<b>Subtotal</b>	<b>\$ 529,900</b>	<b>\$ 537,354</b>	<b>\$ 537,604</b>	<b>\$ 535,513</b>
Other State Operations	9,887	11,709	15,209	92,758
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	1,111	500	1,300	500.00
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 540,898</b>	<b>\$ 549,563</b>	<b>\$ 554,113</b>	<b>\$ 628,771</b>
<b>Sources of Funds</b>				
General Revenue	\$ 540,898	\$ 549,563	\$ 554,113	\$ 628,771
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 540,898</b>	<b>\$ 549,563</b>	<b>\$ 554,113</b>	<b>\$ 628,771</b>
<b>FTE Authorization</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>
<b>FTE Average</b>	<b>4.0</b>			

**FY 2018 Revised Request.** The Office of the Mental Health Advocate requests \$4,550 more than enacted from general revenues in its revised request. *The Governor recommends \$0.1 million more than enacted. Adjusted for centralized services transferred from the Department of Administration, the recommendation is \$1,841 less than enacted and \$6,391 less than requested.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. None of these savings has been attributed to this agency.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses.

*The Governor's budget adds \$81,049 for the Office's share of centralized services. This includes \$67,732 for facilities management and \$13,317 for information technology services.*

**Personnel and Operating.** The Office requests \$4,500 more than enacted for operating expenses that includes \$1,800 for office supplies, \$1,300 to replace a computer, \$1,200 for staff training, and \$250 for interpreters. These adjustments put expenditures in excess of historical spending. The revised request does not alter salaries and benefit expenses. *The Governor does not recommend the additional operating expenses but does include statewide medical benefit savings of \$1,841.*

## Department of Elementary and Secondary Education

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Program</b>				
State Aid	\$ 865,624,146	\$ 910,766,136	\$ 913,621,200	\$ 913,454,681
School Housing Aid	80,000,000	80,000,000	80,000,000	80,000,000
Teachers' Retirement	100,358,782	101,833,986	101,973,928	101,973,928
RI School for the Deaf	7,178,419	7,361,090	7,715,839	7,696,734
Central Falls School District	39,100,578	39,878,367	39,878,367	39,878,367
Davies Career & Technical School	17,228,938	23,251,665	23,061,618	23,532,928
Met School	10,072,384	11,765,007	12,193,626	12,193,626
Administration	219,045,141	227,717,292	233,493,851	233,334,558
<b>Total</b>	<b>\$ 1,338,608,388</b>	<b>\$ 1,402,573,543</b>	<b>\$ 1,411,938,429</b>	<b>\$ 1,412,064,822</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 38,133,400	\$ 40,052,510	\$ 40,295,036	\$ 39,750,963
Contracted Services	39,656,714	36,294,230	42,663,709	42,698,500
<b>Subtotal</b>	<b>\$ 77,790,114</b>	<b>\$ 76,346,740</b>	<b>\$ 82,958,745</b>	<b>\$ 82,449,463</b>
Other State Operations	8,486,112	6,707,450	8,080,930	8,506,249
Aid to Local Units of Government	1,145,292,525	1,211,604,550	1,215,636,955	1,215,270,915
Assistance, Grants, and Benefits	28,448,518	26,015,512	25,390,922	25,390,922
Capital	2,937,273	7,369,696	7,512,516	8,088,912
Capital Debt Service	-	-	-	-
Operating Transfers	75,653,846	74,529,595	72,358,361	72,358,361
<b>Total</b>	<b>\$ 1,338,608,388</b>	<b>\$ 1,402,573,543</b>	<b>\$ 1,411,938,429</b>	<b>\$ 1,412,064,822</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,113,255,422	\$ 1,161,071,396	\$ 1,161,831,087	\$ 1,161,389,084
Federal Aid	193,781,069	203,500,000	209,260,069	209,321,162
Restricted Receipts	27,919,915	30,420,147	32,982,854	33,013,761
Other	3,651,982	7,582,000	7,864,419	8,340,815
<b>Total</b>	<b>\$ 1,338,608,388</b>	<b>\$ 1,402,573,543</b>	<b>\$ 1,411,938,429</b>	<b>\$ 1,412,064,822</b>
<b>FTE Authorization</b>				
Administration	139.1	139.1	139.1	139.1
Davies	126.0	126.0	126.0	126.0
School for the Deaf	60.0	60.0	60.0	60.0
<b>Total Authorized Positions</b>	<b>325.1</b>	<b>325.1</b>	<b>325.1</b>	<b>325.1</b>
<b>FTE Average</b>	<b>289.4</b>			

**FY 2018 Revised Request.** The Council on Elementary and Secondary Education requests an additional \$9.4 million of spending for FY 2018, including \$0.8 million more from general revenues. The general revenue changes primarily reflect additional funding for the Rhode Island School for the Deaf, as well as additional funds for teacher retirement, PSAT and SAT testing, and Advanced Placement test fee waivers provided to qualifying low-income students. *The Governor recommends \$9.5 million more than enacted from all sources, including \$0.3 million more from general revenues. Excluding centralized services*

transferred from the Department of Administration, the change to the enacted budget is \$9.4 million, \$0.2 million from general revenues. As of the pay period ending January 20, the Department has 27.1 vacancies.

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. For the Department of Elementary and Secondary Education, the budget identifies \$82,699 from a voluntary retirement incentive as a measure to reach the undistributed savings goal.*

**Statewide Student Transportation.** The Council requests \$2.7 million more than enacted from restricted receipts for the statewide student transportation system. Restricted receipts are collected from districts for transportation expenditures, less transportation categorical funds. The Department reports that the additional receipts reflect the first year of a two-year contract extension, which includes a rate increase. It also reports higher utilization by local education agencies for out-of-district transportation for students attending charter schools, vocational schools, and special education programs. *The Governor recommends funding as requested.*

**School Housing Aid.** The Council requests the enacted level of \$80.0 million from general revenues for school housing aid. This includes the \$69.1 million from general revenues for the traditional program and \$10.9 million for the School Building Authority Capital Fund. Compared to the enacted budget, the request shifts \$1.8 million from the traditional program to the Fund to reflect actual housing aid distributions. Current law requires that the difference between the annual housing aid appropriation and actual aid be deposited into the School Building Authority Fund. *The Governor recommends funding as requested.*

**Teacher Retirement.** The Council requests \$0.1 million more than enacted to fund the state's share of the employer contribution for teacher retirement costs for FY 2018, based on FY 2017 experience, adjusted for a 2.5 percent growth in wages. Teachers contribute 8.75 percent of their salary, which is set in the General Laws. Employers pay the difference between the teacher's share and the amount needed to support the system as determined annually by the State Employees' Retirement System. The state pays 40.0 percent of the employer's share. *The Governor recommends funding as requested.*

**Group Home Aid.** The Council requests the enacted level of \$4.1 million from general revenues to fund beds for communities hosting group homes, consistent with the current law. The 2007 Assembly made statutory changes to align the payment of communities' group home aid to reflect more closely the actual number of group home beds open at the time the budget is in effect. The legislation uses the count of beds that are open as of December 31 for the budget year's aid, meaning if additional beds open, a supplemental appropriation is required. *Based on the bed count as of December 31, the Governor recommends adding \$85,000 to reflect five new beds in East Providence.*

**Education Telecommunications Access Fund.** The Council requests \$103,775 more than enacted from restricted receipts for the education telecommunications access fund for total funding of \$1.6 million, based on FY 2017 actual collections for the program. The request is \$0.1 million more than spent in FY 2017. The fund is designed to provide financial assistance to qualified libraries and schools to acquire, install, and use telecommunications technologies to access the internet. This fund is supported by a \$0.26 monthly surcharge levied upon each residence and business telephone access line and supplemented with \$0.4 million from general revenues. The federal allocation varies based on the result of the local education agencies' technology surveys and applications and the number of students eligible for free and reduced-price lunches.

Based on the first four months of FY 2018, the fund would collect \$1.0 million for the entire year, which is \$0.1 million less than the Department's revenue estimate of \$1.1 million from the monthly surcharge levied upon each residence and business telephone access line. *The Governor recommends funding as requested.*

**Textbook Reimbursement.** The Council requests the enacted level of \$240,000 from general revenues 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 12<sup>th</sup> grade. *The Governor recommends \$151,040 less than requested based on anticipated expenditures.*

**Advanced Placement Tests.** The Department requests \$170,000 from all sources of funds for Advanced Placement test fee waivers, \$75,000 more than enacted. The request includes \$115,000 from general revenues and \$55,000 from federal Every Student Succeeds Act block grant funds; the enacted budget assumed \$95,000 from a federal Advanced Placement fee waiver grant, which was one of several grants eliminated under the Every Student Succeeds Act. The Department offers fee waivers of \$38 per test for qualifying low-income students and, when coupled with the College Board's \$32 per test fee waiver and schools foregoing their \$9 per test rebate, allows low income students to pay \$15 per test. The full price of each exam is \$94.

The revised request is more than double what the Department has spent in either of the last two fiscal years; in FY 2017 it spent \$79,433 and in FY 2016 it spent \$75,564. The request would fund 4,473 waivers. *The Governor recommends funding as requested.*

**SAT/PSAT.** The Council requests \$150,000 more than enacted from general revenues to provide free SAT and PSAT tests to public high school students. The revised request includes \$0.8 million from all sources of funds for this initiative, including \$0.7 million from general revenues and \$133,600 from federal funds for state assessments.

Under this initiative, sophomores may take the PSAT and juniors may take the SAT at no cost. Beginning in FY 2018, the PSAT and SAT will replace the Partnership for Assessment of Readiness for College and Careers assessment at the high school level. The Department reports that additional funds are required to support an anticipated test participation increase of 25.0 percent; however, this is inconsistent with October 2017 sophomore and junior enrollments. *The Governor recommends funding as requested.*

**Computer Science for RI.** The Council's revised request includes the enacted amount of \$0.2 million from general revenues to support the Computer Science for Rhode Island initiative. Funding for the program is used to train teachers and expand computer science courses for elementary and secondary education students in order to improve science, technology, engineering, and mathematics (STEM) education in Rhode Island schools.

The Department has an agreement in place with Rhode Island College to pass program funds to the College's Office of Innovation, which is coordinating the initiative. For FY 2018, funding will be used to provide low or no-cost options for schools to expand computer science education through educational resources provided by partner organizations. Providers include Bootstrap, Code.org, Project Lead the Way, the Microsoft Philanthropies TEALS program, and the University of Rhode Island. The program will continue to support teacher professional development, which is provided by partner organizations. Funds are also distributed to Brown University to support various computer programs throughout the state, as well as to fund an annual computer science summit. *The Governor recommends funding as requested.*

**Advanced Coursework Network.** The Council requests \$0.1 million more than enacted from permanent school funds to support the advanced coursework network, reflecting unspent funds carried forward from FY 2017. The total request for FY 2018 is \$0.6 million, including \$0.2 million from general revenues.

There are currently 38 members participating in the network, this includes public school districts, charter schools, and state schools, with courses offered by 12 provider organizations. Provider organizations include other school districts, non-profits, and postsecondary institutions. Courses include advanced science and mathematics, as well as Advanced Placement, world language, career-focused, and other Prepare RI courses that offer other high school and postsecondary credit (i.e. dual or concurrent enrollment). The network covers costs associated with student tuition, fees, exams, textbooks, and other costs that students may incur while participating in the network. *The Governor recommends \$0.1 million less than requested from permanent school funds, consistent with the enacted budget.*

**Special Education Grants.** The Council requests authorization to spend \$3.7 million more than enacted from federal special education funds to reflect actual grant awards and available carry-forward of prior year funds. The funds are distributed to school districts and provide administrative support. Most of the funds must be distributed to local education agencies serving children directly. Federal funds are combined with state and local funds to provide children with disabilities free and appropriate public education, including special education and related services. *The Governor recommends funding as requested.*

**Title I Grants.** The Council's revised request includes \$0.1 million more than enacted from federal Title I funds, reflecting updated anticipated awards and available carry-forward funds. Most Title I funds go directly to local schools, where they are used to provide extra help to low-achieving students. Title I fund distributions to states are calculated through four distinct formulas based upon different levels of poverty; however, funds are allocated to districts as one amount. *The Governor recommends \$0.3 million less than requested, reflecting updated information from the Department.*

**Every Student Succeeds Act Block Grant.** The Council requests authorization to spend \$1.9 million from new federal Title IV Part A funds, or the Every Student Succeeds Act block grant. Most block grant funds go directly to local schools, where they are used to help schools close the achievement gap through investments in technology, improve school conditions for student learning, and provide all students with access to a well-rounded education. Block grant distributions are based on the Title I calculation, which uses four distinct formulas based upon different levels of poverty.

The Every Student Succeeds Act combines several priorities such as Advanced Placement, physical education, school counseling, and educational technology into a single state block-grant program. State education agencies may retain up to 5.0 percent of the total grant award for administrative costs and statewide initiatives. The remaining funds are then passed on to local school systems. *The Governor recommends funding as requested.*

**State Assessments.** The Council requests authorization to spend \$0.7 million more than enacted from federal grants for state assessments, reflecting carry-forward of unspent funds from prior years. Beginning in FY 2018, the Rhode Island Comprehensive Assessment System will replace the Partnership for Assessment of Readiness for College and Careers assessment as the state administered test for English language arts and mathematics for elementary and middle school grades. The revised request includes an additional \$0.2 million for costs related to the new assessment and \$0.5 million for other state assessments. *The Governor recommends funding as requested.*

**Early Childhood/Preschool.** The Council's revised request includes \$0.5 million less than enacted from federal funds for early childhood and preschool programs, reflecting planned expenditures and to provide the same level of funding in FY 2019. The enacted authorization includes \$0.5 million from an annual, on-going award in addition to \$6.0 million from a multi-year award for preschools. The preschool development grant, which began in FY 2014, supports the state in expanding high-quality preschool programs in high-need communities. Rhode Island is one of six states to receive this award, which is a follow-up to the Race to the Top – Early Learning Challenge grant. Total grant funding of \$19.0 million is expected through FY 2019. *The Governor recommends funding as requested.*

**Salaries and Benefits.** The Council requests \$0.1 million more than enacted for all salaries and benefits for the Department's 138.2 administration positions, primarily from federal funds; this increase is equivalent to approximately 0.7 positions. The increase in federal funds reflects changes to several grant awards, offset by a reduction from restricted receipts. The Department had 27.1 vacancies as of the pay period ending November 25, 2017. *The Governor recommends \$50,806 less than requested reflecting statewide medical benefit savings.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor's budget adds \$0.1 million from general revenues for the Department's share of centralized information technology services.*

**Other Grant and Programming Revisions.** The Council requests \$0.4 million less than enacted from federal funds and the enacted level from general revenues for all other expenditures. This primarily reflects a reduction from federal math and science grant funding, as well as other award adjustments. The math and science partnerships grant was eliminated with the implementation of the Every Student Succeeds Act. The act eliminated several grant programs and replaced them with a block grant, discussed separately. *The Governor recommends \$0.3 million less than enacted reflecting revisions to several grant awards.*

**Met School Capital Projects.** The Council requests \$2.9 million from Rhode Island Capital Plan funds for FY 2018, \$0.4 million more than enacted. This includes \$2.6 million for the Met School HVAC project to reflect an updated project schedule and \$0.3 million for asset protection projects at both campuses. This is consistent with the capital budget request. *The Governor recommends funding as requested. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

**Davies Career and Technical School.** The Council requests an additional \$56,153 from federal funds for FY 2018. The request includes additional federal funding for special education, teacher quality, and Title I grants, offset by a reduction to its vocational education award.

Beginning with FY 2012, Davies falls under the education funding formula and its state aid is determined by the funding formula calculation just as any other local education agency would. FY 2018 is the seventh year of the funding formula. It also receives a local share of funding from the individual districts that send students to the school. These flow into a restricted receipt account, which partially offsets the loss of state aid. These dollars are also determined by the funding formula. *The Governor recommends \$48,933 less than enacted, including \$82,699 less from general revenues from the voluntary retirement incentive program as part of the undistributed savings included in the enacted budget.*

**Davies Career and Technical School Capital Projects.** The Council requests \$0.2 million less than enacted from Rhode Island Capital Plan funds for FY 2018. It should be noted that the revised request is \$0.3 million more than the capital budget request. This reflects the carry-forward of unspent asset protection funds from FY 2017 to the current year, which was inadvertently excluded in the capital request. *The Governor recommends \$0.6 million more than requested and \$0.3 million more than enacted, reflecting carry-forward of unspent funds. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

**Rhode Island School for the Deaf.** The Council requests \$0.4 million more than enacted from general revenues for personnel costs at the School for the Deaf for FY 2018. This reflects additional salary costs equivalent to 1.4 full-time equivalent positions and medical benefit adjustments. The request appears to

overstate medical benefits by \$0.1 million. *The Governor recommends \$19,902 less than requested from all sources of funds, including \$0.4 million less from general revenues. The recommendation funds staffing consistent with enacted budget adjusted for statewide medical benefit savings and includes \$0.3 million from a new federal school improvement grant.*

## Public Higher Education

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Program</b>				
Office of Postsecondary Comm.	\$ 31,326,057	\$ 42,450,013	\$ 38,431,651	\$ 41,553,165
University of Rhode Island	744,396,510	777,295,493	776,234,864	781,933,116
Rhode Island College	169,783,761	199,083,600	197,151,578	200,794,614
Community College of RI	144,329,915	161,269,902	164,768,488	164,798,419
<b>Total</b>	<b>\$ 1,089,836,243</b>	<b>\$ 1,180,099,008</b>	<b>\$ 1,176,586,581</b>	<b>\$ 1,189,079,314</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 466,187,168	\$ 518,569,075	\$ 512,116,791	\$ 511,989,679
Contracted Services	28,232,807	28,338,070	30,444,534	30,225,534
<b>Subtotal</b>	<b>\$ 494,419,975</b>	<b>\$ 546,907,145</b>	<b>\$ 542,561,325</b>	<b>\$ 542,215,213</b>
Other State Operations	204,338,571	220,325,292	211,507,067	213,381,763
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	304,065,015	314,801,720	317,314,758	318,885,844
Capital	41,013,116	40,215,979	51,248,923	57,258,087
Capital Debt Service	45,999,566	57,598,872	53,954,508	57,338,407
Operating Transfers	-	250,000	-	-
<b>Total</b>	<b>\$ 1,089,836,243</b>	<b>\$ 1,180,099,008</b>	<b>\$ 1,176,586,581</b>	<b>\$ 1,189,079,314</b>
<b>Sources of Funds</b>				
General Revenue	\$ 198,362,977	\$ 220,882,593	\$ 218,186,086	\$ 220,768,994
Federal Aid	14,333,835	13,933,669	14,327,776	14,147,405
Restricted Receipts	1,237,723	2,173,990	2,668,703	2,666,842
Other	875,901,708	943,108,756	941,404,016	951,496,073
<b>Total</b>	<b>\$ 1,089,836,243</b>	<b>\$ 1,180,099,008</b>	<b>\$ 1,176,586,581</b>	<b>\$ 1,189,079,314</b>
<b>Uses of Funds</b>				
Unrestricted Use Funds	\$ 640,337,497	\$ 720,359,090	\$ 703,807,957	\$ 709,133,758
Restricted Use Funds	449,498,746	459,739,918	472,778,624	479,945,556
<b>Total</b>	<b>\$ 1,089,836,243</b>	<b>\$ 1,180,099,008</b>	<b>\$ 1,176,586,581</b>	<b>\$ 1,189,079,314</b>
<b>FTE Authorization</b>	<b>3,551.0</b>	<b>3,567.0</b>	<b>3,568.0</b>	<b>3,568.0</b>
<i>Limited to Third Party Funds</i>	<i>745.8</i>	<i>739.8</i>	<i>739.8</i>	<i>739.8</i>
<b>Total Authorized Positions</b>	<b>4,296.8</b>	<b>4,306.8</b>	<b>4,307.8</b>	<b>4,307.8</b>
<b>FTE Average</b>	<b>4,023.3</b>			

**FY 2018 Revised Request.** The Council's revised request is \$3.5 million less than enacted, including \$2.7 million less from general revenues. Most of the general revenue reduction was requested in error. It also includes \$6.6 million less from tuition and fee revenues, \$7.3 million less from other unrestricted sources, and \$13.0 million more from restricted sources. The request includes authorization for 1.0 new full-time equivalent position for the Westerly Higher Education and Job Skills Center based on an increased demand for programs.

*The Governor recommends \$9.0 million more than enacted from all sources, which is \$12.5 million more than requested. General revenues are \$0.1 million less than enacted and \$2.6 million more than requested primarily to correctly budget general obligation bond debt service. Adjusted for centralized services transferred from the Department of Administration, the recommendation is \$8.9 million more than enacted including \$0.1 million less from general revenues. As of the pay period ending January 20, the system had 4,081.1 filled positions.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. For Public Higher Education, the budget identifies \$1.4 million from several items. These include \$1.0 million in savings from the voluntary retirement incentive program, \$0.2 million in a reduction to information technology support to the institutions, \$0.2 million in turnover savings in the Office of Postsecondary Commissioner, and \$0.1 million from reducing state support for Shepard Building parking.*

**Rhode Island Promise.** The 2017 Assembly established a new Rhode Island Promise Scholarship program intended to provide two years of free tuition and mandatory fees at the Community College 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 will cover the remainder of their tuition bill. Recipients are required to maintain a 2.5 grade point average and must commit to remaining in Rhode Island after graduation. The program is being implemented in four cohorts of students beginning in FY 2018. The Council requests the enacted amount of \$2.8 million for the first year of the program. The enacted budget does not contemplate attrition through the year and assumes a 20 percent increase in enrollment; the Community College reports a 43 percent increase of first-time, full-time students.

*The Governor recommends an additional \$0.2 million from general revenues for scholarships based on fall enrollment. The Governor also recommends that \$0.5 million of funds in the enacted budget for information technology support at all institutions be redirected to the Community College to use for outreach and student service activities related to the program.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor's budget adds \$0.1 million from all sources including \$10,892 from general revenues for centralized information technology services. By institution, this is \$10,892 for the Office, \$35,168 for the University, \$15,662 for the College, and \$29,931 for the Community College.*

**Unrestricted Source Expenditures.** The unrestricted budget consists of those funds that can be used for any legitimate purpose. Those purposes fall within the education and general operations of the institutions. They include state general revenue appropriations, tuition and general fees, and sponsored research overhead. The unrestricted budget is similar to the general revenue budget of other agencies and departments. The FY 2018 unrestricted revised budget includes spending of \$703.8 million. This is \$16.6 million less than the enacted budget, including \$2.7 million less from general revenues. Of the general revenue decrease, \$2.3 million is for general obligation bond debt service for the College that should not have been reduced.

Office of Postsecondary Commissioner. The revised budget includes \$4.9 million less than the enacted budget. This includes \$57,175 less for Shepard building parking expenses. The Budget Office notified the University that funding for Shepard parking was going to be reduced, which would shift the expense to the University. The Budget Office suggested that one way the University could make up the additional cost was to begin charging students attending the Providence Campus a per semester fee of \$115 for those that choose to park in the Convention Center and that 90 percent of current full-time students and 75 percent of part-time students will elect to obtain permits. This proposal has come from the administration as part of the effort to achieve \$25.0 million in undistributed savings included in the FY 2018 enacted budget.

The request also removes \$4.9 million in expenses for the Nursing Education Center as these costs appear in the budgets of the University of Rhode Island and Rhode Island College and showing them in the Office's budget as well double counts them. The request retains \$0.5 million for staffing costs associated with the Center's 10.0 full-time equivalent positions which are part of the Office's authorized positions.

*Compared to the request, the Governor recommends \$0.2 million less from turnover savings as part of the undistributed savings and includes statewide medical benefit savings of \$15,725 of which \$6,086 is from general revenues. The Governor's budget also adds \$2.0 million in operating expenses for the Nursing Education Center to represent the portion of operating costs that are being charged to the institutions.*

Information Technology Support. The unrestricted budget includes \$0.7 million in the Office of Postsecondary Commissioner's budget that is distributed to all three institutions to use for upgrades and updates to their information technology systems. *The Governor recommends removing the entire \$0.7 million in both FY 2018 and FY 2019. For FY 2018, the Governor recommends that \$0.5 million be redirected to the Community College to use for outreach and student service activities related to the Rhode Island Promise Scholarship program.*

University of Rhode Island. The University requests \$0.8 million or 0.2 percent less from unrestricted sources than enacted. This includes \$0.5 million or 0.2 percent more than enacted from tuition and fees, the enacted level from general revenues, and \$1.3 million less from prior unrestricted year-end fund balances. The University is projecting FY 2018 enrollment of 14,683, which is an overall decrease of 39 or 0.3 percent compared to the enrollment assumptions in the FY 2018 enacted budget. The enacted budget assumes 7,829 in-state students and 6,935 out-of-state students. The revised allocation assumes 194 or 2.5 percent fewer in-state students and 124 or 1.8 percent more out-of-state students.

Changes to the enacted budget include \$3.2 million less for salaries and benefits and \$0.1 million less for contracted services offset by \$0.6 million more for operating expenditures and \$0.3 million more in unrestricted debt service. Student aid is \$1.6 million more.

*The Governor recommends \$0.2 million less than requested from all sources to reflect adjustments to debt service. General revenues are \$0.3 million less than requested to reflect savings from the voluntary retirement incentive; however, the Governor's budget assumes the University will have other unrestricted sources available to backfill the reduction. The Governor's budget also assumes \$3,876 less from general revenues for statewide medical benefit savings for the Crime Lab. The Governor did not include medical benefit savings for any other positions to preserve the aggregate recommendation; savings would be \$0.6 million for the University including \$0.1 million from general revenues.*

Rhode Island College. The College requests \$8.8 million less from unrestricted sources than enacted. This includes \$2.3 million less from general revenues erroneously reduced for general obligation bond debt service. It also includes \$2.2 million or 2.9 percent less from tuition and fees, and \$4.3 million less from other unrestricted sources. The College is projecting FY 2018 enrollment of 6,746, which is an overall decrease of 168 or 2.4 percent compared to the enrollment assumptions in the FY 2018 enacted budget.

The enacted budget assumed 5,865 in-state students and 1,049 out-of-state students. The revised allocation assumes 160 or 2.7 percent fewer in-state students and 8 or 0.8 percent fewer out-of-state students.

The revised allocation includes \$2.1 million less than enacted for salaries and benefits. Further changes include \$1.0 million less for student aid, \$0.1 million less for capital expenses, and \$2.7 million less for operating expenses. The revised allocation also includes \$2.9 million less for unrestricted debt service, although \$2.3 million of this is related to general obligation bond debt service, which should not have been reduced.

*The Governor's revised budget is \$3.6 million more than requested including \$3.3 million more from general revenues. This includes \$3.6 million to correctly budget general obligation bond debt service supported by general revenues offset by \$0.3 million in general revenue savings from the voluntary retirement incentive program. The Governor's budget assumes the College will have other unrestricted sources available to backfill the reduction. The Governor did not include medical benefit savings to preserve the aggregate recommendation; savings would be \$0.3 million for the College including \$0.1 million from general revenues.*

**Community College of Rhode Island.** The Community College's request includes \$2.0 million or 1.8 percent less from unrestricted sources than enacted. This includes \$0.4 million or 0.7 percent less than enacted from tuition and fees, the enacted level from general revenues, and \$1.6 million less from other unrestricted sources. The Community College is projecting FY 2018 enrollment of 8,830, which is an overall decrease of 27 or 0.3 percent compared to the enrollment assumptions in the FY 2018 enacted budget. The enacted budget assumed 8,857 full-time equivalent enrollments. It should be noted that the mix of full-time and part-time enrollments are different, reflecting the Rhode Island Promise Scholarship program, which requires a student to be enrolled full-time to qualify for the scholarship. The Community College has reported a 43 percent increase in first-time, full-time enrollment attributable to the Rhode Island Promise Scholarship based on the fall 2017 semester.

The revised allocation includes \$2.4 million less than enacted for salaries and benefits and \$0.2 million less for unrestricted student aid. All other expenditures increase by \$0.6 million. This includes an increase of \$0.7 million for contracted instructors for Electric Boat classes at the Westerly Higher Education and Job Skills Center. The Community College is responsible for running the educational component of the training program for Electric Boat. The Westerly Center takes in the revenue from Electric Boat and reimburses the Community College based on a rate per class section.

*The Governor recommends \$0.3 million less than requested from general revenues to reflect savings from the voluntary retirement incentive; however, the Governor's budget assumes the Community College will have other unrestricted sources available to backfill the reduction. The Governor did not include medical benefit savings to preserve the aggregate recommendation; savings would equate to \$0.3 million for the Community College including \$0.1 million from general revenues.*

**Restricted Source Operations.** The restricted budget is composed of what are generally thought of as restricted receipt funds or enterprise funds. They include the residence hall funds, dining funds and any other funds whose sources are limited to use for certain purposes. Federal funds are considered restricted use. The revised restricted budget includes \$2.1 million more for operations expenses. This includes \$1.8 million more for salaries and benefits, \$2.1 million more for student aid, \$1.3 million more for contracted services, and \$3.0 million less for operations. It also includes funding and authorization for 1.0 new full-time equivalent position for the Westerly Higher Education and Job Skills Center in the Office of Postsecondary Commissioner's budget. This new business manager position will be responsible for manning the front desk, disbursements, purchasing and overall assistance to both the Executive Director and the Marketing Director.

*The Governor recommends \$1.3 million more than requested from tuition savings fees for the dual and concurrent enrollment initiative that allows qualified high school students to earn college credit at no cost to the students. About half of the increase appears to be for overspending from FY 2017. The Governor also recommends authorization for the new position for the Westerly Center. The Governor did not include medical benefit savings to preserve the aggregate recommendation; savings would be \$0.4 million.*

**Restricted Capital Improvements.** The revised budget includes an \$11.7 million increase, including \$6.9 million more from Rhode Island Capital Plan funds for capital expenditures. Of the total increase, \$3.2 million is related to housing auxiliary funds used for interior painting, carpeting, tile grout cleaning and new furniture within three of Rhode Island College's six residence halls. *The Governor recommends \$6.0 million more than requested. These projects are described in detail in the Capital Budget section of this publication.*

**Restricted Debt Service.** The revised budget decreases restricted use debt service costs by \$0.8 million or 4.4 percent. The reduction includes \$0.3 million less for debt service for the University's energy performance contract. *The Governor recommends funding as requested.*



## Rhode Island State Council on the Arts

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 866,360	\$ 932,540	\$ 931,464	\$ 903,300
Contracted Services	40,841	45,200	49,200	49,200
<b>Subtotal</b>	<b>\$ 907,201</b>	<b>\$ 977,740</b>	<b>\$ 980,664</b>	<b>\$ 952,500</b>
Other State Operations	96,143	143,570	151,527	196,860
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,636,002	1,645,000	1,616,477	1,616,477
Capital	266,156	306,000	306,000	360,200
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 2,905,502</b>	<b>\$ 3,072,310</b>	<b>\$ 3,054,668</b>	<b>\$ 3,126,037</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,906,357	\$ 1,945,056	\$ 1,945,056	\$ 1,963,360
Federal Aid	710,270	781,454	752,931	751,796
Restricted Receipts	19,119	-	10,881	10,881
Other	269,756	345,800	345,800	400,000
<b>Total</b>	<b>\$ 2,905,502</b>	<b>\$ 3,072,310</b>	<b>\$ 3,054,668</b>	<b>\$ 3,126,037</b>
<b>FTE Authorization</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>
<b>FTE Average</b>	<b>8.0</b>			

**FY 2018 Revised Request.** The Rhode Island State Council on the Arts requests \$17,642 less than enacted from all sources, including \$28,523 less from federal funds and \$10,881 more from restricted receipts. The Council's general revenue request is consistent with the enacted budget.

*The Governor recommends \$53,727 more than enacted including \$18,304 more from general revenues. The Governor's budget adds \$45,333 from general revenues for centralized services and removes \$27,029 to reflect current staffing and statewide medical benefit savings. Excluding the cost of centralized services transferred from the Department of Administration, the recommendation is \$8,393 more than enacted and \$26,036 more than requested.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education.

*The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. For the Rhode Island State Council on the Arts, the budget identifies \$24,497 in savings from the voluntary retirement incentive program. The position was filled immediately; therefore, the majority of these savings are contingent on maintaining another vacancy within the Council. As of the pay*

*period ending of the January 20, the Council has one vacancy. It reports plans to fill this position in the current year.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses.

*The Governor's budget adds \$45,333 from general revenues for the Arts Council for its share of centralized services. This includes \$12,000 for human resources support and \$33,333 for information technology services.*

**Staffing and Operations.** The Council's request includes a reallocation of \$1,076 of general revenues from personnel to operating expenditures consistent with historical expenditures. The Council's request does not appear to reflect savings from an impending retirement. *The Governor's recommendation is \$27,029 less than requested to reflect turnover and statewide medical benefit savings. The recommendation includes partial year funding to fill a vacancy temporarily being maintained to achieve undistributed savings attributed to the Council, noted earlier.*

**Federal Grants.** The Council requests \$28,523 less than enacted from federal National Endowment for the Arts funds to reflect the actual award amount. The grant includes the enacted amount for salaries and benefits for 2.0 full-time equivalent employees and operating expenses; the entire \$28,523 is deducted from grant support for individuals and organizations. *The Governor recommends \$1,135 less than requested to reflect statewide medical benefit savings.*

**Rhode Island Foundation Grants.** The Council requests \$10,881 from restricted receipts to reflect additional Rhode Island Foundation grant support for the Council's Expansion Arts Program. No funding was included in the enacted budget. The request includes \$5,881 of unspent FY 2017 funds, plus a new \$5,000 grant from the Foundation. The Council reports it delayed use of prior year funding to increase participation in a New England Foundation for the Arts Idea Swap in November 2018. *The Governor recommends funding as requested.*

**Percent for Art Program.** The Council requests the enacted amount of \$0.3 million for the Percent for Art program for public art projects at various new state owned facilities. *The Governor recommends \$54,200 more than enacted, consistent with projected FY 2018 expenditures.*

## Rhode Island Atomic Energy Commission

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,017,020	\$ 1,087,200	\$ 1,067,507	\$ 1,065,639
Contracted Services	-	1,087	1,087	1,087
<b>Subtotal</b>	<b>\$ 1,017,020</b>	<b>\$ 1,088,287</b>	<b>\$ 1,068,594</b>	<b>\$ 1,066,726</b>
Other State Operations	4,568	149,806	206,387	246,665
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	220,710	66,280	66,280	66,280
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,242,298</b>	<b>\$ 1,304,373</b>	<b>\$ 1,341,261</b>	<b>\$ 1,379,671</b>
<b>Sources of Funds</b>				
General Revenue	\$ 956,464	\$ 982,157	\$ 982,157	\$ 1,021,021
Federal Aid	11,973	-	36,888	36,888
Restricted Receipts	-	-	-	-
Other	273,861	322,216	322,216	321,762
<b>Total</b>	<b>\$ 1,242,298</b>	<b>\$ 1,304,373</b>	<b>\$ 1,341,261</b>	<b>\$ 1,379,671</b>
<b>FTE Authorization</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>
<b>FTE Average</b>	<b>8.3</b>			

**FY 2018 Revised Request.** The Rhode Island Atomic Energy Commission requests \$36,888 more than enacted from federal funds. *The Governor recommends \$0.1 million more than enacted from all sources, including \$38,864 from general revenues. Adjusted for centralized services transferred from the Department of Administration, the recommendation is \$16,323 more than enacted from all sources and \$20,111 less than enacted from general revenues.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. None of these savings has been attributed to this agency.*

**Carry Forward Federal Grants.** The Commission's revised request includes \$36,888 more from federal grants to reflect unspent balances from FY 2017 carried forward to FY 2018. This includes the Global Threat Reduction Initiative Grant, the Gadolinium Research Grant, Reactor Instrumentation Upgrades, and the Nuclear Engineering Education Grant. The Commission indicates funds will be used for reactor instrumentation upgrades, research and educational programs. The Gadolinium Research funds will be used to purchase equipment and supplies for the construction of a laboratory for cancer researchers. *The Governor recommends funding as requested.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses.

*The Governor's budget adds \$58,975 from general revenues for its share of centralized information technology services.*

**Personnel and Operating.** The Commission's revised request shifts \$19,963 from salaries and benefits to operating expenses. The savings from employee benefit selection are being budgeted for supplies and repairs. The Commission currently has no identified projects but the additional funding would keep general revenues at the enacted level. *The Governor recommends \$20,565 less than requested to reflect statewide medical benefit savings and concurs with the remainder of the request. As of the pay period ending January 20, the Commission's 8.6 positions were all filled.*

## Historical Preservation and Heritage Commission

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,665,685	\$ 1,644,208	\$ 1,603,208	\$ 1,556,370
Contracted Services	14,559	-	-	-
<b>Subtotal</b>	<b>\$ 1,680,244</b>	<b>\$ 1,644,208</b>	<b>\$ 1,603,208</b>	<b>\$ 1,556,370</b>
Other State Operations	83,017	61,166	61,466	153,728
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	899,435	784,393	901,380	901,380
Capital	4,048	1,000	1,000	1,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 2,666,744</b>	<b>\$ 2,490,767</b>	<b>\$ 2,567,054</b>	<b>\$ 2,612,478</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,131,751	\$ 1,121,134	\$ 1,075,834	\$ 1,123,154
Federal Aid	1,427,274	860,963	977,950	976,203
Restricted Receipts	27,987	427,700	432,300	432,151
Other	79,732	80,970	80,970	80,970
<b>Total</b>	<b>\$ 2,666,744</b>	<b>\$ 2,490,767</b>	<b>\$ 2,567,054</b>	<b>\$ 2,612,478</b>
<b>FTE Authorization</b>	<b>15.6</b>	<b>15.6</b>	<b>15.6</b>	<b>15.6</b>
<b>FTE Average</b>	<b>15.6</b>			

**FY 2018 Revised Request.** The Commission requests \$76,287 more than enacted, including \$45,300 less from general revenues, \$116,987 more from federal funds, and \$4,600 more from restricted receipts.

*The Governor recommends \$0.1 million more than enacted including \$2,020 more from general revenues. The Governor's budget adds \$92,262 from general revenues for centralized services transferred from the Department of Administration and removes \$90,242 to reflect personnel savings. Excluding the cost of centralized services, the recommendation is \$29,443 more than enacted, and \$46,838 less than requested. As of the pay period ending January 20, the Commission has one vacancy.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. None of these savings has been attributed to this agency.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The

state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses.

*The Governor's budget adds \$92,262 from general revenues for the Commission's share of centralized services. This includes \$60,734 for facilities management and \$31,528 for information technology services.*

**Geographic Information System Clerk.** The Commission requests \$51,200 from general revenues for a full year of funding of a 0.6 full-time equivalent position. Funding for the position was requested last year, but not approved by the Assembly. The position was filled September 30, 2017 using savings available from the retirement of the Commission's executive director. The position is considered necessary to operate the geographic information system, commissioned in November 2016 using Hurricane Sandy funding in partnership with the University of Rhode Island in order to streamline research and project review. The Commission reports it is currently collaborating with the Rhode Island Emergency Management Agency and United States Army Corps of Engineers on a second geographic information system project. *The Governor recommends \$22,515 less than requested to reflect turnover savings consistent with the date of hire and actual cost.*

**Other Salaries and Benefits.** The Commission requests \$92,200 less than enacted from all sources for salaries and benefits for the remaining authorized 15.0 full-time equivalent positions. This includes \$96,500 less from general revenues and \$4,300 more from restricted receipts. The request reflects turnover savings from the August 2017 retirement of the Commission's executive director, which was not contemplated in the enacted budget. *The Governor recommends \$24,323 less than requested to fund the remaining 15.0 full-time equivalent positions. The recommendation includes statewide benefit savings and additional turnover from delaying the hiring of the Executive Director through the final few months of FY 2018.*

**Hurricane Sandy Disaster Relief.** The Commission requests \$62,224 more than enacted from federal funds for Hurricane Sandy Disaster Relief costs. The request reflects the amount necessary to close out the grant, scheduled to end in April 2018. Funding represents reimbursement amounts for historic property owners whose properties were damaged by Hurricane Sandy in 2012. The Commission reported delays in Hurricane Sandy project construction during FY 2016, which delayed spending of \$0.7 million of project funds. The Commission reports the requested adjustment is necessary to successfully close out the grant program. *The Governor recommends funding as requested.*

**National Maritime Heritage Grant.** The Commission requests \$45,000 more than enacted from federal funds for an ongoing National Park Service project. The Maritime Heritage grant reflects funds carried over from FY 2017. The Commission is a pass-through organization for the Steamship Historical Society of America, which is still in the process of developing its education program and gathering its matching grant funds. The entire award is budgeted as a grant; however, it should be noted that documents supplied in support of the request demonstrate \$2,500 is available for administrative purposes. *The Governor recommends funding as requested.*

**Other Operations.** The Commission requests \$10,063 more than enacted for all other expenses; changes include \$9,763 more from federal funds and \$300 more from restricted receipts. The request is largely consistent with actual spending over the prior two years. *The Governor recommends funding as requested.*

## Office of the Attorney General

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Program</b>				
Criminal	\$ 20,989,363	\$ 33,223,064	\$ 46,821,500	\$ 46,313,335
Civil	5,595,956	5,883,237	5,892,271	5,874,172
Bureau of Criminal Identification	1,586,496	1,670,102	1,656,589	1,652,130
General	3,138,991	3,352,794	3,265,294	3,249,455
<b>Total</b>	<b>\$ 31,310,806</b>	<b>\$ 44,129,197</b>	<b>\$ 57,635,654</b>	<b>\$ 57,089,092</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 25,150,471	\$ 26,417,624	\$ 26,388,577	\$ 26,010,432
Contracted Services	976,912	486,457	2,259,403	2,071,903
<b>Subtotal</b>	<b>\$ 26,127,383</b>	<b>\$ 26,904,081</b>	<b>\$ 28,647,980</b>	<b>\$ 28,082,335</b>
Other State Operations	2,210,235	2,390,715	2,684,740	2,714,095
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	2,973,188	14,834,401	26,302,934	26,292,662
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 31,310,806</b>	<b>\$ 44,129,197</b>	<b>\$ 57,635,654</b>	<b>\$ 57,089,092</b>
<b>Sources of Funds</b>				
General Revenue	\$ 25,379,775	\$ 26,194,751	\$ 26,676,204	\$ 26,146,061
Federal Aid	5,079,214	16,988,288	30,004,666	30,000,563
Restricted Receipts	694,559	796,158	794,512	792,468
Other	157,258	150,000	160,272	150,000
<b>Total</b>	<b>\$ 31,310,806</b>	<b>\$ 44,129,197</b>	<b>\$ 57,635,654</b>	<b>\$ 57,089,092</b>
<b>FTE Authorization</b>	<b>236.1</b>	<b>235.1</b>	<b>235.1</b>	<b>235.1</b>
<b>FTE Average</b>	<b>232.1</b>			

**FY 2018 Revised Request.** The Office of the Attorney General requests \$13.5 million more than enacted from all sources, including \$0.5 million more from general revenues, \$1.5 million more from federal funds, \$0.1 million more from Rhode Island Capital Plan funds and \$12.5 million more from Google Settlement funds.

*The Governor recommends \$13.0 million more than enacted and \$0.5 million less than requested. General revenues are \$48,690 less than enacted and \$0.5 million less than requested. Excluding funding transferred from the Department of Administration for centralized services, the recommendation is \$0.5 million less than enacted from all sources of funds, including \$0.1 million less from general revenues. As of the pay period ending January 20, the Office has 11.0 vacant positions.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction

to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. None of these savings has been attributed to this agency.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor's budget adds \$29,355 from general revenues for the Office's share of centralized information technology services.*

**Google Settlement Funds – New Building.** The Office requests \$15.0 million for FY 2018, \$1.0 million more than enacted, for the new 24,000 square foot facility at the Pastore center to relocate 35 existing staff from 150 South Main Street. This includes those individuals who perform background and fingerprint checks, investigators and those from the consumer protection unit and diversion unit occupying 18,000 square feet and leaving 6,000 square feet for future expansion and storage. It is anticipated that the new space will be ready by May 2018.

The Office has not calculated what the annual operating costs will be because staff has not yet occupied the building and will include any operating costs in the FY 2019 revised budget even though occupancy is expected to occur in FY 2018. The Office has requested a new position in its FY 2019 request that would assist the current operations staff that handle facilities and systems maintenance, interact with tradespeople and maintain and distribute supplies throughout the offices occupied by the Department. *The Governor recommends funding as requested.*

**Google Settlement Funds - Other Projects.** The Office's revised request includes \$12.6 million for projects funded from Google Settlement funds, which is \$11.5 million more than enacted and includes \$9.0 million for renovations to its 150 South Main Street office. Other expenses are for office equipment, upgrades to the information technology system, and upgrading the phone system. *The Governor recommends funding as requested.*

**Medicaid Fraud Unit – Detection.** The Office's revised request includes \$1.0 million for new data mining activities for its Medicaid fraud unit. This includes \$750,000 from Medicaid funds matched by \$250,000 from general revenues. The Office requests the same amount for FY 2019. The unit will contract with an outside vendor to provide a data mining system for the Department's Medicaid Fraud Unit to enhance its current efforts to combat fraud, waste and abuse across the health and human services Medicaid Management Information System relating to the state Medicaid program, including Medicaid Managed Care entities operating in Rhode Island. The cost of that system is spread over two fiscal years because of potential timing issues with the award and implementation.

It should be noted that the Executive Office of Health and Human Services and Department of Administration also perform review and oversight to combat fraud, waste and abuse in Medicaid. The fraud staff meets monthly with the Executive Office's Program Integrity Unit to review potential cases that can be investigated by the fraud unit, which prosecutes providers for Medicaid fraud.

*The Governor recommends the \$250,000 general revenue match for the new system over two fiscal years and includes \$62,500 for FY 2018 and \$187,500 for FY 2019. However, the Medicaid match is not distributed in the same manner, with \$750,000 for both FY 2018 and FY 2019 which overfunds the project.*

**Health Care Advocate – Merger Review and Oversight.** The revised request includes \$40,000 from general revenues for contracted health care oversight assistance and monitoring of future mergers, as well as monitoring those that have been approved by the Attorney General and involve non-profit entities in the Office of the Health Care Advocate. *The Governor recommends funding as requested.*

**Public Utilities Commission – Review and Oversight.** The revised request includes \$50,000 from restricted receipts for contracted services to assist the Attorney General with its responsibilities to the Public Utilities Commission for investigations and filings before the Commission. This includes rate design and case review and oversight. *The Governor recommends funding as requested.*

**Salaries and Benefits.** The Office decreases salary and benefit expenses in its revised request by \$29,047 from all sources, including \$156,424 more from general revenues. The request shifts \$0.2 million in staffing expenses from federal funds to general revenues.

The Office's request reduces federal funds that support staffing that has been shifted to general revenues. This includes \$0.3 million more in the criminal division and \$0.1 million less in the general administration expenses. The enacted budget assumes keeping funding for 232.1 positions and keeping three positions vacant and the revised request assumes keeping 1.5 positions vacant. As of the pay period ending November 25, the Office has 230.1 filled positions.

*The Governor recommends \$0.4 million less than requested to reflect statewide medical benefit savings and savings from keeping three additional positions vacant. Several employees took the voluntary retirement incentive, though these savings have not been scored as part of the statewide undistributed savings.*

**Tobacco Litigation Expenses.** The enacted budget includes \$42,166 from general revenues for tobacco enforcement litigation expenses, which are no longer needed. The Office made a final payment of \$450,000 in its FY 2017 final budget and excludes the enacted funding accordingly. *The Governor recommends funding as requested.*

**Other Operations.** The Office requests \$37,341 less than enacted from all sources, including \$77,195 more from general revenues, \$2,288 more from federal funds and \$37,546 less from restricted receipts for all other expenses totaling \$2.4 million, including \$2.1 million from general revenues. This includes general office supplies, facility maintenance, utilities, and other operating expenses and is \$101,294 more than FY 2017 actuals, including \$39,204 more from general revenues. *The Governor recommends funding as requested.*

**Asset Protection.** The Office requests \$10,272 more than enacted from Rhode Island Capital Plan funds for total funding of \$160,272 to reflect a balance available from FY 2017 for its asset protection projects. This reflects the Office's need for continuous upgrade to its heat, ventilation and air conditioning system, as well as other interior renovations, including office spaces. The request is consistent with the Office's capital request. *The Governor recommends \$150,000 consistent with the approved capital plan.*



## Department of Corrections

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 10,097,383	\$ 9,998,475	\$ 11,746,359	\$ 16,402,873
Parole Board	1,332,941	1,541,618	1,429,806	1,376,027
Custody and Security	137,209,044	138,678,852	138,381,176	145,453,299
Institutional Support	18,766,620	30,673,288	31,700,079	31,095,763
Institutional Based Rehab/Pop	11,813,936	12,323,935	14,264,802	14,245,714
Healthcare Services	22,506,582	23,800,253	24,465,354	23,388,365
Community Corrections	16,372,592	18,683,844	17,012,898	16,645,169
	<b>\$ 218,099,098</b>	<b>\$ 235,700,265</b>	<b>\$ 239,000,474</b>	<b>\$ 248,607,210</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 181,844,346	\$ 185,820,547	\$ 185,838,054	\$ 183,835,693
Contracted Services	12,829,869	14,775,969	16,080,248	14,584,508
	<b>\$ 194,674,215</b>	<b>\$ 200,596,516</b>	<b>\$ 201,918,302</b>	<b>\$ 198,420,201</b>
Other State Operations	17,114,017	16,790,384	17,457,072	30,941,852
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,452,088	2,249,112	2,261,546	2,261,546
Capital	4,858,778	16,064,253	17,363,554	16,983,611
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 218,099,098</b>	<b>\$ 235,700,265</b>	<b>\$ 239,000,474</b>	<b>\$ 248,607,210</b>
<b>Sources of Funds</b>				
General Revenue	\$ 212,327,677	\$ 218,300,828	\$ 219,940,189	\$ 229,927,179
Federal Aid	1,564,506	1,581,884	2,018,108	2,017,797
Restricted Receipts	55,075	59,368	64,411	64,411
Other	4,151,840	15,758,185	16,977,766	16,597,823
<b>Total</b>	<b>\$ 218,099,098</b>	<b>\$ 235,700,265</b>	<b>\$ 239,000,474</b>	<b>\$ 248,607,210</b>
<b>FTE Authorization</b>	<b>1,423.0</b>	<b>1,423.0</b>	<b>1,451.0</b>	<b>1,435.0</b>
<b>FTE Average</b>	<b>1,340.5</b>			
<b>Prison Population</b>	<b>2,958</b>	<b>3,000</b>	<b>2,853</b>	<b>2,853</b>

**FY 2018 Revised Request.** The Department requests \$3.3 million more than enacted from all sources of funds, including \$1.7 million more from general revenues. The Department requests authorization for 28.0 new full-time equivalent positions including 16.0 new correctional officers stemming from a Department of Justice lawsuit. The Department's revised request is based on a population of 2,853, a decrease of 147 inmates compared to the enacted level.

The Governor reappropriated \$0.6 million in unspent funds from FY 2017. This includes \$42,114 in costs associated with the electronic medical records system resulting from a delay in implementation, \$0.3 million for costs for medication assisted treatment services, \$150,000 for software for the medication assisted treatment program, and \$0.1 million for Rhode Island Hospital bills that were not received by the end of the fiscal year.

The Governor recommends \$9.6 million more than requested from all sources, including \$9.9 million more from general revenues. Excluding centralized services transferred from the Department of Administration, the recommendation is \$4.2 million less than requested from all sources, including \$3.8 million less from general revenues. The Governor recommends authorization for 12.0 new full-time equivalent positions.

**Population.** The Department’s original request for FY 2018 included a population of 3,059, which was reduced to 3,000 with the enacted budget. The revised request is based on more current data and assumes a population of 2,853, which is 147 fewer than projected for the enacted budget. The House Fiscal Staff uses a simple model using trend data, and the population through the end of November suggests an average population of 2,877, which is 123 less than projected in the enacted budget and 24 more than included in the revised request.

The Department contracts with a firm to prepare population estimates, which has revised the enacted population downward to 2,853. That is the population upon which the revised budget request is based. Population reductions result in the greatest savings when there are enough to allow for the closure of housing modules. The maximum capacity of the prison is governed by the terms of an overcrowding lawsuit. In FY 2008, the Department reached an agreement with the federal courts to increase the allowed capacity at facilities from 4,085 to 4,265. The Donald Price Medium Security facility accounted for 360 bed spaces, but as of November 2011, there are no inmates housed there.

The following table depicts the recent history of budgeted and actual prison population from FY 2009 through the FY 2018 revised budget request. The average population for the first four months of FY 2018 is 2,885. The Governor’s revised recommendation assumes a population of 2,853 consistent with the request.

History	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Request	3,803	4,008	3,709	3,416	3,231	3,152	3,170	3,292	3,260	3,059
Governor	3,848	4,008	3,643	3,416	3,231	3,152	3,170	3,292	3,200	3,059
Enacted	3,848	3,767	3,450	3,239	3,194	3,152	3,170	3,292	3,200	3,000
Revised Request	3,869	3,669	3,350	3,264	3,146	3,192	3,239	3,206	3,058	2,853
Governor Revised	3,869	3,659	3,350	3,265	3,146	3,192	3,239	3,182	2,999	2,853
Final	3,788	3,551	3,273	3,192	3,146	3,192	3,239	3,183	2,999	-
Actual	3,773	3,502	3,273	3,191	3,160	3,214	3,183	3,068	2,958	-

**Staffing.** The Department requests \$185.8 million and 1,451.0 full-time equivalent positions. This is \$17,507 more than enacted and includes authorization for 28.0 new full-time equivalent positions. The 28.0 new positions are identified in the table below and reflect the Department’s intent to focus hiring in certain areas. There were 54 correctional officer and 56 non-correctional officer vacancies as of the budget submission. The request assumes that 28 non-correctional officer positions will remain vacant and the rest will be filled through attrition.

Position	Program	FTE
Correctional Officer Training Instructor	Central Management	3.0
Correctional Officers	Custody and Security	16.0
Senior Public Health Specialist	Institutional Based Rehab/Population Management	1.0
Clinical Social Worker	Healthcare Services	2.0
Correctional Officer Hospital II	Healthcare Services	2.0
Health Unit Clerk	Healthcare Services	4.0
<b>Total</b>		<b>28.0</b>

The Governor recommends \$2.0 million less than enacted to reflect undistributed savings initiatives, described below. She recommends the 28.0 new positions as requested, but removes 16.0 unidentified

positions in order to keep the increase to 12.0. As of the pay period ending January 20, the Department has 89.0 vacancies.

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education.

*The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. For the Department of Corrections, the budget identifies \$1.8 million from several items. These include \$1.2 million in personnel savings, some of which is being attributed to the voluntary retirement incentive program though the amount is unclear, \$0.2 million from including supervisory overtime costs in the contracts with private vendors working on Rhode Island Capital Plan funded projects, and \$0.4 million in population related savings.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor's budget adds \$13.8 million from general revenues. This includes \$3.1 million for centralized information technology services, \$8.6 million for facilities management, and \$2.0 million for human resources.*

### **Institutional Corrections**

**Population: Per Diem Expenditures.** The Department requests \$0.3 million less than enacted from general revenues for population related expenditures that are calculated on a per diem basis. This is based on items such as food, inmate clothing and linens, and janitorial supplies. Another major contributor to these expenses are medical costs, which includes both inpatient and outpatient services as well as contracted dentistry services. The revised request is \$0.4 million less than spent in FY 2017, reflecting a smaller population.

Excluded from this total is the \$131,540 that the Governor reappropriated for billings from Rhode Island Hospital for FY 2017 services that were not processed prior to the end of the fiscal year. The Department has indicated that it intended to request this increase. *The Governor recommends funding as requested.*

**Correctional Officer Class 82.** The Department requests \$1.2 million more than enacted from general revenues for staffing and operating costs for class 82. The increase reflects an extension of the number of weeks of training from 9 to 12 weeks and an increase in the number of recruits from 50 to 70 as part of the United States Department of Justice lawsuit. The enacted budget assumed that the class would graduate in November 2017; the new estimate is for a May graduation. The enacted budget also assumed 50 graduates; the current request is for a class of 70, and there is a separate request for 16.0 new correctional officer positions associated with the larger class. *The Governor recommends funding as requested.*

**Correctional Officers (16.0 FTE).** The Department is requesting to expand the correctional officer training class from 9 weeks to 12 weeks to provide additional training to recruits. Commensurate with this extension, it requests an increase to the number of recruits to be hired from 50 to 70. Because of the additional number of recruits, the Department is requesting \$0.6 million and authorization for 16.0 new correctional officer positions.

As of the budget submission, there were 54 vacant correctional officer positions. Class 82 recruits are anticipated to graduate in May with 70 new officers. Because there is currently only enough space to hire 54 of them within the existing cap, the Department is requesting authorization for the other 16. It is likely that the 16 vacancies could occur through attrition, however, the Department must demonstrate the capacity to hire all 70 graduates to satisfy the Department of Justice. *The Governor recommends funding as requested.*

**Construction Supervision.** In prior budgets, the Department proposed using Rhode Island Capital Plan funds to pay for correctional officer overtime when officers are needed to stay with outside vendors performing work at the facilities for security reasons. The Governor's previously recommended budget included shifting these overtime costs to Rhode Island Capital Plan funds in fiscal years 2014 and 2015. Instead, beginning with FY 2016, the Assembly's budget assumed the Department would integrate overtime expenses into the project costs incurred by the vendor as part of its capital budget request; the Department has not yet begun this process.

*The Governor's budget assumes that \$189,000 of overtime costs be shifted from general revenues to project costs as part of the undistributed savings. While general revenues are reduced by \$189,000, it does not appear that a corresponding increase has been made to the projects being funded by Rhode Island Capital Plan funds.*

**Other Institutional Corrections Staffing (9.0 FTE).** The Department requests \$1.7 million less for salaries and benefits for all other institutional corrections staffing, which it will achieve by leaving most vacant positions open. It also requests authorization for 9.0 new full-time equivalent non-correctional officer positions. The new positions include 1.0 senior public health officer, 2.0 clinical social workers, 2.0 correctional officer hospital II, and 4.0 health unit clerks. The budget request assumes that the Department will not fill all of its vacant positions, but will concentrate on filling only those positions that are critical to carrying out functions in the various units. The Department has chosen to request an increase to its full-time equivalent position cap rather than reducing lower priority positions.

*The Governor recommends \$1.5 million less than requested from general revenues. This includes \$0.5 million of statewide medical benefit savings. It also includes \$1.0 million of turnover savings from the voluntary retirement incentive program and population related savings, both of which are being counted as part of the effort to achieve \$25.0 million in undistributed savings.*

**Medication Assisted Treatment Program.** The Department's request includes an additional \$2,872 for the medication-assisted treatment program for opioid users that began in FY 2017. The Assembly funded a new initiative to treat opioid users in the Adult Correctional Institution. The funds are used to screen for opioid use and disorders and assess new inmates to determine treatment options. The initiative is also intended to start medication-assisted treatment prior to release with community referral for ongoing treatment.

The Governor reappropriated \$322,555 for evaluation and treatment services and \$150,000 for software that was not paid for because of the delay in the implementation of the electronic medical records system. The Department indicates it intended to request this increase, but the budget request is only \$2,872 more than enacted. *The Governor recommends funding as requested.*

**Discharge Planning.** The Department's revised request includes an increase of \$111,000 for discharge planning services for which the enacted budget includes \$1.3 million. The Department has regional contracts for inmates ready to be released into the communities. The Department is currently out to bid for these services and the budget request assumes that there will be an increase based on a prevailing wage provision added into the request for proposals.

The Department indicates that discharge planning services are currently not addressing all of the needs of the inmate population. The Department reports that the current vendors have a difficult time keeping staff because of the hourly rates paid by the organizations. As part of the request for proposals for new services, the vendors must pay the prevailing wages for discharge planning positions for those at the Department of Corrections, and the Department hopes that this will keep the staff longer. *The Governor recommends funding as requested.*

**Electronic Medical Records System.** The Department requests \$0.9 million more than enacted from general revenues to continue the implementation of a new electronic medical records system. The Governor reappropriated \$42,411 for associated software that was not paid because of the delay in implementing the system during FY 2017. A purchase order was issued at the end of FY 2017 but not paid. The total cost for FY 2018 is \$1.1 million. The Department indicated it intended to request the reappropriated amount; however, the request does not include it.

The Department submitted a corrective action plan on November 30 that indicated it would request that Information Technology Investment funds be used in lieu of general revenues to fund this request for general revenue savings of \$1.1 million. *The Governor recommends funding this project from Information Technology Investment funds, shown in the Department of Administration's budget, and removes the general revenue funding.*

**Building Maintenance.** The Department requests an additional \$0.3 million from general revenues for building maintenance and repairs at the Department's facilities based on FY 2016 and FY 2017 spending. The capital budget includes \$3.9 million from Rhode Island Capital Plan funds for asset protection projects for FY 2018. Many of the types of projects being funded from general revenues such as repairs to cells are likely eligible for Rhode Island Capital Plan funding. *The Governor's revised recommendation is \$0.1 million more than enacted and \$0.2 million less than requested.*

**Other Institutional Corrections Operations.** The Department's request for all other institutional corrections' expenses is \$0.3 million more than enacted including \$18,529 more from general revenues. The general revenue changes include minor adjustments to office supplies and other various operating costs. The increase from federal fund expenditures is largely related to carry-forward funds for puncture proof vests as well as increases in remedial education related funding and a new nurse case manager grant. *The Governor recommends \$0.2 million less than requested to bring spending more in line with FY 2017 experience for expenditures such as office supplies, security equipment, maintenance, snow removal, and grounds maintenance.*

### **Other Programs**

**Cognitive Behavioral Therapy.** The Department's request includes general revenue savings of \$450,000 based on a delay in beginning a new cognitive behavioral therapy initiative. The Department historically provided evidence-based programming to incarcerated individuals but not to probationers and parolees. Meanwhile, the recidivism rate among the probation and parole population is a driving factor of incarceration rates. The enacted budget includes \$900,000 for the Department to contract for cognitive behavioral training for 800 probationers and parolees that are designated medium and high risk from the assessment process. The contract was awarded to Community Solutions Inc. on October 1, 2017 at a cost of \$450,000 for a partial year of funding. The annualized cost of the program will be \$600,000 for FY 2019, which is \$300,000 less than enacted.

The Department submitted a corrective action plan on November 30 that identified savings of \$175,000 based on program utilization rates through the end of November. The Department reported a low number of referrals by the courts to this program. *The Governor recommends funding consistent with the corrective action plan.*

**Correctional Officer Training Instructors (3.0 FTE)/DOJ Lawsuit.** The federal government alleges that the Department's entrance exams for correctional officers create an unintentional adverse impact against certain minorities. The lawsuit seeks to prohibit the Department of Corrections from using its current examinations as part of the selection process for correctional officers. Discussions with the Department of Justice yielded an agreement for the Department to seek to hire 70 recruits from Class 82, resulting in an increase from 50 to 70 as noted elsewhere in this analysis. Additionally, the Department is being required to develop a new exam.

The Department requests an additional \$0.2 million and authorization for 3.0 new full-time equivalent correctional officer training instructor positions because of the additional number of recruits. This reflects hiring the new positions for part of the fiscal year. The revised request also includes \$0.3 million for legal costs and \$0.5 million to develop a new exam. *The Governor recommends that the cost of the new exam be split over FY 2018 and FY 2019 and reduces the FY 2018 request by \$250,000. She recommends the remainder of the request.*

**Other Salaries and Benefits.** The Department requests \$0.1 million more than enacted from general revenues for other salaries and benefits. This request reflects the Department's plan to continue with a delayed hiring process for non-correctional officer positions. At the time of the budget submission there were 2.0 vacancies in central management, 2.0 vacancies in the parole board, and 13.0 vacancies in community corrections. The request assumes that most of these vacancies are filled for half of the fiscal year but that attrition elsewhere will fund the majority of the cost.

*The Governor recommends \$0.4 million less than requested. This includes \$0.1 million in statewide medical benefit savings, and \$0.3 million in additional turnover savings from the voluntary retirement incentive program as part of the effort to achieve \$25.0 million in undistributed savings.*

**Capital Projects.** The Department requests \$1.2 million more than enacted from Rhode Island Capital Plan funds for its capital projects scheduled for FY 2018. This reflects revisions to several projects and is largely consistent with its capital budget request. *The Governor recommends \$0.4 million less than requested. The revised recommendation includes \$1.1 million from Rhode Island Capital Plan funds for a correctional facilities study to review options to optimize the functioning of the Department's facilities. All projects are described in detail in the Capital Budget section of this publication.*

**Other Operations.** Excluding costs associated with institutional corrections, the Department requests \$0.1 million more than enacted from all sources of funds for all other expenses. The general revenue change reflects increased costs for supplies and postage and a new contract to study the accuracy of the Department's classification system. *The Governor recommends \$0.1 million less than requested from general revenues; the recommendation does not include the funding for the classification system study and reduces contracted services for the Parole Board by \$50,000 based on FY 2017 experience.*

**Donald Price Facility and Land Sale.** On November 30, the Department submitted a corrective action plan that proposes selling one of the vacant facilities under its control. This is identical to a proposal in its FY 2019 constrained request to sell the Donald Price facility and land. Both the corrective action plan and the FY 2019 constrained request identify \$8.6 million in new revenues from the sale. Funds raised from sale of land would be deposited into the state's restricted Information Technology Investment Fund. *The Governor does not recommend this proposal.*

## Judicial Department

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Program</b>				
Supreme Court	\$ 35,968,677	\$ 39,508,752	\$ 40,385,684	\$ 39,572,606
Defense of Indigent Persons	3,968,213	3,803,166	3,803,166	3,960,979
Commission on Judicial Tenure & Discipline	421,280	146,008	147,222	147,025
Superior Court	23,342,107	23,842,384	23,792,249	23,734,709
Family Court	23,349,622	23,603,777	23,501,407	23,440,459
District Court	12,738,112	13,514,864	13,357,302	13,317,912
Traffic Tribunal	8,942,992	9,468,420	8,917,336	8,889,233
Workers' Compensation Court	7,633,693	8,118,883	8,118,883	8,100,685
<b>Total</b>	<b>\$ 116,364,696</b>	<b>\$ 122,006,254</b>	<b>\$ 122,023,249</b>	<b>\$ 121,163,608</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 82,979,506	\$ 87,457,953	\$ 86,276,634	\$ 86,007,803
Contracted Services	1,576,488	1,959,532	2,170,838	2,170,838
<b>Subtotal</b>	<b>\$ 84,555,994</b>	<b>\$ 89,417,485</b>	<b>\$ 88,447,472</b>	<b>\$ 88,178,641</b>
Other State Operations	13,337,643	13,165,472	12,887,581	12,985,475
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	10,924,326	11,187,658	10,914,298	10,914,298
Capital	7,546,733	8,235,639	9,773,898	9,085,194
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 116,364,696</b>	<b>\$ 122,006,254</b>	<b>\$ 122,023,249</b>	<b>\$ 121,163,608</b>
<b>Sources of Funds</b>				
General Revenue	\$ 97,047,499	\$ 98,964,477	\$ 98,964,478	\$ 98,820,554
Federal Aid	3,382,829	3,411,144	3,160,363	3,155,538
Restricted Receipts	12,327,663	12,530,633	11,951,357	11,929,169
Other	3,606,705	7,100,000	7,947,051	7,258,347
<b>Total</b>	<b>\$ 116,364,696</b>	<b>\$ 122,006,254</b>	<b>\$ 122,023,249</b>	<b>\$ 121,163,608</b>
<b>FTE Authorization</b>	<b>723.3</b>	<b>723.3</b>	<b>723.3</b>	<b>723.3</b>
<b>FTE Average</b>	<b>673.6</b>			

**FY 2018 Revised Request.** The Judiciary requests an additional \$16,995 of spending for FY 2018 including the enacted level of general revenues, \$0.3 million less from federal funds, \$0.6 million less from restricted receipts, and \$0.8 million more from Rhode Island Capital Plan funds.

*The Governor recommends \$0.8 million less than enacted including \$0.1 million less from general revenues. This is \$0.9 million less than requested including \$0.1 million less from general revenues. Excluding centralized services transferred from the Department of Administration, the recommendation is \$0.9 million less than enacted from all sources of funds, including \$0.2 million less from general revenues.*

**Pay-Go Judges Pensions.** The revised request includes a reduction of \$0.2 million, including \$220,138 less from general revenues and \$3,262 less from restricted receipts for retirement costs for judges and magistrates hired before 1990 who are not part of the state employees' retirement system. The pension costs are paid through an annual appropriation on a pay-as-you-go basis rather than the retirement trust fund. This revision reflects the passing of one judge and two judges' spouses, as well as updated estimates for newly retired judges. The Judiciary has noted there are currently six remaining active judges whose pensions will be paid this way and they all meet the eligibility threshold to retire. *The Governor recommends funding as requested.*

**Veterans' Treatment Court.** The Veterans' Treatment Court functions as a specialized calendar within the District Court. The specialized calendar is a jail diversion program aimed at addressing veterans charged primarily with misdemeanor offenses. The 2015 Assembly increased the number of District Court judges from 12 to 13 and established the Veterans' Calendar in statute. It added 1.0 full-time equivalent position and \$234,000 from general revenues for the new judge position. The Judiciary also receives federal grant awards which allow it to expand operations to serve a larger population of veterans and provides additional services.

The Judiciary requests \$0.1 million less than enacted from federal funds. The Judiciary indicates that a three-year grant is expiring in FY 2018 and notes that additional funding from the grant is not expected. *The Governor recommends \$198 less than requested to reflect statewide medical benefit savings.*

**Indigent Defense Services.** The Judicial Department requests the enacted level of \$3.8 million from general revenues for indigent defense services. This program assigns private attorneys to clients that the Office of the Public Defender is unable to provide legal representation services to because of conflicts of interest. In FY 2015 actual expenses were \$3.9 million, \$3.9 million was spent in FY 2016, and \$4.0 million reported for FY 2017. *The Governor recommends \$3.8 million as enacted and requested.*

**Judicial Appointments.** The FY 2018 enacted budget includes \$0.8 million from general revenues to fill three magistrate positions, one each in Superior Court, District Court, and Family Court. The Judiciary's request reflects \$33,121 less than enacted, which reflects filling those positions in addition to two recently confirmed associate justices, one each in Superior Court and Family Court, offset by a reduction to reflect judicial turnover in Superior Court and District Court. *The Governor recommends funding as requested.*

**District Court Bail Unit Staff.** The 2017 Assembly added \$250,000 from general revenues for three new District Court bail unit staff to be filled from vacancies within the Judiciary's staffing authorization. The Judiciary indicates that two of the positions have been filled in the second quarter of FY 2018, and it will decide whether to fill the third position once second quarter projections are completed for District Court and the entire Department. The third position is not currently reflected in the Judiciary's budget projections; leaving that vacant accounts for savings of \$112,500 from general revenues. *The Governor's recommendation is consistent with the Judiciary's assumptions regarding positions to be filled in FY 2018.*

**Collections Unit.** The FY 2018 enacted budget assumes that \$0.8 million from restricted receipts will be utilized to fund a new collections unit that would be staffed by 7.0 full-time equivalent positions, including one assistant director, two monitoring evaluation specialists, three monitoring revaluation specialists, and one project manager; the positions would be filled within the agency's current staffing authorization. However, the Judiciary has indicated that the collections unit is not going forward given its concerns about turnover in its budget. The Judiciary is repurposing restricted receipts that the enacted budget assumes for personnel costs to other expenditures, including for work relating to the case management system. *The Governor's recommendation is consistent with the Judiciary's request.*

**Other Salaries and Benefits.** The Judiciary requests \$1.1 million less than enacted, including \$0.3 million more from general revenues, \$0.1 million less from federal funds, and \$1.3 million less from restricted

receipts for salaries and benefits excluding the items discussed separately. The Judiciary is repurposing restricted receipts that the enacted budget assumes for personnel costs to other expenditures, including \$0.5 million for information technology expenses relating to the case management system. The overall reduction of \$1.1 million mostly reflects additional turnover savings. The revised request contains \$3.1 million of turnover savings; based on the Judiciary's average salary per position of \$73,332, this is equivalent to 42.3 positions. As of the pay period ending November 25, 2017, the Judiciary had 35.9 vacant positions. *The Governor recommends \$0.3 million less than requested, including \$0.2 million less from general revenues to reflect statewide medical benefits savings. As of the pay period ending January 20, the Judiciary has 44.9 vacant positions.*

**Case Management System.** The Judiciary requests \$0.5 million more from restricted receipts available from indirect cost recoveries for ongoing work relating to its case management system. This reflects \$0.5 million not included in the enacted budget to develop a jury system within the new case management system and \$18,000 more to reflect carry-forward funds from a State Justice Institute grant for best practices and strategies in implementing the system. It should be noted that the Judiciary's request is repurposing restricted receipts that the enacted budget assumes for personnel costs to the case management system. This requires state general revenues to support those positions or to keep them vacant. The system will enable electronic filing for all courts through the internet, and will replace the current system that relies on duplicated data input and paper files. *The Governor recommends funding as requested.*

**Other Court Technology.** The Judiciary requests \$0.1 million more than enacted from general revenues and the enacted level of restricted receipts for information technology improvements throughout the court system, which are not related to its case management system. The changes include \$0.1 million more for contract work for report writing, network support, and applications support; \$34,510 less to reflect updated information on software maintenance agreements; and \$0.1 million more for expenditures relating to additional storage for documents and digital recordings. The request also includes funding to purchase copiers equipped with scanners. *The Governor recommends funding as requested.*

**Interpreters and Translators.** The Department requests the enacted level of \$0.3 million, including \$308,000 from general revenues and \$24,000 from restricted receipts for interpreter and translator services for FY 2018. The Judiciary noted that expenses have increased in recent fiscal years because of federal requirements for language access for which no funding has been provided by the federal government. *The Governor recommends funding as enacted and requested.*

**Outside Legal Services.** The Judiciary requests \$35,000 less than enacted, including \$50,000 less from general revenues and \$15,000 more from restricted receipts for outside legal services. The request is \$0.2 million less than FY 2017 expenditures, which reflects expenditures for a judicial tenure and discipline matter involving a District Court associate judge, for which there was a public hearing and a significant amount of legal and investigatory work. *The Governor recommends funding as requested.*

**Facilities and Operations.** The Department requests \$0.1 million more than enacted, including \$0.2 million less from general revenues and \$0.2 million more from restricted receipts for contracted services and purchases related to facility repairs, utilities, and maintenance. The funding is based on an assessment of the Judiciary's current facilities and maintenance needs and includes, for example, janitorial services, inspection and repair of elevators and HVAC systems, minor renovations and repairs and other routine building maintenance. The largest general revenue change is a \$0.1 million reduction to remove maintenance costs for equipment no longer in use. The restricted receipts are derived from indirect cost recoveries, the workers' compensation administrative fund, and the judiciary technology surcharge that is used in part to offset the costs of technology infrastructure. The requested changes in restricted receipts primarily reflect an increase for replacing work stations that have broken desks and chairs and other limited capability with ergonomically correct work stations. The Judiciary is repurposing restricted receipts that

the enacted budget assumes for personnel costs to other expenditures, including replacing the work stations. *The Governor recommends funding as requested.*

**Capital Projects.** The Department requests \$0.8 million more than enacted from Rhode Island Capital Plan funds for capital projects during FY 2018. This includes funding for the restoration of the Licht Judicial Complex, the build out of the shelled courtrooms at the Noel Judicial Complex, the replacement and/or restoration and/or cleaning of the heating, ventilation and air conditioning system for all judicial complexes, and asset protection projects. The Judiciary's FY 2018 revised request is not consistent with its FY 2019 through FY 2023 capital request in that the operating request includes unspent funds from FY 2017; the agency noted that some of the unspent funds were excluded from its capital request and the totals in the operating request are correct. *The Governor recommends \$0.7 million less than requested from Rhode Island Capital Plan funds in FY 2018. These projects are discussed in greater detail in the Capital Budget section of this publication.*

**Superior Court Diversion Program.** The Judiciary requests \$50,000 from general revenues for additional risk assessments as part of a new Superior Court diversion program, for which no funding is included in the enacted budget. The additional risk assessments are for defendants who score as high risk on a risk screen required by Chapter 342 of the 2017 Public Laws, one of several justice reinvestment bills signed into law on September 28, 2017.

[Staff Note: The Judiciary inadvertently included the funding in District Court instead of Superior Court where it had intended.] *The Governor recommends funding as requested. The recommendation does not correct the error noted.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor's budget adds \$97,894 from general revenues for the Judiciary's share of centralized information technology services.*

**Other Operations.** The Department requests \$26,086 less for all other expenses. This includes \$0.1 million more from general revenues, \$0.1 million less from federal funds, and \$13,171 less from restricted receipts, primarily from the workers' compensation administrative fund. The requested changes are for expenditures such as rental costs, insurance, computer equipment, telephone and travel costs. Many of the larger changes better reflect actual FY 2017 experience. The general revenue increases include advertising costs for the Court Appointed Special Advocate program, new judges training, rental costs for jurors' parking, and a claim filed in a judicial tenure and discipline matter that has resulted in increases in professional liability insurance. *The Governor recommends funding as requested.*

## Military Staff

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 8,067,674	\$ 8,837,758	\$ 7,931,430	\$ 8,860,831
Contracted Services	1,454,702	1,812,118	1,592,478	1,592,478
<b>Subtotal</b>	<b>\$ 9,522,376</b>	<b>\$ 10,649,876</b>	<b>\$ 9,523,908</b>	<b>\$ 10,453,309</b>
Other State Operations	5,642,764	7,020,793	5,756,221	6,663,805
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	281,535	314,150	324,600	324,600
Capital	858,482	20,193,123	21,150,137	20,954,619
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 16,305,157</b>	<b>\$ 38,177,942</b>	<b>\$ 36,754,866</b>	<b>\$ 38,396,333</b>
<b>Sources of Funds</b>				
General Revenue	\$ 2,571,436	\$ 2,634,057	\$ 2,329,743	\$ 3,909,160
Federal Aid	13,177,843	27,746,960	25,842,653	26,300,221
Restricted Receipts	56,876	100,000	100,000	100,000
Other	499,002	7,696,925	8,482,470	8,086,952
<b>Total</b>	<b>\$ 16,305,157</b>	<b>\$ 38,177,942</b>	<b>\$ 36,754,866</b>	<b>\$ 38,396,333</b>
<b>FTE Authorization</b>	<b>92.0</b>	<b>92.0</b>	<b>92.0</b>	<b>92.0</b>
<b>FTE Average</b>	<b>83.7</b>			

**FY 2018 Revised Request.** The Military Staff's revised request includes \$1.4 million less than enacted, including \$0.3 million less from general revenues, \$1.9 million less from federal funds, the enacted level of restricted receipts, and \$0.8 million more from Rhode Island Capital Plan funds. The agency subsequently provided information clarifying that it had intended to include \$1.0 million more from general revenues for the firefighters program. Corrected for that, the revised request is \$0.4 million less than enacted, including \$0.7 million more from general revenues.

*The Governor recommends \$0.2 million more than enacted, including \$1.3 million more from general revenues. Excluding centralized services transferred from the Department of Administration, the recommendation is \$693,261 less than enacted from all sources of funds, including \$477,835 more from general revenues. The Governor proposes legislation in Article 3 of 2018-H 7200 to reform the injured on duty laws as it relates to state employees.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. None of these savings has been attributed to this agency.*

**Firefighters Injured on Duty Transfer.** The Military Staff requests \$1.1 million less than enacted for salaries and benefits for the Rhode Island National Guard firefighters program, including \$0.4 million less from general revenues and \$0.7 million less from federal funds. The agency subsequently provided information clarifying that it had intended to include \$1.0 million more from general revenues. Corrected for that, the request is \$38,369 less than enacted and shifts \$0.7 million from federal sources to general revenues, reflecting that the federal government does not fund “injured on duty” firefighters. Under state law, firefighters injured on duty continue to receive their regular pay.

The Military Staff received a variance from the National Guard Bureau allowing it to use federal funds for firefighter compensation above the federal General Schedule wage cap, but there has been an increase in firefighters injured on duty in FY 2017 and FY 2018. The budget assumes funding for approximately three injured on duty firefighters based on previous years’ experience, but the Military Staff indicates that as many as eight of its 30.0 full-time firefighting positions have been injured on duty in FY 2018 and seeks to amend current law to place the firefighters under the same workers’ compensation provisions and regulations as the majority of other state employees.

*The Governor recommends \$3.5 million, which is \$50,177 less than enacted from all sources. The recommendation shifts \$0.5 million from federal sources to general revenues, which is \$0.2 million less from general revenues than the agency had intended to request because two firefighters have returned to work in recent months. There were eight injured on duty firefighters in the fall of 2017 and currently there are six. The Governor proposes legislation in Article 3 of 2018-H 7200 to reform the injured on duty laws as it relates to state employees and assumes \$0.3 million of general revenue savings for the Military Staff in FY 2019.*

**Other Salaries and Benefits.** The Military Staff requests \$0.2 million more than enacted, including increases of \$64,042 from general revenues and \$114,303 from federal funds for salaries and benefits for the remaining 62.0 full-time equivalent positions. This primarily reflects unachieved turnover savings equivalent to approximately two positions. *The Governor recommends \$88,200 less than requested from all fund sources, including \$67,806 less from general revenues. This reflects \$43,839 of statewide medical benefit savings and \$44,361 of additional turnover savings; the recommendation assumes fewer positions will be filled than was assumed in the request. As of the pay period ending January 20, the Agency has 10.0 vacant positions.*

**Counterdrug Asset Forfeiture.** The Military Staff’s revised request includes \$180,000 more from federal fund expenditures planned from asset forfeitures generated from the Guard’s counterdrug activities. The funds are part of the state’s overall Google settlement, and will be used for travel expenses and supplies in support of the Guard’s counterdrug operations. Funding in FY 2018 will be utilized primarily for architectural and engineering services for a new counterdrug facility at Camp Fogarty in East Greenwich. Total Google settlement funds allocated to the Military Staff are \$5.0 million; the FY 2018 revised request includes \$209,500. *The Governor recommends funding as requested.*

**Military Funeral Honors.** The Military Staff requests \$10,450 more than enacted from general revenues to reflect the projected cost for military funeral honors in FY 2018. Retired military members are paid a \$50 stipend to perform military honors at the funerals, including a firing party as well as a bugler playing “Taps.” The National Guard pays stipends for two individuals. *The Governor recommends funding as requested.*

**Facilities Maintenance.** The Military Staff requests \$1.7 million less from all funds, including decreases of \$0.1 million from general revenues and \$1.7 million from federal funds for facility repairs and maintenance. This includes minor renovations and repairs at all National Guard facilities, projects at other armories and militia facilities, custodial services at armories, security services, and fire inspection. The agency indicated that its request includes adjustments to general revenues and federal funds based on

revisions to the projects expected to move forward and better reflects the state and federal shares for specific projects. These are separate expenses from asset protection and other capital projects, discussed in a separate item. *The Governor recommends \$4,068 less than requested from general revenues, which more closely reflects actual expenditures in recent fiscal years for building maintenance and repairs.*

**Utilities.** The Military Staff requests \$0.6 million less than enacted to reflect anticipated expenditures for electricity, fuel, water and sewer payments, which are shared expenses with the National Guard. This includes a decrease of \$0.7 million from federal funds and an increase of \$0.1 million from general revenues for the state share. The requested changes are based on the anticipated usage and rates in the current year and include updated estimates for the new Quonset simulator building. The Military Staff also notes that the shares of general revenues and federal funds are dependent on the anticipated usage in buildings that vary from 100 percent federally funded, 75 percent from federal sources and 25 percent from general revenues, or 50 percent each from federal funds and general revenues. *The Governor recommends funding as requested.*

**Capital Projects.** The Military Staff requests \$1.7 million more than enacted to be used for capital projects at buildings under its purview throughout the state. This includes \$0.9 million more from federal funds and \$0.8 million more from Rhode Island Capital Plan funds. The changes include \$1.2 million more for asset protection projects and \$0.5 million more for the Joint Force Headquarters Building project. The Military Staff's FY 2018 revised request is consistent with its FY 2019 through FY 2023 capital request. *The Governor recommends \$0.2 million less than requested from federal sources and Rhode Island Capital Plan funds. A detailed description of the projects is included in the Capital Budget section of this publication.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor's budget adds \$0.9 million from all fund sources, including \$0.8 million from general revenues for the Military Staff's share of centralized services. This includes \$0.7 million for facilities management, \$0.1 million for human resources, and \$35,199 for information technology services.*

**Other Operations.** The Military Staff requests \$0.1 million less for all other expenses for the National Guard, including decreases of \$6,141 from general revenues and \$96,758 from federal funds. The changes reflect numerous adjustments to expenses including supplies, information technology, insurance and travel expenses. The largest change is a \$52,042 reduction for building supplies and equipment; this better reflects actual expenditures in the last two completed fiscal years. *The Governor recommends funding as requested.*



## Rhode Island Emergency Management Agency

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 2,562,198	\$ 3,416,526	\$ 3,416,526	\$ 3,271,009
Contracted Services	1,023,509	870,006	870,006	870,006
<b>Subtotal</b>	<b>\$ 3,585,707</b>	<b>\$ 4,286,532</b>	<b>\$ 4,286,532</b>	<b>\$ 4,141,015</b>
Other State Operations	3,885,717	2,980,716	2,980,716	3,164,812
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	5,988,314	9,132,990	9,632,990	9,632,990
Capital	685,894	2,054,414	2,054,414	2,244,164
Capital Debt Service	1,494,415	-	-	-
Operating Transfers	88,997	-	-	-
<b>Total</b>	<b>\$ 15,729,044</b>	<b>\$ 18,454,652</b>	<b>\$ 18,954,652</b>	<b>\$ 19,182,981</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,847,856	\$ 1,734,470	\$ 1,734,470	\$ 1,917,262
Federal Aid	12,200,383	14,775,673	15,275,673	15,132,473
Restricted Receipts	186,389	450,095	450,095	449,082
Other	1,494,414	1,494,414	1,494,414	1,684,164
<b>Total</b>	<b>\$ 15,729,042</b>	<b>\$ 18,454,652</b>	<b>\$ 18,954,652</b>	<b>\$ 19,182,981</b>
<b>FTE Authorization</b>	<b>29.0</b>	<b>32.0</b>	<b>32.0</b>	<b>32.0</b>
<b>FTE Average</b>	<b>22.7</b>			

**FY 2018 Revised Request.** The Rhode Island Emergency Management Agency requests \$0.5 million more than enacted from federal funds. *The Governor recommends \$0.7 million more than enacted, including \$0.2 million more from general revenues. This is \$0.2 million more than requested, including \$0.2 million more from general revenues. Excluding centralized services transferred from the Department of Administration, the recommendation is \$0.5 million more than enacted from all sources of funds, including \$1,304 less from general revenues.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. None of these savings has been attributed to this agency.*

**Salaries and Benefits.** The Agency requests funding as enacted for salary and benefit expenditures. *The Governor recommends \$145,517 less than requested from all fund sources, including \$1,304 less from general revenues. This reflects \$134,829 for additional turnover savings and \$10,688 for statewide benefit savings. As of the pay period ending January 20, the Agency has 4.0 vacant positions.*

**State Homeland Security Grant.** The Emergency Management Agency requests \$0.5 million from federal funds for a homeland security grant not included in the enacted budget. The Agency indicates that it was notified about the grant award in fall 2017, and the funds will be utilized to address state-wide vulnerabilities that have been identified through the Agency's annual threat and hazard identification and risk assessment. The Agency also includes funding from this grant in its FY 2019 request. *The Governor recommends funding as requested.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor's budget adds \$0.2 million from general revenues for the Emergency Management Agency for its share of centralized services. This includes \$43,200 for human resources and \$140,896 for information technology services.*

**Capital Projects.** The Agency's FY 2018 revised operating budget inadvertently excludes \$0.2 million from Rhode Island Capital Plan funds carried over from FY 2017 for a feasibility study concerning a state-owned building on Colorado Avenue in Warwick for its use. The Agency included the funds in its capital request. *The Governor's recommendation includes the \$189,750 for the feasibility study in FY 2018. A detailed description of this project is included in the Capital Budget section of this publication.*

## Department of Public Safety

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 7,558,233	\$ 11,933,952	\$ 8,506,713	\$ 7,712,163
E-911	5,212,709	5,894,522	6,305,881	5,449,970
Fire Marshal	5,884,663	4,231,136	4,365,581	4,556,284
Capitol Police	3,842,148	3,848,421	4,654,144	4,098,084
Sheriffs	19,171,479	20,089,022	19,966,553	19,845,107
Municipal Police Training Academy	524,267	508,779	727,750	744,623
State Police	93,381,395	74,471,254	78,631,474	78,810,725
<b>Total</b>	<b>\$ 135,574,894</b>	<b>\$ 120,977,086</b>	<b>\$ 123,158,096</b>	<b>\$ 121,216,956</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 112,413,976	\$ 82,087,922	\$ 85,776,613	\$ 97,769,475
Contracted Services	875,425	850,985	1,300,705	1,231,117
<b>Subtotal</b>	<b>\$ 113,289,401</b>	<b>\$ 82,938,907</b>	<b>\$ 87,077,318</b>	<b>\$ 99,000,592</b>
Other State Operations	9,371,209	10,775,681	12,694,057	12,300,825
Aid to Local Units of Government	-	-	-	16,704
Assistance, Grants, and Benefits	5,479,280	26,643,380	22,567,886	6,007,110
Capital	7,360,004	619,118	818,835	3,891,725
Capital Debt Service	-	-	-	-
Operating Transfers	75,000	-	-	-
<b>Total</b>	<b>\$ 135,574,894</b>	<b>\$ 120,977,086</b>	<b>\$ 123,158,096</b>	<b>\$ 121,216,956</b>
<b>Sources of Funds</b>				
General Revenue	\$ 100,470,190	\$ 100,279,086	\$ 105,390,059	\$ 100,907,421
Federal Aid	28,088,335	14,879,669	12,129,760	13,397,105
Restricted Receipts	297,373	415,924	415,924	908,473
Other	6,718,996	5,402,407	5,222,353	6,003,957
<b>Total</b>	<b>\$ 135,574,894</b>	<b>\$ 120,977,086</b>	<b>\$ 123,158,096</b>	<b>\$ 121,216,956</b>
<b>FTE Authorization</b>	<b>615.6</b>	<b>611.6</b>	<b>611.6</b>	<b>611.6</b>
<b>FTE Average</b>	<b>596.4</b>			

**FY 2018 Revised Request.** The Department's revised request includes \$2.2 million more than enacted from all sources of funds. This includes \$5.1 million more from general revenues, \$2.7 million less from federal funds, and \$0.2 million less from other funds. The request appears to contain errors that overstate the intended general revenue total by \$1.1 million.

The request includes the authorized level of staffing. This includes 3.0 new positions, one each in Central Management, Fire Marshal and the Sheriffs Division, offset by a reduction of 3.0 positions in the State Police.

*The Governor recommends \$0.2 million more than enacted from all sources, including \$0.6 million more from general revenues. Excluding the cost of centralized services transferred from the Department of*

*Administration, the recommendation is \$1.0 million less than enacted and \$3.1 million less than requested. She recommends the authorized level of staffing. As of the pay period ending January 20, the Department has 41.6 positions vacant.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses.

*The Governor's budget adds \$1.2 million from general revenues for the Department's share of centralized services. This includes \$0.1 million for facilities management, \$0.9 million for human resources support, and \$0.2 million for information technology services.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. For the Department of Public Safety, the budget identifies \$1.4 million as a measure to reach the undistributed savings goal. The savings are included in the items described in the following analysis where appropriate.*

### **Central Management**

**New Public Information Officer (1.0 FTE).** The Department requests \$142,159 from general revenues to fund a public information officer position to assist State Police staff with media inquiries and public relations. It should be noted that the Department included this position in its FY 2015 through FY 2017 operating budget requests, but the Governor did not recommend the position and the Assembly concurred. The Governor did recommend the position in FY 2018, but the Assembly did not fund it. Despite that lack of approval, the Department filled the position during the second half of FY 2017 and includes the funding to support it in its revised request. *The Governor concurs.*

**Other Salaries and Benefits.** The Department requests \$0.4 million more from all sources, including \$0.5 million more from general revenues and \$0.1 million less from federal funds for other staffing costs in Central Management. It appears that the request inadvertently included funding for positions that were transferred to the Department of Administration as part of the enacted budget, and savings from vacancies are represented as additional costs. Adjusted for these errors, the request was intended to be \$44,879 less than enacted to reflect savings from current vacancies. As of the last pay period in December, the Division had one position vacant. *The Governor recommends \$359,039 less than enacted from all funds, including \$44,138 less from general revenues, reflective of turnover and medical benefit savings. Changes to federal funds reflect updated staffing allocations.*

**Crime Victim Assistance.** The Department requests \$4.1 million, which is \$4.1 million less than enacted from federal funds for the Crime Victim Assistance program administered by the Public Safety Grant Administration Office. The request reflects current grant awards and anticipated expenditures. The decrease reflects adjusted payment of awards that support efforts that include responding to emotional and physical needs of crime victims. The Department spent \$2.0 million in FY 2016 and \$4.1 million in FY 2017 for the program. The revised request is \$0.2 million more than reported expenditures in FY 2017. *The Governor recommends funding as requested.*

**Software Maintenance Agreement.** The Department requests \$71,468 more than enacted from the Sex Offender Registration and Notification Act grant to reflect an unspent balance from FY 2017 carried forward to FY 2018. No funding was included in the enacted budget. The funds will be used towards a software maintenance agreement. The Department reported expenditures of \$55,629 in FY 2017. *The Governor recommends funding as requested.*

**Other Expenses.** The Department requests \$61,447 more than enacted for other federal Department of Justice grant programs administered by the Public Safety Grant Administration Office. The request is reflective of current awards and funds carried forward from the prior year. Of the increase, \$27,403 is from the Grants to Encourage Arrest Policies Program, which provides funding to support state, local, and tribal governments' efforts to treat domestic violence as a serious violation of criminal law. The request includes the enacted amount of \$21,931 from general revenues for all other expenses. *The Governor recommends \$16,762 less than requested, including \$2,066 more from federal funds, offset by \$18,828 less from general revenues, based on historical spending patterns.*

### **E-911**

**Cybersecurity Contract.** The Department requests \$100,000 more than enacted from general revenues for the contract to protect its network from cyber-attacks and malware threats. However, it only identified expenses totaling \$65,236. The Department indicates the contract includes a real-time protection tool against intrusions and exfiltration of data and service costs. The contract service agreement is in effect until November 2018. It should be noted that the 2017 Assembly provided additional general revenue funding of \$112,700 for cybersecurity monitoring and network transition costs. *The Governor does not recommend the additional funding.*

**Salaries and Benefits.** The Department requests \$0.3 million more from general revenues for salaries and benefits costs for the E-911 program's 47.6 positions. However, it appears the request was intended to be for \$0.2 million less than enacted, but savings from vacancies are represented as additional costs. The FY 2018 enacted budget assumed \$49,960 in turnover savings, but as of December 2017, the Division had 6.6 vacancies. It appears the intent of the Department was to fill about half of the vacancies. The request also includes \$56,000 more for overtime expenses related to these vacancies.

*The Governor recommends \$0.4 million less than enacted primarily to reflect savings from employees participating in the voluntary retirement incentive program. This assumes that all vacant positions will remain unfilled for the remainder of the fiscal year.*

**Other Expenses.** The Department's request includes the enacted amount of \$1.3 million from general revenues for all other operating expenses. *The Governor recommends \$0.1 million less than enacted, mostly from computer supplies. It appears that these reductions are assumed as part of the undistributed savings initiative. The recommendation is \$0.3 million more than FY 2017 expenses.*

### **Fire Marshal**

**New Technician – Bomb Squad (1.0 FTE).** The Department requests \$78,032 from general revenues to fund a new technician position to serve the Rhode Island Bomb Squad. The Fire Marshal's Office is responsible for all fire code inspections, fire investigations and bomb squad activity. The Rhode Island State Bomb Squad is the only United States Federal Bureau of Investigation certified and accredited bomb squad in the state. The Office currently has three explosives and flammable liquids technicians assigned to the bomb squad, but the Governor included funding for an additional position in her FY 2018 budget recommendation but the Assembly did not concur. *The Governor does not recommend funding or staffing authorization.*

**Bomb Squad Grant.** The Department requests \$95,688 more from federal funds to reflect the carry-forward of unspent funds from FY 2017 for the Bomb Squad Unit. The funds will be used for supplies, such as flashlights, gloves and batteries. *The Governor recommends funding as requested.*

**Other Staffing and Operations.** The Department requests \$39,275 less from all sources, including a reduction of \$29,903 from general revenues and \$9,372 from other funds for other salaries and benefits costs for the Division of State Fire Marshal. The request includes savings of \$35,140 from all sources attributable to updated benefit employee selections. However, the Department did not budget turnover savings correctly in the request, for which the enacted budget assumed \$43,623. The request includes funding for the authorized level of 35.0 full-time equivalent positions. It appears the Department's intent was to fill 1.7 full-time equivalent vacancies. Adjusted for this error, the request is \$0.3 million less than enacted. As of the last pay period in December, the Division had four positions vacant.

The request includes the enacted amount of \$1.0 million for all other operating expenses.

*The Governor recommends \$0.4 million less than enacted from all sources, primarily from general revenues. This includes \$0.1 million more for an updated loan payment for vehicles purchased, offset by \$0.4 million less for salaries and benefits to primarily reflect savings from employees participating in the voluntary retirement incentive program.*

*The Governor also proposes legislation in Article 3 of 2018-H 7200 to consolidate licensing and regulation relating to building and construction design, inspection, and enforcement of building and fire codes. The legislation transfers the State Fire Marshal from the Department of Public Safety to the Department of Business Regulation effective in FY 2019.*

**Capital - Fire Training Academy Building.** The FY 2017 final budget included \$2.8 million from Rhode Island Capital Plan funds to construct the new fire academy building. Phase I was funded from general obligation bond proceeds and completed in December 2011. Phase II of the project includes construction of a new classroom and administration building, the construction of an additional garage bay, and the installation of an electrified fence and back-up generators. It appears that \$2.3 million was spent, resulting in a balance of \$0.5 million. The Department's operating request did not include these funds. *The Governor includes the automatic reappropriation of \$524,503.*

## **Sheriffs**

**New Position/Upgrades.** The Department requests authorization for a new captain position and \$34,940 from general revenues in new expenditures for salary and benefit costs associated with six promotions in the Sheriff's Division, for which the enacted budget included no funding. It appears the Division promoted a sergeant to a captain, two sergeants to lieutenants and promoted others into their vacancies. *The Governor concurs.*

**Staffing and Operations.** The Department requests \$0.2 million less from general revenues for other salaries and benefits for the Sheriff's Division. However, it appears the request was intended to be for \$0.3 million less than enacted, but savings from vacancies are represented as additional costs. The Department has \$0.2 million in savings in medical benefits based on the current complement of employees as well as \$0.1 million in turnover savings above the \$65,398 assumed in the enacted budget. As of the last pay period in December, the Division had 8.0 positions vacant. This suggest the funding request may exceed current year need.

*The Governor recommends \$0.5 million less from general revenues than requested, including \$0.3 million more for overtime based on current trend, and savings of \$0.7 million from turnover and benefits. This assumes that seven of the current vacant positions will remain unfilled for the remainder of the fiscal year.*

*It appears that \$0.4 million of the savings is from employees participating in the voluntary retirement incentive program and \$0.1 million is from medical benefit savings.*

*The recommendation includes \$18,667 less for operating expenses. Major changes include \$52,919 for an updated loan for vehicles purchased, offset by \$50,000 less for training.*

### **Capitol Police**

**Overtime Expenses.** The Department requests \$417,650 more than enacted from general revenues for Capitol Police overtime expenses. The Department spent \$483,834 in FY 2016 and \$539,944 in FY 2017 for overtime expenses. The revised request brings total funding to \$540,000 and is consistent with reported FY 2017 overtime expenditures. The FY 2018 recommended budget had lowered expected overtime expenses along with a recommendation for new hires. That recommendation was not fully enacted, but the associated overtime savings were not restored to account for that. *The Governor concurs and recommends an additional \$8,950 based on current trends.*

**Other Staffing and Operations.** The Department requests \$0.4 million more than enacted from general revenues for other salaries and benefits costs for the Capitol Police. However, it appears the request was intended to be for \$0.2 million less than enacted, but savings from vacancies are represented as additional costs and funds set aside for contract settlements are double counted. As of last pay period in December, the Division had three vacancies, which accounts for the intent to reflect savings from those vacancies.

The request includes the enacted amount of \$0.2 million for operating expenses. *The Governor recommends \$0.3 million less than enacted, reflective of the intended request and includes statewide medical benefit savings. The recommendation includes \$4,402 less for operating costs, which includes \$32,555 for an updated loan for vehicles purchased, offset by decreases for travel and training.*

### **Municipal Police Training Academy**

**Staffing and Operations.** The Department requests \$2,751 more than enacted from general revenues for staffing and operations of the Municipal Training Academy. This includes \$6,000 more for lease payments to the Community College of Rhode Island for use of classroom space at the Flannigan Campus. The request is \$6,722 more than FY 2017 reported expenditures. The Department indicated that this is attributable to the Community College increasing the monthly lease payment by \$500. The request includes a savings of \$3,249 from salaries and benefits and this appears to be overstated by \$2,305. *The Governor recommends \$1,811 more from general revenues than requested to primarily correct for overstated savings.*

**Federal Grant Adjustments.** The Department requests \$0.2 million more than enacted from federal funds for the Drug Recognition Expert/Standardized Field Sobriety Tests Training Grant, reflective of current awards. The grant provides funding to support the training and certification of law enforcement officers in the detection and identification of persons impaired by alcohol and/or drugs. *The Governor concurs and includes an additional \$15,000 for another federal grant award.*

### **State Police**

**57<sup>th</sup> Training Academy.** The Department requests new expenditures of \$0.3 million from all sources, including \$93,510 from general revenues and \$198,360 from Google settlement funds for the 57<sup>th</sup> Training Academy Class. It appears that a portion of the increase from general revenues was included in error as the FY 2018 enacted budget included \$88,535 from general revenues to begin the recruiting process at the end of FY 2018. This would continue through FY 2019 and the academy would begin around January 2019.

The revised request advances the recruitment process and assumes the academy begins before the end of FY 2018. The Department requests \$194,000 for physical exams and psychological testing, \$4,000 for food, and \$360 for rental of a field to conduct the academy. It should be noted that the acceleration of the schedule means that costs in FY 2019 would include both the training expenses as well as the expense of hiring the trainees. The added costs for FY 2019 will be more than \$2 million depending on the size of the class.

*The Governor recommends \$100,712 more than enacted from Google settlement funds for recruitment and preparation for an academy for 30 troopers. This brings total funding to \$189,247.*

**Pre-1987 Pensions.** The Department's request includes the enacted amount of \$16.6 million from general revenues for State Police pension benefits for sworn members who entered the Division before July 1, 1987. *The Governor concurs and includes a general revenue savings of \$173,684 based on a recent actuarial report.*

**Lottery/Gaming Unit.** The Department requests \$0.2 million less from other funds for salaries and benefits costs to support the authorized level of 7.0 full-time equivalent positions allocated to the Lottery/Gaming Unit. *The Governor recommends \$54,073 more than requested, based on current allocations and projected overtime costs.*

**Other Salaries and Benefits.** The Department requests \$2.2 million more from all sources for other salaries and benefits costs for the State Police. This includes \$1.7 million from general revenues, \$0.5 million from federal funds, and \$0.1 million from other funds. It appears that the Division restored the \$2.1 million of turnover savings assumed in the enacted budget and indicates that the funds would be used for personnel upgrades of its civilian staff and pay for other unfunded positions. As of the last pay period in December, the Division had 15.0 of its 284.0 full-time equivalent positions vacant.

*The Governor recommends \$0.9 million more than enacted from all sources, including \$0.5 million from general revenues to reflect pay increases for senior troopers and detectives. This also reflects adjustments for overtime based on current trends.*

**Diversity Study.** The Department requests \$125,000 new expenditures from general revenues for a study of recruitment practices aimed to improve diversity ranks in the Division, for which the enacted budget included no funding. The Department initially intended to fund this study from Google forfeiture funds in FY 2017. An issue with procurement led the Department of Justice to bar use of the forfeiture funds for this purpose. Final FY 2017 expenditures showed that \$125,000 was charged to general revenues instead. The current request brings total spending for this study to \$250,000. *The Governor recommends funding as requested.*

**Upgrade of Network System.** The Department requests \$1.2 million more from general revenues for software enhancements, purchase of laptops and computers, and equipment upgrades for the Rhode Island Law Enforcement Telecommunications System. The system provides law enforcement support to the State Police and Rhode Island municipalities. The Department indicated that the current software is outdated and will no longer be serviced in FY 2019. *The Governor recommends \$258,850 from general revenues to replace switches and a router at the State Police headquarters. She also recommends use of \$1.1 million in FY 2019 from Google settlement funds to purchase laptops, radios, fingerprint equipment, as well as software license renewals.*

**Armored Vehicle Replacement.** The Department requests new expenditures of \$0.2 million from federal forfeiture funds to purchase an armored tactical specialty vehicle. The Department would trade in an armored vehicle that it purchased 11 years ago. The FY 2017 final budget included funding for this vehicle;

however, the Department reported it was unable to complete the purchase before the end of FY 2017. *The Governor recommends funding as requested.*

**Vehicle Purchases.** Consistent with the enacted budget, the revised request did not include funding for the State Police to purchase new vehicles. However, its FY 2019 request includes \$3.5 million from general revenues to purchase new vehicles. The Department reported that it needs to replace vehicles due to the increased age of its fleet; including 118 vehicles that have over 100,000 mileages of use. *The Governor recommends use of \$1.4 million from Google settlement funds to purchase 25 vehicles in FY 2018 and \$2.7 million in FY 2019.*

**Fleet Maintenance.** The Department requests \$250,000 more than enacted from general revenues for maintenance, repairs, fuel and insurance costs associated with the Patrol Division's vehicle fleet. The Department indicates new expenditures reflect higher than expected maintenance cost estimates for repairs on high mileage vehicles. It should be noted that the enacted budget assumed savings of \$0.1 million from the Department's proposal to extend the time between oil changes. The Department reported expenditures of \$1.9 million in FY 2017. The revised request is \$171,622 more than reported expenditures in FY 2017. *The Governor recommends the requested \$250,000 from general revenues, offset by a reduction of \$327,795 from transportation reimbursement funds for vehicle maintenance.*

**Capital Projects.** The Department's request includes the enacted amount of \$0.4 million from Rhode Island Capital Plan funds for two ongoing capital projects. The request does not include the automatic reappropriation of \$0.7 million.

*The Governor includes the reappropriation and recommends an additional \$0.4 million, of which \$0.2 million is for the State Police to conduct a master plan of its properties. A detail description of the projects is included in the Capital Budget section of this publication.*

**Other Operations.** The Department requests \$0.2 million more than enacted from federal funds for all other expenses. This includes \$35,000 more for lecturers, \$75,000 for computer supplies and software equipment, and \$28,600 for software maintenance agreements. Of the increase, \$128,600 is from the Homeland Security Cyber Unit and Fusion Center Grant, which helps coordinate, report and mediate cyber incidents impacting public and private critical digital infrastructure to local, state, and federal law enforcement agencies.

*The Governor recommends \$0.1 million less than requested from all funds. This includes \$361,103 less from general revenues, including \$0.2 million less for uniforms; the Governor's undistributed savings initiative assumes \$82,500 from the reuse of uniforms. It also includes savings of \$0.1 million each from utilities and \$49,030 from building maintenance.*



## Office of the Public Defender

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 10,377,325	\$ 10,761,879	\$ 10,661,048	\$ 10,514,339
Contracted Services	188,796	256,285	254,767	254,767
<b>Subtotal</b>	<b>\$ 10,566,121</b>	<b>\$ 11,018,164</b>	<b>\$ 10,915,815</b>	<b>\$ 10,769,106</b>
Other State Operations	930,302	1,031,162	1,061,405	1,065,955
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	32,162	45,000	45,000	45,000
Capital	44,139	46,500	46,500	46,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 11,572,724</b>	<b>\$ 12,140,826</b>	<b>\$ 12,068,720</b>	<b>\$ 11,926,561</b>
<b>Sources of Funds</b>				
General Revenue	\$ 11,511,845	\$ 12,043,006	\$ 11,967,735	\$ 11,825,576
Federal Aid	60,879	97,820	100,985	100,985
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 11,572,724</b>	<b>\$ 12,140,826</b>	<b>\$ 12,068,720</b>	<b>\$ 11,926,561</b>
<b>FTE Authorization</b>	<b>93.0</b>	<b>93.0</b>	<b>93.0</b>	<b>93.0</b>
<b>FTE Average</b>	<b>89.8</b>			

**FY 2018 Revised Request.** The Office of the Public Defender requests \$72,106 less than enacted from all sources, including \$75,271 less from general revenues and \$3,165 more from federal funds. The Office subsequently submitted revisions to its operating budget request further reducing personnel costs by \$0.1 million from general revenues, primarily to reflect corrected benefit calculations. Adjusted for that, the request is \$0.2 million less than enacted.

*The Governor recommends \$214,265 less than enacted and \$23,943 less than the Office's revisions to its request, all from general revenues. Excluding centralized services transferred from the Department of Administration, the recommendation is \$226,358 less than enacted from all sources of funds, including \$229,523 less from general revenues. As of the pay period ending January 20, the Office has 4.0 vacant positions.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. For the Office of the Public Defender, the budget identifies \$213,325 from holding positions vacant as a measure to reach the undistributed savings goal.*

**Reappropriation – Parking Expenses.** The Governor reappropriated \$24,700 from general revenues for the Office of the Public Defender. The Office was not billed for the 26 parking spaces it has at the Convention Center from November through June 2017; the contract expired on October 31, 2017 and was recently renegotiated. The reappropriation reflects the monthly charge of \$2,600, or \$100 per space from November to June 2017 and an increase of \$25 per space per month from January to June 2017. *The Governor recommends funding as requested.*

**Turnover.** The Office requests \$0.1 million less than enacted from general revenues for salaries and benefits. It subsequently submitted revisions reducing its request by \$0.1 million to reflect corrections to salary and benefit calculations. Adjusted for that, the request is \$0.2 million less than enacted. The requested changes reflect actual employee benefit selections and additional turnover savings. *The Governor recommends \$247,540 less than enacted, including the \$213,325 of savings from holding positions vacant, largely consistent with the Office's revisions to its request. The recommendation also reflects \$34,215 of statewide medical benefit savings.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor's budget adds \$12,093 from general revenues for the Office of the Public Defender's share of centralized information technology services.*

**Other Operations.** The Office requests \$4,025 more than enacted, including \$860 more from general revenues and \$3,165 more from federal funds for all other expenses. The changes include \$14,700 less for case management services to reflect a change made by the Office, pursuant to which it has not been utilizing a part-time contract paralegal employee for about a year; \$13,182 more for contracted trial related expenses including increases for court stenographers based on actual spending in FY 2017, interpreters and translators based on the trending increase in these services and expert witnesses, primarily medical experts; and \$5,543 more for other changes such as telephone expenses and cost of legal compilations and subscription services that have increased in the past year. *The Governor recommends \$7,543 less than requested from general revenues. She does not provide the requested increases for telephone expenses and cost of legal compilations and subscription services.*

## Department of Environmental Management

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditure by Program</b>				
Office of the Director	\$ 8,894,989	\$ 9,596,360	\$ 9,513,841	\$ 11,051,227
Bureau of Natural Resources	43,969,719	61,819,758	62,497,230	65,084,443
Bureau of Environmental Protection	25,808,330	32,534,974	32,504,359	32,413,479
<b>Subtotal</b>	<b>\$ 78,673,038</b>	<b>\$ 103,951,092</b>	<b>\$ 104,515,430</b>	<b>\$ 108,549,149</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 48,716,042	\$ 50,882,714	\$ 51,124,478	\$ 50,496,474
Contracted Services	4,164,477	8,314,048	7,388,815	7,652,815
<b>Subtotal</b>	<b>\$ 52,880,519</b>	<b>\$ 59,196,762</b>	<b>\$ 58,513,293</b>	<b>\$ 58,149,289</b>
Other State Operations	12,352,663	14,727,828	14,930,204	17,443,291
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	3,688,671	7,734,976	7,616,907	7,366,907
Capital	9,751,185	22,241,526	23,405,026	25,539,662
Capital Debt Service	-	-	-	-
Operating Transfers	-	50,000	50,000	50,000
<b>Total</b>	<b>\$ 78,673,038</b>	<b>\$ 103,951,092</b>	<b>\$ 104,515,430</b>	<b>\$ 108,549,149</b>
<b>Sources of Funds</b>				
General Revenue	\$ 38,207,990	\$ 39,304,184	\$ 38,908,656	\$ 40,435,079
Federal Aid	19,397,456	33,399,312	34,068,178	34,487,171
Restricted Receipts	13,366,576	17,374,083	17,665,083	17,654,218
Other	7,701,016	13,873,513	13,873,513	15,972,681
<b>Total</b>	<b>\$ 78,673,038</b>	<b>\$ 103,951,092</b>	<b>\$ 104,515,430</b>	<b>\$ 108,549,149</b>
<b>FTE Authorization</b>	<b>399.0</b>	<b>400.0</b>	<b>400.0</b>	<b>400.0</b>
<b>FTE Average</b>	<b>381.1</b>			

**FY 2018 Revised Request.** The Department requests \$0.6 million more than the FY 2018 enacted budget including \$0.4 million less from general revenues, \$0.7 million more from federal funds, and \$0.3 million more from restricted receipts. *The Governor recommends \$4.0 million more than requested including \$1.5 million more from general revenues. Excluding centralized services transferred from the Department of Administration, the change to the enacted budget is \$2.1 million more from all sources including \$1.4 million less from general revenues.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. For the Department of Environmental Management, the budget identifies \$1.2 million from several items. These include the elimination of a*

*hearing officer position for a savings of \$53,615, a \$749,493 reduction of the clean diesel program, and \$396,325 of personnel savings from the voluntary retirement initiative.*

**Clean Diesel Program.** The Department requests \$0.4 million less than enacted from general revenues for the Clean Diesel Program. The Department indicates the reduction is being proposed to meet a portion of the \$25.0 million of undistributed savings included in the enacted budget. The 2016 Assembly included Article 16 of 2016-H 7454, Substitute A, as amended, to establish a Rhode Island Clean Diesel Fund within the Department. The purpose of this grant program is to reduce emissions from heavy-duty diesel engines operating on state roads and help companies improve supply chain efficiency. The law allows for up to ten percent of funds to be used for administration and outreach. The Department accepted applications for its first and presumably only grant round in May 2017. The Department indicated that as of December 2017, no grants have been given out. The Department's FY 2019 request excludes all the funds. *The Governor recommends \$749,493 less than enacted, leaving the program with \$250,000 remaining for grants.*

**Host Beach Communities.** The Department requests \$56,234 less than enacted from general revenues for payments to host beach communities based on actual collections. The Department collects fees for daily and seasonal parking at seven facilities across the state and reimburses the four host communities of Charlestown, Westerly, Narragansett and South Kingstown 27 percent of all daily parking fees collected from Memorial Day to Labor Day. *The Governor recommends funding as requested.*

**Parks and Recreation Seasonal Staff.** The Department requests \$83,382 more than enacted from general revenues for seasonal staff for the seasonal recreation program to reflect actual FY 2017 spending. The Department overspent the program by \$62,284 in FY 2017. The revised request also includes the updated impact of the minimum wage increase that takes effect January 1, 2018. *The Governor recommends funding as requested.*

**Food Safety Modernization Positions.** The Department requests \$0.2 million from general revenues and authorization for a new 1.0 implementation aide position and 1.0 programming services officer in the Division of Agriculture for FY 2019. The Department indicates that it needs new staff to work on the produce safety rule of the Food Safety Modernization Act, which was transferred to the Department from the Department of Health by the 2017 Assembly. The rule became effective January 2018. Subsequent to the budget submission, the Department received a grant for this program for \$0.1 million in FY 2018 and \$0.2 million in FY 2019.

*The Governor recommends \$0.1 million from federal funds to hire a programming services officer position for FY 2018 within the Department's enacted authorization. The recommended funding allows the position to be filled starting October 2017; however, the Department has not filled the position at the time of the Governor's budget submission.*

**Hearing Officers.** The Department requests the enacted level of \$0.4 million from general revenues for 1.0 chief hearing officer and 1.0 hearing officer within the Office of Administrative Adjudication. The Office adjudicates all appeals of enforcement actions taken by the many regulatory programs within the Department and hears enforcement appeals for alleged violations. According to Rhode Island General Law, Section 42-17.7-3, the Governor has the power, with the advice and consent of the Senate, to appoint up to four hearing officers for the Office.

*The Governor recommends eliminating one hearing officer position as a part of her proposal to achieve the \$25.0 million in undistributed savings. Although the officer's five-year term expired March 2017 and has not been renewed, the position has remained filled. The recommendation would save \$53,615, assuming it is vacant by March 1. This leaves the Office of Administrative Adjudication with one chief hearing officer.*

**Other Salaries and Benefits.** The Department requests \$0.2 million more than enacted for other salaries and benefits from all sources of funds. This includes \$42,000 more from general revenues, \$6,000 more from restricted receipts and \$110,382 more from federal funds. The increase reflects overtime based on FY 2017 spending and filling 1.0 of the Department's current vacant positions. *The Governor recommends \$0.6 million less than requested primarily from general revenues. The reduction includes \$0.4 million from turnover savings resulting from the voluntary retirement incentive program and \$0.1 million from statewide medical benefits savings.*

**Foundry Lease.** The Department requests \$46,290 more than enacted from general revenues for lease-related expenses at its headquarters facility, located at the Foundry Building in Providence. This includes \$258,358 less for rent, \$12,222 less for natural gas, and \$316,870 more for electricity based on new terms effective for FY 2018. In the previous lease, the Department paid the electricity once a year for the preceding year. Also included in the previous lease was a yearly credit allowance of \$118,750. In the new lease, the Department pays monthly and no longer receives a credit allowance. For FY 2018, the Department also owes for the previous year's electricity, without the credit. Therefore, the supplemental funding is for the following: the prior year's electricity and the next year's, a total of \$416,870. The FY 2019 electricity request is only for one year, \$208,000. Under the new lease, the Department will save \$162,580 in FY 2019. The FY 2016 enacted budget included Article 4, Section 4, which authorized a new lease agreement beginning July 1, 2016 for a term not to exceed ten years at a total cost not to exceed \$25.2 million. The square footage remains the same at 126,184 square feet. *The Governor recommends funding as requested.*

**Diesel Emissions Program.** The Department requests \$0.2 million more than enacted from federal funds to reflect a non-competitive grant from the United States Environmental Protection Agency to continue developing grant, rebate or low cost revolving programs to fund clean diesel projects. The enacted budget contains \$0.2 million for the program. The Department did not spend any of the appropriated funding in FY 2017. The United States Congress passed the Diesel Emissions Reduction Act in 2005 with the purpose of reducing public health risk from exposure to harmful diesel exhaust, and target areas of poor air quality and reducing diesel emissions from existing fleets that do not meet federal emission standards. *The Governor recommends funding as requested.*

**Great Swamp Shooting Range Expansion.** The Department requests \$1.0 million more than enacted, including \$0.7 million from federal funds and \$0.3 million from hunting license receipts, to expand the existing shooting range at the Great Swamp Management Area in West Kingston to include eight additional shooting lanes that are 100 yards long to complement the existing 50-yard range. The increase to federal funds reflects unspent funding from FY 2017 relating to a grant awarded to the Department by the United States Fish and Wildlife Service. Additionally, the Department is requesting to supplement these funds with its hunting license restricted receipts. There is \$0.6 million in the enacted budget for the program. *The Governor recommends funding as requested.*

**Narragansett Bay Reserve Operations.** The Department requests \$0.3 million more than enacted to reflect a newly received federal grant from the National Oceanic and Atmospheric Administration to support research on strategies to enhance salt marsh resilience against the effects of climate change. The grant, \$500,000 total over two years, was received by the Department in October 2017. The two-year study will be led by the Narragansett Bay National Estuarine Research Reserve, which is managed by the Department. This study is part of a national effort and will involve eight other National Estuarine Research Reserve sites across the country. *The Governor recommends funding as requested.*

**Mitigation of Multispecies Fishery Disaster.** The Department's request excludes \$1.0 million from federal funds in the enacted budget to reflect the end of a grant in a series of grants awarded by the National Oceanic and Atmospheric Administration as a result of the 2012 ground fish disaster declaration. The grant ended during the last fiscal year, and the item was unintentionally included in the FY 2018 request upon

which the enacted budget was based. *The Governor excludes the funding as requested.*

**Other Federal Grants.** The Department requests \$0.4 million more than enacted for expenses from its remaining federal funds. The enacted budget contains \$19.6 million for these programs. Major increases include \$0.1 million for wildlife development, \$0.1 million for boating safety, and \$50,000 for brownfields assessment grants. Major reductions include \$0.1 million for fish passage improvements, \$0.1 million for hunter safety courses, and \$30,000 for the restoration of an oyster reef. The Department spent \$19.4 million of its \$34.2 million appropriation, or 57.0 percent, from federal funds in FY 2017. The Department's revised request is consistent with its practice to request all available funding for the coming year. *The Governor recommends \$311,100 more than requested to reflect grants received following the budget submission. The increases include \$246,900 for coyote ecology and outreach, \$15,000 for the protection and monitoring of bats, \$5,000 for shellfish monitoring, and \$44,200 to study sturgeon in state waters.*

**Regional Greenhouse Gas Initiative.** The Department requests \$0.1 million less than enacted from restricted receipts for the regional greenhouse gas initiative. The enacted budget contains \$0.5 million for the program. The decrease relates to revisions on both the farm to energy program to provide energy efficiencies and renewable energy for farms in the state and the program to provide tree plantings on private property intended to lower home energy costs. Prior to FY 2015, Rhode Island General Law allowed the Department of Environmental Management and the Office of Energy Resources to use \$0.3 million or 5.0 percent, whichever is less, of the receipts from the Regional Greenhouse Gas auctions for administrative purposes. Article 7 of 2014-H 7133, Substitute A, as amended, increased the administrative percentage to 10.0 percent or \$0.3 million, whichever is greater. *The Governor recommends funding as requested.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor's budget adds \$2.5 million from general revenues and \$10,512 from restricted receipts for the Department of Environmental Management for its share of centralized services. This includes \$587,900 from general revenues for human resources services and the remaining \$1.9 million for information technology services.*

**Other Operations.** The Department requests \$51,506 more than enacted for all other expenses, including \$98,494 less from general revenues and \$150,000 more from restricted receipts. The reduction from general revenues reflects costs associated with the Department's fleet of vehicles to bring spending in line with FY 2017 actuals. The increase from restricted receipts primarily reflects \$120,000 more from shellfish and marine license receipts. The Division of Fish and Wildlife collects these to continue offering specific program activities, which include fisheries and wildlife research and management, freshwater fish hatcheries and fish stocking programs, habitat restoration, public access, land acquisition, education and information, public angling and hunting programs, and commercial fisheries management. The Department plans to use the shellfish and marine license receipts to support the significant work that needs to be done at the Fort Wetherill site. *The Governor recommends funding as requested.*

**Capital Projects.** Consistent with the enacted budget, the Department requests \$12.4 million from Rhode Island Capital Plan funds for 15 capital projects. Funding will be used for repairs to state owned dams, improvements to Fort Adams State Park, repairs and improvements to the state-owned piers in Galilee and Newport, construction of a new office facility for the natural resources division in the Arcadia Management Area, and improvements to the state's recreational facilities. *The Governor recommends \$2.1 million more than enacted from Rhode Island Capital Plan funds reflecting unspent funding from FY 2017 and other adjustments. The projects are described in detail in the Capital Budget section of this publication.*

## Coastal Resources Management Council

	FY 2017	FY 2018	FY 2018	FY 2018
	Reported	Enacted	Rev. Req.	Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 3,435,136	\$ 3,515,006	\$ 3,489,824	\$ 3,480,077
Contracted Services	455,344	264,879	364,840	349,840
<b>Subtotal</b>	<b>\$ 3,890,480</b>	<b>\$ 3,779,885</b>	<b>\$ 3,854,664</b>	<b>\$ 3,829,917</b>
Other State Operations	129,398	188,800	311,414	328,648
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,891,667	355,184	2,741,779	2,691,779
Capital	56,862	513,000	404,000	404,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 5,968,407</b>	<b>\$ 4,836,869</b>	<b>\$ 7,311,857</b>	<b>\$ 7,254,344</b>
<b>Sources of Funds</b>				
General Revenue	2,392,189	2,487,578	2,544,638	2,490,523
Federal Aid	3,112,357	1,649,291	4,217,219	4,213,821
Restricted Receipts	142,106	250,000	250,000	250,000
Other	321,755	450,000	300,000	300,000
<b>Total</b>	<b>\$ 5,968,407</b>	<b>\$ 4,836,869</b>	<b>\$ 7,311,857</b>	<b>\$ 7,254,344</b>
<b>FTE Authorization</b>	<b>29.0</b>	<b>29.0</b>	<b>29.0</b>	<b>29.0</b>
<b>FTE Average</b>	<b>27.5</b>			

**FY 2018 Revised Request.** The Coastal Resources Management Council requests \$2.5 million more than the enacted budget from all sources, including \$57,060 more from general revenues, \$2.6 million more from federal funds, and \$150,000 less from Rhode Island Capital Plan funds. *The Governor recommends \$7.3 million or \$57,513 less than requested. This includes \$2,945 more than enacted from general revenues and \$2.4 million more from all funds. Excluding centralized services transferred from the Department of Administration, the recommendation is \$14,288 less than enacted from general revenues.*

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million. None of these savings has been attributed to this agency.*

**Turnover.** The Council requests \$25,182 less than enacted from all sources, including \$7,940 less from general revenues and \$17,242 less from federal funds to reflect additional turnover savings. There is \$0.1 million in turnover in the enacted budget. The Council currently has one vacancy, which it will maintain to meet these savings. *The Governor recommends \$9,747 less than the request, including \$6,348 less from general revenues. The recommendation includes statewide medical savings and adjusts turnover savings to reflect the Council's current staffing level of 28.0 filled positions for the remainder of the year.*

**Beach Profile Monitoring.** The Council requests \$15,000 more than enacted to monitor the migration off the shore barrier at Charlestown. Funding for this initiative was included in the final FY 2017 budget, but excluded from the FY 2018 enacted budget. The Council has indicated it sees a need for comprehensive planning and monitoring to address the impacts of storm surge, flooding, sea level rise and erosion. The Council indicates this will be an annual request with equipment, data monitoring, and data modeling generation constituting the driving costs. *The Governor did not concur with the proposal.*

**StormTools.** The Council requests \$145,000 to support a new data project called StormTools. The request includes \$50,000 from general revenues and \$95,000 from federal funds. Developed by the Council and the University of Rhode Island, StormTools shows detailed risks and maps associated with any property in the coastal zone resulting from storm activity. The funding would allow the Council to partner with the University of Rhode Island Environmental Data Center to host and maintain StormTools going forward. There is no funding in the enacted budget for this initiative as the Council indicated it received the grant in September 2017. The Council indicates this will be an annual request. Subsequent to the budget submission, the Council noted that the request for federal funding was understated by \$15,000. *The Governor recommends \$110,000 from federal funds and no general revenue funding. The Governor does provide \$50,000 from general revenues in her FY 2019 recommendation.*

**Shoreline Change Beach Special Area Management Plan.** The Council requests \$110,000 from a new federal grant to continue the beach special area management plan. The Council indicates that this plan supports the goals and objectives of Governor Raimondo's Executive Order 17-10 "Action Plan to Stand up to Climate Change" signed on September 15, 2017. The Council will provide technical support to state and municipal staff and other decision makers to apply planning guidance and decision making tools to enhance the resiliency of Rhode Island communities from coastal hazards. There is no funding in the enacted budget as the grant was received September 2017. Subsequent to the budget submission, the Council noted that the request for federal funding was overstated by \$15,000. *The Governor recommends \$95,000 from federal funds to fully fund the project.*

**Aquatic Invasive Species.** The Council requests \$54,187 more than enacted from federal funds for the aquatic invasive species management program. Funding reflects unspent funds in FY 2017 as well as a newly awarded federal grant, which will be used to continue the coordination and communication of early detection and rapid response strategies to prevent the spread of aquatic invasive species. *The Governor recommends funding as requested.*

**Pawtuxet River Modeling Project.** The Council requests \$5,262 more than enacted from federal funds to finish a project to create a validated geographic information system-based watershed and river model for the Pawtuxet River watershed, assess flooding risks to public and private property along the river, and evaluate dam management issues. Funding reflects unspent funds from FY 2017, which will be used in FY 2018 to close out the project. The project was granted a no-cost extension from April 2017 to August 2017 to provide the project team sufficient time for integrating data from an ongoing Scituate Reservoir Dam modeling study to determine impacts on downstream community floodplain. *The Governor recommends funding essentially as requested.*

**High Resolution Coastal Inundation.** The Council requests \$17,783 more than enacted from federal funds to continue work to better prepare the state for coastal storms and their impacts. The goal of this National Oceanic and Atmospheric Administration grant is to develop tools, information and approaches to support decisions for the expanded implementation and innovation of green infrastructure/living shoreline approaches to increase coastal resilience to erosion, flooding, and storm impacts in each of the coastal New England states. The request reflects unspent funds from FY 2017. *The Governor recommends funding as requested.*

**Coastal Resiliency – Shoreline Change Parcel.** The Council requests \$67,333 more than enacted from federal funds to continue work under an Office of Housing and Community Development grant. This grant will support recovery planning in all twenty-one Rhode Island coastal municipalities with existing and updated shoreline change data and a coordinated parcel dataset format to enable future statewide application of the Rhode Island Coastal Environmental Risk Index that is currently under development. The request reflects unspent funding from FY 2017. *The Governor recommends funding as requested.*

**Coastal Environmental Risk Indices.** The Council requests \$0.2 million more than enacted from federal funds to develop two Coastal Environmental Risk Indices in collaboration with the University of Rhode Island. Funding reflects unspent funds from FY 2017 as well as two new federal grants, one from the National Oceanic and Atmospheric Administration and one from the Office of Housing and Urban Development. The indices will provide a summary of the risk that coastal areas face from the environment, specifically storm induced flooding and the associated wave environment, sea level rise, and shoreline erosion/accretion and apply the index to selected coastal pilot sites. *The Governor recommends funding as requested.*

**Quonochontaug Resiliency.** The Council requests \$40,000 from federal funds to restore Quonochontaug Pond in Charlestown and Westerly. Funding for this effort is from a grant awarded to the Council in August of 2017 from the National Oceanic and Atmospheric Administration. The funds will be used to restore 30 acres of degraded salt marsh in the pond. There is no funding in the enacted budget due to the timing of the award. *The Governor recommends funding as requested.*

**New Vehicles.** The Council requests \$20,000 more than enacted from federal funds to replace two vehicles. The enacted budget contains \$35,000 for motor vehicles. The funding comes from the additional funding awarded by the National Oceanic and Atmospheric Administration as part of the Coastal Zone Management Act as a result of funding lost by Oregon. The Council significantly underspent the final appropriation of these funds last year. *The Governor recommends funding as requested.*

**Office Renovations.** The Council requests \$16,000 more than enacted from federal funds to replace office furniture for which the enacted budget contains \$5,000. The Council plans to move within its existing building. The funding comes from the additional funding awarded by the National Oceanic and Atmospheric Administration as part of the Coastal Zone Management Act as a result of funding lost by Oregon. *The Governor recommends funding as requested.*

**Capital Projects.** The Council requests \$1.7 million more than enacted for capital projects. The Council's FY 2018 revised request is not consistent with its FY 2019 through FY 2023 capital request. The Council is now requesting \$1.9 million more than the approved plan to carry-forward unspent funding from FY 2017 for the marsh elevation and breachway dredging/disposal at Ninigret Pond, as well as \$15,049 of unspent funding for the Narrow River Restoration. However, consistent with the capital request, the Council requests to shift \$0.2 million for the Narragansett Bay Special Area Management Plan to FY 2019. *The Governor recommends funding as requested. These projects are discussed in greater detail in the Capital Budget section of this publication.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor's budget adds \$17,233 from general revenues for the Council's share of centralized information technology services.*

**Other Operations.** The Council requests \$0.1 more than enacted from federal funds for remaining expenses. The majority of the increase reflects unspent funding from FY 2017 from additional funds from the National Oceanic and Atmospheric Administration as part of the Coastal Zone Management Act. Since the state of Oregon recently lost some of its funding, the Administration redistributed the funds among the rest of participating states. Major items in the request include \$14,000 for information technology projects the Council contracts out, \$15,000 for increased overhead for the Council's fleet of vehicles, and \$67,000 for increased costs of cooperative agreements with the University of Rhode Island based on available funds. The Council uses these funds to support its daily operations. *The Governor recommends funding as requested.*

## Department of Transportation

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 8,683,061	\$ 11,556,032	\$ 11,685,750	\$ 12,961,279
Management and Budget	2,411,587	2,942,455	3,690,018	5,286,929
Infrastructure Program	404,720,503	499,566,585	580,187,240	576,795,105
<b>Total</b>	<b>\$ 415,815,151</b>	<b>\$ 514,065,072</b>	<b>\$ 595,563,008</b>	<b>\$ 595,043,313</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 67,751,648	\$ 86,885,543	\$ 88,781,967	\$ 88,296,677
Contracted Services	42,888,306	38,815,480	42,951,800	43,392,768
<b>Subtotal</b>	<b>\$ 110,639,954</b>	<b>\$ 125,701,023</b>	<b>\$ 131,733,767</b>	<b>\$ 131,689,445</b>
Other State Operations	533,310	20,222,722	38,215,936	40,959,673
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	17,045,619	23,265,569	23,393,469	23,871,796
Capital	163,359,613	237,962,734	295,306,812	293,616,712
Capital Debt Service	-	-	-	-
Operating Transfers	124,236,655	106,913,024	106,913,024	104,905,687
<b>Total</b>	<b>\$ 415,815,151</b>	<b>\$ 514,065,072</b>	<b>\$ 595,563,008</b>	<b>\$ 595,043,313</b>
<b>Sources of Funds</b>				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	239,668,419	285,390,062	289,002,091	290,957,841
Restricted Receipts	1,278,395	3,168,128	3,086,207	3,086,078
Other	174,868,337	225,506,882	303,474,710	300,999,394
<b>Total</b>	<b>\$ 415,815,151</b>	<b>\$ 514,065,072</b>	<b>\$ 595,563,008</b>	<b>\$ 595,043,313</b>
<b>FTE Authorization</b>	<b>701.0</b>	<b>775.0</b>	<b>775.0</b>	<b>775.0</b>
<b>FTE Average</b>	<b>641.4</b>			

**FY 2018 Revised Request.** The Department requests \$81.5 million more than enacted from all sources, including \$0.1 million less from restricted receipts and increases of \$3.6 million from federal funds and \$78.0 million from other funds. This includes an FY 2017 carry-forward of \$66.0 million from the Highway Maintenance Account and \$11.1 million from Rhode Island Capital Plan funds.

*The Governor proposes legislation in Article 8 of 2018-H 7200 reducing the transfer of transportation related fees collected by the Division of Motor Vehicles to the Highway Maintenance Account from 80.0 percent to 60.0 percent for FY 2018. It retains the current law provision that all funds collected in FY 2019 and after would be transferred to the account.*

*The Governor recommends \$595.0 million from all sources, \$81.0 million more than enacted. Excluding expenses for centralized services transferred from the Department of Administration, the recommendation is \$77.3 million more than enacted and \$4.2 million less than requested. She recommends staffing consistent with the authorized level. As of January 20, the Department has 108 positions vacant.*

## Fund Sources

The Department of Transportation receives funding through four major sources: federal funds, gasoline tax proceeds, Rhode Island Capital Plan funds and transportation related fees collected by the Division of Motor Vehicles. General obligation bond proceeds had been historically used as the state's match for federal funds; however, increasing amounts of motor vehicle fees and Rhode Island Capital Plan funds are being used as the state match in lieu of future bonding; no new bonds have been authorized since 2010. The Department also receives funding from other sources, such as restricted receipts and funding derived from the sale of department-owned land. This analysis will explain the individual fund sources as well as expenditures from these sources.

The following table illustrates the fund sources for FY 2018.

Source	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
Federal Highway Admin. Funds	\$ 187,165,563	\$ 221,355,032	\$ 222,707,608	\$ 223,745,221
Other Federal Funds	52,502,856	64,035,030	66,294,483	67,212,620
Gasoline Tax*	105,614,497	104,525,423	104,025,423	101,187,936
Unallocated Bond Proceeds	[3,541,063]	[3,000,000]	[3,000,000]	[9,394,193]
Toll Revenue	-	-	4,000,000	4,000,000
Land Sale Revenue	355,273	1,173,125	1,122,411	1,131,128
Interstate 195 Land Sales	1,920	1,500,000	1,500,000	1,500,000
Rhode Island Capital Plan Funds	32,649,645	43,724,952	54,849,984	51,059,476
Restricted Receipts	1,278,394	3,168,128	3,086,207	3,086,078
Motor Vehicle Fee Transfer	36,247,003	74,433,382	137,826,892	141,970,854
Other Funds	-	150,000	150,000	150,000
<b>Total</b>	<b>\$ 415,815,151</b>	<b>\$ 514,065,072</b>	<b>\$ 595,563,008</b>	<b>\$ 595,043,313</b>

*\*Excludes gas tax debt service for the Department, RIPTA & costs for centralized services & consolidated initiatives in DOA*

**Federal Funds - Highway Administration.** On December 4, 2015, President Obama signed into law the Fixing America's Surface Transportation (FAST) Act for \$305 billion for five years. Under this authorization, the state would receive an average of \$231 million annually from the Federal Highway Administration. This is approximately \$21 million more through federal FY 2021 than the Department previously received. These federal funds are apportioned to states according to authorizations contained in federal law.

The Department's annual allotment of funds is based on existing and prior year contracts for projects, anticipated new construction, design and engineering costs, and other planning activities such as traffic studies. These funds appear in both the Department's capital and operating budgets. In the Department's capital plan, funds appear in the project labeled Highway Improvement Program.

The previous federal authorization, the Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21) for highway and transit programs was set to expire on September 30, 2014. Before the expiration, Congress provided a short-term fix in July 2014 by transferring \$10.8 billion to the fund. This transfer was offset by new revenues of \$6.4 billion from pension smoothing, \$3.5 billion from customer users' fees and \$1.0 billion from excess funding in the Leaking Underground Storage Tank Fund. This transfer into the fund continued to fund all state apportionments at the enacted level through May 31, 2015, which is two-thirds of the federal fiscal year. Congress then extended the deadline for two additional months.

The Highway Improvement Program represents those highway and intermodal projects that utilize federal funds administered by the Federal Highway Administration. The program utilizes state funds for matching purposes in the form of proceeds from general obligation bonds. Federal funds earmarked for the Department's transit projects administered by the Federal Transit Administration are not included under

this project, but are included in the Fixed Guideway (Commuter Rail) Project. Rhode Island Public Transit Authority projects using transit funds are included in the Authority’s capital budget submission. The Highway Improvement Program is directed towards implementing the Department’s capital program as identified in the Transportation Improvement Program. This is adopted by the State Planning Council and approved by the Governor and establishes priorities for planning, design, and project implementation.

In October 2015, the Department proposed its ten-year plan for federal FY 2016 through FY 2027, which has since been adopted. Annually, the Department will propose changes to the plan to make sure that projects are “appropriately coordinated, that communities and constituents can have annual inputs.” Solicitation for inputs were due August 11, 2017 for the federal FY 2018 through FY 2027 period. Federal law requires that a statewide transportation improvement plan cover a period of no less than four years. The Department noted that two other states have moved to establish ten-year plans: New Jersey and North Carolina.

The following table illustrates the proportion of funding allotted to each program area in the FY 2018 budget. It excludes salary and benefit costs.

<b>Program Area</b>	<b>FY 2018 Revised</b>	<b>Share of Total</b>
Administrative Program	\$ 6,155,254	3.3%
Bike/Pedestrian Program	5,630,634	3.0%
Bridge Program	25,914,910	13.8%
CMAQ Program	5,610,450	3.0%
Highway Program	15,848,004	8.5%
Interstate Program	10,298,740	5.5%
GARVEE Projects	28,257,386	15.1%
Federal Highway Earmark Projects	18,735,436	10.0%
Pavement Management Program	17,595,884	9.4%
Traffic Safety Program	19,899,214	10.6%
Transit	28,103,154	15.0%
Other Programs	5,305,295	2.8%
<b>Total</b>	<b>\$ 187,354,362</b>	<b>100%</b>

**Other Federal Funds.** This source is comprised of the federal funds the Department receives that are not for capital improvement projects. A majority of this funding comes from the National Highway Transportation Safety Administration, and is used to fund safety activities such as enforcement, traffic studies, signage and research. Other federal funding comes from the Federal Transit Authority, which is being used for the development of a commuter rail in the southern part of the state. The Department’s FY 2018 revised request includes \$66.3 million from these funds, which is \$2.3 million more than enacted. *The Governor recommends \$0.9 million more than requested, primarily highway safety grants.*

**General Obligation Bond Proceeds.** The state has utilized general obligation bonds to provide a match totaling \$40 million for federal funds in addition to the match used for GARVEE projects, which is provided by the Motor Fuel Tax Revenue bonds. General obligation bond debt service is paid with gasoline tax revenue and the Motor Fuel Tax Revenue Bonds’ debt service is paid by \$0.02 cents of the gasoline tax. The voters approved \$60.0 million of general obligation bonds in both November 2002 and 2004 that matched federal highway funds and was programmed for FY 2004 through FY 2007. The voters approved \$80.0 million in November 2006, 2008 and 2010 to provide \$40.0 million each year, with funding programmed through FY 2014. As noted previously, an initiative by the 2011 Assembly replaced borrowing with pay-go sources. *The recommendation does not assume new general obligation bond borrowing for the Department.*

**Unallocated Bond Proceeds.** During previous debt authorizations, the actual state match from general obligation bond authorizations fluctuated, based on the amount of federal funds received in a given fiscal year. In these cases, the bond proceeds were kept in a separate account and remained unallocated. Over several years, the funds accumulated to a level of approximately \$25 million, which the Department has used as “working capital” during the year to make payments to vendors.

In his FY 2015 budget recommendation, Governor Chafee included a portion of these funds to be used for maintenance related activities by the Department. As part of the transportation funding reforms previously described, the Assembly programmed these funds to enhance available resources, including \$17.0 million in FY 2015 and \$8.0 million in FY 2016. It should be noted that, as with all general obligation bond proceeds, these sources are not shown in the Department’s operating budget.

Based on a report of the Intermodal Surface Transportation Fund produced by the Controller in August 2015, \$23.0 million of the general obligation bond proceeds were available; however, they were not reflected in the Department’s FY 2017 through FY 2021 capital budget. The funds were subsequently included in the FY 2018 through FY 2022 capital budget, which assumes use of \$15.0 million in FY 2016, \$5.0 million in FY 2017 and \$3.0 million in FY 2018.

*The capital budget recommendation assumes use of \$9.4 million in FY 2018.*

**Toll Revenue.** The Department refers to its ten-year capital and operating plans as RhodeWorks. It is a comprehensive initiative with one component aimed at accelerating the replacement and reconstruction of state bridges with the goal of reducing the percentage of deficient bridges.

The Assembly adopted the RhodeWorks legislation in 2016-H 7409, Substitute A, as amended that the Governor signed into law on February 11, 2016. The legislation authorizes tolling on large commercial vehicles. Pursuant to the legislation, the total amount of tolls imposed upon the same individual large commercial truck for making a border-to-border trip through Interstate 95 Connecticut to Interstate 95 Massachusetts is not to exceed \$20.00. The daily maximum amount collected upon the same individual large commercial truck shall not exceed \$40.00. Tolls will be collected along six major highway corridors at 14 locations. The Department has contracted with Kapsch TrafficCom to design, build, operate, and maintain the electronic tolling system for ten years. The revised request assumes revenue of \$4.0 million based on two gantries being operational in late 2017.

*The recommendation assumes revenues as requested; however, collection of toll revenue is anticipated to start March 1<sup>st</sup>, two to three months later than assumed in the revised request.*

**Land Sale Revenue.** Sales of Department owned land can be used to purchase land and equipment, or to offset operating costs throughout the Department, including personnel expenses. Funding is being used for purchases related to the Department’s materials testing facility on Jefferson Boulevard. The revised request includes \$1.1 million from this source, \$0.1 million less than enacted. *The Governor concurs.*

**Interstate 195 Land Sales.** Consistent with the enacted budget, the Department assumed receipts of \$1.5 million in FY 2018 from the sale of land made available through the relocation of Interstate 195. The Department sold the land made available from the relocation to finance a portion of project expenses. The 2011 Assembly enacted 2011-H 5994, Substitute A, as amended, which provided that after the appraisal of the parcels, they would be purchased by the Economic Development Corporation through the issuance of bonds. The payment of the bond proceeds to the Department has allowed it to complete the relocation project, while the Corporation, via the I-195 Commission, is able to sell the parcels at its own pace. The principal amount for the bonds is \$38.4 million, amortized over a ten-year period. *The Governor concurs.*

**Rhode Island Capital Plan Funds.** These funds are appropriated according to the Department’s capital budget request, and appear as other funds in the Department’s operating budget. Funds are used for projects such as storage and maintenance facilities, as well as upgrades to department-owned property, such as roof repairs or fire alarm installation. Beginning in FY 2013, approximately \$20 million from this source was included to be used as a portion of the state match for federal highway funds.

The Department requests \$54.8 million from this source in its FY 2018 revised request, \$11.1 million more than enacted. This includes new expenditures of \$2.0 million for the Pawtucket/Central Falls Train Station project. *The Governor recommends \$3.8 million less than requested; she does not include new Rhode Island Capital Plan funds for the Pawtucket/Central Falls Train Station.*

**Restricted Receipts.** This source is comprised of funds the Department receives when it performs work for municipalities and other entities, and is used to fund personnel costs for employees who perform work on the projects. This source contributes \$3.1 million to the Department, which is \$81,921 less than enacted, based on projected work for FY 2018. *The Governor concurs.*

**Motor Vehicle Fees.** The request includes \$137.8 million of transportation related fees and surcharges collected by the Division of Motor Vehicles and transferred to the Department. This includes \$63.4 million of unspent funds from FY 2017.

Fiscal year 2014 was the first year of the phased-in vehicle surcharge fees, including a \$10.00 surcharge on biennial vehicle registrations, a \$5.00 surcharge on annual vehicle registrations and a \$10.00 surcharge on operator licenses, purchased on a five-year basis. The biennial registration surcharge increased in \$10 increments to a total of \$30, the annual registration surcharge increased in \$5.00 increments to a total of \$15, and the license surcharge increased in \$10 increments to a total of \$30 beginning in FY 2014 and ending in FY 2016.

The following table summarizes the incremental fee increases.

<b>Fiscal Year</b>	<b>Biennial Registration Fee</b>	<b>Annual Registration Fee</b>	<b>License Fee</b>
2013	\$ 60.00	\$ 30.00	\$ 30.00
2014	\$ 70.00	\$ 35.00	\$ 40.00
2015	\$ 80.00	\$ 40.00	\$ 50.00
2016	\$ 90.00	\$ 45.00	\$ 60.00

These fees are transferred to the Department for use as a portion of the state match for federal funds. The following table shows actual revenue derived from the surcharges through FY 2017 and the estimate for FY 2018. FY 2018 anticipated receipts are \$4.6 million less than FY 2017 reported receipts, reflecting legislation adopted by the 2016 Assembly. It established a new schedule for annual registration fees for commercial trucks, truck tractors, and truck trailers with gross vehicle weight of over 10,000 pounds that are used for commercial purposes, effective for FY 2018. Annual registration costs will be reduced on a sliding scale from a 26.0 percent reduction for vehicles at lower weights to a 50.0 percent reduction in annual registration costs for vehicles weighing 26,000 pounds or more. The estimated loss of revenue was \$4.2 million; however, the 2017 Assembly repealed the legislation prior to it taking effect.

<b>Fiscal Year</b>	<b>Biennial Registrations</b>	<b>Annual Registrations</b>	<b>Licenses</b>	<b>Total</b>
2014	\$ 3,817,669	\$ 791,140	\$ 1,260,140	\$ 5,868,949
2015	\$ 7,611,636	\$ 1,989,693	\$ 3,098,765	\$ 12,700,094
2016	\$ 10,557,994	\$ 3,905,012	\$ 6,978,578	\$ 21,441,584
2017	\$ 10,653,395	\$ 3,940,297	\$ 4,773,270	\$ 19,366,962
2018	\$ 10,769,527	\$ 3,983,250	\$ 4,603,151	\$ 19,355,928

In addition to the surcharges, portions of other fees collected by the Division of Motor Vehicles are transferred to the Department. The Assembly included Article 21 of 2014-H 7133, Substitute A, as amended, which allocates new revenue sources, as well as transferring existing sources currently deposited into general revenues, into the Highway Maintenance Account for the Department of Transportation to use for costs related to maintenance and repairs of highways, roads and bridges.

The new sources of funding include an increase in the vehicle emission inspection fee from \$39 to \$55, the transfer of rental car surcharges, and the addition of a \$25 surcharge for good driving dismissals. The legislation also established a schedule to transfer the majority of all other transportation related fees currently collected by the Division of Motor Vehicles to the Highway Maintenance Account. The inspection fee, the good driver dismissal surcharge and car rental surcharges were transferred as of FY 2015, and the remaining revenues were to be transferred incrementally beginning with 25.0 percent in FY 2016 and 75.0 percent in FY 2017, with all of the funds being transferred in FY 2018.

The 2017 Assembly amended the distribution of the Highway Maintenance Account to require transfers of 50.0 percent for FY 2017 and 80.0 percent for FY 2018. All funds collected in FY 2019 and after would be transferred to the account. It also amended the disposition of the Highway Maintenance Account to provide the Authority with an additional \$5.0 million in each FY 2018 and FY 2019. This is in addition to the current share of 5.0 percent that the Authority receives under current law.

The following table shows the annual sources and the total including surcharges explained previously.

<b>Source</b>	<b>FY 2017 Reported</b>	<b>FY 2018 Enacted</b>	<b>FY 2018 Rev. Req.</b>	<b>FY 2018 Revised</b>
Inspection Sticker Increase	\$ 11,658,381	\$ 12,146,624	\$ 12,146,624	\$ 11,551,493
Title Fees	10,348,701	8,356,766	8,356,766	10,543,785
Rental Car Surcharge	3,964,053	3,027,321	3,027,321	3,162,240
Good Driving Surcharge	463,654	400,000	400,000	492,101
License and Registration Transfer	26,001,157	40,449,639	40,449,639	30,900,000
<b>Subtotal</b>	<b>\$ 52,435,946</b>	<b>\$ 64,380,350</b>	<b>\$ 64,380,350</b>	<b>\$ 56,649,619</b>
Surcharges	19,366,962	16,826,371	16,826,371	19,355,928
<b>Total</b>	<b>\$ 71,802,908</b>	<b>\$ 81,206,721</b>	<b>\$ 81,206,721</b>	<b>\$ 76,005,547</b>

*Does not include carry-forward funds*

Revenues reported for FY 2017 totaled \$71.8 million. The FY 2018 revised budget assumes the enacted amount of \$81.2 million. Excluding the transfer for license and registration, the amount assumed in the request appears to be understated by at least \$5 million.

*The Governor's budget assumes \$142.0 million in available funds. This includes adjustments for the additional receipts noted above and includes \$66.0 million in carry-forward funds, \$2.6 million more than assumed in the revised request.*

*The Governor also proposes altering the transfer to the Highway Maintenance Account from 80.0 percent to 60.0 percent for FY 2018. The revised budget assumes \$10.3 million in additional general revenues from this. The impact of this change and correction to current receipts is a net loss \$5.2 million.*

**Other Funds.** These funds are derived from the sale of department-owned surplus property and equipment, proceeds from the state Infrastructure Bank and proceeds derived from the sale of outdoor advertising at the Department’s maintenance facilities. The revised request includes the enacted amount of \$150,000 from these sources. *The Governor concurs.*

**Gasoline Tax Proceeds.** The distribution of proceeds derived from the gasoline tax remained the same from FY 2009 through FY 2015. However, as previously noted, FY 2016 was the first year the gasoline tax increased as a result of inflation. It increased the gasoline tax by one cent, for a total of 34 cents. The revised request also assumes a 34-cent gasoline tax for FY 2018.

The distribution of the gasoline tax is illustrated in the following table.

Entity	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
Department of Transportation	19.25	19.25	19.25	19.25
Rhode Island Public Transit Authority	9.75	9.75	9.75	9.75
Turnpike and Bridge Authority	3.5	3.5	3.5	3.5
Elderly Transportation	1.0	1.0	1.0	1.0
Underground Storage Tank Fund	0.5	0.5	0.5	0.5
<b>Total (in cents)</b>	<b>34.0</b>	<b>34.0</b>	<b>34.0</b>	<b>34.0</b>

The following table shows how the New England states rank.

As of 02/08/2018	Tax - Cents per gallon	
	Gas	Diesel
<b>Rhode Island<sup>1</sup></b>	<b>34.0</b>	<b>34.0</b>
Connecticut	39.3	41.7
Maine	30.0	31.2
Massachusetts <sup>2</sup>	26.5	26.5
New Hampshire	23.8	23.8
Vermont	30.7	32.0
New England Average	30.7	31.5
U.S. Average	33.6	35.4

*Source: American Petroleum Institute includes state surcharges*

<sup>1</sup> Increased 1 cpg on 7/1/15

<sup>2</sup> Increased 3 cpg 7/1/13, indexed to inflation; 11/14 referendum repealed index

**Department of Transportation Gasoline Tax.** Section 31-36-7 of the Rhode Island General Laws sets the gasoline tax at 32 cents per gallon, indexed to the Consumer Price Index every other year, rounded to the nearest cent, effective July 1, 2014. Additionally, Section 46-12.9-11 of the Rhode Island General Laws establishes a one-cent environmental protection regulatory fee, half of which is deposited in the Intermodal Surface Transportation Fund. The disposition of proceeds is outlined in Section 31-36-20 of the General Laws. Upon receipt, all gasoline tax proceeds are deposited into the Intermodal Surface Transportation Fund from which statutory transfers are made to the Department, the Rhode Island Public Transit Authority, the Rhode Island Turnpike and Bridge Authority, and the Department of Human Services for the elderly/disabled transportation program.

The following table shows the recent history of available gasoline tax proceeds and other non-federal funds included in the FY 2018 budget.

<b>Non Federal Sources</b>	<b>FY 2017 Reported</b>	<b>FY 2018 Enacted</b>	<b>FY 2018 Rev. Req.</b>	<b>FY 2018 Revised</b>
<i>Gas Tax Yield per Cent</i>	4.417	4.545	4.545	4.449
<i>RIDOT Cents</i>	19.25	19.25	19.25	19.25
<i>RIPTA Cents</i>	9.75	9.75	9.75	9.75
<i>Turnpike and Bridge Authority Cents</i>	3.50	3.50	3.50	3.50
<b>Transportation Revenues</b>				
Balance Forward	\$ 40,471,942	\$ 1,720,611	\$ 63,837,954	\$ 63,837,954
Gas Tax	143,528,568	147,728,100	147,728,100	144,607,613
Motor Vehicles Fees, Surcharges & Transfer	71,802,909	81,206,721	81,206,721	76,005,547
Toll Revenue	-	-	4,000,000	4,000,000
Surplus Property & Outdoor Advertising	224,468	150,000	150,000	150,000
Restricted Receipts	1,359,421	3,168,129	3,086,207	3,086,078
Interstate 195 Land Sales	-	1,500,000	1,500,000	1,500,000
Land Sales	1,521,646	1,000,000	1,122,411	2,631,128
Rhode Island Capital Plan Funds	32,649,645	43,724,952	54,849,984	51,059,476
<b>Total Revenues</b>	<b>\$ 291,558,599</b>	<b>\$ 280,198,513</b>	<b>\$ 357,481,377</b>	<b>\$ 346,877,796</b>
<b>Transportation Expenses</b>				
Pay-Go Capital	\$ 25,396,135	\$ 73,942,798	\$ 113,156,155	\$ 115,255,563
Winter Maintenance	15,484,736	19,582,741	19,276,309	17,000,729
Vehicle & Maintenance	8,366,990	12,659,908	23,213,030	23,198,783
General Maintenance	32,560,057	15,368,415	39,020,878	40,547,860
Other Operations	11,233,993	14,201,593	14,972,277	16,447,198
GARVEE Bond Debt Service	8,845,038	9,090,960	9,090,960	8,898,930
G.O. Debt Service*	45,935,822	39,356,516	39,356,516	39,356,516
State Match - Gas Tax	3,805,604	392,740	458,267	959,595
Internal Service Funds Transparency*	3,112,076	3,846,161	4,346,161	1,491,364
Restricted Receipts	1,278,394	3,168,128	3,086,207	3,086,078
Interstate 195 Land Sales	1,920	1,500,000	1,500,000	1,500,000
Land Sales	355,273	1,173,125	1,122,411	1,131,128
Surplus Property & Outdoor Advertising	-	150,000	150,000	150,000
Equipment Replacement	1,343,676	2,500,000	2,656,324	2,656,324
Facilities	5,909,834	5,373,606	9,287,103	5,497,595
RIPTA - Gas Tax	42,560,051	44,318,430	44,318,430	43,382,284
RIPTA - Highway Account - 5 Percent**	3,544,082	9,343,386	9,343,386	8,800,277
Turnpike and Bridge Authority	15,460,946	15,909,180	15,909,180	15,573,128
<b>Total Expenditures</b>	<b>\$ 225,194,627</b>	<b>\$ 271,877,687</b>	<b>\$ 350,263,594</b>	<b>\$ 344,933,352</b>
Surplus/Deficit	\$ 66,363,972	\$ 8,320,826	\$ 7,217,783	\$ 1,944,444

\*Shown in the Department of Administration's budget

\*\*In addition to the 5.0%, will receive an additional \$5.0 million in each FY 2018 and FY 2019

The request assumes the enacted per penny yield of \$4.545 million. The revised budget utilizes a gas tax yield of \$4.445 million, which is \$96,015 less than enacted based on an estimate from the Office of Revenue Analysis.

**Undistributed Savings.** The FY 2018 Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. A reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding certain 24-7 operations and Public Higher Education. *The Governor's revised budget includes a series of recommended revenues and reductions that amount to the \$25.0 million.*

*For the Department of Transportation, the budget identifies \$0.5 million as a measure to reach the undistributed savings goal. The savings are included in the Department of Administration's budget from shifting \$0.5 million of salary and benefit costs for 4.3 full-time equivalent positions from general revenues to Department of Transportation sources. This represents staff time associated with the development of the Transportation Improvement Program in the Division of Planning.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The Department's request includes \$1.2 million from federal and restricted receipts for information technology charges in anticipation of the costs being shown in its budget.

*The Governor's budget adds \$3.7 million from all sources including \$2.4 million from gasoline tax for the Department's share of centralized services. This includes \$0.8 million for human resources, and \$2.9 million for information technology services. The budget retains \$1.5 million in the Department of Administration for purchasing, planning and audit staffing.*

**Salaries and Benefits.** The Department requests \$1.9 million more than enacted from all sources for salary and benefit costs for the authorized level of 775.0 full-time equivalent positions. This includes savings of \$0.2 million from medical benefits, consistent with FY 2018 revised planning values, offset by increases of \$0.8 million in back pay for approximately 200 maintenance positions that were upgraded in May 2017. This averages to \$4,124 per position. The request also includes \$1.3 million more for overtime; though the Department anticipates filling more maintenance positions, it indicates that overtime costs will be more as the base salary increases. Reported overtime expenses were \$4.0 million in FY 2016 and \$4.4 million in FY 2017. *The Governor recommends \$0.5 million less than requested, including savings of \$0.2 million from medical benefits and \$0.3 million from turnover. As of January 20, the Department has 108 positions vacant.*

**Highway Improvement Projects.** The Department requests \$59.7 million more than enacted from all sources of funds for highway improvement projects included in its ten-year plan. This includes FY 2017 carry-forward funds of \$48.6 million from the Highway Maintenance Account for pavement, bridge and transportation alternative projects, \$7.1 million from Rhode Island Capital Plan funds, and \$4.0 million from toll revenues. *The Governor concurs and includes an additional \$4.7 million.*

**Capital - Pawtucket/Central Falls Train Station.** Consistent with its capital budget, the revised request includes \$2.0 million more from Rhode Island Capital Plan funds in the current year for the new commuter rail station on the Pawtucket/Central Falls border. The project's infrastructure would include two siding tracks, two platforms, a pedestrian overpass, bus drop-off access and parking.

The Department's capital budget includes a project cost of \$49.7 million, or \$14.1 million more than the approved plan. This includes new expenditures of \$20.0 million from Rhode Island Capital Plan funds, offset by \$5.9 million less from federal funds. The Department indicates that it is in the process of negotiating with AMTRAK regarding use of current infrastructure; pending that negotiation, the total project cost could be revised downward. *The Governor does not recommend funding from Rhode Island Capital Plan funds. The capital budget recommendation includes a total project cost of \$40.0 million, \$9.7 million less than requested; however, it assumes use of \$4.5 million from Department of Transportation sources.*

**Vehicle and Equipment Purchases.** The Department requests \$12.0 million more than enacted from gasoline tax proceeds for the purchase of heavy trucks, sweepers, loaders, backhoes and tractors to replace its existing fleet. This includes \$9.1 million of carry-forward funds from FY 2017 for vehicles and equipment that were purchased; however, the payment was not made. The request also includes \$1.3 million to purchase street sweepers to maintain the drainage system pursuant to the consent decree with the Department of Justice. *The Governor recommends funding as requested.*

**Current Fleet Operations.** The Department requests \$0.6 million less than enacted from gasoline tax proceeds for operating costs of its current fleet. This includes \$0.3 million less in payments to the State Fleet Revolving Loan Fund for vehicles purchased between FY 2013 and FY 2016. It also includes a savings of \$0.3 million for fuel, insurance and routine maintenance. Reported expenditures were \$4.5 million in FY 2016 and \$3.8 million in FY 2017. This trend is expected to continue as the Department replaces more of its existing fleet. The FY 2019 request assumes savings of \$0.8 million. *The Governor recommends funding as requested.*

**Leased Space for Vehicles/Equipment.** In March 2017, the Department entered into a six-month lease with four six-month options for leased space to house vehicles and equipment that it has and will acquire. The monthly cost is \$38,333 and the Department is requesting \$0.5 million in the current year for the payment and indicates that this is on a temporary basis as it is not cost effective to keep the lease. The Department submitted a capital budget requesting \$20.0 million from Rhode Island Capital Plan funds to build a new maintenance facility behind its current maintenance headquarters in Warwick to house the equipment as well as to provide workspace for new maintenance staff. *The Governor recommends funding as requested.*

**Winter Maintenance Operations.** Excluding salaries and benefits, the Department requests \$0.7 million less than enacted from gas tax proceeds for expenses related to the winter maintenance program for FY 2018. Funding is used to pay for vendor contracts, as well as to purchase salt, sand and liquid de-icers. The average annual cost for winter maintenance operations from FY 2013 through FY 2017 is \$15.8 million. The request is \$0.7 million above that and is \$2.5 million more than FY 2017 expenses. *The Governor recommends \$14.2 million for FY 2018, which is \$2.3 million less than requested, but \$0.3 million more than FY 2017 expenses.*

**Highway Lighting.** The Department requests \$1.3 million more than enacted for electricity costs associated with lighting masts and traffic signals along state-owned highways and roads. The Department has converted 7,200 or 76.5 percent of its streetlight fixtures to high-efficiency fixtures; the remaining 2,200 streetlights should be replaced by the end of this fiscal year. According to the Office of Energy Resources, once full implementation occurs, the Department should realize annual savings of \$1.0 million.

The Department indicates that it overestimated this expenditure. The current request is \$1.7 million more than FY 2017 reported expenditures. The expenditures were \$3.9 million in FY 2016 and \$4.1 million in FY 2015. *The Governor recommends funding consistent with the enacted budget.*

**Building Maintenance and Janitorial Services.** The Department requests \$0.5 million more than enacted, including \$0.3 million for maintenance costs associated with its facilities and \$250,000 for janitorial services for several facilities and rest areas. The Department indicates that its current contract has expired and it is in the process of working with the Department of Administration to have it extended through March 2018. The increase is based on obtaining services for two additional sites: Wickford Junction station and the Welcome Center in Hopkinton. *The Governor recommends funding as requested.*

**National Highway Safety Grants.** The revised request includes \$0.7 million more than enacted from the National Highway Transportation Safety Administration for FY 2018. Grant funds are used to encourage safety on highways and provide funding for programs to lower amounts of impaired driving, risk reduction and seatbelt use. Historically, the Department overestimates its ability to spend these funds. The revised request is \$2.3 million more than FY 2017 expenses. *The Governor recommends \$0.9 million more than requested to reflect updated federal awards and expenditures.*

**Turnpike and Bridge Authority.** The Department's request includes the enacted amount of \$15.9 million of gasoline tax revenue to be transferred to the Rhode Island Turnpike and Bridge Authority for operations related to the four bridges under its purview: Newport Pell, Sakonnet River, Mount Hope, and Jamestown

bridges. Funding was provided by the 2014 Assembly in lieu of placing a toll on the newly constructed Sakonnet River Bridge. *The Governor recommends \$0.3 million less than enacted to reflect a downward revision to the gas tax yield.*

*The Governor also proposes legislation requiring the transfer of \$1.5 million from the Rhode Island Turnpike and Bridge Authority to general revenues by June 30, 2018.*

**Congestion Mitigation Grant Adjustments.** The Department requests \$0.8 million more than enacted from federal funds for the congestion mitigation air quality grant, reflective of additional funds that the Department will receive to support transit operations, such as parking garages and train stations. Funds will also be used for programs to help meet the requirements of the federal Clean Air Act and to assist the state in improving air quality through congestion relief and lowering emissions. *The Governor recommends funding as requested.*

**Public Transit Authority.** Currently, the Rhode Island Public Transit Authority receives 9.75 cents of the 34-cent gas tax. The funds are transferred to the Authority but reflected in the Department of Transportation's budget as a grant to the Authority in order to account for the gas tax in the state's accounting structure, since the Authority is a quasi-public corporation. The Authority also receives its share of funding from the Highway Maintenance Account, which is based on 5.0 percent of all fines and fees collected into the account.

The 2017 Assembly amended the disposition of the Highway Maintenance Account to provide the Authority with an additional \$5.0 million in each FY 2018 and FY 2019. This is projected to provide \$9.6 million to the Authority for operating expenditures.

*The Governor recommends \$52.2 million to the Authority, which is \$1.5 million less than enacted. This includes \$0.9 million less from gas tax, reflective of the yield estimate and \$0.5 million less from highway maintenance funds based on the Governor's recommendation to retain more of these as general revenues.*

**GARVEE Debt Service Adjustment.** The request includes the enacted amount of \$9.1 million from the dedicated 2 cents for debt service for Motor Fuel Tax Revenue bonds. *The Governor recommends \$0.2 million less than enacted to reflect a downward revision to the gasoline tax yield.*

**Tolls, Legal Services and Public Outreach.** The Department requests new expenditures of \$472,500 from gas tax proceeds, including \$350,000 for potential legal services relating to the implementation of tolling, which is anticipated to start in late 2017. The request also includes \$0.1 million for public outreach. The scope of work will include the development of a media plan to inform the public about the truck tolling program. Media services will include: television, radio, social media, and outdoor bulletins. *The Governor recommends funding as requested.*

**Capital – Other Projects.** Consistent with the capital budget, the revised request includes the reappropriation of \$2.1 million from Rhode Island Capital Plan funds for five ongoing projects. Of this, \$1.1 million or 52.6 percent is for the relocation of the Portsmouth maintenance facility to state-owned land between Boyd's Lane and the ramp to Route 24 Northbound. This project is substantially complete and the facility will be occupied by the end of the calendar year.

*The Governor recommends \$1.8 million less than requested, including \$1.1 million less for the Portsmouth relocation project, based on completion of the project, as well as adjustments to other approved projects. A detailed description of the projects is included in the Capital Budget section of this publication.*

**Other Expenses.** The Department requests \$1.1 million more than enacted from all sources, including \$0.7 million from federal funds, \$55,000 from restricted receipts and \$352,785 from gas tax proceeds for all

other operations. This includes \$0.2 million for information technology services for the project management system, which is used by project managers to track project information. The request includes \$0.1 million to purchase cubicles, as part of the Department's plan to fill more positions and \$51,000 for clerical services. *The Governor recommends funding as requested.*