
Section V

FY 2020

Revised Budget

**FY 2020 Revised Budget
Table of Contents**

| | Page |
|--|-------------|
| Summary | 507 |
| Agency and Department Changes to the Enacted Budget | |
| General Government Agencies | |
| Department of Administration | 511 |
| Department of Business Regulation..... | 521 |
| Executive Office of Commerce | 527 |
| Department of Labor and Training | 529 |
| Department of Revenue | 535 |
| Legislature | 541 |
| Office of the Lieutenant Governor..... | 543 |
| Office of the Secretary of State..... | 545 |
| Office of the General Treasurer | 549 |
| Rhode Island Board of Elections | 551 |
| Rhode Island Ethics Commission | 553 |
| Office of the Governor..... | 555 |
| Rhode Island Commission for Human Rights | 557 |
| Public Utilities Commission | 559 |
| Human Services Agencies | |
| Executive Office of Health and Human Services | 561 |
| Department of Children, Youth and Families..... | 573 |
| Department of Health..... | 583 |
| Department of Human Services | 591 |
| Dept. of Behavioral Healthcare, Developmental Disabilities and Hospitals | 603 |
| Office of the Child Advocate..... | 613 |
| Commission on the Deaf and Hard of Hearing..... | 615 |
| Governor’s Commission on Disabilities..... | 617 |
| Office of the Mental Health Advocate..... | 619 |
| Education Agencies | |
| Department of Elementary and Secondary Education | 621 |
| Public Higher Education | 627 |
| Rhode Island Council on the Arts | 631 |
| Rhode Island Atomic Energy Commission..... | 633 |
| Historical Preservation and Heritage Commission | 635 |

Public Safety Agencies

Office of the Attorney General 637
Department of Corrections..... 641
Judicial Department 649
Military Staff..... 653
Rhode Island Emergency Management Agency 657
Department of Public Safety 659
Office of the Public Defender 667

Natural Resources Agencies

Department of Environmental Management..... 669
Coastal Resources Management Council..... 675

Transportation Agencies

Department of Transportation..... 679

FY 2020 Revised Budget

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|---------------------|--------------------|----------------------|--------------------|
| Expenditures by Function* | | | | |
| General Government | \$ 1,471.2 | \$ 1,630.9 | \$ 1,674.8 | \$ 1,681.3 |
| Human Services | 4,037.1 | 4,212.8 | 4,239.8 | 4,207.5 |
| Education | 2,633.9 | 2,746.5 | 2,763.6 | 2,769.5 |
| Public Safety | 602.5 | 624.3 | 654.3 | 646.5 |
| Natural Resources | 84.8 | 107.3 | 112.8 | 109.9 |
| Transportation | 548.3 | 648.8 | 665.3 | 647.0 |
| Total | \$ 9,377.7 | \$ 9,970.6 | \$ 10,110.6 | \$ 10,061.8 |
| Expenditures by Category* | | | | |
| Salaries and Benefits | \$ 1,713.7 | \$ 1,835.4 | \$ 1,835.8 | \$ 1,830.0 |
| Contracted Services | 330.1 | 347.9 | 367.6 | 386.2 |
| Subtotal | \$ 2,043.8 | \$ 2,183.4 | \$ 2,203.4 | \$ 2,216.2 |
| Other State Operations | 889.0 | 1,011.7 | 1,050.2 | 1,065.6 |
| Aid to Local Units of Government | 1,436.6 | 1,519.9 | 1,529.1 | 1,523.3 |
| Assistance, Grants, and Benefits | 4,170.5 | 4,326.2 | 4,342.8 | 4,302.9 |
| Capital | 332.7 | 480.4 | 489.7 | 472.1 |
| Capital Debt Service | 208.3 | 268.0 | 265.4 | 256.9 |
| Operating Transfers | 296.8 | 181.1 | 230.1 | 224.7 |
| Total | \$ 9,377.7 | \$ 9,970.6 | \$ 10,110.6 | \$ 10,061.8 |
| Sources of Funds* | | | | |
| General Revenue | \$ 3,924.0 | \$ 4,077.6 | \$ 4,111.8 | \$ 4,086.3 |
| Federal Aid | 3,118.7 | 3,325.4 | 3,352.8 | 3,325.2 |
| Restricted Receipts | 259.6 | 311.4 | 352.0 | 383.2 |
| Other | 2,075.4 | 2,256.3 | 2,294.1 | 2,267.1 |
| Total | \$ 9,377.7 | \$ 9,970.6 | \$ 10,110.6 | \$ 10,061.8 |
| FTE Authorization | 15,221.7 | 15,074.7 | 15,073.8 | 15,095.7 |
| FTE Average | 14,062.1 | | | |

**Data in millions*

Summary

The Governor's revised budget recommendations for FY 2020 are contained in 2020-H 7170, introduced on January 16, 2020. The Governor recommends total revised expenditures for FY 2020 of \$10,061.8 million, which is \$91.1 million or 0.9 percent more than enacted by the 2019 Assembly.

Total expenditures would increase \$684.0 million or 7.3 percent over reported FY 2019 expenditures. General revenue expenditures are \$8.7 million or 0.2 percent more than the FY 2020 budget adopted by the 2019 Assembly and \$162.2 million or 4.1 percent more than actual FY 2019 expenditures. Expenditures from federal funds are \$0.2 million less than enacted and \$206.5 million more than FY 2019. Expenditures from restricted receipts are \$71.9 million more than enacted and \$123.6 million more than FY 2019. Those from other funds, including the gas tax, Rhode Island Capital Plan funds and unemployment trust funds, are \$10.8 million or 0.5 percent more than enacted and \$191.7 million more than FY 2019.

| FY 2020 Revised | General | | | | All Funds |
|------------------------------|------------|------------|------------|------------|------------|
| | Revenue | Federal | Restricted | Other | |
| FY 2019 Final | \$ 3,933.8 | \$ 3,334.5 | \$ 287.1 | \$ 2,191.0 | \$ 9,746.4 |
| FY 2019 Reported | 3,924.0 | 3,118.7 | 259.6 | 2,075.4 | 9,377.7 |
| Difference | \$ (9.8) | \$ (215.8) | \$ (27.5) | \$ (115.6) | \$ (368.6) |
| FY 2020 Enacted | \$ 4,077.6 | \$ 3,325.4 | \$ 311.4 | \$ 2,256.3 | \$ 9,970.6 |
| Governor's FY 2020 Revised | 4,086.3 | 3,325.2 | 383.2 | 2,267.1 | 10,061.8 |
| Governor's Change to Enacted | \$ 8.7 | \$ (0.2) | \$ 71.9 | \$ 10.8 | \$ 91.1 |
| Percent Change | 0.2% | 0.0% | 23.1% | 0.5% | 0.9% |

The FY 2019 final budget projected \$25.5 million would be available for FY 2020 and was used for that budget. The State Controller finalized the closing statement on January 3, 2020, and it showed a surplus of \$30.5 million, or \$5.0 million more.

| FY 2019 Closing | | Enacted | Final | Variance |
|-----------------|---------------------------------------|----------------------|----------------------|----------------------|
| <i>Open:</i> | Free Surplus | \$ 52,525,379 | \$ 52,525,379 | \$ - |
| <i>Plus:</i> | Reappropriated Surplus | 10,057,409 | 10,057,409 | - |
| <i>Equals:</i> | Total Surplus | \$ 62,582,788 | \$ 62,582,788 | \$ - |
| <i>Plus:</i> | Revenues | 4,018,857,185 | 4,024,579,618 | 5,722,433 |
| <i>Minus:</i> | Transfer to Budget Stabilization Fund | (122,141,477) | (122,313,150) | (171,673) |
| <i>Equals:</i> | Total Available | \$ 3,959,298,496 | \$ 3,964,849,256 | \$ 5,550,760 |
| <i>Minus:</i> | Expenditures | (3,933,834,379) | (3,924,049,893) | 9,784,486 |
| <i>Equals:</i> | Closing Surplus | \$ 25,464,117 | \$ 40,799,363 | \$ 15,335,246 |
| <i>Minus:</i> | Reappropriations | - | (10,296,451) | (10,296,451) |
| <i>Equals:</i> | Free Surplus | \$ 25,464,117 | \$ 30,502,912 | \$ 5,038,795 |

Reported revenues from personal income, the largest component of state revenues were \$13.0 million or 0.9 percent more than estimated, primarily an adjustment for the accrual of receipts between fiscal years. Sales taxes, the second largest source of state revenues, were \$8.1 million above the estimate, or 0.7 percent. These increases helped cover another miss in the Business Corporations tax estimate of \$9.4 million, or 5.7 percent. Estimators continue to struggle with estimating these receipts which are quite volatile; however, the variance in the estimate was somewhat smaller than last year. All other revenues were \$6.9 million lower than estimated.

Expenditures from all sources were \$368.6 million less than enacted, or 5.5 percent. General revenue expenditures were \$9.8 million less. Federal fund expenditures and expenditures from restricted receipt accounts were \$215.8 million and \$27.5 million less, respectively. Expenditures from other sources were \$115.6 million less than the final enacted budget.

Closing expenses were lower than enacted primarily from Medicaid caseload savings. There were areas of overspending, particularly at the Department of Children, Youth and Families, that reduced the impact of the savings. Some agencies projected overspending in the first quarter of FY 2020, partially related to overspending in FY 2019; some of that was related to challenges with managing savings assumed in the enacted budget, notably in the human services agencies.

The Governor's revised budget lowers those first quarter spending projections primarily through unexpected debt service savings, local aid data updates and expenditure shifts to other sources. Other changes include smaller initiatives to lower costs in human services agencies and savings from an adjustment to employee benefit costs statewide. Her budget also relies on \$16.7 million in new revenues, net of technical adjustments, primarily transfers from quasi-public corporations.

As drafted, the revised budget contained in 2020-H 7170 includes dozens of undefined additions and reductions across multiple appropriation lines in thirteen different budgets. It appears these adjustments were made to keep the agency's total individual general revenue appropriation lines from exceeding the enacted level after known spending plan adjustments were made. This obscures where there is projected overspending and which line items are being reduced to offset that. The pages that follow include full analyses of the expenditure changes by agency which also shows information on the line item adjustments.

| | Enacted | Revised | Difference |
|--|-------------------------|-------------------------|----------------------|
| Opening Surplus | | | |
| Free Surplus | \$ 25,464,117 | \$ 30,502,912 | \$ 5,038,795 |
| Reappropriated Surplus | - | 10,296,451 | 10,296,451 |
| Subtotal | \$ 25,464,117 | \$ 40,799,363 | \$ 15,335,246 |
| Revenues | | | |
| Actual/Enacted/Estimated | \$ 3,950,250,000 | \$ 4,178,728,671 | \$ 228,478,671 |
| Governor | 248,637,451 | 18,412,357 | (230,225,094) |
| Assembly | (20,158,780) | - | 20,158,780 |
| Revenues | \$ 4,178,728,671 | \$ 4,197,141,028 | \$ 18,412,357 |
| Cash Stabilization Fund | \$ (126,125,784) | \$ (126,829,318) | \$ (703,535) |
| Total Available Resources | \$ 4,078,067,004 | \$ 4,111,111,073 | \$ 33,044,069 |
| Expenditures | | | |
| Actual/Enacted/Estimated | \$ 4,107,591,973 | \$ 4,077,594,991 | \$ (29,996,982) |
| Reappropriations | - | 10,296,451 | 10,296,451 |
| Governor | (32,498,834) | (1,623,147) | 30,875,687 |
| Assembly | 2,501,852 | - | (2,501,852) |
| Total Expenditures | \$ 4,077,594,991 | \$ 4,086,268,295 | \$ 8,673,304 |
| Free Surplus | \$ 472,013 | \$ 24,842,778 | \$ 24,370,765 |
| <i>Operating Surplus/(Deficit)</i> | <i>(24,992,104)</i> | <i>(5,660,134)</i> | <i>19,331,969</i> |
| Budget Stabilization and Cash Reserve | \$ 198,502,233 | \$ 211,016,724 | \$ 12,514,491 |
| Percent of Revenues | 4.8% | 5.0% | 0.3% |

The revised budget as recommended by the Governor would leave a \$24.8 million surplus for use in FY 2021. The general revenue surplus statement for FY 2021 shows an ending surplus of \$0.9 million and is presented as part of the overview of her FY 2021 budget recommendations in that section of this publication.

Department of Administration

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 2,114,526 | \$ 2,389,232 | \$ 2,467,156 | \$ 2,389,232 |
| Accounts & Control | 4,856,799 | 5,562,009 | 5,507,000 | 5,551,847 |
| Office of Management & Budget | 8,375,212 | 9,841,526 | 9,536,896 | 9,525,659 |
| Purchasing | 4,330,929 | 4,297,898 | 4,380,830 | 4,307,881 |
| Human Resources | 560,407 | 788,541 | 788,541 | 1,305,378 |
| Personnel Appeal Board | 127,863 | 151,521 | 125,163 | 151,521 |
| General | 44,450,915 | 62,629,874 | 62,629,874 | 62,743,953 |
| Debt Service | 164,862,257 | 197,070,371 | 197,070,371 | 185,420,171 |
| Legal Services | 1,943,575 | 2,294,340 | 2,149,637 | 2,166,544 |
| Information Technology | 7,338,985 | 8,383,510 | 8,303,516 | 23,039,857 |
| Library Programs | 2,551,546 | 2,614,826 | 2,789,184 | 2,786,439 |
| Planning | 3,985,458 | 6,453,342 | 7,581,075 | 7,571,314 |
| Energy Resources | 2,712,775 | 8,814,102 | 17,882,795 | 17,891,467 |
| Statewide Savings | (914,743) | (4,607,518) | (4,607,518) | - |
| Health Benefits Exchange | 8,077,248 | 9,953,397 | 10,881,852 | 10,821,172 |
| Diversity, Equity & Opportunity | 1,292,406 | 1,426,500 | 1,466,998 | 1,415,620 |
| Capital Asset Mgmt. & Maint. | 9,763,196 | 9,817,305 | 9,961,971 | 13,618,692 |
| Total | \$ 266,429,354 | \$ 327,880,776 | \$ 338,915,341 | \$ 350,706,747 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 27,748,394 | \$ 30,096,030 | \$ 29,078,807 | \$ 31,610,419 |
| Contracted Services | 10,309,487 | 8,371,996 | 9,931,479 | 9,967,614 |
| Subtotal | \$ 38,057,881 | \$ 38,468,026 | \$ 39,010,286 | \$ 41,578,033 |
| Other State Operations | 24,146,737 | 22,502,347 | 18,111,363 | 27,790,637 |
| Aid to Local Units of Government | 11,118,150 | 11,499,302 | 11,499,302 | 11,499,302 |
| Assistance, Grants, and Benefits | 4,957,483 | 3,329,128 | 18,092,065 | 18,092,065 |
| Capital | 17,700,812 | 55,111,602 | 55,231,954 | 66,426,539 |
| Capital Debt Service | 140,948,088 | 196,970,371 | 196,970,371 | 185,320,171 |
| Operating Transfers | 29,500,203 | - | - | - |
| Total | \$ 266,429,354 | \$ 327,880,776 | \$ 338,915,341 | \$ 350,706,747 |
| Sources of Funds | | | | |
| General Revenue | \$ 174,086,181 | \$ 206,638,425 | \$ 206,638,425 | \$ 208,871,535 |
| Federal Aid | 4,361,893 | 4,152,873 | 4,482,193 | 4,078,271 |
| Restricted Receipts | 13,988,611 | 24,412,178 | 34,285,534 | 45,320,414 |
| Other | 73,992,669 | 92,677,300 | 93,509,189 | 92,436,527 |
| Total | \$ 266,429,354 | \$ 327,880,776 | \$ 338,915,341 | \$ 350,706,747 |
| FTE Authorization | 655.7 | 647.7 | 647.7 | 647.7 |
| FTE Average | 628.3 | | | |

FY 2020 Revised Request. The Department requests \$11.0 million more than enacted from all sources and the authorized level of 647.7 full-time equivalent positions. This includes increases of \$0.3 million

from federal funds, \$9.9 million from restricted receipts and \$0.8 million from other funds; the general revenue request is consistent with the enacted budget.

The Governor recommends \$22.8 million more than enacted from all sources, including \$2.2 million more from general revenues. The recommendation is \$11.8 million more than requested, including \$11.7 million from debt savings, offset by \$7.7 million more for centralized services and \$11.1 million more from the Information Technology Investment Fund.

The Governor's revised budget includes dozens of undefined additions and reductions across multiple appropriation lines in thirteen different budgets. For the Department of Administration, this includes \$0.2 million across six programs. It appears these adjustments were made to keep the agency's total individual general revenue appropriation lines from exceeding the enacted level after known spending plan adjustments were made. This obscures where there is projected overspending and which line items are being reduced to offset that. The table below shows where those adjustments were made and the unadjusted amounts by program.

| | FY 2020 Enacted | FY 2020 Revised | Value of Adjustments | FY 2020 Unadjusted |
|---------------------------------|----------------------------|----------------------------|---------------------------------|-------------------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 2,389,232 | \$ 2,389,232 | \$ (73,599) | \$ 2,315,633 |
| Accounts & Control | 5,562,009 | 5,551,847 | 53,879 | 5,605,726 |
| Purchasing | 4,297,898 | 4,307,881 | (48,415) | 4,259,466 |
| Personnel Appeal Board | 151,521 | 151,521 | 26,358 | 177,879 |
| Legal Services | 2,294,340 | 2,166,544 | 20,460 | 2,187,004 |
| Diversity, Equity & Opportunity | 1,426,500 | 1,415,620 | 21,317 | 1,436,937 |
| All Other Programs | 311,759,276 | 334,724,102 | - | 334,724,102 |
| Total | \$ 327,880,776 | \$ 350,706,747 | \$ - | \$ 350,706,747 |

Staffing. Excluding statewide savings budgeted in the Department for later distribution, the revised request includes \$1.1 million less from all sources for salaries and benefits. This includes decreases of \$0.2 million from general revenues, \$0.5 million from restricted receipts and \$0.4 million from other funds, and \$12,861 more from federal funds. Approximately 70 percent of salary and benefit expenditures are supported by general revenues, while the general revenue reduction only accounts for 16.3 percent. The revised request includes the enacted staffing authorization of 647.7 full-time equivalent positions; however, there are various staffing changes, including three new positions in the Office of Diversity, Equity and Opportunity and in Central Management. The request reflects a major reorganization of staff in the Office of Management and Budget. It also assumes the elimination of 43.3 unidentified positions to reconcile the allocation by program to the staffing cap, 0.1 less than enacted.

The Governor includes the authorized level of staffing; however, it assumes 427.0 full-time equivalent positions would support internal service fund programs, 10.0 positions more than the authorized level. As of February 1, the Department has 633.1 full-time equivalent positions filled, 14.6 positions below the cap. Of the filled positions, 406.5 support internal service fund programs; 10.5 below the current cap. The recommendation also reflects the allocation of the unidentified positions by program, to better align filled positions by 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.

The revised request includes \$174,525 more than enacted from all sources, including \$75,293 more from general revenues for the Department's share of centralized services. Non-general revenue changes appear to adjust for certain areas where the Department incurred expenses in FY 2019; though overall FY 2019 expenditures were \$1.1 million below the final appropriation, including \$0.8 million less from the Information Technology Investment Fund. The revised request includes \$89,727 more for information technology services and a slight increase for human resources support. It also includes \$81,298 more for facilities management, of which \$74,298 is from general revenues. It appears that this additional expenditure was increased in order to keep the Department's overall revised budget at the enacted general revenue amount. The total revised request of \$13.6 million is \$2.3 million more than FY 2019 expenses. On December 16, the administration reported that the revised rates were finalized.

The Governor recommends \$7.7 million more than enacted from all sources, including \$7.6 million from general revenues based on Budget Office estimates. This appears to include funding for agencies that are overspending in other areas. This plan is inconsistent with the idea of internal service funds and the reason they were created. The recommendation includes \$3.6 million more for facilities management, for higher natural gas rates, additional security costs at the Pastore Center and funding for janitorial services, based on a new contract. It includes \$0.5 million more for human resources for cost-of-living adjustments. Expenses for information technology services are \$3.6 million more to primarily reflect Microsoft Office 365 licensing rates that were not assumed in the initial rates, and it also assumes filling more positions. The recommendation from general revenues is \$8.8 million or 69.9 percent more than FY 2019 expenses.

Statewide

Fraud and Waste Detection. The revised request assumes the enacted general revenue savings of \$2.0 million from fraud and waste detection that will combine data across agencies including the Department of Labor and Training, Department of Revenue and health and human services agencies to detect fraud and waste. No additional information has been provided as to what measures the administration is reviewing to ensure that the savings are achieved. It should be noted that the FY 2019 final budget assumed savings of \$3.0 million from this initiative; it appears that the savings were not achieved. There is a continued disconnect in the centralized budgeting of these savings and where they eventually occur, if at all. *The Governor's budget excludes the savings.*

Injured on Duty. The enacted budget includes \$1.7 million from general revenues from passing legislation to amend the injured on duty law as it relates to state employees. The legislation allows a treating physician or an independent medical examiner to certify that a person has reached maximum medical improvement triggering the 60-day clock to apply for accidental disability. Prior to the change, it must be the treating physician that makes the certification. Recipients of injured on duty payments had 90 days starting July 1, 2019 to apply for accidental disability payments, otherwise benefits would be terminated, with some exceptions. As of January 7, 2019, there were 28 individuals receiving injured on duty benefits. The administration reported that as of October 19, 2019, 18 individuals, including 15 Sheriffs were receiving injured on duty benefits. It also noted that a cost benefit analysis has not been conducted to determine how the savings assumed in the Department of Administration's budget will be achieved and distributed. It should also be noted that the FY 2020 revised requests for Military Staff and the Department of Public Safety include some turnover savings as a result of fewer individuals out on injured on duty; however, those savings are a fraction of the assumed savings. *The revised budget excludes the savings from the Department of Administration's budget; statewide, \$0.7 million was achieved in FY 2020.*

Overtime. Consistent with the enacted budget, the revised request includes statewide overtime savings of \$1.0 million from general revenues; the savings are included in the Department of Administration's budget for later distribution. The Department announced a new overtime policy in June 2019. It requires each agency to develop and submit to the Division of Human Resources and the Office of Management and Budget detailed overtime authorization and approval procedures, which must be submitted by October 15,

2019. Beginning in FY 2020, agencies are also required to submit to the Office of Management and Budget quarterly reports of overtime expenses along with their quarterly financial reports. It should be noted that agency first quarter reports did not show overtime savings. *The revised budget excludes the savings; statewide, \$582,912 was achieved. The amount allocated to the Department is \$1,624.*

Debt

Providence Place Mall. The request includes the enacted amount of \$3.6 million from general revenues for debt service costs of the Providence Place Mall. Pursuant to the legislation adopted by the 1996 Assembly, the debt service payments are supported by two-thirds of the sales taxes generated at the mall; up to a maximum of \$3.7 million in years 1 through 5 and \$3.6 million in years 6 through 20. A review of the reserve account showed available resources were sufficient to pay off the debt; a final payment was made in October 2019 and remaining funds were transferred to the general fund. The Budget Office's first quarter report shows the savings. *The recommendation includes the savings.*

Garrahy Parking Garage. The enacted budget includes \$1.7 million from general revenues for debt service for the Garrahy Parking Garage. The total debt payment is \$3.0 million; the enacted budget assumes that revenues will offset debt and operating costs as an opening date was anticipated in January 2020. The 2014 Assembly authorized the Convention Center Authority to issue up to \$45.0 million for the construction of the garage and the 2016 Assembly amended the authorization to allow the borrowing to occur if the Authority has three purchase and sale agreements or Wexford Science and Technology agrees to lease no less than 400 parking spaces. The bonds were issued in March 2018. *The garage opening is now anticipated in March. The Governor includes an additional \$1.2 million, restoring some of the assumed savings and \$0.2 million in agency budgets that are expected to use the garage.*

Fidelity Job Rent. Consistent with the enacted budget, the request includes \$3.0 million from general revenues for required payments under the Fidelity Job Rent Credits agreement. Under the incentive-based agreement between the state and Fidelity, the state provides job rent credits for each full-time equivalent employee in excess of a 1,000-employee base. *The Governor recommends \$170,000 less than enacted, which more closely align with FY 2019 expenses.*

I-195 Land Acquisition Debt Service. The Department requests the enacted amount of \$3.0 million from general revenues for debt service costs of the I-195 land acquisition project. The projected debt service amount is \$4.4 million; the request assumes that \$1.4 million of proceeds from land sales will be used to cover the debt. This is consistent with the current service estimate. The 2011 Assembly's debt authorization stipulated that proceeds from the eventual sale of the land parcels would be used for debt service costs.

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 Redevelopment Commission on the disposition of the land to occur while the project is completed. The principal amount for the bonds is \$38.4 million, amortized over a ten-year period, with a balloon payment of \$32.0 million due in FY 2023; however, the FY 2020 budget assumes reamortization of the balloon for an additional ten years. *The Governor recommends \$350,000 less than enacted based on anticipated interest rates.*

General Obligation Debt. The Department requests the enacted amount of \$116.0 million from all sources for general obligation debt service costs. This includes \$77.8 million from general revenues, \$1.9 million from federal Build America Bond funds and \$36.3 million from transportation funds. This includes \$17.8 million for projected debt service on a new bond issuance to occur in the fall of 2019.

The Governor recommends \$8.8 million less for debt service, including \$7.1 million less from general revenues from a refunding that occurred in December 2019; the first debt service payment on the refunding bonds will be in August 2020 and the interest payment previously due in April 2020 will no longer be required. She also includes \$3.2 million more for Public Higher Education's budget, for a net decrease of \$3.9 million from general revenues. The recommendation includes \$36.5 million from transportation funds for debt, subsequently, the Budget Office indicates that this amount should be \$0.5 million lower.

Office of Energy Resources

Regional Greenhouse Gas Initiative. The Department requests \$7.2 million more than enacted, reflective of FY 2019 unspent funds from the Regional Greenhouse Gas Initiative restricted funds. The receipts are derived from the sale of carbon emission credits through an auction process. The Office indicates that allocations spanning several plans totaling \$6.5 million are included in a Memorandum of Understanding between the Office and the Commerce Corporation. Expenditures through November totaled \$5.4 million, including transfers of \$1.0 million to the Rhode Island Infrastructure Bank for the Efficient Buildings Fund and \$3.5 million to the Commerce Corporation.

Of the increase, \$7.2 million will be used to provide grants to invest in projects that reduce long-term energy demands and costs. Program expenditures are \$23,858 less than enacted, including \$0.1 million less for salaries and benefits, to reflect updated staffing allocations to other programs. It also includes \$79,768 for energy research and clerical services, and \$15,600 for copy machines that the Office leased in FY 2019. *The Governor concurs, with the exception of providing \$279 less from statewide medical savings.*

Volkswagen Settlement Funds. The revised request includes new restricted receipt expenditures of \$1.6 million from the Volkswagen Settlement. The Department of Environmental Management is the designated state agency and has the primary responsibility for the implementation of the "Beneficiary Mitigation Plan" for use of the Volkswagen Settlement funds. The Department of Environmental Management allocated these funds to the Office to administer the Electric Vehicle Charging Station Incentive Program. The request includes \$0.1 million for partial funding of five positions and \$1.4 million to provide incentives to purchase and install electric vehicle charging station equipment. Incentives will be based on whether an applicant is a state agency, quasi, local government, or another entity and whether the charging stations will be available for public use. Guidelines for the program were issued in October 2019. *The Governor concurs, with the exception of providing \$176 less, reflecting statewide medical benefit savings.*

Other Expenses. The Department requests \$0.3 million more than enacted, including \$136,676 from federal funds and \$128,215 from restricted receipts for all other expenses for the Office of Energy Resources. Salary and benefit expenditures are \$0.1 million less than enacted from medical benefit and turnover savings that were not assumed in the enacted budget. As of November 23, the Office had one vacancy. Operating expenditures are \$0.4 million more than enacted, including \$0.1 million for the Office's share of an Offshore Wind Consultant; these costs are shared with the Division of Public Utilities Commission, and \$0.1 million in Reconciliation Funding through the Renewable Energy Growth Program for the Distributed Generation Board. Funds will be used to conduct a study to verify energy savings of energy efficiency programs, pursuant to legislation adopted by the 2018 Assembly. Remaining funds will be used for staff training on several initiatives, including solar power systems. *The Governor recommends \$1,277 less than requested from statewide medical benefit savings.*

HealthSource RI

Staffing Adjustments (-2.0 FTE). The request includes \$0.4 million less from restricted receipts for salary and benefit expenditures for HealthSource RI. This assumes \$0.2 million of personnel expenses will be allocated to the Executive Office of Health and Human Services and additional turnover savings of \$0.2 million. Based on the average cost of a position, the turnover savings is equivalent to 2.8 full-time

equivalent positions. As of the last pay period in November, 12.0 of the 16.0 authorized positions are filled; the request reflects the elimination of two vacancies which had been vacant for more than one year. *The Governor includes \$2,734 less from statewide medical benefit savings and concurs with the remainder of the request.*

UHIP Expenses. Excluding salaries and benefits, the revised request assumes expenditures of \$3.8 million from restricted receipts for HealthSource's portion of the Unified Health Infrastructure Project. This is \$58,135 more than enacted for information technology services. A settlement with Deloitte was reached in April 2018 that included a \$50 million payment to the state. Consistent with the enacted budget, the revised request assumes that \$1.5 million of expenditures will be credited through settlement funds; however, as of early December 2019, a decision from the federal government pertaining to the state's portion of the settlement funds has not been made. *The Governor recommends funding essentially as enacted.*

Management and Other Services. The revised request includes \$1.1 million more than enacted from all sources of funds for management and other services for HealthSource RI. This includes \$0.1 million less from general revenues, offset by \$1.2 million more from restricted receipts. The Office indicates that some of the increase relates to certain expenditures that the Centers for Medicare and Medicaid Services deemed to be non-Medicaid related and should be excluded from the Implementation Advanced Planning Document, as they are exclusively HealthSource RI expenses. This includes \$0.4 million for management and administration of HealthSource RI for Employers Program. The enacted budget includes \$1.2 million for sales and services for the program. The total contract cost is \$1.7 million, which is \$0.5 million more than enacted for a new enrollment platform for small businesses. *The Governor recommends funding as requested.*

Other Expenses. The request includes \$79,729 more than enacted from all sources, including \$104,244 more from general revenues for all other expenses for HealthSource RI. Of the increase, \$65,000 is for mailing notices, including eligibility, open enrollment and benefit changes. The enacted budget includes \$135,000; expenditures were \$205,470 for FY 2019 and \$211,312 for FY 2018. *The Governor recommends funding as requested.*

Office of Management and Budget

Office of Internal Audit - Staffing (-6.0 FTE). The revised request includes \$0.8 million less than enacted from all sources, including \$0.5 million less from general revenues and \$0.3 million less from other funds for staffing of the Office of Internal Audit, which was consolidated as part of the FY 2017 enacted budget in order to increase efficiency and decrease fraud and waste. Various positions were transferred from the Departments of Transportation and Human Services, the Office of Postsecondary Commissioner, and the University of Rhode Island to effectuate this. The request includes \$0.1 million in turnover savings; the enacted budget did not assume any. As of November 23, the Office has 8.0 positions vacant; the revised request includes the elimination of 6.0 vacant but funded positions. These positions have been vacant for several years, and the Office has consistently reported problems filling them. Of the remaining two vacancies, the Office has initiated the process to have one of the positions filled before February 2020. *The Governor concurs and includes \$5,427 less from statewide medical benefit savings.*

Staffing Reorganization (8.0 FTE). Excluding the Office of Internal Audit, the revised request includes \$0.5 million more from general revenues for salaries and benefits for all other positions in the Office of Management and Budget. The 2012 Assembly adopted legislation to establish the Office within the Department of Administration. The Office was created to serve as the principal agency of the executive branch for managing budgetary functions, performance management, and federal grants management. The 2019 Assembly concurred with the Governor's proposal to transfer functions of federal grants management from the Office to Accounts and Control; the revised request reflects the transfer of the associated 2.0 positions.

The request also reflects a major reorganization of staff in the Office of Management and Budget. It appears that legislation would be needed to effectuate some of the changes. Though the revised staffing level is within the authorized level; the Department proposes eliminating vacancies in HealthSource RI and the Office of Internal Audit. There is a net increase of eight new positions associated with the reorganization, including four in the Office of the Director of Management and Budget: two budget analyst positions, a deputy director of management and budget, and an administrator of operations to oversee LEAN initiatives. The latter two positions have been filled.

It appears that all staff that were previously in the Office of Performance Management were transferred to the State Budget Office for a net increase of three positions, including a database administrator, a principal budget analyst and a data analyst. The Department indicates that many of the functions of performance management are imbedded by statute and practice in the budget process and that it made sense to integrate the two functions. However, it should be noted that current law does assume a separate Office of Performance Management.

The request assumes staffing of 7.0 full-time equivalent positions for the Office of Regulatory Reform. It appears to have eliminated the director of the Office of Regulatory Reform; this position is established in the general law. *The Governor concurs and includes \$5,810 less from statewide medical benefit savings.*

Other Expenses. The revised request includes \$208 less from general revenues for all other operating expenses. This includes \$5,708 less for software maintenance costs and \$5,500 more for economic services relating to the Revenue Estimating Conference. The enacted budget includes \$44,800 for this, but FY 2019 expenditures were \$48,326. *The Governor concurs.*

Statewide Planning

Complete Count Committee. The revised request includes the enacted amount of \$0.5 million from general revenues to support the Complete Count Committee, which was created by Executive Order 18-09. The Committee is tasked with developing, recommending and assisting in census outreach strategies. Although the request includes the enacted amount, the Department indicates that it will probably incur some expenditures in FY 2021. The enacted budget also transferred a data analyst position from the Division of Municipal Finance to assist with census data collection, analysis, and monitoring. The Division of Statewide Planning indicates that it plans to conduct interviews by the end of November and have the position filled in December 2019. *The Governor concurs.*

Water Resources Board. The revised request includes \$11,424 less from general revenues for the Water Resources Board. This includes \$31,424 less for salaries and benefits to primarily reflect turnover savings. One of the Board's positions became vacant in September and the Board plans to fill the position by January 2020. The request includes new expenditures of \$10,000 for engineering and appraisal services, which the Board indicates is due to the current vacant engineer position. The request also includes an additional \$10,000 for maintenance of the Big River Management Area for which the enacted budget includes \$5,000.

The revised request is \$37,311 less than FY 2019 expenditures. The request does not include funding for paying the tuition expense for a student living in the Big River Management Area; FY 2019 expenditures were \$17,738. The Board is responsible for paying the tuition costs for students living there who attend the Exeter/West Greenwich Regional School District. *The Governor recommends \$689 less than requested from statewide medical benefit savings.*

Transportation Planning Grants. The revised request includes \$1.2 million more than enacted from other funds passed through the Department of Transportation to the Division of Statewide Planning for transportation planning related projects. The Department historically overstates its ability to spend these funds. The Division of Statewide Planning indicates that the funds will be used for the implementation of

the Unified Planning Work Program, which serves as the basis by which Federal Highway Administration and Federal Transit Administration urban transportation planning funds are spent. Additionally, the program serves as a management tool for scheduling, budgeting, and monitoring the planning activities of the Department of Transportation, the Rhode Island Public Transit Authority and the Department of Environmental Management. *The Governor recommends funding as requested.*

Other Statewide Planning. The revised request includes \$10,843 less than enacted from all sources, including \$127,630 less from general revenues for all other operating expenses for the Division of Statewide Planning. It includes \$252,868 less for salaries and benefits, to primarily reflect turnover savings for which the enacted budget assumed \$8,472. As of November 23, the Division has 7.0 of its 23.0 authorized positions vacant. Based on the average cost per position, the revised request appears to fund 21 positions. The request includes carry forward funds of \$0.1 million from a federal grant for the development of a coastal resiliency plan for small businesses. All other expenditures are \$0.1 million more than enacted, including \$26,297 from general revenues for lease costs associated with relocating the Division from the Department of Administration's building to the Foundry Building. There is offsetting savings in the Department of Environmental Management's budget for this space. *The Governor recommends \$5,481 less than requested, reflecting statewide medical benefit savings.*

Other Programs

Office of Diversity, Equity and Opportunity (1.0 FTE). The Department requests \$40,498 more from all sources than enacted, including \$10,771 less from other funds, offset by \$51,269 more from general revenues for staffing and operating costs for the Office of Diversity, Equity and Opportunity. The request includes \$70,414 from general revenues for half a year's funding for a new position. The Department indicates that the new position will serve as a unit chief, providing oversight and coordination of each program's operations and performance. As of November 2019, the Office has no vacancies. The request includes \$19,070 less for operating expenses primarily for outreach, advertising and training related activities. *The Governor recommends \$72,695 less than requested from all sources; she does not recommend funding the new position and includes statewide medical benefit savings.*

Purchasing Staffing and Operations. The revised request includes \$82,932 more from all sources for staffing and operations of the Division of Purchasing, all but \$1,775 is from general revenues. Salary and benefit expenditures are \$58,013 more than enacted to primarily reflect restoration of turnover savings for which the enacted budget assumed \$0.1 million. As of the pay period ending November 23, the division has no vacancies. The request also includes medical benefit savings based on employee selection.

Operating expenditures are \$24,919 more from general revenues than enacted, of which \$19,919 is for clerical services for which FY 2019 expenses were \$18,839. *The Governor recommends \$34,092 less from all sources than requested; she does not recommend funding the additional operating expenses and includes \$8,173 from statewide medical benefit savings.*

DCAMM Staffing and Operations. The revised request includes \$44,010 more from general revenues than enacted to support the Division of Capital Asset Management and Maintenance. The request includes the transfer of the executive secretary of the State Properties Committee position from Central Management to the division. This position was previously allocated to the Personnel Appeal Board and the State Properties Committee. The Department indicates that it wanted to show the position in the Division of Capital Asset Management and Maintenance since the State Properties Committee falls under the purview of the division. Adjusted for the cost allocation, salary and benefit expenditures are \$49,095 more than enacted, which assumes \$0.1 million in turnover savings; the enacted budget did not include any. As of the pay period ending November 23, the division has two vacancies. The request also switched a lower paid position from the division with a higher paid position from the Facilities Management Internal Service Fund Program.

The request includes \$5,085 less for operating expenses primarily from engineering services. This includes the enacted amount of \$0.2 million of statewide general revenue savings from three separate statewide savings initiatives designed to reduce operating costs. It should be noted that these savings were not achieved in FY 2019. *The Governor recommends \$147,865 more from general revenues than requested, which restores the enacted statewide general revenue savings, assumes statewide medical savings of \$3,128 and includes \$1,624 for the Department's share of the enacted overtime savings initiative.*

Central Management Staffing (2.0 FTE). The Department requests \$0.1 million more from general revenues for salaries and benefits in Central Management. This includes \$337,266 to fund 2.0 new positions, including \$0.2 million for a position transferred from the Department of Environmental Management to the Department of Health; however, the expense as well as the staffing authorization is included in the Department of Administration's budget. The Department indicates that the reason for the transfer is to promote government efficiency by representing the Department of Health at grievance hearings and improve succession planning and leadership development. The second position is a senior management and methods analyst that the Department indicates will conduct policy and data research, legislative tracking, and oversight of internal communications. Both positions have been filled.

The request assumes \$0.4 million more from turnover savings, for which the enacted budget assumed \$45,192. The Department intends to maintain a data clerk and the deputy director positions vacant for the entire fiscal year. As of November 23, Central Management has 17.0 full-time equivalent positions filled, including the requested two new positions. Expenditures were also adjusted to reflect an additional \$0.1 million for updated cost-allocations to other programs. *The Governor recommends funding as requested for the new positions and includes \$2,183 from statewide medical benefit savings.*

Other Salaries and Benefits (-1.0 FTE). The Department requests \$200,718 less than enacted from all sources for salary and benefit expenses, including \$201,892 less from general revenues, reflective of turnover and medical benefit savings. The majority of the turnover savings occurred in Legal Services for which the Department also proposes eliminating a vacant position. There were also turnover savings in Accounts and Control and the Office of Library and Information Services. The request also includes \$34,006 more from restricted receipts for a position allocated to the Information Technology Investment Fund. As of November 25, the Department has 4.0 full-time equivalent positions vacant for the aforementioned programs. *The Governor concurs, with the exception of including \$15,712 less from all sources from statewide medical benefit savings.*

Tort Court Awards. The revised request includes the enacted amount of \$0.9 million from general revenues, including the annual appropriation of \$0.4 million to pay for liability claims against any state department or state employee. The 2019 Assembly provided an additional \$0.5 million to ensure funds are available for future compensation of individuals, wrongfully convicted of crimes and incarcerated. The legislation passed the House of Representatives; however, did not pass the Senate. Reported expenditures for FY 2019 were \$457,720. *The Governor includes funding consistent with the enacted budget.*

Library and Information Services. The revised request includes \$200,375 more from all sources for operations of the Office of Library and Information Services. This includes \$3,293 more from general revenues for the interlibrary loan delivery system, which includes the delivery of books, audio/visual materials and other resources, which are shared among more than 180 public libraries, academic libraries, state institution libraries, school libraries and other special libraries, such as the Rhode Island Historical Society. The enacted budget includes \$560,060; the revised request is \$16,685 less than FY 2019 expenditures of \$580,038. The request also includes \$0.2 million from federal carry forward funds, which will be used to support innovation and pilot projects in libraries. *The Governor recommends funding as requested.*

Information Technology. The enacted budget includes \$114,000 from federal Victims of Crime Act funds for the Division of Information Technology to maintain the Internet Protocol, which is used to relay data. The revised request excludes the expense, which the Department subsequently indicated was in error. The request assumes the enacted amount of \$5.5 million for projects funded from the Information Technology Investment Fund. *The Governor recommends \$11.2 million more than requested, including \$0.1 million from federal funds to restore information technology services for the Victims of Crime System database and \$11.1 million for projects funded from the Information Technology Investment Fund. Total expenditures assumed from the fund is \$1.4 million more than projected resources. Subsequently, the Department indicates that it would request an amendment to correct this.*

Capital - Hospital Consolidation. The Department's capital budget request includes the approved amount of \$49.9 million from Rhode Island Capital Plan funds and approved Certificates of Participation to reorganize hospital operations for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The plan calls for renovations to Regan and Benton buildings; forensic psychiatric patients will move from Pinel and Adolph Meyer buildings into the Benton Building. General and geriatric psychiatric patients will be consolidated into the Regan building. The Beazley Building on the Zambarano Campus will be renovated to address safety and security, as well as improvements to the laboratory. Through the reorganization, two buildings will close: Adolph Meyer and Pinel.

The recommendation delays use of \$10.1 million from Rhode Island Capital Plan funds from FY 2020 to FY 2021 and FY 2022. The Governor also proposes legislation authorizing additional borrowing of \$12.0 million through new Certificates of Participation to cover updated cost estimates for the project, bringing the total to \$61.9 million. The annualized debt service on the new borrowing would be \$1.0 million assuming 2.75 interest and a 15-year term.

Other Capital Projects. The revised request includes the enacted amount of \$36.3 million from Rhode Island Capital Plan funds for 35 projects. *The Governor recommends \$10.2 million more than enacted and requested, including \$5.0 million more for asset protection of buildings on the Pastore Center and \$1.3 million more for the State House Renovations project. A detailed description of the projects is included in the Capital Budget section of this publication.*

Other Expenses. The revised request includes \$8,000 more from general revenues for staff training in the Division of Legal Services. *The Governor concurs and includes an additional \$15,636 from general revenues. This includes \$41,596 more for unspecified expenses and \$25,960 less from various adjustments, such as office supplies.*

Department of Business Regulation

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|--|----------------------|----------------------|----------------------|----------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 2,328,072 | \$ 2,529,586 | \$ 2,652,992 | \$ 2,529,586 |
| Banking Regulation | 1,411,035 | 1,734,819 | 1,632,434 | 1,734,819 |
| Securities Regulation | 1,033,285 | 1,098,495 | 1,097,724 | 1,098,495 |
| Commercial Licensing, Gaming & Athletics Licensing | 2,251,495 | 2,086,360 | 1,931,158 | 1,980,897 |
| Insurance Regulation | 5,022,467 | 5,931,271 | 5,939,567 | 5,997,654 |
| Office of the Health Insurance Commissioner | 2,921,833 | 2,572,277 | 2,664,191 | 2,760,011 |
| Board of Accountancy | 4,485 | 5,883 | 5,883 | 5,883 |
| Building, Design & Fire Professionals | 7,953,753 | 9,058,702 | 9,388,830 | 8,967,677 |
| Office of Cannabys Regulation | - | 1,346,264 | 1,336,461 | 1,327,252 |
| Total | \$ 22,926,425 | \$ 26,363,657 | \$ 26,649,240 | \$ 26,402,274 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 17,330,663 | \$ 19,140,100 | \$ 18,911,045 | \$ 18,868,929 |
| Contracted Services | 2,323,249 | 2,687,857 | 2,929,067 | 3,009,067 |
| Subtotal | \$ 19,653,912 | \$ 21,827,957 | \$ 21,840,112 | \$ 21,877,996 |
| Other State Operations | 2,753,801 | 3,891,802 | 4,025,390 | 3,902,362 |
| Aid to Local Units of Government | (450) | - | 30,000 | - |
| Assistance, Grant, and Benefits | (8,646) | 80,000 | 125,000 | 112,517 |
| Capital | 527,808 | 563,898 | 628,738 | 509,399 |
| Total | \$ 22,926,425 | \$ 26,363,657 | \$ 26,649,240 | \$ 26,402,274 |
| Sources of Funds | | | | |
| General Revenue | \$ 16,364,148 | \$ 17,896,681 | \$ 17,850,449 | \$ 17,815,293 |
| Federal Aid | 1,007,602 | 755,788 | 990,673 | 1,045,501 |
| Restricted Receipts | 5,130,698 | 7,144,829 | 7,177,721 | 7,030,407 |
| Other | 423,977 | 566,359 | 630,397 | 511,073 |
| Total | \$ 22,926,425 | \$ 26,363,657 | \$ 26,649,240 | \$ 26,402,274 |
| FTE Authorization | 161.0 | 161.0 | 161.6 | 161.0 |
| FTE Average | 149.9 | | | |

FY 2020 Revised Request. The Department of Business Regulation requests \$0.3 million more than enacted from all fund sources, including \$46,232 less from general revenues, \$0.2 million more from federal funds, \$32,892 more from restricted receipts, and \$64,038 more from other fund sources. The general revenue decrease is savings in the Office of the Health Insurance Commissioner. The request includes 161.6 full-time equivalent positions, 0.6 positions more than the authorized level. *The Governor recommends \$0.2 million less than requested, including \$35,156 less from general revenues and the authorized level of staffing.*

The Governor's revised budget includes dozens of undefined additions and reductions across multiple appropriation lines in thirteen different budgets. For the Department of Business Regulation this includes \$0.6 million across seven programs. It appears these adjustments were made to keep the agency's total individual general revenue appropriation lines from exceeding the enacted level after known spending plan adjustments were made. This obscures where there is projected overspending and which line items are being reduced to offset that. The table below shows where those adjustments were made and the unadjusted amounts by program.

| | FY 2020 Enacted | FY 2020 Revised | Value of Adjustments | FY 2020 Unadjusted |
|--|----------------------|----------------------|-------------------------|-----------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 2,529,586 | \$ 2,529,586 | \$ 120,954 | \$ 2,650,540 |
| Banking Regulation | 1,659,819 | 1,659,819 | (105,940) | 1,553,879 |
| Securities Regulation | 1,083,495 | 1,083,495 | (3,716) | 1,079,779 |
| Commercial Licensing and Gaming and Athletics Licensing | 1,135,403 | 1,054,015 | (53,593) | 1,000,422 |
| Insurance Regulation | 3,919,342 | 3,919,342 | (66,092) | 3,853,250 |
| Office of Health Insurance Commissioner | 1,717,106 | 1,717,106 | (47,273) | 1,669,833 |
| Division of Building, Design and Fire Professionals | 5,846,047 | 5,846,047 | 155,660 | 6,001,707 |
| Total | \$ 17,890,798 | \$ 17,809,410 | \$ - | \$ 17,809,410 |

Staffing. The Department's FY 2020 revised request includes \$4,298 more from all sources of funds, including \$38,717 less from general revenues for 161.6 full-time equivalent positions, which is 0.6 more than the enacted authorization. The 2019 Assembly authorized 161.0 positions for FY 2020, including the removal of 2.0 unfunded positions from the Office of the Health Insurance Commissioner and 2.0 positions from the State Building Office, offset by 3.0 new positions for the Office of Cannabis Regulation.

The request makes several changes. For the Office of the Health Insurance Commissioner, it upgrades three positions and allocates the cost of one to the Executive Office of Health and Human Services. The impact to the budget is \$0.1 million more considering the use of federal funds through the Executive Office. The remainder of the request reallocates staff among divisions, including allocating 0.4 of a position to the Fire Marshal's Office to add a whole new position. The positions intended to be vacated in the State Building Office were vacated earlier than assumed in the budget, making additional savings available. The new Office of Cannabis Regulation positions were filled.

The Department's staffing authorization has undergone several changes. Between 2011 and 2016, the Department often maintained a double-digit vacancy level. The Department reported new recruitment and hiring practices implemented for FY 2017 resulted in significant gains in qualified candidates; FY 2017 demonstrated the fewest vacancies since 2010, and the Department has maintained a roughly 95 percent filled staffing rate since. It has a filled rate of 97.1 percent as of the end of the second quarter of FY 2020. The request appears to overstate the necessary level of expenditures. *The Governor recommends the authorized level of staffing, and includes funding essentially as requested.*

Centralized Services. The Department requests \$8,080 more than enacted for its share of centralized services. This includes \$2,580 more from general revenues, \$1,200 more from federal funds, and \$4,300 more from restricted receipts; the increase primarily reflects additional human resources spending. The increase is entirely attributable to the Office of the Health Insurance Commissioner, which is also reallocating \$6,430 of expenses paid from federal resources exhausted during FY 2019 to other resources including restricted receipts derived from charges to regulated entities. It should be noted that the Office

is also allocating other staffing and operation expenses to this restricted source of funds, and restricted receipt expenditures are subject to actual collections. If collections are insufficient to cover the Office's proposed expenses, it presents a risk to general revenues. *The Governor recommends \$178,034 less than requested from restricted receipts.*

Unachieved Statewide Savings. The request includes \$17,051 more from general revenues to restore statewide savings assumed in the enacted budget based on the Governor's budget recommendation from three statewide initiatives designed to reduce operating costs. The enacted budget assumes savings of \$41,438 from these initiatives offset by requested funding; the net reduction totaled \$30,612 for FY 2020. The savings allocated to the Central Management division totaled \$17,051. *The Governor recommends funding as requested.*

Office of the Health Insurance Commissioner

Staffing Upgrades. The Office requests \$79,174 from all sources of funds, including \$54,566 from general revenues to upgrade three filled positions. The request upgrades two Principal Policy Associates and a Deputy Executive Assistant/Communication positions. The first of these upgrades was effective prior to the end of FY 2019 and partially resulted in the Office's overspending for staff from its restricted account, which is charged to health care entities as a regulatory fee. The remaining Principal Policy Associate and Deputy Executive Assistant/Communications positions have been upgraded as of the end of October 2019. *The Governor recommends funding as requested.*

Risk Bearing Oversight. The Office requests \$124,179 less from federal funds for staffing and operations associated with the oversight of risk-bearing provider organizations. This includes \$20,000 for consultant expenses to assess the establishment and oversight of Medicaid accountable entities, and allocates \$144,179 of the Office's staffing costs to the Executive Office of Health and Human Services. The memorandum of understanding includes an agreement, subject to semi-annual certification, to cover the cost of the position. It should be noted the agreement can be terminated at any time by either party. The Office's budget does not include any additional funding for the position and the Executive Office's budget assumes a full-year of funding. The memorandum stipulates the Executive Office will allocate \$150,000 to the Office for the fiscal year, which appears to be \$14,179 less than the Executive Office's liabilities assumed in the request.

The memorandum also requires the Office to draft legislation to codify the Risk Bearing Oversight function in state law. The Office does not have independent authority to conduct these activities; it does conduct these examinations for Medicaid entities pursuant to an agreement with the Executive Office. The Office requested legislation be submitted during the 2019 legislative session to provide the Office regulatory oversight between healthcare service providers and insurers with respect to responsibility for cost overruns above a contractually agreed upon level. It was not enacted. *The Governor recommends funding as requested.*

Opioid Response. The Office requests \$150,000 from federal funds to hire a consultant to assess insurance carrier policies and procedures that impact access to behavioral health services, including opioid related treatment, to determine compliance with American Society of Addiction Medicine or other state and federal requirements. The grant expired on September 30, 2019. As of December 2019, the Office has spent \$62,150. As the grant term has expired, the request appears to overstate actual expenditures. *The Governor recommends funding as requested.*

OHIC - Other Personnel and Operations. The Office of the Health Insurance Commissioner requests \$21,161 less than enacted, including \$0.1 million less from general revenues, \$0.1 million more from federal funds and \$48,487 less from restricted receipts, adjusted for items previously discussed. The request primarily reflect changes to staffing. The staffing request is \$30,733 more than enacted from all sources of funds, including \$8,334 more from general revenues, after accounting for the staffing upgrades and federal

cost allocation previously discussed. This includes \$0.1 million for a full-year of funding for an administrative officer position vacant for the first three pay periods of FY 2020. Also, on an allocation basis, the request appears to reflect funding for an additional 0.1 full-time equivalent positions.

The contracted services request is \$30,600 more than enacted from all sources. This includes \$12,800 more to complete a pharmaceutical analysis and provider guidance for the federal health insurance and enforcement grant. The federal state flexibility grant request is \$17,800 and includes a \$17,200 reduction for a multistate benchmark plan comparison completed during FY 2019. This is offset by \$35,000 for a new contract with the Office's former Executive Assistant/Chief of Staff who appears on the state's staffing report through the October 26, 2019 pay period. The new contract is for the period of October 15, 2019 to October 15, 2020, with a maximum value up to \$150,000. The contract requires analysis of market conduct examinations of health care entities and benefit determination review of agencies through market scan analysis of commercial carriers to determine and report noncompliance. *The Governor recommends \$48,547 more than requested, including \$1,041 less from general revenues. This adds \$50,000 from restricted receipts for the requested contracted market conduct examinations, offset by \$1,453 of statewide benefit savings.*

Building, Design, and Fire Professionals

State Building Office. The Department requests \$15,395 less than enacted from all sources of funds, including \$11,712 more from general revenues and \$27,107 less from restricted receipts to support the State Building Office's 23.0 full-time equivalent positions, of which 11.0 positions are funded from general revenues. The request appears to overfund general revenues by approximately \$22,000 and reflect actual restricted receipt turnover savings based on staffing through the end of November 2019. Though no restricted receipt savings were assumed in the enacted budget, the presumption was that backfilling restricted funded positions at a lower level would yield savings alleviating the known insolvency issue from those collections. The request backfills one position at a lower level, upgrades another position, and one position currently vacant is funded for the remainder of the year. If that position is held vacant, additional savings should be available; the enacted budget assumes two additional positions would be downgraded. However, the request does not reflect any additional changes.

The Governor's recommended budget assumed statewide general revenue savings of \$10.0 million to be identified by an Efficiency Commission that was established by Executive Order on February 21, 2019. For the Department, the Efficiency Commission's recommendation included consolidating the Contractors' Registration and Licensing Board and the State Building Code Commission into a new State Building Office. The proposal included the elimination of 2.0 positions anticipated to generate general revenue savings of \$0.1 million for FY 2020, and \$0.3 million for FY 2021. The Assembly concurred. *The Governor recommends \$6,423 less than requested, including \$3,505 less from general revenues to reflect statewide benefit savings.*

Fire Marshal Equipment and Training. The Department requests \$0.1 million more than enacted, including \$77,160 more from federal grant funds and \$45,000 more from restricted Fire Academy Training fees to support training and equipment for the state Fire Marshal's office. The federal funds request reflects estimated federal grant awards; the actual awards are \$0.1 million less than requested. The restricted receipts are serving as the state match for the federal grant. *The Governor recommends \$42,523 more than requested to reflect \$55,006 more from a grant, offset by \$12,483 less from Fire Academy Training fees.*

Building Code Training Seminar. The Department requests \$30,000 from general revenues to begin training state and local building officials on the codes consistent with the newly promulgated regulations which became effective August 1, 2019 and enforceable November 1, 2019. The funding requested essentially restores a portion of the staffing savings assumed in the enacted budget related to the State Building Office discussed previously, but reallocates those resources to train local officials. The request is

essentially consistent with amounts spent for similar training in FY 2019. It should be noted that the Division overspent its FY 2019 final general revenue appropriation; however, that overage was absorbed by savings in other functional areas of the Department. *The Governor recommends funding as requested.*

Principal Economic and Policy Analyst. The Department requests \$0.1 million from general revenues for a new Principal Economic and Policy Analyst position. The Department created a new position and filled it with an existing chief deputy staff member to reflect the individual's administrative duties, and backfilled that chief deputy position during FY 2019. The enacted budget assumes 2.0 Deputy Chief Fire Marshal positions and the request maintains both of these positions in addition to the Principal Economic and Policy Analyst. *The Governor recommends \$192 less the requested to reflect statewide benefit savings.*

Building, Design, and Fire Professionals Staffing and Operations. The Department requests \$2,805 less than enacted from all sources, predominantly from general revenues for other staffing expenditures. The staffing expenses support 30.0 filled full-time equivalent positions related to fire safety, training and response. *The Governor recommends \$11,665 less the requested, including \$11,680 less from general revenues. This includes \$6,562 less for overtime expenses and \$5,103 less from statewide benefit savings.*

Capital. The Department requests \$64,840 more than enacted from Rhode Island Capital Plan funds. This includes \$50,000 for capital asset protection projects, \$50,000 for an auditorium addition to the Fire Academy, \$25,000 towards an evidence repository, and \$25,000 for new simulators for the fire training academy offset by \$85,160 less to complete construction of a three-bay cold storage building at the Fire Academy, reflective of expenditures incurred during FY 2019. *The Governor recommends \$0.1 million less than requested to complete the Fire Academy building, and excludes the other funding. A detailed description of these projects is included in the Capital Budget section of this publication.*

Other

Ombudsman. The Governor's FY 2020 budget recommendation included transferring the authorization for the Small Business Ombudsman from the Office of Regulatory Reform in the Department of Administration to the Department of Business Regulation. The 2019 Assembly concurred and shifted \$0.2 million from the Commerce Corporation's annual appropriation to the Department to align the position funding and authorization. The Department's request reallocates the position authorization from Commercial Licensing, Gaming and Athletics, to the Director's office.

The FY 2019 enacted budget allocated the cost for the Small Business Ombudsman to the Commerce Corporation to create savings for the state, however, the authorization remained within the Department of Administration. The Executive Office of Commerce's FY 2019 revised request added general revenues to fund the cost allocation. The Governor's recommendation excluded the funding. The Department of Administration incurred this expense for FY 2019, contradicting the original intent reconfirmed in the Governor's revised and final budgets. *The Governor recommends funding as requested.*

Central Management. The Department requests \$52,530 less than enacted to support 10.4 positions within the Division of Central Management, excluding the position previously discussed. The variance is primarily reflective of the actual cost of filling two new positions included in the enacted budget, offset by a higher than assumed allocation for legal services. It should be noted that the division has upgraded a legal position as of the pay period ending November 9, 2019. Personnel reports sent in support of the request do not appear to account for the upgrade. As a result the request may understate necessary expenditures. *The Governor recommends \$2,452 less the requested to reflect statewide medical benefit savings.*

Commercial Licensing and Gaming Staffing (-0.4 FTE). The Department requests \$6,317 less than enacted from all funds including \$16,533 more from general revenues and \$22,850 less from restricted receipts. The general revenue request reflects the restoration of turnover savings equivalent to 0.2 full-time

equivalent positions. The enacted budget assumes expenditures for 15.5 full-time equivalent positions, excluding the Small Business Ombudsman discussed previously. The Department reduces its internal staffing allocation by 0.4 full-time equivalent positions. It has maintained 14.6 full-time equivalent filled positions since the beginning of FY 2020. *The Governor recommends \$3,854 less than requested, including \$2,629 less from general revenues to reflect statewide medical benefit savings.*

Banking and Insurance Regulation Turnover. The Department's request is \$161,320 less from general revenues, and \$2,004 more from restricted receipts, to support 48.0 full-time equivalent positions. The enacted budget appears to be in excess of necessary expenditures based on its current staffing. The request also restores approximately \$32,000 of turnover savings assumed in the enacted budget.

The request includes 13.0 positions in banking regulation and 35.0 positions in insurance regulation. The request shifts a position between divisions and downgrades some positions within the Insurance Division. This results in the net loss of one examination position and add of a legal counsel position. The request does not properly account for two positions which were upgraded during FY 2019. The salary variance is estimated at approximately \$22,000, and split between two fund sources. *The Governor recommends \$11,560 less than requested, primarily from general revenues to reflect statewide medical benefit savings.*

Actuarial Services. The Department requests \$65,227 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 has four vendors. The Office uses only one vendor. Those contracts include a 5.0 percent inflator each year and are in effect through June 30, 2020; however, the increase only represents 4.0 percent from the enacted amount. The need for actuarial costs has historically been overstated, compared to actual expenditures; the Department has underspent its appropriation by approximately \$0.4 million on average for the last five years, including \$0.5 million less for FY 2019. The Department has not exceeded \$1.1 million in any of the last five years and likely has sufficient resources to cover its expenses. *The Governor recommends funding as requested.*

Other Personnel and Operations. The Department requests \$574 less than enacted from all sources of funds for all other expenditures. This includes \$9,229 more than enacted from general revenues and \$9,803 less from restricted receipts. The general revenue request includes \$10,000 more for Commercial Licensing and Gaming Divisions expenses which historically have been underfunded and covered by savings in other functional areas, offset by minor staffing adjustments in the Securities Division which appears to understate available savings. The restricted receipt request includes turnover savings consistent with actual staffing for the Office of Cannabis Regulation. The remainder of the request is consistent with the amounts assumed in the enacted budget, though additional savings are likely available. *The Governor recommends \$4,517 less than requested, including \$2,945 less from general revenues to reflect statewide medical benefit savings.*

Executive Office of Commerce

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| Expenditures by Program | | | | |
| Executive Office of Commerce | \$ 885,562 | \$ 1,921,663 | \$ 1,927,109 | \$ 1,921,121.00 |
| Housing & Community Dev. | 16,065,719 | 23,206,530 | 20,009,541 | 19,978,734 |
| Quasi-Public Appropriations | 19,536,750 | 21,568,258 | 21,968,258 | 21,568,258 |
| Commerce Programs | 2,100,000 | 1,200,000 | 1,200,000 | 1,200,000 |
| Economic Dev. Initiative Funds | 14,300,000 | 12,100,000 | 12,100,000 | 12,100,000 |
| Total | \$ 52,888,031 | \$ 59,996,451 | \$ 57,204,908 | \$ 56,768,113 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 1,863,147 | \$ 2,049,603 | \$ 2,106,287 | \$ 2,068,081 |
| Contracted Services | - | - | - | - |
| Subtotal | \$ 1,863,147 | \$ 2,049,603 | \$ 2,106,287 | \$ 2,068,081 |
| Other State Operations | 375,338 | 417,617 | 417,617 | 419,028 |
| Assistance, Grants, and Benefits | 18,703,397 | 22,697,723 | 19,449,496 | 19,449,496 |
| Capital | 9,301 | 10,453,250 | 10,853,250 | 10,453,250 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | 31,936,848 | 24,378,258 | 24,378,258 | 24,378,258 |
| Total | \$ 52,888,031 | \$ 59,996,451 | \$ 57,204,908 | \$ 56,768,113 |
| Sources of Funds | | | | |
| General Revenue | \$ 30,235,018 | \$ 28,181,129 | \$ 28,216,558 | \$ 28,179,484 |
| Federal Aid | 10,915,022 | 17,611,003 | 14,384,031 | 14,384,462 |
| Restricted Receipts | 4,312,991 | 4,754,319 | 4,754,319 | 4,754,167 |
| Other | 7,425,000 | 9,450,000 | 9,850,000 | 9,450,000 |
| Total | \$ 52,888,031 | \$ 59,996,451 | \$ 57,204,908 | \$ 56,768,113 |
| FTE Authorization | 16.0 | 14.0 | 13.5 | 14.0 |
| FTE Average | 12.4 | | | |

FY 2020 Revised Request. The Executive Office of Commerce requests \$2.8 million less than the enacted amount for FY 2020. This includes \$35,429 more from general revenues, \$3.2 million less from federal funds, and \$0.4 million more from Rhode Island Capital Plan funds. The request includes the authorized amount of 13.5 full-time equivalent positions, consistent with its current level of staffing. *The Governor recommends \$0.4 million less than requested, including \$37,074 less from general revenues.*

Centralized Services. The Executive Office requests the enacted amount of \$0.2 million from general revenues for its share of centralized services. This request includes \$0.2 million for facilities management, \$23,985 for human resources and \$33,922 for information technology 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. The request is \$6,522 more from general revenues than actual FY 2019 expenditures. This represents \$7,162 more for facilities management, \$3,563 more for human resources, and \$4,233 less for information technology support. *The Governor recommends an additional \$1,411 for information technology support from federal funds. The Executive Office has spent nearly 60 percent of its*

enacted funding as of the end of December 2019. The Budget Office reports that any current year instances of overspending will be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created.

Executive Office Staffing. The Executive Office requests \$5,446 more from general revenues than enacted to upgrade a financial management position shared with the Office of Housing and Community Development, and adjusts the staffing allocation between the two entities. The enacted budget assumed charging approximately 38 percent of the position to the Executive Office's general revenues, and 62 percent to the Office's federal funds. The request increases the Executive Office's share to 40 percent and by \$2,000. The remainder is attributed to increased reliance on state general revenues. *The Governor recommends \$542 less than enacted, including \$3,750 of turnover savings and \$2,238 of statewide benefit savings. There have been no vacancies in the Executive Office through the end of January 2020.*

Housing and Community Development Staffing. The Office requests \$51,238 more than enacted, for salaries and benefits for 10.1 full-time equivalent positions associated with the Office of Housing and Community Development. This includes \$29,983 more from general revenues, and \$26,972 less from federal funds, and \$48,227 from restricted Real Estate Conveyance Tax proceeds, which were not contemplated in the enacted budget. The request assumed position support for 5.3 positions from general revenues, 0.4 positions from restricted receipts, and 4.4 positions from federal funds. It appears that the request overstates expenditures by approximately \$50,000 from federal funds, as a partial position is fully funded. It should also be noted that it is unclear if the Office's request to use Real Estate Conveyance Tax proceeds to fund its own employees is consistent with allowable uses under Rhode Island General Law, Section 44-25-1. The statute states the funds will be administered by the Office through the Housing Resources Commission; this request does not appear to meet that standard. *The Governor recommends \$32,218 less than requested. It includes \$31,086 less from general revenues to reflect \$20,766 of turnover savings and statewide benefit savings, and real estate conveyance funds as requested.*

Federal Grants. The Office requests \$3.2 million less than enacted from federal grant funds. This includes \$1.5 million less from federal Community Development Block Grant Program funds, and \$1.7 million less from Community Development Block Grant Disaster Recovery funds as those resources have been exhausted. Annually, grants are adjusted based on available balances. The Office reports the priorities of the Rhode Island Community Development Block Grant program are housing and economic development, and while program design and priorities have not changed, the award has been decreasing. *The Governor recommends funding as requested.*

Lead Abatement and Housing Rental Subsidies. The Office requests to reduce its restricted resources for lead abatement and housing rental subsidy activities by \$48,227; as previously noted, the request shifts those restricted resources for personnel expenses not assumed in the enacted budget. The 2014 Assembly amended the Real Estate Conveyance Tax statutes to provide a permanent stream of funding to be used by the Housing Resources Commission for lead hazard reduction abatement, rental subsidy and shelter operations. The November 2019 Revenue Estimating Conference estimated that the state would retain a total of \$14.2 million from the tax in FY 2020 and \$14.7 million for FY 2021, which should yield approximately \$7.1 million and \$7.4 million respectively, to be distributed to the Commission from the real estate transfer tax. *The Governor recommends funding as requested.*

Capital Projects. The Executive Office requests \$9.9 million, which is \$0.4 million more than enacted from Rhode Island Capital Plan Funds for the I-195 Redevelopment District Commission. Expenses include: professional legal and engineering services related to the maintenance and marketability of the I-195 land; legal and design expenses related to the Commission's designation as a Special Economic Development District consistent with Article 12 of 2019-H 5151, Substitute A, as amended. *The Governor recommends the enacted level of funding. A detailed description of these projects is included in the Capital Budget section of this publication.*

Department of Labor and Training

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 1,061,260 | \$ 1,019,628 | \$ 1,001,440 | \$ 993,998 |
| Workforce Development Services | 49,137,003 | 48,766,588 | 61,245,479 | 61,276,481 |
| Workforce Regulation and Safety | 4,163,706 | 3,231,560 | 3,223,780 | 3,227,383 |
| Income Support | 369,432,204 | 384,980,928 | 380,302,436 | 380,263,014 |
| Injured Workers Services | 9,515,555 | 10,573,722 | 12,973,728 | 12,991,825 |
| Labor Relations Board | 471,966 | 441,669 | 441,670 | 441,176 |
| Total | \$ 433,781,694 | \$ 449,014,095 | \$ 459,188,533 | \$ 459,193,877 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 40,163,765 | \$ 42,113,114 | \$ 42,565,564 | \$ 42,467,725 |
| Contracted Services | 4,264,981 | 4,484,541 | 4,899,415 | 4,899,415 |
| Subtotal | \$ 44,428,746 | \$ 46,597,655 | \$ 47,464,979 | \$ 47,367,140 |
| Other State Operations | 12,232,194 | 10,766,354 | 12,934,598 | 13,037,781 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 369,639,559 | 383,275,525 | 390,428,003 | 390,428,003 |
| Capital | 37,650 | 150,300 | 136,692 | 136,692 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | 7,443,545 | 8,224,261 | 8,224,261 | 8,224,261 |
| Total | \$ 433,781,694 | \$ 449,014,095 | \$ 459,188,533 | \$ 459,193,877 |
| Sources of Funds | | | | |
| General Revenue | \$ 15,403,217 | \$ 14,679,932 | \$ 14,679,932 | \$ 14,673,124 |
| Federal Aid | 34,053,979 | 38,284,651 | 44,858,195 | 45,312,943 |
| Restricted Receipts | 33,482,928 | 30,022,846 | 36,369,153 | 36,379,619 |
| Other | 350,841,570 | 366,026,666 | 363,281,253 | 362,828,191 |
| Total | \$ 433,781,694 | \$ 449,014,095 | \$ 459,188,533 | \$ 459,193,877 |
| FTE Authorization | 409.7 | 390.7 | 391.0 | 390.7 |
| | 387.2 | | | |

FY 2020 Revised Request. The Department requests \$10.2 million more than enacted including \$6.6 million more from federal funds, \$6.3 million more from restricted receipts, and \$2.7 million less from other funds. The Department also requests 391.0 full-time equivalent positions, 0.3 positions more than the enacted authorization. *The Governor recommends \$5,345 more than requested which includes \$6,808 less from general revenues. The recommendation includes the enacted authorization of 390.7 positions.*

The Governor's revised budget includes dozens of undefined additions and reductions across multiple appropriation lines in thirteen different budgets. For the Department of Labor and Training, this includes \$18,888 across three programs. It appears these adjustments were made to keep the agency's total individual general revenue appropriation lines from exceeding the enacted level after known spending plan adjustments were made. This obscures where there is projected overspending and which line items are being reduced to offset that. The table below shows where those adjustments were made and the unadjusted amounts by program.

| | FY 2020 Enacted | FY 2020 Revised | Value of Adjustments | FY 2020 Unadjusted |
|---------------------------------|-----------------------|-----------------------|-------------------------|-----------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 1,019,628 | \$ 993,998 | \$ 9,003 | \$ 1,003,001 |
| Workforce Development Services | 48,766,588 | 61,276,481 | 441 | 61,276,922 |
| Workforce Regulation and Safety | 3,231,560 | 3,227,383 | (9,444) | 3,217,939 |
| Income Support | 384,980,928 | 380,263,014 | - | 380,263,014 |
| Injured Workers Services | 10,573,722 | 12,991,825 | - | 12,991,825 |
| Labor Relations Board | 441,669 | 441,176 | - | 441,176 |
| Total | \$ 449,014,095 | \$ 459,193,877 | \$ - | \$ 459,193,877 |

Staffing. The Department requests \$0.5 million more than enacted from all sources for staffing costs in its FY 2020 revised request. By source this includes \$13,358 more from general revenues, \$2.0 million less from federal funds, \$0.7 million more from restricted receipts, and \$1.7 million more from other funds. The Department also includes a request for an additional 0.3 full-time equivalent positions for a total of 391.0 positions. The Department indicates the fractional position is a remnant from when unemployment had part-time positions; the request rounds up to remove the fraction. The revised request also reflects changes to allocations among programs to accommodate the 2019 Assembly's reduction of 13.0 vacant positions.

The Department's FY 2020 revised request is \$2.4 million more than the \$40.2 million that was spent during FY 2019, when the Department averaged 387.2 filled full-time equivalent positions. Based on actual FY 2019 spending, the average cost per position of the Department was \$103,729. The analysis during the FY 2020 budget cycle assumed an average cost of \$111,714 per position for FY 2020, which would be a 7.7 percent increase over actual FY 2019 spending. Assuming an increase to personnel costs more in line with the impact of cost-of-living adjustments for the year yields an estimated average cost per position of \$105,285 for FY 2020. Based on that estimated cost, the enacted budget of \$42.1 million would fund 400.0 full-time equivalent positions, 9.3 more positions than authorized. The revised request would fund 404.3 positions, which is 13.6 more than the authorized level. It is unclear why the request overstates these expenses. *The Governor recommends \$0.1 million less than requested from all sources including \$6,808 less from general revenues. These expenses still appear to be overstated.*

Administrative Redesign. The Department requests \$0.7 million from all sources for various contracted services not included in the enacted budget. This includes \$0.1 million from general revenues, \$0.3 million from federal funds, \$0.2 million from restricted receipts, and \$0.1 million from other funds. The two contracts were engaged in August and September 2019 and will expire in February and June 2020, respectively. These contracts are with Hope Street Consulting and Public Consulting Group. Both contracts appear to involve restructuring the financial management aspects of the Department. It should also be noted that the FY 2021 request includes placeholder funding to continue both of these contracts, though nothing has been signed to do that as of November 2019. The costs for these contracts are allocated throughout the Department's programs including Central Management, Unemployment, Temporary Disability, and Workers' Compensation. *The Governor recommends funding as requested.*

Work Immersion/Non-Trade Apprenticeship Program. The Department requests \$441 more than enacted from general revenues for the work immersion/non-trade apprenticeship program, which was underspent by \$0.1 million in FY 2019. The increase reflects a restoration of statewide savings allocated to this item as part of the enacted budget. The program provides students, recent college graduates, and unemployed adults with work experience and assists employers by training individuals for potential employment. *The Governor recommends funding as requested.*

Real Jobs Rhode Island. The Department requests \$7.1 million or 52.5 percent more than enacted from all sources for the Real Jobs Rhode Island program. Funding includes the enacted amount of \$5.5 million from general revenues, \$5.5 million more from federal funds, and \$1.6 million more from restricted receipts. The request provides \$4.9 million more than spent during FY 2019, as a result of budgeting all available federal grants during FY 2020. It should be noted that the tax assessment alteration contained in Article 11 of 2018-H 7200, Substitute A, as amended, which amends the Job Development Fund to allow a portion of the fund to support employment security and employment services as a one-time occurrence for tax year 2019, ends as of December 30, 2019. The Department accrued most of this revenue to FY 2019 and spent all but \$1.5 million. *The Governor recommends funding as requested.*

Governor's Workforce Board Staffing. The Department requests \$24,071 less than enacted from restricted receipts for staffing the Governor's Workforce Board. The Board receives funding from the Job Development Fund, a 0.21 percent assessment of the employer's payroll tax; this funding can be used for staff or grants and operations. Based on FY 2019 spending with relevant cost-of-living and benefit adjustments, the enacted budget would fund approximately 23.3 positions while the request would fund 23.1 positions. However, the Department's request allocates 20.0 full-time equivalent positions to this program. This indicates funding may be overstated. *The Governor recommends \$3,590 less than requested to reflect statewide medical benefit savings.*

Governor's Workforce Board Operations. The Department requests \$1.3 million more than enacted from restricted receipts for the Governor's Workforce Board operations. The increase reflects \$0.3 million for these activities and \$1.0 million for the finalization and implementation of a grantee performance tracking software program. The FY 2021 request includes \$0.5 million for this new program. Work for this system had previously been funded from a federal grant; the Department states that this additional funding will help with finalizing the system, work which was unexpected during the budget submission last fiscal year. The Board receives funding from the Job Development Fund, a 0.21 percent assessment of the employer's payroll tax. The assessment is estimated to generate approximately \$15.0 million for the Board's use. The balance is distributed for workforce development activities, including adult education, requested grant expenditures, and Real Jobs Rhode Island. *The Governor recommends funding as requested.*

Trade Readjustment Act. The Department requests \$0.2 million less than enacted from federal funds for trade readjustment assistance programs which is closer to but still exceeds FY 2019 spending. Funds provide support to qualified workers adversely affected by foreign trade and assist in obtaining suitable employment. *The Governor recommends funding as requested.*

Other Workforce Development Grants. The Department requests \$4.2 million more than enacted from federal funds for all other workforce development grants. These increases largely reflect unspent funds from FY 2019, including \$2.8 million more for Workforce Innovation and Opportunity Act programs to support employment initiatives oriented towards the youth, adults and dislocated workers offset by a number of smaller increases to other grants. These programs often account for most of the carry-forward funding and the Department notes that it is looking into integrating these grants into the Real Jobs program. 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. This suggests that it is unlikely this increase is necessary. *The Governor recommends funding as requested.*

Unemployment Benefits. The Department requests \$7.4 million less than enacted from unemployment insurance funds for payment of benefits. This includes \$0.4 million more for benefit payments to state, federal, and veteran employees and \$7.8 million less for traditional benefit payments. There have been fewer individuals collecting benefits and lower total benefit payments per individual, primarily from individuals finding employment before exhausting their 26 weeks of benefits. The Department indicates

the request is based on projected need. The Department spent \$149.6 million of the \$154.4 million budgeted during FY 2019; the request provides \$155.3 million for benefit payments. *The Governor recommends funding as requested.*

Unemployment Administration Staffing. The Department requests \$0.6 million less than enacted from all sources for the salaries and benefits for the administration of the unemployment insurance program. This includes \$1,776 less from general revenues, \$1.7 million less from federal funds, and \$1.1 million more from restricted receipts, including funding from the Job Development Fund and the Tardy and Interest funds. Based on FY 2019 spending with relevant cost-of-living and benefit adjustments, the enacted budget contains funding for approximately 111.4 full-time equivalent positions; the request would fund 105.6 positions. The Department's request allocates 106.0 positions to the program. The request also reinstates a staff work-sharing plan to attempt to defray costs in unemployment insurance because resources are limited given the low rate of unemployment. The Department's request shifts 19.5 positions and associated costs from unemployment to the temporary disability and caregivers insurance programs. It should be noted that the Department requested and unsuccessfully attempted a similar shift during FY 2018. The 2019 Assembly provided general revenues as part of the FY 2019 final budget to cover an overcommitment of federal resources for the program caused, in part, by the unsuccessful shift. *The Governor recommends \$27,763 less than requested to reflect statewide medical benefit savings.*

Unemployment Administration Operations. The Department requests \$0.6 million less than enacted for other administrative costs of the unemployment program. During FY 2019, the Department spent \$3.4 million while the request would provide \$2.0 million, or \$1.4 million less. Of the FY 2019 spending, \$1.6 million was related to contractually obligated funding for the unemployment information technology system which will not occur in FY 2020 or FY 2021. Excluding that, this request is \$0.2 million more than actual FY 2019 spending. The adjustments also include \$129,529 from Tardy funds budgeted as assistance and grants, inexplicably. However, this is the exact value of the general revenue reduction to the Police and Fire Relief funds. *The Governor recommends funding as requested.*

Temporary Disability Insurance Benefits. The Department requests \$3.2 million or 1.8 percent 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 \$4.4 million more than FY 2019 expenditures. The Department is projecting higher benefit levels because benefits have been steadily increasing each year since the great recession. The Department has seen a year over year increase every year since FY 2012, and the request reflects these increases. The wage base for the program increases from \$71,000 to \$72,300 effective January 1, 2020. *The Governor recommends funding as requested.*

Temporary Disability Insurance Administration Staffing. The Department requests \$1.7 million more than enacted from the Temporary Disability Insurance Fund for staffing costs of the administration of the temporary disability program. Based on FY 2019 spending with relevant cost-of-living and benefit adjustments, the enacted budget would fund 56.9 full-time equivalent positions; the request would fund 73.1 positions. The Department's request allocates 76.1 positions to the program. The increase represents a shift of costs related to the administration of unemployment to this program because resources are limited given the low rate of unemployment. It should be noted that the Department requested and unsuccessfully attempted a similar shift during FY 2018. The 2019 Assembly provided general revenues to cover an overcommitment of federal resources for the program caused by the unsuccessful shift as part of the FY 2019 final budget. *The Governor recommends \$18,179 less than requested to reflect statewide medical benefit savings.*

Temporary Disability Insurance Administration Operations. The Department requests \$0.1 million less than enacted from the Temporary Disability Insurance Fund for the operations of the program. The

revised request aligns expenditures to FY 2019 actual spending; the revised request provides \$5,682 more than the \$2.2 million spent last year. *The Governor recommends funding as requested.*

Temporary Caregiver Benefits. The Department requests \$0.8 million or 5.3 percent less than enacted from the Temporary Disability Insurance Fund for benefits for the temporary caregiver insurance program. The FY 2020 revised request is \$0.7 million more than FY 2019 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 wage base for the Temporary Disability program increases from \$71,000 to \$72,300 effective January 1, 2020. *The Governor recommends funding as requested.*

Temporary Caregiver Administration Staffing. The Department requests \$0.1 million more than enacted from the Temporary Disability Insurance Fund for the administration of the temporary caregiver program. Based on FY 2019 spending with relevant cost-of-living and benefit adjustments, the enacted budget would fund 11.7 full-time equivalent positions; the request would fund 12.8 positions. The Department's request allocates 14.1 positions to the program. The increase represents a shift of costs related to the administration of unemployment to this program because resources are limited given the low rate of unemployment. It should be noted that the Department requested and unsuccessfully attempted a similar shift during FY 2018. The 2019 Assembly provided general revenues to cover an overcommitment of federal resources for the program caused by the unsuccessful shift as part of the FY 2019 final budget. *The Governor recommends \$3,518 less than requested to reflect statewide medical benefit savings.*

Temporary Caregiver Administration Operations. The Department requests \$5,290 less than enacted from the Temporary Disability Insurance Fund for the remaining expenses of the temporary caregiver program. The request provides \$0.3 million more than actual FY 2019 spending. The request maintains an operating transfer of \$350,000 which the Department previously indicated relates to centralized services. This expense was not incurred during FY 2018 or FY 2019 and is likely included in error. *The Governor recommends funding as requested.*

Workers' Compensation Staffing. The Department requests \$0.3 million less than enacted from workers' compensation restricted receipts for the staffing costs of the workers' compensation program. Based on FY 2019 spending with relevant cost-of-living and benefit adjustments, the enacted budget contains funding for 54.6 full-time equivalent positions and the request reflects funding for 52.0 positions. However, the Department's request allocates 48.4 positions to this program. This indicates funding may be overstated. *The Governor recommends \$12,794 less than requested to reflect statewide medical benefit savings.*

Workers' Compensation Operations. The Department requests \$2.5 million more than enacted from workers' compensation restricted receipts for benefits and operations of the workers' compensation program. The increase reflects funding for the Uninsured Protection Fund, governed by Rhode Island General Law, Chapter 28-53. Effective for injuries which occur on or after September 1, 2019, the Uninsured Protection Fund pays employees for injuries sustained working for an uninsured employer. Uninsured employers are required to pay penalties in the form of excise taxes which are returned to the fund. The expenses were not included in the enacted budget as the Department did not develop estimates during the last budget cycle. Budgeted expenditures for this fund include \$0.5 million for health services, \$0.5 million for the fund's third party administrator Beacon, and \$1.4 million for benefits and claims. The FY 2021 request provides \$0.9 million for the fund, totaling \$2.8 million over the two years based on projected availability. *The Governor recommends funding as requested.*

Police and Fire Relief Fund. The Department requests \$0.1 million less than enacted from general revenues for the Police and Fire Relief funds, which pay benefits 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 disabled workers based on projected expenditures. This consists of the enacted amount for pensions and a reduction of \$0.1 million for scholarships to reflect actual FY 2019 spending. *The Governor recommends funding as requested.*

Workforce Regulation and Safety Staffing. The Department requests \$0.2 million less than enacted from all sources for staffing costs of the workforce regulation and safety division. This is \$0.1 million less from both general revenues and restricted receipts. Based on FY 2019 spending with relevant cost-of-living and benefit adjustments, the enacted budget would fund 33.2 positions, while the request would fund 31.2 positions. The request allocates 27.8 positions to this program which indicates this request may be overstated. It should also be noted that the Department is requesting to supplement the general revenues with restricted receipts as it had done prior to FY 2019. *The Governor recommends \$7,123 less than requested to reflect statewide medical benefit savings; this includes \$5,841 less from general revenues.*

Other Salaries and Benefits (0.3 FTE). The Department requests \$0.3 million less than enacted from all sources for salaries and benefits for all other programs including central management, the Police and Fire Relief program, the Labor Relations Board, and workforce development services. This includes \$0.1 million more from general revenues, \$0.3 million less from federal funds, \$0.1 million less from other funds, and \$16,212 more from restricted receipts. The request also includes a 0.3 full-time equivalent position increase to allow the Department flexibility with filling a whole position rather than a fractional one. Based on FY 2019 spending with relevant cost-of-living and benefit adjustments, the enacted budget would fund 108.9 full-time equivalent positions while the request would fund 106.5 positions. The Department's request allocates 98.6 positions to these programs which suggests the request may be overstated. *The Governor recommends \$24,872 less than requested to reflect statewide medical benefit savings; this includes \$987 less from general revenues.*

Other Operations. The Department requests \$56,863 less than enacted from all sources for all other expenses. This includes \$24,748 less from general revenues and \$32,115 less from other funds. From general revenues, it mainly reduces legal funding in the Labor Relations Board. The decrease to other funds represents remaining funding from the New England Training and Employment Council and Ticket to Work Milestone; these are excluded from the FY 2021 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. For the Department's share of centralized services, the request includes \$2.2 million for facilities management, which is \$0.2 million less than enacted, \$0.7 million for human resources, which is \$20,335 less than enacted, and \$2.6 million for information technology services, which is \$0.3 million more than enacted. This includes \$7,162 less from general revenues, \$0.5 million less from federal funds, \$18,562 less from restricted receipts, and \$0.5 million more from other funds. The request is \$0.2 million less than charged during FY 2019. *The Governor recommends \$0.1 million more than requested from other funds based on Budget Office estimates. The recommendation includes the requested reduction from general revenues.*

Department of Revenue

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenditures by Program | | | | |
| Office of Director | \$ 2,079,995 | \$ 2,141,620 | \$ 2,101,132 | \$ 2,115,104 |
| Office of Revenue Analysis | 745,001 | 841,407 | 891,272 | 841,407 |
| Lottery Division | 392,855,221 | 420,149,414 | 434,559,274 | 434,475,460 |
| Division of Municipal Finance | 2,472,153 | 2,465,897 | 2,386,282 | 2,383,569 |
| Taxation | 31,182,705 | 30,950,719 | 31,063,320 | 33,007,853 |
| Registry of Motor Vehicles | 27,149,803 | 31,378,244 | 33,454,190 | 32,054,700 |
| State Aid | 116,773,939 | 154,360,294 | 154,433,401 | 150,474,552 |
| Collections | 263,509 | 899,649 | 877,128 | 875,766 |
| Total | \$ 573,522,326 | \$ 643,187,244 | \$ 659,765,999 | \$ 656,228,411 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 54,674,419 | \$ 61,053,763 | \$ 61,199,331 | \$ 61,029,450 |
| Contracted Services | 4,654,600 | 5,048,050 | 7,233,174 | 5,455,350 |
| Subtotal | \$ 59,329,019 | \$ 66,101,813 | \$ 68,432,505 | \$ 66,484,800 |
| Other State Operations | 395,764,548 | 421,199,704 | 435,428,352 | 437,747,318 |
| Aid to Local Units of Government | 116,942,727 | 154,410,991 | 154,484,098 | 150,525,249 |
| Assistance, Grants, and Benefits | 1,136,786 | 1,079,108 | 1,178,312 | 1,178,312 |
| Capital | 292,458 | 325,430 | 178,530 | 228,530 |
| Operating Transfers | 56,788 | 70,198 | 64,202 | 64,202 |
| Total | \$ 573,522,326 | \$ 643,187,244 | \$ 659,765,999 | \$ 656,228,411 |
| Sources of Funds | | | | |
| General Revenue | \$ 176,051,094 | \$ 216,254,237 | \$ 216,254,237 | \$ 214,537,942 |
| Federal Aid | 1,490,088 | 1,969,581 | 2,276,942 | 2,272,923 |
| Restricted Receipts | 1,957,888 | 3,605,253 | 5,436,133 | 3,705,613 |
| Other | 394,023,256 | 421,358,173 | 435,798,687 | 435,711,933 |
| Total | \$ 573,522,326 | \$ 643,187,244 | \$ 659,765,999 | \$ 656,228,411 |
| FTE Authorization | 604.5 | 602.5 | 602.5 | 602.5 |
| FTE Average | 540.9 | | | |

FY 2020 Revised Request. The Department of Revenue requests \$16.6 million more than enacted from all sources for FY 2020. This includes the amount consistent with the enacted budget from general revenues, \$0.3 million more from federal funds, \$1.8 million more from restricted receipts, and \$14.4 million more from other sources, the majority of which are Lottery funds. *The Governor recommends \$3.5 million less than requested. General revenues are \$1.7 million less than enacted and requested.*

The Governor's revised budget includes dozens of undefined additions and reductions across multiple appropriation lines in thirteen different budgets. For the Department of Revenue this includes \$0.1 million across two programs. It appears these adjustments were made to keep the agency's total individual general revenue appropriation lines from exceeding the enacted level after known spending plan adjustments were made. This obscures where there is projected overspending and which line items are being reduced to

offset that. The table below shows where those adjustments were made and the unadjusted amounts by program.

| | FY 2020 Enacted | FY 2020 Revised | Value of Adjustments | FY 2020 Unadjusted |
|--------------------------------|-----------------------|-----------------------|-------------------------|-----------------------|
| Expenditures by Program | | | | |
| Office of Director | \$ 2,141,620 | \$ 2,115,104 | \$ (48,894) | \$ 2,066,210 |
| Office of Revenue Analysis | 841,407 | 841,407 | 48,894 | 890,301 |
| Division of Municipal Finance | 2,465,897 | 2,383,569 | - | 2,383,569 |
| Taxation | 27,326,969 | 29,288,321 | - | 29,288,321 |
| Registry of Motor Vehicles | 29,140,414 | 29,554,343 | - | 29,554,343 |
| State Aid | 153,438,281 | 149,479,432 | - | 149,479,432 |
| Collections | 899,649 | 875,766 | - | 875,766 |
| Total | \$ 216,254,237 | \$ 214,537,942 | \$ - | \$ 214,537,942 |

Centralized Services. The Department requests \$35,966 less than the enacted amount, including \$29,588 less from general revenues for its share of centralized services. The request includes \$4.8 million from general revenues, the enacted amount of \$0.2 million from Lottery funds, and excludes \$6,378 from federal funds. 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. The state uses internal service funds to reimburse one agency for services provided to another. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration.

The request is \$0.1 million less than actual FY 2019 expenditures, including \$0.2 million less from general revenues, \$2,007 less from federal funds, \$1,405 less from Job Development Fund resources, and \$76,538 more from other funds, of which \$77,415 is from lottery funds, offset by \$877 less from Temporary Disability Insurance funds. This represents \$14,651 less for facilities management, \$37,473 more for human resources, and \$0.2 million more for information technology support. The first quarter internal service fund report from the Department of Administration demonstrates Department of Revenue expenditures consistent with the amount assumed in the enacted budget, but appear to over rely on general revenues with offset by savings from lottery resources.

The Governor recommends \$0.1 million less than requested, including \$33,282 less from general revenues. The Department has spent approximately 60 percent of its enacted funding for these expenses as of the end of December 2019. The Budget Office reports that any current year instances of overspending will be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created.

Unachieved Statewide Savings. The request includes \$93,130 from general revenues to restore statewide savings proposed in the Governor's FY 2020 budget recommendation for two of three statewide initiatives designed to reduce operating costs. The recommendation included savings of \$298,984 from an initiative to reduce the cost of certain commodities, \$11,034 from a prompt payment initiative, and \$1,344 of savings from insurance. The insurance initiative savings and the \$0.2 million reduction from commodities costs for the Division of Motor Vehicles are assumed to be achieved in the revised request. *The Governor recommends funding as requested, and reallocates funds within the Division of Motor Vehicles to achieve the \$0.2 million of savings.*

Reappropriation - Property Revaluation. The request excludes \$52,590 for reimbursement of expenses to the Town of Warren related to the triennial property revaluation required by Rhode Island State Law,

Section 44-5-11.6. The Governor reappropriated the funding from FY 2019 to FY 2020 consistent with the authority under Rhode Island General Law, Section 35-3-15.

The 2014 Assembly passed legislation delaying the town's scheduled full revaluation from FY 2016 to FY 2017, and all subsequent reimbursements accordingly. The FY 2019 final appropriation for the program reflected the Town of Warren on the prior reimbursement schedule. The request should reflect the Governor's reappropriation. *The Governor's recommendation includes the reappropriation.*

Lottery

Staffing and Operations. The Department's request includes \$0.2 million more than enacted from Lottery funds for all lottery related expenses. The staffing increase is \$0.1 million more and essentially reflects the staffing allocation and filled levels at the Tiverton Casino. The request is \$0.1 million more than FY 2019 actual spending, adjusted for current staffing levels and cost-of-living increases phased in since January 1, 2019. The request also includes \$0.1 million more for addiction counseling expenses which are reimbursed by the casinos. *The Governor recommends \$22,282 less than requested to reflect statewide medical benefit savings.*

Building Roof. The Department requests \$170,200 more than enacted from lottery funds to pay for the Lottery building roof repair project, which is complete. The request reflects final payments during the current fiscal year, and is \$64,200 more than the original estimate. The request is \$55,200 more than assumed for FY 2019, and \$6,000 more than the Department's capital request. The Department reports the project was essentially completed in July 2019, totaling \$136,935. *The Governor recommends funding as requested.*

Commission Payments. The Department requests \$14.0 million more than enacted from Lottery funds for commission payments, which represents an updated estimate. 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.*

Taxation

Individual Mandate Collections. The request assumes the use of \$0.1 million from general revenues not reflected in the Department's request for salaries and benefits for two positions, utilizing general revenues from HealthSource RI resources. The funds are intended to support a Business Analyst and Legal Counsel for the second half of FY 2020 to facilitate the implementation of the Market Stability and Reinsurance initiative as enacted in Article 11 of 2019-H 5151, Substitute A, as amended. The legislation imposes a shared responsibility payment penalty for individuals who do not have health insurance coverage, with certain exemptions, effective on January 1, 2020. The legislation mirrors the federal penalty, with the exception of capping the penalty at the statewide average premium for bronze level plans offered on the state's exchange, which is \$2,388 for an individual and \$9,522 for a family of four.

The enacted budget assumes the penalty will be collected by the tax administrator and deposited into a restricted account titled the Health Insurance Market Integrity Fund. The funds will be used to provide reinsurance, or payments to health insurance carriers, as a means of ensuring that premiums do not increase drastically. No funds from this penalty are expected to be available for use until FY 2021. The enacted budget adds \$0.4 million from general revenues to HealthSource RI to support implementation. *The Department has not filled these positions as of the February 1, 2020 pay period.*

Taxation Legal Counsel. The Department requests \$0.1 million more than enacted from general revenues for outside legal counsel to assist the Division with ongoing litigation involving Verizon related to the appropriate method for calculating depreciation under the state's Public Service Corporation Tax under

Rhode Island General Law, Section 44-13-13. As of January 9, 2020, the Department reports expenditures of nearly \$30,000.

The Public Service Corporation Tax applies to the tangible personal property of telegraph, cable, telecommunications, and express corporations, used exclusively in conducting business for the corporation which is exempt from local taxation, but subject to taxation by the state. Tangible personal property includes lines, cables, ducts, pipes, machines and machinery, and equipment. The state passes the collections through to the local governments. *The Governor recommends funding as requested.*

Contingency Contracts. The 2016 Appropriations Act permitted the Division of Taxation to contract with a third-party for the review of tax data and collection of taxes, interest, penalties, or a reduction in claimed refunds. Contractors are prohibited from conducting field audits under this section, and contracts are to be paid on a contingency fee basis, for services rendered, as a percentage of the actual amount of revenues collected. The 2017 Assembly enacted legislation to allow the Division of Taxation to use a portion of the monies collected for support and maintenance of the Division's computer system, subject to the approval of the Director of the Office of Management and Budget.

For the state auditor's 2019 closing report, the expenditure credits used to compensate the third party vendors were reclassified as expenses within the Division's budget. The report included an additional \$3.7 million of revenues, of which \$3.2 million was personal income taxes, with the remainder of the business corporation, sales and use, and cigarette taxes. The increased expenditures totaled \$3.7 million, or \$32,658 more than the revenues collected.

The Governor's budget makes a similar adjustment for FY 2020 and FY 2021 to reflect this. This includes a recognition of \$2.0 million in payments as both revenues and expenditures for FY 2020 and \$1.8 million for FY 2021 to account for this change in accounting practice.

Division of Motor Vehicles

License Plate Reissuance. The Department inadvertently excluded \$0.4 million from general revenues that it identified as necessary to begin reissuing license plates consistent with current law. Rhode Island General Law 31-3-33 requires that the state issue new fully reflective license plates no less than every ten years. The funds are to stock the new plates at its registry locations in order to issue the new plates.

The Governor's FY 2020 budget recommendation repealed the reissuance requirement; however, the 2019 Assembly did not concur and enacted Article 7 of 2019-H 5151 Substitute A, as amended, which delayed the statutory license plate reissuance by five months from January 1, 2020 to June 1, 2020, and established a reporting requirement regarding progress toward meeting the required start date. The enacted budget increases the fee per plate set from \$6 to \$8 to offset the cost for these replacements. *The Governor's recommendation includes the excluded funding.*

Real ID. The Department requests \$10,000 more than enacted from general revenues to support 40.0 full-time equivalent positions and operations for implementation of federal Real ID requirements for FY 2020. The initiative launched the first week of December 2018, as expected. The request adds \$10,000 for additional security at its Registry locations.

Real ID is intended to provide a more secure verification process, with stronger anti-counterfeit measures. Prior to passage of the budget, the Department had anticipated approximately 55 percent of the population holding some type of state-issued credential which would likely require the new federally compliant credential. The credential can be upgraded as part of a renewal of one's regular license or at any time with the payment of a duplicate license fee.

As originally proposed, the Governor recommended increasing certain credentialing fees to generate revenues sufficient to offset the program's expenses. Consistent with testimony at the May 2019 and November 2019 Revenue Estimating Conferences, estimated collections were reduced to \$1.1 million FY 2019, \$1.8 million for FY 2020, and projected to be \$3.0 million for FY 2021. *The Governor recommends funding as requested.*

Federal CDL Grants. The Department requests \$0.2 million more than enacted from federal funds. These funds are for federal safety programs designed to improve highway safety through enhanced state compliance and greater motor carrier safety tracking and process improvement. The request excludes \$0.1 million of program implementation grant funds and adds \$377,300 from its existing Performance Information Systems Management grant, largely unspent from FY 2019. The American Association of Motor Vehicle Administrators have not issued software guidance, which has delayed the project. It has requested all funding in both FY 2020 and FY 2021 because the program has an impending sunset date, and it is unclear if it will be extended. *The Governor recommends funding as requested.*

Rhode Island Motor Vehicle System. The Department requests \$30,000 less from general revenues than enacted for contractual support for the Rhode Island Motor Vehicle System based on updated estimates. The Department also includes a \$1.7 million increase from restricted receipts that was inadvertent.

The requested funding reflects ongoing maintenance and operations support for the Rhode Island Motor Vehicle System, otherwise known as RIMS. The reduction reflects a lower level of contracted personnel costs than assumed in the enacted budget. *The Governor recommends funding as requested from general revenues.*

Other Operations. The Department requests \$8,217 more than enacted from general revenues for all other operations. General revenues changes essentially reflect the alignment of the request to FY 2019 actual spending. *The Governor recommends funding as requested, and reallocates funds within the Division to achieve the centralized savings discussed previously.*

Collections Operations. The Department requests \$30,000 less than enacted from general revenues for information technology expenditures based on updated projections for system requirements. *The Governor recommends funding as requested.*

Motor Vehicles Excise Tax Program. The enacted budget includes \$92.3 million to fully fund the Motor Vehicles Excise Tax and Phase out program for FY 2020. It is expected that updated data will alter this value; the enacted level of funding for FY 2020 is reportedly \$4.0 million less than actual reimbursements. *The Governor recommends \$4.0 million less than enacted based on updated data reflecting actual reimbursements to cities and towns. She proposes revisions to the program as part of the FY 2021 recommendation to slow the phase-out.*

Car Rental/Surcharge - Warwick Share. The Department requests \$73,107 more than enacted from restricted receipts for sales taxes and rental vehicle surcharges collected and passed through to the City of Warwick for direct and indirect users of the T.F. Green State Airport. The request is consistent with FY 2019 receipts. The 2002 Assembly enacted legislation to provide the sales and vehicle rental surcharge revenues generated through customer facility charges from rental car companies at the airport. The receipts are deposited into a restricted account for Warwick. *The Governor recommends funding as requested.*

Department of Revenue - Other Salaries and Benefits. The Department requests \$12,183 more than enacted from all sources of funds, including \$0.1 million less from general revenues, for the Department's 493.8 remaining positions not discussed previously. The request reflects updated benefit selections and anticipated staffing throughout the remainder of the year. *The Governor recommends an additional \$0.1 million of statewide medical benefit savings.*

Legislature

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Expenditures by Program | | | | |
| General Assembly | \$ 6,359,806 | \$ 6,305,160 | \$ 10,459,545 | \$ 10,435,613 |
| Fiscal Advisory Staff | 1,676,157 | 1,987,588 | 2,022,947 | 2,019,930 |
| Legislative Council | 4,185,226 | 5,208,213 | 5,132,167 | 5,118,967 |
| Joint Comm. on Legislative Affairs | 23,732,144 | 26,035,705 | 29,207,022 | 29,161,144 |
| Office of the Auditor General | 4,838,418 | 6,085,820 | 6,028,802 | 6,019,256 |
| Special Legislative Commissions | 6,863 | 13,629 | 13,900 | 13,900 |
| Total | \$ 40,798,614 | \$ 45,636,115 | \$ 52,864,383 | \$ 52,768,810 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 34,801,109 | \$ 38,500,770 | \$ 39,283,644 | \$ 39,188,071 |
| Contracted Services | 489,118 | 680,500 | 1,550,100 | 1,550,100 |
| Subtotal | \$ 35,290,227 | \$ 39,181,270 | \$ 40,833,744 | \$ 40,738,171 |
| Other State Operations | 2,686,301 | 3,588,345 | 6,998,139 | 6,998,139 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grant, and Benefits | 2,033,621 | 2,300,000 | 2,300,000 | 2,300,000 |
| Capital | 788,465 | 566,500 | 2,732,500 | 2,732,500 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 40,798,614 | \$ 45,636,115 | \$ 52,864,383 | \$ 52,768,810 |
| Sources of Funds | | | | |
| General Revenue | \$ 39,348,617 | \$ 43,804,101 | \$ 51,055,754 | \$ 50,963,049 |
| Federal Aid | - | - | - | - |
| Restricted Receipts | 1,449,997 | 1,832,014 | 1,808,629 | 1,805,761 |
| Other | - | - | - | - |
| Total | \$ 40,798,614 | \$ 45,636,115 | \$ 52,864,383 | \$ 52,768,810 |
| FTE Authorization | 298.5 | 298.5 | 298.5 | 298.5 |
| FTE Average | 265.4 | | | |

FY 2020 Revised Request. The Legislature's revised budget of \$52.9 million includes \$7.3 million from the \$9.7 million reappropriation and 298.5 full-time equivalent positions.

The Governor recommends \$0.1 million less than requested, including \$92,705 less from general revenues, based on statewide medical benefit savings.

Office of the Lieutenant Governor

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|---------------------|---------------------|----------------------|---------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 990,838 | \$ 1,085,799 | \$ 1,051,789 | \$ 1,049,865 |
| Contracted Services | 54,511 | - | 82,010 | 34,010 |
| Subtotal | \$ 1,045,349 | \$ 1,085,799 | \$ 1,133,799 | \$ 1,083,875 |
| Other State Operations | 61,834 | 61,267 | 61,267 | 61,267 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | - | - | - | - |
| Capital | 1,766 | 750 | 750 | 750 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 1,108,949 | \$ 1,147,816 | \$ 1,195,816 | \$ 1,145,892 |
| Sources of Funds | | | | |
| General Revenue | \$ 1,108,949 | \$ 1,147,816 | \$ 1,195,816 | \$ 1,145,892 |
| Federal Aid | - | - | - | - |
| Restricted Receipts | - | - | - | - |
| Other | - | - | - | - |
| Total | \$ 1,108,949 | \$ 1,147,816 | \$ 1,195,816 | \$ 1,145,892 |
| FTE Authorization | 8.0 | 8.0 | 8.0 | 8.0 |
| FTE Average | 7.8 | | | |

FY 2020 Revised Request. The Office of the Lieutenant Governor requests \$48,000 more than enacted from general revenues. *The Governor recommends \$1,924 less than enacted.*

Legal Services. The Office's revised request includes \$82,010 more from general revenues for outside legal services. Of the requested amount, \$34,010 is for intervention in Public Utilities Commission hearings regarding planned National Grid utility rate hikes and pipeline location plans and \$48,000 is for a \$4,000 monthly retainer for general legal services. The enacted budget does not include any funds for legal services, consistent with a savings proposal offered by the Office and included with the Governor's recommendation. In FY 2019, the Office spent \$54,511 on legal services despite no funding being included in that budget either. *The Governor recommends the \$34,010 related to Commission hearings.*

Salaries and Benefits. The Office's revised request includes \$34,010 less from general revenues for salaries and benefits. The FY 2020 enacted budget includes \$50,000 to fund changes to titles and pay staff upgrades based on a January 2019 plan. The final decision was to upgrade two positions at a cost of \$15,990, and the revised request excludes remaining funds. As of November 9, the Office has all 8.0 authorized positions filled, and the request fully funds current staffing. *The Governor recommends \$1,924 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 request is consistent with the enacted amount of \$20,953 from general revenues. The revised request is \$2,219 less than in FY 2019 because of a one-time expense for software upgrades; final expenditures were \$555 above the final budget. *The Governor recommends funding as requested.*

Other Operations. Consistent with the enacted budget, the Office requests \$41,064 from general revenues for all other expenses. These expenses include office supplies, computer equipment, and out of state travel. The Office had inadvertently included funding of \$9,535 in its FY 2020 request for a vehicle for which the last payment was made in FY 2019. The Office maintains that funding in its revised request, but does not allocate it for any specific purpose. *The Governor recommends funding as requested.*

Office of the Secretary of State

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| Expenditures by Program | | | | |
| Administration | \$ 3,315,964 | \$ 3,875,528 | \$ 3,514,197 | \$ 3,810,157 |
| Corporations | 2,329,267 | 2,291,898 | 2,448,641 | 2,291,898 |
| Elections and Civics | 3,761,160 | 3,133,331 | 4,080,013 | 3,927,101 |
| Office of Public Information | 455,839 | 477,568 | 445,230 | 444,084 |
| State Archives | 543,390 | 539,342 | 721,985 | 543,713 |
| State Library | 725,536 | 683,490 | 739,690 | 738,137 |
| Total | \$ 11,131,156 | \$ 11,001,157 | \$ 11,949,756 | \$ 11,755,090 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 6,095,701 | \$ 6,319,043 | \$ 6,660,928 | \$ 6,646,735 |
| Contracted Services | 574,585 | 1,472,245 | 1,182,891 | 1,182,891 |
| Subtotal | \$ 6,670,286 | \$ 7,791,288 | \$ 7,843,819 | \$ 7,829,626 |
| Other State Operations | 3,092,609 | 2,908,119 | 3,457,187 | 3,426,714 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 149,465 | 143,000 | 243,000 | 243,000 |
| Capital | 576,227 | 143,750 | 375,750 | 225,750 |
| Capital Debt Service | 627,569 | - | - | - |
| Operating Transfers | 15,000 | 15,000 | 30,000 | 30,000 |
| Total | \$ 11,131,156 | \$ 11,001,157 | \$ 11,949,756 | \$ 11,755,090 |
| Sources of Funds | | | | |
| General Revenue | \$ 9,796,149 | \$ 9,533,255 | \$ 9,533,255 | \$ 9,489,047 |
| Federal Aid | 885,018 | 1,016,230 | 1,810,000 | 1,810,000 |
| Restricted Receipts | 449,989 | 451,672 | 456,501 | 456,043 |
| Other | - | - | 150,000 | - |
| Total | \$ 11,131,156 | \$ 11,001,157 | \$ 11,949,756 | \$ 11,755,090 |
| FTE Authorization | 59.0 | 59.0 | 59.0 | 59.0 |
| FTE Average | 56.2 | | | |

FY 2020 Revised Request. The Secretary of State requests revised FY 2020 expenditures that are \$0.9 million more than enacted, including \$0.8 million from federal funds, \$4,829 from Historical Records Trust restricted receipts, and \$0.2 million from Rhode Island Capital Plan funds. *The Governor recommends \$0.2 million less than requested, including \$44,208 less from general revenues.*

The Governor's revised budget includes dozens of undefined additions and reductions across multiple appropriation lines in thirteen different budgets. For the Office of the Secretary of State, this includes \$0.3 million across four programs. It appears these adjustments were made to keep the agency's total individual general revenue appropriation lines from exceeding the enacted level after known spending plan adjustments were made. This obscures where there is projected overspending and which line items are being reduced to offset that. The table on the following page shows where those adjustments were made and the unadjusted amounts by program.

| | FY 2020 Enacted | FY 2020 Revised | Value of Adjustments | FY 2020 Unadjusted |
|--------------------------------|----------------------|----------------------|-------------------------|-----------------------|
| Expenditures by Program | | | | |
| Administration | \$ 3,875,528 | \$ 3,810,157 | \$ (331,387) | \$ 3,478,770 |
| Corporations | 2,291,898 | 2,291,898 | 151,689 | 2,443,587 |
| Elections and Civics | 3,133,331 | 3,927,101 | 151,884 | 4,078,985 |
| Office of Public Information | 477,568 | 444,084 | - | 444,084 |
| State Archives | 539,342 | 543,713 | 27,814 | 571,527 |
| State Library | 683,490 | 738,137 | - | 738,137 |
| Total | \$ 11,001,157 | \$ 11,755,090 | \$ - | \$ 11,755,090 |

Salaries and Benefits. The Office requests \$0.3 million more than enacted from all funds for staffing costs for FY 2020, all but \$929 of which is from general revenues. The enacted budget includes \$0.4 million in turnover savings and would fund 51.0 full-time equivalent positions; the revised request would fund approximately 54.0 positions. Funding for 4.0 positions is from the Records Center Fund, discussed later, for total staffing of 58.0 positions. As of the pay period ending October 26, 2019, the Office had 1.0 vacancy averaging 56.8 filled positions. This suggests there may be some turnover savings not accounted for in the request. *The Governor recommends \$14,193 less than requested, which includes \$13,735 less from general revenues, to reflect statewide benefit savings.*

eGov Projects. The Office requests \$0.4 million less than enacted from general revenues for eGov information technology projects for which the enacted budget includes \$0.8 million. The request reflects scaling back these projects to fund staffing during FY 2020 and is \$0.2 million less than was spent during FY 2019. The Office did not provide information on specific projects. Projects included under the eGov umbrella include the redesign of the lobby tracker application, the open meeting user interface, and the Boards and Commissions database and webpage as well as revising the Rhode Island Government Owner's Manual and restructuring the business services database. *The Governor recommends funding as requested.*

Help America Vote Act Election Security Grant. The Office requests \$0.8 million more than enacted from the federal Help America Vote Act Election Security Grant. The increase represents unspent funding carried forward from FY 2019. Funding is supporting the upgrade of the central voter registration system, the implementation of cybersecurity and data recovery best practices, e-poll book resources, election administration grants for cities and towns, risk limiting audits, election day incident management software, mail ballot opening and scanning equipment, and polling place operational improvements. The Secretary of State, in conjunction with the Board of Elections, received \$3.0 million from the grant in FY 2019; the balance of the grant is requested for expenditures for FY 2021. *The Governor recommends funding as requested.*

Election Expenses. The Office requests \$2,247 less than enacted from general revenues for expenses of the Division of Elections and Civics including a presidential primary. For the last presidential primary held in FY 2016, the Office spent \$0.6 million. Excluding expenses relating to the procurement of new voting machines during FY 2017, the request is consistent with historical expenses during a presidential primary year. It should also be noted that the Office's request increases membership dues for the Electronic Registration Information Center in both FY 2020 and FY 2021. The enacted budget was based on the Office's request which it notes unintentionally understated these dues; however, the revised request is still \$4,125 less than actual FY 2019 spending. *The Governor recommends funding as requested.*

State Archives. The Office requests \$0.2 million more than enacted from all sources for expenditures at the State Archives, including \$27,814 more from general revenues, \$3,900 more from Historical Records Trust Fund restricted receipts, and \$150,000 from Rhode Island Capital Plan funds. The increase includes \$20,000 from general revenues to fund the women's suffrage exhibit that began during FY 2020; January

2020 marks the centennial of Rhode Island's passage of the Nineteenth Amendment. The Office notes that the decision to have an exhibit made after the budget submission in October 2018; no subsequent funding request was submitted. The increase also includes placeholder funding, split between general revenues and restricted receipts, for the Office to rent a new location effective June 2020, as well as \$150,000 from Rhode Island Capital Plan funds to furnish the location. The current leased location on Westminster Street in Providence must be vacated by June so that the current landlord can perform build-out for the next tenant. It should be noted that the approved plan includes funding in the Department of Administration's capital budget for a feasibility study on the potential reuse of the Department of Transportation building for a new archives building. *The Governor recommends general revenues and restricted receipts as requested. She does not recommend any Rhode Island Capital Plan funds.*

Records Center. The Office requests \$1.0 million or \$15,503 more than enacted from other funds for the Records Center. The Records Center is an internal service program that does not appear in the Appropriations Act. Its expenses are budgeted in user agencies that pay a portion of their operating costs for record storage and retrieval. The request reflects funding approximately 4.0 positions. The increase also reflects the addition of rental costs for the new leased State Archives location, discussed earlier. Records Center employees are housed at the State Archives facility. *The Governor recommends \$692 less than requested to represent 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. For the Office's share of centralized services, the request includes \$62,570 or \$10,041 less than enacted for information technology services; the reduction is entirely from general revenues. It should be noted that the request is \$9,059 higher than actual FY 2019 charges. *The Governor recommends \$30,473 less than requested based on Budget Office estimates. Based on the second quarter internal service fund report, the recommendation appears to be \$22,493 less than will be billed for the year. The Budget Office reports that any current year instances of overspending will be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created.*

Other Operations. The Office requests \$105 more than enacted from general revenues for all other expenses. The Office's FY 2020 revised request is \$33,315 less than actual FY 2019 expenditures. It should be noted that the Office incurred unexpected legal expenses as part of the updated notary law in January 2019. Excluding that, the request is about \$15,000 less than actual FY 2019 expenditures. It should also be noted that the FY 2021 request is \$0.1 million more than the revised request; the Office acknowledged that its revised budget does not fully reflect historical expenditures. *The Governor recommends funding as requested.*

Office of the General Treasurer

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| Expenditures by Program | | | | |
| General Treasurer | \$ 3,299,329 | \$ 3,595,210 | \$ 3,623,572 | \$ 3,519,690 |
| Unclaimed Property | 27,471,418 | 25,350,100 | 25,414,256 | 25,401,199 |
| Employees' Retirement System | 9,772,673 | 11,968,213 | 11,929,019 | 11,815,326 |
| Crime Victim Compensation | 1,502,158 | 1,742,118 | 1,688,794 | 1,684,722 |
| Subtotal | \$ 42,045,578 | \$ 42,655,641 | \$ 42,655,641 | \$ 42,420,937 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 10,330,523 | \$ 10,909,721 | \$ 10,887,832 | \$ 10,867,919 |
| Contracted Services | 3,356,572 | 4,943,392 | 4,943,392 | 4,943,392 |
| Subtotal | \$ 13,687,095 | \$ 15,853,113 | \$ 15,831,224 | \$ 15,811,311 |
| Other State Operations | 27,012,575 | 25,249,553 | 25,271,442 | 25,056,651 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 1,313,766 | 1,488,550 | 1,488,550 | 1,488,550 |
| Capital | 32,142 | 64,425 | 64,425 | 64,425 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 42,045,578 | \$ 42,655,641 | \$ 42,655,641 | \$ 42,420,937 |
| Sources of Funds | | | | |
| General Revenue | \$ 2,926,332 | \$ 3,037,551 | \$ 3,037,551 | \$ 2,965,993 |
| Federal Aid | 857,917 | 998,974 | 998,974 | 995,090 |
| Restricted Receipts | 37,665,681 | 37,955,257 | 37,955,257 | 37,828,125 |
| Other | 595,648 | 663,859 | 663,859 | 631,729 |
| Total | \$ 42,045,578 | \$ 42,655,641 | \$ 42,655,641 | \$ 42,420,937 |
| FTE Authorization | 89.0 | 89.0 | 89.0 | 89.0 |
| FTE Average | 83.9 | | | |

FY 2020 Revised Request. The Office of the General Treasurer requests total expenditures consistent with the enacted budget but revises spending among programs. *The Governor recommends \$0.2 million less from all sources than enacted and requested. This includes \$0.1 million less from general revenues.*

Crime Victim Compensation. The Office requests \$0.1 million less from all sources including \$7,232 less from general revenues for the crime victim compensation program. The reduction represents a shift of the cost of approximately one half of a position to other programs. Claims at \$1.2 million are consistent with the enacted budget and \$0.2 million more than FY 2019 claims.

The FY 2020 enacted budget charged \$0.3 million in salary costs of 11 positions to the Crime Victim Compensation program. The Office's revised request still cost allocates portions of 11 positions to the program, but to a lesser degree. Only \$0.2 million is being charged in the revised request which is \$0.1 million less than assumed in the enacted budget and equivalent to approximately half a position.

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 after awards are paid or administrative expenses are incurred. The grant award is 60.0 percent of the court receipts disbursed for claims from the previous federal period. Receipts have been declining since FY 2013; as restricted receipts decrease, so do the federal reimbursements. At the same time receipts have been declining, the average claim amount and the number of claims has been increasing. Between FY 2015 and FY 2018, annual claims increased from 100 to 160 and the average claim grew by 90.6 percent from \$1,725 to \$3,288. This increase appears to be related to the 2016 legislation that increased the maximum relocation award from \$2,500 to \$5,000; testimony at the time was that expansion would have no state fiscal impact. *The Governor recommends \$976 less than requested including \$594 less from general revenues to reflect statewide medical benefit savings.*

Unclaimed Property. The Office's request assumes the enacted level of claims and transfer to the state. Although this represents the agency's estimate, these expenditures will be based on the estimate adopted by the Revenue Estimating Conference that meets in November and May. *The Governor recommends funding consistent with the request which also represents the November Revenue Estimating Conference.*

Centralized Services. The Office requests the enacted level for centralized facility management and information technology services. 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 2017 Assembly authorized the establishment of internal service funds for centralized information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources.

The FY 2020 revised request for information technology services is \$36,383 or 20.6 percent more than spent in FY 2019. General revenues are 19.3 percent more than spent in FY 2019. In terms of facilities management, the revised request is \$0.2 million more than spent in FY 2019. The enacted budget does include an additional \$0.1 million from restricted receipts from the Retirement System as a placeholder for potential long-term improvements to the Warwick location. Adjusted for the placeholder, the revised request is \$66,964 more than spent in FY 2019 and \$6,646 less than spent in FY 2018.

The Governor recommends \$0.2 million less than enacted and requested including \$0.1 million less from general revenues. This includes \$0.1 million less for facilities management and \$0.1 million less for information technology services based on billings through December.

Other Salaries and Benefits. The Office requests \$31,435 more than enacted for other salaries and benefits including \$4,001 more from general revenues based on current staffing levels and adjustments to cost allocations including \$0.1 million in costs from the Crime Victim Compensation program. The revised request is \$0.6 million or 5.8 percent more than spent in FY 2019. This is equivalent to 4.8 full-time equivalent positions. *The Governor recommends \$18,937 less from all sources than requested, including \$3,335 less from general revenues, to reflect statewide medical benefit savings.*

Other Operations. The Office requests \$21,889 more than enacted for all other operations including \$3,231 more from general revenues. It appears that adjustments were made to unidentified operating expenses in order to submit a total budget at the enacted level. *The Governor recommends general revenues as requested but \$27,507 less than requested from other funds that were inadvertently increased in the request.*

Rhode Island Board of Elections

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|---------------------|---------------------|----------------------|---------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 1,578,356 | \$ 1,678,429 | \$ 1,606,290 | \$ 1,573,831 |
| Contracted Services | 154,133 | 236,688 | 287,300 | 237,300 |
| Subtotal | \$ 1,732,489 | \$ 1,915,117 | \$ 1,893,590 | \$ 1,811,131 |
| Other State Operations | 783,178 | 825,738 | 903,014 | 704,459 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 1,728,470 | - | - | - |
| Capital | 28,587 | 8,000 | 371,000 | 202,057 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 4,272,724 | \$ 2,748,855 | \$ 3,167,604 | \$ 2,717,647 |
| Sources of Funds | | | | |
| General Revenue | \$ 4,272,724 | \$ 2,748,855 | \$ 3,167,604 | \$ 2,717,647 |
| Federal Aid | - | - | - | - |
| Restricted Receipts | - | - | - | - |
| Other | - | - | - | - |
| Total | \$ 4,272,724 | \$ 2,748,855 | \$ 3,167,604 | \$ 2,717,647 |
| FTE Authorization | 13.0 | 13.0 | 13.0 | 13.0 |
| FTE Average | 11.4 | | | |

FY 2020 Revised Request. The Board of Elections requests \$0.4 million more than enacted from general revenues. *The Governor recommends \$31,208 less than enacted or \$0.4 million less than requested.*

Board Meeting Video Equipment. The Board includes a new request of \$70,000 from general revenues for video equipment to record its board meetings. The Board currently has audio equipment at its Branch Avenue location; however, there are doubts as to whether this equipment could support a large meeting space and video equipment. The requested amount is a placeholder and provides an estimate should the Board need to procure entirely new equipment. The Board notes that once its lease has been approved it will be able to get a more accurate estimate of this equipment. *The Governor includes \$0.1 million more than enacted for expenses relating to the new location without specifying uses.*

New Location. The Board requests \$0.8 million, or \$0.4 million more than enacted, for expenses relating to its relocation to a leased facility on Plainfield Pike in Cranston. The enacted budget authorizes the Board to enter into a lease for a term not to exceed 10 years and a total cost of \$6.5 million. The request mostly reflects one-time costs associated with the move, such as the installation of a backup generator, moving voting equipment, and security upgrades to the new facility. The Board's request as well as the enacted budget reflects eight months of occupancy at the new location. However, the Board's lease was finalized at the beginning of November 2019 and occupancy will begin in January, with equipment going that month and staff in February. Thus, there should be rental and utilities savings equivalent to two months of these costs; approximately \$0.1 million less than the requested amount. The Board also noted that the one-time costs are overstated by \$20,000 as a result of the timeline of the lease approval. *As noted with the video*

equipment request item, the Governor's recommendation increases expenses for the new location by \$0.1 million without specifying uses to allow the Board flexibility to prioritize expenses.

Seasonal Election Staff. The Board requests \$52,749 more than enacted for seasonal staff for the presidential primary election in April 2020. The enacted budget includes \$0.2 million for seasonal staff and the Board spent approximately \$0.1 million in the 2016 presidential primary. The request is based on Board estimates, not prior expenses. The Board notes that the additional funding will assist with the anticipated increase of mail ballots and risk limiting audits as seasonal staff will be needed to assist with hand-tallying votes. *The Governor recommends \$25,836 less than requested. The recommendation includes funding to assist with the primary election and assumes the Board will use Help America Vote Act Election Security grant funds located in the Secretary of State's budget for the assistance with risk limiting audits; \$0.4 million of those grant funds are programmed for this work.*

Other Election Expenses. The Board requests \$3,050 more than the \$0.1 million enacted for election expenses in FY 2020. The request includes additional funding for uniforms and food for seasonal staff as well as payments through the state fleet revolving loan fund. During FY 2019, the Board purchased a vehicle to assist with election duties through this fund and it is required to make payments beginning this year. There is also a reduction to vehicle rentals which offsets all but \$800 of these payments. *The Governor recommends funding as requested.*

Other Salaries and Benefits. The Board requests \$0.1 million less than enacted from general revenues for salaries and benefits of its 13.0 full-time equivalent positions. The enacted budget includes no turnover savings; the decrease reflects turnover equivalent to 1.0 full-time equivalent position. As of October 24, the Board has maintained one vacancy since the beginning of the fiscal year. The Board notes that this request is unintentionally understated as it had hoped to fill that vacancy around January. *The Governor recommends \$6,623 less than requested to reflect statewide medical benefit savings.*

Cybersecurity. The Board includes a new request of \$50,000 to procure a contract for cybersecurity penetration testing of the state's voting equipment. Subsequent to the budget submission, the Board indicated that this work would be handled internally by the state, specifically the Rhode Island National Guard and Department of Administration's Division of Information Technology, at no cost to the agency. *The Governor does not recommend funding, consistent with the subsequent information.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. The state uses internal service funds to reimburse one agency for services provided to another. For the Board's share of centralized services, the request includes \$123,808 from general revenues, or \$35,000 less than the enacted amount. This includes the enacted amount for information technology services and \$35,000 less for facilities management charges. This is approximately half of the enacted amount to reflect the relocation to a leased facility, as these charges will no longer apply once the Board has moved. It should be noted that the Board was charged \$19,123 less than the final appropriation for information technology services in FY 2019. *The Governor recommends \$26,994 less than requested based on Budget Office estimates for information technology charges. Based on the second quarter internal service fund report, the recommendation is \$80,056 less than has already been billed suggesting it is understated. The Budget Office reports that any current year instances of overspending will be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created.*

Other Operations. The Board requests the enacted amount from general revenues for other expenses. The request is mostly based on FY 2019 spending. It should be noted that the FY 2020 revised request includes the enacted amount of \$150,000 for legal services; however, actual spending during FY 2019 was only \$116,982. *The Governor recommends funding as requested.*

Rhode Island Ethics Commission

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|---------------------|---------------------|----------------------|---------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 1,475,217 | \$ 1,572,002 | \$ 1,570,713 | \$ 1,568,860 |
| Contracted Services | 26,348 | 47,275 | 87,275 | 47,275 |
| Subtotal | \$ 1,501,566 | \$ 1,619,277 | \$ 1,657,988 | \$ 1,616,135 |
| Other State Operations | 210,786 | 218,195 | 227,824 | 219,484 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | - | - | - | - |
| Capital | 6,806 | 7,826 | 7,826 | 7,826 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 1,719,158 | \$ 1,845,298 | \$ 1,893,638 | \$ 1,843,445 |
| Sources of Funds | | | | |
| General Revenue | \$ 1,719,158 | \$ 1,845,298 | \$ 1,893,638 | \$ 1,843,445 |
| Federal Aid | - | - | - | - |
| Restricted Receipts | - | - | - | - |
| Other | - | - | - | - |
| Total | \$ 1,719,158 | \$ 1,845,298 | \$ 1,893,638 | \$ 1,843,445 |
| FTE Authorization | 12.0 | 12.0 | 12.0 | 12.0 |
| FTE Average | 11.8 | | | |

FY 2020 Revised Request. The Rhode Island Ethics Commission requests \$48,340 more than enacted from general revenues, primarily for contracted legal services. *The Governor recommends \$1,853 less than enacted and \$50,193 less than requested.*

Legal Services. The Commission requests \$40,000 more than enacted from general revenues for contracted legal services. The Commission has litigation matters pending in Rhode Island Superior Court, which it anticipates will increase independent legal counsel costs for FY 2020 and potentially for FY 2021. *The Governor does not recommend the funding, but includes \$80,000 for FY 2021.*

Centralized Services. Consistent with the enacted budget, the Commission's revised request includes \$42,920 from general revenues for its share of centralized information technology 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 recommends funding as requested. Based on the second quarter internal service fund report, the Commission appears likely to be billed approximately \$10,000 more than the Governor's recommendation. The Budget Office reports that any current year instances of overspending will be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created.*

Other Operations. The Commission requests \$8,340 more than enacted from general revenues for all other expenditures. This request restores \$4,629 of statewide operating savings assumed in the enacted budget; the Commission annually underspends its final appropriation and achieved the savings in FY 2019. It also adds \$5,000 more for increased parking expenses included in the lease for its 40 Fountain Street office in Providence, offset by other savings. *The Governor recommends \$10,193 less than requested, including the \$4,629 of statewide savings and \$3,711 less for parking in order to keep the appropriation at the enacted level. It appears other operating expenses would have to be reduced to cover the increased parking expenses. This also includes \$1,853 from statewide medical benefit savings*

Office of the Governor

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|---------------------|---------------------|----------------------|---------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 4,970,644 | \$ 5,569,066 | \$ 5,561,742 | \$ 5,554,856 |
| Contracted Services | 145,125 | 500 | 500 | 500 |
| Subtotal | \$ 5,115,769 | \$ 5,569,566 | \$ 5,562,242 | \$ 5,555,356 |
| Other State Operations | 504,784 | 356,545 | 363,869 | 363,869 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | - | 150,000 | 150,000 | 150,000 |
| Capital | 3,886 | 17,100 | 17,100 | 17,100 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 5,624,439 | \$ 6,093,211 | \$ 6,093,211 | \$ 6,086,325 |
| Sources of Funds | | | | |
| General Revenue | \$ 5,624,439 | \$ 6,093,211 | \$ 6,093,211 | \$ 6,086,325 |
| Federal Aid | - | - | - | - |
| Restricted Receipts | - | - | - | - |
| Other | - | - | - | - |
| Total | \$ 5,624,439 | \$ 6,093,211 | \$ 6,093,211 | \$ 6,086,325 |
| FTE Authorization | 45.0 | 45.0 | 45.0 | 45.0 |
| FTE Average | 36.1 | | | |

FY 2020 Revised Request. The Office of the Governor requests the enacted level of \$6.1 million from general revenues and staffing consistent with the authorized level. *The Governor recommends \$6,886 less than requested to reflect statewide medical benefit savings.*

Centralized Services. Consistent with the enacted budget, the Office's revised request includes \$0.1 million from general revenues for its share of centralized information technology 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 recommends funding as requested. Based on the second quarter internal service fund report, the Office appears likely to be billed approximately \$21,000 more than the Governor's recommendation. The Budget Office reports that any current year instances of overspending will be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created.*

Other Operations. The Office requests the enacted level of \$6.0 million for all other expenses, including \$5.6 million for personnel. Based on an average position cost of \$144,530, this would fund 38.5 of the Office's 45.0 authorized full-time equivalent positions; however, as of the pay period ending November 11, 2019, the Office has 39.6 filled positions. Based on this pay period, the revised request appears

understated by up to \$0.5 million. It should be noted that in FY 2019, the Office allocated \$0.5 million of its personnel expenditures to other state agencies, which did not have funding specifically budgeted for this. It also shifted \$0.5 million in FY 2018 and \$0.7 million in FY 2017 to other state agencies. Should the requested funding be insufficient for actual personnel expenditures, it is possible that those expenses could be charged to other state agencies though no funding is budgeted there either. The revised request also restores \$7,324 of statewide operating savings assumed in the enacted budget, offset by employee benefit savings. *The Governor recommends \$6,886 less than requested to reflect statewide medical benefit savings.*

Rhode Island Commission for Human Rights

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|---------------------|---------------------|----------------------|---------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 1,438,629 | \$ 1,583,586 | \$ 1,601,026 | \$ 1,586,862 |
| Contracted Services | 3,085 | 9,850 | 8,800 | 8,800 |
| Subtotal | \$ 1,441,714 | \$ 1,593,436 | \$ 1,609,826 | \$ 1,595,662 |
| Other State Operations | 300,382 | 323,569 | 312,086 | 312,086 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | - | - | - | - |
| Capital | 1,443 | - | - | - |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 1,743,539 | \$ 1,917,005 | \$ 1,921,912 | \$ 1,907,748 |
| Sources of Funds | | | | |
| General Revenue | \$ 1,298,536 | \$ 1,353,591 | \$ 1,353,591 | \$ 1,350,221 |
| Federal Aid | 445,003 | 563,414 | 568,321 | 557,527 |
| Restricted Receipts | - | - | - | - |
| Other | - | - | - | - |
| Total | \$ 1,743,539 | \$ 1,917,005 | \$ 1,921,912 | \$ 1,907,748 |
| FTE Authorization | 14.5 | 14.5 | 14.5 | 14.5 |
| FTE Average | 13.5 | | | |

FY 2020 Revised Request. The Commission for Human Rights requests \$4,907 more than enacted from federal funds. *The Governor recommends \$9,257 less from all sources than enacted, including \$3,370 less from general revenues. The recommendation is \$14,164 less than requested.*

Federal Receipts. The enacted budget assumes available federal receipts to be spent in FY 2020 will be \$563,414. The Commission's revised budget requests expenses totaling \$568,321, which is \$4,907 more than enacted. The Commission estimates approximately \$40,000 less from the federal Department of Housing and Urban Development receipts in FY 2020 because the caseload is lower than in previous years. The request reflects an increase to salaries and benefits, for 2.0 filled positions, offset by operating savings. The Commission spent \$445,003 in FY 2019.

The Commission has had a carry-forward balance for the last four fiscal years. The Housing and Urban Development grant has specific restrictions on what may be spent with those funds, where expenditures must directly concern the advancement of these cases. However, the Equal Employment Opportunity grant does not have these restrictions, which makes expenditures from these funds more flexible. The Commission's revised request reflects exhausting almost all of its carry-forward funding from the Equal Employment Opportunity grant to supplement a reduction in available funding from the Housing and Urban Development grant. *The Governor's budget includes \$557,527, which is \$5,887 less than enacted and \$10,794 less than requested.*

Centralized Services. The Commission requests \$39,000 from general revenues for centralized information technology services which is \$7,622 more than enacted. In FY 2019, the Commission spent

\$35,555 for these 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 recommends funding as requested.*

Other Personnel and Operating. The Commission requests \$2,715 less than enacted from all sources for other personnel and operating expenses, including \$7,622 less from general revenues and \$4,907 more from federal funds. The request includes \$17,440 more for salaries and benefits, including \$20,336 more from federal funds. This reflects fully funding 14.0 positions and is offset by a \$20,155 decrease for operating expenses mostly reflecting FY 2019 expenditures. *The Governor recommends \$14,164 less than requested from all sources, including \$3,370 less from general revenues, to reflect additional turnover savings based on current vacancies and statewide medical benefit savings.*

Public Utilities Commission

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|---------------------|----------------------|----------------------|----------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 6,274,696 | \$ 7,106,801 | \$ 7,059,480 | \$ 7,047,602 |
| Contracted Services | 1,364,001 | 2,609,421 | 2,609,421 | 2,609,421 |
| Subtotal | \$ 7,638,697 | \$ 9,716,222 | \$ 9,668,901 | \$ 9,657,023 |
| Other State Operations | 907,335 | 1,256,758 | 1,256,758 | 1,302,901 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | - | - | - | - |
| Capital | 219,861 | 410,000 | 410,000 | 410,000 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 8,765,893 | \$ 11,382,980 | \$ 11,335,659 | \$ 11,369,924 |
| Sources of Funds | | | | |
| General Revenue | \$ - | \$ - | \$ - | \$ - |
| Federal Aid | 177,972 | 178,002 | 176,235 | 175,928 |
| Restricted Receipts | 8,587,921 | 11,204,978 | 11,159,424 | 11,193,996 |
| Other | - | - | - | - |
| Total | \$ 8,765,893 | \$ 11,382,980 | \$ 11,335,659 | \$ 11,369,924 |
| FTE Authorization | 53.0 | 52.0 | 52.0 | 52.0 |
| FTE Average | 47.3 | | | |

FY 2020 Revised Request. The Public Utilities Commission requests \$47,321 less than enacted from restricted receipts assessed to the regulated utilities. *The Governor recommends \$13,056 less than enacted and \$34,265 more than requested.*

Salaries and Benefits. The Commission requests \$47,321 less from all sources for salaries and benefits and reflects additional turnover savings equivalent to approximately 0.4 full-time equivalent positions. The enacted budget includes turnover savings of \$0.2 million or 1.9 full-time equivalent positions. As of the September 28, 2019 pay period, the Commission had 4.0 vacant positions, including a director position.

Subsequent to the Commission's request, on December 19, 2019, a number of classified positions were upgraded through the public hearing process. This includes a Public Utilities Administrator for Motor Carriers and Engineering Specialist II positions. The total cost of these upgrades for FY 2020 is \$4,598. *The Governor recommends \$11,878 less than requested to reflect statewide medical benefit savings. It does not appear to include the additional funding for the upgraded positions.*

Centralized Services. The Commission requests \$90,324 from restricted receipts for centralized information technology services, which is consistent with the enacted budget. 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. In FY 2019, the Commission spent \$131,775. *The Governor recommends \$46,143 more than enacted and requested for information technology services based on Budget Office estimates.*

Executive Office of Health and Human Services

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 153,572,014 | \$ 181,345,296 | \$ 180,631,538 | \$ 197,772,518 |
| Medical Assistance | 2,447,996,365 | 2,509,387,466 | 2,510,887,466 | 2,471,118,258 |
| Total | \$ 2,601,568,379 | \$ 2,690,732,762 | \$ 2,691,519,004 | \$ 2,668,890,776 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 30,204,982 | \$ 31,536,751 | \$ 30,791,310 | \$ 30,720,465 |
| Contracted Services | 90,465,732 | 118,247,721 | 110,027,640 | 127,064,613 |
| Subtotal | \$ 120,670,714 | \$ 149,784,472 | \$ 140,818,950 | \$ 157,785,078 |
| Other State Operations | (1,079,811) | 9,664,199 | 10,633,720 | 10,808,572 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 2,481,865,104 | 2,530,752,816 | 2,530,402,818 | 2,490,633,610 |
| Capital | 112,366 | 531,275 | 1,413,516 | 1,413,516 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | 8,250,000 | 8,250,000 |
| Total | \$ 2,601,568,373 | \$ 2,690,732,762 | \$ 2,691,519,004 | \$ 2,668,890,776 |
| Sources of Funds | | | | |
| General Revenue | \$ 972,457,072 | \$ 1,002,282,411 | \$ 1,002,282,411 | \$ 985,967,831 |
| Federal Aid | 1,601,101,956 | 1,664,521,164 | 1,649,399,351 | 1,623,177,530 |
| Restricted Receipts | 28,009,351 | 23,929,187 | 39,837,242 | 59,745,415 |
| Other | - | - | - | - |
| Total | \$ 2,601,568,379 | \$ 2,690,732,762 | \$ 2,691,519,004 | \$ 2,668,890,776 |
| FTE Authorization | 192.0 | 186.0 | 186.0 | 186.0 |
| FTE Average | 176.3 | | | |

FY 2020 Revised Request. The Executive Office includes \$0.8 million more from all sources for total funding of \$2,691.5 million in its FY 2020 revised request. This includes \$15.1 million less from federal funds, \$15.9 million more from restricted receipts and the enacted level from general revenues. The revised request was submitted in October and does not reflect the revised caseload estimates adopted in November.

The Governor recommends \$22.6 million less than requested, including \$16.3 million less from general revenues, including statewide medical benefit savings. She reduces medical assistance expenses by \$19.0 million, including \$5.2 million from general revenues, by resetting selected November caseload conference adopted estimates without consensus.

Medical Assistance

The Caseload Estimating Conference met on November 5, 2019 and based on current law, set the FY 2020 medical assistance expenditures at \$2,445.5 million, including \$965.3 million from general revenues, which is \$20.8 million less than enacted from all funds and \$11.3 million less from general revenues. The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate.

The following table itemizes medical assistance expenditures in FY 2018 and FY 2019, as enacted by the 2019 Assembly, requested by the Executive Office, and adopted by the caseload estimators. Each category is discussed separately.

| Medical Assistance | FY 2018 Spent | FY 2019 Spent | FY 2020 Enacted | FY 2020 Nov. CEC | FY 2020 Gov. Rec. |
|---------------------------------|--------------------------|--------------------------|----------------------------|-----------------------------|------------------------------|
| Hospitals | | | | | |
| Regular Payments | \$ 53.9 | \$ 51.2 | \$ 52.6 | \$ 52.8 | \$ 53.3 |
| DSH Payments | 139.7 | 138.5 | 142.3 | 142.3 | 142.3 |
| Total | \$ 193.6 | \$ 189.7 | \$ 194.9 | \$ 195.1 | \$ 195.6 |
| Long Term Care | | | | | |
| Nursing and Hospice Care | \$ 176.7 | \$ 316.6 | \$ 352.5 | \$ 362.0 | \$ 362.0 |
| Home and Community Care | 49.2 | 70.2 | 75.6 | 78.4 | 78.4 |
| Total | \$ 226.0 | \$ 386.9 | \$ 428.1 | \$ 440.4 | \$ 440.4 |
| Managed Care | | | | | |
| Rite Care | \$ 628.6 | \$ 651.0 | \$ 681.1 | \$ 683.1 | \$ 676.9 |
| Rite Share | 7.0 | 2.7 | 2.6 | 2.9 | 2.9 |
| Fee For Service | 62.4 | 55.8 | 64.0 | 33.0 | 33.0 |
| Total | \$ 698.0 | \$ 709.5 | \$ 747.7 | \$ 719.0 | \$ 712.8 |
| Rhody Health Partners | \$ 224.7 | \$ 241.2 | \$ 249.5 | \$ 255.1 | \$ 253.4 |
| Medicaid Expansion | \$ 460.6 | \$ 491.1 | \$ 483.1 | \$ 481.0 | \$ 470.6 |
| Rhody Health Options | \$ 364.2 | \$ 202.9 | \$ 152.6 | \$ 145.2 | \$ 144.1 |
| Pharmacy | \$ (3.9) | \$ (2.3) | \$ (0.1) | \$ 0.1 | \$ 0.1 |
| Pharmacy Part D Clawback | \$ 64.3 | \$ 72.0 | \$ 74.2 | \$ 71.7 | \$ 71.7 |
| Other Medical Services | \$ 123.9 | \$ 124.9 | \$ 136.3 | \$ 138.0 | \$ 138.0 |
| Federal Funds | \$ 1,410.1 | \$ 1,461.3 | \$ 1,479.7 | \$ 1,470.1 | \$ 1,456.3 |
| General Revenues | 929.7 | 945.6 | 976.6 | 965.3 | 960.2 |
| Restricted Receipts | 11.7 | 8.9 | 10.1 | 10.1 | 10.1 |
| Total | \$ 2,351.5 | \$ 2,415.8 | \$ 2,466.3 | \$ 2,445.5 | \$ 2,426.6 |

\$ in millions

The Governor recommends \$19.0 million less than the conference estimate, including \$5.2 million less from general revenues. She assumes savings from resetting the caseload estimate by lowering enrollment projections for Rite Care, Rhody Health Partners and Options and the expansion program. Supporting documentation notes that this is the result of one-time RI Bridges (UHIP) updates not reflected in the data reported to the November Caseload Estimating Conference. The Governor's recommendation uses November data to reset the enrollment estimate for managed care plans by 5,500 individuals.

It should be noted that fixes and updates to the RI Bridges system occur regularly, but the Governor has never proposed a change because of such an update. Revisions to enrollment, absent policy changes, are the purview of the consensus caseload estimating process. This unilateral change is in direct conflict with that process. Section 35-17-36 of the General Laws allows for a conference to be called outside the regularly scheduled estimates if "any principal feels that the recommendations of the caseload estimating conference are no longer valid."

Hospitals

The November Caseload Estimating Conference estimate includes hospital expenses totaling \$195.1 million, \$92.2 million from general revenues. It includes \$47.2 million for direct medical services, \$5.6 million for supplemental hospitals payments and \$142.3 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 \$0.5 million more than the conference

estimate to reflect newly available matching funds for graduate medical education activities.

Hospitals. The November Caseload Estimating Conference estimate includes FY 2020 expenditures at \$52.8 million, including \$24.7 million from general revenues. The estimate also includes the \$4.6 million upper payment limit reimbursement payment made to the community hospitals and \$1.0 million for general graduate medical education activities.

The estimate increases fee-for-service hospital spending by \$0.2 million from all funds, including \$0.1 million from general revenues, in the current fiscal year to reflect higher than anticipated inpatient and outpatient days.

The Executive Office’s revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor adds \$0.5 million from Medicaid matching funds for graduate medical education activities to the caseload estimate.*

Disproportionate Share Payments to Hospitals. The November caseload estimate includes \$142.3 million for the disproportionate share payments for uncompensated care costs to the state’s community hospitals. This includes \$67.5 million from general revenues and matching federal funds. The estimate adopted the known payment which is \$7,776 less than assumed in the enacted budget. The Executive Office’s revised request includes the enacted level.

| Hospital Payments | FY 2019 Reported | FY 2020 Enacted | FY 2020 Nov. CEC | FY 2020 Gov. Rev. | Gov. Change to Enacted |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------|
| Community Hospitals | | | | | |
| State | \$ 67,251,069 | \$ 67,483,497 | \$ 67,489,693 | \$ 67,489,693 | \$ 6,196 |
| Federal | 71,268,127 | 74,817,538 | 74,803,566 | 74,803,566 | (13,972) |
| Subtotal | \$ 138,519,196 | \$ 142,301,035 | \$ 142,293,259 | \$ 142,293,259 | \$ (7,776) |
| Upper Payment Limit | | | | | |
| State | \$ 1,701,798 | \$ 2,124,107 | \$ 2,188,660 | \$ 2,188,660 | \$ 64,553 |
| Federal | 13,969,957 | 2,660,453 | 2,453,742 | 2,453,742 | (206,711) |
| Subtotal | \$ 15,671,755 | \$ 4,784,560 | \$ 4,642,402 | \$ 4,642,402 | \$ (142,158) |
| Graduate Medical Education | | | | | |
| State | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,500,000 | \$ 500,000 |
| Total | \$ 155,190,951 | \$ 148,085,595 | \$ 147,935,661 | \$ 148,435,661 | \$ 350,066 |

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 caseload estimate.*

Upper Payment Limit Reimbursements. The enacted budget includes \$4.8 million from all sources, of which \$2.1 million is from general revenues, to make the inpatient and outpatient upper payment limit reimbursements to the state’s community hospitals. The November caseload estimate lowers that to \$4.6 million, including \$2.2 million from general revenues based on updated projections. *The Governor recommends funding consistent with the caseload estimate.*

Graduate Medical Education. The enacted budget includes \$1.0 million from general revenues for graduate medical education activities at Lifespan. The Executive Office’s revised request and the November caseload estimate include the funding. *The Governor’s budget adds \$0.5 million from federal*

Medicaid funds. The Centers for Medicare and Medicaid Services approved \$0.5 million in matching funds for FY 2020.

Long Term Care

The November Caseload Estimating Conference estimate includes long term care expenses at \$440.4 million, of which \$208.4 million is from general revenues. This includes \$362.0 million for nursing facilities and hospice care and \$78.4 million for home and community care. The caseload estimate is \$12.3 million more than the enacted budget, including \$6.6 million more from general revenues.

This includes \$9.5 million more for nursing facilities to primarily reflect year-to-date payments, including interim payments still being made to address the applications pending for more than ninety days and recoupments from advanced payments made in prior fiscal years. There is also an increase of \$2.8 million for other home and community care services for projected expenses. The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate.

Long term care fee-for-service costs total \$440.4 million and combined with the \$145.2 million in Rhody Health Options to total \$585.6 million, including \$276.9 million from general revenues. The conference increased expenses by \$4.9 million, including \$3.1 million from general revenues for services to the elderly and disabled compared to the enacted budget.

The Governor recommends fee-for-services long term care expenses consistent with the caseload estimate of \$440.4 million and lowers expenses for Rhody Health Options to \$144.1 million for long term care funding of \$584.5 million, including \$276.4 million from general revenues.

Nursing Facilities and Hospice Care. The Caseload Estimating Conference estimate includes FY 2020 expenditures of \$362.0 million, of which \$171.5 million is from general revenues for the state's 84 nursing facilities. This includes \$9.5 million more for nursing facilities to primarily reflect year-to-date payments, including interim payments still being made to address the applications pending for more than 90 days and recoupments from advanced payments made in prior fiscal years. It also includes increase expenses for hospice care provided in a nursing facility.

The state continues to make advanced payments to nursing facilities and, based on testimony from the Executive Office, the November caseload estimate assumes that ten percent of the \$15.0 million in advanced payments, or \$1.5 million, will not be eligible for Medicaid reimbursement once the payments are reconciled to the services provided. *The Governor recommends funding consistent with the caseload estimate.*

Home and Community Care. The November Caseload Estimating Conference estimate includes \$78.4 million for home and community care expenses, including \$37.0 million from general revenues in the FY 2020 estimate. This is \$2.8 million more than enacted, including \$1.3 million more from general revenues to reflect current spending projections based on higher utilization. *The Governor recommends funding consistent with the caseload estimate.*

Managed Care

The November Caseload Estimating Conference estimate includes managed care expenses of \$719.0 million, including \$309.9 million from general revenues and \$409.1 million from federal funds; the estimate reduces funding by \$28.7 million from all sources, including \$14.5 million from general revenues. The estimate includes RItE Care expenses at \$683.1 million, RItE Share at \$2.9 million and fee-for-service expenses at \$33.0 million; a discussion of each follows. This includes lower than projected enrollment at a higher monthly cost.

The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor's recommendation lowers the caseload estimate by \$6.2 million, including \$2.9 million less from general revenues, from the enrollment change.*

RItE Care. The November Caseload Estimating Conference estimated RItE Care expenditures at \$683.1 million including \$292.2 million from general revenues and revisions to the caseload enrollment and demographics that influence program costs. The estimate assumes lower than anticipated enrollment and adjustments to capitated rates. *The Governor's budget lowers the caseload estimate by \$6.2 million, including \$2.9 million from general revenues, based on an internal estimate in conflict with the caseload estimating process.*

RItE Share. The November Caseload Estimating Conference estimate includes RItE Share expenditures of \$2.9 million, including \$1.4 million from general revenues. This is \$0.3 million more than enacted, including \$0.1 million more from general revenues. The Executive Office'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 caseload estimate.*

Fee-Based Managed Care. The November Caseload Estimating Conference estimate includes fee-based managed care expenditures of \$33.0 million from all sources, of which \$15.6 million is from general revenues. 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 caseload estimate.*

Rhody Health Partners

Rhody Health Partners. The Caseload Estimating Conference estimate includes expenditures of \$255.1 million from all sources, including \$121.1 million from general revenues for FY 2020 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 \$1.6 million more than the enacted, including \$2.1 million more from general revenues. The estimate includes a 7.0 percent increase in the monthly capitated payment offset by a 0.4 percent decrease in enrollment. *The Governor's budget lowers the caseload estimate by \$1.7 million, including \$0.8 million from general revenues, based on an internal estimate in conflict with the caseload estimating process.*

Medicaid Expansion

Medicaid Expansion for Certain Adults. The November Caseload Estimate reduces spending by \$2.1 million for total funding of \$481.0 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 includes updated enrollment of approximately 74,000 enrollees. The estimate also includes \$41.0 million from general revenues for the state match, \$0.1 million less than included in the enacted budget. This reflects a 2.0 percent decrease in enrollment offset by a 3.0 percent increase in the monthly capitated payment. *The Governor's budget lowers the caseload estimate by \$10.4 million, including \$0.9 million from general revenues, based on an internal estimate in conflict with the caseload estimating process.*

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 \$145.2 million from all sources, including \$68.5 million from general revenues for the Rhody Health Options program.

The estimate is \$7.4 million less than enacted, including \$3.5 million less from general revenues for the approximately 14,600 enrolled in the managed care plan. The estimate includes approximately 2,000 fewer enrollees and a 3.0 percent decrease to the monthly capitated payment. The savings in this program offset the increase in the long term care program as more individuals are receiving services through the fee-for-service program. *The Governor recommends \$1.1 million less than the conference estimate, including \$0.5 million less from general revenues, from lowering the enrollment.*

Pharmacy

The Caseload Estimating Conference estimate includes pharmacy expenses of \$71.8 million from general revenues; 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 caseload estimate.*

Fee-for-Service. The Caseload Estimating Conference estimate includes expenses totaling \$0.1 million for FY 2020 pharmacy expenses, which reflects fee-for-service pharmacy costs offset by federal rebates; this is \$0.2 million more than enacted. *The Governor recommends funding consistent with the caseload estimate.*

Medicare Drug Benefit - Part D Clawback. The Caseload Estimating Conference estimate includes the state payment for the Medicare Part D clawback provision at \$71.7 million, \$2.6 million less than enacted. This reflects lower than anticipated enrollment and updated monthly premiums.

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 dual eligibles do not pay any annual deductible but do pay a \$1 co-payment for generic drugs or \$3 co-payment for brand names. *The Governor recommends funding consistent with the caseload estimate.*

Other Medical Services

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

The November Caseload Estimating Conference estimate includes expenditures for other medical services at \$138.0 million, which includes \$52.3 million from general revenues, \$75.6 million from federal funds and \$10.1 million from restricted receipts. The estimate is \$1.7 million more than the enacted budget, including \$0.5 million more from general revenues. The Executive Office's revised request does not reflect the November caseload estimate.

Payments include the federal Medicare premiums made on behalf of qualified Medicare recipients so that they are able to retain the federal benefit and not be solely reliant on Medicaid for medical coverage that totals \$74.1 million from all sources, or \$0.5 million more than enacted; this payment is 55 percent of other medical services expenses. Other payments include rehabilitation services including physical and occupational therapy, dialysis, physician and optometry services, durable medical equipment and transportation services. Those payments increase by \$8.7 million to reflect projected spending. This includes \$5.0 million for transportation expenses which is \$0.4 million more than enacted. The Executive Office raised the ambulance rates in July which was not part of the enacted budget and are adjusted in the estimate. *The Governor recommends funding consistent with the caseload estimate.*

Administration

Electronic Visit Verification – Reappropriation. The Governor reappropriated \$69,949 from general revenues for the electronic visit verification initiative. The revised request includes this for total funding of \$0.6 million from all sources, including \$0.1 million from general revenues. The enacted budget includes \$0.2 million for Sandata for the five-year, \$2.4 million contract, expiring on January 31, 2021 that provides enhanced fraud, waste and abuse and improper payment surveillance detection capability. The increase funds the \$0.6 million of contract obligations and additional tasks. This includes adding managed care organizations to the verification system, modify data file requirement, adding a third party interfaces for provider and software training. *The Governor’s budget inadvertently adds \$69,949 from general revenues to the request.*

Unified Health Infrastructure Project. Costs for the Unified Health Infrastructure Project are requested at \$81.0 million from all sources, including \$10.2 million from general revenues, \$54.6 million from federal funds, \$31.0 million from Deloitte Settlement restricted receipt funds and general revenues savings of \$4.7 million in the budgets for the Executive Office and Department of Human Services. Both budgets assume that the state will negotiate with the main vendor Deloitte to recoup some payments made in the development of the new eligibility system, which is still not fully functional, that are intended to offset current general revenue expenses. As of December 31, 2019, negotiations are still ongoing and the contract amendment that includes the \$50 million payment has not been signed. The FY 2020 enacted budget assumes the use of \$33.2 million from restricted receipts in the Executive Office of Health and Human Services, Department of Human Services and Healthsource RI.

The revised request includes \$47.5 million for contracted services, \$18.1 million less than enacted, primarily to correct for the previously noted issue with federal funds. The revised request includes \$12.6 million for Deloitte, \$10.7 million for a contract with KPMG, and \$10.0 million for Automated Health Systems for the contact center. This also includes \$4.3 million for a contract with the Faulkner Group and \$22.0 million for IBM to address the ongoing functional issues with the new eligibility system.

The request also includes \$3.7 million for salary and benefit expenses, \$1.3 million less than enacted. The revised request eliminates \$0.5 million from general revenues included in the enacted budget for salaries and benefits and shifts those expenses to the restricted receipt account. The positions supported by general revenues include \$0.2 million for the Executive Office, \$0.2 million for the Department of Administration and \$0.1 million for the Department of Human Services. For the revised request, the Executive Office includes funding for 45 positions, four fewer than the enacted budget and at a lower portion of the total salary and benefits cost.

| Unified Health Infrastructure Project/Contact Center | General Revenues | Federal Funds | Deloitte Settlement Funds | Other Restricted/IT Fund & HealthSource RI | Total |
|--|----------------------|-----------------------|---------------------------|--|-----------------------|
| FY 2016 through FY 2018* | \$ 28,486,426 | \$ 161,745,096 | \$ - | \$ 4,272,795 | \$ 194,504,317 |
| FY 2019 Spent | | | | | |
| EOHHS | \$ 4,921,730 | \$ 40,143,289 | \$ - | \$ 616,924 | \$ 45,681,943 |
| DHS | 7,986,901 | 8,088,749 | - | - | 16,075,650 |
| HealthSource RI/Contact Center | - | - | - | 4,046,490 | 4,046,490 |
| FY 2020 Enacted | | | | | |
| EOHHS | \$ 1,967,047 | \$ 62,449,935 | \$ 6,614,152 | \$ - | \$ 71,031,134 |
| DHS | (2,502,646) | 12,104,456 | 24,714,185 | - | 34,315,995 |
| HealthSource RI/Contact Center | - | - | 1,914,836 | 1,992,959 | 3,907,795 |
| Total | \$ (535,599) | \$ 74,554,391 | \$ 33,243,173 | \$ 1,992,959 | \$ 109,254,924 |
| FY 2020 Revised | | | | | |
| EOHHS | \$ 1,909,372 | \$ 43,173,269 | \$ 6,527,952 | \$ - | \$ 51,610,593 |
| DHS | (2,502,646) | 12,104,456 | 24,714,185 | - | 34,315,995 |
| HealthSource RI/Contact Center | - | - | 1,914,836 | 1,992,959 | 3,907,795 |
| Total | \$ (593,274) | \$ 55,277,725 | \$ 33,156,973 | \$ 1,992,959 | \$ 89,834,383 |
| FY 2021 Request | | | | | |
| EOHHS | \$ 10,019,996 | \$ 44,239,261 | \$ - | \$ - | \$ 54,259,257 |
| DHS | 10,931,856 | 13,289,233 | - | - | 24,221,089 |
| HealthSource RI/Contact Center | - | - | - | 1,992,959 | 1,992,959 |
| Total | \$ 20,951,852 | \$ 57,528,494 | \$ - | \$ 1,992,959 | \$ 80,473,305 |

*Funding in EOHHS and DHS

The state has recently been approved for a project plan that totals \$647.7 million through the first quarter of federal fiscal year 2020. This includes \$502.0 million from federal funds and \$154.0 million from general revenues for design, development and implementation that totals \$400.5 million and \$255.5 million for maintenance and operations.

The Governor recommends \$2.0 million less than enacted and \$17.5 million more than requested from all sources. The Governor's budget includes the full \$50.0 million from the Deloitte settlement funds but does not identify if the state share assumptions have changed. The Executive Office's second quarter report assumes the state will keep \$28.9 million, \$4.3 million less than enacted budget.

The Governor's recommendation includes \$0.5 million more from Information Technology Investment funds budgeted in the Department of Administration to remain at the enacted level of general revenues for additional state support. It is still unclear why.

On February 12, the administration announced the final settlement; the state will retain \$30.0 million, or \$3.2 million less than the enacted budget. It remains unclear how this impacts state support for the project. On February 6, 2020, the state received the approval.

Prescription Drug Monitoring Program. The Executive Office includes \$3.5 million from a new federal Prescription Drug Monitoring program through an implementation advance planning document. The first year is fully federally funded. The second year federal match is 90 percent, with a 10 percent state match. The request includes \$3.0 million for contracted financial services and \$0.5 million for other administrative expenses. This includes \$0.1 million to partially funding two currently filled positions and another \$0.4 million for vacant, unidentified positions.

The Rhode Island Prescription Drug Monitoring Program is the system that collects data on all controlled substance prescriptions and stores in a centralized registry. The information is used to improve patient care, identify risky prescribing practices, and help prevent drug diversion. All practitioners that hold a Rhode Island Controlled Substance Registration must register with the program and are required to check it prior to prescribing an opioid for the first time, and at least every three months for continuous opioid prescriptions. The Department of Health also uses it to evaluate compliance with Rhode Island's Safe

Opioid Prescribing Guidelines and support drug overdose prevention program efforts. *The Governor recommends funding as requested.*

Substance Use Disorder Provider Capacity Grant. The Executive Office requests \$1.8 million from a new federal Substance Use Disorder Provider Capacity grant. This is a two year award totaling \$3.1 million. The revised request includes \$0.9 million for computers, \$0.7 million for contracted services and \$0.2 million for program operations. The provider capacity building initiative, in conjunction with the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals takes a comprehensive approach to increasing provider capacity and ability to provide substance abuse use services to Medicaid beneficiaries with opioid use and other substance use disorders.

One objective will be to solicit feedback from other state agencies including Departments of Health, Children, Youth and Families, and Corrections and the Office of the Health Insurance Commissioner, in order to ensure ongoing alignment and parity between how Medicaid and commercial insurers interact with providers.

Other activities will be to assess any existing service capacity gaps among Medicaid service providers, identify substance use workforce infrastructure gaps that impact service capacity among Medicaid providers and make a plan to fill them and possible payment reforms and establishing sustainability strategies. There will also be provider training and recruiting to address disparities in care and technology integration to improve quality of outcomes. *The Governor recommends funding as requested.*

Health Information Technology Projects. The revised request includes \$3.3 million more than enacted, including \$13,390 less from general revenues for health information technology projects. The revised request includes a new vital records project at \$2.7 million, \$0.5 million for an adult immunization registry, \$0.3 million to the Rhode Island Quality Institute for information dashboards, \$0.2 million to develop a health information technology roadmap and implementation plan, \$49,500 for a cancer registry, \$0.1 million for a contract program manager and \$0.2 million for other unidentified projects that are to be determined. The request excludes \$1.3 million for an opioid reporting system.

It also includes the enacted level of \$1.2 million to the Rhode Island Quality Institute for technology projects. This request is part of the Executive Office's Health Information Technology Implementation Advance Planning document. *The Governor recommends funding as requested.*

Health System Transformation Program. The Executive Office requests \$4.5 million more than enacted for total funding of \$40.0 million from federal funds for Health System Transformation program, for updated contracts and administrative expenses. This includes \$6.5 million more for grants, \$2.7 million less for contracted services and \$0.7 million more than enacted to support 16.0 filled positions and a filled policy position in the Office of the Health Insurance Commissioner.

The revised request also includes \$7.8 million in administrative and management costs, \$2.7 million less than enacted. This includes \$1.6 million for its 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, and \$0.7 million for the Department of Behavioral Healthcare, Developmental Disabilities and Hospital for the Care Transformation Collaborative. The revised request also includes \$1.6 million for contracted evaluation, actuarial, customer satisfaction survey and other oversight services. The revised request also includes \$0.2 million for the Commission on the Deaf and Hard of Hearing. *The Governor recommends \$0.5 million less than requested, primarily for the University of Rhode Island and includes statewide medical benefit savings.*

HealthFacts RI/All Payer Claims Database. The Executive Office requests \$1.0 million more than enacted, including \$0.5 million less from general revenues, for total funding of \$3.1 million to support the

state's All Payer Claims Database, known as HealthFacts RI. The request includes general revenue savings of \$0.4 million from shifting expenses to the Information Technology Investment Fund to bring requested funding to \$3.5 million for updated project expenses. This includes \$0.9 million more to Freedman Healthcare for management services and additional funding to DXC for enhancements to the database. The revised request also includes \$0.2 million for staffing and other operating expenses. The Executive Office has two staff assigned to the project. The Department of Health's budget also supports the OnPoint Health contract. *The Governor includes \$257 less than requested from statewide medical benefit savings.*

Financial Management Services. The Executive Office requests \$1.3 million more than enacted, including \$0.4 million more from general revenues for contracted financial management services, to bring total funding to \$4.8 million from all sources, including \$2.1 million from general revenues. The revised request includes \$2.5 million for HCH Enterprises and \$1.8 million for Milliman. The Executive Office has been asked for the specific tasks to be performed and the hours that will be billed but is has not provided the detailed information. *The Governor recommends funding as requested.*

Medicaid Management Information System Reprocurement. The Executive Office's revised request is \$2.2 million more than enacted, including \$0.2 million more from general revenues, to assist with a new Medicaid Management Information System technology project. This includes \$1.6 million, including the ten percent state match of \$0.2 million, to hire a contractor to assist with the reprocurement of the new system and \$550,000 for an independent validation and verification vendor, including a ten percent state match of \$55,000. As of December, the request for proposals is still being drafted and has not yet been issued so the contract has not been awarded.

The independent verification and validation part of a technology project uses another entity, not otherwise involved in the information technology development activities, evaluates the work products generated, processes performed, and/or deliverables produced by a project team that is designing, developing, and implementing the project. *The Governor recommends funding as requested. It should be noted that the FY 2021 recommendation does not provide any funding for a new system.*

Medicaid Management Information System Other Expenses. The revised request includes \$22.7 million from all sources, including \$5.0 million from general revenues, for all other operating expenses related to the Medicaid Management Information System. This is \$0.4 million more than enacted including \$63,729 less from general revenues for updated program expenses. *The Governor recommends funding as requested.*

Rhode Island Parent Information Network - Long Term Services and Supports. The FY 2020 enacted budget includes \$2.3 million, of which \$1.1 million is from general revenues, to contract with the Rhode Island Parent Information Network to provide care management and coordination services for high risk populations who were previously enrolled in Phase I of the Integrated Care Initiative, or the Unity program, through Neighborhood Health Plan. The contract which started September 1, 2018 and ends June 30, 2020 with a one-year optional extension, pays a monthly administrative fee of \$187,500. Services are provided to 500 individuals, which began April 1, 2019. The request incorrectly adds \$0.6 million, including \$0.3 million from general revenues, to bring total funding to \$1.9 million for FY 2020. This was based on the erroneous assumption that the enacted budget included \$1.4 million. *The Governor recommends funding as requested, which overfunds the contract by the requested increase.*

Independent Evaluation - Medicaid Waiver. The Executive Office's revised request includes \$243,340 from all sources, including \$121,670 for National Opinion Research Center to do an independent evaluation of the Medicaid waiver. The Governor recommended \$700,000, including \$350,000 from general revenues, for this activity but the Assembly did include it in the enacted budget. The state had to submit a timeline for its submission for the evaluation and design reports and post on the state's website within 30 days of federal waiver approval which was January 19, 2019. The state submitted its draft evaluation plan in July

2019. The Centers for Medicare and Medicaid Services will also post the information on its website. As of January 2020, the plan has not been finalized or approved so the information was not posted. *The Governor recommends funding as requested.*

Independent Provider Model. The FY 2020 enacted budget includes \$770,000 from all sources, including \$192,500 from general revenues to support Independent Provider Model which allows independent home care providers to enter into an agreement with a bargaining unit to negotiate reimbursements with the Department of Administration. The Executive Office will establish a public registry and offer training opportunities to the home care providers and an advisory board will be established. The budget assumes the Executive Office would pay a contractor to implement the project. The Executive Office instead has a full-time employee assigned to the project. *The Governor recommends funding as requested.*

Department of Children, Youth and Families Oversight and Review. The Executive Office's revised request includes \$7,200 from general revenues to pay a portion of the \$380,000 contract with Alvarez and Marsal to provide financial oversight and support for the Department of Children, Youth and Families and its system review. The contract period is three months, September 9 to December 7, with one six month optional extension. *The Governor recommends funding as requested for the Executive Office's portion of the contract. It has been extended until March 2020 and the Department of Children, Youth and Families' recommended budget includes \$1.2 million.*

No Wrong Door Initiative. The Executive Office requests \$1.2 million from Money Follows the Person federal funds for the No Wrong Door Initiative which includes \$1.0 million in its revised budget and \$0.2 million for FY 2021. This is one-time funding for the project which the Executive Office anticipates will be funded by several sources, including Medicaid and general revenues, after FY 2021.

The enacted budget includes \$0.2 million for the Aging and Disability Resource Center which would assist Rhode Islanders and their families in making informed decisions regarding long-term care services and support options. The center would also streamline access to long term supports and services for the elderly, persons with disabilities, family caregivers, and providers. It would work towards diverting people, when appropriate, from institutional care to home and community-based services and prevent short-term institutional care from becoming permanent through counseling and eligibility screening for other services. The center is now part of this initiative. *The Governor recommends funding as requested.*

State Innovation Models Initiative Grant. The Executive Office includes \$0.5 million more than enacted from carry-forward funding for the State Innovation Models Initiative federal grant. It expired September 30, 2019, or FY 2020, and funding is requested to pay any remaining expenses so the grant can be closed out. *The Governor recommends funding as requested.*

Department of Justice Consent Decree - Monitor. The Executive Office requests \$450,000, including \$225,000 from general revenues, to pay for a court monitor as part of the state settlement with the Department of Justice that addresses community based and employment services for adults with developmental disabilities in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. It should also be noted that the enacted budget includes \$100,000 for a consent decree coordinator in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals which it excludes from its revised request. For FY 2021, the Executive Office includes the funding in its request and is excluded from the Department's budget. *The Governor recommends funding as requested.*

Nursing Home Penalties. The Executive Office requests \$250,000 from restricted receipts collected from nursing home penalties to potentially partner with the Department of Labor and Training and community organizations to provide services that would improve the quality of life for nursing home residents and address issues related to behavioral health. This is \$185,000 more than enacted. *The Governor recommends funding as requested.*

Salaries and Benefits. The Executive Office's revised request lowers salary and benefit expenses by \$0.5 million from all sources, including \$0.2 million less from general revenues, \$0.5 million more from federal funds and \$0.8 million less from HIV restricted receipts rebate funds and either fully or partially funds 180.0 positions. The reduction from HIV funds support positions in the Department of Health. It should be noted that the recent staffing reorganization undertaken by the Executive Office resulted in new positions at higher pay grades for current staff that were not included in the revised request.

The revised request funds at least a portion of another 19 positions in the Departments of Health and Behavioral Healthcare, Developmental Disabilities and Hospitals totaling \$0.8 million and two filled senior legal counsel positions at the Department of Children, Youth and Families totaling \$0.3 million. It should be noted that legal staff for the health and human service agencies are centralized under the Executive Office of Health and Human Services, so it is unclear why there are two legal positions in the Department of Children, Youth and Families. *The Governor recommends \$62,183 less than requested, including \$5,021 more than enacted from general revenues.*

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 Executive Office's revised request is \$0.3 million more than enacted including \$0.1 million more from general revenues and \$0.2 million more from federal funds. The Executive Office reports it based its revised request from the first quarter of monthly billings and assuming the same amount for the remaining three quarters. *The Governor recommends \$0.2 million more than requested from federal funds based on Budget Office estimates.*

Other Operations. The Executive Office requests \$0.5 million more than enacted including \$0.3 million less from general revenues for all other administrative operations. This includes \$0.5 million more for HIV prevention and treatment programs funded through the rebate account and general revenue savings from shifting Early Intervention services to federal funds. The remainder of the revised request adjusts expenses based on current year projected spending. *The Governor recommends \$4,830 less than requested primarily from general revenues.*

Department of Children, Youth and Families

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 13,384,950 | \$ 15,118,400 | \$ 16,449,027 | \$ 16,218,656 |
| Child Welfare | 199,119,876 | 175,606,831 | 204,098,143 | 203,623,092 |
| Juvenile Corrections | 22,968,586 | 25,184,991 | 26,240,360 | 23,636,231 |
| Children's Behavioral Health | 12,888,135 | 13,748,868 | 12,165,634 | 12,545,552 |
| Higher Education Incentive Grants | (200,000) | 200,000 | 200,000 | 200,000 |
| Total | \$ 248,161,547 | \$ 229,859,090 | \$ 259,153,164 | \$ 256,223,531 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 72,302,291 | \$ 71,305,011 | \$ 77,348,355 | \$ 76,806,605 |
| Contracted Services | 5,734,702 | 6,089,628 | 7,256,939 | 7,256,939 |
| Subtotal | \$ 78,036,993 | \$ 77,394,639 | \$ 84,605,294 | \$ 84,063,544 |
| Other State Operations | 12,134,936 | 12,108,872 | 10,955,085 | 10,060,140 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 157,387,179 | 137,495,579 | 160,732,785 | 160,732,785 |
| Capital | 602,439 | 2,860,000 | 2,860,000 | 1,367,062 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 248,161,547 | \$ 229,859,090 | \$ 259,153,164 | \$ 256,223,531 |
| Sources of Funds | | | | |
| General Revenue | \$ 180,704,006 | \$ 165,124,585 | \$ 187,504,884 | \$ 185,731,369 |
| Federal Aid | 65,129,696 | 59,986,948 | 66,834,304 | 66,785,484 |
| Restricted Receipts | 1,929,609 | 1,887,557 | 1,953,976 | 2,339,616 |
| Other | 398,236 | 2,860,000 | 2,860,000 | 1,367,062 |
| Total | \$ 248,161,547 | \$ 229,859,090 | \$ 259,153,164 | \$ 256,223,531 |
| FTE Authorization | 629.5 | 621.5 | 648.5 | 642.5 |
| FTE Average | 585.0 | | | |

FY 2020 Revised Request. The Department of Children, Youth and Families requests \$29.3 million more than enacted from all sources, including \$22.4 million more from general revenues, \$6.8 million more from federal funds, and \$0.1 million more from restricted receipts. The request restores savings that were in the enacted budget from moving youth in congregate care placements into other programs such as Voluntary Extension of Care and foster care. The revised request adds 27.0 new positions. The Department projected a general revenue deficit of \$21.9 million, most of which relates to caseload. The request is \$0.5 million more than its projected FY 2020 expenses reported in its first quarter.

Prior to the Department's budget submission, a facilitated implementation team, composed of personnel from the Department of Children, Youth and Families, the Department of Administration, the Executive Office of Health and Human Services and the Governor's Office reviewed processes and spending within the Department. The facilitated implementation team and an external consultant made recommendations for the Department's budget request, which was submitted on December 11, more than three months after the statutory due date. The Department submitted a corrective action plan on December 16, 2019 and a

monthly report, January 23, 2020 in an attempt to comply with state law on agencies who are projecting deficits.

The Governor recommends \$26.4 million more than enacted, including \$20.6 million more from general revenues. This is \$2.9 million less than requested, including \$1.8 million less from general revenues. The Governor recommends 642.5 positions which is 21.0 more than enacted and 6.0 less than requested. The Department submitted its second quarter report on January 31, which projected spending \$0.5 million less from general revenues than the Governor's recommendation.

Staffing. The Department requests \$77.3 million which is \$6.0 million more than enacted for 648.5 full-time equivalent positions, 27.0 more than authorized. The request increases Central Management, Children's Behavioral Health and Child Welfare by 11.0, 7.0 and 27.9 positions, respectively, and reduces the allocation for Juvenile Corrections by 18.9. Changes in Juvenile Corrections reflect staffing needs for an all-time low caseload at the Training School. These reductions allow for increased staffing for the rest of the Department. As of the pay period ending December 7, 2019, there were 577.0 filled positions and 44.5 vacancies.

The Governor recommends \$5.5 million more than enacted, including \$6.3 million more from general revenues. This is \$0.5 million less than requested, primarily from general revenues. The Governor recommends 642.5 positions which is 6.0 fewer positions than requested and 21.0 more than enacted. This includes 8.0 fewer central management positions and 2.0 more for juvenile corrections positions than requested. The Governor's budget funds approximately 604 positions which is about five fewer than requested. Through the pay period ending February 1, 2020, the Department has averaged 581.6 filled positions.

Placements

The Department provides placement services for youth removed from their home. The Department offers foster care when appropriate, but places children into group homes when more extensive treatment and services are required. The Department manages some homes which are under its direct supervision while other placements are managed by private entities which are required to oversee service provisions as agreed upon through a contract. The Department also provides services funded through federal resources including Medicaid, Title IV-E, and Supplemental Security income payments. Below are descriptions of each placement.

Congregate Care Placements. The Department provides residential services to approximately 390 children and youth under its care. This includes in-state group homes, assessment and stabilization centers, Bradley Hospital, independent and semi-independent living facilities, residential treatment centers and out-of-state placements if no appropriate in-state placement is available.

While the state has contracts with several providers within the same placement type, each provider has differing rates that vary based on services provided. For example, Groden Center and Boys Town New England both offer group home placements, but vary in cost as Groden Center provides more extensive therapeutic treatments.

The request includes increased placement costs and a higher number of placements than assumed in the enacted budget. Through the first half of FY 2020, the Department has averaged 427 congregate care placements which is 89 more than assumed in the FY 2021 request. The Department estimates that 23 percent of all children in its care are unnecessarily placed in higher levels of care and indicates that the availability of home based placements has been the primary barrier to achieving a lower number of congregate care placements. It is assumed in the request that additional lower level of need housing will become available through increased foster home recruitment and these youth will transition into these

facilities, but no specific timeframe or plan to achieve these savings has been provided. *The Governor's recommendation is consistent with assumptions made in the request.*

Foster Care Placements. The Department provides home-based placements to between 1,600 and 1,700 children and youth under its care. The Department first tries to place a youth in a kinship home which is with a relative or close family friend, but if no appropriate placement is available, the Department places the youth in a non-kinship home. Within each of these, there are therapeutic foster homes for youth with more intensive treatment needs and traditional foster homes. The recruitment of foster homes is done by the Department and contracted private agencies. Many of the private agency homes recruit therapeutic homes. While the Department seeks to place these youth in lower levels of care, a lack of traditional foster homes has had the Department place youth in unnecessary higher level of need placement.

As of December 1, the Department manages 202 foster homes and private agencies manage 461. However, the Department includes a proposal to manage approximately 200 more of its own homes in FY 2021 which would replace use of private agency management and 14.0 new positions to handle the additional homes. The Department's request also includes 4.0 new child protective investigators to assist in lowering the number of cases managed by each investigator. It also includes a new contract manager to re-negotiate its contracts with its private agency providers and ensure the providers remain in compliance with contractual requirements.

| Placement | Description/Services | Number of Providers | Avg. Daily Cost | Rev. Req. Population | FY 2021 Req. Population | Difference |
|--------------------------------------|--|---------------------|-----------------|----------------------|-------------------------|---------------|
| Congregate Care | Residential Based Placements | 34 | \$ 408 | 397.9 | 337.8 | (60.1) |
| Assessment and Stabilization Centers | Trauma centers with counseling | 7 | \$ 335 | 24.0 | 19.3 | (4.7) |
| Bradley | In-patient psychiatric care, long-term treatment | 1 | \$ 522 | 29.0 | 28.5 | (0.5) |
| Group Homes | Less-intensive treatment plans, counseling | 13 | \$ 346 | 135.9 | 135.5 | (0.4) |
| Independent Living | Unrestricted community access, live in own apartment | 3 | \$ 128 | 31.6 | 27.0 | (4.6) |
| Residential Treatment Centers | Intensive treatment, behavior modification/treatment | 3 | \$ 511 | 71.1 | 57.0 | (14.1) |
| Semi Independent Living | Semi-restricted community access, sleep-in staff | 7 | \$ 333 | 50.1 | 27.8 | (22.3) |
| Out-of-State | Most troubled children care with specialized behavioral needs | 17 | \$ 680 | 56.2 | 42.7 | (13.5) |
| Foster Care | Home Based Placements | 11 | \$ 71 | 1,623.7 | 1,671.3 | 47.6 |
| Private Agency | Intensive, specialized needs with higher level of support services | 11 | \$ 117 | 490.7 | 489.3 | (1.4) |
| Department | Low-need and able to live in homes | - | \$ 25 | 1,133.0 | 1,182.0 | 49.0 |

Through the first half of FY 2020, the Department has averaged 1,569 placements which is 112 less foster care placements than assumed in the enacted budget and 55 less than assumed in the revised request. In FY 2019, the Department averaged 1,650 foster care placements which is 31 less than assumed in the enacted budget and 26 more than assumed in the revised request. It is assumed that as the Department enhances its concentration toward recruiting lower level of need placements, youth will transition into these foster homes, but no timeframe to move these youth has been provided.

The table above shows the different placement, agencies providing the services, approximate number receiving the services and an example of the daily rates paid, and a transition of approximately 48 youth from congregate care homes to foster care and 12 fewer children in these placements. *The Governor's recommendation is consistent with assumptions made in the request.*

Congregate Care. The Department’s request includes \$19.1 million more than enacted of which \$13.3 million is from general revenues, for congregate care. The enacted budget was consistent with the Governor’s recommendation and subsequent budget amendments while the revised request is \$5.0 million more than FY 2019 expenses. The Department reports that the lack of availability for placements with lower levels of care has resulted in the Department placing an estimated 23 percent of all children in its care in unnecessarily higher level of need placements. It requests 19.0 additional positions to restructure, recruit and manage its foster homes. In its FY 2021 request, the Department assumes approximately 48 more foster care placements than the revised request to reflect a shift from congregate care.

The revised request also includes the conversion of a residential treatment facility into a psychiatric residential treatment facility which occurred in July 2019. This facility is a non-hospital facility that provides comprehensive mental health treatment to children and youth who suffer from mental illness, substance abuse or severe emotional disturbance. It is intended to be short-term treatment facilities to promote success returns to lower levels of care. Unlike residential treatment facilities, psychiatric residential treatment facilities can claim Medicaid match on all of their services. *The Governor recommends funding as requested.*

Foster Care. The Department requests \$0.9 million less than enacted, including \$2.2 million less from general revenues for lower than projected home based foster care placements. The enacted budget had assumed a greater number of youth would move from higher level of need placements into foster care which has not come to fruition. Given the lack of traditional foster home availability, the Department has had to place youth in higher levels of care, including therapeutic foster homes and residential based settings which are costlier than traditional placements. There are 57 fewer foster care placements in the revised request than assumed in the enacted budget, reflecting the actual case mix experienced in the first half of FY 2020. Compared to the revised budget, in FY 2021, the Department proposes a shift of approximately 50 youth from congregate care into foster care largely through the initiatives.

The Department’s request includes three foster care initiatives which result in savings of \$5.9 million including \$4.4 million from general revenues for FY 2021. To implement these proposals, the Department indicates that it will begin the process by hiring 19.0 new positions during FY 2020. The Department includes partial year savings of \$0.4 million for FY 2020. Each initiative is discussed below. *The Governor recommends funding as requested.*

| Revised Request FY 2020 Foster Care Proposals | | | | |
|--|----------------------|------------------------------|-------------------------|---------------------|
| Proposal | New Positions | FY 2020 Position Cost | Savings Proposal | Net Impact |
| Enhanced Foster Care Capabilities | 14.0 | \$ 304,660 | \$ (711,486) | \$ (406,826) |
| Private Agency Contract Renegotiation | 1.0 | \$ 27,317 | \$ - | \$ 27,317 |
| Child Protective Investigators and New Screen-in Evaluation Tool | 4.0 | \$ 89,996 | \$ (61,534) | \$ 28,462 |
| Total | 19.0 | \$ 421,973 | \$ (773,020) | \$ (351,047) |

Enhanced Foster Care Capabilities (14.0 FTE). The Department includes savings of \$0.4 million in its revised request from increasing the availability of its foster care placements and reducing the number of private agency foster care placements which tend to be for higher level of need children. The proposal includes \$0.3 million, including \$0.2 million from general revenues to hire 14.0 new kinship licensing staff that would begin April 1, 2020. For FY 2021, the Department includes savings of \$4.8 million including \$3.5 million from general revenues for a full year of this initiative. Through comparisons with other states, the Department estimates that between 750 and 850 foster homes can be managed. As of December 1, it has 202 homes and private agencies manage 461 homes. The Department seeks to double its current total to 400 by FY 2022 and require the private agencies to manage the remaining 350 to 450 which will be

achieved through a greater focus on recruitment and coordination with local organizations. It also will engage with former kinship foster care providers to transition into non-kinship homes. The positions for its kinship licensing staff would enhance the Department's capacity to manage the increased number of its own foster homes. The Department has not provided a timeframe for Department's foster home recruitment that would be needed to meet these savings for FY 2020 and FY 2021. *The Governor recommends funding and positions as requested.*

Private Agency Contract Renegotiation (1.0 FTE). The Department includes \$27,317 for FY 2020 to hire a new position on April 1, 2020 to oversee its provider contracts which includes renegotiating the contracts which began on December 1, 2019 and will be finished prior to the start of FY 2021. The Department includes savings of \$0.6 million for FY 2021 from renegotiating contracts with private agencies that would result in additional Medicaid claiming through requiring facilities to provide the Department with documentation required for Medicaid reimbursement. This would also include the Department working toward more standardized rates for each level of need. The Department will begin negotiations in December 2019, complete 30 percent by April, and have all contracts renegotiated by the start of FY 2021. As of December 2019, there are 10 private agency foster care contracts. *The Governor recommends funding as requested. In its January 23 monthly report required under Article 2 of the enacted budget, the Department reports that negotiations have begun.*

Child Protective Investigators and New Screen-in Evaluation Tool (4.0 FTE). The Department includes savings of \$0.1 million for FY 2020 from the implementation of a new hotline tool to reduce the number of children coming into its care by five per month which are reflected in the number of high-end placements. The Department indicates that it has a higher removal rate than the national average. This new tool is to be implemented by April 1, 2020 and the request assumes a reduction of 15 placements for FY 2020. The Department's request includes \$0.1 million and authorization for 4.0 new child protective investigators in order to reduce the number of cases per month that are handled by caseworkers, including those who handle the hotline to report child abuse. *The Governor recommends funding as requested.*

Organizational Assessment. The Department requests \$1.2 million, including \$1.0 million from general revenues, for an organizational assessment with Alvarez and Marsal which was hired to consult with the Department to develop methods to track information more efficiently. This consultant will review revenue and federal funding optimization including Medicaid and Title IV-E, review the structure of the Department, and its methods of data collection and analysis. The Executive Office of Health and Human Services includes \$7,200 in its revised request for this contract. The contract was signed for three months, September 9 through December 7, with a six month optional extension which is included in requested funding. *The Governor recommends funding as requested and has opted to exercise the six-month extension.*

Foster Care Home Studies. The Department requests \$91,350 more than enacted for foster care home studies. Beginning in December 2019, the Department plans to focus on recruitment of foster homes to increase availability of lower level of placements which requires more home studies. Home studies are used to evaluate the safety and preparation of the home to receive foster children. There are four providers who perform home study services including Community Care Alliance, Family Service of Rhode Island, Deveraux Foundation and Children's Friends and Services. Contracts with these providers include a \$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.*

Voluntary Extension of Care Program. The Department requests \$1.0 million including \$0.9 million from general revenues which is \$1.0 million less than enacted including \$0.1 million more from general revenues for rent and services through the Voluntary Extension of Care program. The program lets individuals age 18 through 21 remain in state care with the Family Court retaining oversight. As of the

beginning of December, there were 77 individuals involved in the program. The average monthly housing voucher is \$600.

The Department has been unable to provide additional information about the Voluntary Extension of Care program including what services beyond rent are being provided. *The Governor recommends funding as requested.*

18 to 21 Year Olds. Currently the state provides transitional services, including residential placements, for individuals aged 18 to 21 who have a developmental disability and/or a serious emotional disturbance and remain under the care of the Department. Those not meeting that criteria are closed to the Department on their 18th birthday and may receive services through the Voluntary Extension of Care program. There is an agreement between the Department and the Executive Office of Health and Human Services to leverage Medicaid for the services provided. The enacted budget includes \$452,521 from general revenues, although total funding support for this population is likely significantly higher.

After repeated requests over multiple years, the Department reported that in December it had 167 18 through 21 year old individuals in its care that were not enrolled in the Voluntary Extension of Care program. The Department reports that it is unable to identify how many meet the definition of developmentally disabled and/or severely, emotionally disturbed in order to remain on its caseload. Between the Departments of Children, Youth and Families and Behavioral Healthcare, Developmental Disabilities and Hospitals, individuals meeting this level of need are required to have a transition plan into the adult system and there are approximately 50 individuals, age 18 through 21, who meet the criteria to receive services for developmentally disabled adults and have a plan. This does not include those who have a single diagnosis of severely, emotionally disturbed and are not also developmentally disabled. It appears that individuals remain on the Department's caseload who do not meet the statutory standard to do so. Since the 2007 Assembly, which changed the law regarding services to those over 18, an appropriation for this population has been the standard practice each year. For each fiscal year closing, expenditures against this appropriation are reported. The Department has not provided requested information on how the amount reportedly spent specifically for this population in FY 2019 was determined.

It should also be noted that repeated requests for FY 2019 actual expenses and a determination of the amount allocated in the FY 2020 revised and FY 2021 requests have gone unanswered. *The Governor appears to assume the same 18 to 21 population as requested but excludes the specific delineation of the appropriation in the budget for this population.*

Daycare. The Department requests \$0.5 million more than enacted from all sources, including \$0.4 million more from general revenues for daycare expenses for children in foster care which is consistent with FY 2019 expenses. However, the foster care caseload assumption in the revised request is 25 less than the FY 2019 actual average, so it unclear why savings are not available. *The Governor recommends funding as requested.*

Adoption and Guardianship. The Department requests \$1.7 million more than enacted, including \$1.3 million more from general revenues for adoption and guardianship expenses. This includes adoption subsidies, pre-adoption placements and both relative and non-relative guardianships. The additional funding reflects an increase in the expected number of placements and a three percent increase in the cost per youth. In FY 2019, the Department had 50 fewer youth in these placements and an average placement cost of approximately \$150 less per child than assumed in the revised request. The Department indicates that it is working toward moving youth from foster homes and congregate care homes to permanent homes. The Department includes 8.0 additional legal staff positions which would result in more expedient permanent placements. *The Governor recommends funding as requested.*

Legal Staff (8.0 FTE). The Department includes \$0.2 million more than enacted for 8.0 new legal staff which would begin in April 2020 and more closely aligns the caseload per attorney with national best standards. The Department includes \$0.6 million for a full year for FY 2021. As of December 2019, the average caseload per attorney is 392 to 1 while best practices suggest that such a caseload should range from 50 to 141. The request includes \$0.9 million and authorization for 6.0 attorney positions and 2.0 paralegals to decrease the caseload per attorney to get closer to national best practice standards. These are offset by savings of \$0.3 million achieved by lowering the caseload for each attorney. Attorneys would be able to meet with judges more frequently resulting in a more expedited permanent placement process. Legal staff funding for human service agencies are budgeted within the Executive Office of Health and Human Services as required by statute. Currently, the Executive Office of Health and Human Services has 10.0 legal and 2.0 administrative positions for the Department.

The Governor recommends savings of \$19,003 from this initiative which is \$0.2 million less than requested. The recommendation includes funding for 2.0 paralegal positions, and excludes the attorney positions; however, the amount of savings from accelerated placements remains unchanged. It is unclear how savings will be achieved without the attorney positions. For FY 2021, the Governor transfers 4.0 unidentified positions from the Department to the Executive Office of Health and Human Services for new attorney positions for FY 2021.

Youth and Family Support Services. The Department requests \$2.8 million more than enacted from all sources, including \$2.3 million more from general revenues for its youth and family support services. This is based on FY 2019 costs for these services. These services include counseling, education programs, family support services for preparation for reunification, family centered treatment, parent aides, and the Positive Parenting program. While the services primarily reflect foster care placements, they also include children in congregate care and other placements. *The Governor recommends \$386,022 from the Opioid Stewardship Fund in lieu of general revenues for multisystemic therapy, an intensive treatment for juveniles with substance abuse issues, for FY 2020 only.*

Local Education Agency Reimbursement. Consistent with the enacted budget, the Department's request includes collections of \$4.3 million, including \$3.0 million from general revenues for education costs for children who receive education services in congregate care. Children placed in residential facilities that include the delivery of education services provided by the facility are compensated partially for education costs by the child's hometown local education agency. The local education agencies must pay the special education rate per child to each of these facilities and if additional funding is required, the Department pays the remainder of those costs. The revised request assumes a 94 percent collection rate for children in these placements. If the funding is not collected at that rate, the Department must pay the difference to the residential facility, resulting in a higher cost incurred by the Department.

Traditionally, the residential facility has billed local education authorities directly for reimbursement for the education costs. However, the facilities have reported that disputes over residency have resulted in diminished collections. When a dispute occurs, the Department determines residency in coordination with the Department of Elementary and Secondary Education. In order to enhance collections, the Department intends to pay the education costs to these facilities and will obtain reimbursement from the appropriate local education authority. It is unclear why the Department would assume responsibility and risk for these collections. *The Governor recommends funding as requested.*

Children's Rights Settlement. The Department requests \$0.1 million more than enacted from general revenues to reflect actual contract costs for a data validator that is required as a part of the state's settlement with Children's Rights. In May 2018, the case was settled in the Court of Appeals for the First Circuit. The Department entered into an agreement to fulfill mutually agreed upon commitments for improvement. The settlement included commitment areas in which the Department must address and report on.

For each commitment, the Department is required to submit proof of compliance data to an independent data validator who will determine if the Department data is unbiased, reliable and statistically valid. Findings and assessment are then submitted to the Office of the Child Advocate who will determine whether or not the Department has fulfilled the agreed upon criteria. Upon completion of each assessment is criteria for two consecutive six month periods, the Department may file with the District Court of Rhode Island to exit from monitoring for that specific commitment. If the Department fails to comply with these requirements, the data validator and the Office of the Child Advocate will put forward a corrective action plan to help guide compliance. If such action fails, a second corrective action will be decided between the parties once again in court. *The Governor recommends funding as requested.*

Higher Education Incentive Grant. Consistent with the enacted budget, the Department requests \$0.2 million for the Higher Education Incentive Grant. The Higher Education Incentive Grant is provided to former foster care youth who choose to attend the University of Rhode Island, Rhode Island College, or the Community College of Rhode Island. In order to qualify for these grants, a youth must have been in Department foster care on or after their 16th birthday and spent at least two years in foster care. These funds are paid to the Office of the Postsecondary Commissioner during the fall. *The Governor recommends funding as requested.*

All Other Placements and Services. The Department requests \$0.9 million more than enacted, including \$0.3 million from general revenues, for all other placements and services based on FY 2019 spending. These costs include intensive supervision for youth, and training for nursing and religious chaplains. These placements also include medical treatments provided to children, a first month rent payment when it is the last barrier to reunification, purchasing of bus passes for parents when necessary, parent aide services including education (tutoring, SATs, unfunded summer school, etc.) among other costs that are not covered by any other source of payment. This reflects FY 2019 actual costs. *The Governor recommends funding as requested.*

Juvenile Corrections

Salaries and Benefits. The Department requests \$0.9 million more than enacted for staffing at the Rhode Island Training School, primarily from general revenues. The request adds \$0.4 million and funds 142.7 of the requested 145.5 positions in Juvenile Corrections for FY 2020 which is 3.0 more than assumed in the enacted budget. As of December 7, the Department has 140.0 of its Training School positions filled. As previously noted, the Department's request lowers the number of authorized positions at the Training School by 19.0. The remaining \$0.6 million is for overtime expenses, as the Training School must be staffed at all times.

The Governor recommends \$0.3 million less than requested, including \$0.2 million less than requested from holding four teaching positions vacant for half of FY 2020 and \$40,926 from statewide medical benefit savings. As of February 1, 2020, it does not appear that these positions are vacant.

Education Services. The Department requests \$40,691 more than enacted for education expenses at the Rhode Island Training School. The Department's request of \$0.3 million is \$28,757 less than FY 2019 spending reflecting a lower population. Educational services are provided to all residents of the Rhode Island Training School, both detained and adjudicated. Each teacher's class size is capped at twelve students. The services adhere to all Department of Elementary and Secondary Education regulations. Courses include academic, co-curricular and career/technical work. The Community College of Rhode Island offers on-site courses and vocational classes to post-secondary students. *The Governor recommends funding as requested.*

Institutional Support Services. The Department requests \$0.1 million less than enacted from general revenues for institutional support services at the Rhode Island Training School based on a lower population

and \$1,700 less from federal Prison Rape and Elimination Act funds. This reduction includes legal costs, repairs and maintenance, food, non-prescription medicine, and clothing expenses for juveniles. The Department has averaged 47 youth at the Training School through the first half of FY 2020 which is 7 less than the FY 2019 average. *The Governor recommends funding as requested.*

Juvenile Probation and Parole. The Department requests \$7,451 more than enacted from general revenues for Juvenile Probation and Parole primarily for temporary staff to assist with the management of its probation and parole population which is higher than assumed in the enacted budget. These services include the supervision of adolescents that are placed on probation by the Family Court. These costs also include utilities and monthly maintenance to its internal system. *The Governor recommends funding as requested.*

Other Operations

Director Upgrade. The Department requests \$10,890 to upgrade its Director position pay grade in April 1, 2020. The Department includes \$211,408 for this position in FY 2021. The Director position has been vacant since August 2019. The Department indicates that as of the time of its request it had not received a candidate that is being considered, but expects to increase the number of applicants in the second half of FY 2020. *The Governor recommends \$8,025 less than requested, including \$6,150 less from general revenues, to reflect a delayed start date.*

Other Salaries and Benefits. The Department requests \$4.5 million more than enacted from all sources, including \$5.3 million from general revenues, and \$0.8 million less from federal funds for the remainder of the Department's staff. This funds 465.7 of the Department's requested 503.0 positions and assumes 37.3 vacancies which is 30.0 less vacancies than assumed in the enacted budget. During FY 2019, the Department indicated that it did not need additional frontline worker positions, but that retaining staff is the issue. In August 2019, the Department reversed its position and announced a hiring surge which included 23.0 front line workers and funding an additional 8.0 social worker positions. The Department includes \$3.1 million in its request for 31 positions; these positions were all filled by the end of October. The Department's request includes \$1.5 million more than enacted from overtime which is more consistent with FY 2019 spending. *The Governor recommends \$58,872 less than requested, including \$31,441 less from general revenues, for statewide medical benefit savings.*

Temporary Staff. The Department requests \$0.3 million more than enacted for temporary staff which is used to fill vacancies until permanent staff can be hired. The Department's revised request reflects the Department's current need to fill positions based on vacancies. The Department spent \$1.2 million on these services in FY 2019. The Department was unable to identify specific areas in which these funds were needed and going to be used. Staffing through the first half of FY 2020 is approximately the same as the FY 2019 average. *The Governor recommends funding as requested.*

Accreditation. The Department excludes the \$0.5 million from general revenues included by the 2019 Assembly to become accredited by the Council on Accreditation. The Department indicates that it will require a number of operation and policy changes and will need to explore whether legislative and collective bargaining changes will also be required before it can seek accreditation. However, the Department did indicate that it will submit an accreditation plan by October 1, 2020 which will detail the steps the Department has already taken to achieve accreditation and a timeline in which it will become accredited.

Article 13 of 2019-H 5151, Substitute A, as amended, includes language requiring the Department to initiate the process to become accredited by September 1, 2019 and submit an accreditation plan to the Governor, the Speaker of the House of Representatives, the President of the Senate, the Chairperson of the House Committee on Health, Education and Welfare, the Chairperson of the Senate Committee on Health and Human Services, the Chairpersons of the House and Senate Finance Committees, and the Chairpersons of

the House and Senate Judiciary Committees by October 1, 2020. This requirement was initially passed by the General Assembly in 2010, as the Department had an ongoing class action lawsuit brought against it by Children's Rights for abuse and neglect of children in Department care. *The Governor excludes the funding as requested.*

Adoption Well-Being Rhode Island. The Department requests \$0.1 million from federal funds for Adoption Well-Being Rhode Island for which these funds are used to assist families to adopt children with a focus on children with special needs and reflects an award through the federal Administration for Children and Families which is a division of the federal Department of Health and Human Services. This appears to have been inadvertently excluded from the enacted budget. *The Governor recommends funding as requested.*

Capital Projects. Consistent with the enacted budget, the Department requests \$2.9 million from Rhode Island Capital Plan funds for projects at the Rhode Island Training School. The revised operating request for FY 2020 is \$4.1 million less than the amount included in the Department's FY 2021 – FY 2025 capital request and excludes the project to upgrade the Department's database. *The Governor recommends \$1.5 million less than requested for three projects. A detailed description of these projects is included in the Capital Budget section of this publication.*

Centralized Services. The Department requests \$1.1 million less than enacted for its centralized services including \$0.7 million from general revenues and \$0.4 million from federal funds. 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 revised request is \$0.7 million less than spent in FY 2019, of which \$0.1 million was for onetime expenses.

The Governor recommends \$0.9 million less than requested for the Department's share of information technology charges. Based on the second quarter internal service fund report, the Department appears likely to be billed \$1.0 million more than the Governor's revised recommendation from all sources, including \$0.1 million more for human resources, \$0.3 million more for facilities management, and \$0.7 million more for information technology. The Budget Office reports that any current year instances of overspending will be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created.

Other Operations. The Department requests \$0.2 million more than enacted, primarily from general revenues for all other expenses primarily to reflect FY 2019 spending. These costs include mobile phones for training social workers, computers, phones and other supplies. Other costs include miscellaneous fees, property maintenance, out-of-state travel costs for visitation of children, and legal costs. *The Governor recommends funding as requested.*

Department of Health

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 12,996,571 | \$ 15,220,679 | \$ 16,982,242 | \$ 16,970,056 |
| Community Health and Equity | 94,863,619 | 107,161,875 | 107,648,816 | 107,686,782 |
| Environmental Health | 12,450,601 | 13,215,981 | 16,082,749 | 13,933,195 |
| Health Lab. & Medical Examiner | 12,565,623 | 12,582,439 | 13,577,652 | 12,947,679 |
| Customer Services | 12,239,831 | 13,579,925 | 12,967,199 | 13,911,416 |
| Policy, Info. & Communications | 5,103,851 | 6,516,892 | 5,748,276 | 5,744,485 |
| Preparedness, Response, Infectious Disease & Emergency Services | 16,787,858 | 18,360,053 | 21,461,541 | 20,905,242 |
| Total | \$ 167,007,954 | \$ 186,637,844 | \$ 194,468,475 | \$ 192,098,855 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 55,380,460 | \$ 62,555,261 | \$ 59,398,735 | \$ 59,247,654 |
| Contracted Services | 11,285,067 | 11,089,838 | 12,783,898 | 13,049,550 |
| Subtotal | \$ 66,665,527 | \$ 73,645,099 | \$ 72,182,633 | \$ 72,297,204 |
| Other State Operations | 59,178,917 | 66,504,450 | 72,943,590 | 70,816,700 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 40,249,210 | 45,743,983 | 47,826,353 | 47,455,102 |
| Capital | 914,300 | 744,312 | 1,515,899 | 1,529,849 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 167,007,954 | \$ 186,637,844 | \$ 194,468,475 | \$ 192,098,855 |
| Sources of Funds | | | | |
| General Revenue | \$ 30,324,520 | \$ 30,968,921 | \$ 30,968,921 | \$ 30,925,000 |
| Federal Aid | 97,671,699 | 105,815,939 | 110,593,314 | 110,723,265 |
| Restricted Receipts | 39,011,735 | 49,452,984 | 52,506,240 | 50,050,590 |
| Other | - | 400,000 | 400,000 | 400,000 |
| Total | \$ 167,007,954 | \$ 186,637,844 | \$ 194,468,475 | \$ 192,098,855 |
| FTE Authorization | 517.6 | 499.6 | 499.6 | 499.6 |
| FTE Average | 475.5 | | | |

FY 2020 Revised Request. The Department requests \$7.8 million more than enacted from all sources. This includes increases of \$4.8 million from federal funds and \$3.1 million from restricted receipts; the general revenue request is consistent with enacted budget. *The Governor recommends \$2.4 million less than requested from all sources, including \$0.1 million less from statewide medical savings and \$2.5 million less from the Opioid Stewardship Fund; uses of these funds are included in other agency budgets.*

Salaries and Benefits. The revised request includes \$3.2 million less from all sources for salaries and benefits, including \$0.2 million less from general revenues primarily to reflect current staffing levels. The Department's staffing authorization was reduced by 18.0 full-time equivalent positions in the FY 2020 enacted budget based on vacancies. The revised request of \$59.4 million is \$4.0 million and \$5.1 million more than FY 2019 and FY 2018, respectively. The enacted budget contains funding for approximately

510 positions, while 499.6 positions were authorized. The revised request reflects funding for 489.8 positions, or 26 fewer than enacted funding. Through the end of December, the Department has averaged 486.0 filled positions, 13.6 below the authorized level. *The Governor concurs, with the exception of providing \$151,081 less from all sources, reflecting statewide medical savings.*

Indirect Cost Recovery. The Department uses its indirect cost recovery restricted receipts to offset costs associated with administering federally funded programs. Revenues for the indirect cost recovery account are based on the expenditure of certain federal grants and exclude some expenditures such as assistance and grants. A portion of the Department's federal grants allow a percent cost recovery charge on the actual amount expended. It appears that as resources from indirect cost recovery increase, the Department tends to inflate its budget, so as not to demonstrate a larger surplus.

At the end of FY 2019, the Department reported a surplus of \$2.5 million, or \$1.3 million more than the final budget assumed; receipts were \$0.5 million more and expenditures were \$0.8 million less than budgeted. The revised request assumes \$6.6 million in revenues, consistent with FY 2019 receipts from a recovery rate of 17.8 percent, for total resources of \$9.1 million.

The revised request assumes expenditures of \$7.6 million, \$0.4 million more than enacted. Expenditures for salaries and benefits are essentially as enacted. The 2020 Assembly shifted general revenue staffing expenses of \$0.5 million to these available receipts. The request includes \$0.2 million more for centralized services and \$0.2 million for all other expenses, of which \$0.1 million is for clerical services associated with performing an inventory of health care providers in the state. This will include information on ownership, accreditation status, payment sources, access and hours of operations, types of services provided, equipment location and utilization, and patient race, ethnicity, interpretation needs, and information technology. The last time such an inventory was completed was in 2015; survey respondents included primary care providers, behavioral health clinics, outpatient specialty practices, hospitals, long term care, and other facilities. The 2019 inventory will update the previous inventory, and will also include pharmacies, hospice providers, oral health providers, and emergency medical services providers. *The Governor concurs, with the exception of providing \$8,947 less from statewide medical 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, costs for 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.

The Department requests \$194,431 more than enacted, of which all but \$9,652 is from restricted receipts, for its share of centralized services. This includes \$0.1 million each for human resources based on the Department's projection of full-time equivalent position utilization, and \$0.1 million more for information technology for the purchase of computers as part of the statewide conversion to the Windows 10 operating system. *The Governor concurs, and includes \$20,342 more than requested for information technology services for two grants that the Department received subsequent to its budget submission. Expenditures through the second quarter totaled \$2.8 million, leaving \$3.2 million for the remainder of the fiscal year.*

Opioid Overdose Prevention. The revised request includes a total of \$6.3 million or \$4.1 million more than enacted from all sources for various opioid overdose prevention programs. This includes \$1.2 million more from federal funds based on additional federal awards and carry forward funding, and \$2.8 million from restricted receipts, of which \$0.3 million is from foundation grants that the Department received for an opioid overdose prevention campaign called the Truth Initiative, to deter opioid use among youth and young adults.

In July 2019, the Governor signed the Opioid Stewardship Act into law. The legislation established fees totaling \$5.0 million annually, assessed to manufacturers and distributors of opioids registered in the state, and deposited as restricted receipts for programs that provide opioid treatment, recovery, prevention, and education services, subject to future appropriation. Pursuant to the law, a registrant's fee is based on its market share of gross opioid sales in the state from the previous year. Full payment for the 2018 calendar year is due December 31, 2019, with subsequent payments occurring annually thereafter.

The Department confirms that invoices for the Opioid Stewardship funds were disseminated in October 2019. The revised request assumes use of \$2.5 million from these receipts. The Department indicates that it is in the process of developing rules and regulations for the program.

The Governor proposes legislation in Article 2 of 2020-H 7171, amending the Opioid Stewardship Act to allow the State Budget Officer to authorize and create restricted receipt accounts in any department or agency where funds will be appropriated. The revised budget does not assume use of these funds in the Department of Health's budget; however, \$4.5 million from these funds are included in other agency budgets. Of the recommended amount, \$4.0 million is from existing programs funded with general revenues in the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals, Children, Youth and Families, and Corrections; and \$0.5 million is for a new program in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.

Central Management

Salaries and Benefits. The revised request includes \$77,442 more than enacted from all sources, including \$61,268 less from general revenues, offset by an increase of \$138,870 more from federal funds and restricted receipts to fund a position within the Department's current staffing authorization. The general revenue reduction is based on shifting staffing costs to available federal funds elsewhere in the Department. *The Governor concurs, with the exception of providing \$12,186 less from all sources from statewide medical savings.*

Minority Health Program. Excluding salaries and benefits, the revised request includes \$55,207 more than enacted, including \$3,307 more from general revenues and \$51,900 from federal funds for the Minority Health Program, which works to eliminate racial and ethnic health disparities. The request includes \$28,307 more to support existing community-based organizations, \$20,000 for program evaluation services and \$6,900 for program expenses. *The Governor recommends funding as requested.*

Statewide Savings. The Department's revised request restores the enacted statewide general revenue savings of \$55,948 from three separate statewide savings initiatives designed to reduce operating costs. *The Governor recommends funding as requested.*

Girls Empowerment Mentoring Support. The revised request includes \$0.3 million more from federal funds to reflect increased awards for the Girls Empowering Mentoring Support program, which seeks to provide year-round mentoring and academic support, and leadership development to girls who attend certain middle schools in the state. *The Governor recommends funding as requested.*

Other Expenses. The revised request includes \$0.3 million more from all sources for all other expenses. This includes \$162,198 more from federal funds to reflect a projected increase in awards. This includes additional funding from the Preventive Health and Health Services Block Grant and refugee assistance programs. It also includes \$0.2 million more from indirect cost restricted receipts, previously discussed. *The Governor concurs.*

Community Health and Equity

Staffing. The revised request includes \$0.9 million less from all sources than enacted for salaries and benefits for the Division of Community Health and Equity, which provides leadership, planning and infrastructure for the Department's efforts to eliminate health disparities, and to reduce, prevent and control chronic diseases and disabilities and risk factors. This includes \$180,560 more from general revenues offset by \$1.1 million less from federal funds and restricted receipts reflective of updated staffing allocations and turnover savings. It should be noted that the general revenue increase is to reflect a shift from operating expenses to salaries and benefits. The Department is using other available federal sources for the operating expenses. *The Governor concurs with the exception of providing \$23,698 less from all sources, reflecting statewide medical savings.*

Immunization Programs. The Department requests \$0.4 million less than enacted from all sources for immunization expenses based on vaccine purchasing projections. This includes \$0.9 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 \$0.6 million more from restricted receipt expenditures for children and adults. FY 2020 projected expenditures are \$6.9 million more than FY 2018. *The Governor concurs.*

Maternal, Infant and Early Childhood Home Visiting. Excluding salaries and benefits, the Department requests \$422,621 more than enacted for the Maternal, Infant and Early Childhood Home Visiting program, which focuses on screening and referring children from birth to three years of age to appropriate services and provides families with resources and services such as preventive health and prenatal practices, promoting positive parenting techniques, and finding employment and child care solutions. The request includes \$2,013 more from general revenues to restore enacted statewide savings and \$0.4 million more from federal funds based on updated awards and carry forward resources, including \$0.2 million for the prevention of maternal depression grant, which helps perinatal providers meet the behavioral healthcare needs of pregnant and postpartum women. It should be noted that the Department historically overstates its abilities to spend these funds; FY 2019 expenditures were \$8.8 million or \$0.8 million below the final budget. *The Governor recommends funding as requested.*

WIC Nutrition Assistance. The Department requests \$0.9 million less than enacted from federal funds 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 includes \$1.1 million less for benefit payments, offset by \$0.2 million more for program expenses, including electronic benefit transfer processing services and vendor payments. FY 2019 expenditures were \$21.1 million, and the revised request is \$2.1 million above that. *The Governor recommends funding as requested.*

Prescription Drug Overdose Prevention. Excluding salaries and benefits, the Department requests \$0.9 million more than enacted for the Prescription Drug Overdose Prevention Program. These funds will be used to provide assistance to various organizations and municipalities on a competitive basis. *The Governor concurs and includes an additional \$0.3 million from a new federal award provided to enhance the Prescription Drug Monitoring system, which provides information regarding prescription of controlled substances.*

Diabetes, Heart Disease and Stroke Prevention. The revised request includes \$1.5 million more from federal funds, for which the enacted budget includes \$1.2 million to promote programs that prevent deaths and disabilities due to diabetes, heart disease, and stroke. The funds will be used for cardiovascular disease control and prevention efforts within both clinical and community settings. *The Governor concurs.*

Home Asthma Response Program. The Department administers a Home Asthma Response program, which is designed to reduce emergency department visits and hospitalization. The program seeks to improve asthma outcomes for high risk pediatric asthma patients in the state. Services are provided by eight community health centers, providing home visits to find, manage and fix asthma triggers in the home. The program also teaches individuals how to properly use inhalers and other medication.

The revised request includes \$277,390 more than enacted for asthma response related expenses, including \$22,610 less from federal funds, offset by the carry forward of FY 2019 unspent restricted receipts from the Volkswagen Settlement. The state will receive a total of \$18.5 million, \$14.4 million of which will be used for projects to reduce diesel emissions from vehicles and to install electric vehicle infrastructure. The remaining \$4.1 million in settlement funds were awarded to the Office of the Attorney General and will be spent on “environmentally beneficial projects” as directed by that office. The Department entered into a memorandum of understanding with the Attorney General to provide the Department with \$0.3 million to fund the program. *The Governor recommends funding as requested.*

Other Expenses. The revised request includes \$39,419 more from all sources for all other expenses within the Community Health and Equity Program. This reflects \$180,560 less from general revenues, of which \$39,557 was for contracted tobacco education services, and \$0.1 million was for assistance and grant payments. The Department notes that these expenditures are shifted to available federal funds and the general revenues are being used for staffing expenses as noted earlier. The program also includes funding for various cancer screening related services. *The Governor concurs and includes an additional \$0.1 million from restricted receipts for a new award to help reduce breast cancer mortality trends in minority patients.*

Environmental Health

Food Protection Program. The Office of Food Protection is responsible for licensing and regulating more than 7,300 “farm to table” food establishments including restaurants, caterers, food markets, bakeries, food processors, dairy producers, bottlers, and bottle beverage plants. The Office also conducts inspections and investigates food related disease outbreaks and complaints. The revised request includes \$0.1 million less than enacted from all sources, including \$25,480 more from general revenues, of which \$36,000 is for mileage reimbursement for staff conducted inspections. It also includes \$0.1 million less from federal funds primarily for salaries and benefits based on staffing allocations and turnover savings. The revised request assumes staffing of 39.0 full-time equivalent positions, 1.7 fewer than enacted. *The Governor concurs, with the exception of providing \$8,334 less from all sources from statewide medical savings.*

Water Protection Programs. The Department requests \$21,275 more from all sources for expenses for the Water Protection Programs, which are responsible for enforcing the provisions of the Safe Drinking Water Act and several state laws relating to safe drinking water and regulating nearly 500 public water systems. The request includes \$33,651 less from general revenues offset by \$54,926 more from federal funds. This includes \$266,692 less for salaries and benefits from turnover savings based on current staffing levels. The revised request assumes staffing of 22.0 full-time equivalent positions, 1.5 less than the enacted budget. *The Governor recommends \$79,955 more from all sources than requested, including statewide medical savings of \$5,687, offset by \$85,642 from a new federal award to assist in reducing deaths and injuries from drowning and drain entrapment incidents in pools and spas.*

Blood Lead Poisoning Prevention Program. The Department entered into a memorandum of understanding with the Housing Resource Commission, whereby the Department took on responsibilities for enforcing the lead mitigation rules in exchange for annual funding from the Commission. The Commission allocated up to \$1.2 million to the Department over three years. The revised request includes \$0.5 million more from all sources for blood lead poisoning prevention activities. This includes \$0.1 million more from general revenues to primarily adjust for staffing cost allocations and \$0.4 million from

restricted receipts provided by the Housing Resource Commission, which will be used for start-up costs, database development and public outreach. The request includes the enacted amount of \$33,000 from Volkswagen Settlement funds for referrals and other assistance to foster families about remediation of lead hazards identified in foster homes for children under six years of age, increasing screening compliance statewide and enhanced work with municipalities to ensure that lead remediation projects in older homes are done by certified lead professionals.

It should be noted that as part of her FY 2018 budget, the Governor proposed legislation to centralize lead poisoning prevention activities under the Department of Health. The legislation would have allowed the Department to be responsible for adopting rules and regulations to certify lead safe compliance for all residential units and permitting lead inspectors. It requires the Department to maintain a registry of lead safe certificates. The Assembly did not concur with the proposal. It appears that the memorandum of understanding includes essentially the same elements that were included in the proposal that the Assembly rejected.

The Governor recommends \$0.3 million more from all sources than requested, including statewide medical savings of \$1,548, offset by \$289,465 from a new federal Environmental Protection Agency award to assist educational agencies in testing for lead contamination in drinking water at schools.

Other Expenses. The Department requests \$90,450 less from all sources, including \$110,894 less from general revenues and \$21,044 more from federal funds and restricted receipts for all other expenses for the Environmental Health Program, which is responsible for all licensure and regulatory activities relating to environmental health, as well as activities relating to healthy homes. It includes \$155,660 less for salaries and benefits based on current staffing allocations and \$65,210 more for operating expenses for computer supplies, advertising and to adjust indirect cost recovery charges. *The Governor recommends \$3,995 less than requested from statewide medical savings.*

Health Lab. and Medical Examiner

Office of State Medical Examiners. The revised request includes \$0.4 million more from all sources, including \$61,102 more from general revenues for the Office of State Medical Examiners. The request includes \$59,788 less for salaries and benefits from turnover savings. It adds \$88,144 for contracted medical examiners, for which the enacted budget included \$60,000. Expenditures for the first quarter of FY 2020 are \$49,749. Total expenses were \$260,755 in FY 2019, \$213,451 in FY 2018 and \$223,481 in FY 2017. The Department generally under budgets this expense. The revised request includes minor adjustments for medical supplies and waste disposal. It also adds \$27,000 for new instruments. *The Governor recommends \$6,113 less from all sources than requested, reflecting statewide medical savings.*

Health Laboratories. The Department requests \$0.3 million more from all sources, including \$61,102 less from general revenues, offset by \$354,137 more from federal funds, reflective of updated federal awards. Salary and benefit expenditures are \$0.1 million less than enacted based on revised staffing allocations and turnover savings. The request includes \$0.4 million more for computer supplies and laboratory equipment. It also includes \$40,000 from federal funds to purchase a new truck. *The Governor recommends \$13,407 less from all sources than requested from statewide medical savings.*

Customer Services

Vital Records Office. The revised request includes \$25,969 less from general revenues and federal funds for the Vital Records program, which is responsible for a statewide vital records system involving the births, marriages, deaths and fetal deaths that occur in the state. This includes \$0.2 million less for salaries and benefits from turnover savings. These savings are offset by \$0.2 million for operating expenses primarily

for information technology services. *The Governor includes statewide savings of \$3,856 from all sources and concurs with the remainder of the request.*

Medical Marijuana Program. The Department requests \$62,073 more than enacted from restricted receipts for costs associated with the Medical Marijuana program. This includes \$49,814 more for salaries and benefits, reflective of staffing allocations, and \$12,259 for program expenses. The Department projects a year-end surplus of \$19,959 from these receipts. *The Governor recommends \$1,629 less than requested from statewide medical savings.*

Other Expenses. The revised request includes \$40,280 less from all sources for all other expenses in the Division of Customer Services. Salary and benefit expenditures are \$0.1 million less than enacted, primarily from medical benefit savings, offset by \$0.1 million more from federal funds to adjust indirect cost recovery charges. *The Governor recommends statewide medical savings of \$15,951 from all sources and concurs with the remainder of the request.*

Policy, Information and Communications

Health Professional Loan Repayment. The revised request includes \$505,000 less for the health professional loan repayment program, for which the enacted budget includes \$2.2 million from all sources. This pays a portion of an eligible health care professional's student loan if the participant agrees to work for two years in a health professional shortage area. The request includes \$25,000 more from federal funds and \$530,000 less from restricted receipts to reflect anticipated receipts from the Rhode Island Health Care Association, which the Department will use to provide the 50.0 percent minimum match on the federal grant. *The Governor recommends funding as requested.*

All Claims Payer Database System. Based on projected expenditures, the revised request includes \$150,000 less than enacted from restricted receipts for the All-Payer Claims Database, also known as the HealthFacts RI project, which is used to examine the use, quality, and cost of healthcare in the state. This project is jointly managed by the Executive Office of Health and Human Services, Department of Health, Office of the Health Insurance Commissioner, and HealthSource RI. The request is \$94,330 more than FY 2019 expenses. *The Governor recommends funding as requested.*

Other Expenses. The revised request includes \$112,616 less for all other expenditures in the division. This includes \$113,593 less from federal funds and a slight increase from restricted receipts. The request includes \$0.4 million less for salaries and benefits based on turnover savings, including an interdepartmental project manager; operating expenses are \$0.2 million more for advertising. The request also includes a new award for an overdose mapping tool. *The Governor recommends statewide medical savings of \$3,791 from all sources and concurs with the remainder of the request.*

Preparedness, Response, Infectious Disease and Emergency Medical Services

Hospital Preparedness and Public Health Emergency Response. The revised request includes \$1.9 million more than enacted from federal funds based on increased awards for hospital preparedness and public health emergency response activities. These funds provide financial support to develop and expand capabilities in three key areas of bioterrorism preparedness and response. These include monitoring disease patterns to detect changes that signal bioterrorism acts, improving laboratory ability to identify organisms and determine if threats are real, and communicating with trained medical, law enforcement, and emergency personnel. *The Governor recommends \$4,800 less from federal funds than requested from statewide medical savings.*

Other Expenses. The revised request includes \$32,966 less from federal funds for all other expenses for the Division of Preparedness, Response, Infectious Disease and Emergency Medical Services. This

includes \$30,030 less for salaries and benefits from statewide benefit savings. Expenditures in this program include funding for prevention and surveillance functions and tasks of the HIV/AIDS program. The Department funds HIV/AIDS awareness and prevention services and treatment services through a number of initiatives ranging from providing medication to non-insured residents to educating teachers who teach sex education classes in the high schools. The awareness and prevention services include community outreach programs, which are based on a Request for Proposals, where the Department will outline what services are to be provided. *The Governor recommends \$0.6 million less from all sources than requested, primarily from federal HIV funds; the Department was anticipating a reduction in funding, but it was not reflected in its request.*

Department of Human Services

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 9,520,624 | \$ 9,864,230 | \$ 9,541,359 | \$ 9,529,944 |
| Child Support Enforcement | 10,490,857 | 9,748,563 | 10,790,073 | 10,733,782 |
| Individual and Family Support | 127,976,120 | 162,655,638 | 154,154,193 | 155,017,840 |
| Office of Veterans Services | 39,261,614 | 40,340,206 | 38,599,143 | 40,253,594 |
| Health Care Eligibility | 21,437,511 | 11,829,594 | 18,474,204 | 14,465,950 |
| Supplemental Security Income | 19,038,026 | 19,487,100 | 19,487,100 | 18,938,282 |
| Rhode Island Works | 92,278,273 | 97,285,686 | 97,285,686 | 96,370,021 |
| Other Programs | 251,010,240 | 266,154,501 | 251,154,501 | 251,037,281 |
| Office of Healthy Aging | 19,600,251 | 20,977,862 | 22,219,869 | 22,187,003 |
| Total | \$ 590,613,516 | \$ 638,343,380 | \$ 621,706,128 | \$ 618,533,697 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 97,646,317 | \$ 103,645,919 | \$ 106,152,263 | \$ 105,524,245 |
| Contracted Services | 26,488,539 | 27,063,415 | 29,019,350 | 24,857,645 |
| Subtotal | \$ 124,134,856 | \$ 130,709,334 | \$ 135,171,613 | \$ 130,381,890 |
| Other State Operations | 29,360,173 | 30,385,989 | 26,600,327 | 29,933,662 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 432,586,081 | 471,765,785 | 454,160,908 | 452,579,205 |
| Capital | 677,851 | 798,192 | 1,344,352 | 1,210,012 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | 3,854,555 | 4,684,080 | 4,428,928 | 4,428,928 |
| Total | \$ 590,613,516 | \$ 638,343,380 | \$ 621,706,128 | \$ 618,533,697 |
| Sources of Funds | | | | |
| General Revenue | \$ 114,010,877 | \$ 92,178,627 | \$ 92,178,627 | \$ 92,200,297 |
| Federal Aid | 471,030,412 | 514,400,576 | 496,912,819 | 496,475,895 |
| Restricted Receipts | 818,133 | 26,750,699 | 27,771,204 | 25,146,367 |
| Other | 4,754,094 | 5,013,478 | 4,843,478 | 4,711,138 |
| Total | \$ 590,613,516 | \$ 638,343,380 | \$ 621,706,128 | \$ 618,533,697 |
| FTE Authorization | | | | |
| Department of Human Services | 747.0 | 755.0 | 755.0 | 755.0 |
| Office of Veterans Services | 252.1 | 252.1 | 252.1 | 252.1 |
| Office of Healthy Aging | 31.0 | 31.0 | 31.0 | 31.0 |
| Total Authroized Positions | 1,030.1 | 1,038.1 | 1,038.1 | 1,038.1 |
| FTE Average | 914.9 | | | |

FY 2020 Revised Request. The Department of Human Services, including the Office of Veterans Services and the Office of Healthy Aging, requests \$16.6 million less from all sources of funds for FY 2020, including \$17.5 million less from federal funds and \$0.2 million less from other sources, offset by \$1.0 million more from restricted receipts. It should be noted that the revised request for the Office of Veterans Services includes \$25.5 million from general revenues, consistent with the enacted level. This is \$2.9 million less than its projected FY 2020 expenses reported in its first quarter report. The Office submitted

a corrective action plan on December 16, 2019, which lowered the projected deficit to \$2.0 million and included proposals to address \$0.6 million.

The Governor recommends \$3.2 million less than requested, including \$21,670 more from general revenues offset by \$0.4 million less from federal funds, \$2.6 million less from restricted receipts and \$0.1 million less from other sources. She includes the enacted authorization level of 1,038.1 full-time equivalent positions. As of the pay period ending January 18, the Department has 95.5 vacancies.

The Governor's revised budget includes dozens of undefined additions and reductions across multiple appropriation lines in thirteen different budgets. For the Department of Human Services this includes \$7.1 million across four programs. It appears these adjustments were made to keep the agency's total individual general revenue appropriation lines from exceeding the enacted level after known spending plan adjustments were made. This obscures where there is projected overspending and which line items are being reduced to offset that. The table below shows where those adjustments were made and the unadjusted amounts by program.

| | FY 2020 Enacted | FY 2020 Revised | Value of Adjustment | FY 2020 Unadjusted |
|--------------------------------|-----------------------|-----------------------|------------------------|-----------------------|
| Expenditures by Program | | | | |
| Child Support Enforcement | \$ 9,748,563 | \$ 10,733,782 | \$ (88,247) | \$ 10,645,535 |
| Individual and Family Support | 162,655,638 | 155,017,840 | 3,525,071 | 158,542,911 |
| Health Care Eligibility | 11,829,594 | 14,465,950 | (3,360,643) | 11,105,307 |
| Office of Healthy Aging | 20,977,862 | 22,187,003 | (76,181) | 22,110,822 |
| All Other Programs | 433,131,723 | 416,129,122 | - | 416,129,122 |
| Total | \$ 638,343,380 | \$ 618,533,697 | \$ - | \$ 618,533,697 |

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 2020 guidelines are as follows.

| Percent of Federal Poverty Level Based on Annual Income | | | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Family Size | 100% | 133% | 138% | 150% | 180% | 185% | 225% | 250% |
| 1 | \$ 12,760 | \$ 16,971 | \$ 17,609 | \$ 19,140 | \$ 22,968 | \$ 23,606 | \$ 30,624 | \$ 31,900 |
| 2 | 17,240 | 22,929 | 23,791 | 25,860 | 31,032 | 31,894 | 38,790 | 43,100 |
| 3 | 21,720 | 28,888 | 29,974 | 32,580 | 39,096 | 40,182 | 48,870 | 54,300 |
| 4 | 26,200 | 34,846 | 36,156 | 39,300 | 47,160 | 48,470 | 58,950 | 65,500 |
| 5 | 30,680 | 40,804 | 42,338 | 46,020 | 55,224 | 56,758 | 69,030 | 76,700 |
| 6 | 35,160 | 46,763 | 48,521 | 52,740 | 63,288 | 65,046 | 79,110 | 87,900 |
| 7 | 39,640 | 52,721 | 54,703 | 59,460 | 71,352 | 73,334 | 89,190 | 99,100 |
| 8 | 44,120 | 58,680 | 60,886 | 66,180 | 79,416 | 81,622 | 99,270 | 110,300 |

For families with more than 8 members, add \$4,480 for each additional member for the 100 percent calculation.

Staffing. The Department requests 1,038.1 full-time equivalent positions in FY 2020, consistent with the enacted budget authorization. The revised request provides funding for approximately 992 positions, leaving approximately 46 positions unfunded.

As of December 7, 2019, the Department has 941.6 filled positions and is averaging 936.3 filled positions in FY 2020. The Department averaged 914.9 filled positions in FY 2019, 873.4 in FY 2018, and 835.7 in FY 2017. 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 FY 2018 enacted budget added 143.0 positions related to the Unified Health Infrastructure Project, of which 66.0 were to be permanent and 77.0 term limited. *The Governor recommends the enacted level of 1,038.1 full-time equivalent positions.*

Cash Assistance Programs

The Caseload Estimating Conference estimate includes \$115.7 million from all sources, including \$29.2 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 \$1.6 million less than enacted, including \$1.3 million less from general revenues. The Department's request does not reflect the estimate adopted at the November Caseload Estimating Conference. *The Governor recommends funding consistent with the November caseload estimate.*

The following table itemizes cash assistance expenditures as enacted, adopted by the caseload estimators, and recommended by the Governor, along with comparable data for FY 2019 and FY 2018. Each category is discussed separately.

| Cash Assistance | FY 2018 Actual | FY 2019 Actual | FY 2020 Enacted | FY 2020 Nov. CEC | FY 2020 Gov. Rev. |
|-------------------------------------|-------------------|-------------------|--------------------|---------------------|----------------------|
| Rhode Island Works | | | | | |
| Persons | 9,831 | 9,321 | 9,334 | 9,275 | 9,275 |
| Monthly Cost per Person | \$ 193.10 | \$ 187.74 | \$ 188.00 | \$ 186.05 | \$ 186.05 |
| Total Costs/Federal Funds | \$ 24.9 | \$ 23.1 | \$ 23.3 | \$ 23.1 | \$ 23.1 |
| Child Care | | | | | |
| Subsidies | 8,895 | 9,099 | 9,240 | 9,294 | 9,294 |
| Annual Cost per Subsidy | \$ 7,316 | \$ 7,678 | \$ 7,966 | \$ 7,840 | \$ 7,840 |
| General Revenue | \$ 9.9 | \$ 9.9 | \$ 10.0 | \$ 9.4 | \$ 9.4 |
| Federal Funds | 55.2 | 60.0 | 63.6 | 63.4 | 63.4 |
| Total Costs | \$ 65.1 | \$ 69.9 | \$ 73.6 | \$ 72.9 | \$ 72.9 |
| SSI | | | | | |
| Persons | 35,118 | 33,806 | 33,750 | 33,887 | 33,887 |
| Monthly Cost per Person | \$ 47.68 | \$ 46.88 | \$ 47.94 | \$ 46.40 | \$ 46.40 |
| Total Costs/General Revenues | \$ 20.2 | \$ 19.1 | \$ 19.5 | \$ 18.9 | \$ 18.9 |
| SSI Transition/Bridge | | | | | |
| Persons | 256 | 159 | 162 | 115 | 115 |
| Monthly Cost per Person | \$ 153.11 | \$ 144.84 | \$ 150.00 | \$ 151.00 | \$ 151.00 |
| Total Costs/General Revenues | \$ 1.1 | \$ 0.9 | \$ 0.9 | \$ 0.8 | \$ 0.8 |
| General Revenue | \$ 31.1 | \$ 29.8 | \$ 30.4 | \$ 29.2 | \$ 29.2 |
| Federal Funds | 80.1 | 83.1 | 86.8 | 86.5 | 86.5 |
| Total Cash Assistance | \$ 111.3 | \$ 113.0 | \$ 117.3 | \$ 115.7 | \$ 115.7 |

\$ in millions

Rhode Island Works. The November Caseload Estimating Conference estimate includes program expenditures of \$23.1 million entirely from federal funds. The estimate decreased the monthly caseload by 59 cases to a level of 9,275 and the monthly cost per person decreases by \$1.95 to \$186.05. The estimated program expenditures are \$0.2 million less than enacted reflecting the reduced caseload as well as adjustments for clothing and other supportive services. The Department requests the enacted funding for the program and does not reflect the estimate adopted at the November caseload conference. *The Governor recommends funding consistent with the caseload estimate.*

Child Care. The November Caseload Estimating Conference estimate includes child care expenditures of \$72.9 million, of which \$9.4 million is from general revenues. This is \$0.7 million less than enacted, including \$0.6 million from general revenues. The estimate increases child care subsidies by 54 for a monthly level of 9,294 and decreases the annual cost by \$126 to \$7,840 for FY 2020. The Department requests the enacted level and does not reflect the estimate adopted at the November caseload conference.

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 poverty. However, families that became eligible for subsidized child care because their income was at or below 180 percent of poverty remained eligible until the family income exceeds 225 percent of poverty.

The 2018 Assembly enacted legislation to increase rates paid for subsidized infant, toddler, and pre-school age child care from an average of the 2002 and 2004 market rate surveys to a tiered reimbursement system based on the state's quality rating system. The rate change applies to licensed child care centers only; as family care providers received separate rate increases. The 2019 Assembly subsequently enacted legislation establishing tiered reimbursement for family based providers for infants and toddlers only. Providers will be reimbursed based on the rating the provider has achieved in the state's quality rating system. Those providers with higher rankings will receive additional funding compared to those in the lower tiers. *The Governor recommends funding consistent with the caseload estimate.*

Supplemental Security Income Payments. The November Caseload Estimating Conference estimate includes revised FY 2020 direct supplemental security income expenditures of \$18.9 million from general revenues, or \$0.5 million less than enacted. The caseload increases by 137 persons to a monthly level of 33,887. Estimators decreased the monthly cost per person by \$1.54 to \$46.40. The estimate also includes transaction fees of \$70,000, consistent with the enacted level. The Department requests the enacted funding for the program and does not reflect the estimate adopted at the November caseload conference.

The FY 2020 enacted budget expanded the availability of the Supplemental Security Income payment for certain residents of assisted living facilities to participants in alternate, successor or substitute programs, or delivery options as determined by the Executive Office of Health and Human Services. The estimated impact of this expansion is \$0.3 million and is reflected in the cost per subsidy. *The Governor recommends funding consistent with the caseload estimate.*

Assisted Living State Supplemental Payment. The Department requests revised expenditures of \$0.4 million from general revenues for additional state supplemental payments of \$206 per month to individuals who receive the state supplemental security income payment and reside in a state licensed assisted living facility that is not eligible to receive Medicaid. The request is \$31,648 less than enacted; however, based on caseload testimony, expenses are anticipated to be \$0.1 million less than enacted through the first quarter of FY 2020. The 2014 Assembly expanded the payment to individuals residing in an assisted living facility that was financed by Rhode Island Housing prior to January 1, 2006, beginning on October 1, 2014. *The Governor recommends funding as requested.*

Supplemental Security Income Transition/Bridge Program. The November Caseload Estimating Conference estimates revised expenditures for the supplemental security income transition/bridge program at \$0.8 million, entirely from general revenues. The estimate includes \$0.2 million for cash payments and \$0.6 million for burials. The estimate assumes 115 monthly persons, or 47 fewer than the enacted budget, and increases the monthly cost per person by \$1 to \$151. The estimate is \$0.1 million less than enacted. The Department requests \$0.9 million from general revenues, which is consistent with the enacted level and does not reflect the conference estimate. This program is designed for individuals who maintain an active application for the supplemental security income program. *The Governor recommends funding consistent with the caseload estimate.*

Hardship Payments. Consistent with the enacted budget, the Department requests \$90,000 from general revenues for hardship contingency payments, which provide temporary support to individuals who do not qualify for the supplemental security income or Rhode Island Works programs. Payments from the program have been declining annually; in FY 2019, the Department spent \$28,704, meanwhile it spent \$53,400 in FY 2018, \$55,242 in FY 2017, \$70,000 in FY 2016, and \$70,766 in FY 2015. In the five-year period from FY 2015 through FY 2019, expenses declined 59.5 percent. It has previously 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.*

Other Programs

Eligibility Programs Administration. The Department requests \$0.6 million more than enacted from all sources, including \$0.2 million less from general revenues, for personnel and operating expenses associated with administering the eligibility programs. This includes administration of Rhode Island Works, the child care assistance program, and the Supplemental Nutrition Assistance Program, as well as expenses associated with the Unified Health Infrastructure Project. It should be noted that the enacted budget assumes use of \$24.7 million from restricted receipts from a settlement reached with Deloitte. Including the Executive Office of Health and Human Services and HealthSource RI, the enacted budget assumes a total of \$33.2 million from settlement funds. As part of contract negotiations with the vendor, a \$50.0 million settlement was reached in March 2019; as of January, the federal government had not determined the state’s share of the settlement.

The Governor recommends total funding of \$78.2 million from all sources, including \$9.8 million from general revenues. This is \$3.9 million less than requested, of which \$0.1 million is from general revenues, \$0.9 million is from federal funds and \$2.9 million is from Deloitte settlement funds. This primarily reflects the reduction of contracted expenses for the Unified Health Infrastructure Project based on information from the Executive Office of Health and Human Services. It should be noted that the Governor’s revised budget shows the full \$50 million but does not identify if the state share assumptions have changed. On February 6, the state was notified that its share of settlement funds is \$30.0 million. It remains unclear how this impacts state support for the project.

| Staff and Other Expenses | General Revenues | | | All Sources | | |
|----------------------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Eligibility | | | Eligibility | | |
| | UHIP | Admin. | Total | UHIP | Admin. | Total |
| Enacted | \$ (2.3) | \$ 12.3 | \$ 10.1 | \$ 34.7 | \$ 46.8 | \$ 81.5 |
| Revised Request | (6.4) | 16.3 | 9.9 | 29.9 | 52.2 | 82.1 |
| Revised Change to Enacted | \$ (4.1) | \$ 4.0 | \$ (0.2) | \$ (4.8) | \$ 5.4 | \$ 0.6 |
| Gov. Revised Rec. | \$ (6.4) | \$ 16.2 | \$ 9.8 | \$ 26.2 | \$ 52.0 | \$ 78.2 |
| Gov. Change to Request | \$ - | \$ (0.1) | \$ (0.1) | \$ (3.7) | \$ (0.1) | \$ (3.9) |

\$ in millions; includes rent

Staffing. The Department requests \$1.9 million less than enacted, including \$0.2 million less from general revenues for staffing expenses. Staff time is typically allocated to specific programs based on the amount of time spent on each; funding for portions of 322 eligibility staff and operating costs are included in Unified Health Infrastructure Project expenses in order to receive an enhanced Medicaid match rate for staff. The enhanced Medicaid match rate is 75.0 percent, or 25.0 percent more than the regular match rate of 50.0 percent. The reduction of staff expenses associated with administration of the programs is offset by increases in other areas, discussed separately. *The Governor recommends \$0.2 million less than requested, including \$0.1 million less from general revenues, which primarily reflects statewide medical benefit and overtime savings.*

Unified Health Infrastructure Project Expenses. The Department request \$1.7 million less than enacted from all sources, including \$1.5 million less from general revenues for Unified Health Infrastructure Project operating expenses, excluding personnel. Expenses for the project are shared between the Department, the Executive Office of Health and Human Services and HealthSource RI. The Executive Office oversees all non-personnel expenses, including contracted services. The revised request reflects the Department's share of anticipated expenses. The enacted budget reportedly overstated expenses from federal funds, which are reduced by \$0.2 million in the revised request. *The Governor recommends \$3.7 million less than requested, including \$0.7 million less from federal funds and \$2.9 million less from restricted receipts based on information provided by the Executive Office of Health and Human Services.*

Rent for Satellite Offices. The Department requests \$2.2 million more than enacted for lease expenses of its satellite offices, including \$0.2 million less from general revenues. It renewed the lease for the Pawtucket office at the start of FY 2020 and is pursuing a new lease for the Providence location. The enacted budget assumes \$0.6 million of savings from all sources, including \$0.2 million from general revenues from moving Providence field staff to two smaller locations and \$0.6 million from all sources, including \$0.3 million from general revenues from moving back-office activities to the Pastore campus. New office sites for staff have not been determined as of January 2020; however, the Department's request assumes the general revenue savings in FY 2021. *The Governor recommends funding as requested.*

Other Expenses. The Department requests \$2.1 million more than enacted, including \$1.8 million more from general revenues for all other operating expenses for administration of the eligibility programs. This primarily reflects actual FY 2019 spending and includes \$0.7 million more for postage, \$0.5 million more for contracted information technology expenses, \$0.4 million more for security services at its satellite offices, and \$0.1 million more for both interpreters and staff training expenses. *The Governor recommends funding as requested.*

Rhode Island Works Pilot. The Department requests \$0.2 million less than enacted 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 revised request appears to be overstated as annual program expenses have averaged \$0.3 million over the last four years. *The Governor recommends funding as requested.*

Child Care Quality Improvements. The Department requests \$0.8 million more than enacted from federal Child Care Development Block Grant funds designated for improving the quality of the state's child care assistance program. The request reflects anticipated expenses based on the actual FY 2019 experience and available discretionary block grant funding, which were made available in federal fiscal years 2018 and 2019. The additional funds have been used to provide technical assistance and professional development to child care providers, including a cohort-based model at the Community College of Rhode Island. *The Governor recommends funding as requested.*

Child Support Enforcement Program. The Department requests \$1.0 million more than enacted from all sources for expenditures related to child support enforcement. This includes \$0.1 million more from general revenues and \$0.9 million more from federal funds. The revised request includes \$0.9 million more for contracted information technology services based on actual FY 2019 expenses, and \$0.2 million more from filling two more full-time equivalent positions than assumed in the enacted budget; this is offset by other operating reductions of \$0.2 million. *The Governor recommends \$14,714 less than requested, including \$5,161 less from general revenues reflecting medical benefit savings.*

Supplemental Nutrition Assistance Program - Benefits. The Department requests \$15.0 million less than enacted from federal funds for direct benefit payments for the Supplemental Nutrition Assistance Program. This reflects anticipated program participation and actual FY 2019 expenditures. *The Governor recommends funding as requested.*

LIHEAP and Weatherization Assistance Programs. The Department requests \$0.1 million less than enacted from federal sources for benefits and operating expenses related to the low income home energy assistance and weatherization assistance programs, based on available funding. The low income home energy assistance program provides funds to assist Rhode Island's low income households to meet the increasing costs of home energy and reduce the severity of an energy related crisis. The program currently assists approximately 37,000 low income households and grants range from \$300 to \$450 monthly depending on income level. The weatherization assistance program provides cost effective, energy efficient weatherization improvements. It also provides low-income individuals, particularly elderly, persons with disabilities, families with children, high residential energy users, and households with a high energy burden, with weatherization improvements to lower utility costs. *The Governor recommends funding essentially as requested.*

Paratransit Services for the Elderly. The Department requests \$0.2 million less than enacted from all sources for elderly transportation services, including \$0.2 million less from general revenues and \$10,372 more from federal funds. The Executive Office of Health and Human Services holds the transportation contract with Medical Transportation Management and allocates expenses for eligible participants without Medicaid to the Department. Final FY 2019 expenses were \$0.2 million less than the final appropriation, including \$0.1 million less from general revenues, reflecting actual program participation. The revised request assumes a similar reduction based on projected participation. *The Governor recommends funding as requested.*

Vocational Rehabilitation Services. The Department requests \$3.8 million less than enacted for vocational rehabilitation services, including \$43,857 less from general revenues. The revised request reflects anticipated grant awards, which were overstated in its initial FY 2020 request upon which the enacted budget was based. Revised total funding of \$18.6 million is closer to but, still considerably higher, than actual FY 2019 expenditures of \$14.5 million. *The Governor recommends \$20,448 less than requested, including \$4,047 less from general revenues, reflecting medical benefit savings.*

Medicaid Rehabilitative Services. The Department requests \$27,179 less from federal funds for three programs managed by the Office of Rehabilitation Services that provide services eligible for federal matching funds under provisions of the Medicaid waiver. These services are aimed at helping an individual maintain independence and include social services for the blind, personal care attendants, and home modifications. The revised request adjusts anticipated federal funding based on current match rates. *The Governor recommends funding as requested.*

Services for Blind and Visually Impaired. The Department requests \$10,117 less from all sources for services to the blind and visually impaired. The revised request shifts \$0.1 million of expenditures from federal sources to general revenues, which reflects FY 2019 actual grant expenses. The revised request also includes \$0.1 million more from general revenues for personnel offset by a similar reduction for contract expenses. The additional general revenues offset a reduction of federal funds across all programs supported by the Office of Rehabilitation Services, reflecting a reduction in federal awards. Overall, the Office's revised request for staff is \$0.2 million less than enacted, including \$0.4 million less from federal funds and \$0.1 million more from general revenues. *The Governor recommends \$2,344 less than requested from general revenues reflecting medical benefit savings.*

Preschool Development Grant. The Department requests \$0.1 million less than enacted from federal preschool development funds. In December 2018, the Department was awarded a \$4.2 million grant from the federal Administration for Children and Families' Office of Child Care designed to support development, planning, and coordination of the state's early childhood system, specifically from birth to age five. It is working with the Departments of Health, Elementary and Secondary Education, and Children, Youth and Families on this initiative. Funding is being used for a facilities assessment to identify space that could be used to expand the state's prekindergarten program, a family needs assessment, and a funding

stream analysis, as well as technical assistance and professional development for providers. *The Governor recommends funding essentially as requested.*

Community Services Block Grant. The Department requests \$0.2 million less from federal funds for expenses related to the community services block grant, based on prior year expenses. This is \$55,564 more than FY 2019 actual expenses and nearly all funding is used to support local community agencies and programs. *The Governor recommends funding essentially as requested.*

Refugee Assistance. The Department requests \$0.7 million less than enacted from federal funds for refugee assistance programs. The Department inadvertently shifted rent to this program in its FY 2020 request. The refugee social services grant cannot support these rent expenses, which have been shifted throughout other program areas based on a cost-allocation plan. Additionally, funding awarded to local organizations is reduced by \$0.1 million compared to the enacted; however, anticipated grant awards are \$0.3 million more than actual FY 2019 disbursements. *The Governor recommends funding essentially as requested.*

Other Staffing. The Department requests \$1.2 million more than enacted from all sources for all other staffing expenses in the central management and individual and family support programs. This includes \$1.5 million more from federal funds and \$0.1 million less than enacted from general revenues; it also excludes \$0.2 million from restricted receipts. This reflects shifting expenses to program areas expected to incur the costs, primarily from program eligibility administration. *The Governor recommends \$1,921 more than requested from all sources reflecting changes to employee benefit selections.*

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 requests \$9,598 less from federal sources, which excludes information technology charges to the Unified Health Infrastructure Project as it was not included in the project's planning document submitted to the federal government.

The Governor recommends \$0.6 million more than requested from all sources for the Department's share of centralized information technology services, including \$0.3 million less from general revenues. Based on the second quarter internal service fund report, the Department appears likely to be billed approximately \$1.2 million more than the Governor's revised recommendation from all sources, including \$0.4 million more for human resources, \$0.2 million more for facilities management, and \$0.7 million more for information technology services. The Budget Office reports that any current year instances of overspending will be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created.

Capital - Blind Vending Facilities. The Department requests the enacted level of \$165,000 from Rhode Island Capital Plan funds for the ongoing construction and renovation of statewide vending facilities. There are currently 15 facilities that operate under the name COFFEE PLUS. The staff is trained through the Office of Rehabilitation Services. The request is consistent with the Department's capital budget request. *The Governor recommends \$17,660 more than requested reflecting carryforward of unspent prior year funds. A detailed description of this project is included in the Capital Budget section of this publication.*

Other Operations. The Department requests \$0.6 million more than enacted for all other operations, including \$0.2 million more from general revenues. The revised request also includes \$0.7 million more from federal funds, \$0.2 million less from restricted receipts, and \$0.2 million less from other sources. Federal fund changes include \$0.4 million more from disability determinations and \$0.2 million more from

child care development block grant funds, offset by revisions to several other grants. *The Governor recommends \$21,431 less than requested from all sources from reductions to miscellaneous expenses.*

Office of Veterans Services

Veterans' Home Restricted Receipts. The Office of Veterans Services collects restricted receipts from residents at the Veterans' Home, located in Bristol. Residents pay a per diem fee based on their net income. Net income is defined as a resident's gross income minus applicable federal and state taxes and minus \$150 per month of residency and 50.0 percent of any sum received due to wounds incurred during battle conditions for which the resident received the purple heart, and minus amounts paid to support their spouse, parents, minor children, or children who are blind or permanently disabled. Fees are paid monthly to the Home and any failure to make payment when due can be cause for dismissal from the facility, though prior to dismissal, the resident is afforded administrative due process. Along with general revenues and federal funds, the Office uses these restricted receipts for maintenance and operational costs for the Veterans' Home.

The final FY 2019 appropriation assumed use of \$1.0 million from Veterans' Home restricted receipts based on anticipated collections. However, the Office collected \$1.2 million and spent only \$0.4 million, which is \$0.6 million less than the final appropriation and \$0.8 million less than actual collections. Meanwhile, the Home overspent the general revenue appropriation by \$2.1 million. In its revised FY 2020 request, the Office includes \$2.4 million from Veterans' Home restricted receipts, which is \$1.4 million more than the enacted assumptions and relies on available funds carried forward from FY 2019. For FY 2020, the Office anticipated collections of \$1.1 million. *The Governor recommends \$38,887 less than requested based on anticipated collections.*

Veterans' Home Personnel. The Office requests \$3.1 million more than enacted from all sources for personnel expenses at the Veterans' Home, including staff and pooled nurses. This includes \$1.4 million more from general revenues, \$1.5 million more from restricted receipts and \$26,377 more from federal funds. Based on the Governor's FY 2020 recommended budget, the enacted budget assumes general revenue savings of \$1.2 million from overtime and \$0.8 million from contracted medical services based on a review to be conducted by the Executive Office of Health and Human Services. The review was not conducted, though the Home did implement an acuity-based model for pooled nursing staff in order to reduce costs.

It should be noted that the additional general revenues requested for personnel expenses is offset by a significant reduction to miscellaneous operating expenses designed to keep general revenues in the revised request consistent with the enacted budget. In its first quarter report, the Office projected FY 2020 expenses would exceed the enacted budget by \$2.9 million, including \$1.9 million for staffing. A corrective action plan submitted on December 16 lowered the projected deficit to \$2.0 million based on its ongoing implementation of an acuity-based staffing model, reduction in overtime for non-medical staff, other undescribed payroll and contract savings, and billing of rehabilitation services that were previously fully funded from general revenues. The plan includes proposals to further reduce expenses by \$0.6 million, including a \$0.1 million reduction to its janitorial contract, \$44,578 from federal pharmaceutical reimbursements, and \$0.5 million from probating estates for those residents that died without a will and for which the Home has a claim. It reports that under Section 30-24-8 of the Rhode Island General Laws, the Home can receive the intestate estates of deceased veterans through probate.

The Executive Office of Health and Human Services, in conjunction with Rhode Island National Guard, subsequently launched an operating review of the Veterans' Home to identify savings opportunities. The Department and other state agencies are also assisting in this review; initial recommendations are anticipated by the end of January 2020. The review will focus on operational and financial management practices within the Veterans' Home, including staffing models and contracts. As of December 17, the

review has not included a staff person with expertise in the nursing home industry though a member of the field will reportedly be contracted at some point in the review process.

The Governor recommends \$1.2 million less than requested from all sources, including \$40,363 less from general revenues. This primarily reflects \$0.5 million less for overtime and \$0.6 million less for contracted nursing expenses; however, the recommendation is consistent with the Office's first quarter report. As previously noted, the Office's corrective action plan lowered the projected deficit from \$2.9 million in the first quarter report to \$2.0 million; the Governor does not reflect the revised deficit projection to personnel expenses, but as a reduction to miscellaneous operating expenses, noted separately.

Veterans' Home Other Contracted Services. The Office requests \$0.1 million more than enacted from all sources, including \$0.8 million from general revenues for all other contracted services for the Veterans' Home, including janitorial services. Based on the Governor's recommended FY 2020 budget, the enacted budget assumes general revenue savings of \$0.8 million from contracted janitorial services. The savings were to have been achieved through an operational review conducted by the Executive Office of Health and Human Services. It should be noted that the additional general revenues requested for contracted expenses is offset by a significant reduction to miscellaneous operating expenses designed to keep general revenues in the revised request consistent with the enacted budget.

In its first quarter report, the Office projected FY 2020 expenses of \$2.9 million more than enacted, including \$0.2 million for contracted services. A corrective action plan submitted on December 16 lowered the projected deficit to \$2.0 million based on its ongoing implementation of an acuity-based staffing model, reduction in overtime for non-medical staff, other undescribed payroll and contract savings, and billing of rehabilitation services that were previously fully funded from general revenues. The plan includes proposals to further reduce expenses by \$0.6 million, including savings of \$75,000 from renegotiating the janitorial contract.

The Governor recommends \$18,371 more than requested from restricted receipts for information technology expenses and consistent with its first quarter report. As previously noted, the Office's corrective action plan lowered the projected deficit from \$2.9 million in the first quarter report to \$2.0 million; the Governor does not reflect the revised deficit projection to contracted services expenses, but as a reduction to miscellaneous operating expenses, noted separately.

Veterans' Home Operations. The Office requests \$1.8 million less from all sources for all other operating expenses at the Veterans' Home. This includes \$2.1 million less from general revenues, offset by \$150,000 from federal funds and \$168,000 from restricted receipts. The request includes a reduction of \$2.8 million specifically from miscellaneous operating expenses, which offsets additional funds requested for personnel and contracted services. This reduction allows the Office's revised general revenue request across all expenses to be consistent with the enacted budget; however, it understates expenditures by \$2.9 million. At the time of the budget submission, staff indicated that proposals to achieve savings would be included in a corrective action plan to be submitted with its first quarter report.

The Office's first quarter report was submitted on November 5 and projected a deficit of \$2.9 million. A corrective action plan submitted on December 16 lowered the projected deficit to \$2.0 million based on its ongoing implementation of an acuity-based staffing model, reduction in overtime for non-medical staff, other undescribed payroll and contract savings, and billing of rehabilitation services that were previously fully funded from general revenues. The plan includes proposals to achieve \$0.6 million of savings, including \$44,578 from federal pharmaceutical reimbursements and \$0.5 million based on the ability to collect funds from the estates of residents that have died without a will and the home has a claim. It reports that under Section 30-24-8 of the Rhode Island General Laws, the Home can receive the intestate estates of deceased veterans through probate.

The Governor recommends \$1.0 million more than enacted, including \$1.2 million more from restricted receipts, \$26,758 more from federal funds, and \$0.3 million less from general revenues. This includes additional funding for various operating expenses including pharmaceutical and medical supplies, laundry and cleaning supplies, and liability insurance, among others. The recommendation is \$1.2 million less from general revenues than the first quarter report, \$0.9 million of which reflects the revised deficit projection reported in the Office's corrective action plan and is shown as a reduction to miscellaneous operating expenses in the budget. The recommendation further reduces miscellaneous operating expenses by \$0.2 million from shifting expenses to federal funds and restricted receipts made available from reduced personnel expenses.

Other Operations. The Office requests \$0.1 million less than enacted from general revenues for all other expenses, including the Office and Veterans' Cemetery. The revised request primarily reflects turnover savings, equivalent to 1.7 full-time positions; however, as of the pay period ending December 7, all 15.0 positions were filled. Including the Veterans' Home, the Office of Veterans' Services requests the enacted appropriation from general revenues. Without this reduction to other operations, the revised request would exceed the general revenue appropriation. *The Governor recommends \$2,744 less than requested reflecting statewide medical benefit savings.*

Capital Projects. The Office requests \$3.0 million less than enacted for projects at the Rhode Island Veterans' Memorial Cemetery in Exeter and Veterans' Home in Bristol. This includes the enacted amount of Rhode Island Capital Plan funds for asset protection projects at the Veterans' Home and \$0.2 million more from restricted receipts for two projects at the Veterans' Cemetery. The request also shifts \$3.0 million of federal funds for one project from FY 2020 to FY 2021. *The Governor recommends \$0.1 million more than requested from all sources, including \$150,000 less for the Veterans' Home asset protection project. A detailed description of these projects is included in the Capital Budget section of this publication.*

Office of Healthy Aging

Volunteer Guardianship Program. The Office requests \$2,181 more than enacted for the volunteer program which provides guardianship services to low-income, older, at-risk persons residing throughout the state who have been identified by a referral source as being in need of these advocacy services; guardianships under this program do not involve decision-making regarding the property or finances of the person. The revised request restores statewide savings assumed to reduce contracted expenses and certain commodities.

It should be noted that the Office spent \$0.1 million in FY 2019, or \$65,067 more than enacted, which included one-half of salary and benefit expenses for a staff attorney at the Executive Office of Health and Human Services. The attorney reportedly oversees the volunteer guardianship program. The revised request does not assume personnel expenses will occur again. *The Governor recommends funding as requested.*

Pharmaceutical Assistance to the Elderly. The Office requests \$18,000 less than enacted from restricted receipts for the pharmaceutical assistance for the elderly program. Consistent with its FY 2020 request, the enacted budget assumes expenses of \$33,000 which was based on actual FY 2017 expenses. However, the program has experienced a decline in participation and utilization due to the Affordable Care Act and Medicare Part D. The revised request reduces expenses based on FY 2018 and FY 2019 experience. *The Governor recommends funding as requested.*

Home and Community Care Services. The Office's revised request includes \$0.2 million more than enacted from federal funds for home care and adult day care services. Based on the state match rate of 47.17 percent, the enacted budget understated available federal funding for the program. The Department's revised request is consistent with this match rate. *The Governor recommends funding as requested.*

Aging and Disability Resource Center. The 2018 Assembly enacted legislation establishing the Aging and Disability Resource Center within the Office of Healthy Aging. The center would assist Rhode Islanders and their families in making informed decisions regarding long-term care services and support options. The center would also streamline access to long-term supports and services for the elderly, persons with disabilities, family caregivers, and providers. It would work towards diverting people, when appropriate, from institutional care to home and community-based services and prevent short-term institutional care from becoming permanent through counseling and eligibility screening for other services.

The Executive Office of Health and Human Services' revised request excludes \$0.2 million from federal funds assumed in the enacted budget specifically to create a website. However, it includes \$1.0 million from federal Money Follows the Person funds for its No Wrong Door initiative; the Aging and Disability Resource Center will now be part of this initiative. *The Governor recommends funding as requested.*

Alzheimer's Disease Prevention Initiative. The Office's revised request includes \$300,000 from new federal funds for home and community based services supporting individuals living with dementia and Alzheimer's. Funding will be used to train direct service professionals, including home health aides, first responders, and referral specialists, among others. Funds are also being used to offer two evidenced-informed programs meant to support caregivers and those individuals living with dementia and Alzheimer's. *The Governor recommends funding as requested.*

Elder Abuse Prevention. The Office's revised request includes \$250,000 from new federal funds for elder abuse prevention. It was awarded a three year, \$0.8 million grant from the Administration for Community Living. Funding is used to support a new client-management system that automates abuse-reporting functions and improves the sharing of case information between the Office and first responders. It will also be used to purchase mobile devices for field investigators, professional development for elder protective services staff and support a new Healthy Aging Behavioral Health Liaison position at BH Link, discussed separately. *The Governor recommends funding as requested.*

Behavioral Health Liaison. The Office's revised request includes \$0.1 million from mental health block grant funds provided by the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to support a new Healthy Aging Behavioral Health Liaison to BH Link. BH Link is a comprehensive program intended to serve those individuals 18 years and older who are experiencing a behavioral health crisis, including mental health and substance use, by establishing a community-based, 24/7 hotline and triage center. The new liaison started in October 2019. *The Governor recommends funding as requested.*

Salaries and Benefits. The Office requests \$63,125 more than enacted from all sources for salaries and benefit expenses for its 31.0 full-time equivalent positions, including \$81,700 from general revenues. Including restoring turnover savings, the revised request is \$0.1 million more than enacted for salaries and benefits and fully funds 30.0 of its authorized positions. As of the first pay period in January, it has 28.0 filled positions. *The Governor recommends \$43,315 more than requested, primarily from restricted receipts to reflect changes in medical benefit selections.*

Other Operations. The Office requests \$0.4 million more than enacted from all sources, including \$5,457 less from general revenues, for all other grant and operating expenditures within the Office. The revised request includes \$0.5 million more from federal funds for awards to local organizations, offset by revisions to various operating and contract expenses based on FY 2019 actual expenses. *The Governor recommends funding as requested.*

Dept. of Behavioral Healthcare, Developmental Disabilities & Hospitals

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 3,920,837 | \$ 4,811,799 | \$ 5,711,796 | \$ 5,101,083 |
| Services for the Dev. Disabled | 269,087,061 | 296,900,197 | 292,359,089 | 292,159,839 |
| Hosp. & Comm. System Support | 2,401,339 | 2,265,323 | 3,461,789 | 2,820,150 |
| Hospital & Comm. Rehab. Services | 120,896,168 | 121,948,107 | 120,771,180 | 119,618,217 |
| Behavioral Healthcare Services | 26,549,198 | 37,270,030 | 46,811,580 | 48,052,958 |
| Total | \$ 422,854,603 | \$ 463,195,456 | \$ 469,115,434 | \$ 467,752,247 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 125,829,641 | \$ 126,925,009 | \$ 127,547,469 | \$ 126,988,720 |
| Contracted Services | 4,172,936 | 6,662,622 | 12,668,684 | 12,668,684 |
| Subtotal | \$ 130,002,577 | \$ 133,587,631 | \$ 140,216,153 | \$ 139,657,404 |
| Other State Operations | 23,908,933 | 25,971,178 | 28,993,319 | 28,004,867 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 270,165,359 | 302,919,524 | 298,819,616 | 299,319,616 |
| Capital | 707,210 | 717,123 | 1,086,346 | 770,360 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | (1,929,476) | - | - | - |
| Total | \$ 422,854,603 | \$ 463,195,456 | \$ 469,115,434 | \$ 467,752,247 |
| Sources of Funds | | | | |
| General Revenue | \$ 191,570,579 | \$ 196,381,240 | \$ 196,416,022 | \$ 195,276,093 |
| Federal Aid | 223,313,113 | 260,425,869 | 265,302,900 | 264,661,112 |
| Restricted Receipts | 5,817,033 | 6,088,347 | 6,796,512 | 7,496,246 |
| Other | 2,153,878 | 300,000 | 600,000 | 318,796 |
| Total | \$ 422,854,603 | \$ 463,195,456 | \$ 469,115,434 | \$ 467,752,247 |
| FTE Authorization | 1,304.4 | 1,189.4 | 1,189.4 | 1,189.4 |
| FTE Average | 1,128.7 | | | |

FY 2020 Revised Request. The Department requests \$5.9 million more than enacted, including \$4.9 million more from federal funds, \$0.7 million more from restricted receipts, \$0.3 million more from Rhode Island Capital Plan funds and \$34,782 more from general revenues.

The Department's revised request includes a reorganization of fiscal, data analytics and strategic planning staff that impacts all the divisions.

The Governor recommends \$1.4 million less than requested, including \$1.1 million less from general revenues which includes \$0.1 million of statewide medical benefit savings and \$0.3 million from overtime savings, noted below where appropriate.

The Governor's revised budget includes dozens of undefined additions and reductions across multiple appropriation lines in thirteen different budgets. For the Department, this includes \$2.3 million across five programs. It appears these adjustments were made to keep the agency's total individual general revenue

appropriation lines from exceeding the enacted level after known spending plan adjustments were made. This obscures where there is projected overspending and which line items are being reduced to offset that. The table below shows where those adjustments were made and the unadjusted amounts by program.

| | FY 2020 Enacted | FY 2020 Revised | Value of Adjustments | FY 2020 Unadjusted |
|--------------------------------|-----------------------|-----------------------|-------------------------|-----------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 4,811,799 | \$ 5,101,083 | \$ (576,115) | \$ 5,677,198 |
| Services for the Dev. Disabled | 2,265,323 | 292,159,839 | (585,256) | 292,745,095 |
| Hosp. & Comm. System Support | 296,900,197 | 2,820,150 | 23,310 | 2,796,840 |
| Hosp. & Comm. Rehab. Services | 37,270,030 | 119,618,217 | 757,850 | 118,860,367 |
| Behavioral Healthcare Services | 121,948,107 | 48,052,958 | 380,211 | 47,672,747 |
| Total | \$ 463,195,456 | \$ 467,752,247 | \$ - | \$ 467,752,247 |

Centralized Services. The Department includes \$13.2 million in its revised budget for centralized services essentially consistent with the enacted budget, but shifts \$1.1 million of general revenue funded expenses to federal funds. The Department's revised and FY 2021 requests assume the ability to use Medicaid to pay for over half the expenses it is charged for centralized services. For FY 2019, the percentage of federal funds charged was approximately 43 percent but also included charging non-Medicaid federal grant funds for the expenses. It is unclear if this higher percentage is allowable. For example, the state hospital is not entirely funded through Medicaid; there are patients for whom the state pays the whole cost. This shift from state to federal funds also allows the Department to stay within its enacted general revenue appropriation for FY 2020. *The Governor recommends \$1.0 million less than requested, including \$0.5 million less from general revenues based on Budget Office estimates.*

Staffing Reorganization. The Department requests the authorized level of 1,189.4 full-time equivalent positions but transfers positions among divisions to reflect a staffing reorganization and other staffing adjustments. For central management, the revised request transfers 17.0 positions for fiscal, data analytics and strategic planning activities and another 16.0 positions to correct for staffing allocations assumed in the enacted budget. The revised request also transfers expenses for 26.2 full-time equivalent positions from the hospital and rehabilitative services to the Division of Developmental Disabilities to staff two group homes. The revised budget includes \$0.2 million more from all sources for these changes, which include several upgrades and also adds \$0.9 million from general revenues from moving staff that were partially funded by Medicaid or federal grants to general revenues.

The revised request repurposes a position from Eleanor Slater Hospital to add an attorney to the central management program. It should be noted that all legal positions for agencies under the umbrella of the Executive Office are included in that budget which has five attorneys assigned to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. *The Governor recommends the request.*

Division of Developmental Disabilities

Developmental Disabilities Programs. The Department's revised request includes \$289.6 million from all sources, of which \$131.8 million is from general revenues, for programs to support adults with developmental disabilities. It includes \$0.3 million from Rhode Island Capital Plan funds and excludes centralized services. The Department's revised request is \$4.5 million less from all sources, including \$0.4 million more from general revenues, \$4.8 million less from Medicaid funds and \$0.1 million less from restricted receipts.

The revised request transfers \$2.2 million and 26.2 full-time equivalent positions from the Division of Hospital and Community Rehabilitation Services for two group homes providing services to eight individuals. The services being provided at the homes were determined to be closer to the community-based services in the state-run group home system so the homes were changed on October 1, 2019 from licensed intermediate care facilities to group homes. Services for the individuals will remain the same.

The request also funds contracts and activities that satisfy the requirement of the consent decree the state entered into with the Department of Justice regarding individuals whose day activities were at sheltered workshops. The court monitor is paid from the Executive Office of Health and Human Services budget. Also included in the revised request is funding for the Person Centered Supported Employment Performance Program and authorizations for additional services. *The Governor recommends \$0.2 million less than requested, including \$0.1 million less from general revenues.*

Medical Benefits. Individuals receiving residential and other community-based services receive medical benefits through the Executive Office of Health and Human Services. Individuals who are not eligible for Medicare are enrolled in Rhody Health Partners, the state's managed care plan for disabled individuals and those receiving services through Medicaid expansion. Those who are eligible for both Medicare and Medicaid, referred to as "dual eligibles," have the opportunity to enroll in Rhody Health Options, the state's integrated care initiative to provide services through a managed care plan and potentially lowering medical costs for more expensive dual eligible population. Those who opt to not enroll in managed care continue to receive direct medical benefits through a fee-for-service reimbursement system.

Of the 3,800 program participants, the November caseload estimate assumes that approximately 1,400 individuals are enrolled in the Rhody Health Options totaling \$14.1 million, another 950 in Rhody Health Partners totaling \$24.2 million and the remaining 1,500 in fee-for-service in the Executive Office of Health and Human Services.

Privately Operated Community Programs. The Department requests \$234.6 million from all sources, including \$110.6 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 includes funding for the Person Centered Supported Employment Program as part of the consent decree. The revised request is \$1.3 million more than enacted, including \$0.8 million more from general revenues for program costs. This restores \$1.5 million of the \$3.2 million in savings included in the enacted budget from transitioning individuals to less restrictive residential settings offset by increases for other program expenses.

It should be noted that the community-based agencies provide day program activities to approximately 60 of the 120 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 revised request includes \$0.3 million from Rhode Island Capital Plans funds for three projects for state operated group homes used by the private providers.

The Department's revised request assumes the use of \$5.0 million from all sources, of which \$2.5 million is from general revenues, included in the enacted budget to make payments 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 is discussed separately. *The Governor recommends funding as requested.*

Person Centered Supported Employment Performance Program. The Department's revised request assumes the use of \$5.0 million from all sources, of which \$2.5 million is from general revenues that was included in the enacted budget as part of the community-based services program. The program will make payments to 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 requests a general revenue Medicaid match that is based on a 50 percent administrative rate and not a higher direct services rate; it is unclear why the services would not be able to be matched at the higher Medicaid rates. This assumes services beginning in December 31, 2019. As of December 2019, the contracts have not been signed.

The Governor recommends funding as requested; however, as of February 2020, the contracts have still not been signed. It is unclear if there will be overall program savings from the delay in executing them.

Health Home/Case Management. The Department's revised request reduces funding for the health home case management program by \$6.6 million from all sources, including \$0.7 million from general revenues. The enacted budget assumed a start date of October 1, 2019, but as of December 2019, the Department has not submitted the necessary paperwork to the Centers for Medicare and Medicaid Services for a state plan amendment.

States must meet a federal requirement to have separate system to implement case management services for individuals receiving services through the Medicaid home and community-based waiver, which includes adults with developmental disabilities. The Department reports that the earliest start date is now July 1, 2020. The Department has been asked to separate the plan to meet this requirement and what the cost would be from the more expansive plan to use a health home initiative for additional services and programs. It has not provided that information.

The revised request includes \$9.9 million from all sources, including \$1.0 million from general revenues, and the Department reports that it is developing an advisory committee to work with community agencies to determine the best way to implement a conflict-free case management system for this population. The community agencies have requested to be directly involved in the planning. The Department has not provided any information as to how it will spend the funding it includes in its revised request. *The Governor recommends funding as requested.*

System Rate Review. The Department requests \$0.9 million from all sources, including \$0.4 million from general revenues for New England States Consortium Systems Organization (NESCSO) to conduct a rate review. This is \$0.4 million more from all sources, including \$0.2 million more from general revenues to complete the review that started July 2019. The organization is providing technical assistance in two areas: an examination of the existing services delivery system and developing options to modify the system to deliver those services and the reimbursements. An initial analysis was to be done between October and December with further analysis taking place from January through July 2020. This second part is to include options for alternative payment models. The Department has been asked for an update on the initial findings but has not provided the information. *The Governor recommends funding as requested.*

Department of Justice Consent Decree - Coordinator. The Department excludes funding for the consent decree coordinator for which \$100,000 was included in the enacted budget of which \$50,000 is from general revenues. This appears to be in error; however, the coordinator vacated the position in March 2019 and the contract ended in July. The Executive Office has oversight of the contract and as of December 2019, the position has not been filled. This contracted position supports the court monitor and the designated state employee from the Executive Office who is also assigned to the consent decree and is currently assuming the responsibility of collecting data and submitting it to the court monitor. For FY 2021, the Executive Office's budget includes funding for the contracted position. *The Governor recommends funding as requested.*

Department of Justice Consent Decree - Conversion Institute. The Department includes the enacted level of \$500,000 from all sources, including \$250,000 from general revenues for the Workshop Conversion

Trust Fund that is administered by the Paul V. Sherlock Center on Disabilities at Rhode Island College for activities related to the consent decree. *The Governor recommends funding as requested.*

Other Medicaid Funded Services. The Department requests \$89,495 from all sources for day programs through the Medicaid global waiver for services provided to five individuals who are not otherwise eligible for Medicaid. This includes \$42,188 from general revenues and is \$4,761 less than enacted, including \$2,244 less from general revenues. *The Governor recommends funding as requested.*

Staffing Reorganization. As part of the staffing reorganization, the Department shifts \$1.1 million in expenses, of which \$0.5 million is from general revenues, and 9.0 full-time equivalent positions to the central management and hospital and community support administrative programs. This is in addition to the 26.2 full-time equivalent positions transferred from the hospital and community rehabilitative services program for the Zambarano group homes. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$60,486 less than enacted for other expenses for adults with developmental disabilities, including \$162,244 less from general revenues. Total funding of \$10.2 million, including \$5.1 million from general revenues, supports other administrative 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. This includes \$6.8 million, of which \$3.4 million is from general revenues to support the remaining 54.0 positions.

The requests also includes \$14,202 less than enacted, including \$7,012 less from general revenues for other contracted services that total \$0.7 million, including \$0.3 million for Advocates in Action. The revised request also includes the enacted level of \$0.2 million for family subsidies and \$0.4 million for other various operating expenses. *The Governor recommends \$14,387 less than requested, including \$7,162 less from general revenues, from statewide medical benefit savings.*

Rhode Island Community Living and Supports Program (RICLAS). There are 25 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 October 2019, there were 121 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 Department's revised request is \$1.6 million more than enacted, including \$0.8 million more from general revenues and reflects the transfer of \$2.2 million in staffing expenses, and 26.2 full-time equivalent positions, from the Division of Hospital and Rehabilitative Services to the Division of Developmental Disabilities. Excluding this change, the revised request is \$0.6 million less than enacted, including \$0.3 million less from general revenues to reflect a reduced census in the 24-hour system. *The Governor recommends \$0.2 million less than requested, including \$0.1 million less from general revenues, for statewide medical benefit savings and overtime expenses.*

Division of Behavioral Healthcare Services

The state provides behavioral health services including Medicaid funded mental health and substance abuse services to individuals through the Executive Office of Health and Human Services, and 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. With the transfer of the Medicaid funds to the Executive Office, the state now pays for Medicaid funded services and is able to provide direct care and behavioral healthcare benefits through one agency with coordination through the managed care plans.

The November Caseload Estimate includes \$481.0 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 includes updated enrollment of approximately 74,000 enrollees. *The Governor's revised budget includes \$470.6 million for the expansion program.*

State Opioid Response Grant. The Department's revised request includes \$6.0 million more than enacted to reflect a supplement award for total funding of \$19.1 million from the federal State Opioid Response Grant. For FY 2020, this includes \$16.4 million for community support activities and \$2.7 million for administrative expenses in its revised request. The Department also includes \$13.4 million for FY 2021.

The state was awarded a two-year, \$25.2 million federal State Opioid Response Grant and a \$6.1 million supplemental grant. The Department received federal approval of its plan that includes 26 separate activities to address the opioid crisis. This includes residential support, recovery and peer support and also involves other state agencies, including the State Police, the Departments of Health, Children, Youth and Families, Corrections, and Labor and Training.

The Department includes funding for a media campaign and BH Link, discussed separately. *The Governor recommends funding as requested.*

State Opioid Response Education and Awareness Campaign. The Department's revised request includes \$0.5 million more than enacted for a total of \$1.5 million from federal State Opioid Response funds for an education and awareness campaign. The request includes \$0.2 million to the Rhode Island Broadcasters Association for the mental health awareness campaign called "It's Okay Not to Be Okay." The plan for the remaining \$1.2 million has not yet been determined. *The Governor recommends funding as requested.*

Behavioral Health Link Triage and Call Center (BH Link). The revised budget includes \$2.9 million from federal funds, \$2.0 million more than enacted for Horizon Healthcare Partners to operate BH Link. The revised request includes \$1.3 million from State Opioid Response funds, \$0.8 million from substance abuse block grant funds and \$0.7 million from mental health block grant funds. This extends the federal funding that is used to operate the facility. The plan was to transition from an entirely federal funded facility to one that could direct bill the Medicaid program for services provided. The state received federal approval to reimburse for services provided but the facility has not submitted any claims for reimbursement.

This is a 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. *The Governor recommends funding as requested.*

Recovery Housing/Residential Treatment. The Department's revised request includes the enacted amount of \$200,000 from general revenues for recovery housing support. *The Governor recommends using Opioid Stewardship funds in lieu of general revenues for the recovery housing support. The*

recommendation also includes another \$500,000 from the stewardship funds to expand capacity for residential treatment which is also funded through the block grant and offer other housing options.

Overdose Prevention and Intervention. The Department's revised request is \$0.4 million more than enacted 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 reflects the carry forward of the federal grant for a one-year extension that is available through April 2020. Funding is awarded to the Department of Health's Recovery Friendly Workplace initiative. *The Governor recommends funding as requested.*

Promoting Integration of Primary and Behavioral Healthcare Grant. The revised request is \$0.9 million more than enacted to reflect carry forward funding to bring the total to \$2.7 million from the federal Promoting Integration of Primary and Behavioral Healthcare grant. Funding is available from January 1, 2019 to December 31, 2023. The grant is intended to: promote full integration and collaboration in clinical practice between primary and behavioral healthcare; support the improvement of integrated care models for primary care and behavioral healthcare to improve the overall wellness and physical health status of adults with a serious mental illness or children with a serious emotional disturbance; and promote and offer integrated care services related to screening, diagnosis, prevention, and treatment of mental and substance use disorders, and co-occurring physical health conditions and chronic diseases. A portion of the funding, \$1.8 million will go to Community Care Alliance and Gateway Healthcare for FY 2020 and FY 2021; each will receive \$0.9 million. *The Governor recommends funding as requested.*

Strategic Prevention Framework Grant - Partnership for Success Grant. The Department's revised request is \$0.1 million more than enacted for a total funding of \$2.2 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 reflects available unspent funding from FY 2019 to support programs that: prevent the onset and reduce the progression of substance abuse, including childhood and underage drinking and reduce substance abuse-related problems in communities and building prevention capacity and infrastructure at the state and community levels. The revised request includes \$1.8 million for community programs and \$0.4 million for evaluation activities. *The Governor recommends funding as requested.*

Screening, Brief Intervention and Referral to Treatment Grant. The revised request is \$0.3 million more than enacted, for total funding of \$1.6 million, for projected spending for the third year of the 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. This is \$0.2 million less for community-based programs and \$0.3 million more for a cooperative agreement with the Department of Health for data collection and \$0.2 million for other projects.

The Care Transformation Collaborative implements 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.*

Centers for Excellence - Medication Assisted Treatment Grant. The Department's revised request is \$0.2 million more than enacted for total funding of \$0.6 million from the federal Medication Assisted Treatment grant. This includes \$0.5 million for grants being awarded to the four Centers of Excellence: Journey to Health, Hope and Healing, Community Care Alliance, Lifespan and CODAC. There will also be an evaluation for the program and some temporary staffing expenses. Funding will be exhausted in FY 2021. *The Governor recommends funding as requested.*

Medication Assistance Treatment Education Campaign. The Department's revised request includes \$320,000 from available federal Medication Assistance Treatment funds carried forward from FY 2019 for an advertising campaign to educate the public about available treatment. *The Governor recommends funding as requested.*

Substance Abuse Treatment Block Grant. The Department's revised request is \$0.1 million more than enacted for total federal funding of \$7.1 million from the Substance Abuse Treatment Block grant. Funding is awarded to community agencies to support municipal substance abuse activities student assistance programs, peer support, residential, outpatient and detoxification programs. The grant can be spent over two years and the revised request is \$0.4 million more than spent in FY 2019. It should be noted that \$750,000 is being used to support BH Link, discussed separately. *The Governor recommends funding as requested.*

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 through the Medicaid funded limited benefit for certain behavioral healthcare services primarily through the community mental health centers. This is \$0.4 million more than FY 2019 actual expenses. *The Governor recommends funding as requested.*

Mental Health Block Grant. The Department requests \$0.8 million more than enacted for a total of \$2.5 million from the federally funded Mental Health Block grant to support services provided by the community mental health centers. This includes peer support, court diversion and family support services. This reflects updated awards. Similar to the Substance Abuse Block grant, the Department has two years to spend its grant award. It should be noted that \$815,000 supports BH Link, noted separately. *The Governor recommends funding as requested.*

Youth Treatment Implementation Grant. The Department's revised request includes \$1.0 million from federal funds, which is \$0.3 million more than enacted from the youth treatment implementation grant that will focus on increasing access to screening, assessment, treatment and recovery services for adolescents ages 12-17 and young adults 18-25 who are at risk of or are experiencing substance use disorders and/or co-occurring substance use and mental health disorders. The project will provide services, including outreach, engagement and treatment to 1,160 youth and young adults over a four-year period. *The Governor recommends funding as requested.*

Transformation Transfer Initiative. The Department's revised request includes \$150,000 to create a central bed registry for residential facilities. The contract ended September 1, 2019. The anticipated system will be able to provide support that matches client needs with the most suitable service provider, and provide data to simplify the process and make it easier for individuals access services. *The Governor recommends funding as requested.*

Evaluation Activities. The Department's revised request includes \$90,000 for temporary contracted services to evaluate methods and designs for opioid use disorder pilot programs. The Department reports the each of separate programs have an evaluation component but there is no mechanism to evaluate the state's overall treatment programs and this grant will allow that to happen. The Department spent \$154,933 in FY 2019 of the \$250,000 for two evaluators were hired through ADIL temporary services to perform this work. *The Governor recommends funding as requested.*

Staffing Reorganization. As part of the Department's staffing reorganization, it shifts 20.0 full-time equivalent positions to its administrative programs. The request reduces salaries and benefits by \$0.8 million, including \$0.4 million less from general revenues. However, it appears that when the positions, which include fiscal, data analytics and strategic planning, were transferred to the other divisions the federal

funding available to support them was not and they are now funded only through general revenues. *The Governor recommends the request.*

Other Staffing and Operations. The Department's revised request includes \$11,816 more from all sources, for all other division expenses. This includes 42.0 full-time equivalent positions. The staffing costs are \$0.1 million less than enacted and assumes savings equivalent to a 0.1 vacant position. Other expenses are \$0.1 million more to adjust for current year spending for the remaining federal grants supporting community-based activities and adjustment to various operating expenses.

Other expenses are \$0.2 million less from federal funds to adjust for current year spending for the remaining federal grants supporting community-based activities and \$0.1 million more than enacted to purchase Narcan kits. *The Governor recommends \$10,950 less than requested, including \$2,912 less from general revenue for statewide medical benefit savings.*

Eleanor Slater Hospital

Operations. Excluding the transfer of expenses for the Zambarano group homes, previously discussed, centralized services and a funded position repurposed for a new legal counsel position in central management, the Department requests \$0.9 million more than enacted, including \$0.7 million from general revenues, for hospital operating expenses at both the Cranston campus and Zambarano unit in Burrillville.

The information provided by the Department makes it difficult to compare the current year projections to the assumptions upon which the budget was enacted by the Assembly, including any savings proposals. It appears that the hospital administrative staff practices zero based budgeting whereby it assumes that its appropriation was not the result of a plan recommended by the Governor, and approved by the Assembly on which several public hearings were held. This results in a disconnect when trying to explain the changes made in the revised request compared to the enacted budget. It should also be noted that the FY 2021 request is \$7.6 million higher than the revised request so it appears that either the revised request is underfunded or the FY 2021 request is overstated.

The revised request includes \$2.5 million more for contracted medical services and it appears that after the budget passed, the hospital hired several contracted medical professionals including two psychiatrists. The revised budget also includes \$0.2 million more for security services but also reduced federal Medicaid funds by \$1.5 million without an explanation. This change artificially lowers expenses at the hospital. Hospital administration has repeatedly been asked for an explanation of the changes but has provided no detailed information.

The Governor recommends \$0.4 million less than requested, including \$0.3 million less from general revenues, which includes \$0.2 million in savings from enforcing existing sick leave use policies aimed at reducing fraudulent discharge and abuse of sick time and \$0.2 million from statewide medical benefit savings.

Central Management

Staffing Reorganization. As part of the Department's staffing reorganization, it shifts 23.0 full-time equivalent positions to the central management program. This is in addition to the repurposing of a full-time equivalent position from the state hospital to create a new legal counsel position, discussed separately. The request adds \$1.0 million from all sources for additional fiscal, data analytics and strategic planning positions. It appears that when the positions that were partially paid for using federal funds were transferred, the federal funding was not and general revenues are requested instead. *The Governor concurs.*

Legal Counsel. The Department repurposes 1.0 full-time position from the Hospital and Community Rehabilitative Program and transfers \$128,310 from general to create a new legal counsel position in central management. For the four health and human service agencies, state statute mandates that legal services are centralized in the Executive Office of Health and Human Services. This includes the full-time equivalent position and associated costs. For the Department, there is a chief administrator, three attorneys and one legal assistant assigned to it. The Department reports that the chief administrator is retiring and making this new position available would allow the Department to fill a vacancy quickly. It also anticipates that the Governor's would recommend transferring the position to the Executive Office, effectively increasing its staffing authorization without the agency having to make a request to do so. *The Governor recommends funding as requested.*

Other Salaries and Benefits. The Department's includes \$295,138 less for other salaries and benefits for its remaining 16.0 positions, keeping approximately two positions vacant in its revised request. The positions were fully funded in the enacted budget. *The Governor recommends \$7,498 less than requested, including \$5,467 less from general revenues, from statewide medical benefit savings.*

Other Expenses. The Department requests \$40,464 more than enacted from all sources, including \$46,543 less from general revenues for total funding of \$181,434, including \$69,440 from general revenues for all other central management operating expenses. This includes \$27,800 more for computer equipment and supplies, of which \$15,290 is from general revenues for the staffing reorganization. The remainder of the revised request includes \$26,406 for temporary contracted services and \$10,189 for all other expenses. *The Governor recommends funding as requested.*

Hospital and Community Support

Staffing Reorganization. As part of the Department's staffing reorganization, it shifts 36 full-time equivalent positions to the hospital and community support program. The request adds \$1.7 million, including \$0.8 million from general revenues for fiscal, data analytics and strategic planning. It appears that when the positions that were partially paid for using federal funds were transferred, the federal funding was not and general revenues are requested instead. *The Governor recommends funding as requested.*

Capital. The Department requests \$600,000 from Rhode Island Capital Plan funds for two projects. This is \$300,000 more than enacted to include funding for hospital equipment which was eliminated in the FY 2020 enacted budget. It should be noted that all capital projects with exception of \$300,000 for the residential development project in the Division of Developmental Disabilities, are funded through the Department of Administration's budget. The request does not match the capital plan. *The Governor recommends \$18,796 for hospital equipment. A detailed description of these projects is included in the Capital Budget section of this publication.*

Treatment Program. The Department requests \$150,000 from unidentified restricted receipts for a yet to be determined treatment program. *The Governor recommends funding as requested.*

Other Expenses. The Department requests \$26,607 more from all sources, including \$23,748 from general revenues, for all other operating expenses. The revised request includes \$35,782 more for computer equipment and systems development. *The Governor recommends \$40,376 less than requested, including \$39,963 less from general revenues reflecting statewide medical benefit savings. The recommendation does not include the requested increase for computers and system development.*

Office of the Child Advocate

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|---------------------|---------------------|----------------------|---------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 860,811 | \$ 1,111,310 | \$ 1,028,715 | \$ 1,026,729 |
| Contracted Services | - | - | - | - |
| Subtotal | \$ 860,811 | \$ 1,111,310 | \$ 1,028,715 | \$ 1,026,729 |
| Other State Operations | 91,772 | 102,962 | 102,962 | 102,962 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | - | 17,785 | 17,785 | 17,785 |
| Capital | 5,436 | 2,000 | 2,000 | 2,000 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 958,019 | \$ 1,234,057 | \$ 1,151,462 | \$ 1,149,476 |
| Sources of Funds | | | | |
| General Revenue | \$ 815,011 | \$ 986,701 | \$ 971,989 | \$ 970,275 |
| Federal Aid | 143,008 | 247,356 | 179,473 | 179,201 |
| Restricted Receipts | - | - | - | - |
| Other | - | - | - | - |
| Total | \$ 958,019 | \$ 1,234,057 | \$ 1,151,462 | \$ 1,149,476 |
| FTE Authorization | 10.0 | 10.0 | 11.0 | 10.0 |
| FTE Average | 8.3 | | | |

FY 2020 Revised Request. The Office of the Child Advocate requests \$82,595 less than enacted, including \$14,712 less from general revenues. The Office intended to request the enacted 10.0 positions, but unintentionally added a new position for which no funding was requested. *The Governor recommends \$1,986 less than requested, including \$1,714 less from general revenues.*

Salaries and Benefits. The Office requests \$82,595 less than enacted including \$14,712 less from general revenues and \$67,883 less from federal funds based on current staffing levels for its 10.0 authorized positions. The enacted budget assumes full staffing for all of FY 2020, but the Office began the fiscal year with two vacant positions which the revised request assumes to be filled in October 2019. The enacted budget overstates the portion of salaries and benefits attributable to federal funds; the revised request properly reflects the distribution of federal funds and general revenues. The revised request also corrects for the inadvertent exclusion of a cost-of-living adjustment for one position from the enacted budget. As of November 6, the Office has three vacancies; additional turnover savings are likely available. *The Governor recommends \$1,986 less than requested reflecting statewide medical benefit savings, including \$1,714 less from general revenues.*

Centralized Services. Consistent with the FY 2020 enacted budget, the request includes \$44,690 for centralized facilities management and \$16,090 for centralized information technology services from general revenues. 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. In FY 2019, the Office spent \$58,555 on these services. *The Governor recommends funding as requested.*

Commission on the Deaf and Hard of Hearing

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|---------------------|--------------------|----------------------|--------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 380,360 | \$ 473,048 | \$ 440,277 | \$ 435,515 |
| Contracted Services | 96,097 | 99,608 | 28,248 | 121,606 |
| Subtotal | \$ 476,457 | \$ 572,656 | \$ 468,525 | \$ 557,121 |
| Other State Operations | 44,550 | 57,682 | 64,182 | 66,205 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | - | - | - | - |
| Capital | - | 33,000 | 33,000 | 33,000 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 521,007 | \$ 663,338 | \$ 565,707 | \$ 656,326 |
| Sources of Funds | | | | |
| General Revenue | \$ 447,102 | \$ 533,338 | \$ 482,622 | \$ 524,519 |
| Federal Aid | - | - | - | - |
| Restricted Receipts | 73,905 | 130,000 | 83,085 | 131,807 |
| Other | - | - | - | - |
| Total | \$ 521,007 | \$ 663,338 | \$ 565,707 | \$ 656,326 |
| FTE Authorization | 4.0 | 4.0 | 4.0 | 4.0 |
| FTE Average | 3.6 | | | |

FY 2020 Revised Request. The revised request includes \$97,631 less than enacted from all sources and the authorized level of 4.0 full-time equivalent positions. This includes \$50,716 less from general revenues and \$46,915 less from restricted receipts. The revised request appears to be understated by \$52,929 essentially from unintended adjustments to expenditures for interpreter and other services that the Commission usually obtains. *The Governor recommends \$7,012 less from all sources than enacted, including \$8,819 less from general revenues. The recommendation is \$90,619 more than enacted to correct errors in the submission.*

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. Consistent with the enacted budget, the revised request includes \$27,311 from general revenues for the Commission's share of centralized information technology services. The request is \$3,218 more than FY 2019 expenditures. *The Governor recommends \$5,977 less from all sources than requested based on Budget Office estimates. Expenses totaled \$11,105 through the second quarter, leaving \$10,229 for the remainder of the fiscal year.*

Salaries and Benefits. The revised request includes \$32,771 less than enacted from all sources to reflect additional turnover savings and changes in employee benefit selection. The executive director's position, which became vacant in February 2019, was filled in October. The enacted budget assumes that 10.0 percent of \$11,663 of funding for the director of operations position would be from restricted receipts. The

revised request assumes that the position would be entirely funded from general revenues, which the Commission subsequently indicates was in error. *The Governor recommends \$4,762 less from all sources than requested to include additional turnover and statewide medical savings. The recommendation corrects for the allocation error.*

Computer Aided Real Time Translation and Interpreter Services. The Commission requests \$39,360 less than enacted from all sources for Computer Aided Real Time Translation and interpreter services. This reduction equates to more than half of funding, including \$29,608 budgeted from general revenues. Expenditures through the first quarter of the fiscal year were \$9,059; all but \$180 is from general revenues. Expenditures were \$48,181 in FY 2019 and \$45,811 in FY 2018; the revised request of \$28,248 is \$19,933 less than FY 2019 expenses. It appears that the Commission generally spends less than appropriated amounts; however, based on expenditures to date, the request is understated by approximately \$8,000. *The Governor recommends \$55,883 from all sources, which is \$11,725 less than enacted; however, it is \$7,702 more than FY 2019 expenses. The recommendation appears to align the expenses with recent experience.*

Community Project Coordinator. The Commission's request inadvertently excludes the enacted amount of \$30,000 from restricted receipts for a contracted part-time community project coordinator, who is currently assisting the director of operations in installing communication assistive devices within state-owned walk-in facilities. This contracted coordinator will also perform research, visit all walk-in service locations, consult with information technology departments and identify the most appropriate equipment that will fulfill the project's needs. Expenditures through the end of December total \$26,170. *The Governor recommends \$35,723 more than enacted from all sources, including \$5,723 more from restricted receipts and \$30,000 from general revenues, to reallocate salary and benefit savings for the contracted position.*

Other Expenses. The Commission requests \$4,500 more than enacted from restricted receipts for all other expenses. This includes \$3,500 less for program supplies, offset by \$10,000 to purchase assistive devices to be installed in state-owned walk-in facilities. Current law requires an assessment of 5.5 percent on contractual costs to be paid to the retirement system for services obtained that are substantially similar to and, in lieu of, services provided by regular employees. The enacted budget includes \$2,000 for the Commission's share of this expense; however, the revised request removes this expenditure. Expenses were \$2,498 in FY 2019 and \$2,206 in FY 2018; \$1,023 has been spent through the second quarter of FY 2020. *The Governor concurs and includes an additional \$8,000 from general revenues, to reallocate salary and benefit savings to staffing training. The recommendation does not assume expenditures for the assessment.*

Governor's Commission on Disabilities

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|---------------------|---------------------|----------------------|---------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 370,533 | \$ 436,563 | \$ 422,221 | \$ 421,981 |
| Contracted Services | 25,045 | 131,299 | 136,235 | 134,235 |
| Subtotal | \$ 395,578 | \$ 567,862 | \$ 558,456 | \$ 556,216 |
| Other State Operations | 52,903 | 72,188 | 61,605 | 58,855 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 717,912 | 918,609 | 925,406 | 921,726 |
| Capital | 1,228 | - | - | - |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 1,167,621 | \$ 1,558,659 | \$ 1,545,467 | \$ 1,536,797 |
| Sources of Funds | | | | |
| General Revenue | \$ 864,209 | \$ 1,055,069 | \$ 1,089,335 | \$ 1,080,665 |
| Federal Aid | 280,462 | 458,689 | 389,455 | 389,455 |
| Restricted Receipts | 22,950 | 44,901 | 66,677 | 66,677 |
| Other | - | - | - | - |
| Total | \$ 1,167,621 | \$ 1,558,659 | \$ 1,545,467 | \$ 1,536,797 |
| FTE Authorization | 4.0 | 4.0 | 4.0 | 4.0 |
| FTE Average | 3.6 | | | |

FY 2020 Revised Request. The revised request includes \$13,192 less than enacted from all sources. This includes \$34,266 more from general revenues, including the discretionary reappropriation of \$28,856 for the Livable Home Modification Grant program. Adjusting for that, the general revenue request is \$5,680 more than enacted. *The Governor recommends \$8,670 less from general revenues than requested. This includes \$240 from statewide 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. Consistent with the enacted budget, the revised request includes \$25,315 from general revenues for the Commission's share of centralized services. This includes \$5,776 for human resources and \$19,539 for information technology services. The request is \$1,544 less than FY 2019 expenses. *The Governor recommends \$2,750 less than requested for information technology services based on Budget Office estimates. Expenses totaled \$11,602 through the second quarter, leaving \$11,000 for the remainder of the fiscal year.*

Reappropriation - Livable Home Modification Grant Program. The revised request includes the discretionary reappropriation of \$28,586 for which the FY 2019 final budget included \$452,381 for grants for the Livable Home Modification Grant Program, which provides funding to support home modifications and accessibility enhancements to allow individuals to remain in community settings. The FY 2020 enacted

budget includes \$499,397 for the program and this brings the total to \$527,983, of which \$489,811 is for grants. *The Governor includes the reappropriation.*

ADA Signing 30th Anniversary. July 30, 2020 will mark the 30th anniversary of signing the Americans with Disabilities Act. The Commission requests a total of \$95,680 from all sources over two years, including \$5,680 from general revenues for FY 2020, of which \$2,000 is for clerical services and \$3,680 will be used to compensate four students and or young adults with disabilities to coordinate celebration activities. Several public forums are scheduled to take place in FY 2021. *The Governor does not concur with the revised request; however, the FY 2021 recommendation includes \$90,000 from general revenues and restricted receipts.*

School Construction Design Reviews. The revised request assumes \$25,214 less than enacted from all sources for which the enacted budget includes \$54,991 to obtain services for reviewing school construction design plans to ensure compliance with the Americans with Disabilities Act requirements. The Commission indicates that through the first quarter of the fiscal year, it has not received enough applications to warrant hiring a consultant. The revised request amount of \$29,777 will fund 225 hours of school construction design review, or 75 projects. The enacted budget provides funding for 135 projects. *The Governor recommends funding as requested.*

Statewide Independent Living Program. The revised request includes \$61,649 less than enacted for the Statewide Independent Living Program, including \$7,585 more from general revenues, and \$69,234 less from federal funds to closer align expenses with prior years' spending. This includes increases for travel expenses and clerical services, offset by \$59,960 less for habilitative services and \$9,066 less for salaries, reflective of staff time allocated for administration. *The Governor recommends funding as requested.*

Other Expenses. The Commission requests \$39,405 more than enacted from all sources for all other expenses, including \$27,323 more from general revenues and \$12,082 more from available restricted receipts. Salary and benefit expenses are \$7,767 more than enacted, reflective of updated staffing allocations to other programs. The request includes new expenditures of \$9,000 for training mediators on the Americans with Disabilities Act. The Commission indicates that most of its complaint mediation volunteers have retired. It requests \$11,035 to fund three additional fellows; the enacted budget includes funding for six and as of the 2019 fall semester, the Commission had three fellows. The request includes \$15,975 more for clerical services for meetings and fiscal support for management of federal grants. The enacted budget includes \$24,671 for these expenses and expenditures were \$17,627 in FY 2019, \$17,680 in FY 2018 and \$11,219 in FY 2017. *The Governor recommends \$240 less than requested to reflect statewide medical savings.*

Office of the Mental Health Advocate

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|---------------------|--------------------|----------------------|--------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 515,770 | \$ 536,313 | \$ 555,164 | \$ 553,906 |
| Contracted Services | - | 2,200 | 2,200 | 2,200 |
| Subtotal | \$ 515,770 | \$ 538,513 | \$ 557,364 | \$ 556,106 |
| Other State Operations | 62,923 | 62,898 | 64,850 | 62,264 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | - | - | - | - |
| Capital | - | 1,000 | 2,000 | 1,000.00 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 578,693 | \$ 602,411 | \$ 624,214 | \$ 619,370 |
| Sources of Funds | | | | |
| General Revenue | \$ 578,693 | \$ 602,411 | \$ 624,214 | \$ 619,370 |
| Federal Aid | - | - | - | - |
| Restricted Receipts | - | - | - | - |
| Other | - | - | - | - |
| Total | \$ 578,693 | \$ 602,411 | \$ 624,214 | \$ 619,370 |
| FTE Authorization | 4.0 | 4.0 | 4.0 | 4.0 |
| FTE Average | 3.9 | | | |

FY 2020 Revised Request. The Office of the Mental Health Advocate requests \$21,803 more than enacted from general revenues. *The Governor recommends \$4,844 less than requested.*

Centralized Services. The Office requests the enacted level of \$52,101 for centralized information technology and facilities management services. Instructions from the Office of Management and Budget are for agencies to request the services consistent with the enacted budget and the Mental Health Advocate's revised request reflects that. In FY 2019, the Office spent \$55,455. *The Governor recommends \$634 less than requested for information technology services based on Budget Office estimates.*

Other Operations. The Office requests \$21,803 more than enacted from general revenues for all other expenses. This includes \$18,851 more for salaries and benefits to fully fund four positions. The request adds \$1,000 for a new computer ordered during FY 2019 but not paid for and includes \$1,952 to adjust other costs for various expenses. *The Governor recommends \$4,210 less than requested including \$1,258 from statewide medical benefit savings. She does not recommend additional funding for the new computer or adjust for other expenses.*

Department of Elementary and Secondary Education

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|-----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Expenditures by Program | | | | |
| State Aid | \$ 939,539,480 | \$ 980,709,572 | \$ 984,847,584 | \$ 984,098,501 |
| School Housing Aid | 80,000,001 | 80,000,000 | 80,000,000 | 80,000,000 |
| Teachers' Retirement | 106,256,564 | 112,337,502 | 113,343,726 | 112,337,502 |
| RI School for the Deaf | 7,374,379 | 8,153,273 | 8,346,207 | 7,804,507 |
| Central Falls School District | 40,752,939 | 41,476,650 | 41,976,650 | 41,976,650 |
| Davies Career & Technical School | 21,648,459 | 19,345,205 | 20,192,239 | 20,191,310 |
| Met School | 9,592,007 | 9,592,007 | 9,592,007 | 9,592,007 |
| Administration | 230,686,245 | 239,467,999 | 247,886,507 | 250,052,616 |
| Total | \$ 1,435,850,074 | \$ 1,491,082,208 | \$ 1,506,184,920 | \$ 1,506,053,093 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 38,736,154 | \$ 43,034,176 | \$ 43,131,508 | \$ 42,558,993 |
| Contracted Services | 46,996,852 | 45,975,728 | 50,378,309 | 50,378,309 |
| Subtotal | \$ 85,733,006 | \$ 89,009,904 | \$ 93,509,817 | \$ 92,937,302 |
| Other State Operations | 7,873,721 | 8,221,854 | 7,885,204 | 8,071,440 |
| Aid to Local Units of Government | 1,231,667,819 | 1,353,968,798 | 1,363,072,242 | 1,361,324,998 |
| Assistance, Grants, and Benefits | 30,779,321 | 38,442,867 | 39,231,795 | 41,231,795 |
| Capital | 2,655,262 | 738,785 | 1,385,862 | 1,387,558 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | 77,140,945.00 | 700,000 | 1,100,000 | 1,100,000 |
| Total | \$ 1,435,850,074 | \$ 1,491,082,208 | \$ 1,506,184,920 | \$ 1,506,053,093 |
| Sources of Funds | | | | |
| General Revenue | \$ 1,186,515,399 | \$ 1,239,252,258 | \$ 1,241,292,883 | \$ 1,238,976,176 |
| Federal Aid | 206,881,668 | 213,293,458 | 222,225,293 | 224,414,365 |
| Restricted Receipts | 37,995,702 | 37,427,492 | 40,982,887 | 40,978,695 |
| Other | 4,457,305 | 1,109,000 | 1,683,857 | 1,683,857 |
| Total | \$ 1,435,850,074 | \$ 1,491,082,208 | \$ 1,506,184,920 | \$ 1,506,053,093 |
| FTE Authorization | | | | |
| Administration | 135.1 | 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 |
| Total Authorized Positions | 321.1 | 325.1 | 325.1 | 325.1 |
| FTE Average | 293.2 | | | |

FY 2020 Revised Request. The Council on Elementary and Secondary Education requests an additional \$15.1 million of spending for FY 2020, including \$2.0 million more from general revenues. The general revenue changes primarily reflect additional funding for teacher retirement, the Central Falls School District and the Rhode Island School for the Deaf. It also requests the enacted level of 325.1 full-time equivalent positions. As of the pay period ending November 9, 2019, the Department has 21.8 positions vacant. *The Governor recommends \$15.0 million more than enacted from all sources, including \$0.3 million less from general revenues, and the enacted staffing level.*

Education Aid. The Council requests the enacted level of \$912.0 million from general revenues for funding formula education aid to local school districts, including charter schools. *State law provides for a mid-year adjustment for charter schools that experience a 10.0 percent or greater change in enrollment as of October of each year; the Governor recommends \$83,729 for that adjustment.*

Group Home Aid. The Council requests the enacted level of \$3.2 million from general revenues to fund beds for communities hosting group homes. Current law requires 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 an additional \$34,000 to reflect new beds in Bristol-Warren.*

Central Falls School District. The Council requests \$0.5 million more than enacted from general revenues for Central Falls School District stabilization funding. The school district reportedly experienced an unexpected influx of approximately 300 new students subsequent to enactment of the FY 2020 budget. The revised request notes that the issue is compounded by a reported structural deficit, which had not been previously disclosed.

Staff presentations to the Council indicated that the school district budget has a structural deficit and had been relying on prior budget surpluses, which have been reportedly exhausted. Commissioner Infante-Green stated that the Department has met with the Mayor of Central Falls since this issue arose and it is working towards having the city contribute towards the deficit; however, as of the end of November, there is no indication that such a contribution is planned. In its FY 2021 request, the reported structural deficit doubles to \$1.0 million. *The Governor recommends funding as requested.*

Teacher Retirement. The Council requests \$1.0 million more than enacted to fund the state's share of the employer contribution for teacher retirement costs for FY 2020, based on a 3.0 percent increase to teacher wages. However, actual FY 2019 teacher retirement costs were \$0.5 million less than the final appropriation. The Department's revised FY 2020 request states that the additional funding reflects higher than anticipated wage growth for teachers. The Department assumes a 3.0 percent wage growth over FY 2019 actual wages. In FY 2019, the Department estimated wage growth of 2.5 percent over FY 2018 wages; actual growth was reportedly 2.2 percent. *The Governor recommends the enacted level of funding.*

Early Childhood Education. The Council requests the enacted amount of \$14.9 million from general revenues for the early childhood category of education aid, which is part of the education funding formula. This includes \$12.0 million to support the state's existing 60 classrooms and \$2.9 million to expand access to high quality prekindergarten. Additional funding allowed for increased capacity in only eight classrooms from 18 students to 20 students each, five new state-run classrooms, and 13 new classrooms supported by both general revenues and federal Head Start funds, which allowed for expansion of the school year for some Head Start students. The Department piloted a new "braided" formula model, whereby new classrooms were opened with some seats funded by Head Start and others by state funds. By leveraging Head Start funds, the program has expanded to a total of 78 classrooms and 1,420 students, 340 more students than served in FY 2019. Of the 340 seats added, 223 were funded completely from general revenues with the remainder funded from both state and federal sources. *The Governor recommends funding as requested.*

School Resource Officer Aid. The Council requests the enacted amount of \$1.0 million for the school resource officer category of aid. The 2018 Assembly established a voluntary pilot program for a new category of education aid to support new school resource officers for a period of three years beginning in FY 2019; FY 2020 is the second year of funding. Funding is used to reimburse school districts or municipalities one-half of the total cost of employing new officers at middle or high schools for districts that choose to do so. Staffing levels that exceed one officer per school with less than 1,200 students and two officers per school with 1,200 or more students are not eligible for reimbursement. As of November

21, reimbursement requests total \$0.3 million for six school resource officers. For FY 2019, \$0.2 million supported five officers in four districts. *The Governor recommends \$0.7 million less than requested based on program participation.*

School Housing Aid. The Council requests the enacted level of \$80.0 million from general revenues for school housing aid. This includes \$78.6 million from general revenues for the traditional program and \$1.4 million for the School Building Authority Capital Fund. Compared to the enacted budget, the request shifts \$0.3 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 Capital Fund.

The enacted budget includes a provision effective for FY 2019 and FY 2020 that the difference between the annual housing aid appropriation and actual aid be used to provide technical assistance to districts. For FY 2019, the School Building Authority awarded \$2.9 million directly to districts as technical assistance grants. Additionally, funds were used to procure technical assistance for the state program, such as for a facilities prioritization plan and project management. However, \$131,760 of capital funds were used to support a portion of a \$250,000 contract with Blue Seats Consulting as part of the Governor's universal prekindergarten initiative; this appears to be an inappropriate use of capital funds.

The Governor recommends funding as enacted and shifts \$0.3 million between the capital fund and the traditional program. It appears the adjustment was made to keep the agency's total general revenue appropriation from exceeding the enacted level; however, under current law, final funding distribution would be \$78.6 million for the traditional program and \$1.4 million for the capital fund.

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 12th grade. In FY 2019, final program expenditures were \$88,576. *The Governor recommends \$0.2 million less than requested reflecting actual reimbursements.*

Statewide Student Transportation. The Council requests \$4.2 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 request reflects anticipated utilization by local education agencies for out-of-district transportation for students attending charter schools, vocational schools, and special education programs. It should be noted that the revised request is essentially consistent with the final FY 2019 appropriation, though \$2.0 million more than actual expenses. The Department spent \$2.0 million less than the final appropriation reflecting ongoing changes to those students transported through the statewide system, especially those requiring out-of-district transportation under the Every Student Succeeds Act. *The Governor recommends funding as requested.*

Education Telecommunications Access Fund. The Council requests \$25,532 less than enacted from all sources for the education telecommunications access fund for total funding of \$1.4 million, based on FY 2019 actual collections and program spending. The revised request is \$7,777 more from general revenues to restore statewide savings included in the enacted budget. The Governor's recommended FY 2020 budget included savings from a proposal to reduce the cost of certain commodities; however, the program did not achieve the savings in FY 2019 and is not anticipated to achieve it in FY 2020. The revised request would bring total state support for the fund to \$400,000, which is consistent with historical funding levels. *The Governor recommends \$8,063 less than requested from all sources and includes the enacted level from general revenues.*

Special Education Grants. The Council requests authorization to spend \$1.6 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, appropriate public education, including special education and related services. *The Governor recommends funding as requested.*

Title I Grants. The Council requests authorization to spend \$1.4 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 funding as requested.*

Public Charter Schools Grant. The Council requests authorization to spend \$0.9 million more than enacted from federal Charter Schools Program funding. The program provides money to create new high-quality public charter schools, as well as to disseminate information about ones with a proven track record. Federal funds are also available to replicate and expand successful schools. *The Governor recommends funding as requested.*

Adult Education Grants. The Council requests authorization to spend \$0.1 million more than enacted from federal adult education funds reflecting available carry-forward funding. The Department administers adult education grants that are used to fund local adult education programs and literacy services, including workplace literacy services, family literacy services, and English literacy and civics education programs. Participation in these programs is limited to adults and high school dropouts aged 16 and older. *The Governor recommends funding as requested.*

Vocational Education Grants. The Council requests authorization to spend \$0.9 million more than enacted from federal vocational education grants. Most funds go directly to local schools, where they are used to improve vocational education programs statewide. The revised request includes \$0.2 million from a new grant to support science, technology, engineering and mathematics apprenticeships for high school students. Beginning in the fall of 2019, participating students will spend half of their instructional time working on the job while also enrolled in credit-bearing coursework through the Community College of Rhode Island. While most of the funding will be transferred to the Community College, approximately 20 percent will remain with the Department to conduct professional development and outreach. *The Governor recommends funding as requested.*

Every Student Succeeds Act Block Grant. The Council requests authorization to spend \$2.0 million more than enacted from Title IV Part A funds, or Every Student Succeeds Act (ESSA) 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 revised request includes carry-forward of unspent prior year funding and an updated grant award. *The Governor recommends funding as requested.*

Adolescent Health and School Climate Grants. The Council requests authorization to spend \$0.6 million more than enacted from two federal grants designated to address adolescent health and school climate, which reflects carry-forward of unspent funds. In FY 2019, the Department was awarded two federal five-year grants to address student mental health. The first, for \$9.0 million, supports adolescent health and academic achievement, specifically regarding mental health issues. Funding is used to promote mental health awareness among schools and communities and improve connections to services for school-age youth and their families. The second, for \$2.5 million, supports districts in expanding programs that address student social, emotional and behavioral needs. Participating schools conduct needs assessments and

develop plans that are tailored to their student population. Grant partners then provide professional development and training to educators to expand and connect intervention efforts. Funds also support two full-time equivalent positions that oversee the programs. *The Governor recommends \$612 less than requested reflecting medical benefit savings.*

ServeRI. The Council requests authorization to spend \$0.4 million more from federal funds transferred from the Rhode Island Service Alliance to the Department for the ServeRI program. The program was established by the 1994 Assembly to administer the federally funded AmeriCorps program, including AmeriCorps Vista and City Year. The enacted budget includes funding for staffing and operating costs, as well as authorization for a full-time equivalent position to oversee implementation of the program. The revised request carries forward funding from FY 2019 for participating host sites. *The Governor recommends \$383 less than requested reflecting medical benefit savings.*

Literacy Development Grant. Subsequent to submitting its budget request, the Department was awarded a five-year \$20 million Comprehensive Literacy State Development grant from the U.S. Department of Education. Funding will primarily support communities and local education agencies in strengthening literacy development and instruction for children from birth through grade 12. Most funding will be distributed as grants for districts to develop and implement comprehensive literacy instruction, including professional development. Districts and community-based organizations will also be eligible for grants to engage families and supporting literacy at home. *The Governor includes \$2.2 million from these new funds.*

Other Salaries and Benefits. The Council requests \$0.3 million less than enacted, primarily from federal funds, for all other salaries and benefits for the Department's remaining 136.1 administration positions. The decrease in federal funds reflects changes to several grant awards, offset by an increase from indirect cost recovery restricted receipts. Indirect costs are collected on federal grants to fund administrative positions such as assistant administrative officers, technology support, grants and finance, and finance and compliance officers. It should be noted the enacted budget includes funding and authorization for 4.0 new full-time equivalent positions to support education reform measures passed by the 2019 Assembly. This includes 1.0 literacy and dyslexia specialist, 1.0 science, technology, engineering and mathematics (STEM) curriculum specialist, 1.0 school improvement position, and 1.0 senior leadership position. As of December, the curriculum specialist and school improvement position have been filled and will begin in January 2020; applications for the other two positions are reportedly under review and expected to be filled by the end of February 2020. Additionally, the Department has filled other positions for which funding was not included in the enacted budget, including a senior advisor to the Commissioner; two Deputy Commissioners are expected to begin in January 2020, though the enacted budget and revised request only fund one. *The Governor recommends \$33,177 less than requested from all sources, including \$20,827 less from general revenues reflecting statewide medical benefit savings.*

Centralized Services. Consistent with the enacted budget, the Council's revised request includes \$0.1 million from general revenues for the Department's share of centralized information technology 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 recommends funding as requested.*

Other Grant and Programming Revisions. The Council requests \$0.7 million more than enacted, primarily from federal funds, and the enacted level from general revenues for all other expenditures. This reflects additional federal teacher quality and language acquisition funding, offset by other award

adjustments. Nearly all of the additional funding will be passed through to local education agencies. *The Governor recommends funding as requested.*

Davies Career and Technical School. The Council requests an additional \$0.8 million from all sources of funds for Davies Career and Technical School. The request includes \$0.3 million more from federal funding for special education, teacher quality, Title I, and vocational education. It also includes \$0.6 million more from Rhode Island Capital Plan funds. It should be noted that funding for capital projects in the revised request is \$0.2 million less than included in the capital budget request submitted in July.

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 2020 is the ninth year of the funding formula. At the same time, it 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 \$929 less than requested from federal funds reflecting medical benefit savings.*

Rhode Island School for the Deaf

Restricted Receipts. The Council's revised request includes a total of \$0.5 million from restricted receipts for the School for the Deaf, including \$57,500 collected from school breakfast and lunch, \$18,000 from renting its athletic field and gymnasium, and \$400,000 from tuition collected for some students. The revised request is \$0.4 million less than enacted from tuition receipts, reflecting actual collections in FY 2019. The School collects tuition for all out-of-state students and those in-state students receiving services beyond the first of four levels of service. As of November, enrollment totaled 78 students, of which four are from out-of-state. Of the 74 in-state students, 51.4 percent receive services at a Level 1 and no tuition is collected. *The Governor's recommendation is \$567 less than requested from restricted receipts reflecting medical benefit savings.*

Staffing. The Council requests \$0.1 million more than enacted from all sources for the School for the Deaf, including \$0.5 million more from general revenues offset by reductions of \$0.3 million from restricted receipts and \$53,937 from federal grants for the salaries and benefits for the School's 60.0 full-time equivalent positions. The revised request largely shifts funding from restricted receipts to general revenues based on anticipated collections, which are driven by tuition charged to some students. The revised request also restores \$0.1 million of turnover savings, which reflects negotiated wage increases for teaching staff.

The Governor recommends \$0.5 million less than requested primarily from general revenues. This includes \$14,625 less from all sources reflecting statewide medical benefit savings. The School reports that without additional funds it will likely overspend its appropriation or have to reduce services. However, based on staffing expenses through the pay period ending February 1, the School does not appear to be on track to exceed the Governor's recommendation.

Other Operations. The Council requests \$0.1 million more than enacted from all sources for all other operating expenses at the School for the Deaf, including \$4,570 more from general revenues. The revised request primarily reflects additional funding for food and building maintenance and repairs, offset by less for electricity and mileage allowances, as well as other changes. *The Governor excludes the additional general revenues and concurs with the remainder of the request.*

Public Higher Education

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|-------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Expenditures by Program | | | | |
| Office of Postsecondary Comm. | \$ 36,138,131 | \$ 42,714,187 | \$ 43,103,362 | \$ 40,816,003 |
| University of Rhode Island | 797,419,006 | 837,035,616 | 842,755,179 | 851,408,791 |
| Rhode Island College | 197,043,404 | 201,797,383 | 197,083,728 | 196,769,241 |
| Community College of RI | 160,350,662 | 166,379,212 | 167,102,113 | 167,102,113 |
| Total | \$ 1,190,951,203 | \$ 1,247,926,398 | \$ 1,250,044,382 | \$ 1,256,096,148 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 527,747,069 | \$ 561,508,903 | \$ 555,190,338 | \$ 555,578,907 |
| Contracted Services | 32,363,122 | 30,415,191 | 32,070,868 | 31,941,368 |
| Subtotal | \$ 560,110,191 | \$ 591,924,094 | \$ 587,261,206 | \$ 587,520,275 |
| Other State Operations | 210,168,799 | 217,137,686 | 227,018,714 | 231,100,028 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 307,344,472 | 324,076,908 | 316,833,535 | 316,623,660 |
| Capital | 15,983,746 | 44,107,415 | 50,864,099 | 49,587,467 |
| Capital Debt Service | 64,444,926 | 70,680,295 | 68,066,828 | 71,264,718 |
| Operating Transfers | 32,899,069 | - | - | - |
| Total | \$ 1,190,951,203 | \$ 1,247,926,398 | \$ 1,250,044,382 | \$ 1,256,096,148 |
| Sources of Funds | | | | |
| General Revenue | \$ 233,580,831 | \$ 243,650,858 | \$ 244,065,806 | \$ 246,847,417 |
| Federal Aid | 7,973,800 | 8,000,000 | 8,241,775 | 8,240,807 |
| Restricted Receipts | 2,468,913 | 3,767,896 | 3,680,670 | 3,679,334 |
| Other | 946,927,659 | 992,507,644 | 994,056,131 | 997,328,590 |
| Total | \$ 1,190,951,203 | \$ 1,247,926,398 | \$ 1,250,044,382 | \$ 1,256,096,148 |
| Uses of Funds | | | | |
| Unrestricted Use Funds | \$ 735,165,737 | \$ 779,539,117 | \$ 764,974,027 | \$ 767,606,313 |
| Restricted Use Funds | 455,785,466 | 468,387,281 | 485,070,355 | 488,489,835 |
| Total | \$ 1,190,951,203 | \$ 1,247,926,398 | \$ 1,250,044,382 | \$ 1,256,096,148 |
| FTE Authorization | 3,605.5 | 3,595.5 | 3,871.2 | 3,860.5 |
| <i>Limited to Third Party Funds</i> | 788.8 | 788.8 | 523.8 | 523.8 |
| Total Authorized Positions | 4,394.3 | 4,384.3 | 4,395.0 | 4,384.3 |
| FTE Average | 4,083.5 | | | |

FY 2020 Revised Request. The Council's revised request is \$2.1 million more than enacted, including \$0.4 million more from general revenues. It also includes \$8.3 million less from tuition and fee revenues, \$6.7 million less from other unrestricted sources, and \$16.7 million more from restricted sources. *The Governor recommends \$8.2 million more than enacted from all sources, which is \$6.1 million more than requested. General revenues are \$3.2 million more than enacted and \$2.8 million more than requested primarily for general obligation bond debt service for the University. The recommendation also reallocates the requested 265.0 positions to remove auxiliary enterprise positions previously reported incorrectly as third-party. There would still be vacancies within both authorizations.*

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. These expenses are only budgeted for the Office of Postsecondary Commissioner. The Office's request of \$10,324 for information technology charges is consistent with the enacted budget; however, the request is \$27,924 less than actual FY 2019 charges. *The Governor recommends funding as requested. Based on the second quarter internal service fund report, the recommendation appears to be \$23,964 less than will be billed for the year. The Budget Office reports that any current year instances of overspending will be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created.*

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 2020 unrestricted revised budget includes spending of \$765.0 million. This is \$14.6 million less than the enacted budget including \$0.4 million more from general revenues.

The Governor recommends \$767.6 million from unrestricted sources, which is \$11.9 million less than enacted and \$2.6 million more than requested. General revenues are \$3.2 million more than enacted and \$2.8 million more than requested to reflect debt service changes for the College and University.

Rhode Island Promise. The 2017 Assembly established a new Rhode Island Promise Scholarship program to provide two years of free tuition and mandatory fees at the Community College of Rhode Island for qualifying Rhode Island students. The program is intended to be a "last dollar scholarship," meaning that after a student exhausts all other sources of student aid the program would cover the remainder of their tuition bill. Other non-mandatory fees are not covered by this program. Recipients are required to maintain a 2.5 grade point average, must be enrolled full-time, and must commit to remaining in Rhode Island after graduation. The program is being implemented for four cohorts of students beginning in FY 2018 with the last cohort entering in the fall of 2020. The Council requests \$0.2 million more than the enacted \$7.0 million based on updated enrollment for the second and third cohort reported in November 2019. *The Governor recommends funding consistent with the enacted budget.*

Office of Postsecondary Commissioner. The revised budget includes \$16.9 million from general revenues, \$0.4 million more than enacted. The increase includes \$0.2 million for Rhode Island Promise students based on updated enrollment reported in November 2019 and \$0.1 million for data storage and relocation costs associated with the Office's impending move. The revised request also includes \$0.1 million more for personnel costs; the Office notes that benefits were budgeted incorrectly for its positions in the enacted budget.

The enacted budget includes \$1.0 million in personnel savings consistent with the proposal by the Governor's Efficiency Commission to co-locate the Office and the Department of Elementary and Secondary Education. As savings were expected to be achieved through turnover savings, the Office laid off 8.0 positions in August and allocates 2.3 positions to federal funds. While the Office's revised request states a need for an increase, the Office has additional vacancies beyond the savings target as of December 21, 2019. The request reflects that the Commissioner position was intended to be filled for the second half of FY 2020. On January 3, 2020, the Office noted that original search for a Commissioner was unsuccessful and it is planning to restart its search.

It should be noted that none of the additional expenses were included in either the Office's or the Budget Office's first quarter report, both projected remaining within the enacted appropriation of general revenues. *The Governor recommends \$0.4 million less than requested, all but \$1,276 of the reduction is from general revenues. The recommendation includes \$2,607 to reflect statewide medical benefit savings, about half of which is from general revenues.*

University of Rhode Island. The University requests \$5.3 million or 1.0 percent less from unrestricted sources than enacted. This includes \$5.5 million or 1.6 percent less than enacted from tuition and fees to revise expected revenues, the enacted level from general revenues, and \$0.1 million more from other University sources. Additional sources include earned interest, athletics, and revenue from University centers. The Governor's recommendation for FY 2020 replaced a \$6.7 million general revenue shortfall to the request with other unidentified unrestricted resources assuming the University would generate more revenue than its projection, or constrain spending from the request in order not to exceed available resources. The majority of the revision, \$3.6 million is from maintaining vacancies at the University, while the remainder is a result of \$1.8 million less for unrestricted student aid.

The University also requests an increase to its full-time equivalent position authorization by 10.7 positions related to the expansion of University of Rhode Island Online. Additionally, the request also reallocates positions between third-party and its non-third-party authorizations. This addresses a problem with its current position reporting where its staffing is over the authorized level. The request shifts 265.0 third-party full-time equivalent positions to non-third-party positions. There would still be vacancies in both categories with this shift.

The Governor recommends \$3.0 million more than requested from general revenues to reflect general obligation bond debt service. Additionally, she recommends the requested staffing shift from third-party to non-third-party sources. She does not recommend the additional 10.7 positions for the expansion of the University's online program. The recommendation does not include statewide medical benefit savings from any source. The value appears to be \$0.5 million from unrestricted sources.

Rhode Island College. The College's revised unrestricted budget request is for \$142.0 million, \$7.3 million less than enacted. This includes \$1.6 million or 1.9 percent less from tuition and fees, and \$5.8 million less from other unrestricted sources. The enacted budget assumes that the College would generate \$1.7 million in revenue from its unrestricted sources or constrain spending to not exceed available resources.

The enacted budget also assumes enrollment of 6,432; however, the revised enrollment shows a 3.3 percent decrease equivalent to 215 students, the majority of which are in-state students. To accommodate the lower revenues, the revised request includes \$2.1 million less than enacted for salaries and benefits by keeping vacant positions open, \$1.6 million less for student aid consistent with lower enrollments, \$0.1 million less for capital expenses, and \$3.5 million less for operating expenses. *The Governor recommends \$0.2 million more for general obligation bond debt service offset by a similar reduction to unidentified unrestricted sources. The recommendation does not include statewide medical benefit savings from any source. The value appears to be \$0.2 million from unrestricted sources.*

Community College of Rhode Island. The Community College requests \$2.1 million or 1.8 percent less than enacted from unrestricted sources. This includes \$1.1 million or 1.9 percent less than enacted from tuition and fees, the enacted level from general revenues, and \$1.1 million less from other unrestricted sources. The reduction to other unrestricted sources aligns expected revenues with those reported for FY 2019. The reduction to tuition and fees represents that the enacted budget assumes that the Community College would generate \$1.0 million in revenue from its unrestricted sources or constrain spending to not exceed available resources.

The revised enrollment projection assumes 9,135 full-time equivalent students, consistent with the enacted budget. The revised allocation includes \$0.8 million less than enacted for salaries and benefits, \$0.8 million less for contracted services, \$0.2 million less in unrestricted student aid, and \$0.4 million less for other operating expenses. *The Governor recommends funding as requested. The recommendation does not include statewide medical benefit savings from any source. The value appears to be \$0.2 million from unrestricted sources.*

Restricted Source Operations. The restricted budget is composed of what are generally thought of as restricted receipt funds or enterprise funds. They include 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 \$16.0 million more than enacted from restricted sources for general operating expenditures including \$0.2 million more for salaries and benefits, \$1.5 million more for contracted services, and \$14.3 million more for operations. The majority of these revisions reflects increased sponsored research funds for the University. *The Governor recommends \$16.5 million more than enacted and \$0.5 million more than requested for restricted source operations. The increase over the request reflects additional sponsored research funds for the College. The College indicates that this recommendation overstates available funds and has reached out to the Budget Office to correct this inflation.*

Restricted Source Student Aid. The revised budget includes a \$3.9 million decrease for restricted source student aid. Of the total decrease, \$2.3 million is from lower projections of federal direct and parent loan programs at the University; \$1.6 million of the decrease is reported at the College, mostly reflecting lower Pell Grant awards. The Office's and Community College's projections are essentially consistent with the enacted budget. *The Governor recommends funding as requested.*

Restricted Capital Improvements. The revised budget includes a \$7.2 million increase, including \$7.4 million more from Rhode Island Capital Plan funds for restricted source capital expenditures. Of the increase to Rhode Island Capital Plan funds, \$5.2 million is related to three projects at the College, including its infrastructure modernization and asset protection projects. The Community College accounts for the other \$2.2 million, mostly as a result of carrying forward unspent funding for its Knight Campus renewal project. *The Governor recommends \$2.9 million more than requested from Rhode Island Capital Plan funds which reflects an increase for projects at the University offset by decreases for the Office and the College. A detailed description of these projects is included in the Capital Budget section of this publication.*

Restricted Debt Service. The revised budget decreases restricted use debt service costs by \$2.6 million. The decrease is spread between various auxiliary funds of the University, primarily its Health Services and Housing funds. *The Governor recommends funding as requested.*

Rhode Island State Council on the Arts

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|---------------------|---------------------|----------------------|---------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 917,478 | \$ 960,611 | \$ 947,115 | \$ 945,322 |
| Contracted Services | 47,109 | 46,400 | - | - |
| Subtotal | \$ 964,587 | \$ 1,007,011 | \$ 947,115 | \$ 945,322 |
| Other State Operations | 154,764 | 222,655 | 222,655 | 222,655 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 1,582,097 | 1,623,582 | 1,623,582 | 1,623,582 |
| Capital | 320,047 | 585,000 | 585,000 | 585,000 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 3,021,495 | \$ 3,438,248 | \$ 3,378,352 | \$ 3,376,559 |
| Sources of Funds | | | | |
| General Revenue | \$ 1,977,423 | \$ 2,004,748 | \$ 1,994,164 | \$ 1,993,137 |
| Federal Aid | 690,646 | 762,500 | 744,188 | 743,422 |
| Restricted Receipts | 5,776 | 45,000 | 45,000 | 45,000 |
| Other | 347,651 | 626,000 | 595,000 | 595,000 |
| Total | \$ 3,021,495 | \$ 3,438,248 | \$ 3,378,352 | \$ 3,376,559 |
| FTE Authorization | 8.6 | 8.6 | 8.6 | 8.6 |
| FTE Average | 8.6 | | | |

FY 2020 Revised Request. The Rhode Island State Council on the Arts requests \$59,896 less than enacted from all sources, including \$10,584 less from general revenues, \$18,312 less from federal funds, and \$31,000 less from Percent for Art funds. A subsequent clarification indicates the general revenue request was intended to be \$4,416 above the enacted level. *The Governor recommends \$0.1 million less than enacted, including \$11,611 less from general revenues.*

Centralized Services. The Council requests the enacted amount of \$45,750 from general revenues for its share of centralized services. The state uses internal service funds to reimburse one agency for services provided to another. This request includes \$12,160 for human resources support and \$33,590 for information technology services. The request is \$6,279 less than actual FY 2019 expenditures, which included an additional \$2,763 more than the FY 2020 enacted amount. 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; none of these expenses are proposed to use other source of funds. The amounts provided in the enacted budget include \$12,160 for human resources support and \$33,590 for information technology services which are \$1,985 more, and \$4,295 less than FY 2019 actual spending, respectively. *The Governor recommends funding as requested. Billings through the first half of FY 2020 total \$29,712. The recommendation adds \$10,311 for FY 2021 for total expenditures \$4,031 more than FY 2019. The Budget Office reports that any current year instances of overspending will be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created.*

Percent for Art Program. The Council requests \$31,000 less than enacted for the Percent for Art program for public art projects at various new state-owned facilities. The decrease is entirely from its expenditures for consultants and stipends to artists which have averaged approximately \$40,000 over the prior two years. The Council's statutorily required first quarter report includes an additional \$0.7 million, including \$67,500 for consultants and honorariums, because the contract for the current consultant is expiring and funding was added assuming new management may be more expensive. The Council reports the majority of the funds are intended as a placeholder. *The Governor recommends funding as requested.*

Staffing and Operations. The Council requests \$28,896 less than enacted, including \$10,584 less from general revenues and \$18,312 less from federal funds for all other expenses. The request includes \$13,496 less for staffing and excludes \$15,400 for contracted services. The Council has subsequently reported that the exclusion of the contracted services funding was inadvertent. Restoring that expense makes the request \$4,416 more than enacted from general revenues. *The Governor recommends \$1,793 less than requested to reflect statewide benefit savings.*

Rhode Island Atomic Energy Commission

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|---------------------|---------------------|----------------------|---------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 1,102,718 | \$ 1,162,713 | \$ 1,173,157 | \$ 1,171,085 |
| Contracted Services | 540 | 270 | 270 | 270 |
| Subtotal | \$ 1,103,258 | \$ 1,162,983 | \$ 1,173,427 | \$ 1,171,355 |
| Other State Operations | 193,298 | 181,911 | 181,911 | 176,066 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | - | - | - | - |
| Capital | 53,471 | 150,200 | 76,236 | 76,333 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 1,350,027 | \$ 1,495,094 | \$ 1,431,574 | \$ 1,423,754 |
| Sources of Funds | | | | |
| General Revenue | \$ 1,018,455 | \$ 1,059,094 | \$ 1,063,329 | \$ 1,055,815 |
| Federal Aid | - | - | - | - |
| Restricted Receipts | 10,075 | 99,000 | 25,036 | 25,036 |
| Other | 321,497 | 337,000 | 343,209 | 342,903 |
| Total | \$ 1,350,027 | \$ 1,495,094 | \$ 1,431,574 | \$ 1,423,754 |
| FTE Authorization | 8.6 | 8.6 | 8.6 | 8.6 |
| FTE Average | 8.6 | | | |

FY 2020 Revised Request. The Rhode Island Atomic Energy Commission requests \$63,520 less than enacted from all sources, including \$4,235 more from general revenues, \$73,964 less from restricted receipts, and \$6,209 more from University of Rhode Island Sponsored Research funds. *The Governor recommends \$7,820 less than requested including \$7,514 less from general revenues.*

Reactor Fee Receipts. The Commission charges reactor fees for commercial utilization of the reactor based on the organizational status of the requesting agency and the amount of reactor time requested. Reactor fees were historically deposited as general revenues and averaged approximately \$15,000 during FY 2019. The 2018 Assembly created a restricted receipt account for the reactor fee revenues to be used for the maintenance of the Commission's equipment. The FY 2020 enacted budget assumes \$99,000; the Commission's revised request lowers this by \$73,964 to reflect expected commercial utilization of the reactor. It does not appear any reactor fees have been collected through the first quarter. *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 Commission's revised request of \$11,168 from general revenues is consistent with the enacted budget as

well as actual charges during FY 2019. *The Governor recommends \$1,610 less than enacted based on Budget Office estimates.*

Staffing and Operations. The Commission's revised request includes \$10,444 more than enacted from all sources for staffing costs and the enacted amount for operational costs. The increase includes \$4,235 from general revenues and \$6,209 from University research funds and appears to overstate actual need. The enacted budget provides \$60,000 more than was actually spent during FY 2019 when the Commission was fully staffed for the entire year. Additionally, the Commission had a vacancy for two pay periods during October 2019. It should also be noted that the Commission's first quarter report excludes the need for additional funding. *The Governor recommends \$6,210 less than requested, including \$5,904 less from general revenues. This includes \$2,072 less for statewide medical benefit savings and \$5,748 for operational costs to reflect FY 2019 spending.*

Historical Preservation and Heritage Commission

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|---------------------|---------------------|----------------------|---------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 1,641,417 | \$ 1,834,407 | \$ 1,758,625 | \$ 1,779,530 |
| Contracted Services | 1,750 | - | - | - |
| Subtotal | \$ 1,643,167 | \$ 1,834,407 | \$ 1,758,625 | \$ 1,779,530 |
| Other State Operations | 207,333 | 249,195 | 280,028 | 284,792 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 227,355 | 505,728 | 525,153 | 525,153 |
| Capital | 10,131 | 6,000 | 6,000 | 6,000 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 2,087,986 | \$ 2,595,330 | \$ 2,569,806 | \$ 2,595,475 |
| Sources of Funds | | | | |
| General Revenue | \$ 1,191,265 | \$ 1,488,293 | \$ 1,437,203 | \$ 1,464,425 |
| Federal Aid | 721,863 | 557,028 | 568,196 | 566,643 |
| Restricted Receipts | 29,972 | 421,439 | 422,100 | 422,100 |
| Other | 144,886 | 128,570 | 142,307 | 142,307 |
| Total | \$ 2,087,986 | \$ 2,595,330 | \$ 2,569,806 | \$ 2,595,475 |
| FTE Authorization | 15.6 | 15.6 | 15.6 | 15.6 |
| FTE Average | 14.9 | | | |

FY 2020 Revised Request. The Commission requests \$25,524 less than enacted including \$51,090 less from general revenues. *The Governor recommends \$23,868 less than enacted from general revenues.*

Department of Transportation Project Review. The Commission requests \$13,737 more for personnel and operating expenditures from Department of Transportation reimbursements related to project review. Reimbursements are used to fund one full-time equivalent position that conducts project review, costing approximately \$90,000. The Commission also uses approximately \$40,000 to pay for staff that occasionally help on these projects which is incorrectly budgeted as an operating expense. Because these positions are already budgeted elsewhere, the request may overstate the total amount needed for salaries and benefits. The Department spent \$144,474 for salaries and benefits in FY 2019. The request also includes \$3,200 for staff training and site visits, and \$6,800 for internet services, budgeted in error. *The Governor recommends funding as requested retaining the errors in the request.*

Other Salaries and Benefits. The Commission requests \$79,519 less than enacted from all sources for the remaining 14.6 full-time equivalent positions, including \$41,348 less from general revenues, \$18,832 less from federal funds, and \$19,339 less from restricted receipts. The request corrects an overstatement of salaries and benefits of approximately \$15,000 and includes turnover savings equivalent to approximately \$45,000 achieved from a position vacant since the end of August that the Commission expects to fill by the end of December. The request includes \$19,339 less from restricted receipts, which the Commission shifts for use on operating expenses essentially shifting salary and benefit costs previously paid with restricted receipts to general revenues. *The Governor recommends \$20,905 more from all sources than requested*

including \$22,458 more from general revenues. This appears to reflect lower turnover savings but it is unclear how these savings are calculated.

National Maritime Heritage Grant. The Commission requests \$17,950 more from federal funds for ongoing National Park Service projects funded by the National Maritime Heritage grant. The Commission is a pass-through organization for the Steamship Historical Society of America and the Block Island Southeast Lighthouse Cast Iron Restoration. Each grant recipient must match awards dollar for dollar. This grant was supposed to be finished in FY 2019, but one of the projects had a delay, leading to one final reimbursement in the current year. *The Governor recommends funding as requested.*

Centralized Services. The Commission requests \$156,242 from general revenues for centralized information technology services, consistent with the enacted budget. This is \$2,465 less than FY 2019 expenditures. 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 on 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 recommends \$4,978 less than enacted and requested based on Budget Office estimates. It should be noted the Commission is likely to be billed \$0.1 million more for facilities management based on the Department of Administration's second quarter internal service report. The Budget Office reports that any current year instances of overspending will be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created.

Other Operations. The Commission requests \$22,308 more from all funds including \$9,742 less from general revenues, \$12,050 more from federal funds, and \$20,000 more from restricted receipts for all other expenses. General revenue changes reflect the Commission inadvertently excluding \$6,800 for internet costs. The increase from federal funds and restricted receipts reflects the Commission purchasing new computers and upgrading its Microsoft and Adobe products. There is also an increase of \$1,475 from federal survey and planning funds to distribute as grants to certified local communities. *The Governor recommends \$32,050 more than enacted and \$9,742 more than requested which reflects full funding for internet costs.*

Office of the Attorney General

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|
| Expenditures by Program | | | | |
| Criminal | \$ 31,265,241 | \$ 21,601,600 | \$ 24,890,100 | \$ 25,213,544 |
| Civil | 5,685,016 | 6,426,020 | 6,346,300 | 6,236,632 |
| Bureau of Criminal Identification | 3,601,023 | 1,769,535 | 1,987,662 | 1,879,762 |
| General | 3,483,668 | 3,490,563 | 4,165,404 | 3,490,563 |
| Total | \$ 44,034,948 | \$ 33,287,718 | \$ 37,389,466 | \$ 36,820,501 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 25,391,693 | \$ 28,514,979 | \$ 28,233,754 | \$ 27,912,543 |
| Contracted Services | 873,350 | 508,616 | 1,154,508 | 1,046,690 |
| Subtotal | \$ 26,265,043 | \$ 29,023,595 | \$ 29,388,262 | \$ 28,959,233 |
| Other State Operations | 4,240,960 | 2,916,228 | 3,369,115 | 3,229,179 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 2,449,167 | - | 166,667 | 166,667 |
| Capital | 11,079,778 | 1,347,895 | 4,465,422 | 4,465,422 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 44,034,948 | \$ 33,287,718 | \$ 37,389,466 | \$ 36,820,501 |
| Sources of Funds | | | | |
| General Revenue | \$ 25,581,021 | \$ 28,675,203 | \$ 29,136,133 | \$ 28,633,277 |
| Federal Aid | 12,936,592 | 3,552,999 | 7,008,783 | 7,006,860 |
| Restricted Receipts | 5,367,335 | 909,516 | 1,094,550 | 1,030,364 |
| Other | 150,000 | 150,000 | 150,000 | 150,000 |
| Total | \$ 44,034,948 | \$ 33,287,718 | \$ 37,389,466 | \$ 36,820,501 |
| FTE Authorization | 237.1 | 239.1 | 239.1 | 239.1 |
| FTE Average | 223.0 | | | |

FY 2020 Revised Request. The Office of the Attorney General requests \$4.1 million more than enacted from all sources, including \$0.5 million more from general revenues, \$3.5 million more from federal funds, and \$0.2 million more from restricted receipts. *The Governor recommends \$0.6 million less than requested, including \$0.5 million less from general revenues, including \$0.1 million in statewide medical benefit savings.*

The Governor's revised budget includes dozens of undefined additions and reductions across multiple appropriation lines in thirteen different budgets. For the Office of the Attorney General, this includes \$1.0 million across three programs. It appears these adjustments were made to keep the agency's total individual general revenue appropriation lines from exceeding the enacted level after known spending plan adjustments were made. This obscures where there is projected overspending and which line items are being reduced to offset that. The table below shows where those adjustments were made and the unadjusted amounts by program.

| | FY 2020 Enacted | FY 2020 Revised | Value of Adjustments | FY 2020 Unadjusted |
|-----------------------------------|----------------------|----------------------|-------------------------|-----------------------|
| Expenditures by Program | | | | |
| Criminal | \$ 31,265,241 | \$ 25,213,544 | \$ 508,210 | \$ 24,705,334 |
| Civil | 5,685,016 | 6,236,632 | - | 6,236,632 |
| Bureau of Criminal Identification | 3,601,023 | 1,879,762 | (17,329) | 1,897,091 |
| General | 3,483,668 | 3,490,563 | (490,881) | 3,981,444 |
| Total | \$ 44,034,948 | \$ 36,820,501 | \$ - | \$ 36,820,501 |

Reappropriation - Health Care Advocate. The Governor reappropriated \$23,200 from general revenues for contracted health care oversight assistance and monitoring mergers, including those that have been approved by the Attorney General and involve non-profit entities in the Office of the Health Care Advocate. It should be noted that while the revised request totals \$65,636, there were no expenses made for this activity in FY 2018 and \$49,000 was spent in FY 2019. *The Governor recommends funding as requested.*

Complex Litigation Expenses. The Office’s revised request includes \$100,000 from general revenues for costs that might occur for complex litigation cases in the Civil Division that often require expert witnesses. The FY 2021 request also includes \$350,000 for this purpose. *The Governor includes \$80,000 or \$20,000 less than requested.*

Rhode Island Victims Outreach Integrated Community Environment Grant. The Office’s revised request includes \$498,199 more from all sources for the development of software enabling a case management system to interface with the current victim notification system maintained by the Department of Corrections. This system would provide a platform where victims of crime are able to access pertinent information relating to their cases, centralizing data currently maintained separately by the Attorney General, Department of Corrections and the Treasury. The revised request includes \$398,121 from federal Victim of Crime Act/Victim Outreach Integrated Community Environment (Voice) funds carried forward from FY 2019 and \$100,000 from state matching funds that was not previously requested for this project.

It should be noted that funding requested for FY 2021 totals \$324,000 from federal funds and assumes that the \$81,000 state match will come from staffing expenses and other contracted services. It is unclear why that option is not available for the current year. *The Governor recommends funding as requested.*

Volkswagen Settlement Funds. The Office includes \$166,667 from Volkswagen settlement funds in its revised request for the second of a three year award for the Healthy Homes Healthy Rhode Island initiative through Roger Williams University in conjunction with HousingWorks RI. FY 2019 was the first year for this award but the budget treated these expenses incorrectly.

The state was awarded \$18.5 million from the settlement of which \$4.1 million was awarded to the Office of the Attorney General and will be spent on “environmentally beneficial projects.” Funding was completely disbursed in FY 2019 for all projects except the Healthy Homes Healthy Rhode Island initiative through Roger Williams University in conjunction with HousingWorks RI. *The Governor recommends funding as requested.*

National Criminal History Improvement Grant. The Office’s revised request includes \$110,227 from federal funds to buy and install five Livescan machines for each of the courthouses. There is a \$12,789 of in-kind state match which the Office reports is expected to come from expenses at the Department of Corrections. *The Governor recommends funding as requested.*

Student Loan Consumer Protection Activities. The Office’s revised request includes \$26,375 from restricted receipts for staff training and information technology services so that it can administer the

provisions of the Student Loan Bill of Rights legislation passed by the 2019 Assembly. The provision established standards for the servicing of student loans in order to strengthen consumer protections, including prohibiting fraudulent, misleading or deceptive practices relating to servicing. It allows the Office to bring legal action under the Deceptive Trade Practices Act and allows for a private right of action for student loan borrowers when consumer protections are violated. *The Governor recommends funding as requested.*

Desktop Replacement. The Office requests \$0.3 million more from all sources, including \$0.3 million from general revenues to replace its current desktop from Windows 7 to Windows 10 because the system will no longer be supported as of January 2020. The Office reports that this replacement can be made during FY 2021 and it has requested the same amount for that year so it appears this request is not needed. *The Governor recommends \$11,740 less than requested from general revenues for the software maintenance agreement.*

Salaries and Benefits. The Office's revised request reduces salary and benefit expenses by \$281,225 from all sources, including \$27,742 less from general revenues, \$137,622 less from federal funds and \$115,225 less from restricted receipts. Additional changes reflect current employee benefit selections and additional turnover savings based on updated staffing. The enacted budget assumes turnover equivalent to 4.9 positions. *The Governor recommends \$0.3 million less than requested, primarily from general revenues, and includes \$0.1 million in statewide medical benefit savings and assumes keeping approximately six positions vacant. As of January 18, 2020, the Office has four vacancies.*

Capital Improvements. The Office's revised request includes \$3.1 million more than enacted from Google Settlement funds to support capital improvement projects that were extended into FY 2020. Since FY 2013 Google Settlement funds have supported expansion efforts along with major renovation and improvement projects, including construction of the new building at Howard Avenue, acquisition of 180 South Main Street, major renovations of the Licht Judicial Complex and Main Street locations, and technology enhancements for operating systems within each division. *The Governor recommends funding as requested. A detailed description of these 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 Office requests the enacted level of \$91,971 for centralized information technology and facilities management services. Instructions from the Office of Management and Budget are for agencies to request the services consistent with the enacted budget and the Office's revised request reflects that. In FY 2019, the Office spent \$99,180, which is \$1,229 less than final appropriation. *The Governor recommends \$12,308 less than enacted based on Budget Office estimates.*

Other Expenses. The Office requests \$0.1 million more than enacted from all sources for all other expenses, including \$3,345 less from general revenues. The increased expenses include \$19,245 more for the protection of state witnesses and \$52,500 more from restricted receipts from property forfeiture funds for criminal database upgrades and \$48,652 for leased space. *The Governor recommends \$0.2 million less than requested primarily for postage, subscriptions and building repairs. The budget also includes \$15,081 less than requested for witness protection and does not include the database upgrades.*

Department of Corrections

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 15,514,293 | \$ 16,437,410 | \$ 16,677,321 | \$ 16,710,872 |
| Parole Board | 1,339,579 | 1,618,421 | 1,543,369 | 1,540,792 |
| Custody and Security | 144,502,546 | 146,965,807 | 147,753,132 | 147,038,789 |
| Institutional Support | 32,089,580 | 34,620,018 | 45,905,712 | 43,878,530 |
| Institutional Based Rehab/Pop | 13,017,887 | 15,090,983 | 14,384,105 | 12,359,993 |
| Healthcare Services | 24,468,591 | 25,497,603 | 24,916,415 | 28,309,795 |
| Community Corrections | 16,446,927 | 17,381,458 | 18,400,997 | 17,395,456 |
| | \$ 247,379,402 | \$ 257,611,700 | \$ 269,581,051 | \$ 267,234,227 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 190,397,597 | \$ 197,807,861 | \$ 198,262,425 | \$ 197,877,264 |
| Contracted Services | 14,307,035 | 15,183,727 | 16,289,429 | 16,712,989 |
| Subtotal | \$ 204,704,633 | \$ 212,991,588 | \$ 214,551,854 | \$ 214,590,253 |
| Other State Operations | 29,960,103 | 28,487,867 | 27,431,406 | 27,481,406 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 2,238,893 | 2,261,546 | 2,261,546 | 1,837,986 |
| Capital | 10,475,774 | 13,870,699 | 25,336,245 | 23,324,582 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 247,379,402 | \$ 257,611,700 | \$ 269,581,051 | \$ 267,234,227 |
| Sources of Funds | | | | |
| General Revenue | \$ 235,712,888 | \$ 242,088,059 | \$ 242,088,059 | \$ 238,288,920 |
| Federal Aid | 1,356,245 | 2,010,944 | 2,533,346 | 2,533,346 |
| Restricted Receipts | 46,800 | 59,369 | 67,983 | 3,531,961 |
| Other | 10,263,470 | 13,453,328 | 24,891,663 | 22,880,000 |
| Total | \$ 247,379,402 | \$ 257,611,700 | \$ 269,581,051 | \$ 267,234,227 |
| FTE Authorization | 1,416.0 | 1,411.0 | 1,411.0 | 1,411.0 |
| FTE Average | 1,366.0 | | | |
| Prison Population | 2,665 | 2,671 | 2,671 | 2,671 |

FY 2020 Revised Request. The Department requests \$12.0 million more than enacted from all sources of funds, primarily from Rhode Island Capital Plan funds for capital projects. General revenues are requested at the enacted level. The Department's FY 2020 revised request is based on a population of 2,671, which is consistent with the enacted assumption. *The Governor recommends \$2.3 million less from all sources than requested. This includes \$3.8 million less from general revenues.*

The Governor's revised budget includes dozens of undefined additions and reductions across multiple appropriation lines in thirteen different budgets. For the Department, this includes \$2.8 million across three programs. It appears these adjustments were made to keep the agency's total individual general revenue appropriation lines from exceeding the enacted level after known spending plan adjustments were made. This obscures where there is projected overspending and which line items are being reduced to

offset that. The table below shows where those adjustments were made and the unadjusted amounts by program.

| | FY 2020 Enacted | FY 2020 Revised | Value of Adjustments | FY 2020 Unadjusted |
|--------------------------------|-----------------------|-----------------------|-------------------------|-----------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 16,437,410 | \$ 16,710,872 | \$ - | \$ 16,710,872 |
| Parole Board | 1,618,421 | 1,540,792 | - | 1,540,792 |
| Custody and Security | 146,965,807 | 147,038,789 | (434,333) | 147,473,122 |
| Institutional Support | 34,620,018 | 43,878,530 | - | 43,878,530 |
| Institutional Based Rehab/Pop | 15,090,983 | 12,359,993 | 1,403,444 | 10,956,549 |
| Healthcare Services | 25,497,603 | 28,309,795 | - | 28,309,795 |
| Community Corrections | 17,381,458 | 17,395,456 | (969,111) | 18,364,567 |
| Total | \$ 257,611,700 | \$ 267,234,227 | \$ - | \$ 267,234,227 |

Population. The FY 2020 revised request is based on a population 2,671, which is consistent with the enacted budget. The Department contracts with a firm to prepare population estimates, but at the time of its request, had not received population numbers for its revised request. The House Fiscal Staff uses a simple model using trend data, and the population through the end of October suggests the Department is on track for a population consistent with the enacted budget.

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 2011 through the FY 2020 revised request. The average population for the first four months of FY 2020 is 2,674. *The Governor's recommendation assumes a population consistent with the request. The average population through December is 2,659.*

| History | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <i>Request</i> | 3,709 | 3,416 | 3,231 | 3,152 | 3,170 | 3,292 | 3,260 | 3,059 | 2,865 | 2,762 |
| Governor | 3,643 | 3,416 | 3,231 | 3,152 | 3,170 | 3,292 | 3,200 | 3,059 | 2,865 | 2,691 |
| Enacted | 3,450 | 3,239 | 3,194 | 3,152 | 3,170 | 3,292 | 3,200 | 3,000 | 2,849 | 2,671 |
| Revised Request | 3,350 | 3,264 | 3,146 | 3,192 | 3,239 | 3,206 | 3,058 | 2,853 | 2,760 | 2,671 |
| Governor Revised | 3,350 | 3,265 | 3,146 | 3,192 | 3,239 | 3,182 | 2,999 | 2,853 | 2,730 | 2,671 |
| Final | 3,273 | 3,192 | 3,146 | 3,192 | 3,239 | 3,183 | 2,999 | 2,837 | 2,730 | - |
| <i>Actual</i> | 3,273 | 3,191 | 3,160 | 3,214 | 3,183 | 3,068 | 2,958 | 2,784 | 2,665 | - |

Institutional Corrections

Population: Per Diem Expenditures. The Department requests \$0.4 million less than enacted from general revenues for population related expenditures that are calculated on a per diem basis. These expenses include medical costs, which includes both inpatient and outpatient services, as well as contracted medical services. They also include items such as food, inmate clothing and linens, and janitorial supplies. The Department spent \$5,531 per inmate for FY 2019 during which the average population was 2,665. The revised request is \$0.9 million less than spent in FY 2019, reflecting a larger population, but a lower per diem cost largely related to lower pharmaceutical cost purchasing. The enacted budget assumes \$4,876 per inmate annually; adjusting for Hepatitis C treatment costs and the healthcare savings initiative, the revised request assumes \$4,725. *The Governor recommends funding as requested.*

Laboratory Testing Services. Laboratory testing services were previously conducted at Eleanor Slater Hospital and at no cost to the Department. However, in FY 2017, Eleanor Slater Hospital, on recommendation from an outside consultant, indicated that it was considering charging the Department a monthly service fee. As a result, the Department decided to outsource its laboratory testing to an outside vendor, East Side Laboratory. The enacted budget includes savings of \$165,000 from having Eleanor Slater Hospital resume laboratory testing at no cost to the Department. The Department's request restores \$137,081 for services through East Side Clinical Laboratory. The Department indicates it is unhappy with prior service delivered through Eleanor Slater Hospital and the lack of a medical records interface that is compatible with the Department's medical records system. *The Governor recommends funding as requested.*

Hepatitis C Treatment. Consistent with the enacted budget, the Department's FY 2020 revised request includes \$2.3 million to treat an average of 30 people a month for 12 months. As the treatment lasts for several weeks, this equates to \$19,331 per inmate for 120 inmates. The enacted budget was based on estimates from other states who have purchased medication through the Public Health Service Act. The Department began treating all inmates with curative medication for Hepatitis C based on changes in the Executive Office of Health and Human Services interpretation of Medicaid standards changing in July 2018 which the Department follows.

The FY 2019 budget included \$1.4 million assuming treatment of 70 inmates at an average cost of \$19,331. Actual FY 2019 expenditures were \$0.9 million for treatment of 52 inmates at an average cost of \$17,762 per inmate. This suggests there may be additional savings from budgeted amounts for FY 2020. *The Governor recommends funding as requested.*

Healthcare Savings. The enacted budget includes a recommendation proposed by the Governor and approved by the Assembly for the Department to achieve \$1.3 million in healthcare savings for FY 2020. The Department's request assumes \$1.7 million in savings, or \$0.4 million more than enacted, which will be achieved by purchasing medication through the federal Public Health Service Act beginning in November. The Department already purchases Hepatitis C medication through this mechanism which began earlier in FY 2020.

The Department was deemed an entity eligible to treat inmates through the Public Health Service Act, typically referred to as a 340B entity, in FY 2019. Classification depends largely on the providing entity, which includes government entities who are providing medicine to low-income patients who are not eligible for Medicare or Medicaid. Inmates are ineligible for these services, except for outpatient treatments. To be classified as an entity, the Department must test all inmates for sexually transmitted diseases which it began in FY 2019. *The Governor recommends funding as requested.*

Healthcare Utilization Review. The Department requests \$49,000 from general revenues to conduct a multi-year review to monitor its state physicians and healthcare contractors. The Department seeks to review whether or not hospital trips are valid and if all medical needs of inmates are being met. As of December 4, the Department has not yet put the contract out to bid as it was exploring other non-bid options for service delivery, but could not find any alternatives. *The Governor recommends funding as requested. As of February 13, the request for proposals has not been posted.*

Temporary Staff. The Department requests \$0.1 million less from general revenues for temporary staff to offset vacancies in institutional corrections until these positions can be filled. The vacancies are in education, medical clerical services, classification and reentry services. The revised request is more consistent with FY 2019 actual costs. *The Governor recommends funding as requested.*

Salaries and Benefits. The Department requests \$0.1 million less than enacted for institutional corrections staffing expenses. At the time of its budget request, the Department had 59 correctional officer vacancies,

the largest component of its budget expenses. The revised request includes \$3.9 million for additional overtime costs which are offset by \$4.0 million in additional turnover savings.

In FY 2019, the Department spent \$28.3 million for overtime in institutional corrections. The revised request is \$3.9 million higher than that because the new class was delayed; the enacted budget assumes the class would begin in September. At the time of the request, the Department reported that the class was pending approval of its testing exam by the Department of Justice. At the end of November, the Department indicated that its exam received the necessary approval and it expects to graduate a class in May 2020. The revised request assumes filling 57 correctional officer vacancies in June 2020. *The Governor recommends \$0.3 million less than requested reflecting statewide medical benefit savings.*

Discharge Planning. The Department's request is \$87,242 less than enacted for discharge planning services based on contract costs and decreased service provisions by the vendor. Discharge planning provides services to prevent recidivism including residence, employment or qualifying for entitlement programs. Services were previously provided by three different vendors, but were consolidated into a single provider contract in FY 2019. The new contract includes a provision requiring prevailing wages in order to retain staff who provide the necessary services to inmates. The vendor has continued to experience high levels of turnover resulting in lower than anticipated actual contract costs.

During FY 2018, the Department reported that the previous contracts were not addressing all the needs of inmates upon release. Vendors were reportedly having difficulty retaining staff due to low hourly wages. In FY 2019, the Department spent \$1.7 million or \$0.9 million less than the final budget. Through October 2019, the Department has spent \$0.2 million. *The Governor recommends total requested funding, but includes \$0.4 million from the Opioid Stewardship Fund to offset a like amount of general revenues for FY 2020 only.*

Medication Assisted Treatment. The Department requests \$0.1 million more than enacted, including \$51,000 from general revenues for its medication-assisted treatment program for opioid users that began in FY 2017. General revenue changes reflect actual contract costs for inmates treated for 180 days or less, while federal funds reflect the Department's cost adjustments for its nurse case manager which is funded through a memorandum of understanding with the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.

The funds are used to screen for opioid use and disorders and conduct an assessment of new inmates to determine treatment options. The inmate is also intended to start medication-assisted treatment prior to release, with community referral for ongoing treatment. The Department reports that over two-thirds of inmates suffer from drug and/or alcohol abuse. In FY 2019, the Department served 1,500 individuals through this program; an average of 300 inmates were treated per day. *The Governor recommends total requested funding, but includes \$1.8 million from the Opioid Stewardship Fund to offset a like amount of general revenues for FY 2020 only.*

Mental Health Services. The Department requests \$11,254 more than enacted from general revenues to ensure mental health services are available to inmates consistent with federal guidance. This reflects anticipated FY 2020 contract costs. It is unclear why these costs were not anticipated in its previous budget submission. The revised request is \$0.1 million more than FY 2019 expenditures.

The Department contracts with several mental health providers with the largest being Lifespan. The Department spent \$1.5 million in FY 2019 on its partnership with Lifespan which is consistent with the FY 2019 enacted budget. The services provided by Lifespan include on-site psychiatrist services Monday through Friday, as well as on call hours for weekends in sentenced facilities. For the awaiting sentencing population, services are provided on-site seven days a week and on call for 12 hours per day all week. This includes a clinical nurse on-site with the psychiatrist. *The Governor recommends total requested funding,*

but includes \$1.2 million from the Opioid Stewardship Fund to offset a like amount of general revenues for FY 2020 only.

Nursing Pool Contract. The Department requests \$50,000 less than enacted from general revenues for contracted nursing pools which are used to cover necessary shifts when state employees refuse overtime. The Department reduces funding for nursing pools because its vacant nursing positions were filled in FY 2019. The revised request is approximately \$40,000 less than FY 2019 expenditures. *The Governor recommends funding as requested.*

Education Contracts. The Department requests \$26,000 less than enacted from general revenues for classes provided through the Community College of Rhode Island for inmates who demonstrate good behavior. The request reflects anticipated costs for classes offered to the Department for FY 2020. *The Governor recommends funding as requested.*

Education and Development Grants. The Department requests \$114,902 more from federal education and development grants than enacted based on updated information on award amounts and carry forward from FY 2019. These grants are used to provide academic opportunities for inmates to prepare them for reentry into society. This includes special education grants which are administered by the Department of Elementary and Secondary Education. In FY 2019, the Department spent \$0.2 million, which is \$0.1 million less than the final appropriation. *The Governor recommends \$50,000 more than requested from restricted receipts to reflect a new grant from the Lumina Foundation to evaluate and align postsecondary education provided during incarceration with market need.*

Other Institutional Corrections Operations. The Department requests \$0.1 million more than enacted for all other institutional corrections expenses including \$41,075 more from general revenues for utilities, drug testing, and supplies. This request includes \$58,937 more from federal funds from the National Vest Partnership Act to buy puncture proof vests. The remaining changes to federal funds reflect the most recent award information for family reunification services. *The Governor recommends funding as requested.*

Other Programs

Correctional Officer Class 83. The Department requests \$0.3 million more from general revenues for costs related to correctional officer class 83 which is anticipated to graduate in May 2020. The enacted budget assumes the correctional officer class would graduate in September 2019, but the Department experienced delays from the Department of Justice approving its correctional officer testing exam, which was not approved until November.

The Governor's FY 2020 recommendation shifted a third of training costs from FY 2020 to FY 2019, anticipating that the first of three months of training would begin in June 2019. However, the Department's initial recruitment provided fewer recruits than needed to train for a new class, so the Department reopened recruitment through July 2019. As no training took place in FY 2019, the requested amount is approximately equivalent to the unexpended amount budgeted for training in FY 2019. *The Governor recommends funding as requested.*

Correctional Officer Test Consultant. The Department hired a consultant to assist with scoring correctional officer class 83 tests and coordinating with the federal Department of Justice to answer outstanding questions regarding its correctional officer test. The testing exam was approved in November. Through October 31, the Department has spent \$138,405 on these services for which no funds were budgeted. The Department's revised request adds only \$130,000 to pay for the cost. *The Governor recommends funding as requested.*

Cognitive Behavioral Therapy. The Department requests \$0.2 million less than enacted from general revenues for its cognitive behavioral therapy program. The enacted budget funds services which are delivered by three vendors, but as of October 2019, the Department only has one provider delivering services resulting in \$150,000 in savings. Two additional vendors are expected to begin prior to January 2020. The Department includes \$50,000 in savings from coordinating with the Judiciary to sentence offenders to these services in place of being sentenced to a correctional institution. The Judiciary would oversee the offenders who are sentenced to these services.

Services are currently provided at the Medium Security facility. In FY 2019, the Department treated 137 inmates at a total cost of \$0.2 million, which was \$0.4 million less than enacted because it terminated a contract with a vendor as it was not satisfied with service provisions. When services are not being delivered, the four employees who assist with the program work toward identifying inmates who would be eligible for these services. *The Governor recommends funding as requested.*

Other Salaries and Benefits. The Department requests \$0.6 million more than enacted for all other staffing expenses primarily to restore turnover savings. The enacted budget assumes approximately eight vacancies for central management, parole board and community corrections; the revised request indicates that the Department anticipates approximately four vacancies for FY 2020 for these programs. This also includes \$0.1 million more for overtime reflecting an increase of overall workload for FY 2020 for probation and parole. *The Governor recommends \$55,456 less than requested to reflect statewide medical benefit savings.*

Temporary Staff. The Department requests \$20,707 less than enacted from general revenues for temporary staff to address vacancies outside of institutional corrections until those positions can be filled. The Department anticipates filling additional probation and parole positions which would result in lower than anticipated usage of temporary staff. This includes information technology assistance for the Sex Offender Community Network Unit which has seen an increased volume of work. *The Governor recommends funding as requested.*

Property and Office Rental. The Department requests \$0.1 million more than enacted from general revenues for renting property for its probation and parole offices which have leases that require increases in FY 2020. This reflects actual contract costs and needs for FY 2020 which includes moving a probation and parole office from one building to another, resulting in higher costs. This was budgeted incorrectly; the request reflects the actual cost of the leases. *The Governor recommends funding as requested.*

Firearm Certification. The Department requests \$80,000 from general revenues for firearm training certification for instructors. This training will include shotguns, pistols and rifle training which will be conducted over two days in the spring. The Department conducts annual firearm testing and this training is intended to ensure correctional officers are prepared for testing. The Department intends to use instructors that are range certified to avoid potential liabilities. It is unclear why these funds were not included in the enacted budget.

The Department opts to train and qualify all correctional officers in all three types of weapons. The Department ensures all correctional officers are qualified in case any weapon-specific post becomes available, which must be filled from within the bargaining unit based on seniority. Rhode Island General Law, Sections 11-47-15 and 11-47-15.1 require all law enforcement officials including correctional officers to qualify for license or permit based on a firing score of 50 rounds. Weapon training and qualifications on all firearms are required for officers who are authorized to carry or use in the performance of their official duties, pursuant to Rhode Island General Law, Section 11-47-15.3. *The Governor recommends funding as requested.*

Justice Reinvestment Initiative Grant. The Department requests \$0.3 million from new federal funds from an award granted by the federal Department of Justice given to the Council of State Governments to

assist in the development of evidence-based practices. The Department has not identified how it specifically intends to use these funds, although, it appears to be for training. *The Governor recommends funding as requested.*

Capital Projects. The Department requests \$11.4 million more than enacted from Rhode Island Capital Plan funds for its capital projects scheduled for FY 2020. This reflects an accelerated timeline for renovations at the Medium Security facility, which are expected to be complete. The request is not consistent with the Department's capital request, as the capital request did not adjust funding to reflect the updated Medium Security renovation timeline. *The Governor recommends \$2.0 million less than requested. A detailed description of these 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 Department's request is consistent with the enacted budget including \$3.0 million for centralized information technology services, \$6.5 million for facilities management, and \$2.0 million for human resources. In FY 2019, the Department spent \$12.2 million which was \$0.7 million more than enacted and requested and included one-time costs for software.

The Governor recommends funding as requested. Based on the second quarter internal service fund report, the Department appears likely to be billed approximately \$1.9 million more than the Governor's revised recommendation from all sources, including \$0.2 million more for human resources, \$0.8 million more for facilities management, and \$0.9 million more for information technology. The Budget Office reports that any current year instances of overspending will be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created.

Other Operations. The Department requests \$64,446 more than enacted from all sources for all other expenses. This includes \$58,352 more from general revenues for new furniture, general legal costs, and additional funds for its population projection contract. Additional federal funds reflect additional family support provided for the reunification of inmates and their families, based on its most recent federal award information. *The Governor recommends funding as requested.*

Judicial Department

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenditures by Program | | | | |
| Supreme Court | \$ 37,496,476 | \$ 39,501,622 | \$ 39,496,670 | \$ 38,375,220 |
| Defense of Indigent Persons | 4,553,798 | 4,403,487 | 4,668,421 | 4,668,421 |
| Commission on Judicial Tenure & Discipline | 119,564 | 154,616 | 154,605 | 154,469 |
| Superior Court | 23,608,657 | 25,380,113 | 24,866,415 | 25,223,379 |
| Family Court | 24,633,985 | 25,935,545 | 26,477,443 | 26,172,728 |
| District Court | 13,253,875 | 13,955,597 | 14,012,090 | 13,955,597 |
| Traffic Tribunal | 8,582,372 | 9,218,475 | 9,242,702 | 9,218,475 |
| Workers' Compensation Court | 7,502,136 | 8,943,104 | 8,942,708 | 8,930,623 |
| Total | \$ 119,750,863 | \$ 127,492,559 | \$ 127,861,054 | \$ 126,698,912 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 85,646,114 | \$ 93,646,795 | \$ 93,493,937 | \$ 93,321,826 |
| Contracted Services | 2,407,561 | 2,532,003 | 2,442,096 | 2,442,096 |
| Subtotal | \$ 88,053,675 | \$ 96,178,798 | \$ 95,936,033 | \$ 95,763,922 |
| Other State Operations | 13,353,546 | 12,728,366 | 13,398,241 | 13,398,583 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 10,608,413 | 10,738,683 | 10,847,824 | 10,847,824 |
| Capital | 7,735,229 | 7,846,712 | 7,678,956 | 6,688,583 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 119,750,863 | \$ 127,492,559 | \$ 127,861,054 | \$ 126,698,912 |
| Sources of Funds | | | | |
| General Revenue | \$ 99,950,290 | \$ 105,213,960 | \$ 105,471,552 | \$ 105,318,280 |
| Federal Aid | 3,055,636 | 3,144,740 | 3,474,037 | 3,470,252 |
| Restricted Receipts | 10,581,559 | 13,007,786 | 12,957,148 | 12,942,436 |
| Other | 6,163,378 | 6,126,073 | 5,958,317 | 4,967,944 |
| Total | \$ 119,750,863 | \$ 127,492,559 | \$ 127,861,054 | \$ 126,698,912 |
| FTE Authorization | 723.3 | 726.3 | 726.3 | 726.3 |
| FTE Average | 672.7 | | | |

FY 2020 Revised Request. The Judiciary requests an additional \$0.4 million of spending for FY 2020 including \$0.3 million more from general revenues. The \$0.3 million of unspent general revenues from FY 2019 was reappropriated to FY 2020 in accordance with current law requirements. The Judiciary's request reflects that reappropriation. *The Governor recommends \$0.8 million less than enacted and \$1.2 million less than requested. General revenues are \$0.1 million more than enacted and \$0.2 million less than requested.*

The Governor's revised budget includes dozens of undefined additions and reductions across multiple appropriation lines in thirteen different budgets. For the Judiciary, this includes \$0.8 million across five programs. It appears these adjustments were made to keep the agency's total individual general revenue

appropriation lines from exceeding the enacted level after known spending plan adjustments were made. This obscures where there is projected overspending and which line items are being reduced to offset that. The table below shows where those adjustments were made and the unadjusted amounts by program.

| | FY 2020 Enacted | FY 2020 Revised | Value of Adjustments | FY 2020 Unadjusted |
|---|-----------------------|-----------------------|-------------------------|-----------------------|
| Expenditures by Program | | | | |
| Supreme Court | \$ 39,501,622 | \$ 38,375,220 | \$ 91,229 | \$ 38,466,449 |
| Defense of Indigent Persons | 4,403,487 | 4,668,421 | - | 4,668,421 |
| Commission on Judicial Tenure & Discipline | 154,616 | 154,469 | - | 154,469 |
| Superior Court | 25,380,113 | 25,223,379 | (394,620) | 24,828,759 |
| Family Court | 25,935,545 | 26,172,728 | 264,360 | 26,437,088 |
| District Court | 13,955,597 | 13,955,597 | 31,974 | 13,987,571 |
| Traffic Tribunal | 9,218,475 | 9,218,475 | 7,057 | 9,225,532 |
| Workers' Compensation Court | 8,943,104 | 8,930,623 | - | 8,930,623 |
| Total | \$ 127,492,559 | \$ 126,698,912 | \$ - | \$ 126,698,912 |

Statewide Savings. The Judiciary's request restores \$0.2 million of the \$0.3 million of general revenue statewide savings included in the enacted budget. The Governor proposed to reduce operating costs through three separate initiatives related to insurance, contract savings, and prompt payment. Some savings were allocated to agencies based on budgeted amounts for certain expenses but other savings were allocated to all agencies based on all operating costs including rent and centralized services. *The Governor recommends funding essentially as requested.*

Indigent Defense. The Judiciary requests \$0.3 million more than enacted 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. These expenditures have been steadily increasing over the past several years; FY 2016 expenses were \$3.9 million, \$4.0 million was spent in FY 2017, \$4.1 million was spent for FY 2018, and \$4.6 million is reported for FY 2019. The revised request would provide \$4.7 million for FY 2020. *The Governor recommends funding as requested.*

Pay-Go Judges Pensions. The revised request includes \$0.2 million less from general revenues to reflect updated estimates of 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. 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.*

Judicial Appointments. The Judiciary requests funding to fill three associate justice positions in Superior Court, an associate justice and a magistrate in Family Court, and one associate justice in Workers' Compensation Court in the fourth quarter of FY 2020. The revised request assumes the six positions are filled in June and includes \$0.1 million for one month of funding. *The Governor recommends funding as requested.*

Other Salaries and Benefits. The Judiciary requests \$0.3 million less than enacted, including \$0.3 million less from general revenues for all other salaries and benefits. The enacted budget includes \$2.3 million in turnover savings equivalent to 18.7 vacant positions. The revised request adds turnover savings equivalent to 2.3 positions. As of the December 7 pay period, the Judiciary had 39.7 vacant positions and has averaged

681.4 filled. The revised request is \$7.7 million more than spent in FY 2019 when there was an average of 672.7 filled positions. *The Governor recommends \$0.2 million less than requested, including \$153,614 less from general revenues, to reflect statewide medical benefit savings.*

Court Technology. The Judiciary requests \$0.1 million more including \$48,022 more from general revenues and \$30,000 more from restricted receipts for its court computer technology expenses including the new case management system. The revised request is \$0.1 million less than FY 2019 spending. The enacted budget included \$0.2 million less than originally requested from general revenues based on the third quarter report; the revised request restores \$48,022 of that reduction. *The Governor recommends funding as requested.*

Child Support Enforcement. The Judiciary requests \$150,000 more from a federal child support enforcement grant. The Judiciary utilizes the grant funds to enforce the support obligations owed by absent parents to their children, locate absent parents, establish paternity, and obtain child, spousal and medical support. The increase is for system enhancements including redaction software, juror system enhancements and a payment plan system. *The Governor recommends funding as requested.*

Capital Projects. The Judiciary requests \$0.2 million less than enacted from Rhode Island Capital Plan funds for its capital projects for FY 2020. *The Governor recommends \$1.0 million less than requested. A detailed analysis 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. The Judiciary requests \$98,649 from general revenues for its share of centralized information technology services, consistent with the enacted level and \$11,028 more than spent in FY 2019. *The Governor recommends funding as requested.*

Other Operations. The Judiciary requests \$0.1 million more than enacted from all sources, including \$50,300 more from general revenues for other operating adjustments. General revenue changes include a reduction of \$30,000 as private security is no longer needed with the completion of the Garrahy Courthouse parking garage. Those savings are offset by increases of \$0.1 million for office supplies, postage and printing based on FY 2019 spending. *The Governor recommends funding as requested.*

Military Staff

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 8,167,244 | \$ 10,522,226 | \$ 9,087,048 | \$ 8,927,282 |
| Contracted Services | 1,610,144 | 2,132,277 | 2,226,160 | 2,240,210 |
| Subtotal | \$ 9,777,388 | \$ 12,654,503 | \$ 11,313,208 | \$ 11,167,492 |
| Other State Operations | 7,491,690 | 17,764,461 | 18,353,146 | 18,326,495 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 275,699 | 296,343 | 297,300 | 297,300 |
| Capital | 18,761,507 | 10,433,653 | 13,381,623 | 12,848,000 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 36,306,284 | \$ 41,148,960 | \$ 43,345,277 | \$ 42,639,287 |
| Sources of Funds | | | | |
| General Revenue | \$ 2,836,265 | \$ 3,219,493 | \$ 3,219,493 | \$ 2,914,664 |
| Federal Aid | 27,534,473 | 34,354,996 | 33,880,039 | 33,913,980 |
| Restricted Receipts | 34,908 | 55,000 | 55,000 | 55,000 |
| Other | 5,900,638 | 3,519,471 | 6,190,745 | 5,755,643 |
| Total | \$ 36,306,284 | \$ 41,148,960 | \$ 43,345,277 | \$ 42,639,287 |
| FTE Authorization | 92.0 | 92.0 | 93.0 | 92.0 |
| FTE Average | 84.3 | | | |

FY 2020 Revised Request. The Military Staff requests \$2.2 million more from all sources than enacted for FY 2020. The request includes \$0.5 million less from federal funds and \$2.7 million more from Rhode Island Capital Plan funds. The request includes one new position. As of the last pay period in October, the Military Staff has 11.0 vacancies. *The Governor recommends \$0.7 million less than requested from all sources, including \$0.3 million less from general revenues.*

Injured on Duty. The enacted budget assumes an average of seven individuals would be out on injured on duty. Although federal funds support active firefighters, the state must pay the cost when a firefighter is on injured on duty status. As of September 2019, the Military Staff had three individuals on injured on duty status retire. The Military Staff requests \$0.4 million less from general revenues for payments to current injured on duty Rhode Island National Guard firefighters which includes \$30,000 as a placeholder for firefighters who may intermittently enter injured on duty status. Article 3, Section 12 of 2019-H 5151, Substitute A, as amended includes several changes to the injured on duty law which limited the amount of time this benefit is applicable. As of July 1, 2019, current recipients of injured on duty payments have 90 days to apply for accidental disability benefits, otherwise benefits will be terminated. Savings from this initiative are budgeted centrally in the Department of Administration, but the Military Staff's request repurposes all of the savings elsewhere within its own budget. *The Governor recommends \$2,976 less from statewide medical benefit savings and concurs with the remainder of the request.*

New Equipment. The Military Staff requests \$0.2 million, including \$0.1 million from general revenues, for new ground maintenance equipment for which the enacted budget included no funding. The purchases will include truck sanders for snow, chainsaws, lawnmowers, tractors and other maintenance equipment.

The Military Staff reports that its current equipment is not working well and needs to be replaced. The request appears to be related to the availability of personnel savings from the recent law change for those on injured on duty status. However, the savings from that initiative are assumed in the Department of Administration's budget. *The Governor excludes the reported general revenues which the Military Staff notes are required for match of the federal funds.*

Joint Force Headquarters. The Military Staff requests \$0.3 million more than enacted, including \$0.1 million more from general revenues, for costs associated with the opening of the new Joint Force Headquarters building which will replace the existing Command Readiness Center currently shared with the Emergency Management Agency. The building is expected to open in January 2020, sooner than the expected FY 2021 date in the approved capital plan, and requested funds cover increased utilities and maintenance costs, including snowplowing, grounds keeping and landscaping. *The Governor recommends \$0.1 million less from general revenues from the facility not opening until spring 2020 and includes \$50,000 more from federal funds for temporary services to assist program managers in the building that were inadvertently excluded from the request.*

Outreach. The Military Staff requests \$28,250 for a training activity that has not yet been identified. The Military Staff states that it does not know what it will do with these funds specifically and included these funds as a placeholder, but states it has identified areas that could be improved with additional training. No further details have been provided. The request appears to be related to the availability of personnel savings from the recent law change for those on injured on duty status. However, the savings from that initiative are assumed in the Department of Administration's budget. *The Governor does not recommend funding.*

Airport Agreement. The Military Staff requests \$0.2 million more than enacted for a new agreement with the Airport Corporation for use of the Quonset State Airport. The agreement had originally expired in FY 2017, and the two sides reached a new agreement in August 2019. There is a 180-day notice built into the contract's termination clause if the Military Staff seeks to renegotiate or leave the contract. From October 1, 2018 through September 2027, the Military Staff must pay approximately \$374,000 annually for use and its share of other fees which are related to the shared costs such as snow removal, removing disabled government aircraft and repairing facilities when damage is caused solely by government aircraft operations such as standard wear and tear. *The Governor recommends funding as requested.*

Deputy Director (1.0 New FTE). The Military Staff requests \$0.1 million from general revenues for a new deputy director position who would run the Military Staff's day to day functions and other routine administrative functions. This position would be the third position in the Military Staff paid exclusively with general revenues with the Adjutant General and his secretary being the other two. Other responsibilities include overseeing budget responsibilities, including developing budget initiatives, overseeing all staff, and preparing required fiscal reports. The budget assumes the position would be filled in November and includes eight months of funding. As of December 1, the position is vacant and has not been posted. *The Governor recommends funding for this new position, but recommends \$42,476 less than requested to reflect a different start date. The Governor assumes an existing vacancy will be used and keeps the authorized number of positions at the enacted level.*

Firefighters. The Military Staff requests \$120,572 less than enacted from federal funds for the Rhode Island National Guard firefighters program. This reflects savings for one vacancy offset by approximately \$16,000 for firefighter trainings and \$19,000 for new clothing for newly hired firefighters. The Military Staff reports that the budget assumes funding for 30.0 firefighters. *The Governor recommends \$7,312 less than requested from statewide benefit savings.*

Other Salaries and Benefits. The Military Staff requests \$1.0 million less than enacted from all sources for the remaining 62.0 full-time equivalent positions. The enacted budget assumes full staffing for FY 2020. The Governor's FY 2020 recommendation include current service adjustments, but non-general

revenue sources were not adjusted; the request correctly adjusts the federal funds expenses by approximately \$50,000. The request also removes \$0.6 million for 6.0 vacant federally funded positions for which the staffing authorization was eliminated in the enacted budget. The remaining savings of \$0.4 million are from turnover savings for approximately 5.0 positions, but there are likely additional savings available as the Military Staff has averaged 11.0 vacant federally funded positions per pay period through November 14. *The Governor recommends \$15,161 less than requested, including \$4,964 less from general revenues reflecting statewide benefit adjustments and overtime savings.*

Military Funeral Honors. The Military Staff requests \$957 more than enacted from general revenues to reflect updated costs for military funeral honors in FY 2020. Retired military members are paid a \$50 stipend to perform military honors at funerals. A federal memorandum from October 2012 indicated that federal funds will no longer be provided for any branches of service besides the Army, for which the National Guard Bureau will still pay stipends for two individuals. *The Governor recommends funding as requested.*

Capital Projects. Consistent with its capital budget request, the Military Staff requests \$2.9 million more from all sources, including \$2.7 million more from Rhode Island Capital Plan funds for its capital projects. Between FY 2020 and FY 2025, there are seven approved projects and one new project included in the Military Staff's request. *The Governor recommends \$0.4 million less than requested. A detailed analysis of these 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. The Military Staff requests \$11,358 more than enacted for its share of human resource services to include costs for its new Joint Force Headquarters building and adjust the portion of its federal share to reflect FY 2019 charges. The revised request of \$173,871 is \$6,826 more than FY 2019 expenditures. *The Governor recommends \$9,100 less than requested for information technology services based on billings through December.*

Statewide Savings. The Military Staff's revised request restores \$28,410 from general revenues in statewide savings included in the enacted budget. The Governor proposed to reduce operating costs through three separate initiatives related to insurance, contract savings, and prompt payment. Some savings were allocated to agencies based on budgeted amounts for certain expenses but other savings were allocated to all agencies based on all operating costs including rent. *The Governor recommends funding as requested.*

Other Expenses. The Military Staff requests \$74,078 less than enacted, including \$14,178 less from general revenues for all other expenses for the National Guard. The adjustments largely reflect FY 2019 spending including adjustments for office supplies, electricity costs, and transportation. *The Governor recommends \$8,015 less than requested from general revenues.*

Rhode Island Emergency Management Agency

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 3,321,403 | \$ 3,797,345 | \$ 3,927,211 | \$ 3,920,222 |
| Contracted Services | 468,049 | 437,319 | 292,052 | 292,052.00 |
| Subtotal | \$ 3,789,452 | \$ 4,234,664 | \$ 4,219,263 | \$ 4,212,274 |
| Other State Operations | 4,118,580 | 3,207,716 | 3,522,377 | 3,522,377 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 9,632,149 | 4,238,755 | 8,940,742 | 8,940,742 |
| Capital | 315,684 | 1,941,454 | 2,219,090 | 1,691,340 |
| Capital Debt Service | 1,994,414 | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 19,850,279 | \$ 13,622,589 | \$ 18,901,472 | \$ 18,366,733 |
| Sources of Funds | | | | |
| General Revenue | \$ 2,276,138 | \$ 2,364,647 | \$ 2,364,647 | \$ 2,362,651 |
| Federal Aid | 15,703,802 | 9,295,523 | 13,879,295 | 13,874,981 |
| Restricted Receipts | 375,925 | 468,005 | 635,366 | 634,687 |
| Other | 1,494,414 | 1,494,414 | 2,022,164 | 1,494,414 |
| Total | \$ 19,850,279 | \$ 13,622,589 | \$ 18,901,472 | \$ 18,366,733 |
| FTE Authorization | 32.0 | 32.0 | 32.0 | 32.0 |
| FTE Average | 29.5 | | | |

FY 2020 Revised Request. The Rhode Island Emergency Management Agency requests \$5.3 million more than enacted. This includes \$4.6 million more from federal funds, \$0.2 million more from restricted receipts, and \$0.5 million more from Rhode Island Capital Plan funds. *The Governor recommends \$4.7 million more than enacted and \$0.5 million less than requested. General revenues are \$1,996 less than enacted and requested to reflect statewide medical benefit savings.*

Statewide Communications Network. The Agency requests \$25,913 more than enacted from general revenues, which includes \$1,728 for staffing costs and \$24,185 for operating expenses such as mobile service, utilities, and equipment repairs for the Rhode Island Statewide Communications Network. *The Governor recommends \$357 less than requested to reflect statewide medical benefit savings.*

Contracted Fiscal Clerk. The Agency requested and the Assembly provided \$63,191 from indirect cost recovery restricted receipts for a contract fiscal clerk position in the FY 2020 enacted budget. However, the Agency excludes the funding from its revised request based on available receipts. *The Governor excludes funding as requested.*

Other Salaries and Benefits. The Agency requests \$0.1 million more than enacted, including \$24,459 more from general revenues, for all other salaries and benefits. The request restores \$0.1 million of turnover savings in the enacted budget and shifts certain costs from federal funds to available restricted receipts. The Agency indicates it plans to fill its current vacancies by January. As of the pay period ending December 7, 2019, the Agency has 2.0 vacant positions and averaged 29.5 filled positions for FY 2019. *The Governor recommends \$6,632 less than requested to reflect statewide medical benefit savings.*

Ingestion Pathways Training Exercise. The Agency's Radiological Emergency Preparedness program monitors the state for Ingestion Pathway Contamination, which is fallout that affects agriculture or livestock if there is a radiation release. The Agency requests new expenditures of \$102,650 from restricted receipts to perform a full-scale training exercise, which would simulate responses to a potential nuclear disaster compromising the food supply. Federal law requires a full-scale exercise at least once every five years. *The Governor recommends funding as requested.*

Centralized Services. The state uses internal service funds to reimburse one agency for services provided to another. The 2017 Assembly authorized the establishment of internal service funds for information technology, capital asset management and maintenance, and human resources. The enacted budget includes \$43,775 from general revenues for human resources, \$1,500 for facility management services, and \$90,289 for information technology services. The Agency requests \$55,988 less for information technology, apparently to maintain the request at the enacted level; FY 2019 spending was \$0.3 million and includes approximately \$30,000 for one-time computer and server purchases. *The Governor recommends funding as requested. Based on spending through the second quarter, it appears that the Agency is on track to be billed \$0.2 million more than recommended. The Budget Office reports that any current year instances of overspending will be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created.*

Capital Projects. The Agency requests an additional \$0.5 million from Rhode Island Capital Plan funds consistent with the capital budget request. This includes \$0.3 million for maintenance to its CodeRED emergency response notification system, and \$0.2 million for a feasibility study of its headquarters and separately located warehouse for use as a State Emergency Operations Center. *The Governor recommends funding consistent with the enacted budget. A detailed description of these projects is included in the Capital Budget section of this publication.*

Disaster Relief. The Agency requests \$3.7 million more than enacted from federal funds for reimbursements to entities. The increase reflects reimbursements to be made in FY 2020 to entities affected by several disasters over the last decade. The Agency notes that many of these grants are currently pending review by the Federal Emergency Management Agency, and that it takes several years to close out such grants. *The Governor recommends funding as requested.*

Emergency Operations and Performance Grants. The Agency requests \$25,961 less than enacted from federal emergency operations and performance grants to reflect the actual award by the Federal Emergency Management Agency. The enacted budget was an estimate, based on previous experience. *The Governor recommends funding as requested.*

Homeland Security Grants. The Agency requests \$0.4 million less than enacted from federal funds for homeland security related upgrades throughout the state. The decrease reflects the actual award by the Federal Emergency Management Agency and that the enacted budget was an estimate, based on previous experience. *The Governor recommends funding as requested.*

Other Federal Grants. The Agency requests \$1.4 million more than enacted from federal funds to reflect revised awards and expenditures. The request includes changes to multiple grants to reflect funds carried forward from prior years and updated expenditure plans. Major increases relate to Federal Emergency Management Flood Clean Up reimbursements and staff training for emergency response. *The Governor recommends funding as requested.*

Other Operations. The Agency requests \$5,616 more from general revenues and \$2,000 more from federal funds for all other expenditures. This includes minor adjustments to operating costs, such as building maintenance, janitorial services, and utilities, which the Agency inadvertently underfunded in its original FY 2020 operating request. *The Governor recommends funding as requested.*

Department of Public Safety

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 11,046,684 | \$ 15,508,413 | \$ 15,896,626 | \$ 15,894,113 |
| E-911 | 5,927,281 | 7,014,261 | 7,081,510 | 7,067,961 |
| Capitol Police | 4,601,815 | 4,826,763 | 4,981,017 | 4,941,942 |
| Sheriffs | 20,110,224 | 21,946,856 | 22,004,139 | 21,420,867 |
| Municipal Police Training Academy | 506,092 | 716,044 | 807,425 | 796,508 |
| State Police | 81,004,056 | 88,196,019 | 93,585,687 | 91,739,700 |
| Total | \$ 123,196,152 | \$ 138,208,356 | \$ 144,356,404 | \$ 141,861,091 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 98,108,735 | \$ 105,038,315 | \$ 104,451,181 | \$ 103,652,967 |
| Contracted Services | 1,093,607 | 942,639 | 1,839,587 | 1,839,537 |
| Subtotal | \$ 99,202,342 | \$ 105,980,954 | \$ 106,290,768 | \$ 105,492,504 |
| Other State Operations | 11,052,939 | 14,399,051 | 15,911,678 | 15,875,629 |
| Aid to Local Units of Government | 36,633 | - | - | - |
| Assistance, Grants, and Benefits | 9,187,813 | 14,000,517 | 13,946,405 | 13,946,405 |
| Capital | 3,716,425 | 3,827,834 | 8,207,553 | 6,546,553 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 123,196,152 | \$ 138,208,356 | \$ 144,356,404 | \$ 141,861,091 |
| Sources of Funds | | | | |
| General Revenue | \$ 103,664,573 | \$ 105,918,952 | \$ 106,088,625 | \$ 105,267,826 |
| Federal Aid | 16,020,604 | 19,986,405 | 24,847,970 | 24,843,073 |
| Restricted Receipts | 505,802 | 6,136,198 | 6,357,294 | 6,348,890 |
| Other | 3,005,173 | 6,166,801 | 7,062,515 | 5,401,302 |
| Total | \$ 123,196,152 | \$ 138,208,356 | \$ 144,356,404 | \$ 141,861,091 |
| FTE Authorization | 563.6 | 593.6 | 598.6 | 593.6 |
| FTE Average | 545.0 | | | |

FY 2020 Revised Request. The Department's revised request includes \$6.1 million more than enacted from all sources including \$0.2 million from general revenues reappropriated from FY 2019. Other changes include \$4.9 million more from federal funds, \$0.2 million more from restricted receipts, and \$0.9 million more from other funds. The request includes 598.6 full-time equivalent positions, 5.0 more than authorized.

The Governor recommends \$3.7 million more than enacted from all sources, including \$0.7 million less from general revenues. The recommendation is \$2.5 million less than requested, including \$0.8 million less from general revenues.

The Governor's revised budget includes dozens of undefined additions and reductions across multiple appropriation lines in thirteen different budgets. For the Department this includes \$18,798 across two programs. It appears these adjustments were made to keep the agency's total individual general revenue appropriation lines from exceeding the enacted level after known spending plan adjustments were

made. This obscures where there is projected overspending and which line items are being reduced to offset that. The table below shows where those adjustments were made and the unadjusted amounts by program.

| | FY 2020 Enacted | FY 2020 Revised | Value of Adjustments | FY 2020 Unadjusted |
|-----------------------------------|-----------------------|-----------------------|-------------------------|-----------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 15,508,413 | \$ 15,894,113 | \$ - | \$ 15,894,113 |
| E-911 | 7,014,261 | 7,067,961 | - | 7,067,961 |
| Capital Police | 4,826,763 | 4,941,942 | - | 4,941,942 |
| Sheriffs | 21,946,856 | 21,420,867 | - | 21,420,867 |
| Municipal Police Training Academy | 716,044 | 796,508 | (9,399) | 805,907 |
| State Police | 88,196,019 | 91,739,700 | 9,399 | 91,730,301 |
| Total | \$ 138,208,356 | \$ 141,861,091 | \$ - | \$ 141,861,091 |

Staffing. The Department requests FY 2020 staffing of 598.6 full-time equivalent positions, 5.0 more than authorized. As of the October 26, 2019 pay period, the Department has 575.0 filled positions and 18.6 vacant positions. In June 2019, the Department graduated 37 new police cadets from its State Police Training Academy. The enacted budget only assumed funding and authorization for 30 new troopers. The request for new positions reflects the Department hiring the additional 7 cadets. It appears one vacancy from Central Management was reallocated to Division of State Police and a vacancy from within the division was used to offset the additional hiring.

The request includes \$104.5 million from all sources for salaries and benefits, including \$94.3 million from general revenues. This is \$0.6 million less than the enacted budget from all sources, including \$0.9 million less from general revenues. This reflects turnover savings from vacancies predominantly within the Division of Sheriffs and Central Management and overtime savings within the Division of State Police.

The Governor recommends 593.6 full-time equivalent positions, consistent with the enacted authorization. The recommendation is \$0.8 million less than requested from all sources, primarily from general revenues which reflects additional turnover savings, distributed centralized savings from changes to injured on duty laws, and statewide medical benefit savings.

Centralized Services. The Department requests \$0.1 million more from all sources for centralized services, including \$12,175 more from restricted receipts assessed to wireless and wired phone lines for E-911 operations. This increase mostly reflects FY 2019 expenditures. 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 request includes \$0.8 million for human resources, \$0.1 million for facilities management, and \$0.5 million for information technology services.

The Governor recommends \$36,049 less than requested from general revenues, which is based on Budget Office estimates. It should be noted the Department is likely to be billed \$0.1 million more than budgeted based on the Department of Administration's second quarter internal service report. The Budget Office reports that any current year instances of overspending will be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created.

Statewide Savings. The Department requests \$0.2 million from general revenues to restore statewide savings assumed in the enacted budget on certain commodities, contracts and insurance. These savings were applied proportionally to all agencies on total spending and not based on feasibility. The request distributes these savings where they actually occur and restores \$190,115 of the \$245,011 included in the enacted budget. *The Governor recommends funding as requested.*

Central Management

Fiscal Clerk (1.0 FTE). The Department requests \$61,347 from restricted receipts for a new fiscal clerk position to assist the division with processing financial transactions. This position was filled in September 2018. The Department requested this position in its FY 2019 revised and FY 2020 requests to be funded from indirect cost recovery on federal grants. The Governor concurred with the request but the Assembly did not.

The Department receives indirect cost recovery on 10.0 percent from one federal grant and 10.0 percent on all third party reimbursements for patrols. The request also reflects the use of receipts assessed on Federal Emergency Management grants to be used for administrative costs, which is not the same as indirect cost recovery. In FY 2019, there were not enough receipts from these emergency management grants and the Department spent general revenues to pay for this position. It appears a funded vacant position from within Central Management was reallocated. *The Governor recommends funding and staffing essentially as requested.*

Other Salaries and Benefits. The Department requests \$80,668 less than enacted from all sources including \$88,793 less from general revenues for the remaining 11.0 full-time equivalent positions. As of the October 26 pay period, the division has 2.0 vacancies. A vacancy was also reallocated to the division of State Police. The enacted budget assumes \$250,000 of turnover savings. The request reflects the actual savings achieved by these two vacancies. *The Governor recommends \$2,524 less than requested from all sources, including \$1,628 less from general revenues, to reflect statewide medical benefit savings.*

Crime Victim Assistance. The Department requests \$39,022 more from federal Crime Victim Assistance funds for a new project conducted by the Treasury, Attorney General, Judiciary, and Department of Corrections to create a database to share information about victims and the services provided to a victim across the agencies. The Department grants awards to programs that support direct services to victims of violent crimes. Programs must provide free services to victims of federal, state, and local crimes while fostering community efforts to aid crime victims. *The Governor recommends funding as requested.*

JAG Grants. The Department requests \$15,000 from the interest earned on the Edward Byrne Memorial Justice Assistance grant for a grant to the Municipal Police Training Academy, a division within the Department, to conduct classes. The Edward Byrne Memorial Justice Assistance grant is a federal grant used to improve or enhance law enforcement, prevention and education programs, drug treatment and enforcement programs, and crime victim and witness programs. This grant is awarded to the state in advance of all expenditures, deposited into the general fund, and that amount gains interest throughout the year. Subject to U.S. Code Title 34, Section 10158, the interest earned may be used for the same purposes as the grant funds. In this instance, interest funds will be given to the Municipal Police Training Academy to administer classes. Receipts on the interest from FY 2017 to FY 2019 total \$17,949. There does not appear to be state legal authority for this restricted receipt account. Subsequent to its budget request submission, the Department reports that it will be closing this account and future expenditures may be reflected as federal funds. Based on the receipts received, there does not appear to be enough to support FY 2021 expenditures. *The Governor recommends funding as requested.*

Crime Reporting Database. The Department requests \$0.4 million from federal grant funds, the National Criminal Statistics Exchange grant and the Coverdell Forensic Science grant, to develop a uniform database

that can be used by state and local agencies to view arrest records. This will make Rhode Island compliant with Federal Bureau of Investigation technology requirements. The current system is outdated and does not easily allow sharing arrest records among agencies and with the public. According to the Department, the request is overstated by \$0.2 million from the Coverdell Forensic Science Grant, which appears to have been inadvertently added. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$0.1 million less from all sources for other expenses including \$1,412 more from general revenues, \$0.1 million less from federal funds, and \$16,500 more from restricted receipts assessed to federal emergency management grants for additional office supplies and new computers. The increase to general revenues reflects increased administrative fees, mileage costs, insurance, and correcting the statewide savings allocation. The request reflects \$0.1 million less for federal grants for state projects and municipalities including \$0.2 million less from the Rhode Island Grants to Encourage Arrest Policies and \$0.1 million more from the Comprehensive Addiction and Recovery grant. *The Governor recommends funding as requested.*

E-911

Personnel and Operating. The 2019 Assembly created a new restricted receipt account to be used exclusively by the Division of E-911 funded by an E-911 specific surcharge on all wired, wireless, and prepaid phone lines, which became effective on October 1, 2019. The E-911 surcharge is \$0.50 per wired and wireless line, which is now separate from the revised first response surcharge of \$0.50 per wired and \$0.75 per wireless line. These changes make Rhode Island compliant with Federal Communications Commission regulations. The enacted budget includes \$1.5 million from general revenues and \$5.3 million from the E-911 surcharges for FY 2020 expenses.

The Department's request keeps general revenues at the enacted level while increasing restricted receipts by \$55,074. The increase reflects the actual cost of the technology upgrades to make E-911 operations Next Generation 911 compatible. This is offset by turnover savings and savings on software. The 2018 Assembly provided an additional \$0.7 million from general revenues for the division to perform technology upgrades and for a statewide assessment of needs to implement Next Generation 911 and Text-to-911. This was part of a larger three to five year plan. In her FY 2019 revised and FY 2020 recommended budgets, the Governor recommended \$450,000 for technology upgrades and the Assembly concurred. The Department's request reflects restoring some of the expenses of the upgrades, \$173,245.

The Department expects available restricted receipts for FY 2021 to be \$8.0 million. It appears this amount assumes wireline receipts do not decline which they have in recent years. It should be noted that receipts on wirelines are the lowest amount received since 2008. Collections in FY 2019 were \$0.6 million less than FY 2018. *The Governor recommends \$13,549 less than requested, including \$5,134 less from general revenues, to reflect overtime savings and statewide medical benefit savings.*

Sheriffs

Recruitment and Training - Reappropriation. The Governor reappropriated \$211,487 from general revenues from unspent FY 2019 funds for recruiting and training for new sheriffs and capitol police. However, the FY 2019 budget and the enacted budget, did not include funding or authorization for a new Sheriff's academy. The Department requests \$211,082 more than enacted from general revenues to recruit and complete the academy in November 2019, and outfit the new Sheriffs with equipment and uniforms. As of the October 26, 2019 pay period, the Department has 17.0 vacant positions achieved mostly by injured on duty reform. The Department graduated 17 individuals on November 8, 2019. Not including advertising, this equates to about \$13,000 per new Sheriff for training and equipment. *The Governor recommends funding as requested.*

Injured on Duty. The enacted budget includes \$1.7 million in savings to be achieved through reforms to injured on duty laws, budgeted centrally in the Department of Administration. Injured on duty benefits permit employees injured while performing the duties of their job, or rendering emergency assistance when off duty, to receive their active duty pay, untaxed, while they are unable to work. These savings were calculated based on the expected status of 24 recipients as of July 1, 2019. The enacted budget assumes half of the then-current costs, \$3.3 million, would be retained. Nearly all savings were assumed to come from the Department, 82.0 percent, or \$1.2 million to the Division of Sheriffs and \$0.2 million to the Capitol Police. The Department's budget treats savings from those leaving injured on duty status and not returning to work as turnover and spends these savings elsewhere. It should be noted that the Department of Administration's first quarter report assumes these savings will be achieved.

At the time when the Budget Office calculated the potential savings, there were 21 sheriffs and 3 capitol police that were on injured on duty status. As of the October 26 pay period, the Department reports that there are now 13 sheriffs that are injured on duty and 2 capitol police. *The Governor's recommendation recognizes \$0.5 million of savings related to Sheriffs; statewide, the savings total \$0.7 million.*

Salaries and Benefits. The Department requests \$0.3 million less than enacted from general revenues for salaries and benefits. The request reflects additional turnover savings achieved by vacancies created when ten sheriffs retired from injured on duty reform and additional vacancies. The enacted budget includes 181.0 authorized positions and turnover equivalent to 0.4 positions. As of the October 26, 2019 pay period, the division had 164.0 filled positions. The Department is graduating a class of 17 individuals to fill these vacancies to begin in the middle of November 2019. The Department has indicated that it plans to conduct another training academy in the spring of 2020 to ensure that vacancies can be filled in the event of more retirements. As noted earlier, savings from staff moving off of injured on duty status to retirement benefits are repurposed elsewhere in the budget. *The Governor recommends \$74,785 less than requested from general revenues including \$33,851 less from overtime savings and \$40,934 less from statewide medical benefit savings.*

Fleet Maintenance. The Department requests \$24,303 more from general revenues than enacted for state fleet expenditures including fuel costs, and maintenance and repairs, which is consistent with FY 2019 expenditures. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$64,936 more than enacted from general revenues for all other expenses including \$13,000 more for extraditions which are occurring more frequently, \$27,580 more for internet costs, \$15,000 more to replace outdated computers, and \$34,896 more for other office supplies and expenses; offset by a \$25,540 correction to parking costs inadvertently overstated in the enacted budget. The Department expects associated technology charges from the purchase of new computers and has budgeted an additional \$27,580. *The Governor recommends funding as requested.*

Capitol Police

Salaries and Benefits. The Department requests \$27,505 more than enacted from general revenues for salaries and benefits. This mostly reflects more overtime costs offset by turnover savings equivalent to 0.6 full-time positions. The enacted budget authorizes 51.0 full-time equivalent positions, which includes 38.0 positions funded from general revenues and 13.0 positions charged to other agencies through internal service funds. As of the October 26, 2019 pay period, the division has 49.0 filled positions and is averaging 49.7 filled positions for the fiscal year. The Department hired 11 new recruits in FY 2019 that started in January 2019.

The Department reports there are three individuals that are receiving injured on duty payments but expects there to be more retirements in FY 2020. As of November 13, 2019, there is one known individual that is

retiring. *The Governor recommends \$39,025 less than requested from general revenues, including \$30,575 less from overtime savings and \$8,450 less from statewide medical benefit savings.*

Recruitment and Training. The Department requests \$105,366 more from general revenues for costs related to recruiting and training new capitol police. The Governor reappropriated \$211,487 from general revenues from savings achieved in FY 2019 by the Division of Sheriffs for recruiting and training new sheriffs and capitol police. It appears the reappropriation does not cover the full cost of conducting both academies. The Capitol Police spent \$0.2 million more than the final budget in FY 2019 because of training costs that occurred earlier that year. The Department trained 11.0 full-time equivalent cadets in December 2018, and they started duty in January 2019. The enacted budget does not include funding for a new training academy for capitol police. The Department reports that a new academy would consist of five to ten recruits who will be available for hire in the event of retirements and new positions that are requested in the Department's FY 2021 request. The total request appears to be based on approximately \$10,000 per recruit. *The Governor recommends funding as requested.*

State Fleet. The Department requests \$12,536 more than enacted from general revenues for state fleet expenditures, including fuel costs, maintenance and repairs. This brings the total cost to \$24,900. In FY 2019, the Department spent \$19,830. The Capitol Police have six vehicles, one of which has over 100,000 miles and three vehicles with under 50,000 miles. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$17,523 more than enacted from general revenues for all other expenses including \$10,000 more for staff training, \$2,608 for new computers, and \$14,314 for unidentified miscellaneous expenses, offset by savings from other expenses that mostly reflect the FY 2019 experience. *The Governor recommends funding as requested.*

Municipal Police Training Academy

Salaries and Benefits. The Department requests \$3,033 more than enacted from general revenues for salaries and benefits. According to the Department, this increase reflects the cost of an attorney from the Attorney General's office to teach at the Training Academy. The enacted budget includes approximately \$5,000 to help pay for this position. It appears the enacted budget understates the total cost of the attorney, which was based on the Department's prior year request. *The Governor recommends \$978 less than requested from general revenues to reflect overtime savings and statewide medical benefit savings.*

Other Operations. The Department requests \$84,926 more than enacted from all sources including \$4,462 more from general revenues for all other expenses. The Department signed a lease with the Community College of Rhode Island on June 19, 2019 for FY 2020. The request reflects an increase in renting classroom space at the community college and restoring \$1,531 of statewide savings. The Department was able to absorb these savings to other commodities in FY 2019. The increase to federal funds reflects an updated grant award from the Drug Recognition Expert/Standardized Field Sobriety Tests Training Grant. It should be noted, that the Department has requested the full amount of this award, but typically does not spend the full amount. *The Governor recommends funding as requested.*

State Police

Salaries and Benefits (5.0 FTE). The Department requests \$0.2 million less than enacted from all sources, including \$0.5 million less from general revenues for the salaries and benefits of 302.0 full-time equivalent positions. The State Police Training Academy graduated 37 new troopers on June 28, 2019, seven more than the budget assumed. The request also reflects \$0.3 million from overtime savings achieved by the additional troopers. The request includes new federal grants that will be used to offset general revenues budgeted for trooper patrols. The request inadvertently excludes \$0.5 million from reimbursements from the Department of Transportation for construction enforcement and patrol. In FY 2019, the Department

spent \$1.6 million from reimbursements, consistent with the enacted budget. Adjusting for this, the total request for funding would be \$0.4 million more than enacted.

The request includes 5.0 more full-time equivalent positions than assumed in the enacted budget to accommodate the additional troopers, offset by vacancies achieved through retirements and one vacancy reallocated from Central Management. As of October 26, 2019, the division has 299.0 filled positions. *The Governor recommends \$0.2 million less than requested, which includes \$0.1 million from overtime savings and \$0.1 million in statewide medical benefit savings.*

Highway Safety Task Force. The Department requests \$0.3 million from new federal National Highway Traffic Safety Administration grant funds to advertise a new program to prevent repeat intoxicated drivers. These funds may be used for alcohol impaired driving enforcement and prevention efforts. *The Governor recommends funding as requested.*

HOPE Initiative. The Department requests \$0.5 million more than enacted from federal funds to continue the Heroin Opioid Prevention Effort (HOPE) Initiative. In 2018, the Department launched a new initiative aimed at preventing opioid addiction and overdose. The request reflects unspent funding from FY 2019. Planned expenditures include renting office space at the Lincoln Business Center for \$23,280 for substance abuse prevention professionals and other staff to administer the program, \$79,000 to rent vehicles, \$0.3 million for a technology project tracking and identifying overdoses, and \$0.1 million to be given to municipalities for local police involvement. Other expenditures include \$50,000 for trainings and \$30,000 for advertising to those individuals who may need these services. *The Governor recommends funding as requested.*

Legal Services. The Department requests \$76,000 more than enacted from general revenues for legal services. The request reflects the cost of additional expert witnesses, arbitrators, and other specialists. The Department has indicated that these legal services are not consistent and the costs differ from year to year. The request appears to be overstated based on historical expenditures for these services. The Department spent \$6,252 for legal services in FY 2019, \$56,822 in FY 2018, and \$14,842 in FY 2017. As of January 2, 2020, the Department has spent \$15,950. *The Governor recommends funding as requested.*

New Vehicles. The Department requests \$2.8 million from Google Forfeiture funds and Forfeited Property funds not assumed in the enacted budget to purchase vehicles. The Department purchased vehicles in FY 2019 but the delivery did not occur until 2020, therefore the expenditure occurs in FY 2020. It should be noted, that total planned Google Forfeiture expenditures for FY 2020 exceed the total amount available to the State Police by \$0.2 million. The Department notes that any funding gap will be supplemented by other federal forfeiture funding supplied by the Department of Justice, noted elsewhere in the budget. *The Governor recommends funding as requested.*

Fleet Revolving Loan Repayment Fund. The Department requests \$79,259 more from general revenues to make payments on vehicles financed through the State Fleet Revolving Fund. This request reflects the debt service for vehicles purchased during FY 2019 but fails to include outstanding payments for vehicles purchased in FY 2018. The enacted budget was based on the Department's FY 2020 request, which incorrectly stated the amount needed for vehicle payments in FY 2019 as well as past and future debts. *The Governor recommends funding as requested.*

Capital Projects. The Department requests \$1.5 million more than enacted from Rhode Island Capital Plan funds for capital projects, including \$1.0 million to conduct architectural and engineering services for a new Consolidated Training Academy and a new Southern Headquarters. The request also includes \$0.1 million of unspent funding from FY 2019 for the State Police Master Plan, \$0.1 million more for the State Police Training Academy Upgrades, \$0.1 million for architectural and engineering services for renovating

an Administrative Support Building and \$0.1 million more for asset protection. This request is not consistent with the capital plan and reflects updated expenditures for asset protection projects.

The Governor recommends \$1.7 million less than requested and does not include funding for architectural and engineering services. A detailed description of these projects is included in the Capital Budget section of this publication.

Utilities and Overhead. The Department requests \$0.1 million more from all sources for utilities, internet service, and insurance at the State Police Headquarters and the barracks, including \$0.1 million more from general revenues. This reflects FY 2019 expenditures for internet, fuel, water, and insurance for which the Department spent \$1.1 million. The enacted budget was based on FY 2018 utilities expenditures which were lower. *The Governor recommends funding as requested.*

SORNA Database and Operations. The Department requests \$0.2 million more than enacted from federal Sex Offender Registration and Notification Act grant funds to create a sex offender tracking database. This is part of a coordinated effort among state agencies such as the Rhode Island Attorney General's Office, the State Police, and local experts. There was a delay in spending these funds in FY 2018 and FY 2019 because the coordination among state agencies prevented the Department from issuing a request for proposals in a timely manner. The Department reports that a vendor has been selected and this program will launch in July or August of FY 2021. The request reflects purchasing software and trainings. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$0.2 million more than enacted from all sources for all other expenses, including \$0.3 million more from general revenues, \$17,917 less from federal funds, and \$1,000 more from restricted receipts assessed to forfeited property as part of drug arrests and gambling violations. The request mostly reflects changes to general revenues, including \$0.1 million more for staff training and restoring \$0.2 million of statewide savings. The Department was able to absorb these savings in FY 2019. Changes to federal funds and restricted receipts reflect the Department spending more on trooper supplies and equipment in lieu of monitors and computers. *The Governor recommends funding as requested.*

Office of the Public Defender

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 10,700,592 | \$ 11,565,442 | \$ 11,372,103 | \$ 11,390,640 |
| Contracted Services | 145,591 | 207,260 | 218,378 | 218,378 |
| Subtotal | \$ 10,846,183 | \$ 11,772,702 | \$ 11,590,481 | \$ 11,609,018 |
| Other State Operations | 1,051,588 | 1,031,834 | 1,089,981 | 1,089,483 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 28,680 | 45,000 | 145,000 | 145,000 |
| Capital | 42,806 | 51,000 | 31,000 | 31,000 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 11,969,257 | \$ 12,900,536 | \$ 12,856,462 | \$ 12,874,501 |
| Sources of Funds | | | | |
| General Revenue | \$ 11,940,555 | \$ 12,824,871 | \$ 12,780,797 | \$ 12,798,836 |
| Federal Aid | 28,702 | 75,665 | 75,665 | 75,665 |
| Restricted Receipts | - | - | - | - |
| Other | - | - | - | - |
| Total | \$ 11,969,257 | \$ 12,900,536 | \$ 12,856,462 | \$ 12,874,501 |
| FTE Authorization | 95.0 | 96.0 | 96.0 | 96.0 |
| FTE Average | 92.8 | | | |

FY 2020 Revised Request. The Office of the Public Defender includes \$44,074 less from general revenues in its revised request. *The Governor includes \$18,039 more than requested.*

Salaries and Benefits. The Office requests \$0.2 million less than enacted from general revenues for salaries and benefits, primarily reflecting additional turnover savings and updated medical benefit expenses. The enacted budget funds 95.0 of the 96.0 authorized full-time positions in the Office. As of the November 12, 2019 pay period there are 94.0 filled positions. *The Governor recommends \$18,537 more than requested. She includes \$23,998 in statewide medical benefit savings and adds \$42,535 to fully fund staffing expenses for the remainder of the fiscal year. As of the January 18 payroll, there are 92.0 filled positions.*

Caseload Backlog. The Office requests \$100,000 from general revenues to address a potential increase to its caseload. The Office of the Attorney General is in the process of clearing a backlog of approximately 2,000 cases discovered and reported in April 2019. As of late November, the Office has been referred approximately 750 cases to be handled by staff attorneys. It appears the request was intended to supplement the costs assumed to be incurred by the Judiciary through its Indigent Defense Fund, as these costs are not typically incurred by the Public Defender's Office. *The Governor recommends funding as requested.*

Software Upgrade. The Office requests \$21,000 more than enacted to upgrade 90 Microsoft Office licenses in FY 2020 and another 23 in FY 2021. The Office reports that it had delayed making these upgrades, but now proposes use of general revenue personnel savings in the current year for the expense. *The Governor recommends funding as requested.*

Consolidation of Parking Leases - Unachieved Savings. The enacted budget assumed savings of \$9,054 for the fourth quarter of FY 2020 from consolidation of parking leases in Providence based on an Efficiency Commission proposal. The Office restores the savings which had assumed a change to the parking contract because it has not received any information as to whether or not there has been a change to the lease. The annualized savings for FY 2021 was expected to be \$23,400. *The Governor recommends funding as requested.*

Court Transcription Services. The Office requests \$15,000 more than enacted from general revenues for court transcripts by stenographers employed in the courts for a total of \$48,000. The requested amount is based on FY 2019 spending, and the Office also notes there has been a trending increase in these services. The increase does not include any additional services that might be needed to address the caseload backlog. The Office spent \$27,023 in FY 2018 and \$45,909 in FY 2019. *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 Office requests \$12,186 from general revenues for its share of centralized information technology services, consistent with the enacted level. In FY 2019, the Office spent \$11,142. *The Governor recommends \$2,037 less than requested for information technology services based Budget Office estimates.*

Other Operations. The Office requests \$4,211 more than enacted from general revenues for total funding of \$0.8 million for all other expenses. This is \$95,519 more than FY 2019 actuals including \$48,556 from general revenues and \$46,963 from federal funds. Although the request is essentially consistent with the enacted level, it appears to overfund some expenses such as utilities and mileage. The request for temporary contracted services is \$31,639 more than FY 2019 in anticipation that the services may be required. *The Governor recommends \$1,539 more than requested for miscellaneous operating expenses.*

Department of Environmental Management

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|
| Expenditure by Program | | | | |
| Office of the Director | \$ 10,363,870 | \$ 10,981,666 | \$ 10,884,439 | \$ 11,013,118 |
| Bureau of Natural Resources | 41,530,339 | 59,511,592 | 63,450,840 | 60,749,399 |
| Bureau of Environmental Protection | 25,327,412 | 31,625,640 | 31,663,921 | 31,768,170 |
| Subtotal | \$ 77,221,621 | \$ 102,118,898 | \$ 105,999,200 | \$ 103,530,687 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 48,844,587 | \$ 53,138,857 | \$ 52,321,281 | \$ 52,201,249 |
| Contracted Services | 5,132,923 | 7,107,895 | 7,349,760 | 7,581,240 |
| Subtotal | \$ 53,977,510 | \$ 60,246,752 | \$ 59,671,041 | \$ 59,782,489 |
| Other State Operations | 14,845,641 | 16,358,516 | 16,971,157 | 16,617,323 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 3,857,197 | 6,534,623 | 7,122,374 | 7,147,505 |
| Capital | 4,541,273 | 18,929,007 | 22,184,628 | 19,933,370 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | 50,000 | 50,000 | 50,000 |
| Total | \$ 77,221,621 | \$ 102,118,898 | \$ 105,999,200 | \$ 103,530,687 |
| Sources of Funds | | | | |
| General Revenue | \$ 41,449,729 | \$ 43,623,975 | \$ 44,000,519 | \$ 43,542,012 |
| Federal Aid | 20,965,103 | 32,309,520 | 32,156,691 | 32,166,793 |
| Restricted Receipts | 12,221,746 | 16,060,848 | 16,713,417 | 17,189,655 |
| Other | 2,585,043 | 10,124,555 | 13,128,573 | 10,632,227 |
| Total | \$ 77,221,621 | \$ 102,118,898 | \$ 105,999,200 | \$ 103,530,687 |
| FTE Authorization | 395.0 | 394.0 | 395.0 | 394.0 |
| FTE Average | 374.4 | | | |

FY 2020 Revised Request. The Department of Environmental Management's revised request includes \$3.9 million more than enacted from all sources including \$0.4 million more from general revenues, \$0.2 million less from federal funds, \$0.7 million more from restricted receipts, and \$3.0 million more from other funds. The request inadvertently includes one more full-time equivalent position than authorized.

The Governor recommends \$1.4 million more from all sources than enacted including \$0.1 million less from general revenues. The recommendation is \$2.5 million less from all sources than requested including \$0.5 million less from general revenues. She includes staffing consistent with the enacted authorization.

The Governor's revised budget includes dozens of undefined additions and reductions across multiple appropriation lines in thirteen different budgets. For the Department, this includes \$285,340 across three programs. It appears these adjustments were made to keep the agency's total individual general revenue appropriation lines from exceeding the enacted level after known spending plan adjustments were made. This obscures where there is projected overspending and which line items are being reduced to offset that. The table below shows where those adjustments were made and the unadjusted amounts by program.

| | FY 2020 Enacted | FY 2020 Revised | Value of Adjustments | FY 2020 Unadjusted |
|------------------------------------|-----------------------|-----------------------|-------------------------|-----------------------|
| Expenditures by Program | | | | |
| Office of the Director | \$ 10,981,666 | \$ 11,013,118 | \$ (90,104) | \$ 11,103,222 |
| Bureau of Natural Resources | 59,511,592 | 60,749,399 | (52,566) | 60,801,965 |
| Bureau of Environmental Protection | 31,625,640 | 31,768,170 | 142,670 | 31,625,500 |
| Total | \$ 102,118,898 | \$ 103,530,687 | - | \$ 103,530,687 |

Staffing. The Department requests \$0.8 million less than enacted from all sources for 395.0 full-time equivalent positions, one position more than the authorized amount which was inadvertently included. This reflects additional turnover savings achieved by vacancies at the beginning of the fiscal year. The Department has achieved at least \$0.5 million in additional turnover savings by an average of 9.7 vacancies for the first 10 pay periods of the year. The Department also hired positions at a lower cost than previously budgeted. As of the pay period ending November 12, 2019, the Department has 392.0 filled positions, or 2.0 less than authorized. The Department is reallocating vacancies from the Bureau of Environmental Protection and the Office of the Director to fill positions within the Bureau of Natural Resources.

The Department recommends upgrading a number of administrative and scientific positions through a classified public hearing in August 2019. Upgraded positions were spread throughout the Bureau of Environmental Protection and the Bureau of Natural Resources. The Department indicates these upgrades were intended to update job specifications to be more in line with actual duties and requirements as well as update compensation to be equitable with similar positions at other state agencies. The total estimated cost of the upgrades for FY 2020, inclusive of benefits, is \$110,281 and that is reflected in the revised request.

The Governor recommends \$120,032 less from all sources than requested, including \$81,963 less from general revenues, to reflect overtime and statewide medical benefit savings.

Statewide Savings. The Department requests \$0.2 million from general revenues to restore unachieved statewide savings assumed in the enacted budget on certain commodities, contracts and insurance. These savings were applied to all agencies proportionally based on total spending and not on feasibility. The Department was not able to achieve most of these savings in FY 2019, except from the Bureau of Environmental Protection. It should be noted, that most of the Department's statewide savings were taken from the Division of Parks and Recreation, which has a history of overspending its operating budget. The request distributes these savings where they actually occur and restores \$238,124 of the \$253,513 included in the enacted budget. *The Governor recommends funding as requested.*

Centralized Services. Consistent with the enacted budget, the Department requests \$2.3 million from all sources for centralized services, including \$45,000 for facilities management, \$1.6 million for information technology services, and \$0.6 million for human resources. The Department spent \$2.4 million in FY 2019, which included a one-time purchase for Microsoft 365, approximately \$0.1 million. 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 pay for the staff and expenses. *The Governor recommends \$6,790 less than enacted and requested from federal funds, based on Budget Office estimates. It should be noted the Department is likely to be billed \$0.6 million more than budgeted based on the Department of Administration's second quarter internal service report. The Budget Office reports that any current year instances of overspending will be*

resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created.

Office of the Director

Salaries and Benefits. The Department requests \$0.1 million more than enacted from all sources for salaries and benefits in the Office of the Director, including \$48,810 more from general revenues. This reflects salary increases for five positions that resulted from desk audits that reflect the employees' increased scope of duties from prior paygrades. The Office has 32.0 filled full-time equivalent positions which is 3.0 less than assumed in the enacted budget. It appears the Department is reallocating at least 1.0 vacancy to the Bureau of Natural Resources. *The Governor recommends \$10,176 less from all sources than requested including \$4,444 less from general revenues, to reflect statewide medical benefit savings.*

Bays, Rivers, and Watersheds Fund. The Department requests \$120,000 less than enacted from the Bays, Rivers, and Watershed restricted receipts for efforts relating to watershed and marine monitoring, water pollution abatement, and climate change. The fund is derived from fees collected for the disposal of septage from a \$1 per hundred gallons charge on septage disposal in the state. Subsequent to the budget submission, the Department reports the request should be total \$392,480, which is \$0.1 million more than enacted for hydrologic data collection as part of a joint project with the U.S Department of Interior and the University of Rhode Island. Total FY 2019 expenditures were \$342,202. *The Governor recommends total expenditures of \$392,480 consistent with the Department's subsequent request.*

Regional Greenhouse Gas Initiative. The Department requests \$0.1 million more than enacted from restricted receipts to administer the Regional Greenhouse Gas Initiative funds available from FY 2019 that will be used to award additional grants. *The Governor recommends funding as requested.*

One Stop Reporting. The Department requests \$0.2 million less than enacted from federal One Stop Reporting grant funds that had been planned for updating its database management system. The project is delayed because the Department is still determining what type of software is suitable and these funds may not be needed until FY 2021. It should be noted the Department's FY 2021 request excludes these funds as well. *The Governor recommends funding as requested.*

Foundry Lease. The Department requests \$0.1 million less than enacted from general revenues for its lease costs for the Foundry building. The Department of Administration's Division of Statewide Planning moved into the Foundry building in September 2019. This represents the amount of rent that will be paid by the Division through the Department of Administration's budget. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$0.1 million more than enacted from general revenues for all other expenditures. This reflects restoring \$92,117 of statewide savings and \$40,297 more for utilities, which reflect FY 2019 expenditures. The enacted budget is based on the Department's FY 2020 request which was inadvertently under budgeted. *The Governor recommends funding as requested.*

Bureau of Environmental Protection

Salaries and Benefits. The Department requests \$0.6 million less than enacted from all sources for salaries and benefits of the Bureau of Environmental Protection. This reflects additional turnover savings achieved by vacancies that occurred at the beginning of FY 2020, especially from the Offices of Air Resources and Water Resources. The Bureau has 175.0 of the Department's authorized positions. As of the pay period ending November 12, 2019, the Department has 2.0 vacant positions. Based on the average cost of a position for the Bureau, \$121,534, and an average of 4.0 vacancies for 10 pay periods, additional turnover would be approximately \$0.2 million. The remaining adjustment appears to correct funding levels for

remaining positions to projected need. *The Governor recommends \$38,421 less from all sources than requested including \$22,097 less from general revenues to reflect overtime and statewide medical benefit savings.*

Federal Grants. The Department requests \$0.2 million more than enacted from its remaining federal funds. The enacted budget contains \$5.0 million for these programs and the request reflects current awards. The Department has typically requested all of its available funding only to significantly underspend at the end of the year. The FY 2019 final budget included \$4.3 million and the Department spent \$2.2 million. *The Governor recommends funding as requested.*

State Volkswagen Settlement. The Department requests \$0.4 million from Volkswagen Settlement funds that were initially awarded to the Attorney General's office. In 2018, Volkswagen agreed to settle allegations that it violated the federal Clean Air Act by selling vehicles that emit air pollution over the legal limit, and by cheating on federal emissions tests to hide the excess pollution. As part of the settlement, states were eligible to receive funds to pay part of the cost of projects to reduce diesel emissions from vehicles, to install electric vehicle infrastructure, and conduct other "environmentally beneficial projects;" the state received a total of \$18.5 million. The total award to the Department for its mitigation plan was \$14,368,858 to be used during a ten-year period, and to be included in different years' budgets. The remaining \$4.1 million in settlement funds were awarded to the Office of the Attorney General to be spent on "environmentally beneficial projects" as directed by the attorney general.

The Department may use up to 15.0 percent of the funds for program administration including personnel costs, construction of associated facilities for the electric vehicles, and training. The Department was also awarded \$0.4 million from the Attorney General's Office for two hazardous waste projects, a fish project, a solar project, and a technology project. The request reflects expenditures from these awards and no expenditures from the settlement for administrative costs. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$47,116 more than enacted from all sources for all other expenditures, including \$36,845 more from general revenues. The request includes \$50,000 more than enacted from general revenues for the Office of Water Resources to hire engineering and design contractors. This was one area where the Department identified significant vacancies. The request also reflects an increase to state fleet maintenance, utilities, telephones and internet to match FY 2019 expenditures, and restores \$5,000 of statewide savings. These increases are offset by a savings of \$48,000 from the Department no longer renting vehicles. *The Governor recommends funding as requested.*

Bureau of Natural Resources

Eastern Equine Encephalitis Prevention. The Department requests \$0.4 million from general revenues for Eastern Equine Encephalitis Prevention efforts that occurred earlier in FY 2020 for which the enacted budget included no funding. Eastern Equine Encephalitis, also known as "Triple E," is a mosquito-borne disease that can be transmitted to humans and cause significant neurological problems. The Department of Health reports there were three human cases of infections, including one fatality, and detections in nine mosquito samples taken throughout the state. In situations where there is an increased risk of human disease, the Department may use aerial pesticide spray to reduce the number of infected mosquitos. The Department conducted aerial spraying throughout the state in September 2019. The Department's first quarter report indicated that the total cost of aerial spraying was \$0.6 million which was offset by a \$0.2 million federal grant awarded to the Department of Health to help mitigate the spread of the disease. *The Governor does not recommend funding. Since the expenditures have already been incurred, it appears the recommendation assumes the Department is reducing its costs elsewhere to cover this expense. It is not clear why the budget does not fund the expenditure where it is actually occurring.*

Parks and Recreation Staffing. The Department requests \$4.9 million, or \$0.1 million less than enacted, from general revenues for the salaries and benefits for 49.0 authorized full-time equivalent positions in the Division of Parks and Recreation to reflect updated staffing cost projections, including higher turnover offset by increased overtime expenditures. In FY 2019, the Department spent \$4.4 million for the Division's salaries and benefits which averaged 41.7 filled full-time equivalent positions. These savings are offset by \$0.1 million more for overtime which reflects FY 2019 expenditures. *The Governor recommends \$18,150 less from general revenues than requested to reflect overtime and statewide medical benefit savings.*

Parks and Recreation Seasonal Staff. The Department requests \$0.1 million more from general revenues for the division's seasonal staff to account for recent experience. Seasonal staffing is one area where the Department has overspent for the past three fiscal years. The request also reflects paying lifeguards a higher hourly wage than originally assumed. The average hourly wage increase is \$2.69 an hour for these positions. *The Governor recommends \$10,483 less from general revenues than requested to reflect overtime savings.*

Parks and Recreation Other Operations. The Department requests \$0.2 million more than enacted from general revenues for all other Parks and Recreation expenses to bring total spending to \$3.7 million. The request reflects FY 2019 spending which was also \$3.7 million. It appears the Department tends to understate its total need in its initial budget requests to meet certain targets only to eventually request more or overspend, or both.

The division spent \$3.0 million in FY 2015, \$4.0 million in FY 2016 which had a particularly harsh winter season requiring more building and grounds maintenance, \$3.4 million in FY 2017, and \$3.8 million in FY 2018. *The Governor recommends funding as requested.*

Other Salaries and Benefits. The Department requests \$0.3 million less than enacted from all sources for the salaries and benefits of the Bureau's remaining 141.0 full-time equivalent positions. The request includes \$0.2 million less from general revenues, \$0.4 million less from federal funds, and \$0.2 million more from fish and wildlife restricted receipts. General revenue and federal fund savings are based on vacancies occurring earlier in FY 2020.

The request is 7.0 positions more than authorized and the Department reallocates positions from vacancies from the Office of the Director and the Bureau of Environmental Protection. As of the pay period ending November 12, the Bureau has 138.0 filled positions and has averaged 135.0 filled positions for FY 2020. *The Governor recommends \$42,802 less from all sources than requested including \$26,789 less from general revenues to reflect overtime and medical benefit savings.*

Other Federal Grants. The Department requests \$0.3 million more than enacted from its remaining federal grants. The largest changes include increased federal awards for the Collaborative Science Program, \$0.2 million, and the Atlantic Coastal Co-Op Statistics grant, \$0.1 million. It has been a practice of the Department to request all available funding only to significantly underspend at the end of the year. In FY 2019, the Department spent \$8.3 million from all of its federal grants which is \$7.3 million less than budgeted. *The Governor recommends \$29,631 more than requested to reflect an additional animal disease prevention grant that was inadvertently excluded from the Department's request.*

Plow Trucks. The Department requests \$0.4 million from restricted receipts from the Environmental Trust for the Bureau of Natural Resources to purchase six Ford F-250s with plow packages. Each Bureau of the Department has an environmental trust account typically used for one-time revenues such as donations or grants. The Department did not identify these plans for vehicle purchases in its capital budget, contrary to Budget Office instructions. The Department expects total receipts in FY 2020 to be \$0.9 million which

includes carry-forward funding from FY 2019 of \$0.4 million. *The Governor recommends \$0.1 million more than requested to reflect updated cost projections.*

Capital Projects. The Department requests \$3.0 million more than enacted from Rhode Island Capital Plan funds and Department of Transportation reimbursements for 10 capital projects. Funding will be used for repairs to state-owned dams, improvements to the state-owned piers in Galilee and Newport, demolition of unused buildings, and improvements to the state's recreational facilities. The request is not consistent with the Department's capital budget request which failed to include certain carry-forward balances. *The Governor recommends \$2.5 million less than requested for three projects, the Galilee Pier Upgrades, the Newport Pier Upgrades, and the Recreational Facilities Improvement projects. A detailed description of these projects is included in the Capital Budget section of this publication.*

Fish and Wildlife Vehicles. Consistent with the enacted budget, the Department requests \$0.2 million from shellfish and marine license restricted receipts to purchase a boat for the Division of Fish and Wildlife. *The Governor recommends \$145,000 more than requested from fishing license restricted receipts to purchase a fish stocking truck.*

Other Operations. The Department requests \$0.1 million more than enacted from all sources for all other expenditures which mostly reflects FY 2019 experience, including \$31,000 more for state fleet maintenance and \$25,000 more for waste disposal. The request also includes approximately \$20,000 to restore statewide savings. These increases are offset by a savings of \$14,528 on utilities. *The Governor recommends \$25,000 more from restricted receipts for property management of the De Coppett estate, deeded to the Department in 2014.*

Coastal Resources Management Council

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|---------------------|---------------------|----------------------|---------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 3,685,839 | \$ 3,998,060 | \$ 4,349,254 | \$ 3,892,790 |
| Contracted Services | 1,986,807 | 209,660 | 505,770 | 505,770 |
| Subtotal | \$ 5,672,646 | \$ 4,207,720 | \$ 4,855,024 | \$ 4,398,560 |
| Other State Operations | 245,889 | 188,230 | 354,579 | 354,579 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 1,524,386 | 318,980 | 860,959 | 861,268 |
| Capital | 89,451 | 506,000 | 743,115 | 768,115 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 7,532,372 | \$ 5,220,930 | \$ 6,813,677 | \$ 6,382,522 |
| Sources of Funds | | | | |
| General Revenue | \$ 2,650,012 | \$ 2,883,195 | \$ 3,324,689 | \$ 2,870,443 |
| Federal Aid | 3,988,909 | 1,557,735 | 2,558,873 | 2,556,655 |
| Restricted Receipts | 265,000 | 250,000 | 250,000 | 250,000 |
| Other | 628,451 | 530,000 | 680,115 | 705,424 |
| Total | \$ 7,532,372 | \$ 5,220,930 | \$ 6,813,677 | \$ 6,382,522 |
| FTE Authorization | 30.0 | 30.0 | 34.0 | 30.0 |
| FTE Average | 28.9 | | | |

FY 2020 Revised Request. The Coastal Resources Management Council requests \$1.6 million more than the enacted budget from all sources, including \$0.4 million more from general revenues, \$1.0 million more from federal funds, and \$0.2 million more from Rhode Island Capital Plan funds. The Council requests 34.0 full-time equivalent positions, 4.0 more than the enacted authorization, apparently in error. *The Governor recommends \$1.2 million more than enacted from all sources which includes \$12,752 less from general revenues, \$1.0 million more from federal funds, and \$0.2 million more from Rhode Island Capital Plan funds. The recommendation includes staffing as enacted.*

New Positions (4.0 FTE). The Council includes \$0.4 million in funding for new positions erroneously requested in its revised request. The Council noted that these positions were only intended to be included in the FY 2021 request. *The Governor does not recommend funding or authorization for these positions.*

Other Salaries and Benefits. The Council requests \$0.1 million less than enacted from all sources, including \$24,681 less from general revenues, for its 30.0 authorized full-time equivalent positions. Based on final FY 2019 spending, it appears the enacted budget overfunded both general revenues and federal funds. The Council's 30.0 full-time equivalent positions have been filled since the beginning of the fiscal year, and the requested amount corrects the funding level and provides sufficient funding for the year. *The Governor recommends \$27,825 less than requested, mostly from general revenues. This reflects statewide medical benefit savings as well as turnover savings from a retirement expected to occur prior to the end of the year.*

Legal Services. The Council requests \$20,000 more than enacted from general revenues for legal services. The enacted budget includes \$106,000 and the Council spent \$5,941 less than that appropriation during FY

2019. The Council notes that it may incur additional legal expenses as a result of wind energy projects; however, the need does not appear imminent. *The Governor recommends funding as requested.*

ePermitting. The Council includes a new request of \$15,000 from general revenues in both its revised FY 2020 and FY 2021 requests to make certain permits available online. The funding would allow for the development and hosting of non-scientific permits with ViewPoint Government Solutions, specifically minor maintenance and construction permits as well as potentially beach vehicle parking permits. The Council notes that none of its permits are currently online, and that no contract has been signed to begin this initiative as of November 5, 2019. *The Governor recommends funding as requested.*

StormTools. The Council requests \$0.2 million more than enacted from new federal funds to allow the Council to migrate the StormTools application into its coastal environmental risk indices during FY 2020. 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 Governor recommends funding as requested.*

Coastal Resilience. The Council includes \$0.2 million from federal funds to reflect a new grant to determine potential coastal resiliency projects. The funding comes from the National Oceanic and Atmospheric Administration's coastal resilience grant program, which supports projects designed to help coastal communities prepare for extreme weather and climate-related hazards like sea level rise. The Council will work in partnership with Save The Bay, University of Rhode Island, Roger Williams University and the state's 21 coastal municipalities to identify, inventory, design and permit projects that improve shoreline resilience using nature-based methods and biodegradable materials. This will result in a pipeline of "shovel ready" projects. *The Governor recommends funding as requested.*

Special Area Management Plan. The Council requests \$0.3 million more than enacted from federal funds to potentially partner with the University of Rhode Island for a special area management plan. Special area management plans are resource management plans and implementation programs developed as part of the Coastal Resources Management Program to better manage specific geographic areas, such as urban waterfronts, watersheds of particular concern, or a specific resource of concern. Funding is from the National Oceanic and Atmospheric Administration. The final FY 2019 budget included \$0.2 million for this purpose, which went unspent. The Council indicates that there may be an opportunity to develop a plan around wind energy cables in Narragansett Bay, but nothing concrete has developed as of the request. *The Governor recommends funding as requested.*

Quonochontaug Pond. The Council requests \$0.1 million more than enacted from federal funds to continue to restore 30 acres of degraded salt marsh in 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 initiative was included in the FY 2018 final budget but the project experienced delays; the project began in December 2018 and should be completed during FY 2021. *The Governor recommends funding as requested.*

New Vehicles. The Council requests \$70,000 from federal funds available from prior year underspending to replace two to three vehicles from its fleet. The enacted budget contains no funding for motor vehicles. The funding comes from the National Oceanic and Atmospheric Administration as part of the Coastal Zone Management Act. *The Governor recommends funding as requested.*

Other Federal Grants. The Council requests \$45,757 more than enacted from federal funds for adjustments to spending from other grants. Projects include the aquatic invasive species grant, the enhancement of the salt marsh at Ninigret Pond, and the monitoring of a living shoreline to serve as a demonstration site for nature-based erosion control techniques. Funding for Ninigret Pond is carried

forward from FY 2019, while the funding for the shoreline represents a new project. *The Governor recommends funding as requested.*

Capital Projects. The Council requests \$0.2 million more than enacted from Rhode Island Capital Plan funds for capital projects; the revised request is not consistent with the Council's capital request as that was overstated. The request carries forward unspent funding for the Narragansett Bay Special Area Management Plan; the Council's FY 2021 request includes the remaining \$25,000 for that project from the approved plan. The Council indicates its capital request should match its revised request. *The Governor recommends \$25,309 more than requested to reflect carry-forward funding. A detailed analysis of these 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. For the Council's share of centralized services, the request includes the enacted amount of \$19,366 for information technology services, including \$17,366 from general revenues and \$2,000 from federal funds. This is \$243 more than was charged in FY 2019 from general revenues. *The Governor recommends funding as requested based on Budget Office estimates.*

Other Operations. The Council requests \$0.2 million more than enacted from general revenues and federal funds for its remaining expenses. This includes \$2,536 more from general revenues for stenography services to reflect actual spending during FY 2019. The increase to federal funds is from the National Oceanic and Atmospheric Administration as part of the Coastal Zone Management Act. The Council uses these funds mainly to support its daily operations but usually includes any prior year carry-forward in current year revisions even if there are no plans to spend it. The requested \$0.4 million exceeds FY 2019 spending by \$0.1 million. *The Governor recommends funding as requested.*

Department of Transportation

| | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 10,934,777 | \$ 13,599,172 | \$ 18,315,592 | \$ 18,568,671 |
| Management and Budget | 1,597,514 | 2,353,268 | 4,110,116 | 4,993,377 |
| Infrastructure Program | 535,806,995 | 632,821,076 | 642,834,781 | 623,466,317 |
| Total | \$ 548,339,286 | \$ 648,773,516 | \$ 665,260,489 | \$ 647,028,365 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 76,092,459 | \$ 91,602,413 | \$ 95,260,690 | \$ 91,961,279 |
| Contracted Services | 56,741,524 | 42,245,663 | 45,140,200 | 51,916,363 |
| Subtotal | \$ 132,833,983 | \$ 133,848,076 | \$ 140,400,890 | \$ 143,877,642 |
| Other State Operations | (18,592,996) | 50,131,710 | 54,061,572 | 54,623,745 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 7,712,705 | 18,997,976 | 13,646,873 | 13,646,873 |
| Capital | 233,583,324 | 302,503,385 | 273,294,755 | 256,420,678 |
| Capital Debt Service | 315,050 | 315,050 | 315,050 | 315,050 |
| Operating Transfers | 192,487,220 | 142,977,319 | 183,541,349 | 178,144,377 |
| Total | \$ 548,339,286 | \$ 648,773,516 | \$ 665,260,489 | \$ 647,028,365 |
| Sources of Funds | | | | |
| General Revenue | \$ - | \$ - | \$ - | \$ - |
| Federal Aid | 287,308,363 | 325,075,495 | 340,418,389 | 337,759,470 |
| Restricted Receipts | 2,626,919 | 3,007,550 | 257,468 | 2,656,328 |
| Other | 258,404,004 | 320,690,471 | 324,584,632 | 306,612,567 |
| Total | \$ 548,339,286 | \$ 648,773,516 | \$ 665,260,489 | \$ 647,028,365 |
| FTE Authorization | 755.0 | 755.0 | 800.0 | 755.0 |
| FTE Average | 689.0 | | | |

FY 2020 Revised Request. The revised request includes \$16.5 million more from all sources of funds than enacted, including increases of \$15.3 million from federal funds, \$3.9 million from other funds and a reduction of \$2.8 million from restricted receipts. The request assumes staffing of 800.0 full-time equivalent positions, 45.0 more than authorized. As of the first pay period in December, 27 of the 755 authorized positions were vacant.

The Governor recommends \$647.0 million from all sources and the authorized level of staffing. The recommendation is \$1.7 million less than enacted and \$18.2 million less than requested, including \$16.5 million less for projects funded with toll revenue. As of the February 1, the Department has 20.0 vacancies.

Funding 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 2020.

| Source | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Federal Highway Admin. Funds | \$ 197,303,413 | \$ 205,490,269 | \$ 209,580,000 | \$ 213,566,473 |
| Other Federal Funds | 90,004,950 | 119,585,226 | 130,838,389 | 124,192,997 |
| Gasoline Tax* | 111,625,201 | 129,287,870 | 129,698,651 | 126,764,257 |
| Toll Revenue | 80,554 | 25,000,000 | 25,000,000 | 8,532,000 |
| Land Sale Revenue | 1,295,055 | 1,095,391 | 4,713,810 | 4,713,810 |
| Interstate 195 Land Sales | - | 1,500,000 | 1,500,000 | 1,500,000 |
| Rhode Island Capital Plan Funds | 47,326,060 | 39,080,695 | 39,080,695 | 40,338,542 |
| Restricted Receipts | 2,626,919 | 3,007,550 | 257,468 | 2,656,328 |
| Motor Vehicle Fee Transfer | 98,077,134 | 124,176,515 | 124,041,476 | 124,213,958 |
| Public Utilities Access Permit Fee | - | 500,000 | 500,000 | 500,000 |
| Other Funds | - | 50,000 | 50,000 | 50,000 |
| Total | \$ 548,339,286 | \$ 648,773,516 | \$ 665,260,489 | \$ 647,028,365 |

*Excludes gas tax debt service for DOT, 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 fiscal year 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 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 established priorities for planning, design, and project implementation.

Annually, the Department will propose changes to the plan, to make sure that projects are “appropriately coordinated, that communities and constituents can have annual input.” The previously approved plan was adopted on December 14, 2017. A total of ten amendments were added to it; these changes were minor in nature and were classified as administrative. On January 25, 2019, the Department requested major revisions to the adopted plan, classified as Amendment #11. The amendment would “significantly redistribute funding to projects to cover increased construction costs, funding reductions, and align the program with Bridge and Pavement asset management priorities.” Subsequently, the Department was awarded a new \$70 million federal grant and on February 21, it submitted a request rescinding proposed changes included in the amendment. As such, two public hearings that were scheduled for the end of February to accept public comments on the proposed amendment were cancelled.

On July 23, 2019, the Department proposed amendments to the Transportation Improvement Program. Solicitations for input were due on August 22 and two public hearings were held on August 13 and August 15. Among the proposed changes is the use of the \$70 million federal grant that the Department received. Of this amount, \$54.5 million is for the Henderson Bridge project and the remaining \$15.5 million represents an annual increase to the Department's current federal allocation. The amendment removed funding of \$120.0 million from Rhode Island Capital Plan funds for paving projects that the Department had programmed but was never recommended by the Governor nor approved by the Assembly. It added \$200.0 million of the GARVEE bonds that the 2019 Assembly approved for the Interstate 95 Viaduct. It also reflects funding for the Pell Bridge ramps of \$20.0 million and \$2.8 million for preliminary engineering and environmental assessment for an Amtrak stop at T.F. Green Airport. Amtrak has three stops in the state: Providence, Kingston, and Westerly. These adjustments are included in the Department's capital budget request. All proposed changes were approved and adopted by the State Planning Council on August 29, 2019.

The following table illustrates the proportion of funding allotted to each program area in the FY 2020 budget. It excludes salary and benefit costs.

| Program Area | FY 2020 Revised | Share of Total |
|----------------------------------|------------------------|-----------------------|
| Administrative Program | \$ 6,372,041 | 3.3% |
| Bike/Pedestrian Program | 5,828,944 | 3.0% |
| Bridge Program | 26,827,630 | 13.8% |
| CMAQ Program | 5,808,050 | 3.0% |
| Highway Program | 16,406,169 | 8.5% |
| Interstate Program | 10,661,460 | 5.5% |
| GARVEE Projects | 29,252,608 | 15.1% |
| Federal Highway Earmark Projects | 19,395,296 | 10.0% |
| Pavement Management Program | 18,215,608 | 9.4% |
| Traffic Safety Program | 20,600,062 | 10.6% |
| Transit | 29,092,944 | 15.0% |
| Other Programs | 5,492,147 | 2.8% |
| Total | \$ 193,952,959 | 100% |

Other Federal Funds. This source is the federal funds the Department receives that are not for capital improvement projects. A majority of this funding comes from the National Highway Transportation Safety Administration and is used to fund safety activities such as enforcement, traffic studies, signage and research. Other federal funding comes from the Federal Transit Authority, which is being used for the development of commuter rail in the southern part of the state. The Department's FY 2020 revised request includes \$130.8 million from these funds, which is \$11.3 million more than enacted to reflect \$8.0 million of debt payment from the \$200.0 million GARVEE bonds that the 2019 Assembly approved for the Interstate 95 Viaduct, it also includes increases to reflect federal discretionary grants that the Department received. *The Governor recommends \$6.6 million less than requested, including \$8.0 million less for debt payment on the new GARVEE issuance; a payment will not be required in the current year.*

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. The daily maximum amount collected upon the same individual large commercial truck shall not exceed \$40. Tolls will be collected along six major highway corridors at 14 locations. The Department contracted with Kapsch TrafficCom to design, build, operate, and maintain the electronic tolling system for ten years. The FY 2020 enacted budget assumes receipts of \$29.3 million from 12 gantries, with four in operations for 12 months, one for ten months, two for nine months, one each for eight, six, four, three and one months. It assumes operating costs of \$3.5 million for net revenues of \$25.0 million. Though the revised request is consistent with the enacted budget, the Department reported that as of early December, it still had only four gantries collecting tolls. It anticipates the fifth gantry to begin collections in mid-December and the sixth would follow a month later. All remaining gantries, with the exception of the Viaduct location will be collecting tolls by June 2020.

It should be noted that toll revenue for FY 2019 was \$8.1 million; \$2.5 million was collected in the first five months. Through the first five months of FY 2020, receipts were \$2.2 million, or \$0.3 million less than last fiscal year. *The revised budget assumes \$18.5 million from toll revenue, \$6.5 million less than the Department's projection. As of February 1, toll receipts totaled \$4.6 million from six gantries. The revised budget assumes use of \$8.5 million from this source.*

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 to upgrade the Department's materials testing facility in Providence. At the end of FY 2019, the Department had \$11.1 million in available receipts. The revised request assumes use of \$4.7 million from this source, \$3.6 million more than enacted. The Department indicates that use of these funds requires approval from the Federal Highway Administration. The Department's FY 2021 through FY 2025 capital budget assumes use of these funds in FY 2020, including \$3.0 million to make renovations to its material testing laboratory in Providence, \$0.7 million for the Pawtucket/Central Falls Train Station project and the remaining resources are budgeted as part of the Highway Improvement Program. *The Governor concurs.*

Interstate 195 Land Sales. Consistent with the enacted budget, the Department assumes use of \$1.5 million in FY 2020 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 allowed it to complete the relocation project, while the Corporation can sell the parcels at its own pace. The principal amount for the bonds is \$38.4 million, amortized over a ten-year period, with a balloon payment of \$32.0 million due in FY 2023; however, the FY 2020 budget assumes reamortization of the balloon payment for an additional ten years. *The Governor concurs.*

Rhode Island Capital Plan Funds. These funds are appropriated in conjunction with 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 revised request assumes the enacted amount of \$39.1 million. The Department reported expenditures of \$47.3 million for FY 2019, \$1.9 million less than the final appropriation. The revised request does not include the automatic reappropriation, which the Department indicates was an oversight. *The Governor recommends \$1.3 million more than requested primarily reflecting the automatic reappropriation for two projects.*

Restricted Receipts. This source includes 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 \$2.8 million to the Department, consistent with the enacted budget; however, the Department's revised request assumes use of \$0.3 million, which the Department indicates

was in error. Receipts were \$3.5 million in FY 2019, and expenditures were \$2.6 million. At the end of FY 2019, the Department had \$0.8 million available in this account.

The revised budget assumes expenditures of \$2.5 million from this source, \$2.3 million more than requested to include expenses that were inadvertently excluded from the request. The Governor also includes expenditures of \$0.1 million from track usage fees in the Department of Transportation's budget for the RI Public Rail Corporation, a quasi-public state agency was created and established for the purpose of enhancing and preserving the viability of commuter rail operations in the state. Currently, the fees are classified as an escrow liability, which the Auditor General found should be classified as restricted receipts.

Motor Vehicle Fee Transfer. The revised request includes \$124.0 million of transportation related fees and surcharges collected by the Division of Motor Vehicles and transferred to the Department. This is \$0.1 million less than enacted. Fiscal year 2014 was the first year of the phased-in vehicle surcharge fees, including a \$10 surcharge on biennial vehicle registrations, a \$5 surcharge on annual vehicle registrations and a \$10 surcharge on operator licenses, purchased on a five-year basis. The following table summarizes the incremental fee increases.

| Fiscal Year | Biennial Registration Fee | Annual Registration Fee | License Fee |
|--------------------|----------------------------------|--------------------------------|--------------------|
| 2013 | \$ 60.00 | \$ 30.00 | \$ 30.00 |
| 2014 | \$ 70.00 | \$ 35.00 | \$ 40.00 |
| 2015 | \$ 80.00 | \$ 40.00 | \$ 50.00 |
| 2016 | \$ 90.00 | \$ 45.00 | \$ 60.00 |

The biennial registration surcharge increased in \$10 increments to a total of \$30, the annual registration surcharge increased in \$5 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. These fees are transferred to the Department for use as a portion of the state match for federal funds. The following shows actual estimated revenue derived from the surcharges through FY 2019 and projected for FY 2020.

| Fiscal Year | Biennial Registrations | Annual Registrations | Licenses | Total |
|--------------------|-------------------------------|-----------------------------|-----------------|---------------|
| 2014 | \$ 3,817,669 | \$ 791,140 | \$ 1,260,140 | \$ 5,868,949 |
| 2015 | \$ 7,611,636 | \$ 1,989,693 | \$ 3,098,765 | \$ 12,700,094 |
| 2016 | \$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 | \$10,380,521 | \$ 3,839,371 | \$ 4,957,571 | \$ 19,177,463 |
| 2019 | \$10,632,930 | \$ 3,932,728 | \$ 5,131,315 | \$ 19,696,973 |
| 2020 | \$10,863,948 | \$ 4,018,173 | \$ 5,242,802 | \$ 20,124,923 |

The 2016 Assembly adopted legislation to establish a new schedule for annual registration fees for commercial trucks, truck tractors, and truck trailers with gross vehicle weight of over 10,000 pounds that are used for commercial purposes, effective for FY 2018. Annual registration costs would 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.

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 included 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 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. 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 share of 5.0 percent that the Authority receives under current law. The 2018 Assembly concurred with the Governor’s proposal to further alter the transfer to the Highway Maintenance Account from 80.0 percent to 60.0 percent for FY 2018. All funds collected in FY 2019 and after would be transferred to the account.

The Governor proposed legislation in Article 8 of 2019-H 5151 to provide the Rhode Island Public Transit Authority with an additional \$5.0 million from the Department of Transportation’s current share of the Highway Maintenance Account for FY 2020. The legislation also requires that the Department reimburse the Division of Motor Vehicles for the salary and benefit costs of certain employees involved in the collection of motor vehicles fees that are currently going into the account. The 2019 Assembly concurred with the recommendation to use a portion of highway maintenance funds to offset the cost of collections by retaining 5.0 percent of total resources rather than allowing for administrative discretion. It also adopted legislation to permanently provide the Authority with an additional \$5.0 million annually. The following table shows the source and the total including surcharges explained previously.

| Source | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|-----------------------------------|-----------------------|----------------------|----------------------|-----------------------|
| Inspection Sticker Increase | \$ 13,080,224 | \$ 11,024,919 | \$ 11,024,919 | \$ 13,080,224 |
| Title Fees | 10,887,042 | 10,205,420 | 10,205,420 | 10,820,845 |
| Rental Car Surcharge | 3,643,963 | 3,102,987 | 3,102,987 | 3,693,763 |
| Good Driving Surcharge | 532,194 | 467,496 | 467,496 | 532,194 |
| License and Registration Transfer | 53,155,622 | 51,545,182 | 51,545,182 | 54,310,517 |
| Surcharges | 19,696,973 | 19,355,928 | 19,355,928 | 20,124,923 |
| Total | \$ 100,996,018 | \$ 97,007,238 | \$ 97,007,238 | \$ 102,562,466 |
| 5.0 Percent for Collection Cost | - | (4,850,000) | (4,850,000) | (5,128,123) |
| Total | \$ 100,996,018 | \$ 92,157,238 | \$ 92,157,238 | \$ 97,434,343 |

Does not include carry-forward funds

The revised budget assumes use of \$124.2 million from the Highway Maintenance Account, \$0.2 million more than requested, based on projected resources for the Authority’s share.

Public Utilities Access Permit Fee. The revised request includes the enacted amount of \$500,000 in receipts charged to utility companies for accessing the Department’s rights-of-way. This would be implemented through rules and regulations and was included in the enacted budget based on the Governor’s recommendation. It should be noted that no receipts were received for FY 2019 due to a delay in implementation. The Department indicates that its legal staff is working to separate the Federal Highway Administration’s required utility access permit and the Maintenance Division’s utility access permit regulations so that a proper policy can be put in place. It anticipates a January 2020 implementation date. *The Governor concurs. Subsequently, the Department indicates that utility companies are now fixing rights-of-way to Department standards; a fee will not be implemented at this time. This will require an adjustment to expenditures.*

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 assumes the enacted amount of \$226,000 from these sources; \$50,000 is budgeted for FY 2020. *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 by one cent to 34 cents and again to 35 cents for FY 2020. The distribution of the gasoline tax is illustrated in the following table.

| Entity | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|---------------------------------------|---------------------|--------------------|----------------------|--------------------|
| Department of Transportation | 19.25 | 20.25 | 20.25 | 20.25 |
| Rhode Island Public Transit Authority | 9.75 | 9.75 | 9.75 | 9.75 |
| Turnpike and Bridge Authority | 3.5 | 3.5 | 3.5 | 3.5 |
| Elderly Transportation | 1.0 | 1.0 | 1.0 | 1.0 |
| Underground Storage Tank Fund | 0.5 | 0.5 | 0.5 | 0.5 |
| Total (in cents) | 34.0 | 35.0 | 35.0 | 35.0 |

The following table shows how the New England states rank.

| | Tax - Cents per gallon | |
|---------------------------------|------------------------|-------------|
| | As of 10/01/2019 | |
| Rhode Island¹ | 35.0 | 35.0 |
| Connecticut | 39.3 | 46.5 |
| Maine | 30.0 | 31.2 |
| Massachusetts ² | 26.5 | 26.5 |
| New Hampshire | 23.8 | 23.8 |
| Vermont | 30.9 | 32.0 |
| New England Average | 30.9 | 32.5 |
| U.S. Average | 36.3 | 38.0 |

Source: American Petroleum Institute includes state surcharges

¹ Increased 1 cpg on 7/1/19

² 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 2020 budget.

| Non Federal Sources | FY 2019 Reported | FY 2020 Enacted | FY 2020 Rev. Req. | FY 2020 Revised |
|--|-----------------------------|----------------------------|------------------------------|----------------------------|
| <i>Gas Tax Yield per Cent</i> | 4.637 | 4.670 | 4.670 | 4.606 |
| <i>RIDOT Cents</i> | 19.25 | 20.25 | 20.25 | 20.25 |
| <i>RIPTA Cents</i> | 9.75 | 9.75 | 9.75 | 9.75 |
| <i>Turnpike and Bridge Authority Cents</i> | 3.50 | 3.50 | 3.50 | 3.50 |
| Transportation Revenues | | | | |
| Balance Forward | \$ 80,142,576 | \$ 61,201,476 | \$ 97,791,321 | \$ 99,036,541 |
| Gas Tax | 158,729,099 | 156,362,801 | 156,362,801 | 154,303,714 |
| Motor Vehicles Fees, Surcharges & Transfer | 100,996,018 | 92,157,238 | 92,157,238 | 97,434,343 |
| Toll Revenue | 8,109,772 | 25,000,000 | 25,000,000 | 18,533,000 |
| Surplus Property & Outdoor Advertising | 214,328 | 226,000 | 226,000 | 226,000 |
| Restricted Receipts | 3,168,217 | 2,760,399 | 2,760,399 | 2,870,399 |
| Interstate 195 Land Sales | - | 1,500,000 | 1,500,000 | 1,500,000 |
| Land Sales | 1,031,117 | 2,500,000 | 2,500,000 | 2,500,000 |
| Public Utilities Access Permit Fee | - | 500,000 | 500,000 | 500,000 |
| Rhode Island Capital Plan Funds | 47,326,060 | 39,080,695 | 39,080,695 | 40,338,542 |
| Total Revenues | \$ 399,717,187 | \$ 381,288,609 | \$ 417,878,454 | \$ 417,242,539 |
| Transportation Expenses | | | | |
| Winter Maintenance | \$ 15,455,425 | \$ 21,203,626 | \$ 23,000,000 | \$ 21,285,564 |
| Vehicles & Maintenance | 15,844,905 | 14,060,946 | 14,758,481 | 14,725,349 |
| General Maintenance | 33,880,551 | 43,552,228 | 49,327,395 | 48,432,736 |
| Pay-go/Capital & Other | 100,206,713 | 149,286,582 | 139,742,297 | 124,013,406 |
| GARVEE Bond Debt Service | 9,775,630 | 9,339,474 | 9,339,474 | 9,212,162 |
| G.O. Debt Service* | 38,280,060 | 34,748,484 | 34,748,484 | 33,559,907 |
| State Match - Gas Tax | 3,418,992 | 2,562,348 | 4,021,926 | 4,021,926 |
| Internal Service Funds Transparency* | 1,369,663 | 1,496,297 | 1,593,444 | 1,506,543 |
| Restricted Receipts | 2,626,919 | 3,007,550 | 257,468 | 2,656,328 |
| Interstate 195 Land Sales | - | 1,500,000 | 1,500,000 | 1,500,000 |
| Land Sales | 1,295,055 | 1,095,391 | 4,713,810 | 4,713,810 |
| Surplus Property & Outdoor Advertising | - | 50,000 | 50,000 | 50,000 |
| Equipment Replacement | 1,486,479 | 1,500,000 | 1,500,000 | 1,500,000 |
| Facilities | 2,344,364 | 5,129,349 | 5,129,349 | 6,387,196 |
| RIPTA - Gas Tax | 47,516,379 | 45,458,585 | 45,458,585 | 44,777,417 |
| RIPTA - Highway Maintenance Account | 10,072,115 | 9,607,862 | 9,699,235 | 9,871,717 |
| Turnpike and Bridge Authority | 17,107,396 | 16,344,080 | 16,344,080 | 16,121,284 |
| Total Expenditures | \$ 300,680,646 | \$ 359,942,802 | \$ 361,184,028 | \$ 344,335,345 |
| Surplus/Deficit | \$ 99,036,541 | \$ 21,345,807 | \$ 56,694,426 | \$ 72,907,194 |

*Shown in the Department of Administration's budget

The revised request assumes the enacted per penny yield of \$4.670 million. Subsequent to the submission of the request, the Office of Revenue Analysis revised the per penny gas tax yield to be \$4.606 million, or \$63,656 less than the amount assumed in the revised request. *The revised budget assumes the updated \$4.606 million gas tax yield.*

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.

The revised request includes \$0.5 million more than enacted for the Department's share of centralized services. This includes \$500 less for facilities management and \$7,000 more for information technology services. Expenditures for human resources support are \$511,627 more than enacted, which the Department

indicates is based on centralization charges and funding to fill a new human resources position to help expedite hiring for the Department. The Department of Administration indicates that the revised estimate it provided the Department for human resources was \$0.1 million more than enacted. The request of \$5.9 million is \$1.2 million more than FY 2019 expenditures. *The Governor recommends \$1.4 million more from all sources than requested, based on Budget Office estimates. This includes \$0.7 million more each for facilities management and information technology. Expenditures through the second quarter totaled \$2.8 million, leaving \$4.5 million for the last two quarters of the fiscal year.*

Civil and Engineering Technicians (14.0 FTE). The revised request includes \$0.7 million from federal funds and gasoline tax proceeds to support 14.0 new full-time equivalent civil and engineering technician positions. The request assumes that the positions would be filled in January 2020. The Department indicates that the positions would assist with inspection of all materials going to bridge or road construction or maintenance projects and to inspect the workmanship and practices of contractors against plans specifications. The enacted budget assumes 120 engineering technician positions. *The Governor does not recommend funding new positions in the current year.*

Highway Maintenance (17.0 FTE). The Department is responsible for the maintenance of over 1,100 miles of state highways, 778 bridges, including winter operations, safety and civil defense maintenance, litter control, sweeping, mowing, roadside repairs, drainage system cleaning and repair, and weed control. The revised request includes \$0.6 million from gasoline tax proceeds to fund 17.0 new maintenance positions, including highway maintenance operators and bridge maintenance workers, reflective of the Department's plan to perform more maintenance work in-house. The request assumes filling the positions in January 2020. *The Governor does not recommend funding new positions in the current year.*

Managing Engineers (4.0 FTE). The revised request includes \$105,705 from federal funds and \$233,811 from other funds to support 4.0 new managing engineer positions. The request assumes that the positions would be filled in January 2020. These positions are allocated within various units in the Department, including Bridge Engineering, the Traffic Safety Program, the Stormwater Management Program, and the Construction Management Program. Some of their duties and responsibilities include reviewing and approving traffic management plans for construction projects and overseeing bridge load rating and bridge preservation activities. *The Governor does not recommend funding new positions in the current year.*

Planning Positions (2.0 FTE). The revised request includes \$132,172 from all sources of funds, including \$61,937 from federal funds and \$70,235 from gasoline tax proceeds to fund two new positions consisting of a data analyst and a principal economic and policy analyst. The request assumes that the positions would be filled in January 2020. The Department notes that the positions are in the Planning Section and will work on the ten-year plan and assist with applications for discretionary grants. *The Governor does not recommend funding new positions in the current year.*

Office Managers (2.0 FTE). The revised request includes \$84,741 from gasoline tax proceeds to fund two office manager positions. The Department indicates that subsequent to its request, the office manager positions have been reconsidered and were changed to assistant building and grounds officers. These positions will help manage transit facilities, such as the Wickford Train Station, the Welcome Center and the Woonsocket Depot. *The Governor does not recommend funding new positions in the current year.*

Inspectors (2.0 FTE). The Department includes \$0.1 million from federal funds and other funds to support one new bridge safety position and an electrical inspector position. The enacted budget assumes 7.0 bridge and supervising bridge safety inspector positions who are responsible for performing inspections of bridge related structures, such as trestles, culverts, and water ways to detect damage or wear. The enacted budget also assumes a total of 13.0 electrical inspectors and these positions are responsible for inspecting and maintaining electrical installations to insure that National Electric Safety Codes are met. *The Governor does not recommend funding new positions in the current year.*

Public Relations (1.0 FTE). The revised request includes \$40,307 from gasoline tax proceeds to fund a new information and public relations specialist position. It assumes that the position would be filled in January 2020. The Department indicates that it receives media requests on projects and that this position would work with project management and provide communications and project updates. *The Governor does not recommend funding this position in the current year.*

Other Positions (3.0 FTE). The revised request includes \$0.2 million from all sources, including \$52,499 from federal funds to support three new positions. The positions include an administrator for real estate, assistant financial and contract management and a construction management resident; the administrator of real estate will be responsible for all the real estate transactions associated with projects and the construction management resident will serve as a resident engineer on construction projects. The assistant financial and contract management position will work in the Tolling Unit and will be responsible for the financial reconciliations related to tolling. The Department notes that the task was too much to absorb into its day to day finance operations. *The Governor does not recommend funding new positions in the current year.*

Other Salaries and Benefits. The revised request includes \$1.4 million more than enacted from federal funds and gasoline tax proceeds for all other salary and benefit adjustments. Expenditures for overtime are \$359,626 less than enacted; however, the revised request amount of \$7.4 million is \$1.4 million more than FY 2019 expenses. The request includes statewide benefit savings that were not assumed in the enacted budget. The enacted budget assumes turnover savings of \$2.7 million, which is equivalent to 37.8 full-time equivalent positions. The revised request adds \$1.8 million to restore turnover savings for 25.3 positions. This assumes only 12.5 vacancies; through early December, the Department has averaged 30.4 vacancies.

The Governor recommends \$1.1 million less from all sources than requested; however, the recommendation is \$0.4 million more than enacted, including \$0.5 million less from statewide medical benefit and overtime savings, offset by \$0.8 million more for salaries and benefits, to allow the Department to fill more positions. The Governor does not recommend funding new positions in the current year; the additional funds would allow the Department to fill positions closer to its current staffing authorization. As of February 1, the Department has 20.0 vacancies.

Drainage Systems Projects. The Department requests \$3.2 million from highway maintenance funds unspent in FY 2019 for highway drainage related expenditures, for which the enacted budget includes \$6.0 million. It is estimated that the state is responsible for 34,000 stormwater catch basin systems and other connected drainage structures. Several firms conduct the inspection of drainage systems. Of the revised request, \$3.3 million is for manhole and catch basin projects and remaining funds are for equipment and personnel. For federal FY 2019, the Department reported cleaning and repairing 7,666 or 22.5 percent of the drainage structures and spent \$2.8 million.

The Department is currently required by a consent decree with the U.S. Department of Justice to maintain storm drains and address pollutants that are going into the Narragansett Bay and other waterways. The decree requires the Department to sample and inspect certain discharge points; submit to the U.S. Environmental Protection Agency for review and approval a proposal for an outfall monitoring program; notify the Environmental Protection Agency, Department of Environmental Management and property owners of an illicit discharge within 14 days, which must be remediated within 120 days of verifying; and implement a street sweeping tracking system, which must document the date and location of sweeping of roads by the Department. *The Governor recommends funding as requested.*

Pawtucket/Central Falls Train Station. The revised request assumes use of \$6.4 million, \$0.1 million less than enacted from a \$13.1 million federal discretionary grant received to build a new commuter rail station on the Pawtucket/Central Falls border. It should be noted that that the FY 2020 through FY 2024 approved plan assumes total project costs of \$42.4 million, but the most recent approved Transportation Improvement Plan includes \$50.9 million, a difference of \$8.5 million. In addition to \$3.5 million from

federal funds, the Department indicates that \$5.0 million from highway maintenance funds or its current allocation from Rhode Island Capital Plan funds and land sales would be used to make up the increased cost of the project. The project's infrastructure will include three platforms, a pedestrian overpass, bus drop-off access, pedestrian access and parking. The station is intended to be served by the Massachusetts Bay Transportation Authority along its Providence line, connecting Pawtucket/Central Falls to Providence and Boston. *The Governor recommends funding as requested.*

Route 37 Corridor Project. In August 2018, the Department was awarded a \$20.0 million federal Transportation Investment Generating Economic Recovery (TIGER) grant to rehabilitate the Route 37 Corridor. The request assumes use of \$9.7 million in FY 2020, \$5.3 million less than enacted based on an updated schedule. The total estimated project cost is \$62.2 million and is included in the Department's ten-year plan. The project will include the replacement and/or rehabilitation of 15 bridges and culverts along the Route 37 Corridor. It will also include improvements to the Pontiac Avenue westbound exit ramp. The Department indicates that it will select a contractor in January 2020, construction will likely start in April 2020 and end in May 2023. *The Governor recommends funding as requested.*

Pell Ramps Realignment Project. In December 2018, the Department of Transportation was awarded a \$20.0 million federal discretionary grant to reconfigure the Pell Bridge Interchange. The request assumes use of \$7.1 million in FY 2020. The new grant funds will allow the Department to accelerate the project, which is estimated at \$66.1 million. The Department indicates that design is in process and it anticipates advertising the project in summer 2020 with construction starting in spring 2021. *The Governor concurs.*

Other Capital Projects. The revised request includes \$0.4 million less than enacted from all sources of funds for all other capital projects. This includes \$10.5 million less from gasoline tax proceeds and highway maintenance funds. The Department indicates that since it moved to a Project Management System, several contracts for fencing, guardrail, and striping will now be paid with federal funds, for which the Department's revised request includes \$10.1 million more than enacted. The majority of the federal funds increase is based on an upward adjustment to the Department's annual allocation. The request assumes the enacted amount of \$25.0 million from toll revenues to replace, reconstruct, operate and maintain state bridges.

The Governor recommends \$12.3 million less than requested from all sources, including \$6.7 million more from federal funds; a debt payment for the new GARVEE issuance is not required in the current year, these funds were reallocated to capital projects. This is offset by \$16.5 million less from toll revenues and \$2.0 million less from highway maintenance funds, which were redirected to the Providence Transit Connector project.

GARVEE Debt Service. At the request of the Department, separate legislation was submitted in 2019-H 5883 on March 21, 2019, authorizing the issuance of \$200.0 million through the GARVEE Program to fund construction costs for Interstate 95 Northbound Providence Viaduct project. The 2019 Assembly authorized the debt in Article 6 of 2019-H 5151, Substitute A, as amended. The revised request includes \$8.0 million from federal funds for the first payment; the annual debt service is \$16.0 million. The Department indicated that the debt would be issued in June or July 2019 as it advocated for swift passage of its legislation last legislative session. It now appears that the issuance will occur late spring 2020 and a payment in the current year will not be required. The request includes the enacted amount \$9.3 million from the dedicated two cents for Motor Fuel Tax Revenue Bonds for match of previously approved GARVEE projects. *Based on the anticipated schedule for the issuance, the Governor does not include the new debt service payment and includes \$0.1 million less, reflecting a downward revision to the tax yield.*

Turnpike and Bridge Authority. Consistent with the enacted budget, the revised request includes \$16.3 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. Funding was provided by the 2014 Assembly in lieu of placing a toll on the newly constructed Sakonnet River Bridge. The funding is generated from 3.5 cents of the gasoline tax previously dedicated to the Department, which is able to make the transfer based on additional fund sources made available for infrastructure. Subsequent to the budget submission, the Office of Revenue Analysis estimates the per penny gas tax yield to be \$4.606 million, or \$63,656 less than the revised request. The impact to the Authority would be a reduction of \$222,796. *The Governor recommends \$0.2 million less than requested, to reflect the downward revision to the gas tax yield.*

Public Transit Authority. Currently, the Rhode Island Public Transit Authority receives 9.75 cents of the 35-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 2019 Assembly adopted legislation to permanently provide the Authority with an additional \$5.0 million from the highway maintenance funds. The revised request assumes \$55.2 million, including \$9.7 million from highway maintenance funds to the Authority, \$91,373 more than enacted, which the Department indicates is based on the amount that should have been transferred to the Authority in FY 2019. Based on actual receipts, the correct amount to the Authority was transferred; the Authority's budget does not assume the additional receipts.

The revised request assumes \$45.5 million for the Authority's share of the gasoline tax. Subsequent to the budget submission, the Office of Revenue Analysis estimates the per penny gas tax yield to be \$4.606 million, or \$63,656 less than the revised request. *The revised budget includes \$54.6 million for the Authority, \$0.4 million less than enacted. This includes \$0.7 million less from gas tax proceeds based on a downward revision to the yield and \$0.3 million more from highway maintenance funds, reflecting updated projection.*

Providence Transit Connector. The Rhode Island Public Transit Authority's capital budget request includes a total of \$17.9 million, including \$2.0 million each from Rhode Island Capital Plan funds and from highway maintenance funds to match \$13.0 million from federal funds, which has already been awarded to improve the transit corridor between Kennedy Plaza, the Providence Train Station and other hubs. The City of Providence was the original recipient of the Transportation Investment Generating Economic Recovery (TIGER) grant, and the Authority has agreed to administer the project, with the state providing the match. Final design was done in 2017 and construction is currently underway. *The recommendation includes \$2.7 million from all sources, including \$2.0 from the Department of Transportation's current share of the Highway Maintenance Account and \$0.7 million from FY 2019 unspent Rhode Island Capital Plan funds for the match.*

Mass Transit Hub. The approved capital plan includes \$35.0 million from general obligation bonds approved by the November 2014 voters to expand and improve the state's transit hubs located at the Providence Amtrak station, Kennedy Plaza and the proposed Garrahy Courthouse parking complex. Since the bonds have been approved, the Department has issued three requests for proposals and its capital request assumes issuance of a fourth request for proposals, with responses that would have been due by fall 2019; however, it was subsequently cancelled. The Department indicates that it is working with the City of Providence and the Public Transit Authority to develop a project that meets transportation needs. Through FY 2019, a total of \$1.1 million from the bond proceeds have been used for issuance and preliminary planning expenses. The revised request includes new expenditures of \$350,000 from gasoline tax proceeds for professional legal services; through December 2019, \$36,788 has been spent. *The Governor concurs.*

Lab Materials Testing Facility. The FY 2019 final budget included \$3.8 million from available land sale proceeds to make renovations to its materials testing laboratory in Providence to provide consistent temperature, environmental and air quality, vibration and noise control. It appears that the project was

delayed and the Department now requests that funding over the next two years with \$3.0 million for FY 2020 and \$0.8 million for FY 2021. The current laboratory is 12,000 square feet, which the Department indicates is undersized and antiquated. The FY 2017 Single Audit Report cited some deficiencies with the Department's Quality Assurance Testing program. The Department states that if improvements to the testing laboratory are not made, the Federal Highway Administration may cite the state for violations, which could require the state to repay \$2.7 million of federal funds used in 2013 to acquire land on Colorado Avenue in Warwick as a future site for a new facility. *The Governor recommends funding as requested.*

Winter Maintenance Operations. Excluding salaries and benefits, the Department requests \$19.6 million from gasoline tax proceeds for operating expenses related to the winter maintenance program for FY 2020. Funding is used to pay for vendor contracts, as well as to purchase salt, sand and liquid de-icers. The request is \$1.2 million more than enacted and \$4.3 million more than FY 2019 expenditures. The average annual cost for winter maintenance operations from FY 2015 through FY 2019 is \$16.6 million. The current request is \$3.0 million above that. *The Governor recommends \$18.0 million, \$1.6 million less than requested, which is closer to historical experience.*

Other Maintenance Division Expenses. The revised request includes \$0.7 million less than enacted from gasoline tax proceeds for all other expenses for the Division of Maintenance. This includes activities such as trash and debris removal, landscaping, sand removal, and graffiti removal. The request includes \$0.3 million more for engineering and other services, reflective of FY 2019 expenditures. The request also includes \$0.4 million less to repay the State Revolving Loan Fund; it appears that the enacted budget was overstated, as the Department is using more of its own resources to purchase vehicles in lieu of borrowing. It also includes \$1.0 million less for rental of maintenance equipment for which the enacted budget includes \$2.3 million and FY 2019 expenditures were \$0.6 million. The revised request of \$26.9 million is \$1.0 million more than FY 2019 expenses. *The Governor recommends funding as requested.*

RhodeWorks Legal Services. The Department requests \$0.5 million more than enacted from gasoline tax proceeds for legal expenses relating to the tolling program for which the enacted budget includes \$1.1 million. In July 2018, the Rhode Island Trucking Association along with the American Trucking Associations, Cumberland Farms Inc., M&M Transport Services Inc. and New England Motor Freight filed a lawsuit against the state, challenging the constitutionality of the tolling program. The state is being represented by Adler, Pollock and Sheehan. FY 2019 expenses were \$0.8 million; the final budget included \$1.1 million. Expenditures through December 2019 totaled \$215,539. *The Governor concurs.*

Congestion Mitigation and Air Quality Projects. The Department requests \$5.0 million from federal congestion mitigation air quality grant funds. This is \$7.3 million less than enacted, based on historical expenditures, which averaged \$4.5 million in each of the last three fiscal years. These funds are used to support transit operations, such as parking garages and train stations. Funds are also 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 \$0.8 million more than requested to include expenditures that were inadvertently excluded from the request.*

National Highway Safety Grants. Excluding salaries and benefits, the revised request includes \$3.0 million more than enacted from the National Highway Transportation Safety Administration for FY 2020. Grant funds are used to encourage safety on highways and provide funding for programs to lower amounts of impaired driving, risk reduction and increase seatbelt use. Historically, the Department overestimates its ability to spend these funds. The revised request of \$8.4 million is \$3.4 million more than FY 2019 expenses. *The Governor recommends funding as requested.*

Third Party Project Reimbursements. The Department receives funds when it performs work for municipalities and other entities which are used to fund personnel costs for employees who perform work on the projects. The revised request inadvertently excludes the enacted amount of \$3.0 million, which the

Department subsequently indicates was in error. Expenditures through November 2019 totaled \$1.8 million. *The Governor recommends \$0.7 million less than enacted, or \$2.3 million more than requested to include expenses omitted from the request. It should be noted that expenses through the end of January totaled \$3.0 million.*

RI Public Rail Corporation. The RI Public Rail Corporation, a quasi-public state agency was created and established for the purpose of enhancing and preserving the viability of commuter rail operations in the state. It provides indemnity for rail service operating within the state; the state is fully responsible for reimbursing all costs associated with the purchase of insurance coverage. Currently, track usage fees are classified as an escrow liability, which the Auditor General found should be classified as restricted receipts. *The Governor's budget includes expenditures of \$0.1 million from track fee usage in the Department of Transportation. She also includes legislation in Article 2 of 2020-H 7171 authorizing the Budget Officer to convert any escrow liability account to restricted receipt account, upon the directive of the Controller with the consent of the Auditor General.*

Renovations and Reorganization Efficiencies. The Department requests new expenditures of \$1.1 million from gasoline tax proceeds to make renovations to the State Office Building and to purchase workstations and other furniture. The request also includes funding to renovate the Director's Office. The Department indicates that it has gone through a reorganization and as it fills new positions space will be needed. It should be noted that the approved capital plan does not include Rhode Island Capital Plan funds beyond FY 2020 for the State Office Building, as the Department of Administration is conducting a feasibility study as part of the Statewide Facility Master Plan project to move the state archives facility into the building. *The Governor recommends funding as requested.*

E-Procurement System Enhancements. The Information Technology Investment Fund assumes \$2.1 million for development costs of an electronic procurement system. The revised request includes one-time expenditures of \$265,000 from gasoline tax proceeds for system enhancements to address functional and technical requirements specific to the Department of Transportation. *The Governor concurs.*

Other IT Projects and Support. The 2015 Assembly enacted legislation in Article 15 of 2015-H 5900, Substitute A, as amended, requiring the Department to be organized in accordance with a project management-based program and utilize an asset management system in order to manage the delivery of projects from conception to completion. The Department is currently undergoing a reorganization and it requests \$1.3 million more than enacted from gasoline tax proceeds to purchase a project tracking and management system solution and to increase support services. Other projects include Oracle support and ongoing replacement of personal computers, server blades and maintenance agreements for its asset management system. *The Governor recommends funding as requested.*

Capital - Other Facility Projects. The Department requests the enacted amount of \$5.1 million from Rhode Island Capital Plan funds for eight ongoing projects, including Salt Storage Facilities, Welcome Center and the College Hill Bus Tunnel. It appears that \$1.5 million of the FY 2019 final appropriation was spent, resulting in surplus balance of \$2.6 million. *The Governor recommends \$0.5 million more than requested. A detailed description of these projects is included in the Capital Budget section of this publication.*

Other Expenses. The Department requests \$166,120 more than enacted from gasoline tax proceeds for all other operating expenses. Expenditures in the Management and Budget and Infrastructure Engineering programs are \$23,880 less than enacted, offset by \$192,000 more in Central Management for office supplies, temporary and security services, and expenses for expert testimony. The revised request for Central Management is \$96,930 more than FY 2019 expenditures. *The Governor concurs.*