

House Fiscal Advisory Staff

Budget as Enacted Fiscal Year 2010



Submitted to the 2009 House of Representatives

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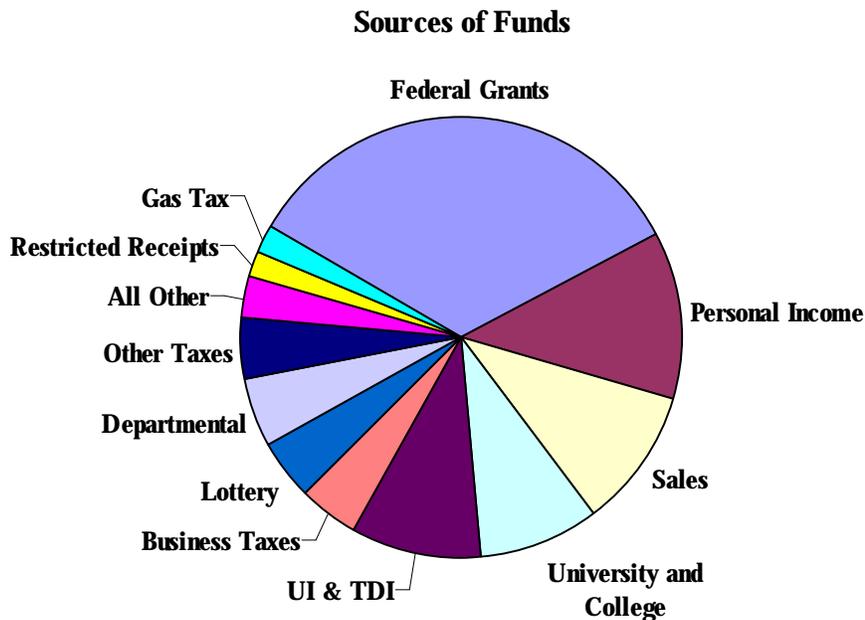
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Section I

Budget at a Glance

FY 2010 Budget at Glance

The Assembly adopted total expenditures of \$7,814.7 million, which is \$146.2 million more than the Governor recommended. It contains \$3,000.3 million from general revenues, which is \$78.7 million less than the Governor recommended. General revenue expenditures are \$0.8 million less than FY 2009 and \$404.9 million less than FY 2008.



Budget Structure

- **Structural Issues.** The FY 2010 Budget includes an FY 2010 surplus of \$3.8 million, and has an operating surplus of \$2.6 million. The latter is revenues minus the transfer to the Budget Reserve Fund minus expenditures. It represents the gap between useable revenues and expenditures. The budget reserve and cash stabilization account, the “rainy day fund” would have an FY 2010 balance of \$81.5 million.

- **Revenue-Expenditure Gap.** House Fiscal Staff estimates that in preparing the FY 2010 budget, the Governor faced a projected revenue-expenditure gap of \$486 million, which would grow to \$770 million by FY 2014. This was \$364.4 million more than Staff’s FY 2010 forecast in the enacted FY 2009 budget of \$121.6 million due mainly to significant downward revision in revenues at the November 2008 Revenue Estimating Conference and unachieved structural changes in FY 2009.

The Budget Office indicates it estimated the gap to be \$504.3 million; however, that includes \$43.0 million that was due in FY 2009 that the Governor recommended deferring to FY 2010. Absent that deferral, the Budget Office estimate would be \$461.3 million. That deferral would not generally be included as part of the estimated gap, nor would the impact of the new federal stimulus funding, which significantly lessened the gap to be filled to less than \$300 million.

The Governor resolved that gap largely with \$231.4 million from stimulus funding, \$64.3 million from pension changes, \$59.6 million from local aid reductions and \$42.7 million less debt service expenses.

The Revenue Estimating Conference concluded May 11 and revised the FY 2010 forecast to \$2,915.0 million, which is \$129.6 million less than November after adjusting for the changes in 2009-H 5019 Substitute A, as amended, and \$130.1 million less than the Governor's budget revised for his changes included in the estimate.

The Assembly's FY 2010 budget resolved the new \$130.1 million gap with \$67.9 million in statewide reductions to personnel and operating costs; \$45.8 million from tax law changes; \$21.0 million from a lower repayment to the rainy day fund because of action taken in FY 2009; \$10.3 million of reductions in education programs including teachers' professional development and expanded programs proposed by the Governor; additional use of stimulus funds as well as numerous other adjustments to state programs and services.

Federal Stimulus

- ***American Recovery and Reinvestment Act of 2009.*** On February 17, President Obama signed the American Recovery and Reinvestment Act of 2009. Generally referred to as the Stimulus Act, it provides \$789 billion of federal spending designed to prevent further deterioration in the national economy, provide relief to states and individuals, and create new jobs. The FY 2010 budget assumes use of \$633.5 million from these funds with approximately \$189.3 million used for direct state budget relief. Tax law changes result in \$0.2 million less revenues, partially offsetting this relief.
- ***State Fiscal Stabilization.*** The state has received a preliminary waiver from the requirement that the state maintain support for both elementary and secondary education and public higher education at no less than the FY 2006 level for fiscal years 2009, 2010 and 2011 in order to be eligible for stabilization funds. The FY 2010 budget uses \$63.3 million of the total \$164.9 million available over that three-year period. This includes \$37.2 million for elementary and secondary education, \$16.1 million for fire safety projects at the institutions of public higher education and \$10.0 million for public safety expenses. The final FY 2009 budget uses \$58.3 million including \$38.3 million for local education aid and \$20.0 million for public safety expenses.
- ***Medicaid Reimbursement.*** The Budget includes \$320.8 million from federal funds over a two year period from the enhanced Medicaid reimbursement rate for direct general revenue budget relief, including \$131.5 million for FY 2009 and \$189.3 million for FY 2010. States must maintain their Medicaid eligibility standards, methodologies, and procedures in effect as of July 1, 2008.
- ***Nutrition Programs.*** The Budget includes an additional \$35.9 million for the supplemental nutrition assistance program, formerly known as food stamps. Stimulus funding for elderly meal services totals \$0.5 million.
- ***Unemployment and Reemployment.*** The Budget includes \$177.0 million from stimulus funds for direct benefits to the unemployed as well as funding to support administrative costs and worker training.
- ***Education Aid to Locals.*** The Budget includes \$74.0 million from stimulus funds for direct relief to local schools including \$17.0 million through the Title I program, \$19.8 million for special

education through the Individuals with Disabilities Education Act program and \$37.2 million from fiscal stabilization funds.

- ***Education Programs.*** The Budget includes \$10.2 million from other education related federal stimulus funds for competitive grants to local schools and use by the Department of Elementary and Secondary Education for technology and other school improvement programs.
- ***Weatherization.*** The Budget includes \$6.8 million from stimulus funds to expand the home weatherization program through increased eligibility and grant awards. The state contracts with community action agencies to provide low-income individuals, particularly the elderly and disabled, and households with high energy burdens, with weatherization improvements to lower utility costs.
- ***Housing and Community Development.*** The Budget includes \$3.4 million in stimulus funds for community development block grants and homelessness prevention. It does not show the funding that will be provided directly to local housing authorities.
- ***Public Safety.*** The Budget excludes \$3.8 million of funding for state justice program grants from the Stimulus Act for which there has not been sufficient review of the proposed uses.
- ***Transportation.*** The Budget includes \$97.4 million in stimulus funds for transportation projects of which \$97.1 million will be used for highway, road and bridge projects, and \$0.3 million will be used for fixed guideway infrastructure improvements.

Taxes and Revenues

- ***Personal Income Tax.*** The Governor proposed legislation to make significant changes to the personal income tax structure beginning in tax year 2011. Those changes include: eliminating the flat tax option and the alternative minimum tax; taxing all capital gains as ordinary income; moving the start point from federal taxable income to federal adjusted gross income; eliminating itemized deductions and substituting higher standard deductions; and changing from five brackets to four. The Assembly included the change to the capital gains tax but retained current law on the remainder of the proposal.
- ***Capital Gains Tax as Ordinary Income.*** The Assembly enacted legislation to tax capital gains as ordinary income regardless of how long an asset has been held before taxed and includes \$23.6 million in revenues. Prior to passage of the legislation, Rhode Island taxed capital gains income based on the length of time the seller had owned the asset. If an asset was held for five years or more, then the capital gains income from that asset was taxed at a 0.83 percent, 1.67 percent, 2.08 percent or 2.33 percent rate contingent on the taxpayer's income and type of asset sold.
- ***Cigarette Tax.*** The Budget assumes \$30.2 million in additional revenue from increasing the cigarette tax by \$1.00 per pack to \$3.46, effective April 10, 2009, consistent with passage of 2009-H 5019, Substitute A, as amended. It retains the minimum markup provisions in current law. The Department of Revenue estimates that cigarettes would still cost slightly less per pack than Massachusetts.
- ***Business Corporation Tax Phase Out.*** The Governor's budget includes a revenue loss of \$14.5 million in FY 2010 from the reduction of the Business Corporation Tax from 9.0 percent to 7.5 percent, effective January 1, 2010. The Governor recommended full phase out by 2014 and

replacement with a minimum tax based on income. The Assembly did not concur with the Governor's proposal and restored the \$14.5 million in revenues for FY 2010.

- **Health Insurance Gross Premiums.** The Budget includes increasing the gross premiums tax for nonprofit hospital service corporations, health management organizations, and nonprofit dental corporations from 1.75 percent to 2.0 percent making all insurers taxed at the same rate effective January 1, 2009, for a general revenue increase of \$3.8 million. It also includes additional revenue of \$9.8 million from applying the 2.0 percent tax to Medicaid managed care providers, which were previously exempt.
- **Health Care Provider Tax.** The Budget includes \$12.7 million less revenues for FY 2010, of which \$11.1 million is from the elimination of the group home tax pursuant to changes included in the Global Waiver. The Budget also includes a series of expenditure reductions to nursing homes that will lower their revenues by \$26.7 million and result in \$1.6 million less in taxes, which are 5.5 percent of nursing home gross revenues.
- **Hospital License Fee.** The Budget includes an FY 2009 licensing fee set at 5.473 percent of hospitals' net patient services revenue for the hospital fiscal year ending on or after January 1, 2007 and includes \$111.4 million in revenue, \$106.2 million from the community hospitals and \$5.3 million from Eleanor Slater Hospital. It also includes an FY 2010 licensing fee at 5.237 percent of revenues for the hospital fiscal year ending on or after January 1, 2008 and assumes revenue of \$128.8 million, \$123.1 million from the community hospitals and \$5.8 million from Eleanor Slater Hospital.
- **Estate Tax Exemption.** The Governor proposed increasing the Rhode Island estate tax exemption amount from \$675,000 to \$1.0 million for any resident or non-resident who dies on or after January 1, 2010 and assumes a revenue loss of \$1.5 million for FY 2010. The Assembly increased the exemption amount to \$850,000, and beginning on January 1, 2011 and thereafter, the exemption amount will be adjusted by the Consumer Price Index. This reduced the recommended revenue loss to \$0.8 million.
- **Sales Tax Retailer.** The Assembly enacted legislation to change the definition of a retailer to add companies that contract with Rhode Island companies, sell over the Internet and whose receipts are in excess of \$5,000. The Budget does not assume any revenue from this change; however, it will help to enforce collection of taxes that are due to the state.
- **Gas Tax Increase.** The Budget includes a two cent increase in the motor fuel tax for a total of 32 cents per gallon. The additional funding will be allocated to the Rhode Island Public Transit Authority, which increases the Authority's share of the motor fuel tax to \$0.0925.
- **Gas Tax.** The Budget retains one cent of the 32 cent per gallon motor fuel tax previously designated for the General Fund within the Intermodal Surface Transportation Fund. The Department of Transportation's FY 2010 budget will increase by \$4,400,000 and general revenues will decrease by the same amount.
- **Earned Income Tax Credit Increase.** The American Recovery and Reinvestment Act of FY 2009 increases benefits from 40.0 percent to 45.0 percent of the first \$12,570 in earned income for families with three or more children for tax years 2009 and 2010. The credit begins to phase out at a rate of 15.98 percent of earnings above \$16,420 for individuals and \$21,420 for those married and filing jointly. Since Rhode Island's credit is 25.0 percent of the federal amount, the total estimated revenue loss would be \$175,306 for FY 2010. The Budget includes this revenue loss.

- ***Cancellation of Debt Income.*** The American Recovery and Reinvestment Act of 2009 allows businesses that repurchase their debt in 2009 and 2010 to defer reporting the cancellation of debt income as taxable income until 2014 and then spreads the income repayment from 2014 through 2018. The Assembly amended the tax statutes to disallow the spread of income from cancellation of debt income. Currently, the cancellation of debt income is taxed in the same year that it is earned. The Center on Budget and Policy Priorities estimated that the revenue loss for the state, absent this change, would be \$21.0 million, including \$4.0 million for FY 2010. Several states including Florida, Maryland and Minnesota have already decoupled from the federal corporation income tax statutes.
- ***Unemployment Insurance Benefits.*** The Governor's recommended budget assumed a loss of \$5.4 million from the suspension of income tax obligations on the first \$2,400 in unemployment benefits. The Assembly passed legislation in the supplemental budget to disallow the deduction.
- ***Land Sales.*** The Budget does not include revenues from land sales. The Governor included \$10.0 million in revenues from the sale of two parcels of state-owned land to the Rhode Island Housing and Mortgage Finance Corporation. This includes \$6.0 million in revenues from the sale of the Aime Forand property and \$4.0 million for the land between Pontiac and Howard Avenues, formerly slated for the new State Police headquarters. He had also proposed \$6.0 million in revenues for FY 2009 from a proposal that included a new parking facility on land near the current Garrahy Courthouse.
- ***Sales Tax Paid on New Vehicle Purchase.*** The Governor's budget reflects the estimated state income tax loss of \$1.4 million from the Stimulus Act's provision for an itemized deduction of the sales taxes paid on new vehicles. It only applies to vehicles purchased between February 17, 2009 and December 31, 2009 that are under 8,500 pounds and valued up to \$49,500. The deduction is subject to a phase out for individuals with modified adjusted gross income between \$125,000 and \$135,000 and \$250,000 and \$260,000 for those married and filing jointly. The Budget adopted in 2009-H 5019, Substitute A, as amended, included legislation that amended the personal income tax statutes to disallow the deduction, preventing the revenue loss.
- ***Rhode Island Health and Educational Building Corporation Transfer.*** The Budget includes a transfer of \$1.0 million from the Rhode Island Health and Educational Building Corporation to the general fund in FY 2010.
- ***Motor Vehicle Fees.*** The Budget includes \$7.8 million in revenues for FY 2010 based on passage of Article 10 of 2009-H 5019, Substitute A, as amended, to double the title fee from \$25 to \$50, including transfers and increase the fee for restoration of revoked title or registration from \$50 to \$250; increase the fee for restoration of a revoked or suspended license from \$75 to \$150; and increase the fee for the restoration of revoked or suspended license for individuals driving under the influence of alcohol from \$75 to \$350.
- ***Expungement Fee.*** The Budget includes additional revenues of \$1.2 million from charging \$100 for court orders granting record expungements. The Office of the Attorney General's Bureau of Criminal Identification processes approximately 12,300 expungements annually at no cost.
- ***Business Regulation Fees.*** The Budget includes an additional \$1.6 million from increasing selected fees charged to individuals and entities, regulated through the Department of Business Regulation, by 20 percent, effective July 1, 2009. The 31 selected fees have not been increased since FY 2000 or earlier. These fees affect insurance professionals, design professionals, those in the upholstery and bedding industry, banking and securities entities, and the registration for fundraisers and charities.

- ***National Council on Aging Grant.*** The Budget includes \$124,802 in revenues to reflect new funds provided by the National Council on Aging to expand and sustain a chronic disease self-management program statewide with adults 60 years old and older in diverse and at risk populations.
- ***Background Checks.*** The Budget does not include the Governor's proposal to increase the fee for the Bureau of Criminal Identification background checks from \$5 to \$25. It maintains the current fee of \$5 per background check and excludes anticipated additional revenues of \$0.9 million.
- ***Food Licenses Late Renewal Penalty.*** The Budget does not include \$25,000 in new revenues from imposing a penalty fee of \$100 for late renewals of permits granted for food protection licenses and a civil penalty fee of \$500 per day for each day that an establishment operates with a lapsed or invalid permit.
- ***Purchase Card Rebates.*** Under its purchasing card agreement, the state annually receives a rebate based on the volume of purchases. The FY 2010 budget includes \$50,000 from the annual rebate; the FY 2009 revised budget includes \$250,000 from the funds that have been accruing in an escrow account for several years.
- ***Video Lottery 24-3.*** The Assembly included revenues of \$10.7 million from video lottery terminal proceeds for expanded hours seven days per week, referred to as 24-3. The 2008 Assembly had approved 24-3 operations for the period May 2008 through June 30, 2009 for Twin River and Newport Grand. The Administration announced it would administratively expand to 24-7.
- ***Human Resource Investment Council.*** The Budget includes transferring \$1.5 million from the Human Resource Investment Council to the general fund. The Council has an estimated FY 2009 year-end balance of \$1.8 million. Employer payroll taxes fund two restricted receipt accounts, which the Council uses for employment, training, education and economic development activities.
- ***Coastal Resources Management Council Fees.*** The Budget includes additional revenue of \$0.2 million from increasing certain fees through the Coastal Resources Management Council. This includes increasing the structural shoreline protection application fee from \$750 to \$1,500 for the first 100 feet and from \$10 to \$15 for each additional foot. It also includes increasing the fee for recreational vehicle permits from \$50 to \$100 for residents and from \$100 to \$200 for non residents, allowing for vehicle access to the beaches. There is also an increase to the residential dock application fee from \$500 to \$1,500 which allows a homeowner to build a dock on their property.
- ***Corporate Statistics of Income.*** The Assembly enacted legislation that requires that the Division of Taxation prepare and submit statistics of corporate income tax data modeled after the federal report.

Pension Changes

- ***State Employees.*** The Assembly adopted pension changes, which apply to state employees not eligible to retire as of October 1, 2009 and newly hired judges. The Budget assumes \$21.5 million in total savings for FY 2010. The changes include a minimum retirement age of 62 with a proportional application of that minimum age to current members based on their current service as of October 1, 2009. This means that those closest to retirement eligibility would have the smallest change in their current minimum retirement age. Similar adjustments are included for correctional officers and nurses employed by the Department of Mental Health, Retardation and Hospitals.

Changes also include freezing service credits for those in Plan A and shifting all future accruals to Plan B. Members in both plans would retain the respective 80.0 and 75.0 percent caps on their accruals. The cost-of-living adjustment would all be based on the Plan B model of the lesser of inflation or 3.0 percent on the third anniversary. Finally, the salary basis for benefits would be changed to the five consecutive highest years, from the current three.

- **Teachers.** The Assembly adopted pension changes, which apply to teachers not eligible to retire as of October 1, 2009. The changes include a minimum retirement age of 62 with a proportional application of that minimum age to current members based on their current service as of October 1, 2009. This means that those closest to retirement eligibility would have the smallest change in their current minimum retirement age.

Changes also include freezing service credits for those in Plan A, shifting all future accrual to Plan B. Members in both plans would retain the respective 80.0 and 75.0 percent caps on their accruals. The cost-of-living adjustment would all be based on the Plan B model of the lesser of inflation or 3.0 percent on the third anniversary. Finally, the salary basis for benefits would be changed to the five consecutive highest years, from the current three.

Total savings from general revenues are \$37.2 million; this includes both the state's share and local share of savings all accruing to the state.

- **Judicial Retirement.** The Budget lowers pension benefits for all judges hired after July 1, 2009. These include changing the salary basis for benefits to the five consecutive highest years, from the current three. The maximum benefit accrual is reduced to 80.0 percent for full retirement from the current 90.0 percent and to 65.0 percent for a reduced retirement from the current 70.0 percent.
- **Accidental Disability Retirement.** The Budget includes changes to accidental disability pensions sought after October 1, 2009 such that retirees will only receive the 66 2/3 percent benefit if the Retirement Board finds them to be totally and permanently disabled from further employment. Those who are still able to work other jobs would only receive a 50.0 percent benefit.
- **Service Credit Purchases.** The pension legislation requires that all service credit purchases, except military time, be at full actuarial value, effective June 16, 2009.

Local Aid

- **General Revenue Sharing.** The Budget does not include funding for the General Revenue Sharing program for FY 2010, consistent with the Governor's recommendation.
- **Payment in Lieu of Taxes.** The Budget includes \$27.6 million to level fund the Payment in Lieu of Taxes program at the FY 2009 revised level.
- **Motor Vehicle Excise Tax.** The Budget includes \$135.3 million to fund the Motor Vehicle Excise Tax program. This assumes no growth in values from FY 2009 for which growth was 0.1 percent above FY 2008.
- **Distressed Communities Relief Fund.** The Budget includes \$10.4 million from general revenues to fund the Distressed Communities Relief Fund for FY 2010, consistent with the enacted budget.

- ***Library Aid.*** The Budget includes \$8.8 million to level fund state support of public libraries in FY 2010. Rhode Island General Law 29-6-2 requires the state to provide financial support to public libraries equal to 25.0 percent of the second prior fiscal year's local expenditures for library services. The 2008 Assembly passed legislation to reduce the maintenance of effort requirement for municipalities to provide library services to at least 80.0 percent of the previous year for just FY 2009. The Budget continues to allow communities to meet the 80.0 percent maintenance of effort for libraries to qualify for state library aid for FY 2010.
- ***Library Construction Aid.*** The Budget includes \$2.8 million for library construction aid to reflect current law requirements for FY 2010 based on updated cost information and construction schedules for approved projects. The state reimburses libraries up to one-half the total cost for eligible projects on an installment basis for a period of up to 20 years.
- ***Property Valuation Reimbursements.*** The Budget includes \$1.8 million to reimburse communities conducting scheduled property revaluations or statistical updates.
- ***Municipal Realignment Commissions.*** As part of his revised budget, the Governor proposed legislation to create two new commissions: the school realignment and the municipal public safety and public works realignment commissions. The commissions would review and make recommendations for creating efficiencies in the cost and delivery of local services. The Assembly did not enact this legislation and removed the \$150,000 each in the Department of Revenue and Department of Elementary and Secondary Education.
- ***Municipal Tipping Fee.*** The Budget establishes the municipal tipping fee at \$32.00 per ton in FY 2010 for municipalities that recycle less than 24 percent of their solid waste. Municipalities that recycle between 24 and 29 percent would pay \$31.00 per ton, those recycling between 29 and 35 percent would pay \$30.00 per ton and municipalities recycling 35 percent of their solid waste would pay \$29.00 per ton.
- ***Local Election Expenses.*** The Budget retains \$55,000 of funding for the preparation costs for all voting documents when only a local election is involved or a special election regarding only a local question or candidate is conducted. The Governor had proposed legislation to require that municipalities pay this cost.

Education Aid

- ***Stabilization Funds.*** The FY 2010 Budget includes use of \$75.5 million of the total \$164.9 million available for FY 2009 through FY 2011. The Secretary of Education has granted the state a preliminary waiver for the maintenance of effort requirement that the state maintain support for both elementary and secondary education and public higher education at no less than the FY 2006 level for fiscal years 2009, 2010 and 2011.

The Budget provides \$34.1 million from federal stabilization funds for FY 2010 to be distributed to school districts in the same proportion as state education aid and reduces general revenues by a similar amount. Including charter schools, the Metropolitan Career and Technical School and the state schools, the total amount from stabilization funds for elementary and secondary education for FY 2010 is \$37.2 million. The Budget also provides \$16.1 million for fire safety projects at the institutions of public higher education and \$10.0 million for use by the Department of Public Safety.

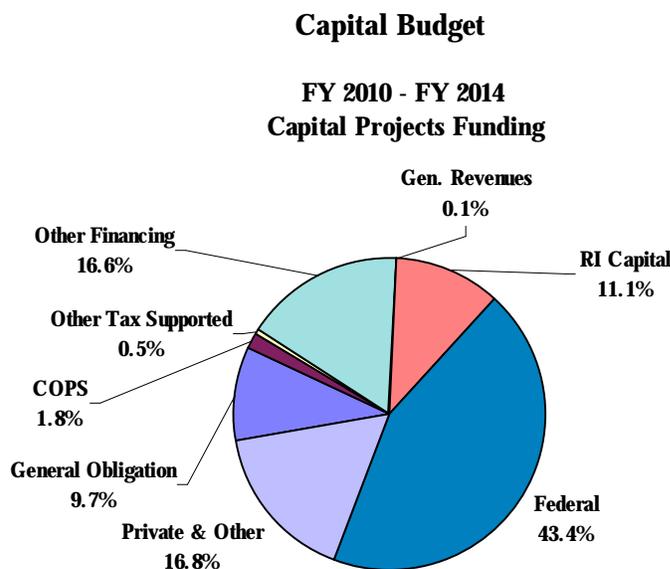
- ***Title I.*** The Budget includes \$17.0 million of additional Title I stimulus funding allocated to school districts including charter schools and the state schools. This represents 50.0 percent of available Title I stimulus funding with the remaining budgeted in the FY 2009 revised budget. Distribution formulae for these grants are weighted so that local education agencies with higher percentages of poor children receive more funds.
- ***Special Education.*** The Budget includes \$19.8 million of additional federal special education stimulus funding for the education of children with disabilities for school districts including charter schools and the state schools. This represents 50.0 percent of available stimulus funding with the remaining budgeted in the FY 2009 revised budget.
- ***Central Falls.*** The Budget includes an additional \$0.9 million or 3.0 percent, adjusted for pension savings to support the Central Falls School District for FY 2010.
- ***Metropolitan Career and Technical School.*** The Budget includes an additional \$1.2 million for the operation of the Metropolitan Career and Technical School to fund full enrollment at the school's Providence campuses and 90 students at the new East Bay Campus.
- ***Mayoral Academies and Charter School Expansions.*** The Budget includes \$1.5 million from general revenues to allow for new charter schools, including mayoral academies to open for FY 2010.
- ***Charter School Employment Mandates.*** The Budget maintains charter school employment mandates consistent with current law. The Governor had proposed legislation to exempt charter schools chartered or subject to renewal after July 1, 2009 from prevailing wages and benefits, participating in the state's teacher retirement system, and classifying their employees as public employees. This would make charter schools similar to the current exemptions for mayoral academies adopted by the 2008 Assembly.
- ***School Housing Aid.*** The Budget includes \$61.5 million to fund projected costs of school housing aid to local districts for FY 2010, which is \$7.4 million more than the FY 2009 entitlement and \$2.2 million less than the Governor recommended based on revised spending projections. The Department has indicated that the Nathan Bishop Middle School project in Providence will not be complete by June 30, 2009 in order to be eligible for housing aid for FY 2010. Aid is based on wealth with a 30.0 percent minimum reimbursement of approved costs.
- ***School Breakfast Program.*** The Assembly provided the enacted level of \$300,000 to reimburse administrative costs associated with the state's school breakfast program. Food is paid from federal sources.
- ***Education Telecommunications Fund.*** The Budget includes \$350,000 from general revenues to fund the education telecommunications fund because of declining collections. This fund is designed to provide assistance to qualified libraries and schools to acquire, install and use telecommunications technologies to access the Internet and is supported by a \$0.26 surcharge on landline phones. There is no general revenue support for this program in the enacted budget.
- ***Group Home Aid.*** The Budget reflects group home aid consistent with current law that requires that aid be paid for all beds opened as of December 31, 2008. The FY 2010 budget is \$75,000 less than the FY 2009 enacted budget.

- **Professional Development.** The Budget eliminates the portion of professional development funds distributed to local school districts as education aid for savings of \$5.8 million. Funding is distributed to districts and used for continued skill development for Rhode Island’s teachers and staff and was also eliminated as part of the FY 2009 revised budget.

The Budget also eliminates the \$495,000 appropriation made to support teacher professional development in all districts through a number of programs administered through the Department including the Physics First program and mathematics and science professional development activities.

- **Providence Education/Housing Aid 7 Year Repay.** The Governor had proposed in his FY 2009 revised budget to reduce Providence’s education aid by the \$9.5 million of overpaid school construction aid it received on expenditures not eligible for reimbursement. This was contrary to prior practice in which the communities repaid their overpayments over a number of years. The 2009 Assembly amended the statutes in 2009-H 5019, Substitute A, as amended, to mandate that payback formula for all communities where the situation arises and reduced aid to Providence by \$1.4 million for the first year of a seven year payback. The Budget includes another \$1.4 million reduction for FY 2010 for the second year of payback.

- **School Realignment Commission.** As part of his revised budget, the Governor proposed legislation to create two new commissions: the school realignment and the municipal public safety and public works realignment commissions. The commissions would review and make recommendations for creating efficiencies in the cost and delivery of local services. The Assembly did not enact this legislation and removed the \$150,000 each in the Department of Revenue and Department of Elementary and Secondary Education.

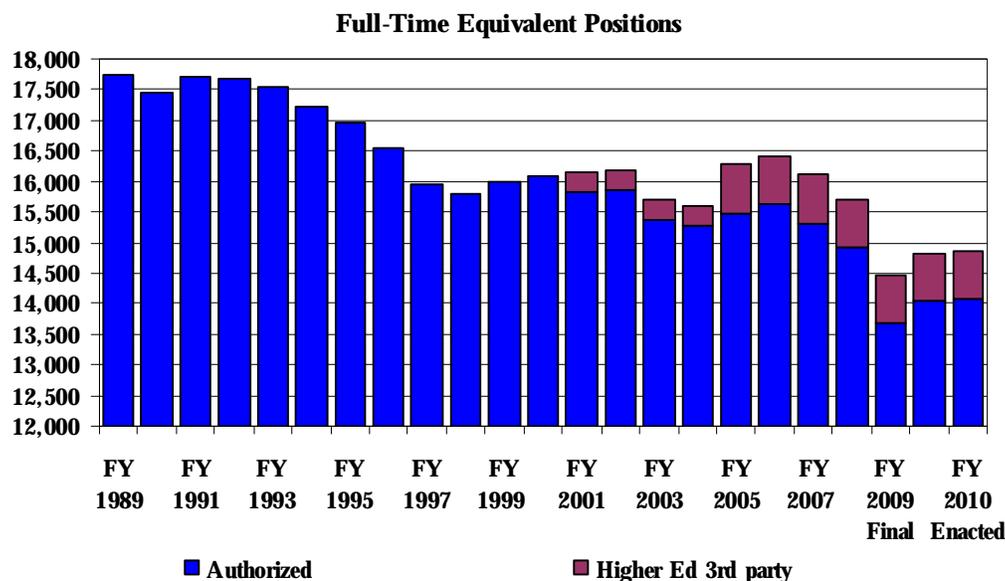


- **Outlays and Funding.** The FY 2010 through FY 2014 adopted plan includes \$3,854.1 million of outlays on \$8,363.9 million of project estimates. Average outlays would be \$770.8 million per year for the five-year period with \$315.2 million required at the end of the period to complete the projects.

- **Financing.** Paying for the five-year outlays includes \$1,100.2 million from debt financing and \$2,753.9 million from current, or pay-go, sources. Pay-go represents 71.5 percent with debt funding being 28.5 percent.
- **General Obligation Bonds Referenda.** Financing the plan is based on \$372.5 million of general obligation bond debt issuances, including \$87.3 million from new general obligation bond referenda to be presented to the voters in November 2010 and \$117.2 million in November 2012.
- **Other Debt Approvals.** The 2009 Assembly authorized \$77.4 million under the Public Debt Management Act, including \$50.0 million from Rhode Island Bridge and Turnpike Authority revenue bonds supported by undetermined toll increases and \$27.4 million for University projects financed through the Rhode Island Health and Educational Building Corporation. It also includes the authority to indemnify AMTRAK for use of its track from Providence to Wickford Junction.
- **Debt Levels.** Total net tax supported debt increases by \$67.5 million over the \$1,651.3 million reported for the end of FY 2008 during the period through FY 2014 to \$1,718.8 million. However, past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget.

State Government General

- **Staffing.** The Budget includes 14,858.0 full-time equivalent positions, including 785.0 higher education positions dedicated for research or supported by other third-party funds. This is 29.1 more positions than the Governor's FY 2010 recommendation including 40.0 positions within the Department of Labor and Training for the administration of unemployment insurance benefits offset by other adjustments including proposed new positions for the Departments of Health and Public Safety. The Budget also includes statewide personnel savings, which reduces the number of funded positions and will require maintaining many current vacancies.



- **Across-the-Board Savings.** The Budget includes general revenue savings of \$67.9 million from statewide reductions to personnel and operating expenses. Savings are generated from a 5.0 percent

reduction to both salaries and benefits and operating expenses for one full year and an additional 2.5 percent for the second half of the year, which total \$57.7 million. The total includes \$5.1 million from a 10.0 percent reduction to consulting services and \$5.1 million from lower benefit rates to reflect updated trends. Similar benefit adjustments are included in FY 2009.

- ***Unemployment Insurance Benefits.*** The Budget includes a total of \$651.9 million for the payment of unemployment insurance benefits in FY 2010. This includes \$162.7 million from federal stimulus funds and \$489.2 million from the Employment Security Fund, which is an increase of \$258.5 million over the enacted level of \$230.7 million because of the state's continued high unemployment rate and the extended duration of unemployment insurance benefit eligibility.
- ***Historic Tax Credit Trust Fund Debt Service.*** The Budget includes \$22.5 million from general revenues for the issuance of \$200.0 million to fund debt service for historic tax credits. This is \$27.5 million less than the \$50.0 million annual need in the current service estimate, but the higher level would likely be needed in FY 2011 and beyond.
- ***Registry of Motor Vehicles Branches.*** The Budget includes funding for operational costs to maintain registry offices in the Towns of Warren and Westerly. The Governor's budget assumed closure of both offices.
- ***Registry of Motor Vehicles Building.*** The capital plan includes \$17.9 million from Rhode Island Capital Plan funds, including \$11.4 million in FY 2010 to renovate the Forand building to be the new home of the Registry of Motor Vehicles. The Registry is currently in leased space, and the FY 2010 budget includes \$1.0 million for its lease costs.
- ***Contractors' Registration Board.*** The Budget retains the Contractors' Registration and Licensing Board in the Department of Administration. The Governor proposed transferring it to the Department of Business Regulation.
- ***Local Government Assistance Program.*** The Budget reflects the transfer of the Local Government Assistance Program from the Department of Administration to the Department of Revenue.
- ***Rhode Island Financial Accounting Network System.*** The Budget delays \$1.9 million in general revenue expenditures for continued expansion of the statewide financial system, Rhode Island Financial Accounting Network System.
- ***State Labs Consolidation.*** The Budget consolidates the University of Rhode Island Crime Lab and the Department of Health Forensic Science Unit, into the Department of Health. The consolidation includes the current Department of Health staffing of 12.6 positions and \$1.6 million associated funding as well as a shift of \$675,000 from general revenues from the Office of the Attorney General to the Department of Health.
- ***Worksite Wellness.*** The Assembly eliminated the Worksite Wellness program for general revenue savings of \$285,930. The Worksite Wellness program was created by Executive Order 05-12 to address the overall health and fitness of the state's citizens, including state employees.
- ***Contingency Fund.*** The Budget includes \$250,000 in the contingency account within the Office of the Governor. The funds may be used for expenditures in any state department or agency where funding is insufficient, or where such requirements are due to unforeseen conditions or are non-recurring items of an unusual nature.

- ***Convention Center Authority.*** The Budget includes an additional \$1.2 million for the Convention Center Authority to cover debt service requirements and operational shortfalls at the Dunkin Donuts Center, Convention Center and the Veterans' Memorial Auditorium. The FY 2009 enacted budget already includes \$23.1 million.
- ***Slater Fund.*** The Budget includes \$2.0 million, or \$1.0 million less for the Slater Technology Fund, which is a state-backed venture capital fund investing in emerging technology. The Slater Centers of Excellence was created in 1997. Actual expenditures to date total \$37.2 million.
- ***Station Fire.*** The Budget includes \$10.0 million from general revenues to pay for the state's share of the station fire civil suit settlement in FY 2010.
- ***Economic Development Corporation Operating Grant.*** The Assembly provided general revenue expenditures of \$4.7 million for the Economic Development Corporation. This reflects a reduction of 11.3 percent. Funding is passed through the Department of Administration's budget and is used for the Corporation's general operating budget.
- ***Federal Help America Vote Act Funds.*** The Budget includes \$0.8 million from federal Help America Vote Act funds in FY 2010, allowing for a like amount of general revenue savings for expenses related to regular and special elections shifted to these newly available federal funds. The Governor's budget assumed the funds would be depleted in FY 2009.

Housing and Energy

- ***Housing and Community Development.*** The Budget includes \$3.4 million from the American Recovery and Reinvestment Act for various housing programs, including the Community Development Block Grant, which provides for annual grants on a formula basis to eligible municipalities to develop viable urban communities. The Budget also includes additional funding from the Act for the Neighborhood Stabilization Program to assist in the redevelopment of abandoned property and foreclosed homes.
- ***Neighborhood Opportunities Program.*** The Budget includes \$2.5 million from Rhode Island Capital Plan funds for the continuation of the Neighborhood Opportunities Program, which provides grants or low interest loans for the rehabilitation of dilapidated housing units or new construction as well as operating subsidies to reduce rents.
- ***Energy Program.*** The Governor's budget includes \$22.1 million from the federal Stimulus Act for various energy programs including the State Energy Program, Weatherization Assistance, Energy Efficiency and Conservation Block Grant and Low Income Energy Efficiency Appliance Rebate. The Assembly excluded the funds from the budget since plans for the use of the funds have not been provided.

Elderly

- ***Pharmaceutical Assistance to the Elderly.*** The Budget does not include the Governor's proposal to eliminate the Rhode Island Pharmaceutical Assistance to the Elderly program effective January 1, 2010, which will end coverage the state provides for individuals between the ages of 55 and 64 who

are not eligible for Medicare. Medicare recipients will continue to receive drug coverage through the federal Part D drug program, but they will no longer have state coverage for gaps in Part D benefits.

- ***Adult Day Care Services.*** The Budget includes \$1.7 million, including \$0.9 million from general revenues for the adult day care program. It does not assume the Governor's budget proposal to increase the co-payment for clients receiving subsidized adult day care by either \$4.00 or \$6.50 per day for a total daily cost of \$11.00 or \$18.00, depending on clients' income.
- ***Home and Community Care Programs.*** The Budget includes \$4.0 million from all sources, \$1.9 million from general revenues for home and community care programs in FY 2010. This includes \$1.7 million for the adult day programs and \$3.3 million for the home care program. The Budget also includes \$3.7 million for FY 2009, \$0.3 million less than enacted in 2009-H 5019 Substitute A, as amended, based on lower utilization than expected during FY 2009.
- ***Paratransit Services for Elderly.*** The Budget transfers the responsibility for paratransit services from the Department of Elderly Affairs to the Department of Human Services and includes \$7.7 million, \$2.0 million from general revenues for the activity. The Governor requested an amendment to shift only the Medicaid eligible portion of the program from Elderly Affairs to Human Services.
- ***Sullivan/Perry Long Term Care Financing.*** The Assembly included legislation that provides that any savings from the reduction in nursing home days in the Department of Human Services' budget will also be spread to the current service estimate for community based long term care services for elderly 65 years of age and older in the Department of Elderly Affairs.

Health and Human Services

- ***Office of Health and Human Services Organization.*** The Budget maintains the Department of Health within jurisdiction of the Executive Office of Health and Human Services and transfers the food and nutrition services to the Office by March 1, 2010 and client protective services by January 1, 2011.
- ***Global Waiver Savings.*** The Budget includes savings of \$30.1 million from all funds, \$14.3 million from general revenues from implementation of the global waiver. This includes reducing nursing home placements by expanding community options, expanding the use of shared living arrangements for adults with disabilities, selective contracting for outpatient services and specialized equipment, continuing to enroll adults in the managed care plans, and exploring options to treat medical assistance recipients in more appropriate settings than emergency rooms or through extended hospital stays.
- ***Medicaid - Costs Not Otherwise Matchable.*** The Budget includes statewide general revenue savings of \$7.7 million for FY 2009 and \$14.2 million for FY 2010 by shifting certain state funded expenses to Medicaid in the five health and human service departments. The state has received federal approval to match Medicaid funds for services provided through certain state funded programs, commonly referred to as costs not otherwise matchable.
- ***Hospital Payments.*** The Budget includes reimbursing community hospitals for the outpatient upper payment limit for FY 2009 totaling \$21.1 million and includes an FY 2010 payment totaling \$25.5 million. The Budget also includes \$3.65 million for the state only payment to acute care community hospitals in both FY 2009 and FY 2010.

- ***Hospital Reimbursement Rates.*** The Budget replaces the current hospital rate reimbursement system with a method utilizing diagnosis related groups, with payments to hospitals based upon diagnoses, procedures, and patient age. The Assembly assumed savings of \$2.5 million from all funds, and a March 30, 2010 start date.
- ***Nursing Facilities Reimbursements.*** The Budget includes savings of \$2.6 million from all funds, including \$1.8 million from general revenues from adopting an acuity-based rate setting system for nursing homes, replacing the current system, effective January 2010. The Assembly included legislation that requires that the Department of Human Services holds public hearings and submit a final implementation plan to both Chairmen of the House and Senate Finance Committees no later than December 1, 2009.
- ***RItE Care Co-Pay.*** The Budget lowers the RItE Care monthly cost sharing requirements to comply with provisions of the federal Stimulus Act. The Stimulus Act mandates that in order for states to receive the higher Medicaid match, a state cannot make any eligibility or other significant changes to its Medicaid program after July 1, 2008. The 2008 Assembly implemented new cost sharing requirements and increased existing payments, which were not implemented by that deadline. The Assembly added \$3.5 million, \$1.2 million from general revenues.
- ***Community Health Centers from Health.*** The Budget shifts \$1.2 million from the Department of Health's budget to the Department of Human Services' budget to support the state's 12 community health centers.
- ***Children's Health Benefits.*** The Budget provides Medicaid matched health care benefits to children who legally reside in the state, but are not citizens. Previously, they were provided state-only medical benefits which were eliminated by the 2006 Assembly. Recent federal changes allow states the option to provide the health coverage and receive a federal match.
- ***State Funded Coverage for Pregnant Women.*** The Assembly added \$235,000 to continue to provide state funded medical coverage to pregnant women with incomes between 250 percent and 350 percent of the federal poverty level. Recipients with annual income not exceeding \$37,905, pay a premium to the health plans and the state pays \$8,378 to the hospital for the delivery.
- ***RItE Care Dental Benefits for Parents.*** The Assembly added \$1.1 million to continue to provide dental benefits to approximately 38,000 RItE Care parents.
- ***Rhode Island Works.*** The Assembly established a July 1, 2008 effective date for the 24 month period a family is eligible to receive cash assistance within the 48 month lifetime limit. Previously, the Department was including any time prior to July 1, 2008 in its determination of the cash assistance recipient's 24 month eligibility.
- ***Supplemental Security Income Payments.*** The Assembly included legislation that provides the state supplement to the federal supplemental security income payment for those adults with developmental disabilities who receive residential services through the Department of Mental Health, Retardation and Hospitals' budget instead of the Department of Human Services' budget. Support for the individuals is unchanged, but the state will no longer have to pay the monthly transaction fee to the federal government to process the check.
- ***Head Start.*** The Budget includes \$0.8 million from general revenues for the state only portion of the Head Start program, which supports approximately 121 children enrolled in Head Start. This is

\$0.2 million less than recommended, an amount equal to the amount that Rhode Island Head Start agencies are scheduled to receive for 21 Head Start subsidies as part of the federal Stimulus Act.

- ***Health Information Exchange.*** The Capital Budget includes issuance of \$20.0 million from revenue bonds approved by the 2008 Assembly for the Health Information Exchange Network.
- ***Treatment and Accountability for Safer Communities Program.*** The Assembly maintained the program known as Treatment and Accountability for Safer Communities and its three positions. The program provides initial assessment, referral and case management services to individuals with a second drunk driving conviction as required by law.
- ***Eighteen to Twenty-One Year Olds.*** The Budget includes \$13.5 million for services provided to youths between the ages of 18 and 21 qualifying for child welfare services, including \$9.2 million from general revenues. General revenues are \$2.3 million more than the Governor recommended because the Department miscalculated which services are eligible for Medicaid reimbursement.
- ***Residential Placements.*** The Budget includes \$131.9 million from all sources, \$74.7 million from general revenues for residential placements in both the Child Welfare and the Behavioral Health programs of the Department of Children, Youth and Families. These services include residential placements for children in both in-state and out-of-state placements, as well as specialized foster care.

Education

- ***Public Higher Education.*** The Budget uses 50.0 percent or \$16.1 million of higher education's total three-year allocation in each FY 2010 and FY 2011 to make fire safety repairs in the institution's academic buildings. Based on the square foot need of each institution, the distribution is \$7.2 million for the University, \$5.7 million for the College and \$3.2 million for the Community College for FY 2010.
- ***Urban Education Task Force.*** The Budget adds \$0.8 million from general revenues to fund two initiatives recommended by the Urban Education Task Force. This includes \$0.7 million for a preschoolers' pilot program to increase school readiness and \$0.1 million for extended learning time in the urban districts.
- ***Statewide Transportation.*** The Budget includes \$50,000 from general revenues to begin implementation of a statewide transportation system for out-of-district special education students.
- ***School for the Deaf Fee-for-Service.*** The Budget includes general revenue savings of \$0.7 million from implementing a new fee-for-service system at the School for the Deaf. Local districts will be billed for special education services that are not part of the school's core mission.
- ***Need Based Grants and Scholarships.*** The Budget funds need based grants and scholarships at \$12.1 million including the enacted level of \$6.4 million from general revenues.
- ***Surrogate Parent Program Restoration.*** The Budget includes \$97,156 from general revenues to support the educational surrogate parent program. The educational surrogate parent program provides school aged children with an educational advocate to make decisions concerning special education and is provided through a multi-year contract with the Sherlock Center at Rhode Island College. Funding

of the contract is a blend of state and federal funds including \$322,000 from federal special education funds and \$97,156 from state funds.

- ***Civics Education.*** The Budget includes \$61,000 from general revenues for civics education. The Governor had proposed saving \$72,000 by eliminating the civics education program. The Department has collaborated with community partners to develop and promulgate civics standards for students in kindergarten through grade 12. This funding is used to support a consultant that oversees and implements this program.

Public Safety

- ***RIBCO Future Settlements.*** The Budget includes \$7.3 million from general revenues for estimated prospective costs for settling the labor contract with the Rhode Island Brotherhood of Correctional Officers for FY 2007 through FY 2010. This assumes wage increases for each year consistent with other state employee unions but does not include funding for potential retroactive payments for FY 2007 through FY 2009.
- ***Prison Population.*** The Budget assumes an average inmate population of 3,767, which is 241 fewer than assumed in the Governor's recommendation. His recommended population was based on projections prepared in the fall of 2008. However, recent population reports from the Department show downward trends in prison population. The Budget includes a reduction of \$5.0 million to reflect savings associated with this reduction.
- ***Correctional Officer Training Class.*** The Budget includes funding for one correctional officer training class, beginning in October 2009, with the graduation of 60 officers in January 2010.
- ***Indigent Defense Program.*** The Budget includes \$3.4 million from general revenues for the Judiciary's indigent defense services program. This is \$300,000 more than enacted, but in line with historical spending.
- ***New Troopers.*** The Budget adds 35.0 new full-time equivalent positions to reflect the 35 troopers of the 53rd Training Academy class slated to begin in June 2009. On November 13, 2009, the troopers will enter into a field training program for 72 working days.
- ***Trooper Recruitment.*** The Budget includes \$64,560 to begin recruitment in June 2010 for the 54th trooper training academy class to start in March 2011.
- ***State Police Vehicles.*** The Budget does not include any funding for State Police fleet replacement needs in FY 2010.
- ***Public Safety Grant Awards.*** The Budget does not include any additional funding for state justice program grants from the Stimulus Act for which there has not been sufficient review of the proposed uses.
- ***Military Funerals.*** The Budget includes \$82,750 from general revenues to fund stipends for retirees to serve as the fourth member of honor guards at military funerals for Rhode Island veterans. The federal government now only pays for three members; it had previously paid for up to seven members.

Environment

- ***Underground Storage Tank Fund Transfer.*** The Budget includes the transfer of one-half of the one cent per gallon motor fuel tax currently designated for the Underground Storage Tank Fund to the Rhode Island Public Transit Authority. This results in an additional \$2.2 million for the Authority, while receipts for the Underground Storage Tank Fund are decreased by the same amount.
- ***Permitting Staff.*** The Budget includes funding for an additional 8.0 full-time equivalent positions for the Department of Environmental Management to accommodate the expected increase in permitting requests for construction projects related to the American Recovery and Reinvestment Act.
- ***Coastal and Estuary Habitat Restoration Program and Trust Fund.*** The Budget includes \$250,000 from restricted receipts for the Coastal Resources Management Council's Coastal and Estuary Habitat Restoration Program and Trust Fund for projects that restore degraded habitats along the state's coastal and estuarine environments.
- ***Bays, Rivers and Watersheds.*** The Budget includes \$250,000 from the Oil Spill Prevention, Administration and Response Fund for the Bays, Rivers and Watersheds Coordination Team. The Team is responsible for coordinating the efforts of all of the environmental agencies in the state to restore and develop both freshwater and marine waters and watersheds.
- ***Statewide Emergency Water Interconnect Study.*** The Capital Budget includes \$1.0 million for FY 2010 from previously approved general obligation bonds to establish statewide emergency water interconnections between the state's 30 largest water supply systems.
- ***Groundwater Protection/Acquisition Program.*** The Capital Budget includes \$2.8 million for FY 2010 from previously authorized general obligation bonds to purchase water development rights from private landowners for well sites identified as high capacity.
- ***Bristol County Water Treatment.*** The Capital Budget includes \$15.6 million from authorized general obligation bonds for facilities upgrades including the Shad Factory Pipeline to ensure adequate water for the Authority's water users and maintain Rhode Island rights to water from the connected Massachusetts reservoirs.
- ***Fort Adams Rehabilitation.*** The five-year capital plan includes \$1.6 million from Rhode Island Capital Plan funds for rehabilitation projects at Fort Adams state park in Newport. Projects include the rehabilitation of the historic soldier's quarters as well as the restoration of the prison area.
- ***Pier Upgrades.*** The Budget includes \$4.3 million from Rhode Island Capital Plan funds through FY 2013 for repairs to the state's piers in Galilee and Newport. Funding is used for replacement of bulkheads and the surrounding structures as well as repairs to the walkways and decks.
- ***Recreational Facilities Improvements.*** The Budget includes \$8.2 million from Rhode Island Capital Plan funds from FY 2010 through FY 2014 for repairs to the state's recreational facilities. Improvements include the maintenance and upkeep of existing facilities as well as construction projects such as new bathroom facilities, roof replacements and roadway repairs.

- ***Resource Recovery Corporation Debt Approval.*** The Budget removes the Corporation's exemption from the Public Corporation Debt Management Act. Beginning in FY 2010, the Corporation must obtain Assembly approval before issuing additional debt.
- ***Water Resources Board Corporate.*** The 2009 Assembly transferred the Water Resources Board Corporate into the Clean Water Finance Agency. The transfer will become effective once the debt of the Board Corporate is paid off, which is projected to be in 2014. The Board Corporate is the funding component for the state's Water Resources Board. Due to the capacity and capabilities of the Agency, it will absorb the functions of the Board Corporate to allow for more efficient and cost effective lending for water infrastructure projects.

Transportation

- ***Rhode Island Public Transit Authority.*** The FY 2009 Budget included the permanent transfer of one half of the one cent environmental regulatory fee from the Underground Storage Tank Fund, which provided the Authority with an additional \$2.2 million for FY 2010. The FY 2010 Budget dedicated the additional two cents from the motor fuel tax increase to the Authority, which combined with an updated deficit projection, results in an estimated deficit of \$0.4 million for FY 2010.
- ***Rhode Island Turnpike and Bridge Authority Revenue Bonds.*** The Budget includes an authorization for the Rhode Island Turnpike and Bridge Authority to issue \$50.0 million of revenue bonds for steel repair and corrosion protection paint projects on the Newport Pell and Mount Hope bridges. The bonds would be secured by toll revenue; the Authority indicates this will require a toll increase of unstated size. The Authority anticipates the bonds would be non-taxable at a rate of 7.0 percent with a 30-year term with \$4.0 million annual debt service payments.
- ***Gas Tax.*** The Budget retains one cent of the 32 cent per gallon motor fuel tax previously designated for the General Fund within the Intermodal Surface Transportation Fund. The Department of Transportation's FY 2010 budget will increase by \$4,400,000 and general revenues will decrease by the same amount.
- ***Seatbelt Usage.*** The Budget does not include the proposal that the state change lack of seatbelt usage from a secondary offense to a primary offense, and lower the fine for lack of usage from \$85 to \$30.
- ***South County Commuter Rail.*** The Budget includes the authorization for the Rhode Island Public Rail Corporation to fully indemnify AMTRAK in order for the state to use its tracks to extend commuter rail service south of Providence.
- ***Stimulus Funds.*** The Budget includes \$97.4 million in stimulus funds for transportation projects of which \$97.1 million will be used for highway, road and bridge projects, and \$0.3 million will be used for fixed guideway infrastructure improvements.

Section II

Statewide Overview

Summary

		FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Function*					
General Government	\$	1,399.0	\$ 1,751.9	\$ 1,744.2	\$ 1,876.6
Human Services		2,619.3	2,702.4	2,773.2	2,843.5
Education		2,001.5	1,997.7	2,071.2	2,074.4
Public Safety		433.5	451.7	446.6	433.1
Natural Resources		95.7	92.2	96.6	98.0
Transportation		370.0	390.9	483.3	489.1
Total	\$	6,919.1	\$ 7,386.8	\$ 7,615.1	\$ 7,814.7
Expenditures by Category*					
Salaries and Benefits	\$	1,351.4	\$ 1,398.6	\$ 1,480.1	\$ 1,432.4
Contracted Services		200.0	207.5	196.7	190.8
Subtotal	\$	1,551.4	\$ 1,606.1	\$ 1,676.7	\$ 1,623.2
Other State Operations		616.4	627.5	645.4	633.7
Aid to Local Units of Government		1,311.6	1,215.6	1,204.6	1,201.5
Assistance, Grants, and Benefits		2,831.7	3,354.7	3,349.1	3,620.4
Capital		242.7	246.4	321.5	334.6
Capital Debt Service		228.2	215.5	249.9	249.7
Operating Transfers		136.9	121.0	167.8	151.6
Total	\$	6,919.1	\$ 7,386.8	\$ 7,615.1	\$ 7,814.7
Sources of Funds*					
General Revenue	\$	3,276.2	\$ 3,001.1	\$ 2,644.3	\$ 3,000.3
Federal Aid		1,997.9	2,435.7	3,079.1	2,828.2
Restricted Receipts		152.5	155.0	1,729.6	162.4
Other		1,492.5	1,794.9	162.1	1,823.8
Total	\$	6,919.1	\$ 7,386.8	\$ 7,615.1	\$ 7,814.7
FTE Authorization		14,958.6	14,474.9	14,828.9	14,863.0

**Data in millions*

Note. Data in the "FY 2009 Enacted" and "FY 2010 Enacted" columns are not comparable to the other columns due to inclusion of statewide reductions in both years in single functions. Significant salary and benefit savings are included as negative expenditures in the Department of Administration in General Government rather than distributed to the agencies and departments. There are no such aggregated savings in the "FY 2009 Final" or "FY 2010 Recommended" columns.

Summary

The House Finance Committee recommended passage of 2009-H 5983 Substitute A on June 17. The House passed it on June 24 and the trailer bill with technical corrections, 2009-H 6334 on June 26. The Senate followed suit on June 26 and the Governor signed then on June 30.

The Governor's budget recommendations for FY 2010 were introduced on March 12, 2009. Under Rhode Island General Laws, it was due 56 days earlier on January 15. For the second consecutive year, supporting documents were published significantly later; the Budget Office made unbound copies of some of the documents available. However, the bound copies of the Capital Budget, the principal Budget document, and the out-year forecasts were not made available until April 3.

His revised budget for FY 2009 was contained in 2009-H 5019, submitted on January 7 and become law on April 10. In past years, these recommendations have been included in the budget act. However, like last year, due to the significant anticipated FY 2009 deficit, it was submitted and enacted early.

FY 2009 Final	General				
	Revenue	Federal	Restricted	Other	All Funds
Enacted	\$ 3,276.2	\$ 1,997.9	\$ 152.5	\$ 1,492.5	\$ 6,919.1
Governor's Revised	3,086.4	2,118.6	150.5	1,625.8	6,981.3
Governor's Change to Enacted	\$ (189.8)	\$ 120.7	\$ (2.0)	\$ 133.3	\$ 62.2
Percent Change to Enacted	-5.8%	6.0%	-1.3%	8.9%	0.9%
General Assembly	3,001.1	2,435.7	155.0	1,794.9	7,386.8
Change to Enacted	(275.0)	437.8	2.5	302.4	467.7
Percent Change to Enacted	0.0%	0.0%	0.0%	0.0%	0.0%
Change to Governor	\$ (85.3)	\$ 317.1	\$ 4.5	\$ 169.2	\$ 405.5
Governor's Change to FY 2008	(318.8)	179.5	14.5	178.1	53.3
Percent Change to FY 2008	-9.4%	9.3%	10.6%	12.3%	0.8%
FY 2010					
Governor	3,079.1	2,644.3	162.1	1,729.6	7,615.1
Change to Enacted	\$ (197.1)	\$ 646.4	\$ 9.6	\$ 237.1	\$ 696.0
Percent Change	-6.0%	32.4%	6.3%	15.9%	10.1%
Assembly	3,000.3	2,828.2	162.4	1,823.8	7,814.7
Change to Enacted	(275.8)	830.3	9.9	331.3	895.7
Percent Change	-8.4%	41.6%	6.5%	22.2%	12.9%
Change to Governor	\$ (78.7)	\$ 183.9	\$ 0.3	\$ 94.2	\$ 199.7
Assembly Change to FY 2009	\$ (0.78)	\$ 392.5	\$ 7.4	\$ 28.9	\$ 428.0
Percent Change to FY 2009	0.0%	16.1%	4.8%	1.6%	5.8%
Assembly Change to FY 2008	\$ (404.9)	\$ 889.1	\$ 26.4	\$ 376.1	\$ 886.7
Percent Change to FY 2008	-13.1%	42.0%	17.5%	23.1%	12.7%

The Governor recommended a total FY 2010 budget of \$7,615.1 million, which is the largest budget ever proposed. Total expenditures increase \$696.0 million from the FY 2009 budget enacted by the 2008 Assembly, or 10.1 percent. His FY 2009 revised budget totals \$6,981.3 million; FY 2008 expenditures were \$6,928.0 million.

The Assembly adopted total expenditures of \$7,814.7 million, which is \$199.7 million more than the Governor recommended. It contains \$3,000.3 million from general revenues, which is \$78.7 million

less than the Governor recommended. The budget is \$895.7 million more than originally enacted by the 2008 Assembly and \$886.7 million more than FY 2008 actual expenditures. Most of the change is driven by federal stimulus funding, some of which is a direct substitution for general revenues, and significant increases in unemployment benefit payments.

Expenditures from federal funds are \$830.3 million more than enacted and \$889.1 million more than FY 2008. Those from other funds, including the unemployment trust fund, are \$331.3 million more than enacted and \$376.1 million more than FY 2008. By contrast, general revenue expenditures are \$275.8 million or 8.4 percent less than included in the FY 2009 budget adopted by the 2008 Assembly and \$404.9 million or 13.1 percent less than actual FY 2008 expenditures.

General Revenue Budget Statement

The Governor recommended an ending FY 2009 surplus of \$1.4 million and an operating deficit of \$8.3 million. This assumed a number of amendments to his original FY 2009 revised budget. The operating surplus or deficit is the difference between budget year revenues minus the transfer to the budget stabilization and cash reserve fund, or useable revenues, and expenditures.

The Assembly adopted an FY 2010 budget with an ending surplus of \$3.8 million and an operating surplus of \$2.6 million. The balance in the budget stabilization and cash reserve fund is \$117.0 million, 3.8 percent of revenues.

	FY 2008	FY 2009	FY 2010
Opening Surplus			
Free Surplus	\$ -	\$ (42,950,479)	\$ 1,142,383
Reappropriated Surplus	3,640,634	1,738,518	-
Subtotal	\$ 3,640,634	\$ (41,211,961)	\$ 1,142,383
Revenues	3,428,978,613	3,088,481,170	3,076,858,477
Cash Stabilization Fund	(68,579,568)	(67,001,675)	(73,872,021)
Total Available Resources	\$ 3,364,039,679	\$ 2,980,267,534	\$ 3,004,128,839
Expenditures	\$ 3,405,251,366	\$ 3,001,125,151	\$ 3,000,341,114
Total Surplus	\$ (41,211,687)	\$ (20,857,617)	\$ 3,787,725
Transfer from Rainy Day Fund	-	22,000,000	-
Reappropriations	(3,640,364)	-	-
Free Surplus	\$ (44,852,051)	\$ 1,142,383	\$ 3,787,725
<i>Operating Surplus/(Deficit)</i>	<i>(41,211,687)</i>	<i>22,092,862</i>	<i>2,645,342</i>
Budget Stabilization and Cash Reserve	\$ 102,869,358	\$ 81,548,043	\$ 116,964,033
Percent of Revenues	3.0%	2.6%	3.8%

**Budget Stabilization and Cash Reserve is only 2.6 percent in FY 2009 due to transfer to resolve deficit.*

Structural Issues

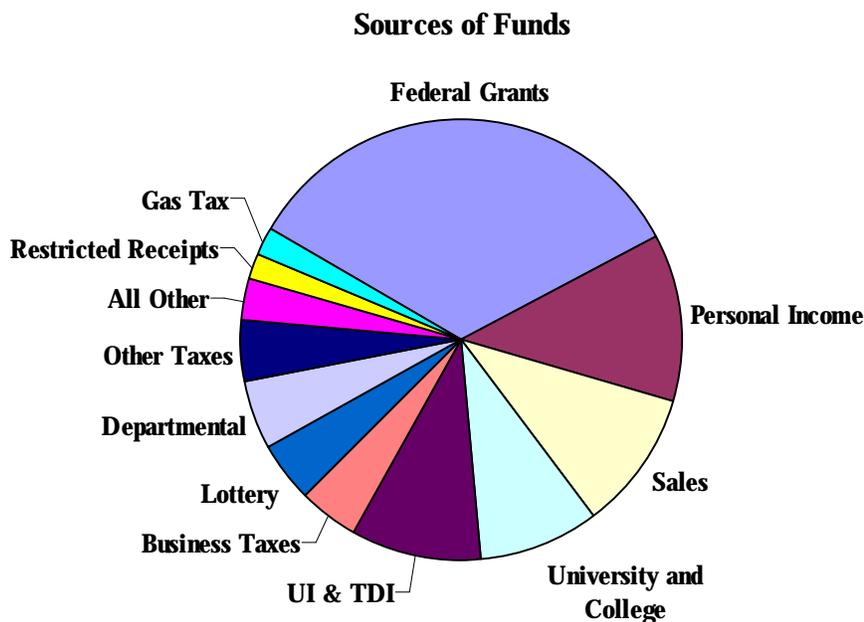
House Fiscal Staff estimates that in preparing the FY 2010 budget, the Governor faced a projected revenue-expenditure gap of \$486.0 million. This was \$364.4 million more than Staff's FY 2010 forecast in the enacted FY 2009 budget due mainly to the significant downward revision in revenues at the November 2008 Revenue Estimating Conference. That grew to over \$600 million after the May Revenue Estimating Conference.

The FY 2010 budget is balanced; however, a structural gap remains. The FY 2010 budget assumes significant savings from the American Recovery and Reinvestment Act of 2009, which will begin declining in FY 2011.

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Opening Surplus	\$ (41.2)	\$ 1.1	\$ 3.8	\$ -	\$ -
Revenues	3,088.5	3,076.9	3,086.5	3,148.2	3,278.0
Cash Stabilization Fund	(67.0)	(73.9)	(80.3)	(88.1)	(98.3)
Useable Revenues	\$ 3,021.5	\$ 3,002.99	\$ 3,006.2	\$ 3,060.1	\$ 3,179.7
Expenditures	3,001.1	3,000.3	3,187.3	3,479.4	3,639.4
Total Surplus	\$ 1.1	\$ 3.8	\$ (177.3)	\$ (419.4)	\$ (459.8)
Revenue Growth	-9.9%	-0.4%	0.3%	2.0%	4.1%
Useable Revenue Growth	-10.2%	-0.6%	0.1%	1.8%	3.9%
Expenditure Growth	-11.9%	0.0%	6.2%	9.2%	4.6%
Surplus Percent of Useable Revenues	0.0%	0.1%	-5.9%	-13.7%	-14.5%

Sources of Funds

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



- **Federal funds** continue to be the single largest source, accounting for over one third of all revenues in FY 2010. Expenditures from federal sources of \$2,828.2 million are \$830.3 million more than enacted for FY 2009, a 32.4 percent increase, and are from 280 different federal programs. Excluding the \$162.7 million dedicated for extended unemployment benefits they are 33.9 percent of all revenues in FY 2010. Medicaid is the single largest source of federal funds. The Budget includes \$1,234.1 million from Medicaid, 43.6 percent of all federal funds, and 15.7 percent of all revenues. Federal highway and highway safety funding of \$352.5 million is the second largest category, 12.5 percent of federal funds.

Top Ten Federal Sources	Amount	Percent of Total	Cumulative Percent
Medicaid	\$ 1,234,136,587	43.6%	43.6%
Highway Planning and Construction	352,535,232	12.5%	56.1%
Other Federal Stimulus	227,286,845	8.0%	64.1%
Food Stamps	164,902,583	5.8%	70.0%
Temporary Assistance to Needy Families (TANF)	81,572,268	2.9%	77.7%
Title I Grants to Local Educational Agencies	72,074,627	2.5%	72.5%
Special Education Grants to States	65,427,212	2.3%	74.8%
Low Income Heating Assistance	39,104,425	1.4%	79.1%
State Children's Insurance Program (SCHIP)	31,898,130	1.1%	80.2%
School Lunch	26,330,813	0.9%	81.2%

The previous table shows the ten largest sources, along with the percent of total federal expenditures attributable to each. They account for 81.2 percent of all federal funds expenditures, with the remaining 270 programs accounting for the other 18.8 percent. The table shows all new federal stimulus funding not being distributed through traditional programs separately. Totals for the other programs include enhanced resources from the American Recovery and Reinvestment Act.

- **Sales and personal income taxes** combine for 22.6 percent of all revenues in FY 2010 and 57.8 percent of all general revenues. Combined with federal funds, they total over half, 56.5 percent.
- **Personal Income taxes** for FY 2010 are estimated at \$963.2 million, which are \$161.0 million less than the FY 2009 enacted budget estimates, or 14.3 percent.
- **Sales tax** revenues of \$815.0 million are the third largest all revenues source and second largest general revenues source. That amount is \$48.1 million less than enacted for FY 2009, or 5.6 percent.
- **University and College Funds** are \$681.5 million and 8.7 percent of all sources, including tuition, revenues from the operation of enterprise type activities such as residence and dining halls, sponsored research, the direct student loan program, and federal scholarship and grant funds like the Pell grants. These would increase \$60.0 million or 9.7 percent over FY 2009 enacted estimates.
- **Employment Security and Temporary Disability Insurance** payments are estimated at \$758.9 million, which are \$356.7 million more than the levels estimated for the FY 2009 enacted budget.
- **Business taxes** of \$351.5 million account for 4.5 percent of total revenues and 11.4 percent of general revenues for FY 2010. They would decrease \$37.5 million or 9.7 percent from the enacted estimate. These include corporate income tax, public utilities gross earnings, the tax on banks, financial institutions, insurance companies, and health care institutions.
- The **Lottery** is expected to contribute \$348.7 million, which is 4.4 percent of all revenues and 11.3 percent of general revenues, the third largest source.
- **Departmental Revenues** of \$335.5 million include \$128.8 million from extending the hospital licensing fee another year and increasing its rate. Departmental revenues would be 4.3 percent of all revenues and 10.9 percent of general revenues.

- *Other taxes* include motor vehicle, cigarettes, alcohol, inheritance, realty transfer, and racing and athletics. These total \$248.9 million in the FY 2010 budget and comprise 3.2 percent of all sources but 8.1 percent of general revenues.

- The *gas tax*, increased by 2 cents to 32 cents per gallon, not including the one cent for the Underground Storage Tank Financial Responsibility Fund, is estimated to produce \$4.4 million from each cent in FY 2010 for a total of \$145.2 million.

The budget alters the allocation of the 32 cents: the Department of Transportation would utilize 21.75 cents, one more than it currently receives, the Rhode Island Public Transit Authority 9.25 cents including the 2.0 cent increase, the Department of Human Services (transportation program shifted from the Department of Elderly Affairs) 1.0 cent, and state general revenue, which had gotten one cent, would not receive any. Consistent with the Governor’s revised recommendations, an additional cent, which has been collected for the Underground Storage Tank Financial Responsibility Fund to provide funds for cleanup of leaking underground storage tanks, would be split between that fund and the Rhode Island Public Transit Authority.

- The remaining sources, estimated at \$557.2 million, constitute 7.1 percent of all FY 2010 sources and include sources dedicated to specific purposes (restricted receipts), unclaimed property and miscellaneous other items. They constitute 0.5 percent of general revenues.

The table below shows FY 2010 sources with items contributing to general revenues in bold type. It shows the total percent it contributes to all funds and general revenues for each source.

All Sources	All Funds	Contribution	General Revenue	Contribution
Federal Grants	\$ 2,665.6	33.9%	\$ -	0.0%
Personal Income	963.2	12.2%	963.2	31.3%
Sales	815.0	10.4%	815.0	26.5%
University and College	681.5	8.7%	-	0.0%
UI & TDI	758.9	9.6%	-	0.0%
Business Taxes	351.5	4.5%	351.5	11.4%
Lottery	348.7	4.4%	348.7	11.3%
Departmental	335.5	4.3%	335.5	10.9%
Other Taxes	248.9	3.2%	248.9	8.1%
All Other	395.5	5.0%	14.0	0.5%
Restricted Receipts	161.7	2.1%	-	0.0%
Gas Tax	145.2	1.8%	-	0.0%
Total	\$ 7,871.2	100.0%	\$ 3,076.9	100.0%

General Revenue Sources

Less than half of the total funds collected or received from all sources are considered as general revenues; \$3,076.9 million, 39.1 percent of all sources. They can be used for any legitimate purpose in contrast to federal funds, restricted receipts, and certain other sources that may only be used for specific purposes.

Available general revenues also include a recommended balance forward from FY 2009 of \$1.1 million minus transfer of \$73.9 million to the Budget Stabilization and Cash Reserve Account, or “rainy day

fund” to be used in case of emergency, and then only by legislative action. Two and two tenths percent of the opening surplus plus all revenues must be deposited in the account in FY 2009. The percents increase by 0.2 percent per year until reaching 3.0 percent in FY 2013. Any amounts used must be replaced in the following year.

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

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

The voters approved a constitutional amendment in 2006 to allow the capital account to be used solely for capital projects beginning in FY 2009 and to increase the Budget Stabilization and Cash Reserve Account to five percent and mandating that three percent of the opening surplus and all revenues must be deposited in the account by FY 2013.

FY 2010 Expenditures

The Assembly enacted expenditures of \$7,814.7 million which can be divided into a functional classification of expenditures that aggregates agencies with like programs and purposes into the six functions used: general government, human services, education, public safety, natural resources, and transportation. Viewing expenditures functionally offers a look at what they do or provide for.

The presentation of expenditure by function and category discussed below reflects the data in the budget. However, the prior year comparisons using the functional breakdown are distorted by the inclusion of statewide salary and benefit savings as a negative entry within the general government function in both the original FY 2009 enacted and FY 2010 budgets.

Expenditures by Function

- The *Human Services* function includes all programs for medical assistance, supplemental security income, cash assistance, day care, elderly services, adjudicated youth, mental health, general health, developmental disabilities, children under the care and jurisdiction of the state, and the state’s general hospitals. Expenditures of \$2,843.5 million are 36.4 percent of all expenditures and 34.4 percent of those funded from general revenues. These expenditures are \$224.2 million more than enacted for FY 2009 by the 2008 Assembly. Those funded from general revenues are \$147.3 million less primarily due to enhanced Medicaid reimbursements from the federal stimulus act.
- *Education* includes programs of elementary and secondary education, public higher education, scholarships and grants for all higher education, arts, historical preservation and heritage, and public television. Approximately 48.9 percent, \$1,013.9 million of the \$2,074.4 million is aid to local units of government. Education aid is discussed in detail in *Section VI* of this volume, *Special Reports: Education Aid*. Education expenditures comprise 26.5 percent of total expenditures, but 34.8 percent of general revenue funded ones. They increase \$72.9 million over the enacted FY 2009 budget, but

those funded from general revenues decrease by \$80.5 million largely because federal stimulus funds are replacing state funds.

- The Budget includes \$433.1 million for *Public Safety* expenditures, \$0.4 million less than the enacted budget. They comprise 5.5 percent of all expenditures and 11.7 percent of those funded from general revenues.
- *Natural Resources* programs would spend \$98.0 million, which is \$2.3 million more than enacted for FY 2009. They are 1.3 percent of total expenditures as well as general revenue funded ones.
- *Transportation* programs account for 6.3 percent of expenditures and include the state's highway and transit programs. Funding of \$489.1 million, none from general revenues, is \$119.0 million more than enacted for FY 2009, mostly from significant new federal stimulus funding.
- The remaining 24.0 percent of expenditures, \$1,876.6 million, are for the *General Government* programs. These include those programs that support all other functions as well as general type activities. Examples of the former include the Ethics Commission and the Department of Administration. Examples of the latter include the general officers except the Attorney General, the Board of Elections, and the Department of Labor and Training. The expenditures also include all the state's debt service except that for higher education and the transportation Grant Anticipation Revenue Vehicle bonds.

Expenditures for General Government are \$477.6 million or 53.3 percent more than the enacted budget. However, that is somewhat overstated due to inclusion of more undistributed statewide savings in the Department of Administration's enacted budget, which is part of General Government, than included for FY 2010. There are major increases in expenditures for unemployment benefits as well as federal stimulus funding also contributing to that increase.

Expenditures by Category

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

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

The Budget includes \$1,432.4 million for total salaries and benefits for 14,863.0 full-time equivalent positions and contracted services expenditures of \$190.8 million. Salary and benefit expenditures would be \$81.0 million more than the enacted budget; contracted services expenditures would decrease \$9.2 million. Salaries and benefits account for 18.3 percent of total expenditures and 23.9 percent of those funded from general revenues. Expenditures for contracted services account for 2.4 percent of the total recommended budget and 1.5 percent of those funded from general revenues.

The total personnel expenditures are the costs associated with all positions in state service, excluding those funded through internal service accounts. These accounts are funded from operating charges to

state agencies for overhead type services provided by the individuals funded from the accounts. These costs are treated in the budget as operating expenses; the personnel and operating costs in the internal service accounts are essentially off line to avoid double counting. The largest ones were converted to direct appropriations by the 2006 Assembly in the FY 2008 enacted budget. The Budget includes the Governor's proposal to convert the central laundry and pharmacy internal service funds into direct appropriations for FY 2010. Personnel is discussed in detail in *Section VI* of this volume, *Special Reports: State Government Personnel and Staffing*.

The Budget includes \$633.7 million for *other state operations*, which constitute 8.1 percent of FY 2010 expenditures from all sources and 4.4 percent of those funded with general revenues.

Local Aid, or Aid to Local Units of Government, is payments made to governmental units with taxing authority. It includes both aid to local governments designed to decrease property tax reliance and education aid. The Budget includes \$1,201.5 million for *aid to local units of government* that includes \$1,013.9 million in education aid and \$187.7 million in general state aid. Education aid decreases \$51.1 million while general aid is \$58.9 million less than enacted for FY 2009 by the 2008 Assembly. These expenditures comprise 15.4 percent of all expenditures. However, they comprise 33.4 percent of general revenue funded ones.

Local aid expenditures from general revenues of \$1,003.1 million consist of \$816.3 million in education aid and \$186.7 million in general state aid. General revenue funded education aid decreases \$74.0 million; general aid is \$58.9 million less. Local aid is discussed in detail in *Section VI* of this volume, *Special Reports: State Aid to Local Governments* and *Special Reports: Education Aid*.

The Budget includes no general revenue sharing general aid distributions to communities as well as reductions to teacher retirement benefits capturing the state and local savings from that for the state.

Assistance, Grants, and Benefits constitutes payments to individuals and nongovernmental agencies. These payments include Medicaid and other medical assistance programs including RItE Share and RItE Care, pharmaceutical assistance programs, cash assistance, and tuition assistance programs. They also include grants to environmental agencies, local law enforcement agencies, unemployment compensation, temporary disability and workers' compensation. Assistance, grants, and benefits are \$3,620.4 million and constitute the largest category, 46.3 percent of all expenditures and 29.8 percent of general revenue funded expenditures

While these include employment security and temporary disability fund expenditures, human services medical assistance, food stamps, and cash assistance make up most of these expenditures. These expenditures are \$788.7 million more than the enacted budget considering all sources, and \$106.9 million less from general revenues. Increased unemployment expenses as well as new energy, community development and food stamp funding from the Stimulus Act account for much of the increase. The enhanced Medicaid match rate from that Act allows for the significant general revenue decrease.

The table on the next page shows the major grants in human services.

OHHS-Human Services Grants	All Funds				General Revenues			
	FY 2008 Reported	FY 2009 Final	FY 2010 Enacted	Change	FY 2008 Reported	FY 2009 Final	FY 2010 Enacted	Change
<i>Human Services</i>								
Temporary Assistance to Needy Families	\$ 55.6	\$ 58.3	\$ 50.1	\$ (8.2)	\$ 15.8	\$ 3.4	\$ -	\$ (3.4)
SSI State Program	28.0	25.1	20.7	(4.3)	28.0	25.1	20.7	(4.3)
Food Stamps	102.6	126.0	164.8	38.8	-	-	-	-
Child Care	57.1	49.4	46.3	(3.1)	12.7	6.5	6.5	-
Subtotal: Cash Assistance	\$ 243.3	\$ 258.8	\$ 281.9	\$ 23.1	\$ 56.5	\$ 35.0	\$ 27.2	\$ (7.7)
Long Term Care	332.8	345.7	359.3	13.6	158.2	134.7	129.6	(5.0)
Hospitals	267.0	228.1	222.3	(5.8)	131.8	105.4	97.2	(8.2)
Managed Care	541.0	505.1	570.6	65.5	248.1	197.2	205.1	7.8
Rhody Health	-	99.4	148.0	48.6	-	38.7	53.4	14.7
Pharmacy	83.0	58.9	55.8	(3.1)	60.5	48.3	48.7	0.4
Other	179.3	101.0	91.6	(9.3)	80.3	34.3	28.3	(6.0)
Subtotal: Medical Assistance	\$ 1,403.1	\$ 1,338.2	\$ 1,447.7	\$ 109.5	\$ 678.9	\$ 558.7	\$ 562.3	\$ 3.7
<i>Elderly Affairs</i>								
RIPAE	\$ 1.8	\$ 1.9	\$ 1.4	\$ (0.5)	\$ 0.9	\$ 0.8	\$ 1.1	\$ 0.3
Medical Assistance	7.3	7.1	7.1	(0.1)	3.5	3.1	3.0	(0.1)
Grants to Providers	13.4	12.3	13.4	1.1	7.6	6.0	4.0	(2.0)
<i>Health</i>								
Women, Infants and Children	22.6	23.4	23.4	0.0	-	-	-	-
Tobacco and Smoking Cessation	-	0.3	0.3	0.0	-	0.3	0.3	0.0
Grants to Providers	16.6	15.2	18.7	3.5	5.7	4.1	4.9	0.9
<i>Mental Health, Retardation & Hospitals</i>								
Mental Health	\$ 75.8	\$ 76.9	\$ 79.9	\$ 3.0	\$ 38.8	\$ 30.1	\$ 26.9	\$ (3.2)
Substance Abuse	26.8	30.5	30.2	(0.3)	14.5	11.5	11.4	(0.1)
Developmental Disabilities	213.1	197.5	181.3	(16.2)	102.6	78.4	67.0	(11.4)
<i>Children, Youth and Families</i>								
Children's Behavioral Health	\$ 26.8	\$ 20.9	\$ 18.2	\$ (2.7)	\$ 13.9	\$ 10.0	\$ 8.9	\$ (1.2)
Juvenile Corrections	4.6	9.0	8.8	(0.2)	4.5	7.3	7.1	(0.2)
Child Welfare	109.2	134.5	133.1	(1.4)	66.2	82.2	76.5	(5.7)
Higher Ed Incentive Grants	0.2	0.2	0.2	-	0.2	0.2	0.2	-

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

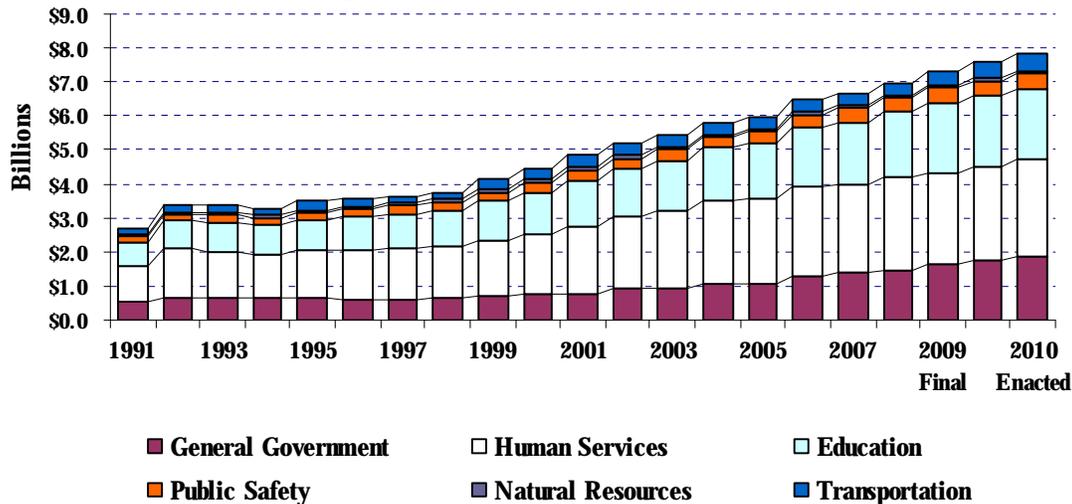
Capital expenses total \$334.6 million, or 4.3 percent of all expenditures; debt service of \$249.7 million is 3.2 percent. Capital expenditures are \$91.9 million more than enacted for FY 2009 and debt service \$21.4 million more. A comprehensive review of the capital budget is contained in *Section IV: Capital Budget*. However, they now include capital purchases that had formerly been included as capital outlays within state operations as part of capital. The purpose may be to include all fixed assets above certain threshold values of cost and time. The Budget does not present sufficient information to break the new items out from the old.

Operating Transfers are transfers between different funds and to component units of state government. They had been part of other categories in past budgets. Transfers to component units include transfers from general revenues to quasi-public agencies, such as the transfer to the Economic Development Corporation. They total \$151.6 million and constitute 1.9 percent of the total budget. The general revenues portion is \$27.8 million, 0.9 percent of general revenue funded expenditures.

Distribution of Total Expenditures

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

Expenditure Shares by Function



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

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

Education includes programs of elementary and secondary education, public higher education, scholarships and grants for all higher education, arts, historical preservation and heritage, and public television.

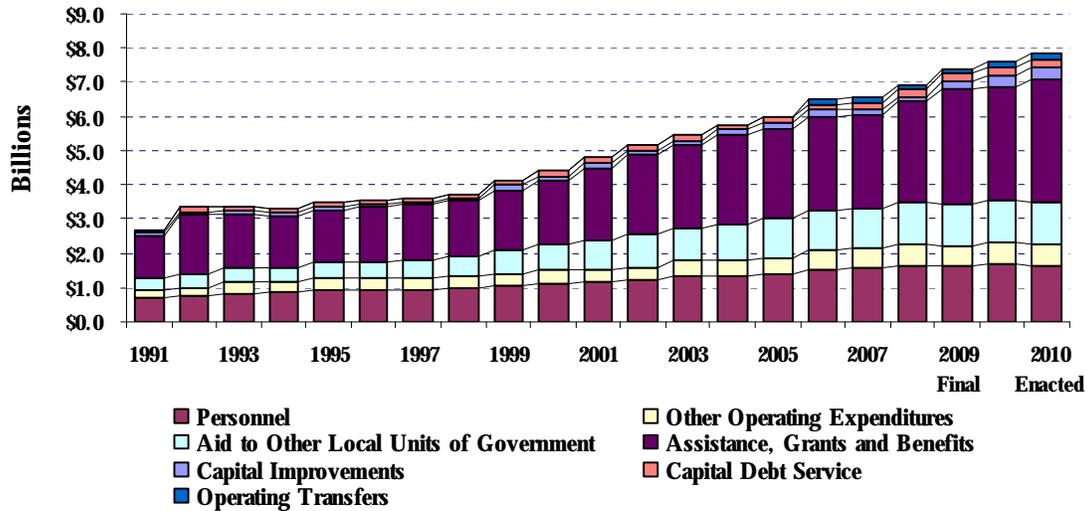
Public Safety includes the state's law enforcement, adjudication, and penal programs.

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

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

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

Expenditure Shares by Category



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

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

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

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

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

Operating Transfers are transfers between different funds and to component units of state government. They had been part of other categories in past budgets. Transfers to component units include transfers to quasi-public agencies, such as the transfer to the Economic Development Corporation.

Staff presents the Governor's recommended changes to the enacted budget for each agency and department compared to the changes requested by those agencies and departments, and the Assembly's concurrence or changes to those recommendations. These analyses are presented in the next section. The agencies and departments are arranged by function.

Distribution Tables

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

Expenditures from All Funds

FY 2008 Reported	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	212.2 <i>3.1%</i>	358.1 <i>5.2%</i>	444.5 <i>6.4%</i>	319.0 <i>4.6%</i>	50.0 <i>0.7%</i>	55.9 <i>0.8%</i>	\$ 1,439.6 <i>20.8%</i>
Contracted Services	16.5 <i>0.2%</i>	63.3 <i>0.9%</i>	38.3 <i>0.6%</i>	17.0 <i>0.2%</i>	6.9 <i>0.1%</i>	37.0 <i>0.5%</i>	178.9 <i>2.6%</i>
Other State Operations	300.8 <i>4.3%</i>	69.2 <i>1.0%</i>	176.7 <i>2.6%</i>	38.3 <i>0.6%</i>	9.1 <i>0.1%</i>	33.8 <i>0.5%</i>	627.9 <i>9.1%</i>
Aid to Local Units of Government	243.0 <i>3.5%</i>	- <i>0.0%</i>	1,012.8 <i>14.6%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	1,255.8 <i>18.1%</i>
Assistance, Grants & Benefits	486.5 <i>7.0%</i>	2,228.9 <i>32.2%</i>	191.8 <i>2.8%</i>	39.5 <i>0.6%</i>	6.0 <i>0.1%</i>	14.1 <i>0.2%</i>	2,966.7 <i>42.8%</i>
Capital	10.8 <i>0.2%</i>	3.3 <i>0.0%</i>	8.4 <i>0.1%</i>	8.6 <i>0.1%</i>	5.5 <i>0.1%</i>	74.3 <i>1.1%</i>	110.8 <i>1.6%</i>
Debt Service	170.3 <i>2.5%</i>	- <i>0.0%</i>	31.0 <i>0.4%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	201.3 <i>2.9%</i>
Operating Transfers	39.8 <i>0.6%</i>	8.2 <i>0.1%</i>	8.5 <i>0.1%</i>	- <i>0.0%</i>	- <i>0.0%</i>	90.4 <i>1.3%</i>	146.9 <i>2.1%</i>
Total	\$ 1,479.8 <i>21.4%</i>	\$ 2,731.0 <i>39.4%</i>	\$ 1,912.0 <i>27.6%</i>	\$ 422.3 <i>6.1%</i>	\$ 77.5 <i>1.1%</i>	\$ 305.4 <i>4.4%</i>	\$ 6,928.0 <i>100.0%</i>

FY 2009 Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	133.3 <i>1.9%</i>	335.5 <i>4.8%</i>	459.9 <i>6.6%</i>	308.5 <i>4.5%</i>	50.7 <i>0.7%</i>	63.5 <i>0.9%</i>	\$ 1,351.4 <i>19.5%</i>
Contracted Services	18.5 <i>0.3%</i>	78.7 <i>1.1%</i>	41.1 <i>0.6%</i>	20.2 <i>0.3%</i>	8.1 <i>0.1%</i>	33.3 <i>0.5%</i>	200.0 <i>2.9%</i>
Other State Operations	272.7 <i>3.9%</i>	81.0 <i>1.2%</i>	167.1 <i>2.4%</i>	41.3 <i>0.6%</i>	9.8 <i>0.1%</i>	44.4 <i>0.6%</i>	616.4 <i>8.9%</i>
Aid to Local Units of Government	246.6 <i>3.6%</i>	- <i>0.0%</i>	1,065.0 <i>15.4%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	1,311.6 <i>19.0%</i>
Assistance, Grants & Benefits	473.6 <i>6.8%</i>	2,095.7 <i>30.3%</i>	184.6 <i>2.7%</i>	40.6 <i>0.6%</i>	10.3 <i>0.1%</i>	27.0 <i>0.4%</i>	2,831.7 <i>40.9%</i>
Capital	39.1 <i>0.6%</i>	19.6 <i>0.3%</i>	31.1 <i>0.4%</i>	22.9 <i>0.3%</i>	16.8 <i>0.2%</i>	113.4 <i>1.6%</i>	242.7 <i>3.5%</i>
Debt Service	189.6 <i>2.7%</i>	- <i>0.0%</i>	38.6 <i>0.6%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	228.2 <i>3.3%</i>
Operating Transfers	25.6 <i>0.4%</i>	8.8 <i>0.1%</i>	14.1 <i>0.2%</i>	- <i>0.0%</i>	- <i>0.0%</i>	88.4 <i>1.3%</i>	136.9 <i>2.0%</i>
Total	\$ 1,399.0 <i>20.2%</i>	\$ 2,619.3 <i>37.9%</i>	\$ 2,001.5 <i>28.9%</i>	\$ 433.5 <i>6.3%</i>	\$ 95.7 <i>1.4%</i>	\$ 370.0 <i>5.3%</i>	\$ 6,919.1 <i>100.0%</i>

Expenditures from All Funds

FY 2010 Recommended	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	223.6 <i>2.9%</i>	338.7 <i>4.4%</i>	492.3 <i>6.5%</i>	312.0 <i>4.1%</i>	47.4 <i>0.6%</i>	66.1 <i>0.9%</i>	\$ 1,480.1 <i>19.4%</i>
Contracted Services	17.4 <i>0.2%</i>	73.3 <i>1.0%</i>	44.7 <i>0.6%</i>	18.3 <i>0.2%</i>	9.6 <i>0.1%</i>	33.4 <i>0.4%</i>	196.7 <i>2.6%</i>
Other State Operations	257.6 <i>3.4%</i>	83.8 <i>1.1%</i>	188.7 <i>2.5%</i>	42.3 <i>0.6%</i>	10.5 <i>0.1%</i>	62.5 <i>0.8%</i>	645.4 <i>8.5%</i>
Aid to Local Units of Government	187.8 <i>2.5%</i>	- <i>0.0%</i>	1,016.7 <i>13.4%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	1,204.6 <i>15.8%</i>
Assistance, Grants & Benefits	752.8 <i>9.9%</i>	2,250.5 <i>29.6%</i>	255.4 <i>3.4%</i>	45.5 <i>0.6%</i>	11.1 <i>0.1%</i>	33.9 <i>0.4%</i>	3,349.1 <i>44.0%</i>
Capital	33.4 <i>0.4%</i>	19.4 <i>0.3%</i>	31.1 <i>0.4%</i>	28.6 <i>0.4%</i>	17.9 <i>0.2%</i>	191.1 <i>2.5%</i>	321.5 <i>4.2%</i>
Debt Service	207.7 <i>2.7%</i>	- <i>0.0%</i>	42.1 <i>0.6%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	249.9 <i>3.3%</i>
Operating Transfers	63.8 <i>0.8%</i>	7.6 <i>0.1%</i>	0.1 <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	96.3 <i>1.3%</i>	167.8 <i>2.2%</i>
Total	\$ 1,744.2 <i>22.9%</i>	\$ 2,773.2 <i>36.4%</i>	\$ 2,071.2 <i>27.2%</i>	\$ 446.6 <i>5.9%</i>	\$ 96.6 <i>1.3%</i>	\$ 483.3 <i>6.3%</i>	\$ 7,615.1 <i>100.0%</i>

FY 2010 Recommended Change to Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	90.4 <i>13.0%</i>	3.1 <i>0.4%</i>	32.4 <i>4.7%</i>	3.5 <i>0.5%</i>	(3.3) <i>-0.5%</i>	2.6 <i>0.4%</i>	\$ 128.7 <i>18.5%</i>
Contracted Services	(1.1) <i>-0.2%</i>	(5.5) <i>-0.8%</i>	3.6 <i>0.5%</i>	(1.9) <i>-0.3%</i>	1.4 <i>0.2%</i>	0.1 <i>0.0%</i>	(3.3) <i>-0.5%</i>
Other State Operations	(15.1) <i>-2.2%</i>	2.8 <i>0.4%</i>	21.6 <i>3.1%</i>	1.0 <i>0.1%</i>	0.8 <i>0.1%</i>	18.0 <i>2.6%</i>	29.0 <i>4.2%</i>
Aid to Local Units of Government	(58.8) <i>-8.4%</i>	- <i>0.0%</i>	(48.3) <i>-6.9%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	(107.0) <i>-15.4%</i>
Assistance, Grants & Benefits	279.2 <i>40.1%</i>	154.8 <i>22.2%</i>	70.8 <i>10.2%</i>	4.9 <i>0.7%</i>	0.9 <i>0.1%</i>	6.9 <i>1.0%</i>	517.4 <i>74.3%</i>
Capital	(5.6) <i>-0.8%</i>	(0.2) <i>0.0%</i>	0.1 <i>0.0%</i>	5.6 <i>0.8%</i>	1.2 <i>0.2%</i>	77.8 <i>11.2%</i>	78.8 <i>11.3%</i>
Debt Service	18.1 <i>2.6%</i>	- <i>0.0%</i>	3.5 <i>0.5%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	21.6 <i>3.1%</i>
Operating Transfers	38.2 <i>5.5%</i>	(1.2) <i>-0.2%</i>	(14.0) <i>-2.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	7.9 <i>1.1%</i>	30.9 <i>4.4%</i>
Total	\$ 345.2 <i>49.6%</i>	\$ 153.8 <i>22.1%</i>	\$ 69.7 <i>10.0%</i>	\$ 13.1 <i>1.9%</i>	\$ 0.9 <i>0.1%</i>	\$ 113.3 <i>16.3%</i>	\$ 696.0 <i>100.0%</i>

Expenditures from All Funds

FY 2010 Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Transportation	Total
Salaries & Benefits	182.4 <i>2.3%</i>	338.2 <i>4.3%</i>	492.3 <i>6.3%</i>	306.1 <i>3.9%</i>	47.4 <i>0.6%</i>	66.1 <i>0.8%</i>	\$ 1,432.4 <i>18.3%</i>
Contracted Services	12.4 <i>0.2%</i>	73.0 <i>0.9%</i>	44.7 <i>0.6%</i>	17.2 <i>0.2%</i>	10.0 <i>0.1%</i>	33.4 <i>0.4%</i>	190.8 <i>2.4%</i>
Other State Operations	248.5 <i>3.2%</i>	84.9 <i>1.1%</i>	187.7 <i>2.4%</i>	41.1 <i>0.5%</i>	10.6 <i>0.1%</i>	61.0 <i>0.8%</i>	633.7 <i>8.1%</i>
Aid to Local Units of Government	187.7 <i>2.4%</i>	- <i>0.0%</i>	1,013.9 <i>13.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	1,201.5 <i>15.4%</i>
Assistance, Grants & Benefits	955.9 <i>12.2%</i>	2,324.1 <i>29.7%</i>	255.2 <i>3.3%</i>	39.9 <i>0.5%</i>	11.3 <i>0.1%</i>	33.9 <i>0.4%</i>	3,620.4 <i>46.3%</i>
Capital	40.1 <i>0.5%</i>	18.4 <i>0.2%</i>	38.4 <i>0.5%</i>	28.8 <i>0.4%</i>	18.7 <i>0.2%</i>	190.3 <i>2.4%</i>	334.6 <i>4.3%</i>
Debt Service	207.5 <i>2.7%</i>	- <i>0.0%</i>	42.1 <i>0.5%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	249.7 <i>3.2%</i>
Operating Transfers	42.2 <i>0.5%</i>	4.9 <i>0.1%</i>	0.1 <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	104.4 <i>1.3%</i>	151.6 <i>1.9%</i>
Total	\$ 1,876.6 <i>24.0%</i>	\$ 2,843.5 <i>36.4%</i>	\$ 2,074.4 <i>26.5%</i>	\$ 433.1 <i>5.5%</i>	\$ 98.0 <i>1.3%</i>	\$ 489.1 <i>6.3%</i>	\$ 7,814.7 <i>100.0%</i>

FY 2010 Change to Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Transportation	Total
Salaries & Benefits	49.1 <i>5.5%</i>	2.7 <i>0.3%</i>	32.4 <i>3.6%</i>	(2.4) <i>-0.3%</i>	(3.3) <i>-0.4%</i>	2.6 <i>0.3%</i>	\$ 81.0 <i>9.0%</i>
Contracted Services	(6.1) <i>-0.7%</i>	(5.7) <i>-0.6%</i>	3.6 <i>0.4%</i>	(3.0) <i>-0.3%</i>	1.9 <i>0.2%</i>	0.1 <i>0.0%</i>	(9.2) <i>-1.0%</i>
Other State Operations	(24.2) <i>-2.7%</i>	3.8 <i>0.4%</i>	20.6 <i>2.3%</i>	(0.2) <i>0.0%</i>	0.8 <i>0.1%</i>	16.6 <i>1.8%</i>	17.3 <i>1.9%</i>
Aid to Local Units of Government	(58.9) <i>-6.6%</i>	- <i>0.0%</i>	(51.1) <i>-5.7%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	(110.1) <i>-12.3%</i>
Assistance, Grants & Benefits	482.3 <i>53.8%</i>	228.5 <i>25.5%</i>	70.6 <i>7.9%</i>	(0.6) <i>-0.1%</i>	1.1 <i>0.1%</i>	6.9 <i>0.8%</i>	788.7 <i>88.1%</i>
Capital	1.0 <i>0.1%</i>	(1.2) <i>-0.1%</i>	7.3 <i>0.8%</i>	5.9 <i>0.7%</i>	1.9 <i>0.2%</i>	76.9 <i>8.6%</i>	91.9 <i>10.3%</i>
Debt Service	17.9 <i>2.0%</i>	- <i>0.0%</i>	3.5 <i>0.4%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	21.4 <i>2.4%</i>
Operating Transfers	16.6 <i>1.9%</i>	(3.9) <i>-0.4%</i>	(14.0) <i>-1.6%</i>	- <i>0.0%</i>	- <i>0.0%</i>	16.0 <i>1.8%</i>	14.7 <i>1.6%</i>
Total	\$ 477.6 <i>53.3%</i>	\$ 224.2 <i>25.0%</i>	\$ 72.9 <i>8.1%</i>	\$ (0.4) <i>0.0%</i>	\$ 2.3 <i>0.3%</i>	\$ 119.0 <i>13.3%</i>	\$ 895.7 <i>100.0%</i>

Expenditures from All Funds

FY 2010 Change to Governor	General Government	Human Services	Education	Public Safety	Natural Resources	Transportation	Total
Salaries & Benefits	(41.3) -20.7%	(0.5) -0.2%	- 0.0%	(5.9) -3.0%	- 0.0%	- 0.0%	\$ (47.6) -23.9%
Contracted Services	(5.1) -2.5%	(0.2) -0.1%	0.0 0.0%	(1.1) -0.5%	0.4 0.2%	- 0.0%	(5.9) -3.0%
Other State Operations	(9.1) -4.6%	1.1 0.5%	(1.0) -0.5%	(1.2) -0.6%	0.0 0.0%	(1.5) -0.7%	(11.7) -5.9%
Aid to Local Units of Government	(0.1) -0.1%	- 0.0%	(2.9) -1.4%	- 0.0%	- 0.0%	- 0.0%	(3.0) -1.5%
Assistance, Grants & Benefits	203.1 101.7%	73.6 36.9%	(0.2) -0.1%	(5.5) -2.8%	0.2 0.1%	- 0.0%	271.3 135.9%
Capital	6.7 3.3%	(1.0) -0.5%	7.3 3.6%	0.2 0.1%	0.8 0.4%	(0.8) -0.4%	13.1 6.6%
Debt Service	(0.2) -0.1%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	(0.2) -0.1%
Operating Transfers	(21.6) -10.8%	(2.7) -1.4%	- 0.0%	- 0.0%	- 0.0%	8.1 4.1%	(16.2) -8.1%
Total	\$ 132.4 66.3%	\$ 70.3 35.2%	\$ 3.2 1.6%	\$ (13.5) -6.8%	\$ 1.4 0.7%	\$ 5.8 2.9%	\$ 199.7 100.0%

FY 2010 Change to FY 2008	General Government	Human Services	Education	Public Safety	Natural Resources	Transportation	Total
Salaries & Benefits	(29.8) -3.4%	(19.8) -2.2%	47.7 5.4%	(12.9) -1.5%	(2.6) -0.3%	10.2 1.1%	\$ (7.2) -0.8%
Contracted Services	(4.1) -0.5%	9.7 1.1%	6.4 0.7%	0.2 0.0%	3.1 0.4%	(3.6) -0.4%	11.8 1.3%
Other State Operations	(52.3) -5.9%	15.6 1.8%	11.0 1.2%	2.7 0.3%	1.4 0.2%	27.2 3.1%	5.8 0.6%
Aid to Local Units of Government	(55.3) -6.2%	- 0.0%	1.1 0.1%	- 0.0%	- 0.0%	- 0.0%	(54.2) -6.1%
Assistance, Grants & Benefits	469.4 52.9%	95.2 10.7%	63.4 7.1%	0.5 0.1%	5.3 0.6%	19.8 2.2%	653.7 73.7%
Capital	29.3 3.3%	15.1 1.7%	30.0 3.4%	20.2 2.3%	13.2 1.5%	116.0 13.1%	223.8 25.2%
Debt Service	37.2 4.2%	- 0.0%	11.1 1.3%	- 0.0%	- 0.0%	- 0.0%	48.3 5.4%
Operating Transfers	2.4 0.3%	(3.3) -0.4%	(8.3) -0.9%	- 0.0%	- 0.0%	14.0 1.6%	4.7 0.5%
Total	\$ 396.8 44.8%	\$ 112.5 12.7%	\$ 162.4 18.3%	\$ 10.8 1.2%	\$ 20.5 2.3%	\$ 183.6 20.7%	\$ 886.7 100.0%

Expenditures from General Revenues

FY 2008 Reported	General Government	Human Services	Education	Public Safety	Natural Resources	Transportation	Total
Salaries & Benefits	147.3 4.3%	190.4 5.6%	150.7 4.4%	299.3 8.8%	30.7 0.9%	- 0.0%	\$ 818.4 24.0%
Contracted Services	6.3 0.2%	20.6 0.6%	10.4 0.3%	13.1 0.4%	1.2 0.0%	- 0.0%	51.6 1.5%
Other State Operations	44.5 1.3%	28.3 0.8%	36.1 1.1%	33.4 1.0%	6.4 0.2%	- 0.0%	148.8 4.4%
Aid to Local Units of Government	241.7 7.1%	- 0.0%	866.3 25.4%	- 0.0%	- 0.0%	- 0.0%	1,108.0 32.5%
Assistance, Grants & Benefits	16.7 0.5%	1,015.5 29.8%	35.5 1.0%	24.3 0.7%	0.8 0.0%	- 0.0%	1,092.8 32.1%
Capital	8.3 0.2%	0.3 0.0%	0.8 0.0%	0.6 0.0%	0.2 0.0%	- 0.0%	10.1 0.3%
Debt Service	131.0 3.8%	- 0.0%	15.0 0.4%	- 0.0%	- 0.0%	- 0.0%	146.0 4.3%
Operating Transfers	26.6 0.8%	3.1 0.1%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	29.7 0.9%
Total	\$ 622.4 18.3%	\$ 1,258.0 36.9%	\$ 1,114.8 32.7%	\$ 370.8 10.9%	\$ 39.2 1.2%	\$ - 0.0%	\$ 3,405.3 100.0%

FY 2009 Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Transportation	Total
Salaries & Benefits	102.6 3.1%	190.8 5.8%	141.0 4.3%	288.3 8.8%	30.4 0.9%	- 0.0%	\$ 753.3 23.0%
Contracted Services	7.1 0.2%	23.1 0.7%	9.8 0.3%	17.2 0.5%	1.5 0.0%	- 0.0%	58.8 1.8%
Other State Operations	45.6 1.4%	30.5 0.9%	29.0 0.9%	34.3 1.0%	6.4 0.2%	- 0.0%	145.8 4.4%
Aid to Local Units of Government	245.7 7.5%	- 0.0%	890.3 27.2%	- 0.0%	- 0.0%	- 0.0%	1,136.0 34.7%
Assistance, Grants, & Benefits	14.6 0.4%	930.7 28.4%	30.9 0.9%	24.0 0.7%	0.7 0.0%	- 0.0%	1,000.9 30.6%
Capital	5.6 0.2%	1.0 0.0%	2.2 0.1%	1.0 0.0%	0.1 0.0%	- 0.0%	9.8 0.3%
Debt Service	141.6 4.3%	- 0.0%	17.5 0.5%	- 0.0%	- 0.0%	- 0.0%	159.1 4.9%
Operating Transfers	6.3 0.2%	3.0 0.1%	3.1 0.1%	- 0.0%	- 0.0%	- 0.0%	12.5 0.4%
Total	\$ 569.2 17.4%	\$ 1,179.0 36.0%	\$ 1,124.0 34.3%	\$ 364.9 11.1%	\$ 39.0 1.2%	\$ - 0.0%	\$ 3,276.2 100.0%

Expenditures from General Revenues

FY 2010 Recommended	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	151.9 4.9%	170.8 5.5%	142.2 4.6%	290.2 9.4%	29.9 1.0%	- 0.0%	\$ 785.0 25.5%
Contracted Services	7.6 0.2%	18.7 0.6%	8.7 0.3%	14.8 0.5%	1.7 0.1%	- 0.0%	51.5 1.7%
Other State Operations	45.6 1.5%	26.1 0.8%	29.4 1.0%	35.4 1.1%	6.6 0.2%	- 0.0%	143.0 4.6%
Aid to Local Units of Government	176.9 5.7%	- 0.0%	819.4 26.6%	- 0.0%	- 0.0%	- 0.0%	996.3 32.4%
Assistance, Grants, & Benefits	14.9 0.5%	798.4 25.9%	29.9 1.0%	26.1 0.8%	0.7 0.0%	- 0.0%	870.1 28.3%
Capital	2.1 0.1%	1.3 0.0%	0.7 0.0%	1.2 0.0%	0.2 0.0%	- 0.0%	5.5 0.2%
Debt Service	157.8 5.1%	- 0.0%	18.7 0.6%	- 0.0%	- 0.0%	- 0.0%	176.5 5.7%
Operating Transfers	49.3 1.6%	1.8 0.1%	0.1 0.0%	- 0.0%	- 0.0%	- 0.0%	51.2 1.7%
Total	\$ 606.1 19.7%	\$ 1,017.0 33.0%	\$ 1,049.2 34.1%	\$ 367.7 11.9%	\$ 39.0 1.3%	\$ - 0.0%	\$ 3,079.1 100.0%

FY 2010 Recommended Change to Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	49.3 -25.0%	(20.0) 10.2%	1.2 -0.6%	1.9 -1.0%	(0.6) 0.3%	- 0.0%	\$ 31.8 -16.1%
Contracted Services	0.5 -0.3%	(4.4) 2.3%	(1.1) 0.6%	(2.5) 1.2%	0.2 -0.1%	- 0.0%	(7.3) 3.7%
Other State Operations	(0.0) 0.0%	(4.4) 2.2%	0.3 -0.2%	1.1 -0.6%	0.2 -0.1%	- 0.0%	(2.7) 1.4%
Aid to Local Units of Government	(68.8) 34.9%	- 0.0%	(70.9) 36.0%	- 0.0%	- 0.0%	- 0.0%	(139.7) 70.9%
Assistance, Grants & Benefits	0.3 -0.1%	(132.3) 67.1%	(1.0) 0.5%	2.1 -1.1%	0.1 0.0%	- 0.0%	(130.8) 66.4%
Capital	(3.5) 1.8%	0.3 -0.2%	(1.5) 0.8%	0.2 -0.1%	0.1 -0.1%	- 0.0%	(4.4) 2.2%
Debt Service	16.1 -8.2%	- 0.0%	1.2 -0.6%	- 0.0%	- 0.0%	- 0.0%	17.3 -8.8%
Operating Transfers	43.0 -21.8%	(1.2) 0.6%	(3.0) 1.5%	- 0.0%	- 0.0%	- 0.0%	38.8 -19.7%
Total	\$ 36.9 -18.7%	\$ (162.0) 82.2%	\$ (74.8) 38.0%	\$ 2.8 -1.4%	\$ 0.0 0.0%	\$ - 0.0%	\$ (197.1) 100.0%

Expenditures from General Revenues

FY 2010 Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Transportation	Total
Salaries & Benefits	100.5 <i>3.3%</i>	170.5 <i>5.7%</i>	142.2 <i>4.7%</i>	274.4 <i>9.1%</i>	29.9 <i>1.0%</i>	- <i>0.0%</i>	\$ 717.5 <i>23.9%</i>
Contracted Services	1.8 <i>0.1%</i>	19.3 <i>0.6%</i>	8.7 <i>0.3%</i>	14.1 <i>0.5%</i>	1.6 <i>0.1%</i>	- <i>0.0%</i>	45.5 <i>1.5%</i>
Other State Operations	36.0 <i>1.2%</i>	27.1 <i>0.9%</i>	28.4 <i>0.9%</i>	34.2 <i>1.1%</i>	6.6 <i>0.2%</i>	- <i>0.0%</i>	132.3 <i>4.4%</i>
Aid to Local Units of Government	186.7 <i>6.2%</i>	- <i>0.0%</i>	816.3 <i>27.2%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	1,003.1 <i>33.4%</i>
Assistance, Grants & Benefits	23.7 <i>0.8%</i>	813.4 <i>27.1%</i>	30.0 <i>1.0%</i>	26.1 <i>0.9%</i>	0.8 <i>0.0%</i>	- <i>0.0%</i>	894.0 <i>29.8%</i>
Capital	2.2 <i>0.1%</i>	1.4 <i>0.0%</i>	0.7 <i>0.0%</i>	1.2 <i>0.0%</i>	0.1 <i>0.0%</i>	- <i>0.0%</i>	5.5 <i>0.2%</i>
Debt Service	157.6 <i>5.3%</i>	- <i>0.0%</i>	17.1 <i>0.6%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	174.7 <i>5.8%</i>
Operating Transfers	27.7 <i>0.9%</i>	- <i>0.0%</i>	0.1 <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	27.8 <i>0.9%</i>
Total	\$ 536.2 <i>17.9%</i>	\$ 1,031.7 <i>34.4%</i>	\$ 1,043.5 <i>34.8%</i>	\$ 350.0 <i>11.7%</i>	\$ 38.9 <i>1.3%</i>	\$ - <i>0.0%</i>	\$ 3,000.3 <i>100.0%</i>

FY 2010 Change to Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Transportation	Total
Salaries & Benefits	(2.1) <i>0.8%</i>	(20.3) <i>7.4%</i>	1.2 <i>-0.4%</i>	(13.9) <i>5.1%</i>	(0.6) <i>0.2%</i>	- <i>0.0%</i>	\$ (35.8) <i>13.0%</i>
Contracted Services	(5.4) <i>2.0%</i>	(3.8) <i>1.4%</i>	(1.1) <i>0.4%</i>	(3.1) <i>1.1%</i>	0.1 <i>0.0%</i>	- <i>0.0%</i>	(13.3) <i>4.8%</i>
Other State Operations	(9.6) <i>3.5%</i>	(3.3) <i>1.2%</i>	(0.7) <i>0.2%</i>	(0.1) <i>0.0%</i>	0.2 <i>-0.1%</i>	- <i>0.0%</i>	(13.4) <i>4.9%</i>
Aid to Local Units of Government	(58.9) <i>21.4%</i>	- <i>0.0%</i>	(74.0) <i>26.8%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	(132.9) <i>48.2%</i>
Assistance, Grants & Benefits	9.1 <i>-3.3%</i>	(117.3) <i>42.5%</i>	(0.9) <i>0.3%</i>	2.1 <i>-0.8%</i>	0.1 <i>0.0%</i>	- <i>0.0%</i>	(106.9) <i>38.8%</i>
Capital	(3.4) <i>1.2%</i>	0.4 <i>-0.1%</i>	(1.5) <i>0.6%</i>	0.2 <i>-0.1%</i>	(0.0) <i>0.0%</i>	- <i>0.0%</i>	(4.4) <i>1.6%</i>
Debt Service	15.9 <i>-5.8%</i>	- <i>0.0%</i>	(0.4) <i>0.1%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	15.5 <i>-5.6%</i>
Operating Transfers	21.4 <i>-7.7%</i>	(3.0) <i>1.1%</i>	(3.0) <i>1.1%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	15.4 <i>-5.6%</i>
Total	\$ (33.0) <i>12.0%</i>	\$ (147.3) <i>53.4%</i>	\$ (80.5) <i>29.2%</i>	\$ (14.9) <i>5.4%</i>	\$ (0.2) <i>0.1%</i>	\$ - <i>0.0%</i>	\$ (275.8) <i>100.0%</i>

Expenditures from General Revenues

FY 2010 Change to Governor	General Government	Human Services	Education	Public Safety	Natural Resources	Transportation	Total
Salaries & Benefits	(51.4) 65.3%	(0.3) 0.4%	- 0.0%	(15.8) 20.1%	- 0.0%	- 0.0%	\$ (67.6) 85.8%
Contracted Services	(5.9) 7.5%	0.7 -0.8%	0.0 0.0%	(0.7) 0.9%	(0.1) 0.1%	- 0.0%	(5.9) 7.5%
Other State Operations	(9.5) 12.1%	1.0 -1.3%	(1.0) 1.3%	(1.2) 1.5%	- 0.0%	- 0.0%	(10.7) 13.6%
Aid to Local Units of Government	9.9 -12.5%	- 0.0%	(3.1) 3.9%	- 0.0%	- 0.0%	- 0.0%	6.8 -8.6%
Assistance, Grants & Benefits	8.8 -11.2%	15.0 -19.1%	0.0 0.0%	- 0.0%	0.0 0.0%	- 0.0%	23.9 -30.3%
Capital	0.1 -0.1%	0.1 -0.1%	- 0.0%	(0.0) 0.0%	(0.2) 0.2%	- 0.0%	0.0 0.0%
Debt Service	(0.2) 0.3%	- 0.0%	(1.6) 2.0%	- 0.0%	- 0.0%	- 0.0%	(1.8) 2.3%
Operating Transfers	(21.6) 27.4%	(1.8) 2.3%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	(23.4) 29.7%
Total	\$ (69.9) 88.8%	\$ 14.7 -18.7%	\$ (5.7) 7.2%	\$ (17.7) 22.5%	\$ (0.2) 0.2%	\$ - 0.0%	\$ (78.7) 100.0%

FY 2010 Change to FY 2008	General Government	Human Services	Education	Public Safety	Natural Resources	Transportation	Total
Salaries & Benefits	(46.8) 11.6%	(19.9) 4.9%	(8.5) 2.1%	(24.9) 6.2%	(0.9) 0.2%	- 0.0%	\$ (100.9) 24.9%
Contracted Services	(4.6) 1.1%	(1.2) 0.3%	(1.6) 0.4%	1.0 -0.2%	0.4 -0.1%	- 0.0%	(6.0) 1.5%
Other State Operations	(8.5) 2.1%	(1.2) 0.3%	(7.8) 1.9%	0.8 -0.2%	0.2 0.0%	- 0.0%	(16.5) 4.1%
Aid to Local Units of Government	(55.0) 13.6%	- 0.0%	(50.0) 12.3%	- 0.0%	- 0.0%	- 0.0%	(105.0) 25.9%
Assistance, Grants & Benefits	7.0 -1.7%	(202.0) 49.9%	(5.5) 1.4%	1.8 -0.4%	(0.0) 0.0%	- 0.0%	(198.8) 49.1%
Capital	(6.1) 1.5%	1.1 -0.3%	(0.1) 0.0%	0.6 -0.1%	(0.1) 0.0%	- 0.0%	(4.6) 1.1%
Debt Service	26.6 -6.6%	- 0.0%	2.1 -0.5%	- 0.0%	- 0.0%	- 0.0%	28.7 -7.1%
Operating Transfers	1.1 -0.3%	(3.1) 0.8%	0.1 0.0%	- 0.0%	- 0.0%	- 0.0%	(1.8) 0.5%
Total	\$ (86.2) 21.3%	\$ (226.3) 55.9%	\$ (71.3) 17.6%	\$ (20.8) 5.1%	\$ (0.4) 0.1%	\$ - 0.0%	\$ (404.9) 100.0%

Section III

Agency Analyses

Department of Administration

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Program				
Central Management	\$ 1,855,323	\$ 1,740,853	\$ 1,694,369	\$ 1,694,369
Accounts & Control	3,886,437	3,608,194	4,019,166	3,954,166
Budgeting	2,126,819	1,938,420	2,542,345	2,003,345
Purchasing	2,280,079	1,969,180	2,810,754	2,620,754
Auditing	1,848,952	1,317,856	1,535,588	1,535,588
Human Resources	13,110,303	12,201,053	12,652,485	12,416,555
Personnel Appeal Board	111,226	90,973	84,090	84,090
General	295,367,589	252,060,361	270,744,022	253,499,524
Debt Service	189,227,909	180,477,960	207,473,411	207,273,411
Legal Services	2,383,921	1,137,851	1,113,869	1,113,869
Facilities Management	49,302,687	41,719,112	44,468,887	44,376,036
Capital Projects and Prop. Mgt.	3,887,058	3,473,042	2,693,613	3,807,010
Information Technology	31,331,246	27,389,008	30,069,388	28,169,388
Library Programs	2,011,906	1,802,748	1,915,723	1,915,723
Planning	17,730,411	18,241,658	23,086,887	23,357,481
Undistributed Savings	(92,322,698)	2,818,970	-	(58,436,637)
Energy Resources	20,949,991	56,221,211	60,911,699	55,239,199
Sheriffs	15,488,294	16,236,545	17,240,788	17,240,788
Fire Safety Code Board*	306,552	-	-	-
Total	\$ 560,884,005	\$ 624,444,995	\$ 685,057,084	\$ 601,864,659
Expenditures by Category				
Salaries and Benefits	\$ (5,483,782)	\$ 77,516,127	\$ 82,558,019	\$ 38,023,467
Contracted Services	6,796,701	7,981,297	6,019,589	699,244
Subtotal	\$ 1,312,919	\$ 85,497,424	\$ 88,577,608	\$ 38,722,711
Other State Operations	41,424,475	38,588,903	39,870,851	31,185,945
Aid to Local Units of Government	246,618,570	211,785,526	187,835,439	187,690,697
Assistance, Grants, and Benefits	38,834,237	74,900,244	84,136,674	87,797,347
Capital	36,794,046	26,652,934	27,646,371	21,278,298
Capital Debt Service	189,600,517	180,720,723	207,716,174	207,516,174
Operating Transfers	6,299,241	6,299,241	49,273,967	27,673,487
Total	\$ 560,884,005	\$ 624,444,995	\$ 685,057,084	\$ 601,864,659
Sources of Funds				
General Revenue	\$ 461,660,272	\$ 468,112,139	\$ 498,875,056	\$ 429,600,820
Federal Aid	33,952,039	71,626,013	91,347,447	80,173,897
Restricted Receipts	8,876,034	16,334,694	17,387,399	18,938,514
Other	56,395,660	68,372,149	77,447,182	73,151,428
Total	\$ 560,884,005	\$ 624,444,995	\$ 685,057,084	\$ 601,864,659
FTE Authorization	955.8	845.6	888.6	895.6
Statewide Retirement Savings	(400.0)	-	-	-

*The request reflects a shift of the Fire Safety Code Board to the Capital Projects and Property Management program.

Summary. The Department requested FY 2010 expenditures totaling \$737.4 million from all sources of funds. This is \$176.5 million more than the enacted budget, of which \$91.1 million is due to the allocation of undistributed personnel savings. Adjusted for that, the request is \$85.3 million more from all sources, including \$63.4 million from general revenues. This includes \$65.7 million more for debt service, of which \$50.0 million is for the Historic Tax Credit Trust Fund. The request also includes increases of \$6.0 million from federal funds and \$15.6 million from other funds, primarily from Rhode Island Capital Plan funds for capital projects, and a reduction of \$0.1 million from restricted receipts. The Department requested staffing of 835.6 full-time positions, 12.0 fewer positions than the revised request to reflect the transfer of the Contractors' Registration Board to the Department of Business Regulation and the elimination of the Local Government Assistance program.

The Governor recommended expenditures of \$685.1 million from all sources of funds, including \$498.9 million from general revenues. This is \$124.2 million more than the enacted budget, of which \$91.1 million is due to the allocation of undistributed personnel savings. Adjusted for that, the recommendation is \$33.0 million more from all sources, including a reduction of \$13.0 million from general revenues. The Governor recommended staffing of 888.6 full-time positions.

The Assembly enacted expenditures totaling \$601.9 million, including \$429.6 million from general revenues. This includes \$58.4 million of undistributed personnel and operating savings. The Assembly increased the recommended staffing authorization by 7.0 positions, primarily by retaining the Contractors' Registration Board in the Department of Administration.

Staffing. The Department requested staffing of 835.6 full-time positions, this is 120.2 positions less than enacted. The request reflects the transfers of 14.0 positions to other state agencies, including 2.0 positions to the Office of the Governor, 1.0 position to the Office of Health and Human Services, 2.0 positions to the Department of Transportation and 9.0 positions for the Contractors' Registration Board to the Department of Business Regulation. Program changes reflect the conversion of two existing vacant positions into a state purchasing agent and one to administer a new federal program in Statewide Planning, and the elimination of 3.0 positions for the Local Government Assistance program. The request also includes the elimination of 105.5 vacant positions. These positions are from various programs within the Department; 59.0 percent are from centralized functions, including Human Resources, Information Technology and Facilities Management. The Department indicated that it would like to retain 66.0 of those positions; however, it has not received permission to fill them. There were also a number of transfers with department functions.

Programs	FY 2009 Enacted	FY 2010 Gov. Rec.	FY 2010 Assembly	Chng. to Gov.
Central Management	16.0	19.0	19.0	-
Accounts and Control	43.0	41.0	41.0	-
Budgeting	17.0	21.0	17.0	(4.0)
Purchasing	25.0	30.0	29.0	(1.0)
Auditing	16.0	13.0	13.0	-
Human Resources	130.0	124.0	124.0	-
Personnel Appeal Board	0.5	-	-	-
Legal Services	23.6	9.6	9.6	-
Facilities Management	131.5	111.5	111.5	-
Capital Projects	36.2	22.0	34.0	12.0
Information Technology	223.0	206.5	206.5	-
Library Program	15.0	13.0	13.0	-
Statewide Planning	34.0	34.0	34.0	-
Energy Resources	20.0	20.0	20.0	-
Sheriffs	177.0	180.0	180.0	-
Internal Service Funds	48.0	44.0	44.0	-
Changes to Enacted	955.8	888.6	895.6	7.0

The Governor included staffing of 888.6 full-time positions, 67.2 fewer positions than enacted and 53.0 positions more than requested. This includes 33.0 positions to perform functions relating to the American Recovery and Reinvestment Act; 12.0 fewer vacancy eliminations; 3.0 more transfers and 11.0 more positions from program changes primarily within the Budget Office and the Sheriffs. The recommended level of staffing is 79.4 positions more than currently filled as of pay period ending February 28, 2009. The recommendation assumes only \$244,468 in turnover savings from Central Management and the Division of Information Technology.

The Assembly authorized staffing of 895.6 full-time positions, 7.0 positions more than recommended. This reflects the eliminations of 4.0 new positions in the State Budget Office and the state purchasing agent, offset by 12.0 positions to retain the Contractors' Registration Board in the Department of Administration.

Statewide Items

Distributed Contract Savings. The enacted budget includes \$60.6 million from all funds, of which \$33.4 million is from general revenues in undistributed personnel savings. The request assumes the statewide allocation of these savings. The amount allocated to the Department of Administration includes \$2.8 million from general revenues. ***The Governor recommended funding as requested.*** The Assembly concurred.

Distributed Retirement Vacancy Savings. The enacted budget includes \$30.5 million from all funds, of which \$16.8 million is from general revenues in undistributed personnel savings. The request assumes the statewide allocation of these savings. The amount allocated to the Department includes \$1.5 million from general revenues. ***The Governor recommended funding as requested.*** The Assembly concurred.

Office Equipment Maintenance. The enacted budget assumes a statewide savings of \$1.2 million from all funds, including \$560,942 from general revenues from the purchasing of a single maintenance contract for state office equipment instead of individual manufacturers' service contracts. The Department indicated that the savings were not achieved in FY 2009 because a baseline study needs to be completed to accurately determine the equipment and contracts that are allowable for this program. The Department did not include the savings in the FY 2010 budget request. The Department noted that once the study is complete an estimate of the savings will be submitted. The State Controller indicated that the request for proposal is completed. ***The Governor recommended funding as requested.*** The Assembly concurred.

Teachers' Retiree Health Subsidy. The Department requested \$1.5 million from general revenues to fund the state's cost of allowing retired teachers to purchase their health insurance at the active employee rate, which is lower than the retiree rate. The Governor's FY 2009 recommendation reduced expenditures by \$1.0 million in the FY 2009 budget based on the assumption that the teachers' retiree health accounts had sufficient balances to absorb much of the cost. The Controller's Office later calculated the true fund balance revealing the previous analysis to be incorrect.

The Governor recommended funding as requested. Further analyses by the Controller's Office indicated that FY 2010 expenditures would be \$2.3 million. The Governor subsequently requested an amendment to provide an additional \$865,000 from general revenues. The Assembly concurred.

Retirement Rate Reduction. The Department's request includes \$506,659 from general revenues for a payment to the Retirement Fund in FY 2010. The request is based on current law, which requires

that a 20.0 percent savings from a reduction in the retirement rate be contributed to the Retirement Fund. The FY 2010 planning values assumed a retirement rate reduction of 0.44 percent from the FY 2009 enacted level of 21.13 percent to 20.69 percent. Subsequently, the Retirement Board approved a rate increase. Therefore, the general revenue appropriation will not be needed in FY 2010. *The Governor did not include the funding.* The Assembly concurred.

FY 2008 Closing Deficit. The State Controller issued the FY 2008 General Fund financial statements in August 29, with a deficit of \$33.6 million. Subsequently the Controller reported the deficit to be \$43.0 million. This causes an opening deficit for FY 2009, which is resolved with revenues received into the state general fund.

The Governor proposed legislation in his revised budget to appropriate funds from the budget stabilization funds to liquidate the FY 2008 closing deficit and to change statutes to not repay this in FY 2009 as required, deferring the repayment to FY 2010. The proposed delay allows \$43.0 million more in general revenues available for FY 2009, but reduces funds available for capital projects funded through Rhode Island Capital Plan funds. The Governor recommended \$42,950,480 to repay the funds he proposed using from the Budget Stabilization Account to close the FY 2008 deficit. The Assembly did not concur with the Governor's proposal.

Budget Stabilization Fund Transfer. The Governor's FY 2009 and FY 2010 budgets were based on the November Revenue Conference and assumed a balanced budget for FY 2009. He did not include an FY 2009 repayment of his proposed FY 2008 use of the Budget Stabilization Fund, which would be depleted by 40.2 percent. The revised budget adopted in 2009-H 5019, Substitute A, as amended, was based upon positioning Rhode Island's finances to maximize the state's ability to react to deteriorating revenues by not committing funding that may not materialize come May revenue estimates. It held the rainy day fund in reserve in the event of bad news in May and maintained most of Governor Carcieri's January proposed expenditure and revenue measures.

The Revenue Estimating Conference concluded May 11 and revised the FY 2009 estimate to \$3,072.3 million, which is \$70.0 million less than the revenues included in 2009-H 5019, Substitute A, as amended. The Assembly's revisions to 2009-H 5019, Substitute A, as amended, partially resolved that \$70.0 million gap with use of \$22.0 million from the rainy day fund. It includes an appropriation of \$22.0 million for FY 2010 to payback that transfer.

Station Fire. Information provided by the Budget Office indicated that the settlement payment for the station fire civil suit settlement would be paid in FY 2010.

Subsequent to his budget submission, the Governor requested an amendment to use \$10.0 million from the State Fiscal Stabilization Fund to pay for the settlement in FY 2009. The Auditor General indicated that if the settlement payment were to be made in the current year, it would trigger an audit issue in reporting liabilities for FY 2008. The Assembly provided \$10.0 million from general revenues to pay for the settlement in FY 2010.

Statewide Undistributed Savings

Undistributed Salaries and Benefits and Operating Costs Savings. The Governor's FY 2010 budget includes \$785.0 million from general revenues for salaries and benefits and \$143.0 million for expenses that the state classifies as general operating costs.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs. This assumes 5.0 percent for a full year, consistent with similar savings adopted as part of the FY 2009 revised budget for the final two months of FY 2009. It also assumes an additional 2.5 percent for six months, which equates to 1.25 percent. The FY 2010 savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals.

Undistributed Statewide Consulting. The Governor's FY 2010 budget includes \$51.5 million from general revenues for expenditures the state classifies as contracted services, often referred to as consultants. These expenditures reflect the compensation paid for the services of non-employee individuals or firms and include payments to professional practitioners and other independent contractors who sell their services.

The Assembly reduced these expenditures statewide by 10.0 percent, which equates to savings of \$5.1 million from general revenues. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals.

Undistributed Statewide Health Insurance Savings. The Budget Office indicated that a review of employee medical claims trends shows these costs, for which the state is self funded, will be less than the amounts budgeted for FY 2009. The state will suspend the charges to agencies and employees for one pay period in FY 2009 to recoup these savings, which are estimated to be \$3.0 million from general revenues. The Assembly also reduced the FY 2010 budget to reflect these savings. These savings are included in the Department of Administration's budget for allocation and are not reflected in the agency totals.

Undistributed Assessed Fringe Savings. The state's assessments to agency budgets for payout of employee benefits such as unused leave, unemployment and workers' compensation have generated more resources than necessary for projected expenses. The FY 2009 budget included a significant increase in the rate charged to cover the unusually large payouts associated with the recent retirement surge. The Budget Office has suspended the assessment for two pay periods in FY 2009, which saves \$2.1 million from general revenues. The Assembly also reduced the FY 2010 budget to reflect these savings. These savings are included in the Department of Administration's budget for allocation and are not reflected in the agency totals.

Undistributed Statewide Pension Adjustments. The Governor included savings in his revised budget of \$112.3 million, including \$95.1 million from general revenues, by amending the retirement statutes to eliminate cost-of-living adjustments for all state employees, including judges and teachers who do not retire by April 1. The amendment would also increase the minimum age for state employees and teachers retiring after April 1 to receive pension payments to age 59. The proposal also sets a higher standard for accidental disability pensions for state employees and teachers and modifies the wage base for pension benefit calculation for state police to be consistent with other state employees.

The savings estimates were included without benefit of the actuarial studies required by sections 12.1-1 of Title 22 and 10-9 of Title 36 of the Rhode Island General Laws. Actuarial analysis dated January 28 indicated most of the budgeted savings are unachievable. The study reduced projected savings to \$39.2 million.

The Governor subsequently requested an amendment to 2009-H 5019 that would make the changes apply to state employees and teachers that are not eligible to retire prior to July 1 rather than those that

had not retired by April 1. His actuarial analysis estimated savings of \$54.3 million for FY 2009; that is the proposal on which his FY 2010 budget is based.

The Governor's FY 2010 budget assumes \$32.4 million in savings from all sources, including \$20.5 million from general revenues for retirement expenses related to state employees including judges and state police. Savings from changes to teachers' pensions would be \$44.0 million. The savings are assumed in the individual agency budgets.

The Assembly's pension changes, which would apply to state employees not eligible to retire as of October 1, 2009 and newly hired judges, produced \$21.5 million in total savings for FY 2010. This is \$9.4 million less than the revised value of the Governor's proposed savings, when other Assembly changes to personnel expenses are considered. The Assembly provided the \$9.4 million from all funds, including \$5.5 million from general revenues in the Department of Administration's budget for statewide distribution to account for the lower level of savings than that assumed in the agency budgets.

For most state employees, the changes include a minimum retirement age of 62 with a proportional application of that minimum age to current members based on their current service as of October 1, 2009. This means that those closest to retirement eligibility would have the smallest change in their current minimum retirement age.

Changes also include freezing service credits for those in Plan A, shifting all future accrual to Plan B. Members in both plans would retain the respective 80.0 and 75.0 percent caps on their accruals. The cost-of-living adjustment would all be based on the Plan B model of the lesser of inflation or 3.0 percent on the third anniversary. Finally, the salary basis for benefits would be changed to the five consecutive highest years, from the current three.

State Aid

Library Construction Aid. The Department requested \$3.0 million for library construction aid, \$223,560 more than the enacted budget. The request reflects current law requirements for FY 2010 based on updated cost information, interest rates, and construction schedules for approved projects. The state reimburses libraries up to half the total costs for eligible projects on an installment basis for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of the project. Actual expenditures in FY 2008 were \$2.7 million.

The Governor recommended funding as requested. The Office of Library and Information Services indicated that FY 2010 payments will be \$144,742 less than recommended. It appears that several projects were paid off in 2008. The Assembly adjusted expenditures accordingly to reflect the savings.

Library Aid. The Department requested the enacted amount of \$8.8 million to level fund state support of public libraries. Rhode Island General Laws require the state to provide financial support to public libraries equal to 25.0 percent of the second prior fiscal year's local expenditures for library services. The 2008 Assembly enacted legislation to reduce the maintenance of effort requirement for municipalities to provide library services to at least 80.0 percent of the previous year for FY 2009.

The Governor recommended \$8.8 million to freeze the aid payments at the FY 2009 enacted level. Community distributions reflect updated data and a ratable reduction to the appropriation. He

proposed legislation to continue allowing communities to meet the 80.0 percent maintenance of effort for libraries to qualify for aid. The Assembly concurred.

Property Valuation Reimbursements. The Department requested \$1.8 million to reimburse communities conducting scheduled property revaluations or statistical updates. This is \$0.6 million more than enacted, to primarily reflect anticipated expenditures for the City of Providence. Expenditures fluctuate annually; they were \$1.1 million in FY 2008, \$2.2 million in FY 2007 and are estimated to be \$1.1 million in FY 2009. *The Governor recommended funding as requested. The Assembly concurred.*

General Revenue Sharing. The Department requested \$55.1 million to level fund the General Revenue Sharing program at the FY 2009 enacted level. The request is \$20.5 million less than current law requirement. Under current law, all communities would receive aid in FY 2010 based on 3.0 percent of total FY 2008 state tax revenues. The distribution formula is based on per capita income and local tax burdens for public purposes, excluding taxes allocated to education. The state distributes 0.10 percent of all net video lottery terminal income up to a maximum of \$10.0 million to communities not eligible for distressed communities' aid, as general revenue sharing through the same method.

The Governor's revised budget reflects the suspension of the state's appropriation for the General Revenue Sharing payments to communities in FY 2009. He subsequently requested an amendment to restore \$31.0 million from general revenues to be distributed through the existing formula; however, communities are required to allocate a portion to school budgets based on the percent of support for the school budget that the community supplied in FY 2007. His revised legislation amends current law to make the program permanently subject to appropriation. His FY 2010 recommendation assumes passage of that amendment.

The Assembly enacted legislation to permanently subject the program to appropriation; however, it provided \$25.0 million in the FY 2009 final budget to be distributed proportionally on the same basis as the original enacted budget.

Distressed Communities. The Department requested the enacted amount of \$10.4 million to level fund the Distressed Communities Relief program in FY 2010. This program was established in 1990 to provide assistance to the communities with the highest property tax burdens relative to the wealth of the taxpayers. The 2005 Assembly increased eligibility for FY 2006 to any community falling into the lowest 20.0 percent for at least three of four indices would be eligible for assistance under the program.

The Governor recommended \$10.4 million to freeze the aid payments at the FY 2009 enacted level. He recommended using \$10.0 million of the total \$30.0 million available from the flexible portion of the federal stabilization funds in lieu of general revenues. Communities' aid distribution for FY 2010 is based on updated qualifying tax levies.

The Assembly concurred, with the exception of using general revenues in lieu of the stimulus funds to fund the program. It also enacted legislation to make the program permanently subject to appropriation

Payment in Lieu of Taxes. The Department requested the enacted amount of \$27.8 million to level fund the Payment in Lieu of Taxes program. This program reimburses cities and towns for property taxes that would have been due on real property owned by nonprofit educational institutions, nonprofit

hospitals, or any state-owned hospital, veterans' residential facility or correctional facility, which is exempt from taxation by state law. Reimbursement is 27.0 percent of the forgone tax, subject to appropriation. The request for \$27.8 million represents reimbursement of 24.9 percent of the value.

The Governor recommended \$27.6 million to level fund the program at the FY 2009 revised level. The recommendation is \$0.2 million less than enacted and is \$3.6 million less than the full funding allowance. It represents a reimbursement of 23.9 percent of the value. Distributions to communities reflect updated data. The Assembly concurred.

Motor Vehicle Excise Tax. The Department requested the enacted amount of \$139.6 million to fund the Motor Vehicle Excise Tax program. The FY 2009 revised request includes a \$2.8 million increase based on information obtained that assessed values have increased from the budgeted 3.2 percent to 5.3 percent. Assuming this adjustment for FY 2010, the request would be understated by \$2.8 million. Subsequently, the Department of Revenue indicated that the growth rate from FY 2008 to FY 2009 was actually 0.1 percent. Legislation passed in 2008-H 7204 Substitute A, permanently reduced the Motor Vehicle Excise Tax reimbursements to 98.0 percent of the calculated value beginning with FY 2008.

The Governor recommended \$135.3 million to fund the Motor Vehicle Excise Tax program. The recommendation maintains the \$6,000 exemption; however, it assumes no growth in values from FY 2009 for which growth was 0.1 percent above FY 2008. The Assembly concurred.

Economic Development Corporation

Economic Development Corporation - Operations. The Department of Administration's budget includes the enacted amount of \$5.3 million from general revenues to support general operations of the Economic Development Corporation. The Corporation had requested general state support of \$5.5 million. The Corporation's FY 2010 budget request totals \$18.7 million; all but \$130,000 is state funds and includes the following programs: State Airport Impact Aid, community service grants, Slater Technology Fund, Masonic Temple debt service, and Experimental Program to Stimulate Competitive Research. With the exception for Masonic Temple debt service, each program will be discussed separately. *The Governor recommended funding consistent with the enacted budget.* The Assembly reduced funding by \$650,000.

EDC Community Service Grants. The Department requested the enacted amount of \$0.7 million for 19 community service grants provided through the Department and the Economic Development Corporation. *The Governor recommended funding as requested.*

The Assembly provided an additional \$122,000 for community service grants, including \$150,000 to the Newport Chamber of Commerce to fund a planning study to determine the future use of surplus Navy land and a reduction of \$28,000 for the East Providence Waterfront Commission.

Airport Impact Aid. The Department requested an additional \$24,246 to the Economic Development Corporation so that the Airport Corporation can provide impact aid payments to the seven communities that host the six state airports. The request brings total funding to \$1.0 million. The community payments are made proportionally based on the number of total landings and takeoffs. *The Governor recommended funding as requested.* The Assembly concurred.

Slater Technology Fund. The Department requested the enacted amount of \$3.0 million provided for the Slater Technology Fund, which is a state-backed venture capital fund that invests in new ventures.

The Slater Centers of Excellence was created in 1997; however, the Governor issued an executive order in 2005 to merge all the Centers into the Slater Technology Fund. The request brings funding to date totaling \$40.2 million. *The Governor recommended funding as requested.* The Assembly reduced funding by \$1.0 million.

Experimental Program to Stimulate Competitive Research (EPSCoR). The Department requested the enacted amount of \$1.5 million for participation in the National Science Foundation's Experimental Program to Stimulate Competitive Research. This is the fourth installment totaling \$6.0 million of state funds necessary to receive federal grant awards of \$3.0 million per year to establish a partnership between state government, higher education and industry to effect lasting improvements in research infrastructure and national research and development competitiveness. Initially, this was for a three-year agreement. The Corporation would like to continue this program and has applied for additional federal funds. *The Governor recommended funding as requested.* The Assembly concurred.

Other Programs

Community Service Grants. The Department requested the enacted amount of \$400,456 for nine community service grants made directly by the Department of Administration. *The Governor recommended funding as requested.*

The Assembly eliminated the Westerly Police Reserve grant for a savings of \$4,500; the grantee did not submit required paperwork to receive the grant in FY 2008 and FY 2009.

Dunkin' Donuts Center. The budget request removes the one-time expenditure of \$4.1 million from the proceeds from tobacco securitization included in the enacted budget to fund a portion of the renovations of the Dunkin' Donuts Center. *The Governor excluded funding as requested.* The Assembly concurred.

Convention Center Authority. The FY 2009 enacted budget includes \$23.1 million from general revenues for Convention Center debt service. Under the terms of the Lease and Agreement between the State of Rhode Island and the Rhode Island Convention Center Authority, the minimum rentals payable by the State in any fiscal year are equal to the gross debt service costs in that year. In the event that the Authority is running an operating deficit, the state would be responsible for covering this shortfall. In the event that the Authority has an operating profit, this "profit" is paid back to the State of Rhode Island as an "Excess Debt Service Rental Payment."

The Governor provided an additional \$3.0 million for the Convention Center Authority to cover debt service requirements and operational shortfalls. A revised estimate indicated that only \$1.2 million of the additional \$3.0 million would be needed. The Assembly reduced recommended expenditures by \$1.8 million and provided total funding of \$24.3 million for the Convention Center Authority.

Historic Tax Credit Trust Fund Debt Service. The Department's request includes \$50.0 million from general revenues to fund debt service for historic tax credit. The 2008 Assembly enacted 2008-H 8016, Substitute A in April, which the Governor signed into law on April 12. That act eliminated the need for the proposed cap while maintaining approximately the same cash flow as the Governor's recommendations by requiring upfront processing fees, placing a moratorium on new projects, reducing the overall effective credit from 27.75 percent to 22.0 percent, and borrowing sufficient funds to cash out all credits with the debt service covered with the savings from the reduced effective credit.

The Governor recommended \$22.5 million from general revenues for the issuance of \$200.0 million to fund debt service for historic tax credits. This is \$27.5 million less than the \$50.0 million annual need in the current service estimate, but the higher level would likely be needed in FY 2011 and beyond. The Assembly concurred.

Regional Greenhouse Gas Initiative. Consistent with its revised request, the Department includes FY 2010 expenditures of \$1.3 million from the Regional Greenhouse Gas restricted receipt fund. This is \$1.2 million more than the enacted budget to reflect actual receipts from the sale of emission allowances. A regional auction was held in December 2008; 31.5 million carbon allowances were sold at a price of \$3.38 per allowance, for a total of \$106.5 million. Another auction was held in September 2008; 12.6 million carbon allowances were sold at a price of \$3.07, for a total of \$38.6 million. The Regional Greenhouse Gas is a multi-year initiative. The Department of Environmental Management indicated that Rhode Island can anticipate revenues for this through 2012 if this program is not altered on the federal level. ***The Governor recommended \$4.9 million, \$4.8 million more than enacted based on anticipated sale of greenhouse gas allowances.*** The Assembly concurred.

State Energy Program. On February 17, President Obama signed the American Recovery and Reinvestment Act of 2009. The Act provides \$3.1 billion nationally for the State Energy Program to be distributed on a formula basis to take into account population and energy usage. The Program provides direct funding to state energy offices and the states use the funds to address their energy priorities and programs to adopt or support energy efficiency and renewable energy programs and strategies. It appears Rhode Island will receive \$24.3 million.

The Act requires the state or local government must implement energy codes for residential and commercial buildings that meet or exceed certain conservation and efficiency standards. The Governor submitted a certification letter, which provided assurances that Rhode Island is committed to implementing necessary actions to be in compliance with federal regulations in order to receive the funds. The Act also waives the 20.0 percent state match requirement and waives the limitation on the percentage of funding that can be used for the purchase and installation of energy efficiency equipment.

The Governor recommended FY 2010 expenditures of \$20.0 million. He subsequently requested an amendment to reduce expenditures by \$10.7 million based on additional information the Office received from the Department of Energy.

The Assembly excluded the funds from the budget since a plan for the use of the funds has not been provided.

Weatherization Assistance. On February 17, President Obama signed the American Recovery and Reinvestment Act of 2009. The Act provides \$5.0 billion nationally to be used through federal fiscal year 2010 for the Weatherization Assistance Program, which 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. It currently assists approximately 850 households in Rhode Island. The program provides for installation of weatherization materials such as attic insulation, caulking, weather-stripping, furnace efficiency modifications, certain mechanical measures to heating and cooling systems, and replacement of furnaces, boilers, and air-conditioners. The Office of Energy Resources subcontracts with seven local community action agencies to provide the program's services.

The Budget includes \$9.0 million from stimulus funds to expand the home weatherization program. The Governor subsequently requested an amendment to reduce expenditures by \$2.2 million based on guidelines received from the Department of Energy. The Assembly concurred.

Energy Efficiency Appliance Rebate. On February 17, President Obama signed the American Recovery and Reinvestment Act of 2009. The Act provides \$300.0 million for the Low Income Energy Efficiency Appliance Rebate Program, which provides rebates to eligible residential consumers who purchase energy efficient appliances. *The Governor recommended \$2.0 million for FY 2010.*

The Assembly excluded the funds from the budget since a plan for the use of the funds has not been provided.

Low Income Home Energy Assistance Program. The Department requested \$19.6 million from federal funds based on anticipated award for the Low Income Home Energy Assistance Program, which supports low-income households with energy costs. This is \$4.1 million more than the enacted budget. The program currently assists approximately 30,000 low-income households with home energy costs through the Energy Assistance Block Grant. On September 30, the president signed into law H.R. 2638, the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act includes \$5.1 billion for this grant program, which is \$2.6 billion more than originally provided.

The Governor recommended funding as requested. Subsequently, he requested an amendment to add \$18.5 million from federal funds to reflect increased funding available for the program. The Assembly concurred.

Other Energy Resources. The Department requested \$4.6 million from all funds for all other expenditures for the Office of Energy Resources. This is \$0.8 million less than the enacted budget, including reductions of \$0.4 million each from federal funds and restricted receipts. Programmed expenditures include \$3.2 million, or \$0.1 million less in grant expenditures for weatherization and various energy conservation programs. The weatherization program provides low-income individuals, particularly elderly and persons with disabilities, with weatherization improvements to lower utility costs. The request includes \$1.4 million for operations of the Office, of which \$1.2 million is for salaries and benefits, which is a reduction of \$0.6 million from the enacted budget, to reflect the elimination of vacancies totaling \$0.8 million. Adjusting for this, salary and benefit expenses are \$0.2 million more than enacted. State operations reflect a reduction of \$87,657 for various items, including advertising, dues and travel expenses.

Consistent with its FY 2009 revised budget, the Department requested FY 2010 staffing of 11.0 positions for the Office. This reflects a reduction of 9.0 positions from the authorized level. The request appears to eliminate all positions it has not received permission to fill.

The Governor recommended funding as requested for operational expenses. He did not recommend the elimination of the positions. Instead, he recommended \$0.8 million more from federal funds than requested to fill all vacancies in FY 2010. The Office received additional federal funds for administration of the State Energy, Weatherization Assistance, and the Energy Efficiency programs from the federal Stimulus Act and indicated that these positions must be filled in order to administer these federal programs. The recommendation is \$26,341 more than enacted. The Assembly concurred.

Local Government Assistance Program. The Department's request reflects the elimination of the Local Government Assistance program for a general revenues saving of \$224,673 and the elimination of 3.0 full-time positions that support the program. The Department indicated that all of the positions

are currently filled; all of the individuals have statutory status and two of which are eligible to retire. In the event that bumping occurs, all of the savings may not be achieved. It does not appear that unemployment compensation is not factored into the proposal.

The Local Government Assistance program provides assistance to municipal offices, mainly for city and town clerks. The unit also produces a series of publications including local government directories and handbooks as well as salary surveys and a compilation of local charters, most of which are updated annually. It appears that some of the assistance that the program provides is duplicated, since the municipalities also receive assistance from Municipal Finance and the League of Cities and Towns. The Department proposed eliminating this program in its FY 2008 budget; however, the Governor and the Assembly did not concur.

The Governor did not recommend eliminating the program; he transferred it to the Department of Revenue. The Assembly concurred.

Neighborhood Stabilization Award. The Department requested \$9.5 million in newly available federal funds to help assist in the redevelopment of abandoned property and foreclosed homes. The funds can be used for acquisition, rehabilitation, homebuyer assistance and demolition. Of the request, \$9.3 million is for grants and \$0.2 million is to administer the program including one new full-time position. This is a two-year grant program; the FY 2009 revised budget includes \$10.0 million for first year funding. Subsequent to his revised budget submission, the Governor recommended that budgeted funds for grants be transferred to the Rhode Island Housing and Mortgage Finance Corporation in order to expedite the expenditure of the funds. The Office of Community Development will still administer the program. *The Governor recommended \$0.2 million to administer the program, consistent with the revised budget.* The Assembly concurred.

Homelessness Prevention. On February 17, President Obama signed the American Recovery and Reinvestment Act of 2009. The Act provides \$1.5 billion nationally for homelessness prevention to be distributed based on existing formula to be used through federal fiscal year 2011. The Act requires that 60.0 percent of the funds must be expended within two years, while 100.0 percent of the funds must be expended within three years.

The Secretary of the Department of Housing and Urban Development will establish the requirements for this program by March 30, 2009. Some of the funding will be allocated directly to entitlement communities, including Pawtucket, Providence, and Woonsocket. Information obtained from the Department of Housing and Urban Development indicates that Providence will receive \$2.3 million, Pawtucket will receive \$0.8 million, Woonsocket will receive \$0.5 million and the state will receive \$3.2 million. The funds can be used for rental assistance, housing relocation and stabilization services to include housing search, security or utility deposits, utility payments and moving costs.

The Governor recommended \$2.0 million, of which \$1.9 million is for grants and \$0.1 million is to administer the program. He subsequently requested an amendment to provide an additional \$0.3 million based on the availability of federal funds. The Assembly concurred.

Housing and Community Development. The Department requested \$15.5 million from all funds for all other expenditures relating to the Office of Housing and Community Development. This includes \$2,071 less general revenues and \$1.6 million more federal funds, excluding salary and benefit expenditures. The request includes \$13.6 million or \$1.6 million more federal funds for various community grants. This includes \$11.5 million or \$2.1 million more from federal funds for community development block grants. The program provides annual grants on a formula basis to entitled cities and counties to develop viable urban communities. Annually the grant is adjusted based

on available balances of the block grant awards unspent by the Department. The request includes \$1.7 million or \$51,615 more than the FY 2009 revised budget for emergency shelter grant expenditures.

The Governor recommended funding as requested and provided an additional \$1.4 million. This includes a slight reduction from general revenues and an additional \$1.4 million from the Stimulus Act for community development block grants. The Assembly concurred.

Statewide Planning Staffing. Excluding items previously mentioned, the Department requested salary and benefit expenditures totaling \$3.1 million from all funds and staffing of 30.0 full-time equivalent positions for the Division of Statewide Planning. The request is \$100,955 less from all sources, including \$55,350 less from general revenues. The request reflects the transfer of 1.0 position from Capital Projects and Property Management and the elimination of 1.0 vacant position for a net savings of \$66,557. Accounting for this, the request is \$34,398 less to reflect cost allocations to other programs and adjusts for cost-of-living adjustments and updated fringe benefit rates.

The Governor recommended \$3.3 million from all sources of funds and staffing of 32.0 full-time positions. This is \$142,836 and 2.0 positions more than requested. The Office received additional federal funds from the Department of Housing and Urban Development from the federal Stimulus Act and indicated that these positions must be filled in order to administer the homelessness prevention and other housing related programs. The recommendation is \$41,811 more than enacted. The Assembly concurred.

Other Statewide Planning Operations. The Department requested \$0.8 million from all funds for all other expenditures relating to Statewide Planning. This is \$0.4 million more than enacted, including \$8,153 less from general revenues. Consistent with the FY 2009 revised budget, the Department requested \$0.5 million from federal funds for grants to communities for transportation planning related issues. The request includes \$238,149 for operating costs and is \$31,941 less than the revised budget primarily for advertising, office supplies and mileage reimbursement.

The Governor recommended funding essentially as requested, with the exception of providing \$4,675 less general revenues for office supplies and mileage reimbursement. The Assembly concurred.

Overhead Functions

Positions Transfer. Consistent with the FY 2009 revised request, the Department's FY 2010 budget reflects a shift of \$479,577 from all funds, including \$189,516 from general revenues for the transfer of 5.0 positions from the Department of Administration's Central Management, Human Resources, Legal Services and Purchasing programs. Two of the positions were transferred to the Office of the Governor; two were transferred from the Legal Services Division to the Department of Transportation and the other position was transferred to the Office of Health and Human Services. *The Governor recommended funding and the transfers as requested. The Assembly concurred.*

Central Management Staffing and Operations. The request includes \$1.7 million from all funds or \$0.1 million less for personnel and operating costs for Central Management. The request includes staffing authorization of 17.0 positions, which is 1.0 more than the FY 2009 enacted level. This reflects the elimination of 2.0 positions for which the Department had not received permission to fill, and the transfer of 2.0 positions noted above. The request reflects intradepartmental transfers of 5.0 positions from Facilities Management and Purchasing. The request includes \$1.6 million from all sources for salaries and benefits. This is \$0.2 million less than the enacted budget; adjusted for the

vacancy elimination and transfers, the request is \$80,736 or 5.0 percent more for cost-of-living adjustments and benefit changes, consistent with planning values for FY 2010.

The request includes \$66,141 for state operations, \$12,391 less from all funds, of which \$4,319 is from general revenues to adjust telephone, staff training, and printing costs based on current needs.

The Governor recommended operating expenses as requested. He recommended 2.0 more positions and provided \$36,193 more from all funds than requested; however, he assumed \$0.1 million more in turnover savings. The positions include a chief implementation aide and a financial administrator, which the Department had proposed to eliminate since they were vacant and did not have approval to fill. The recommendation is \$40,554 less than enacted, including \$10,995 from general revenues. The Assembly concurred.

Budget Office Staffing and Operations. The Department requested \$2.1 million or \$65,918 less from general revenues to fund personnel and operating costs for the State Budget Office. Salary and benefit costs reflect a reduction of \$69,527 due to the reconfiguration of staffing. The Department requested staffing authorization of 17.0 full-time equivalent positions, consistent with the enacted budget. As of pay period ending January 3, 2009, the Office was fully staffed. Excluding salary and benefit expenditures, the request includes \$205,272 for operations, an increase of \$3,609, primarily for printing costs. The request includes the enacted amount of \$77,000 for contractual services with Gabriel, Roeder and Smith to develop valuations of various retiree health scenarios, \$28,135 for economic analysis and other services relating to the Revenue Estimating Conference and other adjustments to reflect current service needs.

The Governor recommended \$2.5 million from general revenues, \$0.4 million more than enacted and \$0.5 million more than requested to fund four new positions. He recommended \$12,000 more than requested for retiree health and pension analyses. He subsequently requested an amendment to remove this expense and indicated the studies will not be needed in FY 2010.

The Assembly concurred, with the exception of funding the four new positions and included a general revenues saving of \$450,000.

Library Staffing and Operations. The Department requested \$1.9 million and staffing of 13.0 full-time positions to support the Office of Library and Information Services. The request is \$108,714 less than enacted and reflects the elimination of 2.0 positions, one of which the Office indicated it would like to fill; however, it has not received permission to do so. Adjusting for reductions and turnover savings, the request is \$32,444 more than enacted, of which \$73,629 is from general revenues for general operations in order to meet federal maintenance of effort requirements, including an additional \$57,063 for interlibrary delivery services. The Department indicated that if the position is filled, budgeted funds in operations will be shifted to personnel.

The Governor recommended funding essentially as requested, with the exception of providing an additional \$12,531 from all funds, including \$7,111 from general revenues to reflect the statewide increase for retiree health insurance costs and updated benefit rates. The Assembly concurred.

Cash Management Improvement Act Payment. The Department requested \$80,000 from general revenues for the Cash Management Improvement Act payment, which is interest owed to the federal government for early federal cash draw downs received by the state. The Cash Management Improvement Act was passed in 1990 to provide the general rules and procedures for the transfer of federal financial assistance between the federal government and the states. The FY 2009 revised

budget also includes \$80,000 for this payment. *The Governor recommended funding as requested.* The Assembly provided \$15,000 for FY 2009 based on anticipated expenditures and included a similar adjustment for FY 2010.

Sheriffs Overtime. Consistent with its revised request, the Department includes \$730,000 from general revenues for additional overtime expenses, for which the enacted budget already includes \$350,000. The total request of \$1.1 million is equivalent to 13.4 full-time equivalent positions, assuming an average cost of \$80,609 per position. The Department indicated that overtime is one of the hardest components in its budget to predict, because it is driven by shift details at hospitals, inmate transportation and extraditions. It appears that the Sheriffs overspent its overtime appropriations for the last six fiscal years; the deficit has ranged from a high of \$619,281 in FY 2004 to a low of \$64,839 in FY 2008.

The Governor reduced the request by \$580,000; however, provided a like amount to allow for additional staffing. The recommendation is \$150,000 more than enacted. The Assembly concurred.

Sheriffs Other Personnel. Excluding overtime expenses, the request includes \$15.2 million from general revenues for all other salaries and benefits to fund 174.0 full-time positions for the Sheriffs. This is \$870,006 or 6.1 percent more than the enacted budget and includes 3.0 fewer positions than enacted, from the elimination of 3.0 deputy sheriff positions for a savings \$203,727. It appears that the FY 2009 request upon which the enacted was based had inadvertently excluded step increases and/or longevity for several positions. The enacted budget also assumes the elimination of 6.0 sheriff vacancies and laying off 5.0 deputy sheriff positions; it appears that all of the lay-offs did not occur. This under funding is being covered by additional turnover savings in FY 2009; however, the FY 2010 request assumes no turnover. As of pay period ending January 3, 2009, there were 9.0 positions vacant. Therefore, all the assumed savings could not be achieved. The request is \$674,535 more than the FY 2009 revised request.

The Governor did not recommend the elimination of the 3.0 deputy sheriff positions. He further provided additional general revenues to hire 3.0 more positions. The total recommendation is \$1.4 million more general revenues than enacted and \$0.6 million more than requested. The budget assumes no turnover savings. The Assembly concurred.

Sheriffs Operations. The Department requested expenditures of \$1.0 million from general revenues for state operations for the Sheriffs. This is \$177,251 or 20.8 percent more than the enacted budget and \$38,640 less than the FY 2009 revised request. Major changes include \$83,738 for fleet management for maintenance of vehicles and gasoline charges, and \$50,000 for food. The request reflects the elimination of \$50,000 that the enacted budget included for a study to outsource extradition services; adjusted for that, the request for travel expenses is \$8,224 more than the enacted budget. The Department indicated that the decision to outsource extradition services will be ultimately decided by the Attorney General and the Judiciary.

The Governor recommended funding essentially as requested, with the exception of providing \$12,500 less for general office expenses. The Assembly concurred.

Other Debt Service. Excluding debt service for the Historic Tax Credit Trust Fund and those for higher education and a portion of transportation, the Department requested \$204.8 million from all funds for all other debt service expenditures, which reflects an increase of \$15.7 million from general revenues for general obligation debt service payments. The request assumes the enacted amount of \$9.6 million for interest on tax anticipation notes. It should be noted that the Governor's FY 2009 revised recommendation reflects a reduction of \$4.4 million, including \$5.2 million less general

revenues based on actual interest rates and projected interest earnings on the borrowed funds. The request includes \$42.2 million from gasoline tax proceeds for the Rhode Island Public Transit Authority and the Department of Transportation debt service payments.

The Governor recommended \$158.8 million for all other debt service expenditures. This is \$7.3 million less than enacted, including \$9.4 million less from general revenues, \$0.1 million more from federal funds, \$1.9 million more from restricted receipts and \$0.1 million more from other funds. Major changes include a savings of \$4.4 million on actual costs of tax anticipation notes issuance of \$350.0 million in FY 2009.

The recommendation includes an additional \$6.0 million for Certificates of Participation issuance for the School for the Deaf, Energy Conservation projects at the Pastore and Zambarano campuses and technology projects approved by the 2006 Assembly. He also included an additional \$1.1 million from restricted receipts for the Division of Motor Vehicles computer system, for which the issuance was delayed in FY 2009. He recommended \$44.2 million for the Rhode Island Public Transit Authority and the Department of Transportation debt service, which is funded with gasoline tax proceeds.

The Assembly concurred and provided an additional \$1.6 million from general revenues for costs associated with short-term borrowing in anticipation of tax revenues, based on revised borrowing assumptions.

Utilities. The Department requested \$25.7 million from all funds, including \$22.4 million from general revenues for utilities at state buildings under its jurisdiction, including the Pastore Campus. This is \$1.6 million less than enacted, which includes a general revenue increase of \$536,643. The request appears to have included additional funds for electricity to reflect a rate increase that went into effect subsequent to the enacted budget, which is offset by savings from natural gas based upon the futures pricing on the New York Mercantile Exchange. The enacted budget includes \$27.5 million from all funds; the projection is 6.2 percent lower. It should be noted that the FY 2009 revised budget assumes a reduction of 12.0 percent. The current request is \$2.6 million more than FY 2008 actual expenditures. *The Governor recommended funding as requested.*

He subsequently requested an amendment to the revised budget to shift general revenue expenditures of \$0.7 million to other funds based on passage of the federal stimulus act that increased the Medicaid match rate from 55.57 percent to 63.9 percent effective October 2008. The Assembly concurred and made a similar adjustment for FY 2010.

Janitorial Services. The Department requested \$1.1 million from all sources of funds, including \$1.0 million from general revenues for janitorial services. The request is \$322,141 or 40.3 percent more than the enacted budget. The Department indicated that the request for janitorial services reflect increased rates based on new vendors. The request is \$184,554 more than FY 2008 reported expenditures and FY 2007 expenditures were \$1.0 million from all sources of funds. *The Governor recommended funding as requested.* The Assembly concurred.

Facilities Management Staffing. The Department requested \$9.4 million from all funds and staffing of 108.5 positions for the Division of Facilities Management. The request is \$1.6 million less and 23.0 fewer positions than the enacted budget. Staffing changes reflect the transfer of 3.0 positions to the Central Management program and the elimination of 20.0 vacancies since the Division has not obtained approval from the hiring committee. The majority of the positions are maintenance technicians, carpenters and janitors. As of pay period ending January 3, 2009, Facilities Management had 107.5 positions filled, 1.0 fewer position than the request. The estimated savings associated with the positions eliminated is \$1.4 million from all funds, including \$1.2 million from general revenues.

Accounting for the positions eliminated, the request is \$208,394 less than the enacted budget. This includes a \$350,669 increase from general revenues for cost-of-living adjustments and benefit changes consistent with FY 2010 planning values. The request assumes no turnover savings in FY 2010.

The Governor recommended \$9.6 million from all sources, including \$8.4 million from general revenues for staffing of 111.5 positions. This is \$1.4 million less than enacted to reflect the elimination of 17.0 positions. He recommended 3.0 more positions than requested and provided \$0.3 million to fund them. The budget includes \$0.3 million or \$0.2 million less for overtime and assumes no turnover savings. The Assembly concurred.

Other Facilities Management Operations. Excluding the items mentioned above, the Department requested \$8.0 million from all sources for state operations for the Division of Facilities Management to support building operations, maintenance and repairs for 365 state properties, including the Pastore Campus. This reflects a reduction of \$2.2 million or 27.5 percent from the enacted budget; however, is \$122,272 more than the FY 2009 revised budget. Of the reduction, \$1.7 million is for building maintenance, which the Department indicated is based on anticipated needs for FY 2010. This is offset by \$176,000 from general revenues for the contract with NORESCO for the operation and maintenance of the power plant on the Pastore Campus. The Department indicated that the increase is due to the labor portion of the power plant maintenance. The request includes \$251,484 from all sources of funds for security services, an increase of \$49,384. The Department indicated that the additional expenditures are for security services at the Department of Labor and Training's building. The request also includes reductions for temporary and clerical services. *The Governor recommended funding as requested.* The Assembly concurred.

Personnel Appeal Board. The Department's request includes \$85,602 from general revenues in expenditures for the Personnel Appeal Board. The request is \$25,624 less than enacted, which includes a salary and benefit savings of \$28,376 from vacancy elimination of the Board's 0.3 administrative position. Other staff within the Department and temporary staff are performing the duties of this position. The request also includes \$3,000 for temporary staffing and a reduction of \$248 from state operations, primarily for mileage reimbursement. The request includes the enacted amount of \$36,000 for board member compensation. *The Governor recommended funding essentially as requested, with the exception of \$1,512 less.* The Assembly concurred.

Bureau of Audits Staffing and Operations. The Department requested \$1.4 million from general revenues and staffing of 11.0 full-time equivalent positions for the Bureau of Audits. The request is \$429,881 less than the enacted budget and reflects the elimination of 5.0 vacant positions, four of which the Department indicates it would like to retain; however, it has not received permission to fill them. Due to the proposed elimination, the Department noted that audits will be done on a limited basis. The other position appears to have been vacant for over a year. Adjusting for the positions eliminated, the request is \$53,731 less than enacted due to staff reconfiguration, and additional staff waiving medical insurance.

The request includes \$72,620 or \$9,880 less for state operations, primarily for contractual services that the Bureau obtains for the Financial Integrity Report. The Department indicated that the contract for this has been terminated. This is consistent with the FY 2009 revised request and it appears that an expense for this was not made in FY 2008 and the Department noted that work for this was done in-house.

The Governor recommended \$1.5 million from general revenues and staffing of 13.0 full-time positions. This is \$0.2 million and 2.0 positions more than requested. His recommendation reflects one less vacancy elimination and he provided an additional position for American Recovery and

Reinvestment Act related functions. The recommendation is \$0.3 million less than enacted. He subsequently requested an amendment to shift funding for the stimulus related positions to a restricted receipt account.

The Assembly concurred, with the exception of providing federal funds in lieu of establishing the restricted receipt account.

State Purchasing Agent. The Department requested general revenue expenditures of \$192,000 to fund a new state purchasing agent position. The Administration noted that the new hire will serve as the purchasing agent for the state and will also be in charge of the corporate unit of the legal services program. It appears that the position has been filled, and the revised budget includes \$128,000 from general revenues to fund it. ***The Governor recommended funding as requested.*** The Assembly did not concur with funding this new position.

Other Purchasing Staffing and Operations. The Department requested \$2.0 million from general revenues for all other staffing and operations for the Division of Purchasing. The request includes a staffing level of 21.0 positions, which reflects the transfer of three positions, one each to the Office of the Governor, Division of Human Resources and Central Management. Accounting for the position transfers, the request is \$66,004 more than enacted. This includes \$76,926 more for salaries and benefits for cost-of-living adjustments and benefit changes, consistent with Budget Office planning values for FY 2010. The request includes \$47,549 for operating costs, which is \$10,922 less than enacted and includes adjustments for postage, out-of-state travel, and staff training to reflect current need.

Consistent with the FY 2009 revised request, the FY 2010 budget reflects the merger of the Minority Business Enterprise unit from Purchasing to the Equal Employment Opportunity Office within the Division of Human Resources.

The Governor recommended the merger in the revised budget but not in the FY 2010 budget; he recommended full staffing of the Minority Business Enterprise unit and the elimination of 2.0 vacant positions from the Equal Employment Opportunity Office.

He provided \$2.8 million from general revenues and staffing of 30.0 full-time positions. He recommended the elimination of one less position and he added 7.0 positions for American Recovery and Reinvestment Act related functions. The total recommendation is \$0.8 million more than requested and is \$0.3 million less than enacted. He subsequently requested an amendment to shift funding for the stimulus related positions to a restricted receipt account.

The Assembly concurred, with the exception of providing federal funds in lieu of establishing the restricted receipt account.

Worksite Wellness Funding Correction. The request includes \$0.2 million for the Worksite Wellness program, including a transfer of \$50,000 to the Department of Health inadvertently included with the funding for the worksite wellness program, which was transferred from that Department as part of the enacted budget. This is consistent with the FY 2009 revised request. ***The Governor recommended funding as requested.***

The Assembly eliminated the program for a general revenues saving of \$285,930, including the \$50,000 transferred to the Department of Health.

Human Resources Staffing. The Department's request includes \$10.9 million from all funds and staffing of 121.0 positions for the Division of Human Resources. The request is \$1.4 million less and 9.0 fewer positions than the enacted budget. Staffing changes reflect the transfer of 3.0 positions from Purchasing, 6.0 positions from Legal Services for the labor relations unit and the elimination of 18.0 vacancies for which the Department has not obtained approval from the hiring committee to fill. The Department indicated that it would like to retain 16.0 of the 18.0 positions that it proposed to eliminate. As of pay period ending January 3, 2009, the Division had 116.0 positions filled, 5.0 fewer positions than the request. The Department indicated that the elimination of these positions will affect numerous state agencies, which rely upon the Division for assistance on personnel actions.

The estimated savings associated with the positions eliminated is \$1.7 million from all funds, including \$1.5 million from general revenues. Accounting for the positions eliminated, the request is \$299,908 or 2.8 percent more than the enacted budget. This includes \$497,785 from general revenues for cost-of-living adjustments and benefit changes consistent with FY 2010 planning values. Consistent with the enacted budget, the request assumes no turnover savings for FY 2010.

The Governor recommended the elimination of the positions as requested; however, he provided \$0.3 million from other funds to fund 3.0 new positions for American Recovery and Reinvestment Act related functions. The Department indicated that these positions will be working on transportation related projects. The total recommendation is \$1.1 million less than enacted and assumes no turnover savings. The Assembly concurred.

Human Resources Operations. Excluding salaries and benefits, the request includes \$659,286 or \$113,703 less from all funds, including \$86,801 less from general revenues for operating costs. This includes reductions for dues, mileage allowance, out-of-state travel, printing and other expenses based on anticipated need. The request includes the enacted amount of \$100,000 for contractual services provided by Hewitt Associates, which performs employee health benefit analyses on an as needed basis.

The Governor recommended funding essentially as requested, with the exception of providing \$13,091 less from general revenues for mileage allowance and postage costs. The Assembly concurred.

Outside Legal Services. The Department requested additional expenditures of \$35,000 for outside legal service and arbitration expenditures previously budgeted under the Legal Services program and shifts those to the Human Resources program. The enacted budget already includes \$100,000. The revised budget also includes a \$114,000 increase. Expenditures in FY 2008 were \$312,133, or \$212,133 above the final appropriation. *The Governor recommended funding as requested. The Assembly concurred.*

Legal Staffing and Operations. The Department's request reflects the transfer of 2.0 positions to the Department of Transportation and the transfer of the Labor Relations Unit to the Division of Human Resources. Accounting for these adjustments and outside legal services, the Department requested \$1.4 million from all funds for all other expenses for the Division of Legal Services. This is \$393,261 less than enacted, including a general revenue reduction of \$288,984. The request reflects the elimination of 6.0 positions for a savings of \$634,653. Adjusting for the positions eliminated, the request is \$277,224 more than enacted, including \$282,435 for salary and benefit adjustments and \$5,211 less for mileage reimbursement and office supplies.

The Governor recommended funding essentially as requested, with the exception of providing \$9,154 more, including \$8,926 from general revenues for updated benefit changes. He recommended staffing of 9.6 full-time positions, consistent with the request. The Assembly concurred.

Accounts and Control Staffing and Operations. The Department requested \$3.7 million from general revenues and staffing of 38.0 full-time equivalent positions for the Office of Accounts and Control. The request is \$150,687 less than the enacted budget and reflects the elimination of 5.0 full-time equivalent positions, three of which the Department indicated it would like to fill; however, it has not obtained approval to do so. Adjusting for the eliminated positions, the request is \$249,273 more than enacted. This includes \$224,392 or 6.0 percent more for salaries and benefits to reflect the cost-of-living adjustment and benefit changes consistent with planning values for FY 2010. The request includes \$125,063 or \$24,881 more for state operations, of which \$16,000 is for postage. Actual expenditures for postage in FY 2008 were \$15,800 for which there was no appropriation.

The Governor recommended \$3.9 million from general revenues and staffing of 41.0 full-time positions. This is \$0.2 million more to fund 3.0 more positions than requested, all of which are currently vacant. The Department indicated that two of the positions will work on American Recovery and Reinvestment Act related functions. The recommendation is \$0.1 million more than enacted and assumes no turnover savings. The Governor recommended \$7,700 less than requested. He subsequently requested an amendment to shift funding for the stimulus related positions to a restricted receipt account.

The Assembly concurred, with the exception of providing federal funds in lieu of establishing the restricted receipt account.

Contractors' Registration Board. The Department's request reflects a general revenue reduction of \$1.4 million and 9.0 full-time equivalent positions due to the transfer of the Building Contractors' Registration Board from the Department of Administration to the Department of Business Regulation. The Department's revised budget converts the Contractors' Registration Board from general revenues to restricted receipt funding, to comply with legislation enacted by the 2007 Assembly. *The Governor recommended funding and the transfer as requested.*

The Assembly did not concur with the transfer. It retained the program in the Department of Administration and provided staffing of 12.0 positions and funding of \$1.1 million, consistent with the Governor's recommendation.

Registry of Motor Vehicles/Forand Building. Consistent with its capital budget, the Department requested expenditures of \$16.2 million from Rhode Island Capital Plan funds to renovate the Forand Building to be the new home of the Registry of Motor Vehicles. The building currently houses operations of the Department of Human Services, which would have to be relocated. The building is in need of extensive repair to prolong its useful life. The Registry is currently in leased space, and the FY 2009 budget includes \$1.0 million for its lease costs. It should be noted that the building is still being occupied; therefore, it is unlikely that construction would start in FY 2009.

The Governor recommended \$11.4 million for FY 2010, consistent with the approved plan. The operating budget shows this expenditure in the Department of Administration's budget; however, the Governor's Capital Budget shows this expenditure in the Department of Revenue. The Assembly moved this project into the Department of Revenue to be consistent with the Capital Budget.

Information Technology Computer Center. Consistent with its capital budget, the Department requested expenditures of \$5.0 million from Rhode Island Capital Plan funds to convert the Training School's administrative building at the Pastore Center into a new state data center. The request reflects a shift of \$5.0 million from FY 2009 to FY 2010 based on revised a completion date. The

Governor's FY 2009 revised budget assumes use of the total project cost of \$9.0 million in FY 2009. It is unclear if the Administration will move ahead with the plan to convert the current Training School's administrative building to the computer center. The Administration recently issued a request for proposals looking for a building that might be potentially less due to the drop in the current market.

The Governor recommended funding consistent with the approved plan; however, the recommendation assumed the purchase of a building located in Warwick. The Assembly shifted \$4.0 million from FY 2009 to FY 2010 to reflect a revised project schedule.

Neighborhood Opportunities Program. The Department requested the enacted amount of \$2.5 million from Rhode Island Capital Plan funds for the Neighborhood Opportunities Program. The Housing Resource Commission administers the program, which provides grants or low interest loans for the rehabilitation of dilapidated housing units or new construction as well as operating subsidies to reduce rents. *The Governor did not recommend funding for this program.* The Assembly provided \$2.5 million for FY 2010.

Virks Building Renovations. Consistent with its capital budget, the Department requested \$914,010 in expenditures from Rhode Island Capital Plan funds to renovate the Virks Building to be used as office space by human services agencies, most of which are currently in the Forand Building. The request is \$649,010 more than enacted based on the assumption that \$5.9 million will be used in FY 2009 for architectural and engineering services and construction. It should be noted that the building is still being occupied; therefore, it is unlikely that construction would start in FY 2009. The Department indicated that once renovated, the building could accommodate 150 to 200 employees. The building currently serves as a psychiatric geriatric unit of the Eleanor Slater Hospital, which the Department of Mental Health, Retardation and Hospitals will vacate in FY 2009. The approved plan includes \$265,000 in FY 2009 for architectural and engineering services.

The Governor did not recommend funding for this project in FY 2010. The Administration indicated that the architectural and engineering services are complete; however, it will not pursue the approved plan to renovate this building. The Assembly concurred.

Hazard Building Renovations. This project was not included in the Department's request. The approved plan included funds to renovate the Virks Building to be used as office space by human services agencies; it appears that the project cannot move forward as approved. The Forand Building is being renovated to be the new home of the Registry of Motor Vehicles and staff in the Forand Building would have to relocate elsewhere. *The Governor submitted an amendment to request a similar project.*

The Assembly provided \$800,000 from Rhode Island Capital Plan funds, including \$150,000 for FY 2009 and \$650,000 for FY 2010 to accommodate the relocation of staff currently in the Forand Building.

Department of Business Regulation Lease Termination. The Department's revised budget includes \$150,000 to pay the fee for the early termination of the Department of Business Regulation's lease. The Department leased 33,843 square feet of Class C office space to accommodate staffing of 96 individuals at 233 Richmond Street, Providence. The Department signed a lease agreement with Brown University in December 2006 for a three-year term beginning May 1, 2007. It relocated to state owned space in July. Subsequent to the budget submission, the Department indicated that the

settlement agreement is \$156,524 and stipulates a payout in three installments. This includes two payments totaling \$90,762 in FY 2009 and \$65,762 by December 31, 2009.

The Governor recommended \$65,762 for FY 2010, consistent with the lease settlement agreement. The Assembly concurred.

Capital Projects Staffing and Operations. The Department requested \$2.3 million from general revenues and staffing of 20.0 full-time equivalent positions to support the Division of Capital Projects and Property Management. The request is \$429,370 less than enacted and reflects the elimination of 6.5 full-time equivalent positions, 5.5 of which the Department indicated it would like to fill; however, it has not obtained approval to do so. The request also reflects the transfer of one position to Statewide Planning. Adjusting for the positions eliminated and the transfer, the request is \$125,319 more than enacted. This includes \$146,029 or 5.3 percent more for salaries and benefits for cost-of-living adjustments benefit changes, consistent with Budget Office planning values for FY 2010. The request includes \$112,921 for state operations, which reflects a reduction of \$20,707. This includes adjustments for postage, dues and temporary services to reflect current service levels.

The Governor recommended \$2.6 million from general revenues and staffing of 22.0 positions. This is \$0.3 million more to fund 2.0 more positions than requested; both positions are currently vacant. The Department indicated that one of the positions will work on American Recovery and Reinvestment Act related functions. The recommendation assumes no turnover savings. He subsequently requested an amendment to shift funding for the stimulus related positions to a restricted receipt account.

The Assembly concurred, with the exception of providing federal funds in lieu of establishing the restricted receipt account.

Rhode Island Financial Accounting Network System. The Department requested \$5.0 million from general revenues to continue implementation of the statewide financial system, Rhode Island Financial Accounting Network System. The plan involves installation of a series of modules for each particular service that will form the integrated system. The request is \$3.1 million more than the enacted budget and the original plan. The Department indicated that due to its current staffing levels, it delayed the human resources modules until July 1, 2009 and indicated that the project time-line for the human resources module is 18 months. Due to the time constraints, the Division is proposing to proceed with an iSupplier module, which would only take eight months to implement. Some features of this module include automatic bid notices and invoice uploading and viewing.

The Department submitted an expenditure plan for the system; however, it only identified \$1.6 million in expenditures for FY 2010. This includes \$215,562 for various license fees, \$614,813 for the E-Business suite and \$800,600 for various consultant services.

The Governor recommended funding consistent with the enacted budget, \$3.1 million less than requested. The Assembly delayed this project and removed the budgeted \$1.9 million.

Information Technology Staffing. The Department requested \$21.8 million from all funds and staffing of 198.5 full-time positions for the Division of Information Technology. The request is \$1.9 million less and 24.5 fewer positions than the authorized level of 223.0. This reflects the elimination of 12.5 vacant positions as well as the elimination of 12.0 positions, which have not received permission from the hiring committee to be filled, consistent with its revised request. The Department's request eliminates the authorization as well as funding for the positions. The enacted budget assumed the conversion of 62 contractors to 39.4 full-time positions. The request maintains the

conversion plan; however, 12.0 of these positions are being eliminated. The Department noted that five of these positions are dedicated to the InRhodes project at the Department of Human Services, and the remaining seven are for time limited or expiring projects.

The estimated savings associated with all of the positions proposed to be eliminated is \$2.3 million from all funds, including \$1.5 million from general revenues. The request assumes no turnover savings in FY 2010. Accounting for the positions eliminated and turnover, the request is \$796,555 more than enacted for cost-of-living adjustments and benefit changes consistent with FY 2010 planning values.

The Governor recommended \$22.5 million from all sources, including \$14.5 million from general revenues for staffing of 206.5 positions. He recommended the elimination of the positions as requested; however, provided \$0.7 million from all funds, including \$0.4 million from general revenues to fund 8.0 positions related to American Recovery and Reinvestment Act functions. The budget assumes \$0.2 million in turnover savings. He subsequently requested an amendment to shift funding for the stimulus related positions to a restricted receipt account.

The Assembly concurred, with the exception of providing federal funds in lieu of establishing the restricted receipt account.

Information Technology Operations. Excluding items previously mentioned, the Department requested \$5.4 million from all funds for all other expenditures for the Division of Information Technology. This is \$224,544 or 4.0 percent less than the enacted budget, including an increase of \$123,711 from general revenues, based on its current needs. The request reflects a decrease of \$0.4 million from all funds for various computer related expenses, maintenance agreements, and server lease, software, data and sonnet lines. Expenditures for contracted services reflect an increase of \$0.1 million from general revenues, primarily for the completion of two billing rate studies and disaster recovery services. The request is \$236,778 less than the revised budget primarily for expenditures relating to the Division's mainframe computer. The request is \$167,647 more than FY 2008 reported expenditures.

The Governor recommended funding as requested and provided an additional \$150,000 for the Division of Taxation to update its electronic filing system per mandates from the Internal Revenue Service. The Assembly concurred.

Other Capital Projects. The Department requested \$21.2 million from Rhode Island Capital Plan funds for all other capital project expenditures, which is \$4.5 million more than enacted. This includes \$1.3 million for two new projects, the Cottage Preservation on the Pastore Campus and the Ladd Center Buildings Demolition projects. The request assumes the completion of the Health Laboratory feasibility study and the Pastore Campus Master Plan. *The Governor recommended \$124,838 more than enacted, or \$4.4 million less than requested.*

The Assembly provided total expenditures of \$13.1 million for capital projects or \$1.2 million less than recommended to reflect revised project costs or delays. A detailed analysis of the projects is included in the Capital Budget Section of this analysis.

Contracted Services. The request includes \$6.0 million for contracted services, of which \$5.0 million is from general revenues. *The Governor recommended funding as requested.* Excluding the undistributed statewide consulting savings, the Assembly enacted \$5.8 million.

Department of Business Regulation

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Program				
Central Management	\$ 1,133,343	\$ 1,054,519	\$ 1,084,422	\$ 1,084,422
Banking and Securities*	3,059,442	2,621,083	-	-
Banking Regulation*	-	-	1,874,677	1,874,677
Securities Regulation*	-	-	838,110	838,110
Commercial Licensing, Racing & Athletics	1,451,807	1,190,824	1,244,753	1,244,753
Insurance Regulation	5,534,290	5,639,768	5,810,982	5,810,982
Board of Accountancy	156,595	154,320	164,526	164,526
Boards for Design Professionals	328,227	300,834	314,575	314,575
Contractor's Registration Board**	*	*	1,113,397	-
Total	\$ 11,663,704	\$ 10,961,348	\$ 12,445,442	\$ 11,332,045
Expenditures by Category				
Salaries and Benefits	\$ 10,054,048	\$ 9,053,260	\$ 10,621,107	\$ 9,572,086
Contracted Services	725,310	968,012	889,815	889,815
Subtotal	\$ 10,779,358	\$ 10,021,272	\$ 11,510,922	\$ 10,461,901
Other State Operations	789,212	760,261	840,620	776,244
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	80,000	160,515	80,000	80,000
Capital	15,134	19,300	13,900	13,900
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 11,663,704	\$ 10,961,348	\$ 12,445,442	\$ 11,332,045
Sources of Funds				
General Revenue	\$ 10,118,066	\$ 9,165,752	\$ 9,577,234	\$ 9,577,234
Federal Aid	-	87,641	-	-
Restricted Receipts	1,545,638	1,707,955	2,868,208	1,754,811
Other	-	-	-	-
Total	\$ 11,663,704	\$ 10,961,348	\$ 12,445,442	\$ 11,332,045
FTE Authorization	97.0	91.0	103.0	91.0

* *Banking and Securities Division separated into Banking Division and Securities Division.*

***The Governor recommended the Contractor's Registration Board transfer from the Department of Administration, with 12.0 positions.*

Summary. The Department of Business Regulation requested \$11.9 million from all sources for its FY 2010 operations, or \$253,047 more than the FY 2009 enacted budget. Excluding the \$968,930 from restricted receipts from the transfer of the Contractor's Registration Board from the Department of Administration, the request is \$715,883 less than enacted. The request exceeds the Budget Office's

general revenue target of \$8,923,550 by \$287,045. The Department requested 96.0 full-time equivalent positions for FY 2010, 1.0 less full-time equivalent position than its authorized level. This includes the elimination of 11.0 positions and the transfer of 10.0 positions with the Contractor's Board from the Department of Administration.

The Governor recommended \$12.4 million, which is \$0.8 million more than enacted and \$528,691 more than requested. The Governor recommended 103.0 full-time equivalent positions, 6.0 more positions than enacted.

The Assembly provided \$11.3 million from all funds and 91.0 positions. This reflects maintaining the Contractors' Registration and Licensing Board in the Department of Administration. The Assembly also adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Contractor's Registration Board. The Department requested \$968,930 from restricted receipts and 10.0 full-time equivalent positions for personnel and operating expenses for the Contractor's Registration Board. This reflects the transfer of the Board from the Department of Administration to the Department of Business Regulation in FY 2010. The enacted budget includes expenditures of \$1.4 million from general revenues and 12.0 positions in the Administration's budget for all operations. The FY 2010 request is \$476,017 and 2.0 positions less and excludes \$0.3 million for one-time computer upgrades.

The Board is responsible for registering building contractors and licensing home inspectors and commercial roofers. The Board investigates complaints and conducts consumer protection activities by mediating disputes between property owners and contractors. The Board consists of fifteen unpaid members appointed by the Governor, eight of whom must be registered contractors. Restricted receipts are generated primarily from registration fees paid by contractors.

The Governor concurred with the transfer and included \$1.1 million from restricted receipts, which is \$144,467 more than requested. The Governor recommended fully funding 12.0 full-time equivalent positions, consistent with the enacted level, but 2.0 positions more than the request. The Assembly concurred with the funding, but did not concur with the transfer of the Board and maintained the Board in the Department of Administration.

Workforce Reduction. The Department's FY 2010 budget request included the elimination of 11.0 vacant full-time equivalent positions and \$1.0 million from general revenues. This includes the elimination of 3.0 positions from the Commercial Licensing, Racing and Athletics Division; the duties associated with these positions have been distributed among the remaining staff. By division, the remaining 8.0 positions include 2.0 positions from Banking, 2.0 from Securities, and 4.0 from Insurance. The Department would like to fill these having indicated that the elimination of these positions would impair its ability to meet statutory requirements. Subsequently, the Department did receive approval to fill the position of Bank Examiner, and the staff member began working in December 2008.

[Staff Note: The Department indicated that the elimination of the Securities and Insurance division positions would impair the division's ability to conduct routine examination and enforcement programs

and ensure compliance with insurance statutes, putting the public at risk and resulting in significant revenue loss for the state. Rhode Island General Laws allow the Department to recover 150 percent of the insurance examination cost from the insurance company, which is deposited as general revenue. The Department often offers up these positions as part of budget reductions even at a loss of 150 percent of revenues.]

The Governor recommended eliminating only 6.0 full-time equivalent positions for savings of \$716,892. He eliminated 3.0 positions from Banking, 2.0 from Commercial Licensing, Racing and Athletics and 1.0 from Insurance. The Assembly concurred.

Other Salaries and Benefits. The Department requested \$9.2 million for all other salaries and benefits, which is \$116,659 more than enacted to fully fund the remaining 86.0 positions. This is \$89,292 more from general revenues and \$27,367 more from restricted receipts to support cost-of-living increases and other benefit adjustments, consistent with Budget Office instructions.

The Governor recommended \$9.6 million from all fund sources for the remaining 91.0 positions, which is \$234,930 more than enacted. This is \$0.4 million more than requested, including \$0.3 million from not eliminating 5.0 positions noted previously and \$0.1 million from adjustments in benefit rates, primarily retiree health insurance. It appears that the recommendation funds 89.4 positions. The Department had 83.0 filled positions for the pay period ending March 28, 2009. The Assembly concurred.

Insurance Actuary Costs. The Department requested \$758,150 from restricted receipts for the costs of actuaries for the insurance program. This is \$227,850 more than enacted and higher than the historical trend. FY 2007 expenditures were \$405,771; FY 2008 expenditures were \$513,662 and the FY 2009 enacted amount is \$530,300. The increased expenditures for FY 2010 are the result of more filings and a higher cost associated with each filing, when compared to FY 2008. The Department indicated that the state is required to do these rate filings in order to maintain accreditation. *The Governor recommended funding as requested. The Assembly concurred.*

Twin River and Newport Grand Licensing. The request excluded the \$70,000 from restricted receipts provided in the enacted budget due to the discontinuation of two temporary fiscal clerks who licensed workers at Twin River and Newport Grand. The three state employees with these duties remained, but the temporary staff was terminated in May 2008. *The Governor concurred. The Assembly concurred.*

Other Operations. The request included \$1.0 million from all sources for all other operations, or \$24,329 more than enacted, including \$17,958 more from general revenues and \$6,371 more from restricted receipts. This includes an increase of \$33,772 for record storage offset by \$8,695 less for security services resulting from the Department's move to the Pastore Center. The request also includes \$25,077 from general revenues and \$6,370 from restricted receipts for other miscellaneous expenditures.

The Governor recommended \$31,876 less than requested, including reductions to postage, dues and fees, and computer and telephone services based on historical expenditure levels. The Assembly concurred.

Contracted Services. The request included \$889,815 for contracted services of which \$41,665 is from general revenues. *The Governor recommended funding as requested. The Assembly concurred.*

Department of Labor and Training

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Program				
Central Management	\$ 674,802	\$ 758,819	\$ 1,930,368	\$ 1,935,999
Workforce Development Services	32,206,966	36,253,266	46,192,749	42,915,142
Workforce Regulation and Safety	2,377,263	2,104,059	2,254,033	2,254,033
Income Support	437,470,777	746,633,765	663,893,698	871,115,091
Injured Workers Services	11,614,555	12,103,696	11,387,196	11,387,196
Labor Relations Board	461,579	404,297	426,605	426,605
Total	\$ 484,805,942	\$ 798,257,902	\$ 726,084,649	\$ 930,034,066
Expenditures by Category				
Salaries and Benefits	\$ 34,648,338	\$ 34,963,746	\$ 36,235,469	\$ 40,455,386
Contracted Services	4,433,849	5,167,380	3,840,843	3,840,843
Subtotal	\$ 39,082,187	\$ 40,131,126	\$ 40,076,312	\$ 44,296,229
Other State Operations	5,179,972	5,169,336	6,266,551	6,266,551
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	429,540,485	736,866,635	663,160,080	862,883,949
Capital	933,759	409,399	2,275,462	2,281,093
Capital Debt Service	-	-	-	-
Operating Transfers	10,069,539	15,681,406	14,306,244	14,306,244
Total	\$ 484,805,942	\$ 798,257,902	\$ 726,084,649	\$ 930,034,066
Sources of Funds				
General Revenues	\$ 6,513,092	\$ 6,525,819	\$ 6,667,994	\$ 6,667,994
Federal Funds	35,594,755	58,972,995	92,322,826	214,366,612
Restricted Receipts	24,905,914	24,701,721	25,314,950	25,314,950
Other	417,792,181	708,057,367	601,778,879	683,684,510
Total	\$ 484,805,942	\$ 798,257,902	\$ 726,084,649	\$ 930,034,066
FTE Authorization	407.2	395.3	396.3	436.3

Summary. The Department of Labor and Training requested \$575.3 million or \$90.5 million more than enacted for its FY 2010 expenditures. This includes \$0.1 million more from general revenues, \$0.9 million less from federal funds, \$0.3 million more from restricted receipts and \$91.0 million more from other funds. The request exceeds the Budget Office target of \$6.1 million by \$0.5 million. The Department also requested 395.5 full-time equivalent positions, which is 11.7 less than the authorized level.

The Governor recommended \$726.1 million from all sources, which is \$241.3 million more than enacted and \$150.8 million more than requested. He recommended 396.3 full-time equivalent positions, which is 10.9 less positions than enacted and 0.8 more than requested. The Governor included \$54.8 million in federal funds from the American Recovery and Reinvestment Act of 2009,

commonly referred to as the Stimulus Act. The details of the allocations are discussed in each relevant section.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

The Assembly provided \$930.0 million from all fund sources and 436.3 positions, \$203.9 million and 40.0 positions more than the Governor's recommendation, primarily for unemployment adjustments. The enacted budget includes a total of \$177.0 million from federal stimulus funds.

Workforce Reduction. The Department's request eliminated 11.7 vacant full-time equivalent positions and decreased all sources of funds by \$569,060 including \$128,594 from general revenues and \$440,466 from federal funds. This includes the reduction of 21.2 positions from the Workforce Regulation and Safety, Income Support, Injured Workers Services and Labor Relations Board divisions and the increase of 7.3 positions in the Workforce Development Services Division and 2.2 positions in the Central Management Division for a net loss of 11.7 positions. These are vacant positions that the Department has indicated that it can maintain operations without filling. The number of positions requested is consistent with the FY 2009 revised request, but the allocation of these positions differs in the FY 2010 request. *The Governor recommended funding as requested and eliminates 11.9 positions, consistent with his FY 2009 revised recommendation.* The Assembly concurred.

Overtime. The Department's request included \$0.3 million from all sources for overtime. The Department's request included \$254,730 for the unemployment insurance division and \$50,438 from other funds for the temporary disability insurance division because of increased claims. The Department incurred \$130,599 in overtime expenses from all fund sources in FY 2007 and \$78,645 in FY 2008. *The Governor recommended funding as requested.* The Assembly concurred.

Other Salaries and Benefits. The Department requested \$36.0 million from all sources for all other salary and benefit requirements for 395.5 full-time equivalent positions, which is \$1.4 million more than enacted. This includes \$135,086 more from general revenues, \$383,210 more from federal funds, \$214,495 less from restricted receipts, and \$1.1 million more from other funds. This includes no turnover along with increases for cost-of-living adjustments and changes to medical, retirement and other benefits. The enacted budget assumes turnover of \$964,767.

The Governor recommended \$36.5 million from all sources for 396.5 positions, which is \$1.9 million more than enacted and \$0.5 million more than requested. This reflects the transfer of 1.0 full-time equivalent position from the Office of Health and Human Services valued at \$187,952, and adjustments to benefit rates, primarily retiree health. The budget includes no turnover savings, as requested. The Department has 390.3 filled positions for the pay period ending March 28, 2009.

Subsequently, the Governor requested an amendment to increase federal unemployment insurance administration funding for personnel by \$2.0 million for 50 part-time, or 0.6 full-time equivalent positions, for a total of 30 full-time equivalent positions. The Governor also requested increasing federal stimulus Workforce Investment Act funds for personnel by \$2.2 million for an additional 30 full-time equivalent positions that are limited to the extent the stimulus funding is available. The Assembly concurred, but only included 40.0 additional full-time equivalent positions.

Unemployment Insurance Benefits. The Department requested \$308.6 million for unemployment insurance benefits or \$77.9 million more than enacted based on the most recent federal estimate and updated projections by the Labor Market Information unit. The Department awarded \$203.6 million in unemployment benefits in FY 2007 and \$251.3 million in FY 2008. There was a statutory 5.1 percent increase in the maximum benefit rate in FY 2008, thus expenditures have increased in FY 2008 and FY 2009, and will carry into FY 2010.

As of December 2008, Rhode Island had a 10.0 percent seasonally adjusted unemployment rate or 56,758 unemployed residents. The national unemployment rate was 7.2 percent for December 2008 while New England's unemployment rate was also 7.2 for November 2008, ranging between 4.3 to 9.3 in the month of November.

The Governor recommended \$440.5 million for unemployment insurance benefits, which is \$209.8 million more than enacted and \$131.9 million more than requested. The \$131.9 million increase includes \$94.7 million from the Employment Trust Fund and \$37.2 million from federal stimulus money. This stimulus funding includes \$20.3 million representing the state's share of extended benefits, being paid from federal funds through December 31, 2009 and \$16.9 million for the additional \$25 per week each recipient receives through December 31, 2009. The Governor subsequently requested an amendment to increase funding from the Employment Security Fund by \$85.9 million and increase use of available federal stimulus funding by \$125.5 million. The Assembly concurred.

Trade Readjustment Assistance Programs. The Department requested \$6.3 million for expenditures from Trade Readjustment Assistance Act funds to support initiatives that help workers from Rhode Island companies who lost their jobs due to the adverse impact of foreign trade. This is \$1.2 million less than enacted and includes \$0.6 million less for the distribution of weekly trade readjustment allowance assistances, and \$649,564 less for training programs. Eligibility for these benefits requires first exhausting all other unemployment insurance benefits. Since the unemployment insurance programs take precedence there have been fewer trade readjustment assistance claims and the Department has adjusted its request to reflect updated expenditure projections.

The Governor recommended funding as requested. Additional federal stimulus money is anticipated, but the Department has not received guidelines or exact monetary figures yet. The Governor subsequently requested an amendment to reduce expenditures by \$2.0 million, based on revised claims estimates. The Assembly concurred. Federal stimulus funding was not available for this program.

Fire and Police Benefits. The Department requested \$3.5 million from general revenues for the payment for police and fire benefits paid to surviving spouses of deceased police and firefighters and education benefits for children of deceased or disabled officers and firefighters, as well as the disabled worker. This is \$241,159 more than enacted and consists of \$52,092 more for pension benefits and \$189,067 more for education benefits. The pension increase is a result of an increased number of widows and dependants while the education benefits increase is mostly a result of rising tuition costs for all three Rhode Island public institutions. *The Governor recommended funding as requested. The Assembly concurred.*

Workforce Investment Programs. The request included \$5.2 million for expenditures from Workforce Investment Act funds to support initiatives oriented to youth, adults and dislocated workers. This is \$0.7 million less than enacted and includes \$0.3 million less for adult and youth programs and \$0.5 million less for dislocated workers. The Workforce Investment Act provides a variety of

employment and training programs to prepare youth, unskilled adults, and dislocated workers for entry or re-entry into the labor force.

The Governor recommended \$19.3 million from federal funds, which is consistent with the request, plus \$14.1 million from the Stimulus Act. This includes an additional \$7.3 million for adult and youth programs and \$6.8 million for dislocated worker programs. Upon further guidance, the Governor subsequently requested an amendment to reduce federal stimulus funding by \$4.6 million to reflect the proper allocations of the stimulus funding for FY 2009 through FY 2011. The Assembly concurred.

Job Services. Among the American Recovery and Reinvestment Act money made available to the state, was \$1,340,161 for Job Services. The Department has not developed a plan to spend it yet, as rules and regulations are still forthcoming.

The Governor recommended \$1.3 million from federal stimulus funds. The Governor subsequently requested an amendment that specified this funding was for employment services administration and requested funding be reduced by \$0.3 million to reflect the proper allocations of the stimulus funding for FY 2009 through FY 2011. The Assembly concurred.

Human Resource Investment Council. The Department requested \$9.3 million from restricted receipts, or \$0.5 million more than enacted to support initiatives through the Human Resource Investment Council. This reflects revised estimates of grant awards. The Council places emphasis on workforce, education, and economic development programs that produce long-term results. The Council spent \$2.1 million in FY 2007 or \$2.7 million less than the final appropriation and \$5.0 million in FY 2008, which is \$4.3 million less than the final appropriation. *The Governor recommended funding as requested.* The Assembly concurred.

Second Injury Indemnity Fund. The Department requested \$3,240,000 from restricted receipts for claims on the Second Injury Indemnity Fund. This is \$510,000 more than enacted and reflects an increase in claims payouts due to the reversal of court decisions and appeals along with increases in the costs associated with current claims. Although the number of claims has decreased, the payout for many claims has increased because of rising prescription costs, the higher number of operations being performed and the rising cost of nursing home and long-term care. FY 2008 expenditures from this fund totaled \$2,662,409, which was \$127,591 below the final appropriation. *The Governor recommended funding as requested.* The Assembly concurred.

Senior Community Service Employment Program. The Department requested the enacted amount of \$516,848 from federal funds to support the Senior Community Service Employment Program. This program is a United States Department of Labor community service and work based training program for older workers. It was authorized by Congress in Title V of the Older Americans Act of 1965 to provide subsidized, part-time community service work based training for low-income persons age 55 or older. The overall goal of the program is to provide participants with the skills and competencies to move from subsidized employment to unsubsidized employment.

The Governor recommended \$1.2 million from federal funds, which is consistent with the request, plus \$644,000 from the Stimulus Act, which will be used in the same manner. The Governor subsequently requested an amendment to reduce federal stimulus funding by \$537,502. The Assembly concurred.

Temporary Disability Insurance. The Department requested \$178.5 million or \$8.5 million more than the enacted level, for temporary disability insurance benefits for FY 2010. Temporary disability insurance protects eligible workers against wage loss resulting from a non-work related illness or

injury. Expenditure estimates come from the Labor Market Information unit and reflect both a statutory 4.0 percent increase in the maximum benefit rate and an increase in the number of claims in FY 2008 and FY 2009 thus far. The Department spent \$163.7 million in FY 2006, \$166.2 million in FY 2007 and \$171.7 million in FY 2008. *The Governor recommended funding as requested. The Governor subsequently requested an amendment to reduce expenditures by \$4.0 million based on updated expenditure estimates.* The Assembly concurred.

Inter-Fund Transfers. The Department's FY 2010 budget included \$14.3 million or \$4.2 million more than enacted from federal and other funds for expenditures classified as "inter-fund transfers". From federal funds, this includes transfers to the three Rhode Island institutions of higher education comprised of \$649,564 from the Trade Readjustment Act Fund and \$151,205 from the Workforce Investment Act Fund. From other funds, this includes an additional \$2.0 million for the payment of unemployment insurance benefits to other states, an additional \$1.5 million transferred to the Reed Act appropriation accounts budgeted elsewhere in the Department and \$73,633 less from the Temporary Disability Insurance Fund transferred to the Department of Administration to support the employer tax unit and debt service. These transfers appear to double count expenditures. *The Governor recommended funding as requested.* The Assembly concurred.

Other Operating Expenditures. The Department's FY 2010 budget included expenditures of \$10.1 million or \$0.5 million less from all fund sources including \$135,987 less from general revenues, \$84,409 more from federal funds, \$495,959 less from restricted receipts and \$76,956 more from other funds for all other operating expenditures. These include contracted professional services, general office and other operating costs, and purchases of furniture and equipment. The Department decreased general revenue operating expenditures to reflect anticipated savings in fuel and energy costs, maintenance, travel expenses, and other general office expenses.

The Governor recommended \$12.4 million for all other operating expenses, which is consistent with the request, plus \$787,370 from Rhode Island Capital Plan funds for the replacement of the slate roof at the Center General Complex in Cranston. He also included \$1.5 million from stimulus funds for unemployment insurance administration operating expenses. The Assembly concurred, and shifted \$5,631 from Rhode Island Capital Plan funds from FY 2009 to FY 2010 based on a project delay.

Contracted Services. The request included \$3.8 million for contracted services, of which \$123,377 is from general revenues. *The Governor recommended funding as requested.* The Assembly concurred.

Department of Revenue

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Program				
Office of Director	\$ 632,972	\$ 592,242	\$ 762,988	\$ 562,988
Office of Revenue Analysis	719,927	494,482	598,055	598,055
Lottery Division	207,489,225	192,756,761	187,710,749	187,710,749
Prop. Valuation & Municipal Finance	852,759	765,666	1,173,544	1,173,544
Taxation	20,679,126	17,767,389	20,204,279	20,204,279
Registry of Motor Vehicles	18,765,666	18,903,300	17,470,882	29,555,572
Total	\$ 249,139,675	\$ 231,279,840	\$ 227,920,497	\$ 239,805,187
Expenditures by Category				
Salaries and Benefits	\$ 37,916,029	\$ 32,327,150	\$ 36,341,174	\$ 36,291,174
Contracted Services	1,531,507	1,814,787	1,617,691	1,468,691
Subtotal	\$ 39,447,536	\$ 34,141,937	\$ 37,958,865	\$ 37,759,865
Other State Operations	209,323,503	194,790,869	189,448,101	189,470,101
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	11,897	17,093	17,093	17,093
Capital	302,225	2,112,400	274,707	12,336,397
Capital Debt Service	-	-	-	-
Operating Transfers	54,514	217,541	221,731	221,731
Total	\$ 249,139,675	\$ 231,279,840	\$ 227,920,497	\$ 239,805,187
Sources of Funds				
General Revenue	\$ 37,849,916	\$ 32,794,928	\$ 36,368,064	\$ 36,191,064
Federal Aid	1,894,095	2,698,597	1,943,239	2,604,929
Restricted Receipts	925,663	799,483	845,292	845,292
Other	208,470,001	194,986,832	188,763,902	200,163,902
Total	\$ 249,139,675	\$ 231,279,840	\$ 227,920,497	\$ 239,805,187
FTE Authorization	464.0	410.0	424.0	424.0

Summary. The Department requested FY 2010 expenditures totaling \$245.1 million from all sources of funds, which is \$4.1 million less than enacted. This includes \$2.9 million less from general revenues, \$0.1 million less from restricted receipts, \$1.1 million less from other funds, and \$40,945 more from federal funds. Consistent with the FY 2009 revised budget, the Department requested FY 2010 staffing of 403.6 full-time positions, 60.4 positions less than the authorized level. The request exceeds the target by \$1,403,653.

The Governor recommended \$227.9 million, \$21.2 million less than the enacted budget. This includes \$1.5 million less from general revenues, \$0.1 million more from federal funds, \$0.1 million less from restricted receipts and \$19.7 million less from other funds. The recommendation is \$17.1 million less than the Department requested, primarily from an adjustment to lottery funds.

He recommended staffing of 424.0 positions, 40.0 positions fewer than the authorized level and 20.4 positions more than requested. He maintained staffing at the authorized level in the Lottery Division and included 3.0 positions transferred from the Department of Administration. He recommended that the following positions be eliminated: 1.0 position from the Office of the Director, 2.0 positions from the Office of Revenue Analysis, 15.0 positions from Taxation and 25.0 positions from the Division of Motor Vehicles. The estimated savings from all of the positions is \$2.9 million from general revenues. The recommended staffing of 424.0 positions is 40.4 positions more than the level of filled positions as of pay period ending February 28, 2009.

The Assembly provided total expenditures of \$239.8 million from all funds; \$11.9 million more than recommended, primarily for the transfer of \$11.4 million from Rhode Island Capital Plan funds for the Registry of Motor Vehicles Building project from the Department of Administration's budget. The Assembly authorized staffing of 424.0 positions, consistent with the Governor's recommendation.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Office of the Director

Office of the Director Staffing. The Department requested \$585,628 from general revenues to fund salaries and benefits for 4.0 full-time positions in the Office of the Director. This is \$17,324 less and 1.0 fewer position than enacted to reflect the elimination of a vacant legal counsel position for a general revenue savings of \$95,528. Excluding these savings, the request includes \$78,204 or 15.4 percent more than the enacted budget due to the reconfiguration of staffing as well as cost-of-living adjustments and planning values for FY 2010. It appears that several positions were upgraded. The request assumes no turnover savings.

The Governor recommended \$10,968 less than enacted and \$6,356 more than requested to reflect the statewide increase for retiree health insurance and other benefit changes.

The Assembly concurred, with the exception of reducing expenditures by \$50,000 for turnover savings.

Municipal Public Safety and Public Works Realignment Commission. The Governor proposed legislation in his revised budget to create two commissions; the School Realignment and the Municipal Public Safety and Public Works Realignment commissions to review and make recommendations for creating efficiencies in the cost and delivery of local services. The commissions' recommendations must demonstrate that the realignment plans will result in effective and efficient delivery of services and long-term reduction of costs. The commissions must submit their recommendations to the General Assembly by March 1, 2010. The Assembly can approve or reject the recommendations and pass necessary legislation to place the recommendations on the November 2010 ballot for voter approval. The legislation requires appropriations of \$150,000 for each commission in the FY 2010 budget.

The Governor recommended \$150,000 in the Department of Revenue for the Municipal Public Safety and Public Works Realignment Commission. Funding for the School Realignment Commission is in the

Department of Elementary and Secondary Education's budget. The Assembly did not enact the proposed legislation and excluded the funds.

Office of the Director Operations. The Department's budget includes \$20,984 from general revenues for state operations within the Office of the Director. This reflects a \$9,016 reduction from the enacted budget including \$10,516 for state operations based on anticipated need. The request includes \$1,500 for legal and stenographic services. The request is consistent with the FY 2009 revised request. ***The Governor recommended funding as requested.*** The Assembly concurred.

Office of Revenue Analysis

Revenue Analysis Staffing. The Department requested \$486,382 from general revenues to fund salaries and benefits for 4.0 full-time positions in the Office of Revenue Analysis, \$0.1 million less than enacted. This reflects the elimination of 2.0 vacant positions for a general revenue savings of \$163,781, consisting of \$97,730 for a revenue policy analyst and \$66,051 for an administrative assistant officer. The Department indicated that it would like to retain the policy analyst position but has not received permission to fill it. That position had been created with the 2006 establishment of the Department but never filled.

Excluding the staff reduction, the request is \$55,236 or 12.8 percent more than enacted due to the reconfiguration of staffing and benefits to reflect cost-of-living increases and other statewide adjustments for FY 2010. It appears that a couple of the positions were upgraded.

The Governor recommended funding essentially as requested and provided an additional \$1,123 to reflect the statewide increase for retiree health insurance costs and other benefit changes. The Assembly concurred.

Revenue Analysis Operations. The Department requested \$110,550 from general revenues for operating costs for the Office of Revenue Analysis, which is \$14,450 less than enacted. This includes an additional \$25,000 for data tool needs including computer hardware and software costs to purchase a tax model. The Office is currently working on a request for proposals for an integrated tax simulation suite to include sales and use tax, personal income tax, property tax, corporate income tax, and a module that integrates all of the taxes listed into an incidence analysis. The request includes \$10,550 for all other state operations, which is \$39,450 less than enacted based on anticipated needs. ***The Governor recommended funding as requested.*** The Assembly concurred.

Office of Property Valuation and Municipal Finance

Local Government Assistance Program Transfer. The Department of Administration's budget reflects the elimination of the Local Government Assistance program for a general revenue savings of \$224,673 and the elimination of 3.0 positions that support the program. The Department indicated that all of the positions are filled; all of the individuals have statutory status, two of which are eligible to retire. In the event that bumping occurs, all of the savings may not be achieved.

The program provides assistance to municipal offices, mainly for city and town clerks. The unit also produces a series of publications including local government directories and handbooks as well as salary surveys and a compilation of local charters, most of which are updated annually. The Department proposed eliminating this program in its FY 2008 budget; however, the Governor and the Assembly did not concur.

The Governor did not recommend eliminating the program; he recommended transferring it to the Office of Property Valuation and Municipal Finance within the Department of Revenue. He provided \$0.3 million from general revenues and staffing of 3.0 positions to support the program. The Assembly concurred.

Municipal Finance Staffing. The Department requested \$615,538 from general revenues to fund salaries and benefits for 6.0 full-time positions in the Office of Property Valuation and Municipal Finance. This is \$96,981 less and 1.0 fewer position than the enacted budget to reflect the elimination of a vacant state aid and financial specialist position for a general revenue savings of \$99,150. The Office indicated that it would like to fill this position; however, it has not received permission to fill it. This position was responsible for determining compliance with municipal budget disclosure, the property tax cap, state aid calculations and the general financial monitoring of municipalities. Excluding those savings, the request includes \$2,169 more than enacted for cost-of-living and benefit adjustments, consistent with Budget Office planning values for FY 2010.

The Governor did not recommend the elimination of the position. He provided \$7,282 more than enacted to fully fund all positions in FY 2010. The Assembly concurred.

Municipal Finance Operations. The Department requested \$121,894 from general revenues for operating costs for the Office of Property Valuation, which is \$18,556 less than enacted. This includes a reduction of \$20,000 to reflect completion of the automation of the Property Value Equalization report. The request includes the enacted amount of \$40,000 for contracted services in the motor vehicle tax phase-out program. This includes an additional \$5,196 for tolls incurred by individuals who travel into Newport, offset by \$3,752 for various items, including mileage allowance, insurance and postage. *The Governor recommended funding as requested. The Assembly concurred.*

Lottery Division

Lottery Staffing. The Department's request includes \$4.6 million from other funds to support 49.6 full-time positions within the Lottery Division. The request reflects the elimination of 6.4 positions for a savings of \$466,056. The positions consist of 0.6 assistant marketing clerk, 1.0 validation officer, 0.8 supervisor of assistant marketing clerks, 1.0 internal auditor, 1.0 field representative, 1.0 licensing clerk and 1.0 supervisor of public affairs and drawings. The Department indicated that all of the positions are vacant and had been eliminated since the Division has not received permission to fill them.

Excluding those savings, the request includes \$112,088 more than enacted, and assumes no turnover savings. The enacted budget assumes \$50,079 of turnover. This includes cost-of-living, step increases and benefit changes to reflect FY 2010 planning values.

Consistent with his revised budget, the Governor did not recommend eliminating the positions. He provided \$0.2 million more than enacted or \$0.5 million more than requested to fill all positions at the authorized level. The Assembly concurred.

Lottery Operations. The Department requested \$201.7 million for all other expenditures for the Lottery Division, which is \$0.8 million less than the enacted budget based on anticipated expenditures and is \$0.3 million less than the FY 2009 revised budget. This includes a reduction of \$0.1 million for contractual services provided by ASAS 70 for financial audit services and \$21,135 for temporary services. The request includes the enacted amount of \$197.4 million for lottery commission payments, for which actual payments were \$209.6 million in FY 2008 and \$188.7 million in FY 2007. The

request includes \$0.6 million less for other state operations, primarily for building maintenance and utilities based on historical spending patterns and includes adjustments for liability and loss of income insurance, computer expenses, and fleet replacement.

The Governor recommended \$19.7 million less than enacted or \$19.1 million less than requested for lottery commission payments, for which he included \$178.3 million. The Assembly concurred.

Taxation

Eliminated Positions. The Department's request reflects the elimination of 25.0 vacant positions within the Division of Taxation for an estimated savings of \$1.8 million from general revenues. As of pay period ending December 6, 2008, the Division had 45.0 vacancies. The Department indicated that it would like to retain 23.0 of the positions; however, it has not received permission to fill them. The positions primarily consist of revenue agents and officers. The Department indicated the elimination of these positions will affect the processing of returns and other documents and revenue collections. *The Governor recommended eliminating only 15.0 positions. He provided \$0.8 million more general revenues than requested to fill 10.0 positions. The Assembly concurred.*

Taxation Staffing. The Department requested \$16.6 million from all sources of funds, including \$13.9 million from general revenues to fund salaries and benefits for FY 2010 in the Division of Taxation. The request is \$0.4 million more from all sources, including \$0.5 million from general revenues, \$12,349 more restricted receipts and reductions of \$0.2 million from federal funds and \$8,841 from other funds. The request assumes no turnover savings for which the enacted budget included \$234,151. The request includes \$0.3 million for overtime expenses, which reflects a reduction of \$34,012 from federal and restricted receipts. Other changes include cost-of-living adjustments, step increases and benefit changes to reflect FY 2010 planning values consistent with Budget Office instructions. The request also includes \$361,725, an additional \$121,725 for seasonal employees.

The Governor recommended \$16.9 million from all sources of funds, including \$13.9 million from general revenues to fund 189.0 full-time positions. The recommendation is \$0.4 million more than enacted to reflect the 2.5 percent cost-of-living adjustment, step increases and benefit changes. His recommendation is \$62,092 more than requested and assumes \$85,811 in turnover savings. The Assembly concurred.

Tax Data Warehouse & Other Software Maintenance. The Department requested \$250,000 for maintenance agreements, primarily for the Data Warehouse System. The 2006 Assembly authorized \$2.5 million from Certificates of Participation to allow the Division to purchase computer hardware and software to modernize its operations to be able to interface with all existing state departments and the Internal Revenue Service. The Department indicated that its current warranty will expire in the spring of 2009. This will be an annual expense for the maintenance of the software. The FY 2009 revised budget includes \$36,000 for this expense. The Department estimated the FY 2011 cost to be \$210,000. *The Governor recommended funding as requested. The Assembly concurred.*

Printing Costs. The Department projected a savings of \$139,467 from all funds, including \$135,000 from general revenues for taxation printing costs. The Department has a cooperative agreement with the Department of Health's print shop to print documents on an as needed basis. A similar savings are included in the Division of Motor Vehicles. *The Governor recommended funding as requested. The Assembly concurred.*

Other Taxation Operations. The Department requested \$1.8 million from all funds for all other operating expenditures for the Division of Taxation. This is \$78,339 less than the enacted budget and includes a general revenue reduction of \$41,849. The 2008 Assembly enacted 2008-H 7056 to require tax return preparers who file more than 100 tax returns to file them electronically. The Department assumes a savings of \$40,000 from mailing costs. Consistent with its FY 2009 revised request, the Department requested \$302,344 from general revenues or \$59,582 more for travel expenses mainly for audits based on historical spending patterns. Reported FY 2008 travel expenses were \$36,177 above the final appropriation. The request includes adjustments for record center charges, Brinks security and interpreter services. *The Governor recommended funding as requested.* The Assembly concurred.

Registry of Motor Vehicles

Registry Branch Closures. The Department's request includes a savings of \$134,193 from general revenues from the closures of the Registry of Motor Vehicles satellite branches in Warren, West Warwick and Westerly. The savings consist of lease payment, janitorial services and utility costs. There is no staffing reduction associated with the closures. Current staff from the three branches would be moved to the Division's main office and other branches. The Warren branch is mandated by Rhode Island General Law to stay open at least three days per week. The Governor's FY 2009 revised budget includes legislation to repeal the statute. *The Governor recommended funding as requested.*

The Assembly did not pass legislation to close the branch office in Warren. It provided \$23,000 from general revenues to maintain offices in the Towns of Warren and Westerly. The Assembly concurred with the closure of the West Warwick office.

Eliminated Positions. The Department requested the elimination of 25.0 vacant positions within the Division of Motor Vehicles for an estimated savings of \$1.7 million from general revenues. The Department indicated that it would like to retain 20.0 of the positions; however, it has not received permission to fill them. These positions consist of tellers, clerks, one inspector and one investigator. As of pay period ending December 6, 2008, the Division had 33.0 vacancies. The Department indicated the elimination of these positions will affect service delivery by increasing wait times. *The Governor recommended the staffing reduction as requested.* The Assembly concurred.

Motor Vehicles Staffing. The Department requested \$11.5 million from all sources to fund salary and benefit costs for 151.0 full-time positions in the Division of Motor Vehicles in FY 2010. The request consists of \$11.5 million from general revenues and \$40,449 from federal funds. Funding is \$0.6 million or 4.7 percent more than the enacted budget for the cost-of-living adjustments and benefit changes consistent with FY 2010 planning values. The request assumes no turnover savings in FY 2010 and includes the enacted amount of \$302,000 from general revenues for overtime.

The Governor recommended funding essentially as requested, with the exception of providing \$15,419 less. The recommendation reflects the statewide increase for retiree health insurance costs, offset by \$63,968 in turnover savings. The Assembly concurred.

Security Services. The Department requested \$149,882 above the enacted amount of \$225,618 for various security services. This includes \$170,000 for Capitol Police, \$76,000 for police detail provided by Pawtucket Police, \$98,500 for Century Bank, \$24,000 for Brinks for pick up services, and \$7,000 for alarm monitoring services. The request is \$10,000 less than the revised request and \$4,019 less than FY 2008 reported expenditures. *The Governor recommended funding requested.* The Assembly concurred.

Other Federal Awards. The Department's request includes federal fund expenditures of \$609,676 within the Division of Motor Vehicles. This is \$274,676 more than the enacted budget, of which \$109,676 in new federal funds will be used to maintain the federally required registration information on motor carriers and the International Registration Plan, which is a multi-state agreement allowing members to process commercial vehicles and collect fees for other members. The request includes \$300,000 or an additional \$165,000 to link automated testing scores of commercial drivers to their record; FY 2008 reported expenditures for this were \$266,635 and the FY 2009 revised budget includes \$341,870.

The Governor recommended funding as requested. Subsequent to his budget submission, the Governor requested an amendment to include \$661,690 in continuation of federal funds from the Department of Homeland Security for the Real ID program, which requires national standards for the issuance of state driver's licenses and identification cards. The Department indicates that the funds will be used to purchase software to enhance imaging. The Assembly concurred.

Printing Costs. The Department projected a general revenue savings of \$121,822 for taxation printing costs. The Department has a cooperative agreement with the Department of Health's print shop to print documents on an as needed basis. Similar savings are included in the Division of Taxation. *The Governor recommended funding as requested. The Assembly concurred.*

Motor Vehicles All Other Operations. The Department requested \$3.9 million from all funds for all other operating costs for the Division of Motor Vehicles. This is \$8,641 less than enacted, including \$51,416 more from general revenues and \$60,057 less federal funds based on availability. Major changes to the enacted budget include additional expenditures of \$181,288 for mailings, based on a postal rate increase that will take effect in March 2009 and historical spending patterns. Other changes include a reduction of \$71,000 for license plate printing costs, to reflect historical spending patterns. The enacted budget includes \$50,000 to reimburse the Community College for the school bus training programs; the Department reduced this by \$11,100, consistent with FY 2008 reported expenditures. *The Governor recommended funding as requested. The Assembly concurred.*

Registry of Motor Vehicles Building. The Governor's Capital Budget includes \$11.4 million from Rhode Island Capital Plan funds to renovate the Forand Building to be the new home of the Registry of Motor Vehicles. The operating budget shows this expenditure in the Department of Administration's budget; however, the Governor's Capital Budget shows this expenditure in the Department of Revenue. The Assembly moved this project into the Department of Revenue to be consistent with the Capital Budget and provided funding as recommended for FY 2010.

Contracted Services. The request includes \$1.7 million for contracted services of which \$0.8 million is from general revenues. *The Governor recommended \$1.6 million from all funds, including \$0.9 million from general revenues. The Assembly provided \$1.5 million, or \$149,000 less from general revenues.*

Legislature

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Program				
General Assembly	\$ 5,434,268	\$ 5,533,666	\$ 5,829,511	\$ 5,829,511
Fiscal Advisory Staff	1,656,795	1,529,354	1,620,001	1,620,001
Legislative Council	4,374,913	4,125,801	4,417,515	4,417,515
Joint Comm. on Legislative Affairs	19,044,804	18,454,509	19,570,595	20,532,595
Office of the Auditor General	5,087,273	4,837,894	5,015,802	5,015,802
Special Legislative Commissions	17,500	15,171	15,300	15,300
Total	\$ 35,615,553	\$ 34,496,395	\$ 36,468,724	\$ 37,430,724
Expenditures by Category				
Salaries and Benefits	\$ 30,068,989	\$ 29,137,776	\$ 30,983,474	\$ 30,983,474
Contracted Services	654,304	584,431	613,304	613,304
Subtotal	\$ 30,723,293	\$ 29,722,207	\$ 31,596,778	\$ 31,596,778
Other State Operations	2,348,360	2,357,238	2,446,246	2,446,246
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,300,000	2,300,000	2,300,000	2,300,000
Capital	243,900	116,950	125,700	1,087,700
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 35,615,553	\$ 34,496,395	\$ 36,468,724	\$ 37,430,724
Sources of Funds				
General Revenue	\$ 34,099,202	\$ 32,988,062	\$ 34,912,012	\$ 35,874,012
Federal Aid	-	-	-	-
Restricted Receipts	1,516,351	1,508,333	1,556,712	1,556,712
Other	-	-	-	-
Total	\$ 35,615,553	\$ 34,496,395	\$ 36,468,724	\$ 37,430,724
FTE Authorization	297.9	297.9	289.8	297.9

Summary. The Legislature estimated FY 2010 expenditures of \$37.7 million and 298.0 full-time equivalent positions. That includes \$36.1 million from general revenues and \$1.5 million from restricted receipts and includes funding for statewide salary and benefit adjustments. *The Governor recommended \$1.2 million less and 8.2 fewer positions.*

The Assembly enacted 297.9 positions and added \$962,000 to fund information technology upgrades. It also adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals.

Office of the Lieutenant Governor

	FY 2009		FY 2009		FY 2010		FY 2010
	Enacted		Final		Recommended		Enacted
Expenditures by Category							
Salaries and Benefits	\$ 852,327	\$	812,651	\$	938,004	\$	938,004
Contracted Services	-		-		-		-
Subtotal	\$ 852,327	\$	812,651	\$	938,004	\$	938,004
Other State Operations	47,516		33,605		34,133		34,133
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	-		-		-		-
Capital	1,575		1,125		1,125		1,125
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
Total	\$ 901,418	\$	847,381	\$	973,262	\$	973,262
Sources of Funds							
General Revenue	\$ 901,418	\$	847,381	\$	973,262	\$	973,262
Federal Aid	-		-		-		-
Restricted Receipts	-		-		-		-
Other	-		-		-		-
Total	\$ 901,418	\$	847,381	\$	973,262	\$	973,262
FTE Authorization	8.0		8.0		8.0		8.0

Summary. The Office requested expenditures of \$970,861 from general revenues, which is \$69,443 more than the FY 2009 enacted budget, and the enacted level of 8.0 full-time equivalent positions. The request exceeded the Budget Office's FY 2010 target of \$869,700 by \$101,161. *The Governor recommended \$973,262, which is \$2,401 more than requested, and the enacted level of 8.0 full-time equivalent positions.* The Assembly concurred.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Salaries and Benefits. The Office requested \$0.9 million for all salaries and benefits, which is \$75,143 more than the enacted budget. This includes a 2.5 percent cost of living increase for all employees in addition to longevity and step increases, as well as medical benefit cost sharing and benefit rate changes consistent with Budget Office instructions. *The Governor recommended funding essentially as requested, but added \$10,534 to reflect updated retiree health and other benefit costs.* The Assembly concurred.

Other Operating. The Office requested \$43,391 from general revenues for all other operating expenditures, \$5,700 less than enacted. This includes reductions for out-of-state travel and staff training. *The Governor recommended \$8,133 less than requested, but is \$241 more than the Governor included in his FY 2009 revised budget. This appears to be consistent with the amount the Office spent in FY 2008.* The Assembly concurred.

Contracted Services. The request included \$500 for contracted services from general revenues. *The Governor does not include \$500 for contracted services in the FY 2010 budget.* The Assembly concurred.

Office of Secretary of State

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Program				
Administration	\$ 1,879,212	\$ 1,713,199	\$ 1,904,137	\$ 1,904,137
Corporations	1,840,798	1,766,018	1,782,133	1,782,133
State Archives	610,581	557,392	554,422	554,422
Elections	2,217,208	2,102,637	1,323,262	1,378,262
State Library	552,708	560,831	575,937	575,937
Office of Public Information	303,357	313,789	300,688	300,688
Total	\$ 7,403,864	\$ 7,013,866	\$ 6,440,579	\$ 6,495,579
Expenditures by Category				
Salaries and Benefits	\$ 4,793,377	\$ 4,471,522	\$ 4,855,106	\$ 4,855,106
Contracted Services	353,100	304,634	268,835	268,835
Subtotal	\$ 5,146,477	\$ 4,776,156	\$ 5,123,941	\$ 5,123,941
Other State Operations	2,066,283	1,972,298	1,051,625	1,106,625
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	175,702	241,302	241,302	241,302
Capital	15,402	24,110	23,711	23,711
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 7,403,864	\$ 7,013,866	\$ 6,440,579	\$ 6,495,579
Sources of Funds				
General Revenue	\$ 6,307,144	\$ 6,323,741	\$ 5,966,241	\$ 5,521,241
Federal Aid	541,139	296,287	-	500,000
Restricted Receipts	555,581	393,838	474,338	474,338
Other	-	-	-	-
Total	\$ 7,403,864	\$ 7,013,866	\$ 6,440,579	\$ 6,495,579
FTE Authorization	57.0	55.0	56.4	57.0

Summary. The Secretary of State requested FY 2010 expenditures of \$6.6 million from all sources, which is \$0.9 million less than the FY 2009 enacted budget. The request includes \$0.2 million less from general revenues, \$0.5 million less from federal funds, and \$84,152 less from restricted receipts. The request exceeds the Budget Office's general revenue target of \$4.7 million by \$1.4 million. The Office requested 57.0 full-time equivalent positions, the same as enacted.

The Governor recommended \$6.4 million and 56.4 full-time equivalent positions. This is \$1.0 million less than enacted and \$111,591 less than requested. Staffing is 0.6 fewer positions than enacted and requested.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

The Assembly provided \$6.5 million from all sources, \$0.5 million from federal funds and 0.6 positions more than the Governor's recommendation. This includes \$55,000 for municipal ballot costs and shifts \$500,000 from general revenues to newly available federal Help America Vote Act funds, thought to be exhausted in FY 2009.

Federal Election Reform. The Board of Elections and the Secretary of State requested FY 2010 expenditures of \$0.7 million from federal funds to continue to implement the requirements of the Help America Vote Act (HAVA) of 2002. This is \$0.5 million less than enacted and FY 2010 is an off-year in the two-year election cycle.

The Board of Elections requested \$667,342 for continued implementation of the Act requirements. This is \$63,150 more than the FY 2009 enacted budget including increases of \$40,000 in ink cartridges for the AutoMARK machines, \$27,700 for the rental of space to store the optical scan and AutoMARK machines, and \$10,000 for printing, offset by decreases of \$14,550 in other miscellaneous expenses. The Board indicated that it needs to print forms, manuals and other materials and will incur other related expenses in preparation for the 40 or so local elections that will occur in FY 2010.

The Secretary of State requested no federal funds for costs associated with the Help America Vote Act, anticipating that the fund will be depleted in FY 2009, this is \$541,139 less than enacted. Operations that would normally utilize federal funds appear in the general revenue request.

The Secretary of State is the steward of the Help America Vote Act funds and the Board of Elections based its budget request on anticipation that the available money in the fund would be shared between both agencies. The Board of Elections was not aware of the Secretary of State's revised request, which, if approved as is, extinguishes the remaining funds. Thus, the Board of Elections made its request assuming that some funds would still be available in FY 2010.

The Governor did not recommend any federal Help America Vote Act funds to either the Secretary of State or the Board of Elections due to the exhaustion of these funds in FY 2009. Expenses traditionally funded with these federal funds have been transferred to general revenues. The Assembly shifted \$750,000 of expenses from general revenues to newly available federal Help America Vote Act funds, including \$500,000 for the Secretary of State and \$250,000 for the Board of Elections.

Referenda Costs. The request includes no general revenues for referenda costs, which are a biennial expense for which FY 2010 is an off-year. The enacted budget includes \$236,087 for special legal counsel, printing, postage, and other professional services. *The Governor excluded this funding.* The Assembly concurred.

Other Election Expenses. The Secretary of State and the Board of Elections requested FY 2010 expenditures of \$2.8 million from general revenues for costs associated with the preparation and execution of the general election activities, including salaries and benefits. When combined, this is \$0.1 million less than the FY 2009 enacted budget, which was an on-year in the two-year election

cycle. Excluding salaries and benefits, the total is \$1.0 million for both agencies, which is \$0.3 million less than the FY 2009 enacted budget.

The Board of Elections requested \$1.5 million from general revenues for costs associated with the preparation and execution of election activities, including salaries and benefits for 15.0 full-time equivalent positions. This is \$51,006 more than enacted for FY 2009. Excluding salaries and benefits, the Board requested \$230,470 for election expenses, which is \$57,950 less than enacted.

The Secretary of State requested \$1.3 million from general revenues for costs associated with the preparation and execution of regular and special election activities, including salaries and benefits for 6.0 full-time equivalent positions. This is \$155,421 less than the FY 2009 enacted budget, and includes \$59,145 more for salaries and benefits due to cost-of-living increases along with retiree health benefit rates.

Excluding salaries and benefits, the request totals \$754,890, which is \$0.2 million less than the FY 2009 enacted budget. The Office requested \$214,566 less for operating supplies and expenses, including reductions of \$798,072 for printing and \$25,752 in miscellaneous election expenses mainly offset by three items previously paid with Help America Vote Act funds: \$167,376 for information technology system support, \$300,378 for software maintenance contracts and \$90,000 for the RINET Muni network that connects the cities and towns with the Central Voter Registration System.

The Governor recommended \$3.1 million from general revenues for the Board of Elections and the Secretary of State combined, which is \$0.2 million more than enacted, including salaries and benefits, mostly due to the depletion of the Help America Vote Act funds. This total is \$1.4 million when salaries and benefits are excluded. The Assembly shifted \$750,000 of expenses from general revenues to newly available federal Help America Vote Act funds, including \$500,000 for the Secretary of State and \$250,000 for the Board of Elections.

The Governor recommended \$1.8 million from general revenues for election expenses for the Board of Elections, which is \$347,488 more than enacted and \$296,482 more than requested, and 12.0 positions, three fewer than requested, but consistent with his revised budget. Excluding salaries and benefits, he recommended \$694,242, which is \$405,822 more than enacted and \$463,772 more than requested. This includes shifting \$495,270 for the Optical Scan voting equipment service contract from federal Help America Vote Act funds to general revenues, offset by reductions of \$110,000 for temporary workers and other miscellaneous savings. The Assembly shifted \$250,000 of expenses from general revenues to newly available federal Help America Vote Act funds.

The Governor recommended \$1.3 million for election expenses for the Secretary of State, which is \$128,819 less than enacted, including \$37,346 more for salaries and benefits for 7.0 full-time equivalent positions, which is consistent with the enacted budget, but one more position than requested. Excluding salaries and benefits, he recommended \$695,489, which is \$0.3 million less than enacted and \$59,401 less than requested. This includes an additional reduction of \$55,000 for printing costs based on the Governor's proposed legislation to require municipalities to be responsible for the cost of printing ballots for local elections and eliminate the requirement that local ballot questions be printed on colored paper.

The Assembly did not concur with the proposal to shift printing costs of local elections to municipalities and restored \$55,000 for this expense. In addition, the Assembly shifted \$500,000 of expenses from general revenues to newly available federal Help America Vote Act funds.

State Archives. The Office requested \$571,429 for the operation of the state archives, which is typically funded by the Historical Records Trust Fund. This includes \$100,000 from general revenues, \$45,000 more than enacted, and \$471,429 from restricted receipts, which is \$84,152 less than enacted. For the FY 2009 budget, the Assembly provided \$55,000 from general revenues to cover some of the expenses that would normally come from the Historical Records Trust Fund based on an anticipated decline in those resources, which are linked to property transactions. Given the further decline in the housing market, the Office requested an additional \$45,000 from general revenues, for a total of \$100,000 to offset a larger revenue shortfall.

The \$39,152 reduction includes \$2,077 more than enacted for salaries and benefits for 3.4 full-time positions and includes increases due to cost-of-living increases and other benefits offset by decreases in medical costs, along with an increase of \$15,432 from rental and leasing costs. The request includes reductions of \$41,229 for all other operating expenses.

The Governor recommended \$554,422, including \$80,084 from general revenues to offset restricted receipt resources and \$474,338 from restricted receipts. This is \$56,159 less than enacted and \$17,007 less than the request. This includes \$13,526 more for the 3.4 full-time equivalent positions, reflecting adjustments in benefit rates, primarily retiree health insurance, and \$24,400 less for financing the state match for the National Historical Publications and Records Commission grant which has been depleted. The Assembly concurred.

Other Salaries and Benefits. The request is for \$4.0 million from general revenues, or \$99,367 more than enacted, for salary and benefit expenses for the 47.6 remaining full-time equivalent positions, excluding the elections and state archives divisions. This includes a 2.5 percent cost-of-living increase for all employees in addition to longevity and step increases, as well as medical benefit cost sharing and benefits rate changes consistent with Budget Office instructions.

The Governor recommended \$3.9 million for salaries and benefits, which is \$35,746 more than enacted and \$63,621 and 0.6 positions less than requested, for the remaining 46.0 full-time equivalent positions. This reflects adjustments in benefit rates, primarily retiree health insurance and includes the elimination of 0.6 positions and the transfer of 1.0 position from administration to the elections division. The Assembly restored the 0.6 full-time equivalent position and concurred with the remainder of the recommendation.

State House Tours. Consistent with its revised request, the Office included \$13,014 for a contract with Johnson and Wales University to coordinate tours of the State House to the public and all the school districts in Rhode Island. Students volunteer to lead tours, but the University coordinates the schedules of the students and handles their training. In FY 2007, \$12,004 was spent on this service and \$11,730 in FY 2008. For FY 2009, the Office requested \$13,440, but the Governor did not recommend the funding, and the Assembly concurred. *The Governor did not recommend this funding. The Assembly concurred.*

Other Contracted Services. The Office requested \$8,250 from general revenues for all other contracted services, which is \$36,750 less than enacted. This includes the elimination of \$25,000 for the printing of the Rhode Island Government Owner's Manual since this is the off-year for this biennial expense. The request also includes \$750 more for information technology system support and \$12,500 less for legal expenses. *The Governor recommended \$6,700, which is \$1,550 less than requested, including \$1,500 less for legal services. The Assembly concurred.*

Other Operating Expenses. The Office requested \$690,776 from general revenues for all other operating expenditures, which is \$44,474 more than enacted. This includes increases in communication system expenses, advertising and printing, postage and delivery services, and general office supplies. *The Governor recommended \$647,775, which is \$1,473 more than enacted and \$43,001 less than requested.* The Assembly concurred.

Contacted Services. The request includes \$215,826 for contracted services of which \$214,640 is from general revenues. *The Governor recommended \$268,835, of which \$258,970 is from general revenues.* The Assembly concurred.

Office of the General Treasurer

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Program				
General Treasurer	\$ 3,026,336	\$ 2,738,218	\$ 2,819,654	\$ 2,819,654
Unclaimed Property	18,290,775	14,479,747	15,475,548	15,051,045
Employees' Retirement System	7,666,061	7,948,050	10,206,869	10,206,869
Crime Victim Compensation	2,468,036	2,424,158	2,617,423	2,617,423
Refunding Bond Authority	38,075	40,518	41,641	41,641
Subtotal	\$ 31,489,283	\$ 27,630,691	\$ 31,161,135	\$ 30,736,632
Expenditures by Category				
Salaries and Benefits	\$ 7,766,298	\$ 7,588,536	\$ 7,724,120	\$ 7,724,120
Contracted Services	2,012,145	2,497,685	2,224,945	2,224,945
Subtotal	\$ 9,778,443	\$ 10,086,221	\$ 9,949,065	\$ 9,949,065
Other State Operations	9,627,330	14,856,438	15,809,628	15,385,125
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,150,350	2,158,000	2,344,000	2,344,000
Capital	733,160	530,032	3,058,442	3,058,442
Capital Debt Service	-	-	-	-
Operating Transfers	9,200,000	-	-	-
Total	\$ 31,489,283	\$ 27,630,691	\$ 31,161,135	\$ 30,736,632
Sources of Funds				
General Revenue	\$ 2,563,767	\$ 2,430,926	\$ 2,500,299	\$ 2,500,299
Federal Aid	1,170,081	1,100,489	1,293,540	1,293,540
Restricted Receipts	27,502,060	23,903,082	27,165,006	26,740,503
Other	253,375	196,194	202,290	202,290
Total	\$ 31,489,283	\$ 27,630,691	\$ 31,161,135	\$ 30,736,632
FTE Authorization	86.0	83.0	83.0	83.0

Summary. The Office requested expenditures of \$31.0 million, which is \$0.6 million less than enacted. This includes \$81,202 less from general revenues, \$0.7 million more federal funds, \$4.3 million less restricted receipts, and \$39,765 less from other funds. The Office requested 83.0 full-time equivalent positions, 3.0 fewer than enacted but the same as its revised request. The request exceeds the Budget Office target of \$2,279,505 by \$203,060. The request suggests revenue enhancements through investment fees changes and a change in short-term investment strategies would cover that gap.

The Governor recommended \$31.2 million, which is \$0.3 million more than requested to reflect adjustments for unclaimed property based on the November Revenue Conference, increased federal crime victim compensation funding from the Stimulus Act and updated employee benefit rates. The

Assembly reduced unclaimed property expenses by \$0.4 million to reflect the May Revenue Conference estimate and concurred with the remainder of the recommendation.

The Assembly also adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Unclaimed Property Transfer to General Fund. The Office requested \$6.5 million for the transfer from unclaimed property to the state, \$2.7 million less than enacted. The November 2008 Revenue Estimating Conference adopted an estimate of \$5.6 million, which is \$3.6 million less than enacted. *The Governor recommended \$5.6 million consistent with the November estimate.* The Assembly lowered the transfer by \$0.6 million to reflect the estimate adopted by the May 2009 Revenue Estimating Conference.

Unclaimed Property Claims. The Office requested \$7.5 million for payment of unpaid property claims, which is \$0.3 million less than enacted. The November Revenue Estimating Conference estimated \$8.4 million, which is \$0.6 million more than enacted. *The Governor recommended \$8.4 million consistent with the November estimate.* The Assembly added \$0.1 million to reflect the estimate adopted by the May 2009 Revenue Estimating Conference.

Unclaimed Property Change in Claims Liability. The Office requested that the budget reflect an estimated \$0.1 million increase in the amount of revenues set aside for future claims liability. This change has not typically appeared in the expenditure estimate included in the budget; however, the Office of Accounts and Control has historically recorded the change as an expenditure, skewing budget to actual comparisons at the close of the fiscal year. Years in which the liability increases, actual expenditures appear greater than those budgeted, and they appear understated in the years for which there is a liability reduction. The agency requested that the liability change be reflected in both the FY 2009 revised and FY 2010 budget as well as future budgets to align its expenditure authority with these transactions. The revised request shows the change to be a decrease of \$3.3 million. *The Governor included \$0.1 million consistent with the November Estimate.*

The Assembly added \$42,971 to reflect the estimate adopted by the May 2009 Revenue Estimating Conference.

Retirement System Computer Upgrades. The Office is seeking estimates on costs and options to upgrade its membership benefit database, also known as the Anchor System. A three-year implementation contract to replace the paper-based system used in the Employees' Retirement System was completed at the end of 2004. Final payment was to be made in FY 2005, but problems with some of the final elements led the Office to withhold that payment until FY 2008 pending resolution of the last items. The FY 2010 budget request includes \$3.0 million from retirement fund administration restricted receipts as an estimate of what an upgrade might cost in the event that the exploratory process is completed in time to begin expenditures next year. *The Governor recommended funding as requested.* The Assembly concurred.

Retirement System Actuarial Studies. The Office requested \$300,000 from retirement fund resources for actuarial studies. This includes \$165,000 consistent with the enacted budget for annual actuarial requirements and adds \$135,000 for proposed changes to the current plan and benefits to be requested from the Special House Commission studying the state's pension system. The increase

represents an estimate, which would be refined further when the type or scope of the studies is known. The Office's FY 2009 revised request added \$150,000 for the special studies, which is also an estimate. *The Governor recommended funding as requested.* The Assembly concurred.

Retirement System Other Operations. The Office requested \$6.9 million from retirement fund administration restricted receipts for all other expenses for the retirement system including salaries and benefits for 29.0 positions, legal and other contracted services. The request is \$0.6 million less than enacted and includes 2.0 fewer positions. The request excludes \$675,000 of one-time expenditures included in the enacted budget for servers and other computer hardware. Staffing costs are \$117,573 more than enacted, which includes savings from eliminating 2.0 positions offset by cost increases for the remaining personnel consistent with the cost-of-living increase and other benefits adjustments applicable to FY 2010. All other expenditures are \$75,530 more than enacted, with most of the increase for addition legal expenses for pension determination cases. *The Governor recommended funding as requested.* The Assembly concurred.

Crime Victim Compensation Claims. The Office requested the enacted level of \$2.0 million from restricted receipts and federal sources for crime victim compensation claims. This reflects the Office's estimate for claims activity in the crime victim compensation program. Actual FY 2008 expenditures were \$1.6 million. *The Governor included the requested funding and added \$186,000 of additional resources that became available through the Stimulus Act.* The Assembly concurred.

Crime Victim Compensation Operations. The Office requested \$0.4 million for the operations of the crime victim compensation program and its 3.6 positions, \$39,291 less than enacted. This includes \$42,376 more from general revenues and \$81,667 less from federal and restricted sources. The request reduces staffing by 1.0 position and includes funding for the remaining personnel consistent with the cost-of-living increase and other benefits adjustments applicable to FY 2010. By source, the general revenues increase reflects the balance of expenses that cannot be covered within the administrative cost limits of the dedicated court restricted receipts and federal funds. *The Governor recommended funding as requested.* The Assembly concurred.

Other Salaries and Benefits. The Office requested \$3.0 million for all other salaries and benefits for the remaining 50.4 positions, \$190,843 less than enacted. The changes include \$100,944 less from general revenues, \$46,126 less from federal funds, \$2,993 more from restricted receipts and \$46,766 less from other funds. This primarily reflects increased turnover savings and changes to the cost allocation of positions among the Office's programs consistent with the revised request as well as a cost-of-living adjustment and updated fringe benefit rates. *The Governor added \$68,406 including \$17,734 from general revenues for benefit adjustments, primarily retiree health.* The Assembly concurred.

Other Operating Adjustments. The Office requested \$1.1 million for all other operating expenses and contracted services for its other divisions, which is \$588 less than enacted including \$22,634 less from general revenues. *The Governor recommended funding as requested.* The Assembly concurred.

Contracted Services. The request includes \$2.2 million for contracted services of which \$45,595 is from general revenues. *The Governor recommended \$2.2 million for contracted services of which \$45,595 is from general revenues.* The Assembly concurred.

Rhode Island Board of Elections

	FY 2009	FY 2009	FY 2010	FY 2010
	Enacted	Final	Recommended	Enacted
Expenditures by Category				
Salaries and Benefits	\$ 1,339,738	\$ 1,115,899	\$ 1,113,252	\$ 1,113,252
Contracted Services	621,692	691,574	604,086	604,086
Subtotal	\$ 1,961,430	\$ 1,807,473	\$ 1,717,338	\$ 1,717,338
Other State Operations	213,788	218,034	132,803	132,803
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	300	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 2,175,218	\$ 2,025,807	\$ 1,850,141	\$ 1,850,141
Sources of Funds				
General Revenue	\$ 1,512,874	\$ 1,530,537	\$ 1,850,141	\$ 1,600,141
Federal Aid	662,344	495,270	-	250,000
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 2,175,218	\$ 2,025,807	\$ 1,850,141	\$ 1,850,141
FTE Authorization	14.0	12.0	12.0	12.0

Summary. The Rhode Island Board of Elections requested \$2.3 million from all sources of funds, \$109,480 more than enacted, including \$104,482 more general revenues and \$4,998 more from federal funds. The Board requested 15.0 full-time equivalent positions, which is 1.0 more than authorized. The request exceeds the Budget Office target of \$1,148,070 by \$469,286.

The Governor recommended \$1.9 million from general revenues, \$325,077 less than enacted and \$0.4 million less than requested. He recommended 12.0 full-time equivalent positions, consistent with the Governor's FY 2009 revised budget, which is 3.0 less than the request.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

The Assembly concurred with the Governor's recommendations; however, shifted \$250,000 from general revenues to newly available federal Help America Vote Act funds.

New Position. The Board requested \$54,668 and 1.0 full-time equivalent position to perform maintenance on the AutoMARK voting equipment. The maintenance company offers each year to service the machines at a cost of \$123,717 annually. If the new position is not authorized, then the Board feels it must agree to the maintenance contract since the machines are vital for elections. This would cost \$69,049 above the request. The Board has indicated that no current staff has training or experience in performing machine maintenance.

The Governor did not recommend this position and recommended using existing staff for AutoMARK maintenance duties. The Assembly concurred.

Salaries and Benefits. The Board requested \$1.2 million for salaries and benefits for the other 14.0 full-time equivalent positions for FY 2010, \$3,864 less than enacted, including \$54,288 more from general revenues and \$58,152 less from federal funds. This includes turnover for two vacant positions and other adjustments in benefit rates. This also includes the transfer of 1.0 federally funded position to general revenues.

The Governor recommended \$1.1 million, \$116,486 less than enacted, for 12.0 full-time equivalent positions, including the shift of 1.0 position from federal funds and adjustments to employee benefit rates. *The Assembly concurred.*

Election Expenses. The Board of Elections and the Secretary of State requested FY 2010 expenditures of \$1.0 million from general revenues for costs associated with the preparation and execution of the general election activities, excluding salaries and benefits. Combined, this is \$0.3 million less than the FY 2009 enacted budget, which was an on-year in the two-year election cycle.

The Board of Elections requested \$230,470 from general revenues for costs associated with the preparation and execution of election activities, excluding salaries and benefits. This is \$57,950 less than enacted. This includes a decrease of \$110,000 for temporary workers used during the general elections offset by increases in legal and printing expenses and other miscellaneous election expenses.

The Secretary of State requested \$754,890 from general revenues for costs associated with the preparation and execution of regular election activities, excluding salaries and benefits. This is \$214,566 less than the FY 2009 enacted budget, which was an on-year in the two-year election cycle. This includes reductions of \$851,159 for printing, \$125,000 for legal expenses, \$40,000 for postage offset by increases of \$300,378 for software maintenance contracts and \$167,376 for information technology system support, which had previously been paid with federal Help America Vote Act funds.

The Governor recommended \$1.4 million from general revenues for the Board of Elections and the Secretary of State combined, which is \$131,855 more than enacted and \$404,371 more than requested. The Assembly shifted \$750,000 of expenses from general revenues to newly available federal Help America Vote Act funds, including \$500,000 for the Secretary of State and \$250,000 for the Board of Elections.

The Governor recommended \$694,242 from general revenues for election expenses for the Board of Elections, which is \$405,822 more than enacted and \$463,772 more than requested. This includes shifting \$495,270, for the Optical Scan service contract from federal Help America Vote Act funds to general revenues. The Assembly shifted \$250,000 of expenses from general revenues to newly available federal Help America Vote Act funds.

The Governor recommended \$695,489 for election expenses for the Secretary of State, which is \$0.3 million less than enacted and \$59,401 less than requested. This also includes an additional reduction of \$55,000 for printing costs based on the Governor's proposed legislation which requires municipalities to be responsible for the cost of printing ballots for local elections and eliminates the requirement that local ballot questions be printed on colored paper. The Assembly did not concur with the proposal to shift printing costs of local elections to municipalities and restored \$55,000 for this expense. In addition, the Assembly shifted \$500,000 of expenses from general revenues to newly available federal Help America Vote Act funds.

Federal Election Reform. The Board of Elections and the Secretary of State requested FY 2010 expenditures of \$667,342 from federal funds to continue to implement the requirements of the Help America Vote Act (HAVA) of 2002. This is \$0.5 million less than enacted and FY 2010 is an off-year in the two-year election cycle.

The Board of Elections requested \$667,342 in FY 2010 for continued implementation of the Act requirements. This is \$63,150 more than the FY 2009 enacted budget including increases of \$40,000 in ink cartridges for the AutoMARK machines, \$27,700 for the rental of space to store the optical scan and AutoMARK machines, and \$10,000 for printing, offset by decreases of \$14,550 in other miscellaneous expenses. The Board indicates that it needs to print forms, manuals and other materials and will incur other related expenses in preparation for the 40 or so local elections that will occur in FY 2010.

The Secretary of State requested no federal funds for costs associated with the Help America Vote Act because it is anticipated that the fund will be depleted in FY 2009, this is \$541,139 less than enacted. Operations that would normally utilize federal funds appear in the general revenue request. The Office is uncertain if the state will receive another grant, so it prepared its budget as if the grant were not available.

The Secretary of State is the steward of the Help America Vote Act funds and the Board of Elections based its budget request on anticipation that the available money in the fund would be shared between both agencies. The Board of Elections was not aware of the Secretary of State's revised request, which, if approved as is, extinguishes the remaining funds. Thus, the Board of Elections made its request assuming that some funds would still be available in FY 2010.

The Governor did not recommend any federal Help America Vote Act funds to either the Secretary of State or the Board of Elections due to the exhaustion of these funds in FY 2009. Expenses traditionally funded with these federal funds have been transferred to general revenues. The Assembly shifted \$750,000 of expenses from general revenues to newly available federal Help America Vote Act funds, including \$500,000 for the Secretary of State and \$250,000 for the Board of Elections.

Other Operations. The Board requested \$111,344 from general revenues for all other operations, which is \$53,476 more than enacted. This includes \$50,000 in outside legal services that the Board no longer needs since the on-going case that required this expenditure was settled in January 2009. The remaining \$2,476 is for all other miscellaneous operating expenses of the Board. Subsequent to the request, the Board indicated that \$15,000 in parts for service and maintenance on the AutoMARK machines was inadvertently omitted from the request and will be needed if the requested maintenance position is filled; if the position is not filled, this expense is included in the maintenance contract.

The Governor recommended \$42,647, which is \$10,221 less than enacted and \$63,697 less than requested. The Governor did not recommend the \$50,000 in outside legal services and reduced other maintenance and miscellaneous operating expenses. The Assembly concurred.

Contracted Services. The request includes \$702,692 for contracted services of which \$71,400 is from general revenues. ***The Governor recommended \$604,086 all from general revenues.*** The Assembly concurred.

Rhode Island Ethics Commission

	FY 2009	FY 2009	FY 2010	FY 2010
	Enacted	Final	Recommended	Enacted
Expenditures by Category				
Salaries and Benefits	\$ 1,198,016	\$ 1,179,849	\$ 1,225,062	\$ 1,225,062
Contracted Services	28,500	33,925	31,500	31,500
Subtotal	\$ 1,226,516	\$ 1,213,774	\$ 1,256,562	\$ 1,256,562
Other State Operations	172,500	168,235	173,875	173,875
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	6,293	6,293	7,293	7,293
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,405,309	\$ 1,388,302	\$ 1,437,730	\$ 1,437,730
Sources of Funds				
General Revenue	\$ 1,405,309	\$ 1,388,302	\$ 1,437,730	\$ 1,437,730
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 1,405,309	\$ 1,388,302	\$ 1,437,730	\$ 1,437,730
FTE Authorization	12.0	12.0	12.0	12.0

Summary. The Commission requested general revenue expenditures of \$1.5 million, \$57,528 more than the enacted budget and the enacted level of 12.0 full-time equivalent positions. The Budget Office target allocation is \$1,253,893. The request exceeds the target by \$208,944.

The Governor recommended \$1.4 million from general revenues, \$25,107 less than requested, and the authorized level of positions. The Assembly concurred.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Salaries and Benefits. The Commission requested \$1.2 million from general revenues for FY 2010 salary and benefit expenditures. This is \$36,583 more than the enacted budget, including \$27,188 for cost-of-living adjustments and step increases for several positions and \$11,234 for benefit adjustments, consistent with Budget Office planning values for FY 2010.

The Governor reduced the request by \$9,537. This reflects the statewide increase for retiree health insurance costs and other benefit changes, offset by \$16,515 in turnover savings. He recommended staffing of 12.0 positions, consistent with the authorized level. This is 2.0 positions more than currently filled as of pay period ending February 28, 2009. The Assembly concurred.

Outside Legal Services. The Commission requested an additional \$6,000 from general revenues for outside legal services, for which the enacted budget already includes \$24,000. The Commission indicated that the request is based on anticipated expenditures for FY 2010. Rhode Island General Law 36-14-9 empowers the Commission to retain the services of independent legal counsel. Legal counsel is utilized to provide legal guidance and interpretation on complaints before the Commission and proposed regulatory changes. ***The Governor recommended \$3,000 more than enacted, but \$3,000 less than requested.*** The Assembly concurred.

All Other Adjustments. The Commission requested \$198,238 for all other expenditures. This is \$14,945 more than the enacted and \$1,705 more than the revised request. The request includes new expenditures of \$6,240 for Westlaw applications for four of its staff attorneys. The Commission indicated that currently it does not subscribe to any online legal research services and that staff utilizes their own Rhode Island Bar Association memberships to do research. The request also includes additional expenses for electricity, traveling related expenses, staff training, record center charges, and stenographic services.

The Governor reduced the request by \$12,570 primarily for staff training and office supply expenses. The recommendation is \$23,311 more than FY 2008 reported expenses and \$13,053 more than spent in FY 2007.

Contracted Services. The request includes \$34,500 from general revenues for contracted services. ***The Governor recommended \$31,500 from general revenues for contracted services.*** The Assembly concurred.

Office of the Governor

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 4,283,211	\$ 4,377,376	\$ 5,007,304	\$ 5,157,934
Contracted Services	24,000	268,000	-	-
Subtotal	\$ 4,307,211	\$ 4,645,376	\$ 5,007,304	\$ 5,157,934
Other State Operations	343,900	349,189	317,950	317,950
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	500,000	200,000	500,000	250,000
Capital	7,500	16,618	11,500	11,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 5,158,611	\$ 5,211,183	\$ 5,836,754	\$ 5,737,384
Sources of Funds				
General Revenue	\$ 5,158,611	\$ 4,629,699	\$ 5,836,754	\$ 5,106,754
Federal Aid	-	581,484	-	630,630
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 5,158,611	\$ 5,211,183	\$ 5,836,754	\$ 5,737,384
FTE Authorization	39.0	39.0	42.0	43.0

Summary. The Office requested \$5.3 million for FY 2010 expenditures, which is \$151,561 more than enacted, and the enacted level of 39.0 full-time equivalent positions. The request exceeds the Budget Office target by \$716,371. *The Governor recommended \$5.8 million, \$0.7 million more than enacted and staffing of 42.0 full-time equivalent positions, 3.0 positions more than the authorized level.*

The Assembly provided total expenditures of \$5.7 million, \$0.1 million less than recommended. This includes \$250,000 less general revenues and \$150,630 more federal funds for an additional position transferred from the Office of Health and Human Services. The Assembly authorized staffing of 43.0 full-time positions.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Positions Transfer. The Office's request reflects an additional \$189,516 from general revenues for the transfer of 2.0 positions from the Department of Administration's Central Management and

Purchasing programs. This includes an administrative assistant and a deputy executive assistant of communication positions. This is consistent with the Office's revised request.

The Governor recommended funding as requested and included an additional transfer of 3.0 positions and \$480,254 from general revenues from the Office of Health and Human Services. The positions will be responsible for monitoring and reporting on funds received from the Stimulus Act. The positions include a legal supervising administrator, an associate director of finance and an executive/associate director.

Subsequent to his budget submission, the Governor requested legislation to create a restricted receipt account, which can receive up to 0.5 percent of stimulus funding to cover expenses incurred in the oversight of those projects. The Office's proposal assumes assessing stimulus accounts a charge for administrative support costs with the proceeds deposited in a restricted receipt account.

The Assembly provided federal funds in lieu of establishing the restricted receipt account, and included \$150,630 for an additional position transferred from the Office of Health and Human Services.

Other Salaries and Benefits. Excluding the transfers from the Department of Administration, the Office requested \$4.3 million from general revenues for all other salaries and benefits. The request assumes the elimination of 2.0 positions and \$40,681 in turnover savings. Adjusting for these items, the request is \$0.2 million more than enacted and includes cost-of-living adjustments and step increases; benefit adjustments reflect savings from health insurance, consistent with Budget Office planning values for FY 2010.

The Governor recommended \$4.3 million, which is \$46,328 more than requested to reflect updated benefit rates. Excluding the transfers, he recommended staffing of 37.0 positions, which is 1.4 positions more than the level of filled positions as of pay period ending February 28, 2009. Consistent with the request, the budget assumes \$40,681 in turnover savings. The Assembly concurred.

Contingency Fund. The request includes the enacted amount of \$0.5 million for the contingency fund. The funds may be used for expenditures in any state department or agency where funding is insufficient, or where such requirements are due to unforeseen conditions or are non-recurring items of an unusual nature. *The Governor recommended funding as requested.* The Assembly provided expenditures of \$250,000, which is \$50,000 more than included in the FY 2009 final budget.

State Operations. The Office requests expenditures of \$329,450, or \$45,950 less than the enacted amount for all other operations, which is essentially consistent with the revised request. This includes the elimination of the enacted amount of \$24,000 budgeted for temporary services and \$21,950 less for operating expenses, including the removal of \$27,000 previously budgeted for office space in Washington D.C., and is now being sublet. The request includes additional funds for dues for the National Governor's Association. *The Governor recommended funding as requested.* The Assembly concurred.

Contracted Services. The request does not include any expenditure for contracted services. *The Governor recommended funding as requested.* The Assembly concurred.

Rhode Island Commission for Human Rights

	FY 2009	FY 2009	FY 2010	FY 2010
	Enacted	Final	Recommended	Enacted
Expenditures by Category				
Salaries and Benefits	\$ 1,117,743	\$ 1,131,384	\$ 1,165,324	\$ 1,165,324
Contracted Services	5,000	9,933	9,950	9,950
Subtotal	\$ 1,122,743	\$ 1,141,317	\$ 1,175,274	\$ 1,175,274
Other State Operations	260,225	249,610	249,473	249,473
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,382,968	\$ 1,390,927	\$ 1,424,747	\$ 1,424,747
Sources of Funds				
General Revenue	\$ 991,659	\$ 918,472	\$ 1,016,242	\$ 1,016,242
Federal Aid	391,309	472,455	408,505	408,505
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 1,382,968	\$ 1,390,927	\$ 1,424,747	\$ 1,424,747
FTE Authorization	14.5	14.5	14.5	14.5

Summary. The Commission for Human Rights requested \$1.3 million from all sources and 12.5 full-time equivalent positions. This is \$107,909 less than enacted, including \$123,215 less from general revenues, primarily from eliminating 2.0 positions. The request is consistent with the Budget Office target of \$868,444. *The Governor recommended \$149,688 more than requested and 14.5 positions.*

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below. The Assembly concurred with the remainder of the recommendation.

Federal Receipts. The Commission's budget assumes that federal receipts available to be spent in FY 2010 total \$363,612. The budget includes expenses totaling \$406,615 leaving a shortfall of \$43,003 for FY 2010. *The Governor included \$408,505 from federal receipts, \$1,890 more than requested potentially creating a more significant out-year federal deficit.* The Assembly concurred.

Investigator Positions. The Commission's request eliminated two investigator staff positions valued at \$141,038 in an attempt to meet the general revenue target. Since the staff investigates and closes

cases related to housing and equal opportunity issues, the Commission receives federal reimbursement for the activities. The Commission reports that if the positions are eliminated there will be fewer cases closed and a potential loss in federal receipts totaling \$67,000. The loss of revenue is not reflected in the Commission's FY 2010 request. *The Governor did not recommend the request and retains the positions at the current authorized level.* The Assembly concurred.

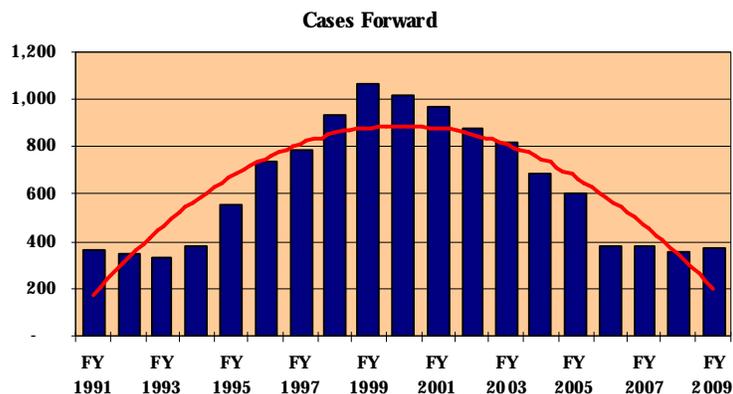
Salaries and Benefits. The Commission requested \$1.0 million from all sources of funds or \$38,931 more than enacted, including \$32,149 from general revenues and \$6,782 from federal funds to support salaries and benefits for the remaining 12.5 positions based on Budget Office planning values. These include a cost-of-living adjustment and increased cost sharing for medical benefits. *The Governor recommended \$8,650 more than requested, \$6,760 more from general revenues to reflect increases in retiree health insurance offset by minor adjustments in medical benefits.* The Assembly concurred.

State Operations. The Commission requested \$259,423 from all sources for all other state operations, \$5,802 less than enacted. This includes \$14,326 less from general revenues and shifts expenses to federal sources reflecting reduced operating costs with additional expenses for contracted interpreters, legal and stenographic services. *The Governor recommended the funding as requested; however, he did not recommend the additional \$1,500 for legal services but he did add \$1,500 for staff training.* The Assembly concurred.

Contracted Services. The request included \$11,450 for contracted services of which \$1,000 is from general revenues. *The Governor included \$9,950 for contracted services and he did not include new funding of \$1,500 for legal services.* The Assembly concurred.

Caseloads. The impact of past staff reductions and increased intake was that the Commission was unable to clear its cases, resulting in growing backlogs. The backlog entering in to FY 1999 reached a new high of 1,118 cases. However, as the result of two additional federally funded positions, the Commission was able to process an average of 511 cases per year from FY 2000 through FY 2004. During FY 2003, the Commission was able to process 582 cases of which, 506 were closed, more than any other year in the Commission's 55-year history. In FY 2004, federal funding was exhausted and the 2.0 full-time equivalent positions were eliminated.

The Commission entered FY 2007 with a backlog of 387 unprocessed cases and with an intake of 364 new cases, was able to close 432 cases reducing its backlog to 354 cases for FY 2007. In FY 2008, the Commission intake of 409 new cases was offset by 435 closed cases with 367 cases forwarded to FY 2009. The Commission maintains that if it were allowed its staffing level of 14.5 full-time equivalent positions the backlog reduction trend is expected to continue, thereby ensuring timely due process for both complainants and defendants.



Public Utilities Commission

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 4,620,447	\$ 4,600,027	\$ 4,753,864	\$ 4,753,864
Contracted Services	1,318,143	1,318,143	1,318,143	1,718,143
Subtotal	\$ 5,938,590	\$ 5,918,170	\$ 6,072,007	\$ 6,472,007
Other State Operations	930,287	930,187	940,187	940,187
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	337	337	337	337
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 6,869,214	\$ 6,848,694	\$ 7,012,531	\$ 7,412,531
Sources of Funds				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	100,547	102,659	103,600	103,600
Restricted Receipts	6,768,667	6,746,035	6,908,931	7,308,931
Other	-	-	-	-
Total	\$ 6,869,214	\$ 6,848,694	\$ 7,012,531	\$ 7,412,531
FTE Authorization	44.0	44.0	44.0	44.0

Summary. The Public Utilities Commission requested FY 2010 expenditures of \$7.2 million, which is \$0.4 million more than enacted, including \$369,432 more from restricted receipts, and \$2,388 more from federal funds. Restricted receipts are generated from billing the regulated utilities for the expenses of both the Public Utilities Commission and the Division of Public Utilities and Carriers. The Commission requested 46.0 full-time equivalent positions, which is 2.0 positions more than enacted for the two additional commissioners.

The Governor recommended \$7.0 million, which is \$0.1 million more than enacted and \$228,503 less than requested. He recommended 44.0 full-time equivalent positions, which is 2.0 less than requested. The Assembly added \$400,000 from restricted receipts to support increased rate case expenditures consistent with the legislation to increase the current cap on utility billings.

New Commissioners. The 2002 Assembly raised the number of commissioners from 3.0 to 5.0 as of January 31, 2004. The Commission requested new funds of \$273,998 from restricted receipts and 2.0 additional full-time equivalent positions. The Commission's revised request also adds the positions and funding for half of a year. *The Governor did not recommend the new positions or the funding. The Assembly concurred.*

Other Salaries and Benefits. The Commission requested \$4.7 million from all sources for salary and benefit expenses for the remaining 44.0 positions. This is \$87,922 more than enacted and includes a

2.5 percent cost-of-living increase and other benefit adjustments, consistent with the budget planning values. The request assumes no turnover savings, which is consistent with the enacted budget. *The Governor recommended \$133,417 more than enacted, which is \$45,495 more than requested to reflect updated benefit rates.* The Assembly concurred.

Other Operating and Contracted Services. The Commission requested \$2.3 million from all sources for other operating and contracted services. These expenditures support regular operations of both the Division of Public Utilities and Carriers and the three-member Commission. The request is \$9,900 more than enacted including \$10,000 more from restricted receipts and \$100 less from federal funds. The increased funding is for expert testimony for rate case hearings.

The Governor recommended funding as requested. He included legislation to increase the limit on the amount each utility company may be assessed for expenses incurred for rate cases and other matters before the Public Utilities Commission from \$250,000 to \$500,000 annually. The Assembly concurred with the legislation and added \$400,000 from restricted receipts, which the Governor inadvertently omitted from his recommendation.

Contracted Services. The request included \$1.3 million for contracted services none of which are from general revenues. *The Governor recommended funding as requested.* The Assembly concurred.

Rhode Island Commission on Women

	FY 2009		FY 2009		FY 2010		FY 2010
	Enacted		Final		Recommended		Enacted
Expenditures by Category							
Salaries and Benefits	\$ 95,754	\$	96,745	\$	99,416	\$	99,416
Contracted Services	-		-		-		-
Subtotal	\$ 95,754	\$	96,745	\$	99,416	\$	99,416
Other State Operations	9,454		7,978		8,046		8,046
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	2,000		2,000		2,000		2,000
Capital	-		-		-		-
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
Total	\$ 107,208	\$	106,723	\$	109,462	\$	109,462
Sources of Funds							
General Revenue	\$ 107,208	\$	106,723	\$	109,462	\$	109,462
Federal Aid	-		-		-		-
Restricted Receipts	-		-		-		-
Other	-		-		-		-
Total	\$ 107,208	\$	106,723	\$	109,462	\$	109,462
FTE Authorization	1.0		1.0		1.0		1.0

Summary. The Rhode Island Commission on Women requested expenditures of \$111,134 from general revenues, which is \$3,926 more than the FY 2009 enacted budget. This includes a 2.5 percent cost-of-living increase for the one employee, along with benefit adjustments, consistent with Budget Office instructions. The request exceeds the Budget Office's FY 2010 target of \$95,713 by \$15,421.

The Governor recommended \$109,462 and 1.0 position, which is \$1,672 less than requested. He included an increase of \$1,192 for retiree health offset by a decrease of \$1,510 for medical benefits to reflect the adjusted employee co-share expenses and \$1,408 less for operating expenses. The Assembly concurred.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals.

Contracted Services. The request did not include funding for contracted services. *The Governor did not include funding for contracted services.* The Assembly concurred.

Office of Health and Human Services

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 9,339,789	\$ 5,786,698	\$ 7,478,526	\$ 7,591,403
Contracted Services	2,188,340	1,560,862	1,608,780	1,608,780
Subtotal	\$ 11,528,129	\$ 7,347,560	\$ 9,087,306	\$ 9,200,183
Other State Operations	39,002	108,036	190,506	190,506
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	3,204,950	915,512	-	-
Capital	15,000	206,704	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 14,787,081	\$ 8,577,812	\$ 9,277,812	\$ 9,390,689
Sources of Funds				
General Revenue	\$ 5,223,297	\$ 3,601,193	\$ 3,448,389	\$ 3,621,896
Federal Aid	7,593,011	4,304,457	4,544,633	4,484,003
Restricted Receipts	1,970,773	672,162	1,284,790	1,284,790
Other	-	-	-	-
Total	\$ 14,787,081	\$ 8,577,812	\$ 9,277,812	\$ 9,390,689
FTE Authorization	92.2	85.1	73.1	74.1

Summary. The Office requested \$11.4 million from all sources or \$3.4 million less than enacted, including \$0.7 million less from general revenues and 83.1 full-time equivalent positions. The request is \$80,729 below the Budget Office target of \$4,614,110. The Office requested 83.1 positions, 9.1 less than the enacted and 2.0 less than the revised request. *The Governor recommended \$9.3 million, which is \$2.1 million less than requested, and he transferred 10.0 positions to other state agencies.*

The Assembly added \$0.1 million more than recommended for staffing changes. The Assembly enacted Section 2 of Article 5 which added responsibilities consistent with the Medicaid global waiver and transferred additional functions into the executive office.

The Assembly also adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

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 Office of Health and Human Services. The 2009 guidelines are itemized as follows.

Percent of Federal Poverty Level based on Annual Income									
Family Size	100%	125%	133%	150%	175%	180%	185%	200%	250%
1	\$ 10,830	\$13,538	\$14,404	\$16,245	\$18,953	\$19,494	\$20,036	\$21,660	\$27,075
2	14,570	18,213	19,378	21,855	25,498	26,226	26,955	29,140	36,425
3	18,310	22,888	24,352	27,465	32,043	32,958	33,874	36,620	45,775
4	22,050	27,563	29,327	33,075	38,588	39,690	40,793	44,100	55,125
5	25,790	32,238	34,301	38,685	45,133	46,422	47,712	51,580	64,475
6	29,530	36,913	39,275	44,295	51,678	53,154	54,631	59,060	73,825
7	33,270	41,588	44,249	49,905	58,223	59,886	61,550	66,540	83,175
8	37,010	46,263	49,223	55,515	64,768	66,618	68,469	74,020	92,525

For a family with more than 8 members, add \$3,740 for each additional member.

Office Functions. The 2007 Assembly passed legislation to phase in certain functions from the individual health and human services agencies to the Office of Health and Human Services. Functions include fiscal, legal, policy and planning, data management, and communication and media relations. *The Governor submitted Article 39 to establish an assessment and coordination organization and consolidates the program integrity, quality control and collection and recovery activities by October 1, 2009. The Governor also requested an amendment to the article to decouple the Department of Health from the executive office.*

The Assembly did not decouple the Department of Health from the Office and maintained it as a separate department within the executive office. The Assembly did adopt Section 1 of Article 5 to establish the assessment and coordination organization and consolidates the program integrity, quality control and collection and recovery activities by October 1, 2009. The section also transfers, by March 1, 2010, the food and nutritional services administrative function to the office, including food stamps and women and infants and children (WIC) program. It also transfers, by January 1, 2011, client protective services for children, elders and adults with developmental and other disabilities.

Section 1 of the article requires that a plan to restructure responsibilities across the departments, in order to establish the consumer centered integrated system that is part of the Medicaid global waiver, be submitted to the chairpersons of the House and Senate Finance Committees no later than January 1, 2010.

Staffing Changes. The Office's request transferred one position from the Department of Administration and eliminated three that became vacant. This reduced the budget by \$0.2 million from all sources.

The Governor recommended the request and further transferred 10.0 positions to other state agencies: 6.0 to the Department of Health, 2.0 of which were legal positions as part of the consolidation of functions, 3.0 to the Governor's Office and 1.0 to Labor and Training. Accordingly, he reduced the Office's expenses by \$1.6 million, of which \$1.4 million is general revenues. The budget continues to include funding for an employee currently assigned to the Governor's Office of Economic Recovery and Reinvestment. The Governor requested an amendment to decouple the Department of Health from the executive office and to transfer 5.6 additional positions to Health.

The Assembly maintained the Department of Health within the Office of Health and Human Services and did not transfer the additional 5.6 positions requested nor the 2.0 legal positions.

The Assembly did transfer 8.0 of the recommended positions as well as the position assigned to the Governor's Office.

Salaries and Benefits. The Office requested \$9.0 million from all sources for salaries and benefits, \$0.1 million less than enacted, including \$0.6 million less from general revenues. The request reflects adjustments based on Budget Office planning values, including a cost-of-living adjustment and increased cost sharing for medical benefits. The Office also shifts \$0.6 million in salary and benefit expenses from general revenues to additional federal funds and assumes that it can use unspecified federal funds that may be included in the budgets of the other health and human service agencies in its own FY 2010 budget. It appears that this action may cause the available federal funding to be double counted. If this funding is not available, then the Office's FY 2010 request will be underfunded by \$0.8 million.

The Governor added \$8,705 to the request which included increases for retiree health insurance offset by other adjustments to reflect current staffing. He included \$0.3 million more from general revenues and \$0.2 million less from federal funds to correct the error noted above. The Assembly added \$0.1 million from all funds for the two legal positions transferred from the Department of Health.

Medicaid Health Information Exchange Grant. The Office requested \$1.7 million, or \$0.7 million more from federal funds for the Medicaid Health Information Exchange grant. The grant provides technical support to design and develop improved Medicaid and long-term care delivery systems by reducing patient error and improving coordination of care. This is in coordination with the Departments of Human Services and Health to begin building the statewide health information exchange network. *The Governor recommended funding as requested.* The Assembly concurred.

Real Choices System Change Grant. The Office's request included \$0.5 million from federal funds for the real choices system change grant, \$14,780 less than enacted. Funding is awarded to the New England Consortium Systems Organization for project coordination, system design and marketing services through the real choices system change grant for community living. The grant addresses the infrastructure supporting the state's long-term care options including intake and assessments, care planning and eligibility procedures allowing people with chronic illnesses or disabilities to continue to reside in the community. The grant does not address direct care services. *The Governor transferred the grant from the Office to the Department of Human Services and included the funding in its budget.* The Assembly concurred.

Transformation Grant. The Office did not include funding for the transformation grant for which \$180,000 was included in the enacted budget. The Department included the balance of the grant funding in its FY 2009 revised request, which was awarded to Electronic Data System to provide technical support to design and develop improved Medicaid and long-term care delivery systems by reducing patient error and improving coordination of care. *The Governor recommended funding as requested.* The Assembly concurred.

Substance Abuse State Incentive Grant. The Office's request transferred the federal substance abuse state incentive grant which funds programs that address substance abuse issues among adolescents to the Department of Mental Health, Retardation and Hospitals and reduced its budget by \$3.6 million. *The Governor recommended funding as requested.* The Assembly concurred.

All Other Expenses. The Office requested \$115,777 from all funds, including \$41,416 more from general revenues for all other operating expenses. The enacted budget includes \$38,652 from all funds for operating expenses and did not include any additional funding for the anticipated transfer of

selected positions from the five other health and human service agencies. Funding includes office supplies and equipment and computer software and supplies. *The Governor recommended funding as requested.* The Assembly concurred.

Contracted Services. The request included \$2.2 million from federal funds for contracted services, none of which are from general revenues. *The Governor recommended \$1.6 million for contracted services, none of which are from general revenues.* The Assembly concurred.

Department of Children, Youth and Families

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Program				
Central Management	\$ 7,127,211	\$ 7,538,114	\$ 7,352,149	\$ 7,352,149
Child Welfare	141,655,259	181,366,790	182,365,228	182,465,228
Juvenile Corrections	31,938,705	34,595,436	36,157,617	36,157,617
Children's Behavioral Health	29,020,077	22,872,029	21,739,661	21,574,661
Higher Education Opportunity Grants	200,000	200,000	200,000	200,000
Total	\$ 209,941,252	\$ 246,572,369	\$ 247,814,655	\$ 247,749,655
Expenditures by Category				
Salaries and Benefits	\$ 71,470,665	\$ 67,620,712	\$ 72,349,178	\$ 72,349,178
Contracted Services	5,089,794	4,845,476	4,667,416	4,667,416
Subtotal	\$ 76,560,459	\$ 72,466,188	\$ 77,016,594	\$ 77,016,594
Other State Operations	8,022,419	8,701,319	9,003,418	9,003,418
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	123,847,928	164,543,280	160,191,569	160,291,569
Capital	1,510,446	861,582	1,603,074	1,438,074
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 209,941,252	\$ 246,572,369	\$ 247,814,655	\$ 247,749,655
Sources of Funds				
General Revenue	\$ 137,133,720	\$ 161,387,588	\$ 158,722,427	\$ 158,822,427
Federal Aid	69,839,591	82,257,990	85,504,945	85,504,945
Restricted Receipts	1,757,941	2,284,059	2,203,059	2,203,059
Other	1,210,000	642,732	1,384,224	1,219,224
Total	\$ 209,941,252	\$ 246,572,369	\$ 247,814,655	\$ 247,749,655
FTE Authorization	738.5	694.0	700.0	700.0

Summary. The Department of Children, Youth and Families requested \$247.5 million from all sources, including \$171.6 million from general revenues, \$72.6 million from federal funds, \$2.2 million from restricted receipts, \$1.1 million from Rhode Island Capital Plan funds, and 694.0 full-time equivalent positions. General revenues are \$34.5 million more than the FY 2009 enacted level. Of that, \$17.8 million represents a shift of expenditures from the Department of Human Services and \$18.7 million is from a change to expenditures that qualify for a Medicaid match. The request includes 44.5 less full-time equivalent positions.

The request exceeds the Budget Office target of \$129.0 million by \$42.7 million. Adjusted for the transfer from the Department of Human Services and the change in Medicaid eligibility, the request exceeds the target by \$6.2 million. *The Governor recommended \$247.8 million and 700.0 full-time equivalent positions, which is \$37.9 million more and 38.5 positions less than enacted. The*

recommendation is \$0.3 million more and 6.0 positions more than requested. Currently, the Department has 655.0 filled positions. The Assembly concurred, with the exception of adding \$100,000 from general revenues, and reducing Rhode Island Capital Plan funds by \$165,000.

The Assembly also adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Staffing

Juvenile Corrections - Staff Reductions. The Department proposed to eliminate 12.5 vacant full-time equivalent positions to save \$1.3 million from general revenues. *The Governor recommended eliminating the vacant positions and funding as requested.* The Assembly concurred.

Juvenile Corrections - Overtime. The Department requested \$2.4 million from all funds for overtime expenditures at the training school, including \$2.4 million from general revenues and \$410 from federal funds. The FY 2009 enacted budget included only \$0.3 million. It should be noted that the FY 2009 enacted budget included initiatives to reduce overtime at the Training School, such as the elimination of the requirement of one-to-one supervision if a child is admitted to the Training School over the weekend and the revision of transportation schedules to only transport children within regularly scheduled shifts; savings from these initiatives total \$250,000. The revised request included a similar adjustment. The Department also indicated that many of the savings included in the enacted budget were dependent on the opening of the new Training School. Both of the new Training School buildings are now open; therefore, this amount of overtime may not be necessary.

The Governor recommended \$0.5 million less than requested to reflect overtime savings from the opening of the new Training School. As of March 25, 2009, both the Youth Assessment Center and the Youth Development Center are open. The Assembly concurred.

Juvenile Corrections - Salaries and Benefits. The Department requested \$24.8 million from all sources for all other salary and benefit expenditures for juvenile corrections. This includes \$24.6 million from general revenues and \$0.1 million from federal funds. This is \$1.2 million more than enacted, including \$1.1 million from general revenues, and \$0.1 million from federal funds. This assumes Budget Office planning values for benefits and a 2.5 percent cost-of-living increase for FY 2010. *The Governor recommended \$1.0 million more than enacted and \$0.2 million less than requested to reflect updated medical and retiree health benefits, offset by the inclusion of turnover for approximately 5.0 positions that was not included in the request.* The Assembly concurred.

Child Welfare - Staff Reductions. The Department proposed to eliminate 27.0 vacant full-time equivalent positions to save \$2.7 million. This includes \$1.7 million less from general revenues and \$1.0 million less from federal funds. *The Governor recommended eliminating the positions and funding as requested.* The Assembly concurred.

Child Welfare - Salaries and Benefits. The Department requested \$38.6 million from all sources for all other salary and benefit expenditures. This includes \$24.9 million from general revenues and \$13.7 million from federal funds. This is \$1.8 million more than enacted, including \$0.6 million less from general revenues and \$2.4 million more from federal funds. This assumes Budget Office planning

values for benefits and a 2.5 percent cost-of-living increase for FY 2010. It also includes \$1.0 million less for overtime charges, including \$0.6 million less from general revenues and \$0.4 million less from federal funds. The federal funds increase assumes that there will be more administrative costs that will be eligible for the enhanced Medicaid match rate.

The Governor recommended \$1.6 million more than enacted and \$0.2 million less than requested to reflect updated medical and retiree health benefits, offset by the inclusion of turnover for approximately 4.0 positions that was not included in the request. The Assembly concurred.

Other - Staff Reductions. The Department proposed to eliminate 5.0 vacant full-time equivalent positions from the Behavioral Health and Central Management programs, 4.0 positions in Central Management and 1.0 in Behavioral Health, to save \$0.5 million. This includes \$0.4 million less from general revenues and \$0.2 million less from federal funds. *The Governor recommended eliminating the positions and funding as requested.* The Assembly concurred.

Other - Salaries and Benefits. The Department requested \$5.2 million from all sources for all other salary and benefit expenditures in the Behavioral Health and Central Management programs. This includes \$3.6 million from general revenues and \$1.6 million from federal funds. This is \$0.6 million more than enacted, including \$0.3 million less from general revenues, and \$0.9 million more from federal funds. This assumes Budget Office planning values for benefits and a 2.5 percent cost-of-living increase for FY 2010. It also includes \$0.1 million more for overtime, including \$68,129 more from general revenues and \$46,059 more from federal funds. The federal funds increase assumes there will be more administrative costs eligible for the enhanced Medicaid match rate.

The Governor recommended \$0.8 million more than enacted and \$0.2 million more than requested to include minor adjustments in medical benefits, offset by an increase in the retiree health benefit rate. Consistent with the request, the Governor did not include any savings from turnover. The Assembly concurred.

New Positions – Global Waiver. Passage of the Medicaid Global Waiver required the Department to implement and manage programming changes in order to be in compliance with new laws and procedures.

The Governor recommended the addition of \$0.5 million from general revenues and 6.0 new positions in the Behavioral Health program for implementation of the Medicaid Global Waiver. The new positions include 1.0 clinical director, 1.0 clinical nurse specialist, 1.0 clinical psychologist, 2.0 professional services coordinators, and 1.0 data control clerk. The Assembly concurred.

Placements

Residential Services – Medicaid Match. The Department requested \$18.7 million from general revenues in lieu of federal funds for services that were previously matched with federal resources under the Medicaid rehabilitation services option. The Department performed a time study on services provided for Medicaid eligible children, which indicated that many of the services being billed to Medicaid are not eligible. These services will now be funded from general revenues. This is consistent with the FY 2009 revised request. *The Governor recommended funding as requested.* The Assembly concurred.

18 to 21 Year Olds. The Department requested \$13.5 million for services provided to youth between the ages of 18 and 21 years old. This is \$2.9 million more than enacted including, \$2.1 million from

general revenues and \$0.8 million from federal funds. This increase is consistent with the FY 2009 revised request and is 27.6 percent more than the enacted amount of \$10.5 million. The Department indicated the increase relates to those special needs children for whom the state still requires provision of services after age 18. The current population being served is approximately 255 youth. As of July 1, 2008 the Department was providing services to approximately 270 youth in this age group; 390 youth were being served at the start of FY 2008.

The Governor recommended total funding as requested and shifted \$1.1 million from general revenues to federal funds from the enhanced Medicaid match rate that is available through the American Recovery and Reinvestment Act of 2009. The Assembly shifted \$2.3 million from federal funds to general revenues because the Department inadvertently miscalculated which services are eligible for Medicaid reimbursement.

Managed Care Transfer. The Department's request includes \$37.5 million for expenses to be shifted from the Department of Human Services. This includes \$17.8 million from general revenues and \$19.7 million from federal funds. In FY 2008, a portion of both residential and hospital based programs and funding were shifted to the Department of Human Services as part of an initiative to provide more efficient services to children. After the transfer, it was determined that the residential services portion of the transfer did not fit the managed care model. The request includes \$34.1 million from the Child Welfare program and \$3.4 million from the Juvenile Corrections program. The average annual child cost increase is reflective of the per month per member costs charged by the insurer for managed health care insurance for children in the Department's legal custody including foster care children, children with special health care needs and children who need comprehensive intensive services.

The Governor recommended total funding as requested and shifted \$4.3 million from general revenues to federal funds from the enhanced Medicaid match rate that is available through the American Recovery and Reinvestment Act of 2009. The Assembly concurred.

Child Welfare Residential Placements. The Department requested \$82.1 million from all sources for Child Welfare residential placements, including \$43.1 million from general revenues and \$39.0 million from federal funds. This is \$4.2 million more than enacted from all sources, including \$863,421 less from general revenues and \$5.1 million more from federal funds. The Department indicated that many of the expenditures budgeted for Behavioral Health programs have been reprogrammed and classified as Child Welfare programs. The increase to federal funding is from Title IV-E, which provides assistance for foster care, transitional independent living programs, and adoption assistance for children with special needs, and is due to reprogramming of services and changes to eligibility for a Medicaid match.

The requested increase is offset by reduced expenses for residential services in the Children's Behavioral Health program. The enacted budget included savings from reducing fee for service placements by approximately 50.0 percent and reinvesting 50.0 percent of the savings into community-based services, which are less expensive. Residential placements have been reduced from approximately 850 at the beginning of FY 2009 to 828 at the end of the first quarter.

The Governor's FY 2009 revised recommendations include savings from converting residential facilities to foster care slots effective February 1, 2009. This savings is reflected in the Department's request, as it assumes combined residential expenditures for Child Welfare and Behavioral Health will decline by 2.0 percent.

The Governor recommended total funding as requested; however, he shifted \$4.5 million from general revenues to federal funds to include \$1.7 million from an enhanced Title IV-E rate and \$0.2 million from an enhanced Medicaid match rate that are available through the American Recovery and Reinvestment Act of 2009, as well as \$2.6 million based on recent federal approval through the Global Waiver to match Medicaid funds for services provided through certain state funded programs. The Assembly concurred and further shifted \$2.3 million from general revenues to federal funds because the Department inadvertently miscalculated which services are eligible for Medicaid reimbursement.

Behavioral Health Residential Placements. The Department requested \$10.1 million from all sources for Behavioral Health residential placements, including \$6.5 million from general revenues and \$3.6 million from federal funds. This is \$7.4 million less than enacted, including \$2.7 million from general revenues, based on redesigned services and is consistent with the FY 2009 revised request. The enacted budget assumed savings by converting residential placements into community-based services. The Department indicated many of the services that children have been receiving through the behavioral health program have been reprogrammed and integrated into the child welfare program. This is reflected in the requested increase for Child Welfare residential services, noted previously.

The Governor recommended total funding as requested; however, he shifted \$0.8 million from general revenues to federal funds from the enhanced Medicaid match rate that is available through the American Recovery and Reinvestment Act of 2009. The Assembly concurred.

Project Hope and Project Reach. The Department requested \$4.7 million from general revenues for Project Hope and Project Reach. This is \$230,801 less than enacted from general revenues. Project Hope is an aftercare program that targets youth with emotional disturbances who are returning to their homes and communities from the Rhode Island Training School. Project Reach provides wraparound services through community mental health centers. These programs are fully state funded and have been reduced based on revised spending projections, consistent with the revised request.

The Governor recommended funding as enacted; however, he shifted \$1.6 million from general revenues to federal funds based on recent federal approval through the Global Waiver to match Medicaid funds for services provided through certain state funded programs. The Assembly concurred.

Title IV-B Child Welfare Grant. The Department requested \$958,419 from federal funds for the Title IV-B Child Welfare grant. This grant provides funding for state and local welfare agencies to enable children to remain in their own homes or if that is not an option, provide alternative permanent homes for them. The request is \$0.1 million more than enacted based on an increase to the grant award. This grant does not have a general revenue match. *The Governor recommended funding as requested.* The Assembly concurred.

Children's Trust Funds and Parental Contributions. The Department requested \$2.2 million from restricted receipts for the children's trust account based on increased donations anticipated for receipt in FY 2010. This is \$432,059 more than enacted, including \$424,059 more for children's trust accounts and \$8,000 more for parental contribution accounts. The children's trust account is a restricted receipt account that is used to match federal funds for start-up or expansion grants to community based prevention programs aimed at the prevention of child abuse and neglect. The parental contribution account is a restricted receipt account that maintains child support payments that are made for children in the Department's custody. *The Governor recommended funding as requested.* The Assembly concurred.

Positive Education Partnerships. The Department requested \$1.5 million from federal funds for the Positive Education Partnership grant. This grant funds a network of providers that facilitate community-based services and supports that help with the challenges of children and youth with serious mental health needs and their families. The request is \$0.5 million less than enacted, and the Department has indicated that this is based on changes to the formula from which the grant is calculated. *The Governor recommended funding as requested.* The Assembly concurred.

Other Federal Program Adjustments. The Department requested \$1.0 million from federal funds for other program expenditures within the Child Welfare and Children's Behavioral Health programs. This is \$0.3 million more than enacted. These changes are based on revised spending projections and projected carried forward balances from requested revisions for FY 2009. *The Governor recommended funding as requested.* The Assembly concurred.

Training School

Juvenile Corrections – Residential Placements. The Department requested \$5.5 million for expenditures for juveniles released from the Training School that require some period of supervision in a community based program. This is \$1.0 million less than enacted, including \$0.4 million less from general revenues and \$0.5 million less from federal funds. The Department indicated that it has experienced a 2.0 percent decrease in residential slots and is continuing to move juveniles from residential placements to community based settings. This is consistent with the FY 2009 revised request.

Legislation enacted by the 2008 Assembly set a maximum population level of 160 including 148 males and 12 females. The director of the Department shall notify the chief judge of the Family Court whenever the population reaches 95 percent of capacity or 152 youth. At that point the Training School superintendent shall refer youth to the family court for release who do not pose a risk of harm to self or the community. Following a hearing the Family Court shall authorize the release of these youth from the Training School. The change will allow youth to enter probation or the community more quickly creating a higher success rate of youth being released into the community. The legislation states that this population limit is in effect at the new Training School. As of March 25, 2009 both the Youth Assessment Center and the Youth Development Center are open.

The Governor recommended total funding as requested; however, he shifted \$0.3 million from general revenues to federal funds to include an enhanced Medicaid match rate that is available through the American Recovery and Reinvestment Act of 2009. The Assembly concurred.

Training School – Operating Expenses. The Department requested \$1.9 million from general revenues for operating expenses at the Training School, which is \$0.7 million more than enacted. The Department has indicated that the request is based on revised spending projections for food and supplies. Food expenses account for 39.0 percent of this increase, which are \$256,797 more than enacted. The Department has also indicated that the expenses for maintenance on the new Training School have increased. The new school will need maintenance contracts for the new equipment, air handlers, steam and cooling towers, and the security system. The request of additional funding is consistent with historical spending. The remainder of the increase adjusts clothing expenses, medical supply expenses, and various office supplies. *The Governor recommended funding as requested and added \$15,612 from federal funds from a grant that was inadvertently excluded from the request.* The Assembly concurred.

Other Operations

All Other Operating. The Department requested \$11.7 million in expenditures for other operations, including \$8.7 million from general revenues, \$3.0 million from federal funds, and \$23,059 from restricted receipts. Approximately one-third of these expenses are for rent of the main facility on Friendship Street in Providence, all of the regional offices, and the probation and parole office. The remainder of the expenses are for mileage and travel allowances for staff, financial and legal services, staff training, vehicle maintenance, and various other operating expenses. The request is \$0.4 million less than enacted, \$0.5 million more from general revenues, and \$0.9 million less from federal funds, which includes an inadvertent reduction of \$0.3 million.

Adjusting for that, the Department requested a \$0.1 million decrease to the enacted budget. Adjustments to expenditures are the result of revised spending projections. Additionally, the Department can no longer fund certain services through a federal grant it received from Title IV-E to support operating expenses and the request shifts approximately \$0.2 million to general revenues. *The Governor recommended \$11.9 million from all sources, which is \$0.2 million more than requested from federal funds to correct the Department's inadvertent reduction.* The Assembly concurred.

Community Service Grants. The Department requested the enacted level of \$164,323 from general revenues for 12 community service grants; however, the community service grants to be awarded total \$165,247. *The Governor recommended \$165,247 from general revenues, \$924 more than requested to correctly fund the grants.* The Assembly added \$100,000 from general revenues for the Groden Center.

Capital Projects. The Department requested \$1.1 million from Rhode Island Capital Plan funds for three projects, including upgrades at the North American Family Institute, fire code upgrades at youth group homes, and a reimbursement for work completed at the Groden Center. This is \$0.1 million less than enacted.

The Governor recommended \$1.4 million for five projects. This is \$0.3 million more than requested to include additional funds for the Groden Center, as well as facility upgrades at Camp E-Hun-Tee. Projects are described in detail in the Capital Budget Section of this report. The Assembly shifted \$165,000 from FY 2010 to FY 2011 for a feasibility study at state owned group homes on Cowesett Road.

Contracted Services. The request includes \$4.7 million for contracted services of which \$1.9 million is from general revenues. *The Governor recommended \$4.7 million for contracted services of which \$1.9 million is from general revenues.* The Assembly concurred.

Department of Elderly Affairs

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 3,450,957	\$ 2,685,293	\$ 2,883,681	\$ 2,872,192
Contracted Services	201,897	123,832	72,149	72,149
Subtotal	\$ 3,652,854	\$ 2,809,125	\$ 2,955,830	\$ 2,944,341
Other State Operations	2,201,578	1,471,944	619,720	619,623
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	19,315,894	21,404,004	22,349,567	21,847,563
Capital	97,989	126,639	111,639	111,639
Capital Debt Service	-	-	-	-
Operating Transfers	8,311,408	7,492,264	7,133,119	-
Total	\$ 33,579,723	\$ 33,303,976	\$ 33,169,875	\$ 25,523,166
Sources of Funds				
General Revenue	\$ 16,071,786	\$ 14,065,905	\$ 11,687,598	\$ 9,920,687
Federal Aid	12,257,937	13,718,071	16,460,162	15,210,364
Restricted Receipts	620,000	1,120,000	392,115	392,115
Other	4,630,000	4,400,000	4,630,000	-
Total	\$ 33,579,723	\$ 33,303,976	\$ 33,169,875	\$ 25,523,166
FTE Authorization	35.0	32.0	31.0	31.0

Summary. The Department of Elderly Affairs requested \$34.2 million from all sources, including \$16.4 million from general revenues, \$12.5 million from federal funds, \$0.6 million from restricted receipts, \$4.6 million from other funds, and 31.0 full-time equivalent positions. The request exceeds the Budget Office target of \$15,516,971 by \$913,340.

The Governor recommended \$33.2 million from all sources, \$0.4 million less than enacted, including \$4.4 million less from general revenues, \$4.2 million more from federal funds, and \$0.2 million less from restricted receipts. He also recommended the requested 31.0 full-time equivalent positions.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

The Assembly reduced funding by \$7.7 million, including \$1.8 million from general revenues, \$1.3 million from federal funds, and \$4.6 million from other funds. This reduction is largely related to the transfer of the responsibility for paratransit services to the Department of Human Services.

Staff Reductions. The Department proposed to eliminate 4.0 vacant full-time equivalent positions to save \$223,209 from general revenues. These positions include 1.0 chief of program development, 1.0 associate director, 1.0 principal resource specialist, and 1.0 social case worker. This is consistent with the revised request. *The Governor recommended the requested staffing level. As of the March 14, 2009 ending pay period, the Department has 31.0 filled positions.* The Assembly concurred.

Other Salaries and Benefits. The Department requested \$3.0 million from all funds, including \$1.7 million from general revenues and \$1.3 million from federal funds for salaries and benefits for 31.0 full-time equivalent positions. This is \$0.3 million less than enacted, including \$0.2 million less from general revenues and \$0.1 million less from federal funds to fully fund 31.0 positions. Savings have been offset by Budget Office planning values for benefits, including a 2.5 percent cost-of-living increase for FY 2010 and adjusted retiree health rates.

The Governor recommended \$0.3 million less than enacted and \$78,388 less than requested to reflect updated costs for the current staffing and statewide benefit adjustment. He did not include turnover savings. The Assembly concurred.

Pharmaceutical Assistance to the Elderly. The Department requested \$2.1 million for the Rhode Island Pharmaceutical Assistance to the Elderly program, including \$1.4 million from general revenues and \$620,000 from restricted receipts. This is \$115,407 more than enacted to reflect an 8.6 percent inflationary increase to the Department’s formulary drug cost. The request does not appear to reflect annualized savings because of mandatory enrollment in Medicare Part D. The Department did not increase restricted receipt expenditures. It appears that any increased costs would increase rebate revenues to offset state costs. The request also projects that there will be approximately 2,000 less consumers enrolled in the program and that the average cost per claim will be reduced from \$15.07 to \$13.56.

The Rhode Island Pharmaceutical Assistance to the Elderly program pays 60 percent of the drug costs for individuals in the lowest income category. The state also pays 30 percent and 15 percent for the second lowest and highest income categories, respectively. The eligibility categories include individuals age 65 or older who meet the income categories limits and individuals between the ages of 55 and 64 receiving Social Security Disability Insurance.

Rhode Island Pharmaceutical Assistance to the Elderly							
	Income Limits		Benefits				
	<i>Single</i>	<i>Couple</i>	<i>Formulary</i>		<i>Non Formulary Drugs</i>		<i>Other</i>
			State	Client	State	Client	
Age 65 or older	\$ 19,765	\$ 24,735	60%	40%	-	100%	Catastrophic*
	\$ 24,838	\$ 31,050	30%	70%	-	100%	No
	\$ 43,470	\$ 49,679	15%	85%	-	100%	No
Age 55 to 65	Receiving SSDI		15%	85%	-	100%	No

**After the client's co-payments for that year exceed \$1,500, the state pays 100 percent of the formulary drug cost above that amount.*

As of January 1, 2009, all clients were mandated to enroll in Medicare Part D and utilize it as the primary payer, with the Pharmaceutical Assistance program as the secondary payer. The Pharmaceutical Assistance program provides coverage for Part D clients that reach the “donut hole” until they reach the “catastrophic coverage” period. The “donut hole” refers to the gap in many Medicare Part D plans during which the client must pay 100 percent out-of-pocket for drug purchase costs. This gap occurs once covered medication costs have reached a certain level. This level is specific to each Part D plan. Clients remain in the “donut hole” until their out-of-pocket costs hit

another level, which is defined as the “catastrophic coverage” period. At that point the Part D coverage resumes.

The program began as a pilot program in 1985 and provided a 60 percent subsidy on a limited number of drugs for eligible clients. Currently, Section 42-66.2-3 of the Rhode Island General Laws limits eligible drugs to the following classification categories: cardiac drugs, hypotensive drugs, diuretics, anti-diabetic agents, insulin, disposable insulin syringes, vasodilators (cardiac indications only), anticoagulants, hemorreologic agents, glaucoma drugs, drugs for the treatment of Parkinson's disease, antilipemic drugs and oral antineoplastic drugs and drugs for the treatment of asthma and other chronic respiratory diseases and prescription vitamin and mineral supplements for renal patients, and drugs approved for the treatment of alzheimer's disease, drugs used for the treatment of depression, those drugs approved for the treatment of urinary incontinence, anti infectives, drugs used for the treatment of arthritis, drugs approved for the treatment of osteoporosis, and neuraminidase inhibiting drugs indicated for the treatment of influenza A and B, and injectible drugs for multiple sclerosis.

The Governor included legislation in Article 15 of 2009-H 5983 to eliminate the program as of January 1, 2010. He reduced expenditures by \$1.1 million, \$0.8 million from general revenues and \$0.2 million in rebates from drug manufacturers. This will eliminate coverage for individuals between the ages of 55 and 64 who are not eligible for Medicare. Medicare recipients will continue to receive drug coverage through the federal Part D drug program, but they will no longer have coverage for gaps in Part D benefits. The Assembly did not concur and included \$370,000 from general revenues, based on a revised estimate to maintain the program in FY 2010.

Home Care Services. The Department requested \$2.3 million from general revenues for the state subsidized home care services program. This includes \$205,631 or 10.0 percent more than enacted because the Department increased provider rates based on legislation included in the FY 2009 enacted budget. The request assumes maintaining the FY 2009 enacted level of co-payments clients make to home care service providers. Individuals and couples with incomes up to \$14,100 and \$24,179 pay \$4.50 and \$7.50 per hour, respectively. The program serves low-income elders who pay a portion of the hourly cost of home care services, including bathing, dressing, household chores, and ambulatory needs.

The Governor recommended total funding as requested; however, he shifted \$1.3 million from general revenues to federal funds to include a federal Medicaid match rate that is now allowable through the Rhode Island Consumer Choice Global Waiver.

The Assembly concurred and also adopted Section 9 of Article 5 to provide that any savings from the adjustment for community based long term care services in the Department of Human Services from the reduction in nursing home days, will also be spread to the current service estimate for community based long term care services in the Department of Elderly Affairs.

Adult Day Care Services. The Department requested \$1.7 million from general revenues for state subsidized Adult Day Care Services. This includes \$157,554 or 10.0 percent more than enacted because the Department increased provider rates based on legislation included in the FY 2009 enacted budget. The request assumes maintaining the FY 2009 enacted level of co-payments clients make to day care service providers. Individuals and couples with incomes up to \$14,100 and \$24,179 pay \$7.00 and \$11.50 per day, respectively. The program serves low-income elders who pay a portion of their day care services.

The Governor recommended the provider rate increase as requested. He also included general revenue savings of \$223,380 to reflect his proposal to increase the co-payment, consistent with his FY 2009 revised recommendations. The increase is \$4.00 per day for clients with incomes below \$14,100 for a total cost of \$11.00 per day and \$6.50 per day for clients with incomes up to \$24,179 for a total cost of \$18.00 per day. He also shifted \$793,956 from general revenues to federal funds to include a federal Medicaid match rate that is now allowable through the Rhode Island Consumer Choice Global Waiver.

The Assembly did not concur. It also adopted Section 9 of Article 5 to provide that any savings from the adjustment for community based long term care services in the Department of Human Services from the reduction in nursing home days, will also be spread to the current service estimate for community based long term care services in the Department of Elderly Affairs.

Home and Community Care Medicaid Waiver Services. The Department's FY 2010 budget includes \$7.4 million from all funds for the home and community based waiver program. This is \$516,756 more than included in the FY 2009 enacted budget, including \$249,219 more from general revenues. The home and community waiver program funds eligible individuals who have been accepted into the assisted living waiver home and community care program but do not have a bed in a facility and continue to require a nursing home level of care. The increase in expenditures is the result of increased hours in the approved care plans, as well as a 10.0 percent increase in the provider rate to the home care portion of the program based on legislation included in the FY 2009 enacted budget.

The Governor recommended total funding as requested; however, he shifted \$0.8 million from general revenues to federal funds to include an enhanced Medicaid match rate that is available through the American Recovery and Reinvestment Act of 2009. The Assembly concurred and also adopted Section 9 of Article 5 to provide that any savings from the adjustment for community based long term care services in the Department of Human Services from the reduction in nursing home days, will also be spread to the current service estimate for community based long term care services in the Department of Elderly Affairs.

Title III B Older Americans Act Grants. The Department's request included \$3.0 million or \$0.2 million more than enacted for the Older Americans Act Title III Part B grants due to a carry forward of funds from FY 2009. These federal grants are used to support a variety of services and programs for seniors, including transportation. Other services include case management, legal assistance, outreach, and community senior activities.

The Governor recommended the requested funding and added \$215,000 to reflect anticipated federal stimulus funds from these grants. He subsequently requested an amendment to add \$85,000 of federal stimulus funds to correct the allocation of funds which total \$485,000, including \$325,000 for congregate meals and \$160,000 for home delivered meals. The Assembly concurred and assumed use of \$400,000 from available federal funds for paratransit services within the Department of Human Services.

Nutrition Services. The Department requested \$0.6 million from federal funds for congregate meal sites. The request is \$53,334 less than included in the FY 2009 enacted budget based on a revision to projected expenses, consistent with the FY 2009 revised request. This funding provides for meal reimbursements to senior nutrition programs, funds for home delivered meals for seniors 60 or older and funds for over 75 congregate meals sites for seniors 60 or older.

The Governor recommended the requested funding and added \$185,000 to reflect anticipated federal stimulus funds for these services. He subsequently requested an amendment to add \$85,000 of federal stimulus funds to correct the allocation of funds which total \$485,000, including \$325,000 for congregate meals and \$160,000 for home delivered meals. The Assembly concurred.

Senior Health Insurance Program. The Department requested \$229,437 from federal funds, which is \$139,437 more than included in the FY 2009 enacted budget for the senior health insurance program. The increase is based on revised program expenses, consistent with the FY 2009 revised request. Utilization of this program, which provides information and assistance with health insurance problems to Medicare beneficiaries and older adults, has increased with the requirement of mandatory enrollment in Part D. The Governor recommended funding as requested. The Assembly concurred.

Senior Companion Program. The Department requested \$365,515 from all funds, including \$81,854 from general revenues and \$283,661 from federal funds. This is \$21,386 more from general revenues and \$22,919 more from federal funds. The federal government requires that this grant is matched by at least 10.0 percent of non-federal funds. The Department has indicated that in the past it had been underfunding the general revenue match; it appears that this increase is overfunding the match by approximately \$45,000. This grant is used to provide stipends for low income elders who provide companionship to homebound elders. The increase is to offset increased transportation costs incurred by senior volunteers. *The Governor recommended funding as requested. The Assembly concurred.*

Case Management. The Department requested the enacted level of \$540,000 for elder case management, including \$260,426 from general revenues and \$279,574 from federal funds, for elder case management. Case management programs assist older Rhode Islanders who wish to remain at home for as long as possible. *The Governor recommended total funding as requested; however, he shifted \$59,962 from general revenues to federal funds to include an enhanced Medicaid match rate that is available through the American Recovery and Reinvestment Act of 2009. The Assembly concurred.*

City of East Providence Senior Center. The FY 2008 enacted budget included reductions of 10.0 percent to all senior centers; however, because this grant was inadvertently reduced by 20.0 percent, the 2008 Assembly restored \$4,187 to correct the funding as part of the FY 2008 revised budget. The 50.0 percent reduction to community service grants adopted by the 2008 Assembly for FY 2009 were based on the FY 2008 enacted funding level; therefore, the 50.0 percent reduction unintentionally shorted this grant by \$2,094. The Department did not include this correction in its request and requested funding at the FY 2009 level for FY 2010. *The Governor recommended \$4,187 from general revenues to adjust the funding for FY 2010; however, the correct amount to be restored is \$2,092. The Assembly reduced the funding by \$2,095 to properly fund the grant.*

Program Grants. The Department requested \$1.3 million from federal funds for other grants, which is \$0.2 million less than enacted. The FY 2010 request includes \$241,105 less for the Alzheimer's grant and slight adjustments to other grants, including disease prevention, senior evaluation, and family care giver support. These adjustments are based on revisions to projected expenses and funding expected to be carried forward from FY 2009. *The Governor recommended funding as requested. The Assembly concurred.*

Other State Operations. The Department requested \$434,840 for all other contracted services and operating expenses, including \$149,807 from general revenues and \$285,033 from federal funds. This is \$13,970 less than enacted. The request includes adjustments to miscellaneous expenses, including

computer equipment, travel, printing, training, and general office expenses based on revised spending projections. *The Governor recommended funding as requested.* The Assembly concurred.

Transportation. The Department requested the enacted level of \$8.8 million for the transportation program, including \$3.2 million from general revenues, \$1.0 million from federal funds, and \$4.630 million from gas tax revenues. Currently, the Department requires that riders for non-Medicaid trips pay a co-share of \$2 each way. This is estimated to generate savings that can be used to offset general revenue expenditures. The co-shares are paid to the program manager, Rhode Island Public Transit Authority.

This program is partially supported by a dedicated 1-cent of the gas tax. The November Revenue Estimating Conference reduced the current gas tax yield from \$4.630 million to \$4.475 million for FY 2010. The Department does not include this reduction in its request.

The Governor recommended funding as requested; however, he shifted \$619,662 from general revenues to federal funds to include a federal Medicaid match rate that is now allowable through the Rhode Island Consumer Choice Global Waiver. The Governor did not include the gas tax reduction in his recommendation. He subsequently requested an amendment to shift only the Medicaid portion of the program to the Department of Human Services.

The Assembly did not concur and shifted the responsibility for paratransit services to the Department of Human Services. This transfer was included in Article 5 of 2009-H 5983 Substitute A, as amended.

Contracted Services. The request includes \$125,919 for contracted services of which \$125,239 is from general revenues. *The Governor recommended \$72,149 for contracted services of which \$71,469 is from general revenues.* The Assembly concurred.

Department of Health

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Program				
Central Management	\$ 14,828,732	\$ 18,074,868	\$ 15,669,191	\$ 13,576,490
Medical Examiner	2,384,072	2,706,491	2,968,651	2,574,989
Laboratories	8,332,987	7,138,538	5,904,985	7,979,912
Comm. & Family Health & Equity	75,055,497	81,790,795	83,528,615	83,352,478
Environmental & Health Serv. Reg.	16,747,027	16,233,647	17,092,296	16,058,712
Infectious Disease and Epidemiology	4,735,989	4,095,556	4,524,788	4,474,187
Public Health Information	3,993,472	4,113,215	4,368,423	4,294,023
Total	\$ 126,077,776	\$ 134,153,110	\$ 134,056,949	\$ 132,310,791
Expenditures by Category				
Salaries and Benefits	\$ 40,072,471	\$ 39,447,076	\$ 42,411,957	\$ 41,623,299
Contracted Services	12,914,135	16,790,773	14,718,773	14,517,823
Subtotal	\$ 52,986,606	\$ 56,237,849	\$ 57,130,730	\$ 56,141,122
Other State Operations	32,480,386	33,989,113	34,036,692	34,401,542
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	38,916,394	42,925,142	42,409,432	41,159,432
Capital	1,694,390	1,001,006	480,095	608,695
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 126,077,776	\$ 134,153,110	\$ 134,056,949	\$ 132,310,791
Sources of Funds				
General Revenue	\$ 32,281,674	\$ 28,036,508	\$ 30,596,230	\$ 29,554,572
Federal Aid	68,180,665	80,167,763	78,444,370	77,831,370
Restricted Receipts	25,486,027	25,717,414	24,784,937	24,693,437
Other	129,410	231,425	231,412	231,412
Total	\$ 126,077,776	\$ 134,153,110	\$ 134,056,949	\$ 132,310,791
FTE Authorization	413.5	409.6	414.6	414.6

Summary. The Department of Health requested expenditures of \$128.9 million or \$2.8 million more than the enacted budget. The request includes increases of \$6.0 million from federal funds and \$101,855 from other funds offset by \$2.4 million less from general revenues, and \$0.6 million less from restricted receipts. The Department requested 397.0 full-time equivalent positions, 16.5 less than enacted and 12.6 less than the revised request. The request exceeds the Budget Office target of \$28,801,479 by \$1,113,546. Adjusting for the transfer of the Forensic Lab to Public Safety, the request exceeds the Budget Office target by \$2.7 million.

The Governor recommended total expenditures of \$134.1 million, which is \$8.0 million more than enacted and \$5.2 million more than requested. He included 17.6 more positions than requested. This

includes \$0.7 million more from general revenues, \$4.3 million more from federal funds, \$0.3 million more from restricted receipts and \$147 more from Rhode Island Capital Plan funds than requested.

The Assembly provided \$132.3 million in total expenditures, which is \$1.7 million less than recommended. The Assembly did not concur with the lab transfer and further included funding for the State Crime Lab at the University of Rhode Island, previously provided through the Office of the Attorney General in the Department of Health's budget. It added funds for equipment and antiviral medications, shifted eligible expenses to federal funds; it did not add the new positions and maintained centralized staff at the Office of Health and Human Services. It also assumed \$1.0 million in additional turnover savings.

The Assembly also adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Forensic Lab to Public Safety. The Department requested the transfer of the forensic lab with the exception of toxicology to the Department of Public Safety, for which the enacted budget includes 12.6 full-time equivalent positions and \$1.6 million, of which \$1.5 million is from general revenues. The Department indicated that the lab portion is more closely related with public safety activities, while toxicology services are more disease oriented. The Department of Public Safety also included this transfer. *The Governor recommended the program transfer as requested.*

The Assembly enacted legislation contained in Article 5 to consolidate the University of Rhode Island Crime Lab and the Department of Health Forensic Science Unit, into the Department of Health. The consolidation includes the current Department of Health staffing of 12.6 positions and \$1.6 million associated funding as well as a shift of \$675,000 from general revenues from the Office of the Attorney General to the Department of Health.

Medical Examiner Staff. The Department's request included \$1.9 million in expenditures and 15.9 full-time equivalent positions to support the medical examiner office. The program has utilized contracted staff in lieu of the vacant positions as a result of high turnover and inability to recruit qualified staff. Although the request does not add new positions, the Department has noted concern over the backlog of cases that could be lessened with additional staff. *The Governor recommended \$565,353 to add 5.0 new full-time positions and upgrade 4.0 existing positions.* The Assembly did not provide the positions or the funding.

Inspection and Regulation Positions. The Department has identified a need for additional staffing across several program areas to address excess caseloads and inspections of facilities such as nursing homes, food establishments, laboratories and other entities per statutory mandates. It did not; however, include additional staff in its FY 2010 request.

The Governor recommended adding 4.6 new positions and \$359,912 including \$274,194 from general revenues to increase inspection and regulation capacity. This includes a nurse evaluator that will supervise and coordinate inspection of nursing homes, a health food inspector, a compliance specialist that will coordinate and conduct pharmacy inspections, a supervising radiological health specialist that will monitor the safety and use of radioactive material, x-ray equipment and tanning equipment

exposure, and a quality assurance officer to assure inspection quality in healthcare facilities. The Assembly did not provide the positions or the funding.

Transfers from the Office of Health and Human Services. The 2007 Assembly enacted legislation to consolidate many of the back room operations of the Departments under the Secretary of Health and Human Services, including Human Services, Health, Mental Health, Retardation and Hospitals, Children, Youth and Families and Elderly Affairs, into the Office of Health and Human Services. The legislation phases-in the Office's control of fiscal, legal, policy and planning, data management, and communication and media relations throughout FY 2008 with completion by June 30, 2008.

The Governor recommended transferring \$871,028 from general revenues and 6.0 positions from the Office of Health and Human Services, including 2.0 deputy chiefs of legal services which were included as part of the consolidation. He further recommended 1.0 additional position and \$83,744 from general revenues to add a third deputy chief of legal services to restore legal capacity that had been available when the operations were merged.

The Governor subsequently requested legislation to exclude the Department of Health from the consolidation with the Office of Health and Human Services and to transfer an additional 5.6 positions that had been part of the consolidation with the Office in the FY 2009 enacted budget.

The Assembly did not concur and maintained the Department of Health as an agency within the Executive Office of Health and Human Services. The Office will retain the 5.6 positions and the Assembly further provided that the 2.0 legal positions remain with the Office and transferred \$263,507 from general revenues to support the positions. It did not concur with the new legal positions, but did retain the 4.0 other transferred positions as initially recommended.

Other Salaries and Benefits. The Department requested total expenditures of \$40.0 million for salaries and benefits for the remaining 397.0 positions. This is \$1.3 million more than enacted, including \$277,985 less from general revenues. The request assumes a reduction of 3.9 full-time equivalent positions and includes \$0.2 million in turnover savings; the enacted budget assumes \$0.8 million in turnover. In addition to restoring turnover savings, the request includes a 2.5 percent cost-of-living adjustment. These are offset by filling some positions vacated through retirement at lower costs. Updated medical and other costs are consistent with Budget Office planning values for FY 2010.

The Governor recommended \$537,322 more than requested, including \$252,308 more from general revenues to restore one of the vacant positions and account for adjustments to medical benefits and retiree health rates for the remaining 398.0 positions. Of the total increase, \$104,338 from general revenues relates to the restored position that will monitor the testing practices required to continue the lab certification. The Department had 358.7 filled full-time equivalent positions as of pay period ending March 28, 2009. The Assembly reduced general revenues by \$1.0 million to reflect additional turnover savings.

HIV/AIDS Drugs and Supportive Services. The Department requested total expenditures of \$9.4 million for HIV/AIDS drugs and supportive services. This is \$0.1 million more than enacted from all funds, and the enacted level of general revenues. The change reflects projected drug expenses and use of drug rebate funds for supportive services. Supportive services include community based case management for those affected by AIDS or HIV for monitoring, education, support and referral services as needed. *The Governor recommended \$9.5 million, which includes \$0.2 million more from all funds inclusive of a \$0.1 million shift from general revenues to federal funds.* The Assembly

concurring and further shifted \$800,000 of eligible expenses for HIV drugs from general revenues to available federal rebate funds.

Indirect Cost Recovery Operating Adjustments. The Department requested a total of \$423,960 from restricted receipts generated from overhead charges to federal grants used to fund operating expenses in lieu of general revenues. This is \$991,507 less than enacted and consistent with a change included in the revised request. The Department indicated that centralized human resources and information technology services were inadvertently budgeted in FY 2009. These are budgeted in the Department of Administration's budget, and the indirect cost recovery resources are transferred to that budget to fund the expenditure. *The Governor recommended funding as requested.* The Assembly concurred.

Health Information Exchange Project. The Department requested \$267,500 from general revenues for the Health Information Exchange Project. This is \$132,500 less than the enacted budget of \$400,000, which was intended to fund four contract positions that would work on the project. Resources for this project were provided by the Rhode Island Health and Educational Building Corporation and deposited into the general fund.

The Governor recommended \$1.0 million from federal funds and eliminated the \$267,500 requested from general revenues. He indicated that funding from the global waiver will be used to fund this project; however, it now appears these funds are not available for this purpose. He subsequently requested an amendment to eliminate the \$1.0 million; the project is not an eligible expense. The Assembly concurred.

Health Professional Regulations. The Department requested \$440,773 from general revenues for expenditures supporting Health Professional Regulations, which is \$224,766 less than enacted. The Department indicates that it underfunds this program each year in order to submit a budget within set targets. As a result of underfunding this activity, there is significant delay of inspections. The primary areas affected by decreased funding are examination services, technical/computer support, temporary staffing and legal services. *The Governor recommended funding as requested.* The Assembly concurred.

Children and Families Supportive Services. The Department requested a total of \$2.9 million, for children and families supportive services. This is \$263,542 more than enacted. The increase reflects an increased rate of spending for the Maternal Child Health Block Grant, childhood lead poisoning and child care support network offset by a decrease in funds for the coordinated school health program. *The Governor recommended funding as requested.* The Assembly concurred.

Community Health Centers. The Department requested \$1.2 million from general revenues for uncompensated care at the community health centers, consistent with the enacted budget. The funding is distributed amongst the twelve health centers that provide medical services at 24 clinics throughout Rhode Island. The 2008 Assembly added the \$1.2 million anticipating an increase in patients resulting from the elimination of state funded RItE Care benefits for children who are not eligible for Medicaid.

As part of the Rhode Island Consumer Choice Global Waiver effective January 1, 2009, the state has received federal approval to match Medicaid funds for services provided through certain state funded programs. The Governor recommended statewide savings of \$10.5 million from this action, of which \$0.6 million is assumed in the Department's budget for services provided through the community health centers. The Assembly included the funding but shifted the expense from the Department of Health to the Department of Human Services to administer the program.

Women, Infant and Children Administration and Benefits. The Department requested a total of \$24.7 million from federal funds for the Women, Infant and Children Administration and Benefits program. The request is \$1.6 million more than enacted. The increase reflects updated caseloads, increases in food and administrative costs for the Community Health Centers that service these clients. *The Governor recommended funding as requested.* The Assembly enacted legislation which shifts the responsibility of administering the Women, Infant and Children Administration and Benefits from the Department of Health to the Office of Health and Human Services by March 1, 2010.

Choices for Self Care. The Department requested new expenditures of \$124,802 from general revenues for the choices for self care initiative. This private funding is provided by the National Council on Aging and deposited as general revenues. The Department received funding to expand and sustain a chronic disease self-management program statewide with adults 60 years old and older in diverse and at risk populations. This is consistent with the FY 2009 revised request. Funding is approved on a yearly basis, and the request assumes the grant will be renewed. *The Governor recommended funding as requested.* The Assembly concurred.

Immunization. The Department requested \$17.0 million from federal funds and restricted receipts for immunization expenses, which is \$199,559 less than enacted. The decrease reflects lower costs associated from a change in vendor. The immunization program prevents and controls vaccine-preventable diseases in Rhode Island by maximizing the number of residents who are fully immunized. The majority of the expenses are for direct purchases of vaccines. *The Governor recommended \$19.0 million, which includes \$2.2 million more than requested solely from the addition of stimulus funds.* *The Department indicates that it has no immediate use for the funding and is awaiting guidance from the Center for Disease Control.* The Assembly concurred.

Newborn Hearing Screening Program. The Department requested a total of \$1.8 million from federal and restricted receipts for newborn screening. The request is \$349,631 more than enacted. The increase reflects additional costs for contracted outreach services for the Visiting Nurse Association. The remainder of the change is for increases in direct service screening fees. *The Governor recommended funding as requested.* The Assembly concurred.

Prescription Drug Monitoring. The Department requested \$200,000 from federal funds for the development and enhancement of prescription drug monitoring supported by a two-year grant from the Bureau of Justice Assistance. Funding will be used to purchase software and provide staff support to ensure that the program has the capacity to enable external shareholders to directly access data on patients' prescription use. The FY 2009 revised request includes \$0.2 million for the first year of funds. *The Governor recommended funding as requested.* The Assembly concurred.

Heart Disease and Stroke Prevention Activities. Consistent with the revised request, the Department included \$438,964 from federal funds for heart disease and stroke prevention activities. The grant provides two years of funding for needs assessment, training, public awareness, resource materials and a consultant through Brown University that will gather and track all of the data related to this grant. *The Governor recommended funding as requested.* The Assembly concurred.

Chronic Disease Prevention and Other Related Activities. The Department requested \$3.8 million from federal funds for chronic disease prevention. This funding assists state and local health authorities and other health related organizations in controlling communicable disease, chronic disease and disorders, and other preventable health conditions. This is \$137,215 less than enacted and reflects reduced funding for the chronic disease prevention and health block grant offset by an increase in

funding for adult blood lead testing, hepatitis prevention, asthma, cancer and oral disease prevention. *The Governor recommended funding as requested.* The Assembly concurred.

Obesity and Nutrition Activities. The Department requested \$510,288 more from federal funds for obesity and nutrition related activities. Funding supports statewide efforts to facilitate environmental and policy changes supportive of increased activity and healthy eating to prevent obesity. This is consistent with the FY 2009 revised request. *The Governor recommended funding as requested.* The Assembly concurred.

Tobacco Control Prevention and Cessation. The Department requested \$833,319 for tobacco control prevention and cessation activities, consistent with the enacted budget. The revised request reduced funding by \$80,000 to achieve general revenue savings. Funding supports community programs, enforcement of tobacco laws and initiatives to decrease promotion of tobacco products. *The Governor included \$0.6 million, consistent with the FY 2009 revised request and \$0.2 million less than enacted.* The Assembly concurred.

Public Health Preparedness Activities. The Department requested \$5.0 million from federal funds which is \$153,252 more than enacted for public health preparedness activities to reflect updated spending projections. *The Governor recommended funding as requested.* The Assembly concurred.

Pandemic Flu. The Department requested \$1.4 million from federal funds for pandemic flu activities. This is \$513,799 more than enacted. Newly awarded funds will be used to support the implementation of a statewide intervention program that will create an inclusive and integrated emergency preparedness system for Rhode Islanders with special needs during a pandemic disease event. *The Governor recommended funding as requested.* The Assembly concurred and added \$144,000 from general revenues for the purchase of 10,000 doses of antiviral medication.

Medical Examiner Operating Expenses. The Department requested a total of \$339,705 from general revenues for medical examiner operating expenses, which is \$26,400 less from all funds. The request is \$161,417 less general revenues than enacted. The FY 2009 revised request included \$350,494 more than enacted for new laboratory equipment, higher than anticipated costs for temporary medical examiners as well as additional professional services such as x-ray technicians and histologists. Costs associated with temporary medical examiners are not included in this request as positions are in the process of being filled. *The Governor recommended funding essentially as requested.* The Assembly concurred and added \$100,000 for radiology equipment required to obtain certification.

Preventative Block Grant. The Department requested \$528,603 from federal funds from the preventative block grant for Healthy People 2010 Initiatives. This is \$48,231 more than enacted. The increased funding will support staff training in order to meet the Healthy People 2010 Initiatives objective. *The Governor recommended funding as requested.* The Assembly concurred.

Rhode Island Launch. Consistent with the FY 2009 revised request, the Department requested \$584,626 from federal funds for the Rhode Island Launch program. This was not included in the enacted budget. The Department will disperse most of the funding to Bradley Hospital for mental health services, education, training and evaluations. *The Governor recommended funding as requested.* The Assembly concurred.

Rhode Island Suicide Prevention. The Department requested \$342,849 from federal funds for suicide prevention. There was no funding included in the enacted budget, but the request is consistent with the Department's revised request. The three-year grant from Substance Abuse and Mental Health

Services Administration for the Rhode Island Suicide Prevention Project grant will provide suicide prevention outreach, education and service coordination. *The Governor recommended funding as requested.* The Assembly concurred.

Research Triangle Institute. Consistent with the revised request, the Department requested \$134,650 more from federal funds for the Research Triangle Institute. The funding will be used to support an analysis of Rhode Island laws to determine if there are any negative consequences to individuals or patients by sharing personal health information with providers and health care organizations in other states. This includes an analysis of whether Rhode Island laws and regulations would permit the various providers and health care organizations under certain circumstances to share personal health information to provider and health care organizations in other states. *The Governor recommended funding as requested.* The Assembly concurred.

Worksite Wellness. The FY 2009 enacted budget inadvertently transferred the entire worksite wellness fund to the Department of Administration instead of maintaining \$50,000 for the Department of Health. Consistent with its revised request, the Department requested \$50,000 from general revenues be restored to continue the worksite wellness program. There is an offsetting reduction in the Department of Administration budget request. *The Governor recommended funding as requested.* The Assembly eliminated the Worksite Wellness program for general revenue savings of \$285,930, of which \$235,930 is in the Department of Administration and \$50,000 is in the Department of Health.

Managed Care Regulations. The Department requested a total of \$67,140 from restricted receipts for managed care regulation expenses, which is \$30,420 more than enacted. The Department's regulatory authority can be categorized in two broad areas: the regulation and oversight of the health service delivery system, and population-based activities primarily related to the environmental concerns of safe food and potable water. The increase in funding is from indirect cost assessments on federal accounts. *The Governor recommended funding as requested.* The Assembly concurred.

Health Laboratories Operating Expenses. The Department requested a total of \$1.6 million for health laboratory operating expenses. This is \$0.5 million less than enacted from all funds to reflect decreases in expenditures for utilities, medical supplies and general office supplies. *The Governor recommended funding as requested.* The Assembly concurred.

National Disease Surveillance System. The Department requested the enacted level of \$260,000 for the National Disease Surveillance System. This includes \$200,000 from general revenues and \$60,000 from federal funds. Subsequent to the enacted budget, the Department received approval from the Center for Disease Control to shift budgeted general revenue expenses to federal funds, creating \$200,000 in savings in the current year. The FY 2010 request includes the \$0.2 million from general revenues and the Department indicated a similar shift to federal funds will not be an option in FY 2010. The surveillance system is a database used to track infectious diseases in the state, as well as comparative trends across the nation. *The Governor recommended funding as requested.* The Assembly concurred.

Legal Service Costs. The Governor proposed legislation to allow the Department of Health to recoup legal costs provided for certification of facilities and all other associated activities. If passed, the budget will include a restricted receipt account that will allow separate accounting for this activity. The budget assumes a general revenue savings of \$125,000. *The Governor recommended the reduction of \$125,000 from general revenues.* The Assembly concurred.

All Other Adjustments. The Department requested \$175,982 less from all funds which includes \$11,940 less from general revenues for all other adjustments. *The Governor recommended funding as requested.* The Assembly concurred.

Contracted Services. The request included \$14.0 million for contracted services of which \$1.7 million is from general revenues. *The Governor recommended \$14.7 million, of which \$1.3 million is from general revenues.* The Assembly concurred.

Department of Human Services

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Program				
Central Management	\$ 10,888,123	\$ 11,577,510	\$ 14,052,057	\$ 15,014,441
Child Support Enforcement	9,575,605	9,069,162	10,598,598	10,598,598
Individual and Family Support	78,634,543	78,488,762	82,355,638	87,038,042
Veterans' Affairs	27,192,153	29,119,709	26,059,621	26,059,621
Health Care Quality, Financing and Purchasing	62,295,575	62,824,490	66,702,753	66,702,753
Medical Benefits	1,353,789,020	1,356,596,154	1,391,686,572	1,472,884,630
Supplemental Security Income	25,906,519	25,051,299	22,132,961	20,706,354
Family Independence Program	105,081,100	107,705,960	93,993,100	96,372,800
State Funded Programs	101,819,398	129,244,927	168,291,280	168,132,900
Total	\$1,775,182,036	\$1,809,677,973	\$1,875,872,580	\$1,963,510,139
Expenditures by Category				
Salaries and Benefits	\$ 82,740,569	\$ 76,834,941	\$ 85,503,845	\$ 85,503,845
Contracted Services	48,980,382	51,279,156	50,884,084	50,884,084
Subtotal	\$ 131,720,951	\$ 128,114,097	\$ 136,387,929	\$ 136,387,929
Other State Operations	18,360,315	19,361,971	21,676,306	27,574,518
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,621,244,078	1,656,082,367	1,715,694,595	1,797,433,942
Capital	3,856,692	6,119,538	2,113,750	2,113,750
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$1,775,182,036	\$1,809,677,973	\$1,875,872,580	\$1,963,510,139
Sources of Funds				
General Revenue	\$ 767,224,135	\$ 659,792,849	\$ 642,064,842	\$ 662,081,602
Federal Aid	999,808,193	1,141,726,187	1,225,366,325	1,288,587,124
Restricted Receipts	8,024,708	7,931,437	8,316,413	8,316,413
Other	125,000	227,500	125,000	4,525,000
Total	\$1,775,182,036	\$1,809,677,973	\$1,875,872,580	\$1,963,510,139
FTE Authorization	994.4	884.6	954.6	954.6

Summary. The Department of Human Services requested expenditures of \$1,914.6 million from all sources, including \$820.9 million from general revenues, \$53.7 million more than the FY 2009 enacted budget, and 884.6 full-time-equivalent positions, or 109.8 fewer full-time equivalent positions. The request exceeds the Budget Office target of \$778.2 million by \$42.7 million.

The Governor recommended \$1,875.9 million, \$36.5 million less than requested and he realized general revenue savings from the enhanced Medicaid match included in the American Recovery and Reinvestment Act of 2009. He also provided 954.6 positions, 70.0 more than requested.

The Assembly provided \$1,963.5 million from all sources, \$87.6 million more than the Governor's recommendation, which includes \$38.2 million more for hospital payments, \$19.6 million more for the cash and medical assistance expenditures estimated at the May caseload conference, and \$7.7 million for a transfer of elderly transportation services from the Department of Elderly Affairs. The Assembly provided the 70.0 positions the Governor included in his recommended budget.

The Assembly also adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Federal Stimulus Act. The FY 2009 enacted budget includes \$1.7 billion from all sources for medical services matched by Medicaid, including \$1.4 billion for the Department. The Governor's recommended FY 2009 revised budget assumed passage of a federal stimulus package that includes a three percent increase to the rate the federal government reimburses states for Medicaid services.

The Governor's FY 2010 budget includes general revenue savings of \$182.5 million from the enhanced Medicaid rate included in the American Recovery and Reinvestment Act of 2009 of which \$129.8 million is for the Department. The savings are included in the separate program discussions. The Assembly included \$190.7 million in general revenue savings, \$135.7 million for programs in the Department of Human Services.

Medicaid Global Waiver. The state submitted the Rhode Island Global Choice Compact Demonstration Waiver to the Centers for Medicare and Medicaid Services in October 2008 to amend the current Medicaid program which provides services to low income children and families, children with special health care needs, the elderly and the disabled.

As part of the waiver effective January 16, 2009, the state had received federal approval to match Medicaid funds for services provided through certain state funded programs.

The Governor recommended statewide savings of \$32.3 from the global waiver, of which \$5.3 million is assumed in the Department's budget for services provided through early intervention, general public assistance, home modifications, personal care attendants, and services for the blind.

The Governor submitted several articles to incorporate the conditions of the new Rhode Island Global Choice Compact Demonstration Waiver for the state's Medicaid program. He included Article 27 to implement selective contracting services. He included Article 30 to further define the long term care services reform within the Medicaid global waiver, including levels of care for residents in skilled nursing facilities, intermediate care facilities, long term care hospitals, and behavioral health residential treatment facilities. Article 30 also includes the duties of the assessment and coordination unit.

He included Article 34 to amend the long term care service and finance reform legislation and also

Article 35 so that no medical assistance provider can bill the Department of Human Services more than that provider's usual or customary charge for the same services.

The Assembly concurred with assuming the \$32.3 million in savings and also enacted Articles 22 and 23 of 2009-H 5983 Substitute A, as amended, to address long term care services as part of the Medicaid global waiver. The articles include the levels of care, duties of the assessment and coordination unit, procedures for selective contracting and billing processes. Article 22 includes the structure and the responsibilities of the demonstration implementation task force.

Both included language that allowed individuals who were receiving institutional care on or before January 15, 2009 to maintain their level of care for institutionalization prior to the implementation of the global waiver even if they choose to move to a community setting and then need to re-enter an institutional setting. This includes nursing homes, hospitals or intermediate care facilities for the mentally retarded. For these individuals, the new levels of care defined in the global waiver would not apply.

However, the Centers for Medicare and Medicaid Services notified the state that this language was in violation of the special terms and conditions of the global waiver as well as other Medicaid provisions. The Assembly subsequently enacted 2009-H 5112 Substitute C, as amended to correct this conflict and provide for the application of pre-waiver levels of care unless an individual transitions to a community setting. The new levels of care will be applied to anyone returning to an institutional setting.

Global Waiver - New Positions. Passage of the Medicaid Global Waiver requires the Department to implement and manage programming changes in order to be in compliance with new laws and procedures. ***The Governor recommended \$4.0 million, including \$2.6 million from general revenues and 45.0 new positions for implementation of the Medicaid Global Waiver provisions. The new positions include 22.0 eligibility technicians and social case workers, 3.0 public health nurses, 4.0 community health nurses, and 16.0 administrative positions.*** The Assembly concurred.

Staffing Reduction. The Department's request eliminates 109.8 positions, and \$7.2 million from all sources of funds. This includes \$6.2 million from general revenues. The following positions were not filled in the Department's budget at the time of submission, nor were they approved to be filled: 29.0 eligibility technicians; 26.0 caseworkers; the associate director of the Veterans Home; 1.0 administrator for medical services; the associate director for medical services; 5.0 child support enforcement agents; and 19.5 administrative positions. The Department's request does not address the impact these reductions would have on service delivery. The Department has noted that since the submission of the budget in addition to the passage of the global waiver, this assessment has occurred and will be reflected within the Governor's recommendation.

The Governor eliminated 84.8 positions, which is 25.0 positions fewer than the request. He included \$1.8 million, including \$0.9 million from general revenues to restore 25.0 administrative and eligibility technician positions. The Assembly concurred.

Other Salaries and Benefits. The Department requested \$77.7 million for all other salaries and benefits. This is \$2.9 million more than enacted from all sources, offset by the staffing reduction. This includes \$2.4 million more from general revenues. The increase includes a 2.5 percent cost-of-living increase for all employees as well as medical benefit cost sharing and benefits rate changes consistent with Budget Office instructions. ***The Governor recommended \$48,447 more than requested. This increases updated retiree health benefit costs, which he offsets with increased turnover equivalent***

to 16.6 positions. This is \$2.4 million more than requested. This increase includes Budget Office adjustments for retiree health benefits. The Assembly concurred.

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 Office of Health and Human Services. The 2009 guidelines are as follows.

Percent of Federal Poverty Level based on Annual Income									
Family Size	100%	125%	133%	150%	175%	180%	185%	200%	250%
1	\$ 10,830	\$13,538	\$14,404	\$16,245	\$18,953	\$19,494	\$20,036	\$21,660	\$27,075
2	14,570	18,213	19,378	21,855	25,498	26,226	26,955	29,140	36,425
3	18,310	22,888	24,352	27,465	32,043	32,958	33,874	36,620	45,775
4	22,050	27,563	29,327	33,075	38,588	39,690	40,793	44,100	55,125
5	25,790	32,238	34,301	38,685	45,133	46,422	47,712	51,580	64,475
6	29,530	36,913	39,275	44,295	51,678	53,154	54,631	59,060	73,825
7	33,270	41,588	44,249	49,905	58,223	59,886	61,550	66,540	83,175
8	37,010	46,263	49,223	55,515	64,768	66,618	68,469	74,020	92,525

For a family with more than 8 members, add \$3,740 for each additional member.

Medical Assistance

The Caseload Estimating Conference met on November 7, 2008 and, based on current law, set the FY 2010 medical assistance expenditures at \$1,501.3 million including \$728.6 million from general revenues and \$147.6 million more than enacted.

The Governor recommended \$1,391.7 million, including \$530.1 million from general revenues and \$109.6 million less than the conference estimate, \$92.8 million less than the Department's request and \$38.0 million more than the enacted budget. He shifted expenses to federal funds for the enhanced Medicaid match and made comprehensive changes to the state's Medicaid program consistent with the newly awarded Rhode Island Global Consumer Choice Compact Demonstration Waiver, or global waiver. The changes are discussed separately. The Assembly provided \$1,447.7 million from all sources, or \$56.0 million more than the recommended and \$32.4 million more than the May estimate. This includes adjustments for the May caseload conference and any action taken by the Assembly to accept, reject, or amend the Governor's proposal.

The following chart itemizes medical assistance expenditures as enacted by the 2009 Assembly, adopted by the caseload estimators and recommended by the Governor. Each category is discussed separately.

Hospitals

The Caseload Estimating Conference estimated hospital expenses at \$249.3 million. This includes \$132.0 million for direct medical services and \$117.3 million for uncompensated care payments to community hospitals and is \$38.9 million less than enacted. The Department's request includes a decrease of \$37.9 million in hospital expenses which includes shifting \$40.4 million in expenses to Rhody Health.

Rhody Health is a managed care plan for adults who previously received their medical care through the fee-for-service system. The caseload estimators have recognized the program as a new category in the conference estimate.

The Governor recommended \$189.1 million, including \$78.6 million from general revenues. This is \$60.2 million less than the caseload estimate and \$98.1 million less than enacted. He shifted expenses to federal funds from the enhanced Medicaid rate. This also includes shifting \$40.4 million in expenses to Rhody Health.

The Assembly provided \$222.3 million, including \$97.2 million from general revenues. This is \$31.9 million more than the May estimate and \$33.2 million more than the recommended budget and includes two additional reimbursements to the community hospitals.

Medical Assistance	FY 2007 Spent	FY 2008 Spent	FY 2009 Final	FY 2010 Gov. Rec.	FY 2010 May CEC	FY 2010 Enacted
Hospitals						
Regular Payments	\$ 142.9	\$ 141.6	\$ 121.5	\$ 65.0	\$ 77.8	\$ 100.6
DSH Payments	110.0	125.4	106.6	124.1	112.6	121.6
Total	\$ 252.9	\$ 267.0	\$ 228.1	\$ 189.1	\$ 190.4	\$ 222.3
Long Term Care						
Nursing and Hospice Care	\$ 314.2	\$ 314.5	\$ 282.5	\$ 284.9	\$ 295.0	\$ 291.4
Home and Community Care	34.2	18.3	63.2	59.4	66.0	67.9
Total	\$ 348.4	\$ 332.8	\$ 345.7	\$ 344.3	\$ 361.0	\$ 359.3
Managed Care						
RItE Care	\$ 339.8	\$ 397.2	\$ 419.7	\$ 484.7	\$ 465.2	\$ 471.5
RItE Care	7.2	11.0	12.9	15.6	14.5	14.5
Fee For Service	96.1	101.3	72.5	97.0	84.6	84.6
Total	\$ 443.1	\$ 509.5	\$ 505.1	\$ 597.3	\$ 564.3	\$ 570.6
Rhody Health	\$ -	\$ -	\$ 99.4	\$ 119.2	\$ 148.0	\$ 148.0
Pharmacy	\$ 44.1	\$ 42.8	\$ 17.3	\$ 10.8	\$ 11.1	\$ 11.1
Pharmacy Part D Clawback	\$ 38.9	\$ 40.2	\$ 41.6	\$ 44.7	\$ 44.7	\$ 44.7
Other Medical Services	\$ 110.2	\$ 179.4	\$ 101.0	\$ 65.6	\$ 95.8	\$ 91.6
Federal Funds	\$ 569.1	\$ 719.9	\$ 774.3	\$ 856.4	\$ 863.1	\$ 880.1
General Revenue	550.7	678.9	558.7	530.1	547.0	562.3
Restricted Receipts	-	4.3	5.2	5.2	5.2	5.2
	\$ 1,203.4	\$ 1,403.1	\$ 1,338.2	\$ 1,391.7	\$ 1,415.3	\$ 1,447.7

Hospitals. The Caseload Estimating Conference estimated FY 2010 expenditures at \$132.0 million, of which \$62.6 million is general revenues for the state's 14 community hospitals. The expenditures, as estimated, are \$37.9 million less than enacted, including \$23.8 million less from general revenues. This includes a shift of \$40.4 million in expenses to Rhody Health.

The Governor recommended funding at \$65.0 million, \$67.0 million less than the caseload estimate, which includes eliminating the two upper payment limit reimbursements and the state-only payment for other hospital costs. He assumed savings from several other proposals which reduce hospital costs, each are discussed separately.

He did include savings of \$16.7 million, \$7.9 million from general revenues in direct hospital expenses by continuing to enroll fee for service clients in the state's managed care system. The item is described later in the Rhody Health section. The hospitals would be reimbursed for the medical services through the managed care plans. He also shifted expenses to federal funds for the enhanced Medicaid rate.

The Assembly included \$100.6 million, \$35.6 million more than recommended and \$22.8 million more than the May caseload estimate. The Assembly passed Article 19 and added \$25.5 million for the outpatient upper payment limit reimbursement to pay community hospitals a rate that is equal to what Medicare would pay for the same services. Article 19 also provides for a state only \$3.65 million payment for acute care hospitals for additional uncompensated costs.

Hospital Reimbursement Rates. Under the current system, the state negotiates rates for services for each hospital and reimburses the individual hospitals a percentage of the medical services cost. Reimbursements for each in-state hospital's reimbursements are based on two outpatient ratio of cost to charge percentages: one for surgery and another for non-surgery services. The state reimburses out-of-state hospital expenses a single rate for all.

The Governor proposed implementing a new reimbursement system utilizing the diagnostic related group model. Payments are to be made to hospitals based on diagnoses, procedures and patient age. He assumed savings of \$10.5 million from all funds and \$5.0 million from general revenues. He included Article 29 for this proposal and assumed the ability to negotiate lower reimbursement rates under the diagnostic related group model.

The Governor subsequently requested a budget amendment to restore \$8.0 million from all sources of funding, including \$2.9 million from general revenues, due to revised savings estimates, which assume a March 30, 2010 start date. The Assembly concurred with the later start date and added back \$8.0 million from all funds. The Assembly enacted Sections 6 through 8 of Article 23 for the new reimbursement system.

Out-of-State Hospital Payments. Presently, out-of-state hospital providers are reimbursed a percentage of their charge for Medicaid patients. These rates are as follows: 50.0 percent for inpatient; 53.0 percent for outpatient; and 61.0 percent for transplants. The caseload estimators included \$11.0 million from all funds in their November caseload estimate. The Governor included Article 16 of 2009-H 5019 to give the Department the authority to determine the rates of reimbursement for these expenses through its rules and regulations and assumes savings of \$0.5 million, \$0.2 million from general revenues. The rate change is anticipated to be in effect on March 1, 2009. This assumes the reimbursements will be 45.0 percent for inpatient, 47.7 percent for outpatient, and 54.9 percent for transplants.

Consistent with his recommendation in FY 2009, the Governor assumed savings of \$1.1 million, \$0.5 million from general revenues from the proposal. The Assembly passed Article 15 of 2009-H 5019 Substitute A, as amended for the rate change.

State Funded Coverage for Pregnant Women. The state currently provides Rite Care coverage to pregnant women with income between 250 percent and 350 percent of the federal poverty level. The recipient pays a premium to the health plans, and the state pays \$8,378 to the hospital for the delivery and the enacted budget assumes coverage for 28 women. As of February 2009, there were 26 women receiving the state funded coverage. *The Governor proposed eliminating coverage for this population as of March 2009. Consistent with his FY 2009 revised recommendation, the Governor included general revenue savings of \$234,836. The Assembly did not concur and restored the funding.*

Neonatal Intensive Care Rates. The Department reimburses Women and Infants Hospital for all neonatal intensive care days for Medicaid eligible infants based upon agreed rates modified by birth weight. The Governor's FY 2009 revised budget includes the reduction of the rate of reimbursement by five percent effective February 1, 2009 and assumes savings of \$0.7 million from all funds, and \$0.3 million from general revenues. *Consistent with his FY 2009 revised recommendation, the Governor included savings of \$1.6 million, \$0.8 million less from general revenues from this proposal. The Assembly concurred.*

Emergency Room Visits. The Department reimburses community hospitals on a fee for service basis for emergency visits for its elderly and disabled clients. *The Governor's budget assumes savings of \$3.3 million, \$1.5 million from general revenues by limiting the number of emergency room visits that do not result in hospitalization to 12 a year. The Governor included this proposal to encourage the development of less costly alternate treatment arrangements.* The Assembly concurred.

Hospitals Multi-Case Review. A report from the Executive Office of Health and Human Services indicated that there is a portion of the elderly and disabled population with higher than average medical costs. The enacted budget assumes savings of \$2.5 million from monitoring the higher cost population and providing appropriate care.

The Governor assumed the enacted savings and an additional \$2.0 million in savings, including \$0.9 million from general revenues for a total of \$4.5 million. The Assembly concurred.

Disproportionate Share Payments to Hospitals. The Caseload Estimating Conference included \$117.3 million from all sources of funds for the disproportionate share payments for uncompensated care costs to the hospitals. This includes \$55.7 million from general revenues and \$69.4 million from federal funds and adjusts for the Medicaid reimbursement rate. In previous fiscal years, the conference estimators would not have adopted a payment for FY 2010 because there was no current law; the payment would have been enacted as part of the FY 2010 budget process. The Assembly passed Article 19 of 2008-H 7390 Substitute A, as amended, which includes a \$105.6 million payment to the community hospitals for FY 2010. The balance of the payment is for Eleanor Slater Hospital.

Funding is provided to Eleanor Slater Hospital and the state's community hospitals through the Department of Human Services. Additional funding for Butler Hospital appears in the budget of the Department of Mental Health, Retardation and Hospitals.

Uncompensated care costs are defined as the sum of the costs incurred by a hospital during the base year for inpatient or outpatient services attributable to charitable care and bad debt for which the patient has no health insurance or third-party liability coverage less payment received directly from patients and costs attributable to Medicaid clients, less Medicaid reimbursements.

The Governor recommended \$124.1 million for the payment, \$6.8 million more than enacted. The additional funding includes a 2.5 percent increase to the uncompensated care cap included in the American Recovery and Reinvestment Act of 2009 as well as a 4.0 percent annual adjustment. The Governor's recommendation also includes the \$2.4 million hospital payment made for psychiatric services which is included in the Department of Mental Health, Retardation and Hospitals' enacted and recommended budgets. It appears that this was inadvertently included in the Department's recommended budget since it double-counts the payment.

The Assembly adopted Article 19 of 2009-H 5983 Substitute A, as amended and included an FY 2010 payment not to exceed \$114.7 million and a FY 2011 payment not to exceed \$117.8 million and corrected for the hospital payment for psychiatric services that appeared in the Department of Human Services' budget. The Assembly included \$7.0 million for payments to Eleanor Slater Hospital for total funding of \$121.6 million.

Upper Payment Limits. The Assembly passed Article 19, Section 2 of 2008-H 7390 to provide three reimbursements to the state community hospitals in addition to the disproportionate share payment and included \$28.0 million for separate inpatient and outpatient upper payment limits as well as \$3.4 million for additional unqualified expenses to four community hospitals for FY 2009. The caseload

estimators included this in the November caseload estimate for FY 2010. *Consistent with his recommendation to eliminate the hospital payments in FY 2009, the Governor did not submit the necessary legislation to continue the payments for FY 2010 and he reduced funding accordingly.*

The Assembly enacted Section 2 of Article 19 of 2009-H 5983 Substitute A, as amended and included an outpatient upper payment limit reimbursement totaling \$25.5 million from all funds as well as a \$3.65 million state payment for acute care hospitals for additional uncompensated care costs. Similar payments were also included in the FY 2009 final budget.

FY 2010 Uncompensated Care	FY 2009 Enacted	FY 2010 Governor	FY 2010 Enacted	Change to Gov. Rec.	Change to Enacted
Community Hospital-Human Services Budget					
State	\$ 50,048,575	\$ 53,101,636	\$ 54,341,384	\$ 1,239,748	\$ 4,292,809
Federal	55,516,865	58,998,081	60,278,705	1,280,624	4,761,840
Subtotal	\$ 105,565,440	\$ 112,099,717	\$ 114,620,089	\$ 2,520,372	\$ 9,054,649
Slater Human Services Budget					
State	\$ 5,552,030	\$ 5,686,029	\$ 3,358,043	\$ (2,327,986)	\$ (2,193,987)
Federal	6,158,642	6,317,410	3,667,517	(2,649,893)	(2,491,125)
Subtotal	\$ 11,710,672	\$ 12,003,439	\$ 7,025,560	\$ (4,977,879)	\$ (4,685,112)
Upper Payment Limit					
State	\$ 13,293,297	\$ -	\$ 9,207,253	\$ 9,207,253	\$ (4,086,044)
Federal	14,745,717	-	16,290,539	16,290,539	1,544,822
Subtotal	\$ 28,039,014	\$ -	\$ 25,497,792	\$ 25,497,792	\$ (2,541,222)
Unqualified Expenses					
State	\$ 3,400,000	\$ -	\$ 3,650,000	\$ 3,650,000	\$ 250,000
Federal	-	-	-	-	-
Subtotal	\$ 3,400,000	\$ -	\$ 3,650,000	\$ 3,650,000	\$ 250,000
Total	\$ 148,715,126	\$ 124,103,156	\$ 150,793,441	\$ 26,690,285	\$ 2,078,315

Hospital License Fee. The Assembly included Article 31 of 2008-H 7390 which set the FY 2009 licensing fee at 4.78 percent of net patient services revenue for the year ending January 1, 2007 and included revenues totaling \$111.4 million.

The Governor included Article 22 of 2009-H 5983, which extends the hospital licensing fee in FY 2010 at a rate of 4.78 percent of hospitals' net patient services revenue for the hospital fiscal year ending on or after January 1, 2007. It also included the due date for the filing of hospital returns with the Division of Taxation to be before June 14, 2010 and for hospital payments of the fee to be before July 12, 2010.

The Assembly enacted Section 2 of Article 16 which includes an FY 2010 licensing fee at 5.237 percent of revenues and hospital fiscal year ending on or after January 1, 2008 for total revenues of \$128.8 million. The licensing fee appears annually in the Appropriations Act.

FY 2010 Hospital License Fee	FY 2009 Enacted	FY 2010 Gov. Rec.	FY 2010 Enacted	Change to Gov. Rec.
Revenues				
<i>Base Year</i>	<i>2007</i>	<i>2007</i>	<i>2008</i>	
<i>Tax Rate</i>	<i>4.78%</i>	<i>4.78%</i>	<i>5.237%</i>	
Community Hospital License Fee	\$ 106,152,821	\$ 106,152,821	\$ 123,094,556	\$ 16,941,735
Slater License Fee	5,250,636	5,250,636	5,752,632	501,996
Total	\$ 111,403,457	\$ 111,403,457	\$ 128,847,188	\$ 17,443,731

Long Term Care

Long Term Care. The Caseload Estimating Conference estimated nursing long term care expenses at \$367.8 million including \$313.5 million for nursing facilities and \$54.3 million for home and community care. This is \$41.9 million more than included in the enacted budget. *The Governor included \$344.3 million or \$23.5 million less than the conference estimate and \$18.4 million more than enacted. He provided \$284.9 million for nursing facilities and \$59.4 million for home and community care and included several proposals related to the global waiver as well as other program changes, each is discussed separately.*

The Assembly provided \$359.3 million for long term care including \$291.4 million for nursing and hospice care and \$67.9 million for home and community based services. This is \$1.7 million less than the May caseload estimate and \$15.0 million more than the recommendation.

Nursing Facilities. The Caseload Estimating Conference estimated FY 2010 expenditures at \$313.5 million, of which \$148.6 million is general revenues for the state's 86 nursing facilities, \$38.4 million more than enacted. *The Governor included \$284.9 million, \$28.6 million less than the conference estimate and \$18.2 million more than enacted. He shifted expenses consistent with the enhanced Medicaid rate. The Governor's proposals are described in the items that follow.*

The Assembly provided \$291.4 million from all funds, \$3.6 million less than the May estimate and \$6.5 million more than the recommendation for nursing facility reimbursements.

Nursing Home Principles of Reimbursement Acuity Rates. The state's 86 nursing facilities are reimbursed through four separate cost centers included in the Rhode Island General Laws: the direct labor cost center, other operating expenses, pass through items, and the fair rental value system.

The Governor proposed to add an acuity rate adjustment to the principles of reimbursement to compensate facilities for their high acuity patients. He included Article 24 to amend the principles of reimbursement. He assumed savings of \$7.9 million, \$3.7 million from general revenues from this proposal. There is no exact calculation; however, this reduction represents approximately 2.7 percent of the FY 2010 estimated costs before the reduction.

The Assembly passed Section 1 of Article 23 for the rate adjustment; however, the Assembly delayed the rate change until January 15, 2010 and added \$5.3 million to reflect the delay. The legislation also requires the Department of Human Services to hold public hearings and to submit a final implementation plan to both Chairmen of the House and Senate Finance Committees no later than December 1, 2009.

Nursing Home Diversion and Transition. The enacted budget assumes savings of \$46.6 million, including \$21.1 million from general revenues from increasing home and community care services to allow individuals to remain in their own homes and transition certain nursing home residents voluntarily back into the community if they chose. This is consistent with the provisions of the global waiver. The savings could not be achieved and the caseload estimators did not include any savings in the November estimate from the proposal.

In the FY 2009 revised budget, the Governor initially recommended savings of \$3.5 million from this initiative and he subsequently requested an amendment withdrawing this proposal and restoring the savings.

Consistent with his initial FY 2009 revised recommendation, the Governor included \$11.9 million less from all sources, \$5.7 million from general revenues from this proposal. He also included savings of \$0.2 million to implement shared living arrangements, also a component of the global waiver. The Assembly concurred.

Direct Labor Cost Reimbursement. The enacted budget included savings of \$5.0 million from all funds, \$2.3 million from general revenues from the expectation of the Department lowering the direct labor cost center's maximum ceiling from 125 percent of the median to 110 percent. This is a regulatory change, and the Department lowered the ceiling to 112 percent of the median achieving the same savings.

In the FY 2009 revised budget the Governor recommended decreasing the direct labor ceiling to 110 percent retroactive to July 1, 2008 and assumed additional savings of \$2.0 million, including \$0.9 million from general revenues. The Governor subsequently requested an amendment to withdraw this proposal and restore the FY 2009 savings.

The Governor did not include the savings as part of his FY 2010 budget. The Assembly assumed the implementation of the 110 percent labor ceiling in 2009-H 5019 Substitute A, as amended and included savings of \$2.0 million from all funds consistent with the May caseload estimate for FY 2010.

Nursing Facilities Adjustment. Under current law, the nursing home facilities are to receive their annual cost-of-living adjustment based on the national nursing home index in October 2009. This is estimated to be \$7.7 million for FY 2010. *The Governor included funding in FY 2010 consistent with the caseload conference.* The Assembly concurred.

Nursing Homes Multi Case Review. A report from the Executive Office of Health and Human Services indicated that there is a portion of the elderly and disabled population with higher than average medical costs. The enacted budget assumed savings of \$2.5 million from monitoring the higher cost population and providing appropriate care. The conference estimate restored the savings. *The Governor recommended the proposal in his FY 2010 budget and assumed savings of \$2.0 million, \$0.9 million from general revenues.* The Assembly concurred.

Home and Community Care. The Caseload Estimating Conference includes \$54.3 million for home and community care expenses. This includes adding \$2.7 million from all funds for the adjustment consistent with long term care financing reform. *The Governor added \$8.6 million more than the caseload estimate.* The Assembly provided \$67.9 million from all funds for home and community care services.

Managed Care

The Caseload Estimating Conference estimated managed care expenses at \$611.1 million, \$100.7 million more than enacted. This includes RItE Care expenses at \$498.5 million, RItE Share at \$15.6 million and fee for service expenses at \$97.0 million. Department's request includes several proposals that reduce expenditures in the managed care program; a discussion of each follows.

The Governor recommended managed care expenses at \$597.3 million, \$13.8 million less than the conference estimate and \$86.9 million more than enacted. He included RItE Care expenses at \$484.7 million, RItE Share at \$15.6 million, and fee for service expenses at \$97.0 million.

The Assembly provided \$570.6 million, \$6.3 million more than the caseload estimate and \$26.7 million less than recommended. This includes RIte Care expenses at \$471.5 million, \$14.5 million for RIte Share, and fee for service expenses at \$84.6 million.

RIte Care. The Caseload Estimating Conference estimated RIte Care expenditures at \$498.5 million including \$232.0 million from general revenues. This is \$93.9 million more than enacted, including \$44.9 million more from general revenues based on an increased caseload and updated cost projections. The Department includes \$37.5 million less in its request. This reflects a transfer of residential services provided by the Department of Children, Youth and Families back to that budget, including \$17.8 million from general revenues. A total of \$87.0 million was transferred to the Department of Human Services' FY 2008 enacted budget to consolidate managed care services. It was later determined that the services were not part of the managed care system.

The Governor recommended \$484.7 million, \$13.8 million less than the conference estimate. He assumed savings from changes to medical benefits and rate reductions; each change is discussed separately.

He included Article 28 to amend state law to be consistent with federal legislation passed in the Children's Health Insurance Program Reauthorization Act of 2009. The Act increases a state's ability to maximize the enhanced Medicaid match for medical services provided for pregnant women and certain children whose expenses are currently matched at the standard Medicaid rate. The federal legislation also allows states the option to provide coverage to non-citizen legal children, which are discussed below.

The Assembly provided \$471.5 million, \$6.3 million more than the May estimate and included Section 13 of Article 23 to repeal the monthly cost sharing requirements for RIte Care clients from 133 percent to 150 percent of the federal poverty level in compliance with the eligibility maintenance of effort provisions of the federal Stimulus Act. The Assembly also enacted Sections 3 through 5 of that article to be consistent with the federal Children's Health Insurance Program Reauthorization Act of 2009. Each item is noted separately.

RIte Care Co-Pay. RIte Care recipients are required to pay a monthly cost sharing requirement based upon their income. Currently, co-shares are implemented at the following levels: \$45 for families from 133 percent to 150 percent; \$85 for families from 150 to 185 percent; \$106 for families between 185 percent and 200 percent; and \$114 for families from 200 to 250 percent. *The Governor requested a budget amendment to repeal the RIte Care co-share medical premium requirement for individuals between 133 to 150 percent of the federal poverty level. He also reduced the requirements for those at 150 percent to 250 percent to the pre-July 1, 2008 levels retroactive to May 31, 2009 in compliance with the eligibility maintenance of effort provisions of the federal Stimulus Act.*

The Assembly included Section 13 of Article 23 to repeal the monthly co-share requirement for those individuals with family incomes from 133 percent to 150 percent of the federal poverty level. The Assembly also concurred with the reduction to the monthly requirement for those at 150 percent to 250 percent level, which will be adjusted to the pre-July 1, 2008 levels through the Department's rules and regulations process. This includes \$61 for families from 150 percent to 185 percent; \$77 for families between 185 percent and 200 percent; and \$92 for families between 200 percent and 250 percent. The Assembly restored \$3.7 million from all sources including \$2.2 million from general revenues for both changes.

Medical Benefits for Certain Children. On January 29, 2009 the United States Senate voted to pass S.2 275, the Children's Health Insurance Program Reauthorization Act of 2009. The federal program allows states the option to provide coverage to legal, non-citizen children with the ability to receive matching Medicaid funds. The 2006 Assembly eliminated the state funded program which provided RItE Care benefits to legally residing children who were not citizens and to children without documentation. *The Governor included Article 28 to restore the RItE Care benefits to legally residing children and provided \$1.9 million, including \$0.8 million from general revenues.* The Assembly adopted Sections 3 through 5 of Article 23 to reflect the changes.

Transitional Medical Assistance. The state currently provides 12 months of assistance or until employer paid family health coverage begins, for families who are no longer eligible for cash assistance resulting from an increase in their family income using Medicaid funds. However, after June 30, 2009, this will not be an eligible Medicaid expense. *The American Recovery and Reinvestment Act of 2009 extends that Medicaid eligibility until December of 2010, at which time the expense will be solely funded from state funds unless the Assembly takes action. The Governor's recommended budget continues to match Medicaid.* The Assembly concurred.

RItE Care Dental Benefits for Parents. Currently, adults over the age of 21 who qualify to participate for RItE Care receive dental benefits. *The Governor included Article 40 to eliminate the dental benefits impacting approximately 38,000 parents. He included savings of \$1.1 million from all sources, \$0.5 million from general revenues.* The Assembly did not concur with the elimination of the benefits and restored the funding.

Early Intervention. The state provides early intervention services to children from birth to age three. The enacted budget and caseload estimate includes \$5.1 million from all funds through the medical benefits program. In his FY 2009 revised budget, the Governor included a 5.0 percent rate reduction for savings of \$78,334 as well as eliminating reimbursement to certain providers for group services.

He also included in his FY 2009 revised recommendation general revenue savings of \$0.8 million from a shift of state costs to Medicaid as part of the global waiver initiative to match Medicaid funds for services provided through certain state funded programs.

Consistent with his FY 2009 revised recommendation, the Governor included savings of \$0.8 million, \$0.4 million from general revenues from the rate reduction. He also shifted \$1.6 million to Medicaid funds. These expenditures were previously state only; however, under the global waiver these are now eligible for federal funding. The Assembly concurred.

Home Based Therapeutic Services. The state currently provides home and community based services to children with special health care needs, including the PASS program (personal assistance services and supports) and Kids Connect. In the FY 2009 revised budget, the Governor included savings of \$1.2 million from all sources, \$0.6 million from general revenues from redesigning the methodology for travel costs and imposing limits on the amount of home based therapeutic services specialized treatment approved to 20 hours per week and the duration limited to two years. He also includes a 30.0 percent rate reduction for personal assistance services and supports. *Consistent with his FY 2009 revised recommendation, the Governor included savings of \$3.0 million, \$1.4 million from general revenues for this proposal.* The Assembly concurred.

CEDARR Services. The state provides services to children with special health care needs through the state's four licensed CEDARR (Comprehensive Evaluation, Diagnosis, Assessment, Referral and Re-evaluation) centers. As part of his revised budget, the Governor recommended eliminating the \$4.00 a

day reimbursement for the family care coordination assistance for the remainder of FY 2009. He also reduced the daily case rate from \$1.70 to \$1.26 for administrative services. The Governor recommended implementing a flat fee payment methodology for the assessment and care plan development. *Consistent with his FY 2009 revised recommendation, the Governor assumed savings of \$2.9 million, including \$1.4 million from general revenues from this proposal.* The Assembly concurred.

Managed Care Administration Rates. The Department pays an administrative cost as part of the per member per month fee paid to the managed care plans for RIte Care, Rhody Health, Connect Care and Connect Care Choice. The FY 2009 enacted budget included a reduction to the reimbursement rate paid to the three managed care plans administering RIte Care and Rhody Health. The Governor included savings of \$0.8 million, \$0.4 million from general revenues in the FY 2009 revised budget by reducing the administrative rates for the RIte Care managed care providers by another five percent. Annualized savings would be \$2.2 million from all sources including \$1.0 million from general revenues.

The Governor also recommended savings of \$82,864 from all sources, including \$39,286 from general revenues by reducing the monthly Connect Care administration cost to \$150. He also recommended reducing Connect Care Choice program administrative costs by 20.0 percent to \$10 per month. *Consistent with his FY 2009 revised recommendation, the Governor included savings of \$2.2 million, \$1.0 million from general revenues from reducing the rates.* The Assembly concurred.

RIPTA Transportation. The enacted budget includes \$14.0 million for reimbursement to the Rhode Island Public Transit Authority for transportation expenses for the Department's public assistance recipients. As of July 1, 2009 most RIte Care members who need non-emergency transportation are able to receive ten one-way bus trips monthly at a cost of \$17.50 which is Medicaid matched. The Department is no longer able to leverage Medicaid for all of its transportation expenses and included additional general revenues in the enacted budget to continue subsidizing the Authority's costs.

The Governor reduced funding for the Department's transportation payments to the Authority by \$5.2 million from general revenues. The Assembly provided \$9.3 million, including \$3.3 million for Medicaid matched transportation services as well as \$6.0 million for cash assistance clients from the temporary assistance to needy families block grant, which is reflected in the cash assistance estimate.

Paratransit Services for Elderly. The Department of Elderly Affairs' enacted budget includes \$8.8 million for the transportation program, \$3.2 million from general revenues, \$1.0 million from federal funds including Medicaid, and \$4.63 million from gas tax revenues. The Department of Elderly Affairs requires riders for non-Medicaid trips to pay a co-share of \$4 round trip.

The Governor recommended funding for the Department of Elderly Affairs as enacted; however, he shifted \$0.6 million from general revenues to federal funds to include a federal Medicaid match rate that is now allowable through the Rhode Island Consumer Choice Global Waiver. The Governor subsequently requested an amendment to shift the Medicaid eligible portion of the program from Elderly Affairs to Human Services.

The Assembly enacted Sections 10 through 12 of Article 5 to shift the responsibility for paratransit services for elderly from the Department of Elderly Affairs to the Department of Human Services. The Assembly also reduced general revenues by \$0.4 million to include the use

of Older Americans Act funds. The Assembly also included \$230,000 less from gas tax revenues to reflect the per penny yield adopted at the May 2009 revenue estimating conference.

Medical Assistance Benefits Tax Intercepts. Currently, the Division of Taxation administers a state income tax refund setoff program whereby the state income tax refund of certain debtors is intercepted and the refund is applied to the debt owed. These debts include child support and student loan delinquencies; the tax intercept statute does not include language that pertains to medical assistance benefit overpayments and cost share arrearage.

The Governor included Article 23, which amends the current tax intercept statute to include medical assistance benefit overpayments and cost share arrearage savings of \$183,750, \$87,061 from general revenues from the implementation of this proposal. The Assembly enacted Section 5 of Article 16 to allow for the tax intercept.

RIte Share. The Caseload Estimating Conference estimated RIte Share expenditures at \$15.6 million, including \$7.4 million from general revenues. The annual estimated number of program enrollees is 8,234 at a cost of \$1,890 per member per year and is \$4.6 million more than enacted.

The RIte Share program allows families who are eligible for medical assistance to remain in their employer based health insurance plan. The state pays the health care premiums and co-payments of RIte Care eligible recipients if the coverage is similar to the cost and services offered through RIte Care.

The Department mandates enrollment in RIte Share as a condition of medical assistance eligibility if a parent has access to an approved comparable employer based health insurance plan. Mandated enrollment is not an eligibility requirement if medical assistance coverage applies only to an individual younger than 19 years of age. *The Governor recommended funding consistent with the caseload estimate.* The Assembly reduced expenditures by \$1.1 million to bring total funding to \$14.5 million, consistent with the May caseload estimate.

Fee-Based Managed Care. The Caseload Estimating Conference estimated FY 2010 fee-based managed care expenditures at \$97.0 million from all sources, of which \$46.0 million is general revenues. The estimate is \$2.0 million more than enacted from all sources of funds for projected expenditures. Fee-based managed care provides additional services to those in the contracted managed care system. *The Governor recommended funding consistent with the caseload estimate.* The Assembly reduced expenditures by \$12.4 million to bring total funding to \$84.6 million, consistent with the May caseload estimate.

Rhody Health

Rhody Health. In April 2008, the Department began enrolling a portion of the elderly and disabled population into Rhody Health, a managed care plan that replaces the fee for service system. The expenses were shifted from hospitals, pharmacy, and other medical services. The Caseload Estimating Conference estimated that there will be a projected enrollment of 89,141 persons enrolled in Rhody Health by the end of FY 2009. The caseload estimators estimated \$119.5 million from all sources, including \$56.6 million from general revenues for the program in FY 2010, which assumes shifting additional expenses from the hospital, pharmacy and other medical services.

The Governor recommended \$0.3 million less than the conference estimate and shifted expenses to federal funds for the enhanced Medicaid rate. It appears that he underfunds the expenses compared to

the conference estimate since the Governor did not propose any changes to the care management program. The Assembly increased expenditures by \$28.8 million to bring total funding to \$148.0 million, consistent with the May caseload estimate.

Mandatory Enrollment in Care Management. There are two care management programs providing medical services to the elderly and adults with disabilities. Connect Care Choice has 1,826 individuals enrolled in the program which began September 2007. Enrollment in Rhody Health Partners began in April 2008 with approximately 9,700 beneficiaries. Currently, there are approximately 2,000 elderly and disabled beneficiaries in the fee for service program.

The Governor recommended transitioning the remaining beneficiaries to a care management plan. This proposal includes savings of \$4.2 million from all sources, including \$2.0 million from general revenues. This includes savings of \$16.7 million in hospital costs, \$9.9 million in other medical services, and \$8.6 million in pharmacy expenses offset by \$31.0 million in added managed care expenses. The Assembly concurred.

Pharmacy

The Caseload Estimating Conference estimates pharmacy expenses at \$64.1 million; this is \$22.4 million less than enacted. This includes direct pharmacy costs and the state's estimated Medicare Part D clawback payment. Pharmacy costs also include psychotropic medicines for the Department of Mental Health, Retardation and Hospitals' behavioral health clients. *The Governor included \$55.5 million, \$8.6 million less than the conference estimate.* The Assembly provided \$55.8 million, consistent with the May caseload estimate.

Pharmacy. The Caseload Estimating Conference estimated FY 2010 pharmacy expenditures at \$19.4 million, of which \$9.2 million is general revenues. Individuals in the fee for service system, including the elderly and disabled, receive this pharmacy benefit. The FY 2009 enacted budget includes \$44.8 million from all sources and the estimators shifted \$20.2 million to Rhody Health expenditures. The caseload estimate separates the actual pharmacy costs for fee for service clients and the state's payment for the Medicare Part D clawback, discussed below.

The Governor included \$10.8 million from all sources, including \$3.9 million from general revenues. This is as requested and shifts \$1.2 million of general revenue expenditures to Medicaid, consistent with the enhanced rate. He assumed shifting pharmacy expenditures to Rhody Health as noted above.

The Assembly increased expenditures by \$0.3 million to bring total funding to \$11.1 million, consistent with the May caseload estimate.

Medicare Drug Benefit-Part D Clawback. On January 1, 2006, full implementation of the federal Medicare Part D drug plan took effect paying for coverage previously not offered through Medicare. 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 will no longer directly pay for the drug costs; however, the state will 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 will not pay any annual deductible, but will pay a \$1 co-payment for generic drugs or \$3 co-payment for brand names. The Caseload Estimating Conference estimated the state payment for Medicare Part D clawback provision at \$44.7 million. *The Governor included funding as requested.* The Assembly concurred.

Other Medical Services

The Caseload Estimating Conference estimated other medical services that 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 Mental Health, Retardation and Hospitals' clients are eligible for other medical services through the Department's developmental disabilities waiver.

Other Medical Services. The Caseload Estimating Conference estimated expenditures for other medical services expenditures at \$89.6 million, which includes \$40.1 million from general revenues. The estimate is \$33.4 million less than the enacted budget, including \$11.6 million less from general revenues. This decrease includes shifting funding from other medical services to Rhody Health.

The Governor recommended expenditures of \$65.6 million, which includes \$22.4 million from general revenues. This is \$36.3 million less than the enacted amount and includes \$19.3 million less from general revenues. These proposed changes are described further below. The Assembly increased expenditures by \$26.0 million to bring total funding to \$91.6 million, \$4.2 million less than the May estimate.

Non-Emergency Transportation Costs. The state currently reimburses for ambulance services based on mileage and type of transport. It includes \$1.75 per mile with additional payment for services provided during transport. The Governor's FY 2009 revised budget includes savings of \$1.1 million from all sources, including \$0.5 million from general revenues by eliminating the \$1.75 per mile reimbursement and also assumes arranging for less costly non-emergency transportation services when appropriate and services are available. This includes \$0.5 million less from general revenues.

Consistent with his FY 2009 revised recommendation, the Governor included savings of \$2.2 million, including \$1.0 million from general revenues by eliminating the \$1.75 per mile reimbursement and also assumed arranging for less costly non-emergency transportation services when appropriate and services are available. The Assembly concurred.

Selective Contracting - Durable Medical Equipment. The caseload estimators included \$14.0 million from all funds for durable medical equipment expenses. The Governor included savings of \$0.3 million, including \$0.2 million from general revenues in his FY 2009 revised budget, which assumes implementing a competitive bidding process for the equipment consistent with the selective contracting portion of the global waiver.

Consistent with his FY 2009 revised recommendation, the Governor included savings of \$0.6 million, \$0.3 million from general revenues. The Governor included Article 27 to implement selected contracting methods for durable medical equipment and other supplies. The Assembly concurred and included Section 2 of Article 23 to implement selective contracting.

Selective Contracting – Assisted Living Services. The global waiver assumes that the state has the ability to enter into selective contracting agreements for certain services. The enacted budget assumes savings \$19.8 million, including \$9.4 million from general revenues from increasing selective contracting for purchasing services. The savings could not be achieved and were restored in the caseload conference. Using selective contracting to purchase services for those in assisted-living care settings is a component of the rebalancing objectives in the global waiver.

The Governor included Article 27 to enter into a selective contracting agreement for supportive services for those in assisted-living care settings. He assumed savings of \$1.8 million from all sources including \$0.9 million from general revenues. The Assembly concurred and included Section 2 of Article 23 to implement selective contracting.

Selective Contracting - Outpatient Services. The global waiver assumes that the state has the ability to enter into selective contracting agreements for certain services. The enacted budget assumes savings of \$19.8 million, including \$9.4 million from general revenues from increasing the selective contracting for purchasing services. The savings could not be achieved and were restored in the caseload conference. Using selective contracting to purchase outpatient services is a component of the rebalancing objectives in the global waiver.

The Governor included Article 27 to also enter into a selective contracting agreement for medical services. He assumed savings of \$0.4 million, including \$0.2 million from general revenues from issuing a request for proposals for a sole supplier for each of the following out patient services: occupational therapy, physical therapy, speech pathology and laboratory services. The Assembly concurred and included Section 2 of Article 23 to implement selective contracting.

Third Party Liability. The state is designated as the payer of last resort for medical services and the enacted budget included savings of \$3.8 million, \$1.6 million from general revenues from ensuring that the state remains the payer of last resort through coordinated efforts with the health plans.

The Governor assumed savings of \$0.7 million by continuing to ensure that efforts are coordinated with Medicare so that payments for services provided to individuals who are both Medicare and Medicaid eligible are paid appropriately. Savings include \$0.6 million from reducing reimbursements for dialysis treatments and assuming other coverage and \$91,000 from paying the lesser of either the Medicaid rate or any other insurer. The Assembly concurred and assumed the savings.

Program Recoveries. Current law allows the state to place a lien on an estate of a medical assistance recipient age 55 years or older so that the state may recapture funds expended for nursing home residents at the time of the person's death. A lien is attached at the time of the person's death and not if the recipient is survived by a spouse, disabled child or a child under age 21. The Department also realizes other recoveries such as class action law suits, medical assistance payments and other casualties.

The Governor assumed savings of \$1.4 million, \$0.7 million from general revenues through increased recoveries. The Assembly concurred and assumed the savings.

Other Medical Adjustments. The Rhode Island Global Consumer Choice Compact waiver allows the director the discretion to amend Medicaid services; however, for eligibility criteria and program changes, the director must submit legislation to be approved by the Assembly.

The Governor assumed savings of \$3.8 million from program changes made at the director's discretion. It appears that he did not include any legislation for changes that would require legislative approval. The Assembly assumed the savings.

Medical Assistance Administration

RIte Care Administration. The Department requested \$4.8 million from all sources of funds, or \$0.3 million more than enacted for RIte Care administration expenditures, excluding salaries and benefits of

\$1.1 million. The request includes increases of \$199,849 from general revenues and \$62,445 from federal funds. The request includes \$432,192 more for contracted services with Allied Computer Services attributable to a three percent annual inflator offset by reductions to office supplies. *The Governor recommended funding as requested.* The Assembly concurred.

RIte Share Administration. The Department requested \$1.6 million from all sources for RIte Share administration expenditures. The request is \$18,926 more than enacted, of which \$9,463 is from general revenues. This reflects an increase for contracted services with Allied Computer Services, the program administrator, offset by decreases in office supplies. *The Governor recommended funding as requested.* The Assembly concurred.

Medical Services Operations. The Department requested \$35.1 million for operations of the medical benefits program. This is \$1.5 million less than enacted from all sources of funds excluding salary and benefit expenses of \$17.0 million. The request includes \$14.7 million or \$1.0 million less than enacted for contracted services with Electronic Data Systems because of an effort from state purchasing to renegotiate contracts to reduce expenditures. The request also includes \$0.1 million more from federal funds for early intervention expenses, in addition to \$0.3 million less for contracted services.

The Governor recommended \$36.5 million from all sources. This is \$1.4 million more than requested. The Governor included \$0.6 million more for the real choices grant transferred from the Executive Office of Health and Human Services in FY 2009 and \$0.8 million more for an increase for contracted services with Qualidigm, a program administrator for additional nursing services.

He also included savings of \$60,000 from instructing the Department to reimburse its providers in an electronic format and provide the claims processed, claims denied, and the status of claim processed information through the Department's website. The Assembly concurred.

Emergency Room Diversion Program. The Department requested \$2.4 million from new federal funds to reduce unnecessary emergency department utilization by Medicaid recipients, promote access to primary care and expand access to community based behavioral health providers. *The Governor recommended funding as requested.* The Assembly concurred.

Cash Assistance Programs

The Caseload Estimating Conference estimated \$114.5 million from all sources, including \$32.7 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 Governor recommended \$119.0 million from all sources, including \$43.3 million from general revenues for cash assistance programs. This includes shifting a portion of state expenses to Medicaid allowable under the global waiver. The Governor also included an additional \$4.7 million from federal child care development block grant funds based upon the passage of the American Recovery and Reinvestment Act.

The Assembly increased expenditures by \$1.4 million from the recommended to bring the total funding to \$120.4 million. Funding is \$3.8 million more than the May estimate based upon the Assembly accepting, rejecting and amending the Governor's statutory changes.

The following chart itemizes cash assistance expenditures as enacted by the 2009 Assembly, adopted by the caseload estimators and recommended by the Governor. Each category is discussed separately.

Cash Assistance	FY 2007 Spent	FY 2008 Spent	FY 2009 Final	FY 2010 Nov. CEC	FY 2010 Gov. Rec.	FY 2010 May CEC	FY 2010 Enacted
Rhode Island Works							
Persons	29,003	26,324	24,389	17,525	17,525	16,170	18,316
Monthly Cost per Person	\$ 171.30	\$ 174.85	\$ 177.93	\$ 177.00	\$ 177.00	\$ 182.50	\$ 182.50
General Revenue	\$ 16.1	\$ 15.7	\$ 3.4	\$ 0.2	\$ 8.0	\$ -	\$ -
Federal Funds	43.9	39.9	54.9	37.3	29.5	41.6	46.3
Total Costs**	\$ 60.0	\$ 55.6	\$ 58.3	\$ 37.5	\$ 37.5	\$ 41.6	\$ 46.3
Child Care							
Subsidies	11,181	8,185	6,833	7,000	7,000	6,810	6,810
Annual Cost per Subsidy	\$ 6,393	\$ 7,069	\$ 7,160	\$ 7,400	\$ 7,400	\$ 7,350	\$ 7,350
General Revenue	\$ 31.8	\$ 12.7	\$ 6.5	\$ 7.3	\$ 10.3	\$ 6.5	\$ 6.5
Federal Funds	39.7	44.4	42.4	44.5	41.5	43.6	43.6
Total Costs*	\$ 71.5	\$ 57.9	\$ 48.9	\$ 51.8	\$ 51.8	\$ 50.1	\$ 50.1
Child Care Development Block Grant							
Federal Stimulus	\$ -	\$ -	\$ 0.5	\$ -	\$ 4.7	\$ -	\$ -
Total Costs/General Revenue*	\$ -	\$ -	\$ 0.5	\$ -	\$ 4.7	\$ -	\$ -
SSI**							
Persons	31,285	31,625	31,850	32,730	32,730	32,200	32,200
Monthly Cost per Person	\$ 64.02	\$ 64.00	\$ 55.22	\$ 46.00	\$ 46.00	\$ 46.75	\$ 46.75
Total Costs/General Revenue*	\$ 27.6	\$ 28.0	\$ 25.1	\$ 22.3	\$ 22.1	\$ 22.2	\$ 20.7
SSI Transition/Bridge							
Persons	395	412	440	430	430	450	450
Monthly Cost per Person	\$ 118.30	\$ 106.31	\$ 118.70	\$ 118.00	\$ 118.00	\$ 118.50	\$ 118.50
General Revenues	\$ 3.0	\$ 2.7	\$ 2.4	\$ 2.9	\$ 2.9	\$ 2.4	\$ 2.4
Federal Funds	-	-	0.5	-	-	0.9	0.9
Total Costs*	\$ 3.0	\$ 2.7	\$ 2.9	\$ 2.9	\$ 2.9	\$ 3.3	\$ 3.3
General Revenue	78.5	59.1	37.3	32.7	43.3	31.1	29.6
Federal Funds	83.6	85.1	97.8	81.8	75.7	86.1	90.8
Total Cash Assistance*	\$ 162.1	\$ 144.2	\$ 135.1	\$ 114.5	\$ 119.0	\$ 117.2	\$ 120.4

**Expenditures in millions.*

*** Funding for 2,202 recipients appears in the Department of Mental Health, Retardation and Hospitals' budget.*

Rhode Island Works/Temporary Assistance to Needy Families. The Caseload Estimating Conference set program expenditures at \$37.5 million, of which \$0.2 million is from general revenues. The Department included \$8.0 million from general revenues for the Department to qualify for federal temporary assistance to needy families' block grant funds. This is referred to as maintenance of effort. For Rhode Island this is approximately \$64.0 million. The Department needs to increase its general revenue funding for Rhode Island Works in order to meet the maintenance of effort requirements when compared to the November adopted estimates. The Department added \$7.8 million in general revenues to meet the requirement.

The estimated monthly caseload decreases by 5,275 cases to a level of 17,525. The cost per case is estimated to increase by \$1.00 to a \$177.00 monthly cost per person. The estimated program expenditures are \$11.0 million less than the enacted budget. *The Governor recommended funding consistent with the caseload estimate, which adjusts federal funds overstated in the enacted budget.*

The Assembly included \$46.3 million from federal funds for cash assistance expenses which assumed \$6.0 million for monthly bus passes. This includes a monthly benefit of \$182.50 for 18,316 individuals, 2,146 more recipients than the May estimate. The recipients were added to the estimate as a result of the Assembly enacting Article 20 of 2009-H 5983 Substitute A, as amended, which established a July 1, 2008 effective date for the 24 month period a family is eligible to receive cash assistance within the 48 month lifetime limit. Previously, the Department was including any time prior to July 1, 2008 in its determination of the cash assistance recipient's

24 month eligibility. Individuals who were originally scheduled to lose their benefits as of July 1, 2008 from the 24 month time limit will now have the opportunity to continue to collect based on the new effective date of July 1, 2009.

The Assembly assumed the use of \$4.7 million of federal temporary assistance to needy families block grant funds that the caseload conference originally programmed to fund subsidized child care assistance to support the additional caseload. The Assembly used the \$4.7 million in uncommitted additional child care block grant funding from the federal stimulus act for the subsidized child care costs no longer funded from temporary assistance to needy families block grant funds.

Maintenance of Effort Requirement. The state is required to spend \$64.4 million from general revenues as part of its maintenance of effort requirement for the \$95.0 million temporary assistance to needy families block grant. *The Governor's recommended budget includes \$64.6 million in maintenance of effort funding, which is the necessary funding to meet the state's maintenance requirement.* The Assembly included the necessary funding to meet the state's requirement.

Child Care. The Caseload Estimating Conference set caseload child care expenditures at \$51.8 million, of which \$7.3 million is from general revenues. This is \$0.2 million more than the enacted budget and reflects 335 fewer child care slots for a monthly level of 7,000. The estimators increased the annual cost by \$364 to \$7,400 for FY 2010. *The Governor recommended total funding consistent with the caseload estimate.*

The Assembly decreased the Governor's recommendation by \$1.7 million to bring the total funding to \$50.1 million, consistent with the May caseload conference estimate. However, the Assembly shifted \$4.7 million of federal temporary assistance to needy families block grant funds the estimators included at the May conference that was to be used for child care expenditures to the Rhode Island Works program to fund the additional Rhode Island Works caseload. The Assembly assumed the use of additional stimulus funding from the child care development block grant to replace the shifted resources.

Child Care Development Block Grant. The Department requested \$44.5 million from federal sources, or the enacted amount for the child care development block grant. This funding is used to provide child care assistance to a family who is eligible either through the Rhode Island Works program or if they qualify based on their income.

The Governor included an additional \$4.7 million from funds based upon the passage of the American Recovery and Reinvestment Act. The Department has not indicated how these additional funds will be used, but it can be used to offset additional child care costs resulting from any caseload increases and does not require a state match.

The Assembly provided the \$4.7 million of additional funding to support direct child care assistance. The estimators had originally programmed the use of temporary assistance to needy families block grant funds for this purpose; however, the Assembly shifted the temporary assistance to needy families funding to the Rhode Island Works program to support the projected caseload increase.

Child Care Provider Rates. The child care providers are currently reimbursed the average of the 2002 and 2004 market rate surveys with the rates established in statute.

The Governor included Article 28, which authorized the Department to adjust the rates established in statute to reimburse child care centers and all child care providers based on costs incurred and limited funding. The Assembly did not concur with the rate adjustment. The child care providers will continue to be reimbursed the average of the two market rate surveys.

Supplemental Security Income. The Caseload Estimating Conference estimated FY 2010 direct supplemental security income expenditures at \$18.1 million from general revenues, or \$3.6 million less than enacted. The caseload increased by 756 persons to a monthly level of 32,730. Estimators also decreased the monthly cost per person by \$11.57 to \$46.00. The state chooses to supplement the federal program and transfers its funds to the federal government so the recipient receives one check. The state pays transaction fees for the service, which totals \$4.3 million for FY 2010. Total program costs are \$22.3 million. *The Governor recommended \$0.2 million less than requested for his proposal described below.*

The Assembly provided FY 2010 direct supplemental security income expenditures at \$18.1 million from general revenues, adopted by the caseload estimators. The caseload decreases by 530 persons to a monthly level of 32,200. Estimators also increased the monthly cost per person by \$0.75 to \$46.75.

The Assembly also enacted Article 18 to have the Department of Mental Health, Retardation and Hospitals make the state supplement payment for 2,202 developmentally disabled adults who receive residential services and financial assistance through its budget directly to the providers. The budget assumes general revenue savings of \$300,000 in the Department of Human Services' budget from no longer paying the transaction fee for this population. The resident will continue to receive the \$39.93 state supplement; however, it will no longer be in the same check as the federal portion. It will be provided directly through the community support providers. The Assembly shifted \$1.1 million from the Department of Human Services for these payments.

Supplemental Security Income Payments - Global Waiver. The supplemental security income program provides federal assistance to needy aged, blind and disabled persons. Rhode Island opts to provide a state supplemental payment to the federal payment. Expenditures are included in the Department of Human Services' budget; however, clients in several programs within the Department of Mental Health, Retardation and Hospitals receive the monthly payments. This includes individuals residing in group homes in the developmental disabilities program, and individuals receiving residential services through assisted living facilities. The following chart includes the separate categories and monthly payments.

Category	State	Federal	Total
Individual Living Alone	\$ 39.92	\$ 674.00	\$ 713.92
Couple Living Alone	79.38	1,011.00	1,090.38
Individual Living with Others	51.92	449.34	501.26
Couple Living with Others	97.30	674.00	771.30
Resident in State Licensed Supportive Residential Care	300.00	674.00	974.00
Resident in Assisted Living	538.00	674.00	1,212.00
Supplement	20.00	30.00	50.00

The Governor submitted Article 32 to include a separate category for individuals living in state licensed residential care settings with a monthly state reimbursement of \$300, \$238 less than the current monthly state payment. The payment is made to the individuals receiving their monthly

expenses in the residential care facilities, the federal payment will remain the same. This proposal is consistent with the Medicaid global waiver and anticipates that the licensed residential care setting will become Medicaid eligible sites. The sites will be able to leverage Medicaid for any medical services provided which is anticipated to offset any loss in the monthly income payment. The Assembly enacted Article 18 to include the separate category.

Supplemental Security Income Transition/Bridge Program. The Caseload Estimating Conference estimated expenditures for the supplemental security income transition/bridge program at \$2.9 million from general revenues, or \$0.2 million less than enacted. This increases the projected number of persons by 10 for a level of 430. The estimators increased the monthly cost per person by \$3.00 in FY 2010 to \$118.00 per person per month. The program is for individuals eligible for Title XIX Medical Assistance who maintain active applications for supplemental security income.

The Governor recommended total funding as requested and assumed savings of \$1.9 million from shifting state funds to Medicaid as part of the global waiver initiative to match Medicaid funds for services provided through certain state-funded programs.

The Assembly increased expenditures by \$0.4 million from the Governor's recommendation to bring total funding to \$3.3 million. This is consistent with the May caseload conference, which increased the number of persons by 20 from 430 to 450 and increased the monthly cost by \$0.50 to \$118.50.

State Only Funded Program

Cash Assistance Hardship Program. The Department requested \$461,250, \$172,960 less than enacted from general revenues for the cash assistance hardship program. A separate budget article authorizes the hardship contingency program annually and caps the program at a fixed dollar amount. The program provides temporary support to persons who do not qualify for supplemental security income or the Rhode Island Works program. *The Governor recommended funding as requested.* The Assembly included Article 21 for the payment.

Cash Assistance Administration

Rhode Island Works Administration. The Department requested \$12.0 million from all sources of funds for Rhode Island Works program administration expenses or \$1.2 million less than enacted. This includes \$1.3 million less for InRhodes expenses due to an overestimate of the amount of work that would be necessitated to eliminate the time limited child only cases. These changes were made in addition to the systematic changes for Rhode Island Works program under a preexisting contract. The \$1.3 million amount is offset by \$0.1 additional other operating expenditures. This request excludes salary and benefit expenses totaling \$11.7 million for program employees. *The Governor recommended funding as requested.* The Assembly concurred.

Child Care Administration. The Department requested \$2.4 million for child care administration expenditures excluding salary and benefit costs totaling \$1.5 million. This is \$145,689 more than enacted, including \$4,589 more from general revenues and \$141,100 more from federal funds, including \$125,000 of new federal funds for technical support for the child care program. *The Governor recommended funding as requested.* The Assembly concurred.

Veterans' Affairs

Private Laundry Services. The Department requested \$125,000 from general revenues for laundry services at the Veterans' Home, this is \$10,000 more than enacted, but substitutes general revenues for restricted receipts. The FY 2009 enacted budget includes \$115,000 from restricted receipts to pay for the personal laundry services of residents at the Veterans' Home. The restricted receipt account is funded by residents' income less a personal allowance. The residents have objected to the use of this account for their laundry. The account currently supports capital projects and general operating expenses. *The Governor did not include the general revenues as requested; however, provided \$125,000 from restricted receipts for the private laundry services.* The Assembly concurred.

Other Operating Services. Excluding salaries and benefits, the Department requested \$3.4 million from all sources of funds, for operations at the Veterans' Home, this is \$0.2 million more than enacted. This includes \$0.2 million for nursing services. When adjusting for salary and benefit expenses of \$19.5 million, the Department requested total FY 2010 funding of \$26.0 million for the Veterans' Home. *The Governor recommended \$0.3 million more than requested.* The Assembly concurred.

Veterans' Home Capital Projects. The Department requested \$0.5 million from restricted receipts, or \$0.2 million less than enacted for capital projects at the Veterans' Home. This is \$18,937 less than requested in the capital budget. *The Governor included funding as requested.* The Assembly concurred.

Veterans' Cemetery. The Department requested \$0.1 million or \$1.9 million less than enacted for projects at the Veterans' Cemetery, as the master plan has been completed. This is \$80,000 more than requested in the capital budget. *The Governor included funding as requested.* The Assembly concurred.

Other Programs

Child Support Enforcement - State Disbursement Unit. The Department requested \$0.8 million more from all sources of funds including \$0.3 million from general revenues for a private company to assume the duties of the state disbursement unit. Currently, the Rhode Island Family Court is the state disbursement unit of record which posts child support payments to child support cases. The Department has a cooperative agreement with Family Court for this service. The costs associated with the state disbursement unit are in the Judiciary's budget.

This proposal would have a private company, in a consortium agreement with the State of Connecticut, process all incoming child support payments by scanning the payment, verify that the funds are available, in addition to the posting of funds to the InRhodes System. The Office of Child Support Enforcement will then electronically transfer the funds to the custodial parent. Additionally, the company will serve as a customer call center for approximately 50 percent of incoming calls. This action is proposed to remediate a problem with posting bounced checks. The Judiciary's budget request includes \$0.6 million from all sources, including \$0.3 million from general revenues and 7.0 full-time equivalent positions for child support collections. *The Governor did not recommend this proposal.* The Assembly concurred.

Child Support Enforcement Program. Excluding salaries and benefits, the Department requested \$3.5 million for other operating expenses; this is \$0.5 million less than enacted from all sources. This includes \$0.1 million less from general revenues. This is caused by the elimination of planned

spending for office equipment and miscellaneous expenses, \$0.2 million less for the lease of rental space, offset by an increase to contracted services of \$0.2 million for expenses related to the InRhodes eligibility system and 13 individuals who are state licensed constables who are used on an as needed basis. *The Governor included an additional \$2.3 million from federal funds based upon the passage of the American Recovery and Reinvestment Act for additional incentive programs.* The Assembly concurred.

Food Stamps. The Department requested \$136.1 million from all sources of funds for expenditures related to the food stamp program, excluding salary and benefit costs, which total \$9.1 million. The request is \$32.1 million more than enacted primarily from federal funds. Food stamp expenditures are budgeted at \$129.8 million from federal funds, or \$31.8 million more than enacted. The Department's request reflects anticipated increases in utilization.

The request includes \$2.0 million, \$0.1 million more than enacted for the program's portion of the expenses for the InRhodes eligibility system. The revised request also includes \$0.2 million more for other operating expenses and \$0.1 million less for program grants. Other operating expenses include \$20,076 less than enacted for rental space, \$0.1 million more than enacted for electronic benefit transfer cards and \$0.1 million more for postage.

The Governor included an additional \$35.9 million from federal funds, primarily for food stamp benefits. The American Recovery and Reinvestment Act increased the monthly food stamp benefit and the Governor adjusted the requested funding for FY 2010. The Assembly concurred.

Office of Rehabilitative Services. The Department requested \$14.3 million, \$1.9 million more than enacted of which \$0.4 million is general revenues, to support operations in the Office of Rehabilitative Services. This includes \$0.6 million more for services in the disabilities determination unit primarily for medical services for applicants applying for disability benefits through the disability determination unit. It also includes \$1.3 million more for medical determination contracts for vocational rehabilitation services due to increased utilization and applications for the state's cash assistance hardship exemption. *The Governor included an additional \$1.5 million from federal funds based upon the passage of the American Recovery and Reinvestment Act for vocational rehabilitation activities.* The Assembly concurred.

Individual and Family Support Operations. Excluding administration expenses for Rhode Island Works and child care, the Department requested \$7.2 million for expenditures in the individual and family support program. This is \$646,009 more than enacted from all sources including \$237,327 more from general revenues for a rate increase for homemaker services provided to supplemental security income recipients who do not qualify for Medicaid.

It also includes \$0.1 million more for services to the blind and visually impaired, \$0.2 million less for non-essential computer upgrades and \$70,000 from general revenues to cover increased costs of laundry services for the homeless shelter at Harrington Hall. The request includes a \$0.1 million increase to social security reimbursements the Department receives for providing supportive services to disabled clients receiving supplemental security income/social security disability insurance. If the client improves and no longer receives assistance, the state receives a one-time reimbursement from federal funds for the cost of the services for that person and a portion for administrative expenses.

The Governor included total funding as requested and shifted \$0.2 million from general revenues to federal sources from the state's new authority to use federal funds to match expenses for state only

programs. These include social services for the blind, adaptive telephone equipment, home modification expenses and personal care attendants.

The Governor subsequently requested a budget amendment to restore \$32,000 of general revenues for adaptive telephone services because it was determined that this program is not eligible for the new federal match as part of the Medicaid global waiver. The Assembly restored the adaptive telephone services funding and concurred with the remainder of the recommendation.

Emergency Housing Assistance Program. The Department's request recognizes the administrative shift of the emergency housing program from the Department to Rhode Island Housing. Previously, Rhode Island Housing provided funding to the Department to administer the program through the local community action programs. Rhode Island Housing will now administer the program and the Department's request eliminates \$1.3 million that was included in the enacted budget. *The Governor recommended funding as requested.* The Assembly concurred.

Community Service Grants. The enacted budget includes \$2.7 million in funding to support 98 social service agencies. Funding supports social service agencies and community organizations throughout the state. *The Governor recommended funding as requested.* The Assembly eliminated funding for eight grants totaling \$37,616 in FY 2010. The grantees did not submit required paperwork to receive the grants in FY 2009.

Community Services Block Grants. The Department requested \$3.9 million from federal sources, or \$0.2 million more than enacted for the community services block grant. Funding is awarded to the state's nine community action agencies. *The Governor included an additional \$3.2 million from federal community service block grant funds based upon the passage of the American Recovery and Reinvestment Act. Funding will continue to be distributed to the community action agencies.* The Assembly concurred.

Head Start Grants. The Department requested \$1.2 million from all sources including the FY 2009 enacted amount of \$1.0 million from general revenues for FY 2010. The Department requested \$200,000 of additional federal funding from the child care development block grant for the head start agencies to offset the state funding reduction in the FY 2009 enacted budget. This provides funding for 163 children, with 142 children supported from general revenues. *The Governor recommended funding as requested.*

The Assembly provided \$1.0 million from all sources, including \$0.8 million from general revenues and \$0.2 million from federal block grant funds. As part of the federal Stimulus Act, the state's head start agencies are scheduled to receive \$2.0 million in additional funding to be distributed directly to them with \$0.2 million available for use for direct subsidies. The Assembly assumed the use of the additional federal funding to continue to provide head start services to 163 children and adjusted the state funding accordingly. Those federal funds are not part of the state budget.

Community Health Centers. The 2008 Assembly added \$1.2 million from general revenues to support uncompensated care expenses at the 12 community health centers for FY 2009. The funding is distributed amongst the health centers that provide medical services at 24 clinics throughout Rhode Island. The funding will likely be used to provide medical services to Rhode Island residents that were eliminated from state funded RItE Care benefits for children who are not eligible for Medicaid. *The Governor's FY 2010 budget continues that funding in the Department of Health's budget but substituted \$0.6 million from available federal matching funds.* The Assembly shifted the funding

for the community health centers from the Department of Health's budget to the Department of Human Service's budget.

Central Management Other State Operations. The Department requested \$2.2 million for all other state operations in the Division of Central Management, which is \$46,901 less than enacted for all other state operations in the Division of Central Management. Excluding salary and benefit expenses, the Department requested \$36,751 less than enacted with operating expenses at \$73,508 and contracted services at \$50,000, \$5,000 less than enacted. Grant funding includes \$0.2 million for the emergency food assistance program. Central management supervises, coordinates and monitors all departmental functions to assure efficient use of state and federal resources. *The Governor recommended funding as requested.* The Assembly concurred.

Blind Vending. The Department requested \$150,000 from Rhode Island Capital Plan funds for the ongoing construction and renovation of statewide vending facilities. This is \$25,000 more than the enacted amount. *The Governor included \$125,000 or \$25,000 less than requested from Rhode Island Capital Plan funds for the blind vending services.* The Assembly concurred.

Contracted Services. The request includes \$50.5 million for contracted services of which \$14.9 million is from general revenues. *The Governor recommended \$50.9 million, of which \$14.7 million is from general revenues.* The Assembly concurred.

Legislation

2009-H 5019 Substitute A, as amended and 2009-H 5983 Substitute A, as amended contain legislation that affects eligibility, implementation and operation for many for the Department's programs. These are included as Articles in the FY 2009 revised and FY 2010 Appropriations Act and are summarized below.

2009-H 5019 Substitute A, as Amended

Article 14 Nursing Homes. The Governor recommended a five percent rate reduction to reimbursements paid to the nursing homes for FY 2009. The Assembly concurred.

Article 15 Out-of-State Hospital Payments. The Governor recommended changes to the Medicaid payment methodologies to out-of-state hospital providers from defined percentages in statute to rates determined by the Department in accordance with federal regulations. Presently, out-of-state providers are reimbursed percentages of their charges for services as follows: 50.0 percent for inpatient; 53.0 percent for outpatient; and 61.0 percent for transplants. The Assembly concurred.

Article 16 Hospital Payments. The Governor recommended the elimination of three payments the state is to make to community hospitals in FY 2009. The first two are separate inpatient and outpatient upper limit payments intended to provide a rate to the community hospitals for services that is equal to what Medicare would pay for the same inpatient and outpatient services. The third payment is for state funded reimbursements to certain community hospitals for additional uncompensated care costs. The three payments were included in Section 2 of Article 19 of 2008-H 7390 Substitute A, as amended. The Assembly concurred.

The Assembly later reversed this action in Article 19 of 2009-H 5983, Substitute A, as amended and provided the outpatient upper payment limit reimbursement as well as the state only for additional uncompensated costs.

2009-H 5983 Substitute A, as Amended

Article 5, Section 9 Sullivan Perry. The Assembly amended current law and provided that any savings from the adjustment for community based long term care services in the Department of Human Services from the reduction in nursing home days, including hospice care, will be spread to the current service estimate for community based long term care services for elderly 65 years of age and older in the budgets of the Department of Human Services and the Department of Elderly Affairs.

Article 5, Section 10 to 12 Elderly Transportation Services. The Assembly shifted the responsibility for paratransit services from the Department of Elderly Affairs to the Department of Human Services. They also shift the one cent gas tax allotment from Elderly Affairs to Human Services. The paratransit program provides rides to elders and adults with disabilities to congregate meal sites, adult day services, and medical appointments.

Article 16, Section 2, Hospital Licensing Fee. The Governor recommended the Department extend the hospital licensing fee in FY 2010 at a rate of 4.78 percent of hospitals' net patient services revenue for the hospital fiscal year ending on or after January 1, 2007. It also includes the due date for the filing of hospital returns with the Division of Taxation to be before June 14, 2010 and for hospital payments of the fee to be before July 12, 2010.

The Assembly enacted a hospital licensing fee in FY 2010 that is 5.237 percent of revenues for the hospital fiscal year ending on or after January 1, 2008. The licensing fee appears annually in the Appropriations Act.

The Assembly also included an updated FY 2009 licensing fee at a rate of 5.473 percent of hospitals' net patient services revenue for the hospital fiscal year ending on or after January 1, 2007.

Article 16, Section 6 Personal Income Tax Refund Setoff. The Governor recommended the Department add medical assistance overpayments to the statutory list of debts subject to the state's income tax refund intercept beginning with calendar year 2009 tax returns. The Assembly concurred.

Article 18 Supplemental Security Income. The Governor included a separate category for individuals living in state licensed residential care settings with a monthly state reimbursement of \$300, \$238 less than the current monthly state payment. The payment is made to the individuals receiving their monthly expenses in the residential care facilities, the federal payment will remain the same.

The legislation requires the Office of Health and Human Services to develop criteria to ensure these clients are receiving the appropriate care in the correct setting. It also authorizes the Office to establish rules specifying payment certification standards that must be met by the state licensed supportive residential care settings and assisted living residences providing services to persons receiving supplemental security income payments.

The Assembly concurred and also required that the Department of Mental Health, Retardation and Hospitals make the state supplement payment for developmentally disabled adults who receive residential services and financial assistance through its budget directly to the providers. The resident will continue the \$39.93 state supplement; however, it will no longer be in the same check as the federal portion. The state payment will be made directly through the community support providers.

Article 19 Hospital Uncompensated Care. The Governor recommended uncompensated care payments to the community hospitals with the state making a payment for FY 2009 that does not exceed \$110.0

million and an FY 2010 payment that does not exceed \$113.0 million. This is based on a recalculation of the qualifying costs and an increase to the federal uncompensated care cap consistent with the federal stimulus package that provides a 2.5 percent increase for the payments to be made in FY 2010 and FY 2011.

The Assembly extended the uncompensated care payments to the community hospitals with the state making a payment for FY 2009 that does not exceed \$99.5 million, a FY 2010 payment that does not exceed \$114.7 million and a FY 2011 payment that does not exceed \$117.8 million. This is based on a recalculation of the qualifying costs and an increase to the federal uncompensated care cap consistent with the federal stimulus package that provides a 2.5 percent increase for the payments.

The article also includes state funded reimbursements for additional uncompensated acute care costs totaling \$3.65 million as well as adjustments to increase reimbursements for outpatient services to community hospitals by paying a rate that is equal to what Medicare would pay for the same services.

Article 20 Cash Assistance. The Assembly included this article, which amends the Rhode Island Works program and establishes a July 1, 2008 effective date for the 24 month period a family is eligible to receive cash assistance within the 48 month lifetime limit. Previously, the Department was including any time prior to July 1, 2008 in its determination of the cash assistance recipient's 24 month eligibility.

Article 21 Hardship Assistance. The Governor provided \$478,000 from general revenues that the Director of the Department of Human Services may provide for hardship contingency payments for FY 2010. The Assembly concurred.

Article 22 Medicaid Global Waiver. The Assembly amended the Rhode Island Medicaid Reform Act of 2008 which allows implementation of the global waiver to include restrictions to implementing the waiver and seeking legislative approval for rules and regulation changes, provides for a demonstration implementation taskforce, and protections for clients currently residing in an institutional setting. It allowed individuals who were receiving institutional care on or before January 15, 2009 to maintain their level of care for institutionalization prior to the implementation of the global waiver even if they choose to move to a community setting and then need to re-enter an institutional setting. This includes nursing homes, hospitals or intermediate care facilities for the mentally retarded. For these individuals, the new levels of care defined in the global waiver would not apply.

This article also requires the Office of Health and Human Services to submit, as part of the budget process, an annual report that includes the distribution between institutional care and home and community-based care services, by percent, and any current or projected waiting lists for either service.

It also further defines methods for selective contracting and allows for the possible suspension of a medical assistance provider who declines to participate in any of the Department of Human Services medical assistance programs.

The Centers for Medicare and Medicaid Services then notified the state that the language for those residing in an institutional setting was in violation of the special terms and conditions of the global waiver as well as other Medicaid provisions. The Assembly subsequently passed 2009-H 5112 Substitute C, as amended to correct this conflict and provide for the application of pre-waiver levels of care unless an individual transitions to a community setting. The new levels of care will be applied to anyone returning to an institutional setting.

Article 23, Section 1, Nursing Facilities Acuity Based Rates. The Governor proposes legislation to require the Department of Human Services to review the methods for long term care reimbursements to nursing facilities and other long term care service providers and modify the nursing home principles of reimbursement to reflect an acuity based rate adjustment based on the recipient's level of care needs.

The Assembly concurred with an effective date of January 15, 2010. The Assembly also required the Department to hold its public hearing and submit the final implementation plan to the chairpersons of the House and Senate Finance Committees by December 1, 2009.

Article 23, Section 2, Medicaid Selective Contracting. The Governor recommended legislation to provide the Department of Human Services the authority to use selective contracting to purchase shared living expenses, durable medical equipment and supplies, and any additional Medicaid services when appropriate. The Assembly concurred.

Article 23, Sections 3, 4, and 5 Statewide Children Health Insurance Program. The Governor recommended making several changes to the RItE Care program consistent with federal changes under the Children's Health Insurance Program Reauthorization Act of 2009. The federal program allows states the option to provide coverage to legal, non-citizen children and to leverage a federal match, and this article restores coverage to that group for whom the 2006 Assembly eliminated state funded medical benefits. The federal program also allows states to receive an enhanced federal match for pregnant women and certain children whose medical services are currently matched at the standard Medicaid rate. The Assembly concurred.

Article 23, Sections 6, 7, and 8, Hospital Rate Payments – Diagnostic Related Groups. The Governor recommended legislation to eliminate the current hospital rate reimbursement system with a method utilizing diagnosis related groups, payments to hospitals based on diagnoses, procedures and patient age. The legislation allows for the current payment system to be operational until no later than March 30, 2010, when the new system must be in effect. The Assembly concurred.

Article 23, Section 9, Long Term Care Reform. The Governor recommended that the secretary of the Executive Office of Health and Human Services in collaboration with the directors of the other four human service agencies offer the full range of long term care services to eligible individuals allowed under the Medicaid global waiver. The legislation also defines core services, levels of care and the duties of the assessment and coordination unit. The Assembly concurred.

Article 23, Section 10, Long Term Care Services and Finance Reform. The Governor recommended legislation that provides the Department of Human Services with the authority to establish separate needs based criteria for admission into a long term care facility that are more stringent than those used for access to home and community based services. It also provides the Department with the authority to set rules that define the frequency of re-assessments for long term care services. The legislation removes the language that requires the Department to develop a proposal consistent with the long term care services and finance reform legislation that reflect the changes in cost and acuity that results from re-balancing the system and providing additional home and community care services.

The Assembly concurred and added protections for clients who were residing in an institutional setting. It allowed individuals who were receiving institutional care on or before January 15, 2009 to maintain their level of care for institutionalization prior to the implementation of the global waiver even if they choose to move to a community setting and then need to re-enter an institutional setting. This includes nursing homes, hospitals or intermediate care facilities for the mentally retarded. For these individuals, the new levels of care defined in the global waiver would not apply.

The Centers for Medicare and Medicaid Services then notified the state that the language for those residing in an institutional setting was in violation of the special terms and conditions of the global waiver as well as other Medicaid provisions. The Assembly subsequently passed 2009-H 5112 Substitute C, as amended, to correct this conflict and provide for the application of pre-waiver levels of care unless an individual transitions to a community setting. The new levels of care will be applied to anyone returning to an institutional setting.

Article 23, Section 11, Rhode Island Global Consumer Demonstration Waiver. The Governor recommended authorizing the Department of Human Services, in collaboration with the Executive Office of Health and Human Services to proceed with federal approval in accordance with any special terms and conditions of the Rhode Island Global Consumer Compact Demonstration Waiver. The Assembly concurred.

Article 23, Section 12, Medical Assistance Usual and Customary Charges. The Governor recommended that no medical assistance provider can bill the Department of Human Services more than that provider's usual or customary charge for the same services. This is defined as the lowest cost charged by the provider for any product or service at the time it was provided. This includes offers of rebates or discounts, or those covered under warranty and guarantee. He also recommended that the Department waive this provision if it is necessary for the continuum of care for individuals receiving treatment services from mental health centers or to avert serious economic hardships to mental health centers. The Assembly concurred.

Article 23, Section 13, RIte Care. The Governor requested a budget amendment to repeal the RIte Care co-share medical premium requirement for individuals between 133 and 150 percent of the federal poverty level adopted by the 2008 Assembly. This is retroactive to May 31, 2009 so that it complies with the eligibility maintenance of effort provisions outlined in the American Reinvestment and Recovery Act. The Assembly concurred.

2009-H 5112 Substitute C, as Amended. The Assembly passed 2009-H 5112 Substitute C, as amended to correct language contained in Articles 22 and 23 that violated the special terms and conditions of the global waiver as well as other Medicaid provisions. The Center for Medicare and Medicaid services notified the state of this in conflict and the Assembly subsequently passed 2009-H 5112 Substitute C, as amended to correct this conflict and provide for the application of pre-waiver levels of care unless an individual transitions to a community setting. The new levels of care will be applied to anyone returning to an institutional setting.

Department of Mental Health, Retardation and Hospitals

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Program				
Central Management	\$ 2,115,602	\$ 1,080,240	\$ 1,166,740	\$ 1,166,740
Hosp. & Comm. System Support	6,335,946	4,791,053	6,403,300	6,703,300
Services for the Dev. Disabled	235,123,579	247,217,417	237,934,017	230,019,017
Integrated Mental Health Services	78,755,586	80,072,455	82,458,778	82,378,778
Hospital & Comm. Rehab. Services	105,507,272	102,576,337	110,169,195	109,871,191
Substance Abuse	29,652,524	32,389,273	32,500,705	32,734,705
Total	\$ 457,490,509	\$ 468,126,775	\$ 470,632,735	\$ 462,873,731
Expenditures by Category				
Salaries and Benefits	\$ 126,824,440	\$ 124,326,288	\$ 126,347,534	\$ 126,581,534
Contracted Services	9,213,952	1,125,685	1,205,922	1,205,922
Subtotal	\$ 136,038,392	\$ 125,451,973	\$ 127,553,456	\$ 127,787,456
Other State Operations	19,839,501	18,459,703	18,198,623	17,398,623
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	289,025,131	317,203,834	309,720,286	303,277,282
Capital	12,101,875	7,011,265	14,674,760	13,924,760
Capital Debt Service	-	-	-	-
Operating Transfers	485,610	-	485,610	485,610
Total	\$ 457,490,509	\$ 468,126,775	\$ 470,632,735	\$ 462,873,731
Sources of Funds				
General Revenue	\$ 219,361,864	\$ 182,796,006	\$ 168,779,509	\$ 166,015,780
Federal Aid	222,757,014	273,943,994	284,303,513	280,058,238
Restricted Receipts	4,590,000	5,458,101	5,203,044	5,203,044
Other	10,781,631	5,928,674	12,346,669	11,596,669
Total	\$ 457,490,509	\$ 468,126,775	\$ 470,632,735	\$ 462,873,731
FTE Authorization	1,534.6	1,352.4	1,395.4	1,398.4

Summary. The Department requested \$479.5 million or \$22.0 million more than the FY 2009 enacted budget, including \$6.4 million more from general revenues, \$8.2 million more from federal funds, \$6.8 million more from Rhode Island Capital Plan funds and \$0.6 million more from restricted receipts. The Department also requested 1,352.4 positions, 182.2 fewer positions compared to the current authorized level and consistent with the revised request. The request exceeds the Budget Office target of \$216,574,999 by \$9,165,624.

The Governor recommended \$470.6 million, \$8.9 million less than requested, \$5.3 million less for capital projects and he realized general revenue savings from the enhanced Medicaid match included in the American Recovery and Reinvestment Act of 2009. He also provided 1,395.4 positions, 43.0 more than requested.

The Assembly reduced funding by \$7.8 million, including \$4.2 million from federal funds, \$2.8 million from general revenues and \$0.8 million from Rhode Island Capital Plan funds. The Assembly reduced expenditures by \$8.1 million from all funds to adjust for the provider tax on residential services for developmentally disabled adults that the state can no longer collect and the providers no longer are required to pay. The Assembly also added 3.0 positions to the Governor's recommendation.

The Assembly also adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Departmentwide

Federal Stimulus. The enacted budget included \$1.7 billion from all sources for medical services matched by Medicaid, including \$353.1 million for the Department of Mental Health, Retardation and Hospitals. *The Governor's budget includes general revenue savings of \$182.5 million from the enhanced Medicaid rate included in the American Recovery and Reinvestment Act of 2009, or federal stimulus act, of which \$45.5 million is for the Department. The savings are noted in the separate program discussions.* The Assembly concurred.

Medicaid Global Waiver. The state submitted the Rhode Island Consumer Choice Waiver to the Centers for Medicare and Medicaid Services in October 2008 to amend the current Medicaid program, which provides services to low income children and families, children with special health care needs, the elderly and the disabled. As part of the waiver effective January 17, 2009, the state has received federal approval to match Medicaid funds for services provided through certain state funded programs.

The Governor recommended statewide savings of \$32.3 million from the global waiver, of which \$6.8 million is assumed in the Department's budget for services provided through behavioral health, developmental disabilities and the state hospital. He also included the consumer system of care choice initiative in behavioral health to provide levels of care and services consistent with the global waiver. Specific proposals and savings are noted separately in this analysis.

The Governor had submitted Article 30 to further define the long term care services reform within the Medicaid global waiver, including levels of care for residents in skilled nursing facilities, intermediate care facilities, long term care hospitals, and behavioral health residential treatment facilities. The article also includes the duties of the assessment and coordination unit.

The Assembly enacted Articles 22 and 23 of 2009-H 7389 Substitute A, as amended, to address long term care services as part of the Medicaid global waiver. Both included language that allowed individuals who were receiving institutional care on or before January 15, 2009 to maintain their level of care for institutionalization prior to the implementation of the global waiver even if they choose to move to a community setting and then need to re-enter an institutional setting. This includes nursing homes, hospitals or intermediate care facilities for the mentally retarded. For these individuals, the new levels of care defined in the global waiver would not apply.

However, the Centers for Medicare and Medicaid notified the state that this language was in

violation of the special terms and condition of the global waiver as well as other Medicaid provisions. The Assembly subsequently passed 2009-H 5112 Substitute C, as amended to correct this conflict and provide for the application of pre-waiver levels of care unless an individual transitions to a community setting. The new levels of care will be applied to anyone returning to an institutional setting.

Staffing Reductions. The Department's request eliminates 182.2 vacant positions. It appears that of those, approximately 51.0 positions were funded but became vacant through retirements and other attrition, and the remaining 131.2 positions had been vacant and were either not funded or remained vacant to meet budgeted turnover savings. This includes 89.6 positions in the division of developmental disabilities, 68.1 at the state hospital, 8.0 in central management, 7.1 in hospital and community system support, 5.0 in integrated mental health and 4.4 in substance abuse.

The Governor recommended 139.2 less than enacted but 43.0 more than requested. This includes 37.0 additional positions to fill vacancies within various departments, including developmental disabilities and at the state hospital. He also included 6.0 positions to support the Medicaid global waiver including 4.0 in developmental disabilities, and 1.0 each in central management and integrated mental health. He also proposed eliminating the substance abuse referral program and its 3.0 positions. The Assembly restored 3.0 positions proposed for elimination and authorized 1,398.4 positions for FY 2010.

Capital Projects. The Department requested \$17.6 million from Rhode Island Capital Plan funds for capital projects which is \$6.8 million more than enacted; however, it is \$3.6 million less than the capital request. The Capital Budget Section of this analysis includes project descriptions. *The Governor recommended \$5.1 million less than requested, which includes shifting \$3.8 million for the hospital consolidation project to FY 2011.* The Assembly reduced the expenditures from Rhode Island Capital Plan funds by \$4.0 million to reflect scheduling changes and spending projections.

Developmental Disabilities

Developmental Disabilities Programs. The Department's request includes \$241.1 million, of which \$110.4 million is from general revenues for the program to support adults with developmental disabilities. Funding through the developmental disabilities Medicaid waiver supports community based residential support programs in the state-run and privately operated systems. The state system is comprised of 38 homes, has a capacity to hold 286 patients and represents 7.0 percent of the caseload. Three of the 38 homes are considered nursing facilities or special care facilities, since the homes allow and accommodate 24-hour care for special care patients. The private provider system is comprised of 339 homes, has a capacity to offer residential supports to 1,741 clients, and represents 93.0 percent of the residential caseload. In addition to the residential supports, the state also provides funding for day programming, supported employment activities and family support services through a Medicaid waiver.

The Governor recommended \$237.9 million, \$2.8 million more than enacted and \$3.2 million less than requested and reduced funding primarily in the state run system. He shifted expenses to federal funds for the enhanced Medicaid match and made several program changes which are discussed separately.

The Assembly provided \$230.0 million from all funds, \$7.9 million less than recommended and \$5.1 million less than enacted. The Assembly adjusted expenses in the private system to reflect the elimination of the group home tax that the state is no longer allowed to collect and the providers no longer have to pay.

The Assembly also shifted the state portion of the monthly supplemental security income checks for developmentally disabled adults who receive residential services from the Department of Human Services' budget to Mental Health, Retardation and Hospitals' budget and added \$1.1 million from general revenues for the payment.

Medicaid Global Waiver Staffing. Passage of the Medicaid global waiver requires the Department to implement and manage programming changes in order to be in compliance with new laws and procedures.

The Governor recommended adding 4.0 new positions in the division of developmental disabilities for implementation of the Medicaid global waiver. The waiver was approved in January 2009, and it was determined that there was not an immediate need to fill any positions until July 2009. The Governor added 2.0 social caseworkers, 1.0 professional services coordinator, and 1.0 public health nurse but he did not include funding for FY 2010. The Assembly concurred.

Developmental Disabilities Staffing Reductions. The Department's request reduces program staffing by 89.6 positions from the enacted level and assumes savings of \$4.6 million from all sources including \$1.9 million less from general revenues. This includes approximately 60 positions that were funded. The reductions include 50.9 clinical and supervisory positions, 26.6 community living aides, and 7.1 technical and maintenance positions. The Department continues the use of overtime to provide the services, though it would like to have staffing restored. *The Governor restored 10.5 positions and provided \$0.5 million to fund 6.0 of them but did not fund the remaining 4.5. The Assembly concurred.*

Developmental Disabilities State Operated Residential Support. The Department requested \$43.9 million from all sources, including \$17.9 million from general revenues for the residential support program in the state run system for adults with developmental disabilities. Excluding the staffing adjustments, this is \$2.2 million more than enacted, including \$0.8 million more from general revenues. The request includes \$0.6 million more for salaries and benefits for the remaining 445.0 positions and includes adjustments based on Budget Office planning values such as a cost-of-living adjustment and increased cost sharing for medical benefits and also adds \$0.7 million for overtime costs. The Department did not request any turnover savings and included \$0.2 million more for other operating expenses.

The Governor added \$0.4 million to reflect an increase in the retiree health benefit rate offset by an additional \$0.4 million in turnover savings. He also shifted \$5.2 million in general revenue expenses to Medicaid consistent with the enhanced rate included in the federal stimulus act. The Assembly concurred.

Group Home Tax. Group home providers pay a six percent tax on the revenues received for residential services provided to adults with disabilities. This includes providers in the privately run system and the state operated program. As of May 1, 2009 the state is no longer allowed to collect this tax consistent with the provisions of the Medicaid global waiver. The state anticipated collecting \$11.0 million in FY 2010.

The reimbursement rate paid to the private providers' factors in the tax that is paid to the state. For the state operated group homes, the tax is included in the Department's operating budget. The Department's request includes \$2.7 million to pay group home provider tax in the state system. This is \$1.2 million more than enacted to correct for the payment which was underfunded in the FY 2009 budget.

The Governor's recommended budget reflects a revenue loss of \$11.1 million and he reduced the Department's budget by \$1.5 million to adjust for expenses in the state run system reflecting the elimination of the tax; however, he continued to include the \$8.4 million payment in the reimbursement rate for the private providers. The Governor also requested a new article to eliminate the health care provider tax. The Assembly passed Section 3 of Article 16 to eliminate the tax and also reduced expenses by \$8.0 million from all funds in the private system since the providers do not have to make the payment.

Developmental Disabilities Community Support Programs. The Department requested \$180.3 million from all funds, including \$85.3 million from general revenues, for community and residential services provided to adults with developmental disabilities through the private system. This is \$15.0 million more than enacted, including \$9.0 million from general revenues.

The enacted budget assumes savings of \$32.9 million, including \$15.6 million from general revenues based on several changes to the state run developmental disabilities program. This includes savings of \$22.1 million from all funds from acceptance of the Medicaid global waiver, which aims to place clients in alternative settings, such as shared living as well as savings from closing three group homes.

The Department requested \$8.2 million to restore a portion of the assumed savings, including \$5.2 million from general revenues. The Department has implemented a 4.7 percent rate reduction to private providers for residential and day programming effective January 1, 2009 and assumed savings of \$8.0 million, \$3.8 million from general revenues for FY 2009. The savings assumed for FY 2010 are \$16.0 million from all funds. The Department's request for \$8.2 million more includes the unachieved savings as well as anticipated costs for current services provided to adults with disabilities by the private providers.

The Governor recommended \$15.8 million more than enacted, \$0.8 million more than the Department's request which restores savings assumed in the enacted budget consistent with the FY 2009 revised budget. He shifted \$20.0 million to Medicaid consistent with the enhanced rate included in the federal stimulus act. As previously noted, he continued to include the \$8.4 million that would have been paid by the private providers for the group home tax if the state still had the ability to collect it. The Governor also included several changes, discussed separately.

The Assembly reduced expenses by \$8.0 million from the group home tax and also added \$1.1 million from general revenues to have the Department of Mental Health, Retardation and Hospitals make the state payment to the supplemental security income program directly to its clients receiving residential services. This item is discussed in the section below.

Supplemental Security Income Payment for State Clients. The state chooses to supplement the federal supplemental security income payment received by disabled individuals and pays a monthly transaction fee to the federal government to process one check. For adults with developmental disabilities receiving residential care, the monthly payments support their monthly living expenses, such as rent, utilities, and clothing. Funding for all supplemental security income recipients is included in the Department of Human Services' budget and is estimated at the May and November caseload conferences. *The Governor's budget continues funding through the Department of Human Services' budget for all program recipients.*

The Assembly enacted Article 18 to have the Department of Mental Health, Retardation Hospitals make the state supplement payment for developmentally disabled adults who receive residential services and financial assistance through its budget directly to the providers. The budget assumes

general revenue savings of \$300,000 in the Department of Human Services' budget from no longer paying a transaction fee for this population. The resident will continue to receive the \$39.93 state supplement; however, it will no longer be in the same check as the federal portion. It will be provided directly through the community support providers. The Assembly shifted \$1.1 million from the Department of Human Services for the payments.

State Operated System Client Revenue. The enacted budget includes \$2.2 million from restricted receipts to reflect the monthly supplemental security income payments made to clients in the state run developmental disabilities system supporting their living costs, such as rent, food, utilities and other daily living expenses. The Department's request increases this by \$0.6 million; however, this appears to be inadvertently included in the request since the population has not changed, and there is only a slight increase to the monthly payment. *The Governor recommended funding as requested.* The Assembly concurred.

Provider Rate Reduction. The Department implemented a 4.7 percent rate reduction to private providers for residential and day programming effective July 1, 2008. The Governor recommended another 3.5 percent rate reduction effective January 1, 2009 and assumed FY 2009 savings totaling \$10.8 million from all funds, including \$5.1 million from general revenues. He later requested an amendment to restore the savings assumed in the second rate reduction.

The Governor included savings of \$8.0 million, \$3.8 million from general revenues for the 4.7 percent reduction applied to the private providers on July 1, 2008. Since the Department did not implement the second reduction, the Governor did not include any savings for FY 2010. The Assembly concurred.

Specialized Services. The Department proposed to shift costs for specialized services provided to Medicare eligible patients to Medicare for savings of \$0.1 million from general revenues for the final three months of FY 2009. The Governor accepted the proposal and included savings in his FY 2009 recommendation. He subsequently requested an amendment withdrawing the proposal. The proposal requires that individuals be enrolled in a managed care plan by March 1, 2009. *Consistent with his original revised recommendation, the Governor included the proposal for FY 2010 and assumed savings of \$0.3 million from all funds, \$0.2 million from general revenues.* The Assembly concurred.

Monthly Provider Payments. The Department proposed savings of \$0.3 million from all funds, including \$0.1 million from general revenues, by paying for services actually provided and not on a prospective monthly basis effective January 1, 2009 in its FY 2009 corrective action plan. The Governor included the savings in his FY 2009 revised recommendation; however, he then requested an amendment withdrawing the proposal. *Consistent with his original revised recommendation, the Governor included the proposal for FY 2010 and assumed savings of \$0.6 million from all funds, \$0.3 million from general revenues.* The Assembly concurred.

Screening and Resident Review. The Department's corrective action plan for FY 2009 proposed phasing out the requirement for agencies to have aversive programs reviewed by specialized committees and assumed savings of \$0.2 million from all funds, \$0.1 million from general revenues. The Governor accepted the proposal and included the savings in his FY 2009 revised budget. He later requested an amendment withdrawing the proposal because the Department has reported that it would not be able to implement the change. *Consistent with his original revised recommendation, the Governor included savings of \$0.4 million from all funds, \$0.2 million from general revenues in FY 2010 from this proposal.* The Assembly concurred.

Developmental Disabilities Day Programming. The Department requested the enacted level of \$2.4 million from all sources for day programming services provided through the Medicaid rehabilitation option. This allows the state to provide services to individuals who are Medicaid eligible but do not meet the criteria for these services through the primary developmental disabilities waiver.

Through a federal rules and regulation change, the Centers for Medicare and Medicaid Services will no longer provide the federal match that the state is currently able to leverage for day programming services through the Medicaid rehabilitation option effective October 1, 2009. The Department has not adjusted its budget for this change and indicated that there is a possibility that other federal funding will be available to continue the match.

The Governor recommended \$0.2 million less from all funds and assumed state savings from the enhanced Medicaid rate included in the federal stimulus act. The American Recovery and Reinvestment Act of 2009 also includes language that, through a Sense of Congress, urges the Secretary of Health and Human Services not to implement the final rules and regulations for Medicaid rehabilitative changes that would eliminate Medicaid reimbursement for day programming services provided to adults with disabilities. If the final changes are implemented, the state would no longer be able to leverage Medicaid after October 1, 2009. The program would have to be state funded if it continued. The Assembly concurred with the recommendation and assumed the use of Medicaid funds.

Developmental Disabilities State Only Program. The Department requested \$5.1 million from general revenues or \$0.8 million less than enacted for state only services provided to clients in the developmental disabilities system that are not eligible for either the home and community based Medicaid program or services through the rehabilitation option. The enacted budget assumes funding for seven out-of-state placements; however, the Department has moved the clients to in-state residential care and now has two out-of-state placements. The Department adjusted the budget accordingly and shifted the clients to the Medicaid funded services. *The Governor recommended the funding request; however, he shifted \$2.1 million of expenses from state funds to Medicaid as part of the global waiver initiative to match Medicaid funds for services provided through certain state funded programs.* The Assembly concurred.

Eleanor Slater Hospital System

Staffing Reductions. The Department's request reduced hospital staffing authorization by 68.1 full-time equivalent positions to reflect eliminating vacant positions which were not funded in the enacted budget. *The Governor added 43.0 additional positions which would cost \$0.9 million from all funds; however, he did not specifically fund the positions.* The Assembly concurred.

Salaries and Benefits. The Department requested \$75.8 million from all funds for salaries and benefits, \$1.1 million more from all funds, including \$0.7 million from general revenues. The Department's request restores \$0.5 million in unrealized turnover savings and added \$0.8 million more for overtime expenses. The request also included adjustments based on Budget Office planning values. These include cost-of-living adjustments and increased cost sharing for medical benefits.

The Governor added \$0.7 million to the request to reflect the increase in the retiree health benefit rate which he offsets all but \$24,124 with additional turnover savings. He did continue to include \$3.8 million for overtime expenses as requested. The Assembly concurred.

Central Laundry/Pharmacy Services Internal Service Fund. The state uses internal service funds to

reimburse one agency for services provided to another and funds to cover these expenditures are budgeted as an operating expenditure in the agency receiving the services. The enacted budget includes a central laundry and pharmacy internal service fund for activities provided by the Department of Mental Health, Retardation and Hospitals. The Department requested the elimination of the internal service funds and shifted \$0.7 million in the costs to a direct appropriation in the hospitals' budget. *The Governor recommended this request.* The Assembly concurred.

Contracted Medical Services. The Department requested \$6.2 million from all funds for contracted medical services, \$1.8 million more than enacted, including \$1.3 million from general revenues. The Department increased contracted medical services to address reduced staffing levels resulting from retirements and other attrition. The request includes funding for medical personnel including physicians, nurses, speech and physical therapy and other rehabilitative services. This is consistent with the Department's FY 2009 revised request. *The Governor recommended funding essentially as requested and shifted general revenue expenses to federal funds for the enhanced Medicaid match.* The Assembly concurred.

Computer System Upgrades. The Department requested \$625,000 from general revenues for computer software and hardware to upgrade the existing medical information systems at the Cranston campus to include laboratory information and to install terminals at the Zambarano campus which can be accessed by the Division of Information Technology at the Department of Administration if technical assistance is required at the Burrillville site. *The Governor recommended funding as requested.* The Assembly concurred.

Hospital Licensing Fee. The enacted budget includes \$5.3 million from all sources to pay the 4.78 percent fee assessed on state and community hospitals' gross patient services revenue, including \$2.4 million from general revenues. The Department reduced general revenues by \$169,419 and shifted all but \$2,835 to federal funds. Since the enacted budget includes the allowable federal match at the correct rate, it appears that this request is in error.

The Governor included \$5.1 million for the fee, which is \$0.1 million less than required to make the payment. The Governor included Article 22 to extend the fee at the current rate of 4.78 percent. He assumed general revenue savings of \$0.7 million from the enhanced Medicaid rate.

The Assembly enacted Section 1 of Article 16, which included a licensing fee of 5.273 percent and updated the base year to 2008 for a total payment of \$5.8 million. The Assembly added \$0.5 million, including \$0.2 million from general revenues for the payment. There is a corresponding revenue item.

Federal Funding for Forensic Patients. The Department's FY 2009 corrective action plan assumes savings of \$1.3 million by expanding Medicaid eligibility to patients at the forensics unit. The Governor's FY 2009 revised budget includes the savings and assumes federal resources for patients in the forensic unit as part of the global waiver initiative to match Medicaid funds for services provided through certain state funded programs.

The Governor included the general revenue savings of \$2.5 million in his FY 2010 recommendation; however, he assumed that a portion of the population is already Medicaid eligible. He did not assume that it is necessary to use the global waiver to leverage the federal funds. The Assembly concurred.

Medicare Claims. The Department's FY 2009 corrective action plan included savings of \$0.8 million from a one-time expenditure credit for unbilled Medicare expenses. There were no savings included in

the enacted budget for the claims. *The Governor's budget adds \$0.8 million in general revenues to offset the expenditure credit; however, this appears to be an error since savings were not assumed in the enacted budget for this adjustment.* The Assembly corrected the error and reduced general revenues accordingly.

All Other Operating Expenses. The Department requested \$10.6 million for all other operating expenses, \$7.0 million from general revenues. This is \$1.1 million less than enacted and includes \$2.2 million less for medical supplies, which is consistent with prior year's spending and the FY 2009 revised request. The Department also requested additional costs of \$0.6 million for laundry services, \$0.5 million for drugs, and \$0.1 million for security services. *The Governor further reduced funding by \$0.1 million.* The Assembly concurred.

System Support

Salaries and Benefits. The Department requested \$2.2 million from general revenues, \$0.6 million less than enacted for salaries and benefits, which includes additional funding for step and longevity increases and eliminates 7.1 vacant positions. The request also reflects adjustments based on Budget Office planning values, including a cost-of-living adjustment and increased cost sharing for medical benefits.

The Governor recommended \$54,508 more than requested, including \$26,101 to reflect an increase in the retiree health benefit rate. He added 2.0 rate analyst positions including 1.0 to support the provisions of the global waiver; however, he only provided \$28,407 of the \$176,797 that would be required to fund them. The Assembly concurred.

Operating Expenditures. The Department requested \$1.2 million from all funds, \$12,545 less from general revenues for operating expenses for the hospital support system. *The Governor recommended funding as requested.* The Assembly concurred.

Integrated Mental Health

Community Mental Health Rehabilitation Services. The Department requested \$68.1 million from all sources for mental health services provided through the Medicaid rehabilitation option, which allows the state to provide mental health treatment services that are otherwise eligible under Medicaid. This is \$3.7 million more than enacted, including \$1.0 million more from general revenues; however, it is \$2.9 million more than the revised request based on anticipated expenses.

The enacted budget assumed \$1.6 million in savings from all funds from the continued use of less intensive and less expensive mental health services. Consistent with the revised request, the Department restored the funding because it was unable to achieve the savings and added \$2.1 million for expenses related to anticipated utilization and projected caseloads.

The Department spent \$61.9 million for FY 2007, \$65.2 million for FY 2008 and the Governor has recommended the requested funding of \$64.5 million for his FY 2009 revised budget. The Department indicated that it monitors year to date spending for the services and based on the information, projects increased utilization costs for FY 2010. *The Governor recommended the request and realized \$7.9 million in state savings from the enhanced Medicaid match in the stimulus act. He also made two program changes, discussed separately.* The Assembly concurred.

Consumer System of Care. The mental health rehabilitation services provided through Medicaid include the mobile treatment teams, Rhode Island Assertive Community Treatment I and II programs and the community support program. The programs provide treatment, rehabilitation and support services to individuals with severe and persistent mental illness and merge clinical and rehabilitation staff within a single service delivery team supervised by a qualified program director. The licensing and staffing requirements are in the Department's rules and regulations.

The Governor's recommended budget includes savings of \$1.0 million, \$0.4 million from general revenues from implementing the Rhode Island consumer system of care model, an initiative consistent with the Medicaid global waiver establishing three levels of care for behavioral health services: highest, high and preventive. The Department indicated that this will provide continuity of care, access to necessary services to meet treatment needs and clients and their families will be encouraged to participate in the treatment programs. The Department will establish criteria and rates for the new levels of care with staffing requirements being less restrictive allowing for more flexibility.

The Department will conduct a pilot program with three agencies, the Providence Center, East Bay Mental Health Center and South Shore Mental Health affecting approximately 2,900 clients. The Department also plans to fully implement the changes for all mental health providers by January 1, 2010. The Assembly concurred.

Supportive Housing. The Department proposed and the Governor recommended in his revised budget savings of \$305,200 from all funds, \$145,000 from general revenues by restructuring supportive housing services provided by three agencies serving 55 clients. It was anticipated that the providers would sign an agreement to reduce the rates for mental health services provided to individuals in their own homes. *The Governor included the proposal for FY 2010 and assumed savings of \$0.5 million from all funds, \$0.2 million from general revenues.* The Assembly concurred.

Community Mental Health Program. The Department requested \$5.6 million for the community mental health program, \$1.1 million more than enacted from general revenues. The enacted budget assumes \$1.5 million in state savings, which aimed to provide services in a less restrictive setting and enhance community alternatives to residential care. The Department achieved \$0.6 million of the \$0.9 million in savings assumed from use of alternative settings. It appears the projected savings were overestimated. The Department's request restores the unachieved savings and also includes additional funding based on updated projections.

The Governor recommended the request; however, he shifted \$3.0 million from state funds to Medicaid as part of the global waiver initiative to match Medicaid funds for services provided through certain state funded programs. The Governor requested an amendment to use \$1.2 million from federal Social Services Block grant funds available through the Department of Human Services instead of \$0.6 million from Medicaid and included an additional savings of \$0.5 million from general revenues. The Assembly concurred with the use of the block grant funding and included the additional state savings.

Community Medical Assistance Drug Expenses. The Department's request added \$0.4 million from general revenues for total funding of \$3.4 million from general revenues for drug expenses in the community medical assistance program. The Department also restored \$0.4 million in drug expenses to adjust for a one-time credit and what it assumed is an incorrect base adjustment to its FY 2008 final drug costs made as part of the enacted budget. Spending for the program was historically under budgeted amounts and the funding in the FY 2009 budget attempted to correct for this.

The Governor's FY 2009 recommended budget also shifted \$0.7 million in state costs for the community medical assistance program to Medicaid as part of the global waiver initiative to match Medicaid funds for services provided through certain state funded programs. *The Governor recommended this funding request; however, he shifted \$1.6 million from state funds to Medicaid as part of the global waiver initiative to match Medicaid funds for services provided through certain state funded programs.* The Assembly concurred.

Inpatient Psychiatric Hospitalization-Pool I. The enacted budget includes \$2.4 million from all sources for inpatient psychiatric expenses at Butler Hospital for uninsured individuals. This is available through the federal disproportionate share payment to hospitals' Pool I funding which provides funding for inpatient psychiatric costs. The Department requested \$0.3 million more from federal funds for the expenses; however, this appears to be in error since the enacted budget includes the maximum amount available through the federal payment. *The Governor recommended funding essentially as requested; however, he included general revenues savings of \$0.3 million from the enhanced Medicaid rate.* The Assembly concurred.

Salaries and Benefits. The Department requested \$1.1 million from all funds, \$0.5 million less than enacted for salaries and benefits for integrated mental health. This eliminates 5.0 vacant positions. It also includes adjustments based on Budget Office planning values with funding for a cost-of-living adjustment and increased cost sharing for medical benefits. *The Governor recommended \$139,485 more than requested and eliminated only 2.0 vacant positions. He restored 2.0 clerical positions and 1.0 administrative position; however, he only provided \$127,641 of the \$218,434 needed to fund the positions. He also added \$12,444 to reflect an increase in the retiree health benefit rate.* The Assembly concurred.

Substance Abuse

Substance Abuse Capacity Beds. The Department included the enacted level of \$1.0 million from general revenues for the transition from the prison to community program. The program was first funded by the 2007 Assembly and expanded the number of substance abuse beds for prisoners recently paroled but remain incarcerated from a lack of treatment beds. As of January 9, 2009, there have been 261 assessments, 171 admissions with 90 completing treatment, 33 currently enrolled, 48 leaving the program and 90 waiting who are either waiting for placement, have sought alternative programming or have refused to enroll. *The Governor recommended funding as requested.* The Assembly concurred.

Substance Abuse Treatment Services. The Department requested \$5.4 million from all funds, \$0.6 million more than enacted for substance abuse treatment services provided through the Medicaid rehabilitation option, which allows the state to provide mental health treatment services that are otherwise not eligible under Medicaid.

The Department spent \$6.1 million for FY 2007, \$5.9 million for FY 2008 and the Governor has recommended the requested funding of \$4.5 million for his FY 2009 revised budget. The Department indicated that it monitors the current year to date spending for the services and projects increased utilization costs for FY 2010 although this appears to be inconsistent with prior years' spending. *The Governor recommended funding as requested and shifted \$0.7 million in state savings from the enhanced Medicaid match in the stimulus act. He also made two program changes that are discussed separately.* The Assembly concurred.

Residential Services. The Department proposed general revenue savings of \$100,000 for payment for residential substance abuse services based on number of beds filled and not the current contract which

pays regardless of the number of clients served in its corrective action plan for FY 2009. The Governor included the savings in his FY 2009 revised recommendation. Annualized savings would be \$200,000. *Consistent with his FY 2009 recommendation, the Governor included the proposal for FY 2010 and assumed general revenue savings of \$200,000.* The Assembly concurred.

Methadone Maintenance Program Co-Payments. The Department proposed \$70,000 in savings from increasing the weekly co-payments for the methadone maintenance program by \$3 in its corrective action plan for FY 2009. The Governor included the proposal in his revised recommendation. Annualized savings would be \$140,000. *Consistent with his FY 2009 recommendation, the Governor included the proposal for FY 2010 and assumed general revenue savings of \$140,000.* The Assembly concurred.

State Funded Substance Abuse Treatment Services. The Department requested the enacted level of \$9.9 million for state funded substance abuse treatment services. *The Governor recommended total funding as requested and shifted \$0.9 million in general revenue expenses to federal funds consistent with the provisions of the Medicaid global waiver that allows the state to receive federal reimbursement for activities that were previously state only.* The Assembly concurred.

Treatment and Accountability for Safer Communities Program. The enacted budget includes \$233,977 from general revenues and three positions for the treatment and accountability for safer communities program. The program is required for a person who is initially convicted with a controlled substance classified as highly addictive under schedule I or II of the Controlled Substance Act or a second conviction with a less addictive schedule III or IV substance. However, the Department provides services to individuals convicted of a second drunk driving offense and often refers the program recipients to community based treatment services. *The Governor eliminated the program and the 3.0 positions and assumed general revenue savings of \$233,977. He included Article 16 to effect the change. This proposal was also included in his FY 2009 recommended budget but not accepted by the Assembly.* The Assembly did not concur and restored the funding and the 3.0 positions.

Community Service Grants. The Department requested the enacted level of \$241,175 from general revenues for the Department's six community service grants. *The Governor recommended funding as requested.* The Assembly concurred.

Substance Abuse Treatment Block Grant. The Department requested the enacted level of \$7.5 million from federal funds for the substance abuse treatment block grant. *The Governor recommended funding as requested.* The Assembly concurred.

State Incentive Grant. The Department requested \$3.2 million from federal funds transferred from the Executive Office of Health and Human Services. The federal program is a state-coordinated, community-based approach that brings the issue of teenage substance abuse to the level of the individual teen and those most important in his or her life. Funding is awarded to municipalities to address substance abuse issues among adolescents. *The Governor recommended funding as requested.* The Assembly concurred.

Drug Abuse Reporting Grant. The Department requested \$220,000 from federal funds, \$120,000 more than enacted from the drug abuse reporting grant reflecting funding not spent in prior years. Funding supports the purchase of computer software and equipment to be used by the Department for collecting and reporting utilization of substance abuse treatment services. *The Governor recommended funding as requested.* The Assembly concurred.

Data Infrastructure Grant. The Department did not include federal funding for the data infrastructure grant for which \$283,008 was inadvertently included in the enacted budget. The grant has expired. *The Governor included funding as requested.* The Assembly concurred.

Salaries and Benefits. The Department requested \$1.6 million from all funds, \$0.4 million less than enacted for salaries and benefits for substance abuse. This eliminates 4.4 vacant positions. The request also includes adjustments based on Budget Office planning values. These include a cost-of-living adjustment and increased cost sharing for medical benefits. *The Governor provided \$174,060 more than requested, and eliminated only 2.4 vacant positions, added 2.0 senior public health specialists and also increased funding to reflect a \$17,451 adjustment in the retiree health benefit rate.* The Assembly concurred.

Central Management

Salaries and Benefits. The Department requested \$0.5 million from general revenues, \$1.0 million less than enacted for salaries and benefits. The request transfers three employees to the Office of Health and Human Services and eliminates 8.0 vacant full-time equivalent positions. The request reflects adjustments based on Budget Office planning values, including a cost-of-living adjustment and increased cost sharing for medical benefits. *The Governor added \$72,826 to the request for a principal facility survey analyst and \$8,323 to reflect an increase in the retiree health benefit rate.* The Assembly concurred.

Operating Expenses. The Department requested \$579,787 million from all sources for operating expenses, including \$448,500 from general revenues and \$131,287 from federal funds. This is \$67,049 less than enacted, including \$131,255 less from general revenues for the expenses. The enacted budget includes \$0.2 million of new expenses for staff training which has been eliminated offset by additional funding for computers. *The Governor recommended funding as requested.* The Assembly concurred.

Contracted Services. The request includes \$1.2 million for contracted services of which \$0.6 million is from general revenues. *The Governor recommended \$1.2 million for contracted services, \$0.6 million from general revenues.* The Assembly concurred.

Office of the Child Advocate

	FY 2009		FY 2009		FY 2010		FY 2010
	Enacted		Final		Recommended		Enacted
Expenditures by Category							
Salaries and Benefits	\$ 535,487	\$	528,176	\$	570,061	\$	570,061
Contracted Services	2,000		983		1,000		1,000
Subtotal	\$ 537,487	\$	529,159	\$	571,061	\$	571,061
Other State Operations	21,313		16,896		17,087		17,087
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	-		-		-		-
Capital	-		1,000		-		-
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
Total	\$ 558,800	\$	547,055	\$	588,148	\$	588,148
Sources of Funds							
General Revenue	\$ 519,657	\$	506,500	\$	547,048	\$	547,048
Federal Aid	39,143		40,555		41,100		41,100
Restricted Receipts	-		-		-		-
Other	-		-		-		-
Total	\$ 558,800	\$	547,055	\$	588,148	\$	588,148
FTE Authorization	5.8		5.7		5.7		5.7

Summary. The Office of the Child Advocate requested \$497,114, or \$61,686 less than enacted, from all funds. The request includes \$63,114 less from general revenues and \$1,428 more from federal funds. The request also includes 4.8 full-time equivalent positions, 1.0 less than enacted. The request meets the Budget Office target of \$456,543 from general revenues.

The Governor recommended \$588,148 from all sources, which is \$29,348 more than enacted, including \$27,391 more from general revenues and \$1,957 more from federal funds. He also recommended 5.7 full-time equivalent positions, 0.1 less than enacted, but 0.9 more than requested.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Salaries and Benefits. The Office requested \$475,027 from all funds for 4.8 full-time equivalent positions. This is \$61,870 less than enacted from general revenues. It reflects the elimination of 1.0 position consistent with the revised request. Savings from this position is offset by a 2.5 percent cost-of-living increase for FY 2010 and adjusted benefit rates, consistent with Budget Office planning

values. The Office intended to increase the hours for two part-time positions. One would increase from a 0.7 position to 0.8, and one would increase from a 0.9 position to 1.0. *The Governor recommended \$34,574 more than enacted and \$95,034 more than requested to reflect an increase in the retiree health benefit rate offset by minor adjustments in medical benefits, and funding to restore the 0.9 position.* The Assembly concurred.

Operating Expenses. The Office requested \$20,087 from all sources for operating expenses, including \$20,046 from general revenues and \$41 from federal funds. This is \$1,226 less than enacted to reflect reductions to various operating expenses, including staff training and office supplies. *The Governor recommended \$17,087 from all sources, including \$17,046 from general revenues and \$41 from federal funds. This is \$3,000 less than enacted to include further reductions to staff training and office supplies.* The Assembly concurred.

Contracted Services. The request includes \$2,000 from general revenues for contracted services. *The Governor recommended \$1,000 from general revenues for temporary services.* The Assembly concurred.

Commission on Deaf and Hard of Hearing

	FY 2009		FY 2009		FY 2010		FY 2010
	Enacted		Final		Recommended		Enacted
Expenditures by Category							
Salaries and Benefits	\$ 285,226	\$	290,527	\$	303,940	\$	303,940
Contracted Services	70,500		54,408		65,500		55,500
Subtotal	\$ 355,726	\$	344,935	\$	369,440	\$	359,440
Other State Operations	13,081		10,615		10,706		10,706
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	-		-		-		-
Capital	-		-		-		-
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
Total	\$ 368,807	\$	355,550	\$	380,146	\$	370,146
Sources of Funds							
General Revenue	\$ 368,807	\$	355,550	\$	380,146	\$	370,146
Federal Aid	-		-		-		-
Restricted Receipts	-		-		-		-
Other	-		-		-		-
Total	\$ 368,807	\$	355,550	\$	380,146	\$	370,146
FTE Authorization	3.0		3.0		3.0		3.0

Summary. The Commission requested total expenditures of \$326,119 from general revenues, which is \$42,688 less than enacted and the enacted 3.0 full-time equivalent positions for FY 2010. The request meets the Budget Office target of \$326,119. *The Governor recommended \$380,146 from general revenues, which is \$11,339 more than enacted and \$54,027 more than requested. The Governor recommended 3.0 full-time equivalent positions.*

The Assembly reduced emergency interpreter service funding by \$10,000 and adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Salaries and Benefits. The Commission requested \$301,591 from general revenues for 3.0 full-time equivalent positions. This is \$16,365 more than enacted from general revenues to fully fund the enacted staffing level and assumes no turnover savings. This includes a 2.5 percent cost-of-living increase and adjusted benefit rates consistent with Budget Office planning values for FY 2010. *The Governor recommended \$18,714 more than enacted and \$2,349 more than requested to reflect updated benefit rates.* The Assembly concurred.

Emergency Interpreter Referral and Training. The Commission's request eliminated the emergency interpreter referral service for which the enacted budget provided \$40,500 from general revenues. Service is provided during non-business hours including week nights, weekends, and holidays for any emergencies. Past year expenditures were \$16,276 in FY 2006, \$24,576 in FY 2007, and \$14,925 in FY 2008. The drop in expense for FY 2008 was due to the Commission's difficulty in staffing emergency shifts. The Commission indicates that this elimination was requested in order to meet budget targets, and does not support the action. It appears the program does not require the full \$40,500 to operate. *The Governor recommended \$5,000 less than enacted to be allocated at the discretion of the agency.* The Assembly further reduced emergency interpreter services by \$10,000. The remaining funding of \$25,500 is consistent with the FY 2007 spending level and exceeds the total spent in FY 2006 and FY 2008.

Interpreter and Communication Access Services. The Commission requested total expenditures of \$11,447 for interpreter and communication access real-time translation in FY 2010, which is \$18,553 less general revenues than the enacted budget. This service provides interpreters and instant translation of the spoken word into English text using a stenotype machine, notebook computer and real-time software for staff, Commission members and for any commission function. Past year expenditures include \$25,895 in FY 2006, \$28,671 in FY 2007, and \$29,029 in FY 2008. Recent expenditures suggest the Commission's request underfunds this expense. *The Governor recommended the enacted level of \$30,000.* The Assembly concurred.

Other Operating Expenses. The Commission requested \$13,081 for operating expenses, which is the enacted level. *The Governor recommended \$2,375 less.* The Assembly concurred.

Contracted Services. The request included \$11,447 for contracted services all of which is from general revenues. *The Governor recommended \$65,500 from general revenues.* The Assembly reduced funding by \$10,000 for emergency interpreter services.

Governor's Commission on Disabilities

	FY 2009		FY 2009		FY 2010		FY 2010
	Enacted		Final		Recommended		Enacted
Expenditures by Category							
Salaries and Benefits	\$ 409,783	\$	346,267	\$	382,802	\$	382,802
Contracted Services	73,465		38,283		26,416		26,416
Subtotal	\$ 483,248	\$	384,550	\$	409,218	\$	409,218
Other State Operations	23,918		33,818		33,051		33,051
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	102,938		108,712		107,250		107,250
Capital	301,881		168,432		376,881		176,881
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
Total	\$ 911,985	\$	695,512	\$	926,400	\$	726,400
Sources of Funds							
General Revenue	\$ 413,651	\$	381,983	\$	366,450	\$	366,450
Federal Aid	189,769		135,851		174,949		174,949
Restricted Receipts	8,565		11,127		10,001		10,001
Other	300,000		166,551		375,000		175,000
Total	\$ 911,985	\$	695,512	\$	926,400	\$	726,400
FTE Authorization	4.6		4.0		4.0		4.0

Summary. The Governor's Commission on Disabilities requested \$950,186 and 4.0 full-time equivalent positions for FY 2010. This includes \$38,201 more than enacted from all sources, including \$48,211 less than enacted from general revenues and 0.6 fewer positions. The request exceeds the Budget Office target by \$1. *The Governor recommended \$926,400 from all sources, \$14,415 more than enacted and \$23,786 less than requested. He recommended the requested 4.0 positions.*

The Assembly reduced the Commission's capital budget by \$200,000 and adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Salaries and Benefits. The Commission requested \$381,588 for salaries and benefits for 4.0 full-time equivalent positions. The request is \$28,195 less from all sources, which includes \$35,525 less from general revenues. This includes the elimination of a vacant 0.6 administrative aide position, consistent with its FY 2009 revised request. Changes also include a 2.5 percent cost-of-living increase and other statewide benefit adjustments. The Commission did not assume any turnover savings, which is

consistent with the enacted budget. *The Governor recommended \$26,981 less than enacted and \$1,214 more than requested to reflect updated benefit rates.* The Assembly concurred.

Disability Business Enterprises. The Commission requested total expenditures of \$21,060 from general revenues for the disability business enterprises program, which is \$11,233 less than enacted. The disability business enterprise program certifies businesses that meet the state's criteria for businesses owned by or employing people with disabilities. The request decreases or eliminates several operation functions. *The Governor recommended funding as requested.* The Assembly concurred.

All Other Operating Expenses. The Commission requested \$147,538 for all other operating expenses, which is \$22,371 less than enacted including \$1,453 less from general revenues. This includes \$22,354 less from federal funds due to a reduction in New England Americans with Disability Act funding, and \$1,436 more from restricted receipts available from donations. *The Governor recommended funding as requested.* The Assembly concurred.

Capital. The Commission requested a total of \$400,000 or \$100,000 more than enacted from Rhode Island Capital Plan funds for the continuation of eliminating architectural barriers at state owned facilities, which is consistent with the approved plan. *The Governor recommended \$375,000 from Rhode Island Capital Plan funds, which is \$25,000 less than requested.* The Assembly reduced Rhode Island Capital Plan funds by \$200,000.

Contracted Services. The request included \$26,416 for contracted services of which \$22,793 is from general revenues. *The Governor recommended funding as requested.* The Assembly concurred.

Office of the Mental Health Advocate

		FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Category					
Salaries and Benefits	\$	417,253	\$ 419,945	\$ 434,605	\$ 434,605
Contracted Services		2,500	2,458	2,500	2,500
Subtotal	\$	419,753	\$ 422,403	\$ 437,105	\$ 437,105
Other State Operations		11,418	11,222	11,318	11,318
Aid to Local Units of Government		-	-	-	-
Assistance, Grants, and Benefits		-	-	-	-
Capital		-	-	-	-
Capital Debt Service		-	-	-	-
Operating Transfers		-	-	-	-
Total	\$	431,171	\$ 433,625	\$ 448,423	\$ 448,423
Sources of Funds					
General Revenue	\$	431,171	\$ 433,625	\$ 448,423	\$ 448,423
Federal Aid		-	-	-	-
Restricted Receipts		-	-	-	-
Other		-	-	-	-
Total	\$	431,171	\$ 433,625	\$ 448,423	\$ 448,423
FTE Authorization		3.7	3.7	3.7	3.7

Summary. The Office requested \$444,515 from general revenues, \$13,344 more than enacted. The Office requests the current staffing level of 3.7 positions. The request exceeds the Budget Office target of \$379,515 by \$65,000. *The Governor recommended \$3,908 more than requested.*

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below. The Assembly concurred with the remainder of the recommendation.

Personnel Expenses. The Office requested \$433,197 for personnel expenses, including \$430,697 for salary and benefit costs which is \$13,444 more than enacted to fully fund current staffing based on Budget Office planning values. These include a cost-of-living adjustment and increase cost sharing for medical benefits. The request also included \$2,500 for contracted psychiatric services which is consistent with the revised budget; however, the Office spent \$5,000 for FY 2008, and it appears that this expense may be underfunded.

The Governor recommended \$3,908 more than requested to reflect increases in retiree health insurance offset by minor adjustments in medical benefits. The Assembly concurred.

Operating Expenses. The Office requested \$11,318 for its operating costs, \$100 less than enacted which is consistent with the revised request. ***The Governor recommended funding as requested. The Assembly concurred.***

Contracted Services. The request included \$2,500 from general revenues for contracted services. ***The Governor recommended funding as requested. The Assembly concurred.***

Department of Elementary and Secondary Education

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Program				
State Aid	\$ 695,655,222	\$ 657,023,337	\$ 662,545,956	\$ 658,218,551
School Housing Aid	56,996,248	54,140,052	63,738,663	61,538,663
Teachers' Retirement	96,999,600	76,286,018	75,283,638	77,752,559
RI School for the Deaf	6,894,825	6,603,412	7,217,438	7,219,156
Central Falls School District	43,795,411	45,176,572	44,709,189	44,780,100
Davies Career & Technical School	17,133,914	17,095,780	18,024,963	18,203,732
Metropolitan Career & Technical School	11,565,603	11,930,303	17,755,768	16,758,767
Administration	216,489,224	254,348,975	265,732,070	265,536,034
Total	\$1,145,530,047	\$1,122,604,449	\$1,155,007,685	\$1,150,007,562
Expenditures by Category				
Salaries and Benefits	\$ 34,883,040	\$ 32,929,548	\$ 36,577,159	\$ 36,577,159
Contracted Services	18,207,110	21,329,196	17,719,472	17,727,628
Subtotal	\$ 53,090,150	\$ 54,258,744	\$ 54,296,631	\$ 54,304,787
Other State Operations	12,114,497	12,033,244	12,842,295	11,852,782
Aid to Local Units of Government	1,065,003,774	1,003,834,209	1,016,744,227	1,013,854,653
Assistance, Grants, and Benefits	12,601,979	50,180,148	63,301,403	63,297,211
Capital	2,594,647	2,173,104	7,698,129	6,573,129
Capital Debt Service	-	-	-	-
Operating Transfers	125,000	125,000	125,000	125,000
Total	\$1,145,530,047	\$1,122,604,449	\$1,155,007,685	\$1,150,007,562
Sources of Funds				
General Revenue	\$ 931,218,471	\$ 827,915,698	\$ 861,797,078	\$ 857,726,770
Federal Aid	191,008,411	271,890,336	278,150,906	278,346,091
Restricted Receipts	7,363,165	7,250,840	7,501,077	7,501,077
Other	15,940,000	15,547,575	7,558,624	6,433,624
Total	\$1,145,530,047	\$1,122,604,449	\$1,155,007,685	\$1,150,007,562
FTE Authorization				
Administration	140.2	128.4	134.4	134.4
Davies	133.0	133.0	133.0	133.0
School for the Deaf	65.8	50.0	60.0	60.0
Total Authorized Positions	339.0	311.4	327.4	327.4

Summary. The Board of Regents requested \$1,160.0 million from all sources of funds and 306.9 full-time equivalent positions. The staffing request is 32.1 positions less than enacted. General revenues total \$937.8 million, which is \$6.6 million over the FY 2009 enacted level and \$1.8 million more than the target.

Direct aid to local districts represents 95.8 percent of the Regents' FY 2010 general revenue request. The remainder of the budget supports the operation of two wholly state-operated schools and the Department's implementation of state education objectives.

The Regents requested \$193.7 million in federal spending, which is \$2.7 million more than the enacted budget and \$18.0 million more than FY 2008 expenditures. The budget request also includes \$7.8 million from restricted receipts and \$6.8 million from Rhode Island Capital Plan funds. The Regents also requested \$13.8 million from the Permanent School Fund. This includes \$0.2 million from duties paid by auctioneers and \$13.6 million from the operation of video lottery games on a twenty-four hour basis on weekends and federally recognized holidays at the Twin River and Newport Grand facilities. This is set to expire on June 30, 2009. The Assembly would have to take action to reauthorize or extend this legislation for FY 2010.

The Governor recommended \$1,155.0 million, \$9.5 million more than enacted and \$5.0 million less than requested. He recommended \$69.4 million less from general revenues than enacted and \$76.0 million less than requested. He reduced general revenue support for local education operating aid for each school district by \$24.5 million to reflect local savings from his proposed pension changes. He also reduced education aid to local districts by \$37.0 million from general revenues and offset that reduction with a like amount from federal fiscal stabilization funds. Federal funds are \$84.5 million more than requested to reflect the inclusion of federal stimulus funds and restricted receipts are \$0.3 million less than requested for the education telecommunications access fund. Rhode Island Capital Plan funds are \$550,000 more than requested and the Governor did not include distributions from the Permanent School Fund for FY 2010.

The Assembly included \$1,150.0 million for FY 2010. This is \$4.1 million less from general revenues than recommended. It added \$6.2 million to reflect the final analysis of adopted pension savings and reduced education aid by the \$5.8 million distribution for professional development and the \$495,000 for professional development through Department programs. It reduced Providence's education aid by \$1.4 million for the second year payback of overpaid school construction aid and reduced housing aid by \$2.2 million based on anticipated project completions. It restored \$0.3 million for the school breakfast program, \$61,000 for civics education and \$0.1 million for the surrogate parent program.

It provided \$0.2 million from federal fiscal stabilization funds that were inadvertently omitted from the budget and reduced Rhode Island Capital Plan funds by \$1.1 million based on revised construction schedules. The Assembly also adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Staffing. The Regents requested authorization to fill 306.9 full-time equivalent positions. This is 32.1 positions less than the FY 2009 enacted level and includes 4.3 fewer positions for the Department, 8.0 fewer positions at the Davies Career and Technical Center and 19.8 fewer positions at the Rhode Island School for the Deaf.

The staffing proposal for Davies includes the elimination of 8.0 back office positions that have not yet been identified. Back office positions include facility operations (janitorial, facility maintenance,

grounds), business office (purchasing, payroll, contract negotiations, financial reporting, budgetary control, and accounts payable), human resources and secretarial and other administrative support.

The staffing proposal for the School for the Deaf includes the elimination of 4.0 positions that staff the state's hearing center. The request also includes the elimination of 15.8 vacant positions. It should be noted that the School has indicated that it would like to fill these positions at some future point. Of the total, 5.0 are positions that were vacant at the time of the budget submission that the school indicated would need to be filled due to individualized education plan mandates.

The Department planned to eliminate 4.3 positions. This includes the director of human resources, an office manager, fiscal clerk, technical project specialist, and a 0.2 finance specialist, offset by a 0.4 early childhood specialist. The Department indicated that the other 0.5 position is adjustments to several other positions.

The Governor recommended 327.4 positions, which is 11.6 positions less than enacted and 20.5 more than requested. His recommendation includes eliminating 3.0 teachers, 1.0 speech language pathologist, 1.0 behavioral specialist and 1.0 occupational therapist at the School for the Deaf. He also recommended eliminating 10.8 vacant positions at the Department offset by an additional 5.0 federally funded positions to implement stimulus funding and comply with reporting requirements. The Assembly concurred.

State Aid. The Regents requested \$740.1 million from general revenues for state aid to local school districts, including the state operated Central Falls School District and the Metropolitan Career and Technical School. This is \$4.4 million more than the FY 2009 enacted level. Excluding Central Falls and the Metropolitan Career and Technical School, the Regents request is \$1.9 million more than enacted. The increase requested for Central Falls is \$1.3 million or 3.0 percent, and the increase for the Metropolitan Career and Technical School is \$1.2 million. These requests are discussed in detail separately in this analysis. Funding for these two entities and support for retirement and construction are also discussed separately.

The Regents also requested \$13.8 million from the Permanent School Fund. This includes \$0.2 million exclusively for Central Falls from duties paid by auctioneers and \$13.6 million from the operation of video lottery games on a twenty-four hour basis on weekends and federally recognized holidays at the Twin River and Newport Grand facilities.

The 2008 Assembly enacted legislation that became law on May 6, 2008 that allows the operation of video lottery games on a twenty-four hour basis on weekends and federally recognized holidays at the Twin River and Newport Grand facilities. That legislation mandates that the additional revenue accruing to the state as the direct result of the additional hours, up to \$14.1 million by June 30, 2009, be deposited into the Permanent School Fund and allocated as education aid. The Assembly enacted legislation that requires the Department of Elementary and Secondary Education to monthly allocate to each school district all funds received into the Permanent School Fund, up to \$14.1 million, in the same proportion as the general revenue aid distribution.

The Assembly would have to take action to reauthorize or extend this legislation for FY 2010. It should also be noted that the November Revenue Estimating Conference lowered the estimate to \$7.3 million based on (1) no activity at Newport Grand, (2) low growth at Lincoln, and (3) lower than anticipated 24-3 activity.

The Governor recommended \$754.8 million from all sources of funds for state aid to local school districts, including the state operated Central Falls School District and the Metropolitan Career and Technical School. This is \$5.5 million more than enacted. Excluding Central Falls and the Metropolitan Career and Technical School, the increase is \$1.8 million or 0.3 percent. This includes a reduction of \$55.7 million from general revenues offset by \$66.1 million more from federal stimulus funds including state fiscal stabilization funds, Title I and special education funds. The recommendation provides adjustments for group home beds and excludes the \$13.6 million from the Permanent School Fund, included in the enacted budget assuming the legislation sunsets.

The Assembly provided \$720.2 million from all sources for state aid to local school districts including Central Falls. It eliminated \$5.8 million of distributed professional development funds consistent with the FY 2009 final budget. It also added \$0.2 million from fiscal stabilization funds that was inadvertently omitted from the Governor's recommendation and added \$3.7 million to the Governor's budget to reflect the actuarial estimate of savings from adopted pension changes.

Distributed Aid. The Department requested the enacted level of distributed aid to local school districts. ***The Governor recommended \$24.0 million less than enacted from all funds. This includes an additional \$31.8 million from federal state fiscal stabilization funds offset by a like reduction from general revenues. The Governor also reduced general revenues by \$24.5 million to reflect the state's capture of the estimated savings to local school districts from proposed changes to the pension system. The total general revenue reduction is \$55.7 million.***

As part of his revised budget, the Governor proposed changes to the Retirement System. He proposed setting the minimum retirement age at 59 for all state employees and teachers and eliminating the annual cost-of-living adjustments for state employees, teachers, judges and state police that become eligible to retire after July 1, 2009.

The Assembly added \$3.7 million to reflect revised estimates of local pension savings from adopted pension changes. The Assembly also reduced Providence's aid by \$1.4 million for the second year of payback of overpaid school construction aid it received on expenditures not eligible for reimbursement. The Governor had proposed in his FY 2009 revised budget to reduce Providence's aid by the \$9.5 million of overpaid school construction aid it received. In previous years, when it had been determined that a community owes the state for construction aid overpayments, the community has been able to repay the state over a number of years. The Assembly amended the statutes in 2009-H 5019 Substitute A, as amended to mandate that payback formula for all communities where the situation arises and reduced aid to Providence by \$1.4 million for the first year of a seven year payback.

Professional Development. The Regents requested the enacted level of \$5.8 million for the distributed portion of professional developments. This funding is distributed to districts as education aid and used for continued skill development for teachers and staff. The request also included the \$495,000 in professional development set-aside funds that the Department uses to support teacher professional development in all districts through a number of programs administered through the Department. This funding was used to support the Physics First program and mathematics and science professional development activities. ***The Governor recommended funding as requested.***

Consistent with the FY 2009 final budget, the Assembly eliminated the \$5.8 million. It also eliminated the \$495,000 appropriation to the Department.

Permanent School Fund. The Regents requested the enacted level of \$13.6 million from the Permanent School Fund from the operation of video lottery games on a twenty-four hour basis on weekends and federally recognized holidays at the Twin River and Newport Grand facilities. The Assembly would have to take action to reauthorize or extend this legislation for FY 2010.

The Governor did not recommend reauthorizing the legislation. The Department of Administration administratively extended the overnight hours. The Assembly did not adopt legislation to direct proceeds to the Permanent School Fund.

Charter Schools. The Department requested \$2.6 million in additional general revenues for formula aid to support the state's charter school program. The request provides an increase of 8.4 percent over the enacted level to reflect growing enrollments in four charter schools and grade additions in one charter school. The statutory funding mechanism provides state funding for each student in a charter school based on the sending districts' per pupil cost, reduced by that community's share ratio. The 2005 Assembly changed the calculation of charter school aid that sets the minimum share ratio for each district at 30.0 percent. The aid also includes an indirect cost payment to the sending district equal to 5.0 percent of the per pupil cost. This is consistent with the FY 2009 enacted budget.

It should be noted that the FY 2010 request also assumes freezing the Cuffee School expansion based on the Board's acceptance of the Department's proposal to postpone the expansion of the school, currently a K-8 school, to a high school. Postponing the expansion of the school saves the state \$300,000 for FY 2010. Budget Office planning values had included funding to expand the school. The school had originally planned to add a ninth grade but will remain a K-8 school for the 2009-2010 school year.

The enacted budget includes \$31.0 million for 11 charter public schools. The 2004 Assembly placed a one-year moratorium on the opening of any new charter schools during the 2005-2006 school year. The 2005 Assembly extended the moratorium on the opening of any new charter schools for two more years and removed the cap on the number of charter schools per community but kept the statewide cap.

The 2008 Assembly revised the charter school statutes to allow for the creation of a new type of charter school, called a mayoral academy. These academies would have to go through the same approval process as other charter schools but would be exempt from teacher retirement and prevailing wage laws. There is no funding in the FY 2009 budget for any mayoral academies, however one of the applications before the Department is for a mayoral academy in Cumberland.

The Governor recommended \$1.3 million more than requested including \$0.2 million less from general revenues offset by the availability of \$1.5 million from federal state fiscal stabilization funds. The recommendation includes \$1.5 million to allow for new charter schools, including mayoral academies, approved by the Regents to open. These additions are offset by adjustments of \$0.2 million for the existing charter schools to reflect lower growth than requested.

The Governor also proposed legislation to exempt charter schools chartered or subject to renewal after July 1, 2009 from prevailing wages and benefits, participating in the state teacher retirement system, and classifying their employees as public employees. This would make charter schools similar to the current exemptions for mayoral academies adopted by the 2008 Assembly. The state currently grants charters for a period of up to five years. By FY 2015, all current charter schools would be subject to this change.

The Assembly did not enact the proposed legislation but concurred with the use of \$1.5 million for new charter schools and mayoral academies. Based on revised enrollment data, the Assembly reduced formula aid to the existing charter schools by \$0.2 million.

Group Homes. The request includes \$9.4 million to fund beds for communities hosting group homes. The request is \$90,000 less than enacted to reflect a net decrease of six beds statewide. The 2007 Assembly made statutory changes to align the payment of communities' group home aid to reflect more closely the actual number of group home beds open at the time of the budget. The legislation also uses the count of beds that are open as of December 31 for the budget year's aid.

Adjusting for the actual number of beds open as of December 31, 2008, there are savings of \$90,000. There is a net decrease of six beds statewide. This includes one less bed in Cranston for savings of \$15,000, one less bed in Johnston for savings of \$15,000, four beds in Newport for savings of \$60,000, and 13 beds in Providence for savings of \$195,000. These savings are offset by five new beds in Burrillville for \$75,000, one new bed in Lincoln for \$15,000, four beds in Middletown for \$60,000, one new bed in North Providence for \$15,000, and two new beds in Portsmouth for \$30,000.

Subsequent to the Department's budget submission the Department of Children, Youth and Families notified the Department of two additional beds in Providence, one less bed in Newport, one new bed in Portsmouth and one less bed in Pawtucket resulting in a net increase of one bed. The Governor recommended the additional \$15,000 to fund the bed. The Assembly concurred.

School Breakfast Program. The budget eliminates the state requirement for administrative cost reimbursement to districts for the school breakfast program for which the enacted budget includes \$300,000. Administrative costs would shift to the districts and food is paid from federal sources. This would require a statutory change.

As part of the FY 2009 budget the Governor eliminated the administrative cost reimbursement to districts for which the FY 2008 enacted budget included \$600,000. The 2008 Assembly restored \$300,000. Funding for the state school breakfast program changed in 2006 from reimbursing school districts the cost of supervision for the breakfast service time to a per breakfast subsidy for the total number of breakfasts served in the prior school year. Based on the number of breakfasts served during the 2007-2008 school year and the \$300,000 appropriation, the per-breakfast reimbursement is less than \$0.08.

The Governor eliminated funding as requested; he did not propose legislation to amend statutes. Current law requires the state to provide a per breakfast subsidy, subject to appropriation. The Assembly did not concur and restored the \$0.3 million.

Progressive Support and Intervention. The budget request reduces funding for progressive support and intervention activities by \$0.3 million. These funds are used to increase capacity building within districts. The Department will eliminate funding for the director and clerk for the office of progressive support and intervention. Some of the functions of that office will be absorbed by the office of secondary school reform and by the deputy commissioner. *The Governor recommended funding as requested. The Assembly concurred.*

Urban Education Task Force. The Governor's urban education task force recommended two new initiatives including \$0.7 million to develop a preschool pilot program to increase school readiness and \$0.1 million to launch extended learning time in the urban districts. Funding is intended to be used to establish an office of early learning within the Department. The Office will oversee a competitive

request for proposal process to select qualified providers. *The Governor recommended \$0.8 million to fund these two initiatives.* The Assembly concurred.

Performance Management. The Governor proposed a new initiative to develop and implement a statewide performance management system for teachers and administrators. The system will include effective recruitment strategies for teachers and administrators, evaluations based on statewide professional standards, and professional development tied to evaluations and student results. *The Governor recommended \$0.5 million for this initiative.* The Assembly did not concur with funding this new initiative.

Teachers' Retirement. The Regents requested \$94.4 million to fund the state's share of the employer contribution for teacher retirement costs, a decrease of \$2.6 million to the FY 2009 enacted level. Teachers contribute 9.5 percent of their salaries. That rate is set in the General Laws. Employers pay the difference between the teachers' share and the amount needed to support the system, as determined annually by the State Employees' Retirement System. The state pays 40.0 percent of the employer's share. For FY 2010 that rate is 9.71 percent. The request reflects a \$0.4 million decrease based on a decrease in the rates from 10.17 percent for FY 2009 to 9.71 percent for FY 2010 and an updated teacher payroll base. The request also adjusts for the \$2.2 million that the 2008 Assembly added to the FY 2009 budget for teacher retirement costs for payments due to the system for FY 2003 through FY 2007 that were mistakenly never billed to the state by the Retirement System.

The state funds a percentage of the employer's share of the necessary contribution to the Teacher Retirement System, and municipalities contribute the balance. The employer's share is determined annually, based on actuarial reports by the State Employees' Retirement System and is applied to the covered payroll.

The Governor reduced the state's share of teacher retirement costs by \$21.7 million to the enacted budget to reflect the estimated savings to the state that will be realized from proposed changes to the pension system contained in his revised budget. This assumes a rate of 7.72 percent for the state. The Assembly added \$2.5 million to reflect the actuarial analysis of adopted pension changes and adjustments to payroll base assumptions. The state's share of savings is estimated at \$15.0 million for FY 2010. This assumes a rate of 8.18 percent for the state share.

Central Falls School District. The Department requested \$45.3 million to support the Central Falls School District for FY 2010. This includes \$45.1 million from general revenues and \$0.2 million from the Permanent School Fund. This is \$1.3 million more, or 3.0 percent more general revenues than the FY 2009 budget. The Regents' request also includes \$0.2 million from the Permanent School Fund for FY 2010. This is not the estimated amount of distribution resulting from operations of video lottery games on a twenty-four hour basis on weekends and holidays, but money received into the fund from duties paid to the state by auctioneers. The FY 2008 final budget included \$562,813 from the Permanent School Fund, which reflected the unreserved balance at the end of FY 2008. The District only used \$183,624 of this funding in FY 2008 and is proposing to use the same amount in each FY 2009 and FY 2010 until that funding is extinguished.

Central Falls School District indicated a FY 2010 budget need of \$49.9 million, which is \$6.1 million or 13.9 percent more than enacted. Central Falls is projecting to meet the FY 2010 budget by using one-time funding of \$1.1 million, including \$0.3 million from the Northern Rhode Island Collaborative, which reflects the payback to participating communities from over charges, and \$0.8 million in available carry forward funding from FY 2008.

The Governor recommended \$0.6 million less than requested to reflect estimated savings to Central Falls for teacher retirement costs from proposed pension changes. He also recommended reducing \$2.2 million from general revenues and providing a like amount from fiscal state stabilization funds.

The Assembly added \$70,911 to the Governor's recommendation. This includes \$59,537 from general revenues to reflect revised estimates of pension savings from the adopted pension changes and \$11,374 in federal fiscal stabilization funds that were inadvertently omitted from the Governor's budget.

School Housing Aid. The Regents requested \$63.7 million from general revenues for school housing aid. This is \$6.7 million more than the FY 2009 enacted level and assumes that all new projects are completed on time for payment to begin in FY 2010. The Department calculates the actual costs for FY 2010 at the close of FY 2009 because reimbursement begins after projects have been completed. The FY 2009 first quarter report recognizes general revenue savings of \$2.9 million from the enacted estimate for school housing aid payments because several districts did not complete their new projects by June 30, 2008 in order to be eligible for reimbursement in FY 2009.

The state reimburses cities and towns for capital school projects under Section 16-7-35 of the Rhode Island General Laws. Reimbursement is on the cost of the project including interest on bonded projects and does not begin until the projects have been completed. This makes it difficult to project what the final cost will be. *The Governor recommended funding as requested.*

The Assembly reduced recommended FY 2010 aid by \$2.2 million based on revised spending projections. The Department had indicated that the Nathan Bishop Middle School project in Providence will not be complete by June 30, 2009 in order to be eligible for housing aid for FY 2010.

Metropolitan Career and Technical School. The budget includes \$12.8 million from general revenues for the operation of the Metropolitan Career and Technical School for FY 2010. This is \$1.2 million or 10.3 percent over the enacted level of \$11.6 million. This funds full enrollment at the school's Providence campuses and freezing enrollment at the new East Bay Campus to 90 students. The 2006 Assembly added \$1.0 million to support the opening of an East Bay Campus for the 2006-2007 school year with 30 students.

Budget Office target instructions added \$274,443 to accommodate an additional 30 students for a new ninth grade class. The Regents' budget does not include funding for a new ninth grade class for the 2009-2010 school year. The Regents stressed that it would not want enrollment frozen for more than one year.

Budget Office target instructions also included an additional \$1.4 million for the Met School's Providence campuses. The Regents are only requesting \$1.2 million of that. It plans to achieve \$0.2 million in savings from a number of items including eliminating a college counselor, eliminating a social worker, reducing information technology upgrades and support and not providing a cost of living adjustment in FY 2010 but requiring an increase in the medical co-sharing.

The request also includes \$5.0 million from Rhode Island Capital Plan funds for the second year of a project approved by the 2008 Assembly to renovate and add space to the Florence Gray Community Center in Newport to accommodate the growing student enrollment at the Met School's East Bay Campus. The Assembly provided \$1.1 million from Rhode Island Capital Plan funds for FY 2009, \$5.0 million for FY 2010, and \$4.0 million for FY 2011.

The Governor recommended total funding as requested but shifted \$0.6 million from general revenues to fiscal state stabilization funds. The Assembly provided an additional \$2,999 from fiscal stabilization funds that was inadvertently omitted from the Governor's recommendation. The Assembly also shifted \$1.0 million in each FY 2009 and FY 2010 to FY 2011 for the new East Bay Campus. A feasibility study was completed during FY 2009. Issues involving site selection have caused a delay in the project.

Education Telecommunications Access Fund. The Department requested the enacted amount of \$1.7 million from the education telecommunications access fund. The fund is designed to provide financial assistance to qualified libraries and schools to acquire, install and use telecommunications technologies to access the Internet. This fund is supported by a \$0.26 monthly surcharge levied upon each residence and business telephone access line. Prior to FY 2009, general revenue support was used to supplement the program; however, the Department proposed raising the monthly surcharge and eliminating general revenue support as part of the FY 2009 budget process. The 2008 Assembly eliminated general revenue support for the program and maintained the surcharge fee at the same level.

The Governor recommended providing \$350,000 from general revenues to support this program for FY 2010. He reduced restricted receipts by \$0.3 million to reflect estimated collections. The Assembly concurred.

Uniform Chart of Accounts. The 2007 Assembly appropriated \$1.1 million for FY 2008 for the first of a two-year implementation of a statewide uniform chart of accounts to standardize budgeting and accounting across all school districts and charter schools. Under Rhode Island General Law, the Office of the Auditor General and the Department of Elementary and Secondary Education are charged with promulgating a uniform system of accounting, including a uniform chart of accounts for all school districts and charter schools.

As part of the FY 2009 budget, the Department eliminated \$0.1 million of the funding to achieve its target budget. The FY 2010 budget request includes using \$250,000 to help districts with transition, reporting, file transfers, and help desk support as well as support and assistance to transition this data into the data warehouse, which is part of the comprehensive education information system. *The Governor recommended funding as requested.* The Assembly concurred.

Staff Reductions. The budget includes savings of \$0.5 million from the elimination of 4.3 positions compared to the FY 2009 enacted budget. As part of its FY 2009 revised budget, the Department planned to eliminate the office of instruction and transfer those responsibilities to the office of assessment. It also planned to eliminate the vacant director and secretary positions in the office of progressive support and intervention. This office works to build district capacity in the urban districts. Other staff would absorb some of these functions. *The Governor recommended funding as requested.* The Assembly concurred.

New Positions. On February 17, President Obama signed the American Recovery and Reinvestment Act of 2009. The FY 2010 budget assumes use of \$37.2 million from state fiscal stabilization funds, \$19.8 million from special education funds through the Individuals with Disabilities Education Act program, \$17.0 million through Title I funds as well as \$9.9 million in competitive grant funds administered by the Department.

The Governor recommended \$0.5 million from stimulus funds to support 5.0 new positions to implement stimulus funding and comply with reporting requirements. The new positions include 1.0

Title I specialist, 1.0 special education specialist, 1.0 Title II(D) specialist, 1.0 finance specialist and 1.0 Title I support staff position. The Assembly concurred.

Local Efficiencies Commission. As part of his revised budget, the Governor proposed legislation to create two new commissions: the school realignment and the municipal public safety and public works realignment commissions. The commissions are to review and make recommendations for creating efficiencies in the cost and delivery of local services. ***The Governor provided \$150,000 in the Department's budget for the school realignment commission.*** The Assembly did not enact this legislation and eliminated the proposed funding.

Perkins School Tuition. The Board of Regents requested \$382,318 from general revenues for the FY 2010 budget to provide tuition for those students who attend Perkins School for the Blind. This is \$67,530 less than the enacted budget from changing the way the Department pays for students that attend the Perkins School for the Blind. Most blind students are educated in their own districts with support from the state's vision services program. Parents who believe the state cannot meet their children's needs may apply to the Commissioner to exercise his authority to appoint the child to attend any suitable institution or school. Local districts pay only their per-pupil special education cost towards tuition and the state pays the difference.

In order to be consistent across all districts, the Department of Education has established a methodology for reimbursement of high cost students attending the Perkins School for the Blind. As part of its research for determining an efficient funding formula, the Department had determined that five times the average general education cost per pupil was an appropriate district responsibility and any expenses beyond that would be supported by the state. As a result of applying this methodology to the students attending the school currently, \$67,530 of savings will be realized. ***The Governor recommended funding as requested.*** The Assembly concurred.

Surrogate Parent Program to Federal Funds. The Regents proposed savings of \$0.1 million by supporting the educational surrogate parent program with federal funds only. The educational surrogate parent program provides school aged children with an educational advocate to make decisions concerning special education. Children who are in the care, custody, and control of the Department of Children, Youth and Families and meet certain criteria under a consent decree are eligible for the program. The educational surrogate makes all decisions regarding education for the child including enforcing procedural rights under all applicable state and federal law. The appointment of an educational surrogate removes all rights of a parent to make educational decisions on behalf of their child.

The educational surrogate parent program is provided through a multi-year contract with the Sherlock Center at Rhode Island College. Funding of the contract is a blend of state and federal funds. Federal Individuals with Disabilities Education Act funds of \$322,000 support this program; the \$97,156 is the state match for the contract with Rhode Island College. The Regents proposed to support this program with 100.0 percent of federal funding. ***The Governor recommended funding as requested.*** The Assembly did not concur and restored the \$97,156 from general revenues.

Community Service Grants. The FY 2009 enacted budget includes \$0.7 million for approximately 50 community service grants to community organizations. The Department proposed eliminating all but one community service grant for savings of \$0.5 million. The Department proposed maintaining \$180,000 for the COZ sites. The Department argued that the eliminated grants are for community organizations that provide services that are not linked to the Department's priorities. ***The Governor did not recommend the requested reduction and restored funding to the enacted level.***

The Assembly eliminated three grants for which the grant recipients had not requested the funds for a savings of \$4,192. It also opted to treat the grant to the Hasbro Children's Hospital as a community service grant. The state annually makes a \$100,000 grant through the Department to support educational personnel, supplies and materials for the students in the hospital.

Civics Education Program. The Regents proposed saving \$72,000 by eliminating the civics education program. The Department has collaborated with community partners to develop and promulgate civics standards for students in kindergarten through grade 12. The Board of Regents is expected to adopt these standards this fall. This funding is used to support a consultant that oversees and implements this program. The Department indicated that by eliminating this position, it will not be able to extend and integrate civics standards into local curriculum, instruction and assessment practices. *The Governor recommended funding as requested.* The Assembly did not concur with eliminating the program and restored \$61,000.

Statewide Transportation. The Regents requested \$50,000 from general revenues to continue implementation of a statewide transportation system. During FY 2008, the Department indicated that it would need \$50,000 from general revenues in each FY 2009 and FY 2010 to complete the second half of the system plan, which is the transportation of all out-of-district students. The Department would use the general revenue as a match for a \$250,000 federal grant from the Rhode Island Public Transit Authority. The 2008 Assembly eliminated general revenue funding as recommended but did not enact legislation relieving the Department from its obligation to develop and implement a statewide transportation system. *The Governor recommended funding as requested.*

The Assembly adopted legislation as part of 2009-H 5019 Substitute A, as amended to mandate the use of a statewide transportation system, upon implementation, for special needs students and the eventual implementation of the transportation system for all students. The legislation permits any school committee that transports its students primarily using district-owned buses and district employees to continue to do so. The legislation also requires the Department to manage and oversee the system in collaboration with the Office of Statewide Planning and the Rhode Island Public Transit Authority; however, it allows the management and oversight function to be delegated to an outside consultant through a competitive process if deemed more efficient. The Assembly concurred with funding as recommended.

New England Common Assessment Program Testing. The Regents' budget includes an additional \$82,805 from general revenues to support an increase in the annual contract for New England Common Assessment Program (NECAP) testing. The Department has a contract with Measured Progress to provide various testing and scoring of Rhode Island students for the tri-state testing, and the Rhode Island alternate assessment program. The cost of the contract for FY 2010 totals \$1.4 million. *The Governor recommended funding as requested.* The Assembly concurred.

Other Salaries and Benefits. Excluding all previously mentioned personnel items, the Department's budget includes an additional \$0.8 million from all funds for all other salaries and benefits, including an additional \$1.2 million from general revenues. This assumes Budget Office planning values for benefits including a 2.5 percent cost-of-living increase for FY 2010. The request reflects increased reliance on general revenues in lieu of indirect cost recovery funds and federal funds and less turnover savings than assumed in the FY 2009 enacted budget. The budget also assumes filling some vacant positions such as the chief legal counsel and certification officer. The request appears to fund 134.4 of the 135.9 total.

The Governor recommended \$0.3 million more than requested including \$0.1 million more from general revenues. The recommendation includes \$0.2 million in benefit adjustments and less turnover

savings than requested. This appears to fund 131.1 positions. The Department had 106.0 filled positions as of the pay period ending March 14, 2009. The Assembly concurred.

Federal Stimulus. On February 17, President Obama signed the American Recovery and Reinvestment Act of 2009. In addition to the state fiscal stabilization funds, there was additional relief to local schools through Title I and special education through the Individuals with Disabilities Education Act program and other education related federal stimulus funds for competitive grants to local schools and use by the Department for technology and other school improvements.

The Governor's budget includes \$46.6 million for distribution by the Department. This includes \$19.8 million in special education funding and \$17.0 million in Title I funding for formula distribution to districts, charter schools, the Metropolitan Career and Technical School and the state schools. The recommendation also includes \$9.9 million in competitive grant funds administered by the Department. The Assembly concurred.

Nutrition Grants. The Regents requested authorization to spend \$45.1 million from federal nutrition program funds. This is \$6.6 million more than the enacted level to reflect increases in reimbursement rates and in the number of free and reduced lunches served to students. FY 2008 expenditures were \$37.1 million. *The Governor recommended funding as requested.* The Assembly concurred.

Special Education Grants. The Regents requested authorization to spend \$42.5 million, \$0.9 million less than enacted, from federal special education funds to reflect a lower than expected federal award. The funds are distributed to school districts and provide administrative support and statewide programming to the Department and the districts. Most of the funds must be distributed to local education agencies serving children directly. Federal funds are combined with state and local funds to provide children with disabilities free and appropriate public education, including special education and related services. FY 2008 expenditures were \$42.3 million. *The Governor recommended \$26,691 less than requested.* The Assembly concurred.

Title I Grants. The Regents requested \$55.5 million in federal fund expenditures from Title I funds. This is \$0.3 million less than enacted for FY 2009 to reflect anticipated grant awards. Most Title I funds go directly to local schools, where they are used to provide extra help to low-achieving students. FY 2008 expenditures were \$49.1 million. *The Governor recommended funding as requested.* The Assembly concurred.

Teacher Quality/Professional Development Grants. The Regents requested \$18.0 million from federal funds that support teacher quality and professional development. This is \$0.6 million less than enacted for FY 2009 based on the federal program budget reduction. FY 2008 expenditures were \$16.2 million. *The Governor recommended funding as requested.* The Assembly concurred.

Vocational Education Grants. The Regents requested \$6.0 million from federal vocational education grants. This is \$0.1 million less than the FY 2009 level. These funds are used to improve vocational educational programs throughout the state. FY 2008 expenditures were \$5.3 million. *The Governor recommended funding as requested.* The Assembly concurred.

Capital. The request includes \$0.5 million from Rhode Island Capital Plan funds to make repairs to the Chariho Career and Technical Center consistent with the approved capital plan. The approved plan includes \$0.5 million for FY 2010, \$0.7 million for FY 2011, and \$0.4 million for FY 2012 to make health and safety renovations and repairs to the Chariho Career and Technical Center for the district to

consider taking ownership of the facility. Renovations include replacing the electrical panel system, paving the parking areas and replacing the failing plumbing system.

Approximately \$3.0 million of the \$15.0 million bond issue for the career and technical schools was spent on Chariho. Nearly half of that amount was spent on a new HVAC system. The remaining funds were used for fire code upgrades and to tie the technical center's water supply to the middle school to correct the drinking water issue. *The Governor recommended funding as requested.* The Assembly shifted \$0.3 million from Rhode Island Capital Plan funds from FY 2010 to FY 2012 for the Chariho project.

Grant and Programming Revisions. The Regents' request includes adjustments in state, federal and restricted receipt expenditures for grant programs and other state operations producing a total decrease of \$2.0 million, including a decrease of \$0.2 million from general revenues. The general revenue reduction reflects the elimination of a math fellow for FY 2010. Federal funds for all other grants, not noted previously, decrease \$1.8 million below funding from the same grants included in the enacted budget. Most of the changes reflect adjustments for carry-forward funds and actual grant awards. Minor adjustments were made in other operating and contracted services. *The Governor recommended \$23,017 more than requested including \$23,795 less from general revenues.* The Assembly concurred.

Contracted Services. The request includes \$16.9 million for contracted services of which \$5.0 million is from general revenues. *The Governor recommended \$15.9 million, of which \$0.3 million is from general revenues.* The Assembly enacted \$17.0 million of which \$5.1 million is from general revenues.

Davies Career and Technical School

Eliminate Back Office Positions. The Budget includes savings of \$0.6 million by eliminating 8.0 full-time equivalent positions. The specific positions have not yet been identified but include positions such as facility operations (janitorial, facility maintenance, grounds), business office (purchasing, payroll, contract negotiations, financial reporting, budgetary control, and accounts payable), human resources and secretarial and other administrative support. The savings are offset by unemployment costs. Annualized, the savings will be \$0.7 million. *The Governor did not concur and restored the 8.0 positions and \$0.6 million.* The Assembly concurred.

Other Salaries and Benefits. Excluding the previously mentioned item, the Regents requested an additional \$0.1 million for salaries and benefits for 121.0 positions. The request includes an additional \$0.2 million from general revenues. The request eliminates \$48,061 of the turnover savings assumed in the FY 2009 enacted budget and assumes Budget Office planning values. Salaries and benefits are 1.6 percent more than enacted.

The Governor recommended \$60,573 more than requested to reflect benefit adjustments. He also recommended using \$0.2 million from federal fiscal stabilization funds in lieu of general revenues. The Assembly concurred.

Other Operating Adjustments. The budget includes an additional \$165,273 from all funds for all other operating adjustments including \$57,531 more from general revenues. Reductions in temporary services offset increases in office supplies, repairs and maintenance. *The Governor's recommendation is \$78,669 less than requested. He recommended using \$0.5 million from federal fiscal stabilization*

funds in lieu of general revenues. The Assembly concurred and provided an additional \$3,769 from fiscal stabilization funds that was inadvertently omitted from the Governor's budget.

Capital. The Regents' request reflects an additional \$85,000 from Rhode Island Capital Plan funds, consistent with the approved capital plan. This includes \$60,000 more from Rhode Island Capital Plan funds than the enacted level for the roof project for FY 2010. The Regents also requested an additional \$25,000 in asset protection funds. The request is consistent with the Department's capital budget request, which is described in detail in the Capital Budget Section of this analysis.

The Governor recommended \$550,000 more from Rhode Island Capital Plan funds than requested. This includes an additional \$350,000 for the HVAC project and \$200,000 more for the roof project. The Assembly shifted \$1.2 million from Rhode Island Capital Plan funds from FY 2009 to FY 2010 and FY 2011 for the HVAC project based on a revised project schedule; this includes \$0.2 million for FY 2010, which is \$175,000 more than the Governor recommended.

Contracted Services. The request includes \$0.4 million for contracted services of which \$368,000 is from general revenues. *The Governor recommended \$0.4 million of which \$20,143 is from general revenues. The Assembly provided \$0.4 million of which \$20,143 is from general revenues.*

School for the Deaf

Establish Fee for Service Model. The Regents' budget includes an additional \$0.6 million from restricted receipts by establishing a fee for service model for the students that attend the School for the Deaf. While the specifics of how the proposal will work are not yet finalized, the Regents believe that by establishing a per pupil cost and charging districts for any costs that exceed that amount, the state will be able to realize substantial savings.

The School for the Deaf has defined its core program as one that will support the needs of all students with hearing loss, deaf or hard of hearing, which will include teachers of the deaf and core program speech, and language support. This has been defined as Level I services and will be totally supported by state funding. The school has also defined three other levels of support that are given at the school. The School will institute a fee service for any/all services that fall outside the core program offered (i.e. Level II, III and IV). Funding for these other levels of service will come directly from each of the districts who have students attending the School for the Deaf. The calculation was derived using the current student enrollment, current Individualized Education Program services mandated and base salaries of staff members providing those services. In instances where services are now being provided by non-full-time equivalent positions an hourly rate was used in the calculation.

Absent this proposal, \$0.6 million from general revenues would be required for salaries and benefits. *The Governor recommended the proposal and funding as requested.* The Assembly concurred.

Hearing Center. Rhode Island General Laws require the Department to operate a statewide hearing screening program. In order to fulfill the legislative requirement, the School for the Deaf runs a statewide hearing center. The center is staffed by 7.0 full-time equivalent positions, 2.0 audiologists, 4.0 audio test technicians, and 1.0 information aide. The hearing center screens approximately 55,000 students throughout Rhode Island and completes further testing for approximately 3,000 students. The Department eliminated 4.0 full-time equivalent positions and \$0.3 million to end the program. The Department proposed eliminating the hearing center as part of its FY 2009 budget, but neither the Governor nor the Assembly concurred.

Newborn screening is currently performed immediately following birth to identify children born with hearing loss. The Department also noted that there are private audiologists performing hearing screening throughout the state. Legislation would be required. *The Governor did not recommend this proposal and restored funding.* The Assembly concurred.

Other Salaries and Benefits. Excluding all previously mentioned items, the Regents' budget contains \$0.5 million in additional turnover savings, including \$0.5 million from general revenues from the elimination of 19.8 full-time equivalent positions. Not all of these positions were funded in the enacted budget. The eliminated positions include 2.0 speech language pathologists, 1.0 Individualized Education Plan (IEP) coordinator, 1.0 behavioral specialist, 1.0 certified math teacher, 1.0 assistant business manager, 2.0 information aides, 1.0 certified occupational therapy assistant and 5.0 teachers. The school indicated that the 2.0 speech language pathologists, 1.0 Individualized Education Program coordinator, 1.0 behavioral specialist, and 1.0 certified math teacher were vacant at the time of the budget submission so were included in the proposed eliminations, but would need to be filled due to Individualized Education Program mandates. The School indicated that it would like to fill the other positions in the future.

The Governor recommended an additional \$0.2 million from all sources. The Governor's budget appears to fund 53.0 of the total 60.0 authorized positions and he used federal stabilization funds in lieu of \$0.1 million in general revenue funded salary and benefit expenditures. The School has 49.2 filled positions as of the pay period ending March 14, 2009. The Assembly concurred.

Other Operating Adjustments. The Regents requested an additional \$16,777 for all other operating expenditures including \$10,080 more from general revenues for utility expenses. *The Governor recommended \$1,500 less than requested including \$70,893 from fiscal stabilization funds in lieu of general revenues.* The Assembly provided an additional \$1,718 from fiscal stabilization funds that was inadvertently omitted from the Governor's recommendation.

Contracted Services. The request includes \$0.3 million for contracted services of which \$286,260 is from general revenues. *The Governor recommended \$0.3 million of which \$286,260 is from general revenues.* The Assembly provided \$0.3 million of which \$286,260 is from general revenues.

Board of Governors for Higher Education

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Program				
Board of Governors/Higher Ed.	\$ 10,912,064	\$ 10,637,567	\$ 18,867,002	\$ 11,121,545
University of Rhode Island	551,638,422	562,313,566	579,883,976	587,064,490
Rhode Island College	140,041,605	139,043,458	150,455,193	156,150,286
Community College of RI	117,447,461	120,961,404	129,192,699	132,433,411
Total	\$ 820,039,552	\$ 832,955,995	\$ 878,398,870	\$ 886,769,732
Expenditures by Category				
Salaries and Benefits	\$ 416,392,891	\$ 425,477,211	\$ 447,087,476	\$ 447,087,476
Contracted Services	17,266,602	18,173,716	19,392,337	19,392,337
Subtotal	\$ 433,659,493	\$ 443,650,927	\$ 466,479,813	\$ 466,479,813
Other State Operations	149,874,567	161,949,045	171,441,473	171,441,473
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	156,350,451	168,871,654	175,850,524	175,889,948
Capital	27,539,836	23,754,114	22,479,154	30,810,592
Capital Debt Service	38,636,970	34,730,255	42,147,906	42,147,906
Operating Transfers	13,978,235	-	-	-
Total	\$ 820,039,552	\$ 832,955,995	\$ 878,398,870	\$ 886,769,732
Sources of Funds				
General Revenue	\$ 179,856,018	\$ 170,880,998	\$ 174,885,270	\$ 173,306,844
Federal Aid	4,096,820	4,488,591	11,997,554	20,338,416
Restricted Receipts	1,041,526	666,433	667,543	667,543
Other	635,045,188	656,919,973	690,848,503	692,456,929
Total	\$ 820,039,552	\$ 832,955,995	\$ 878,398,870	\$ 886,769,732
Uses of Funds				
Unrestricted Use Funds	\$ 504,218,396	\$ 508,639,116	\$ 553,934,323	\$ 551,891,308
Restricted Use Funds	315,821,156	324,316,879	324,464,547	334,878,424
Total	\$ 820,039,552	\$ 832,955,995	\$ 878,398,870	\$ 886,769,732
FTE Authorization	3,490.9	3,395.0	3,397.1	3,397.1
<i>Limited to Third Party Funds</i>	<i>785.0</i>	<i>785.0</i>	<i>785.0</i>	<i>785.0</i>
Total Authorized Positions	4,275.9	4,180.0	4,182.1	4,182.1

Summary. The Board requested \$40.6 million of new spending above the FY 2009 enacted budget including \$15.3 million less in general revenue support, \$48.5 million more from other unrestricted sources, and \$7.4 million more from restricted sources. The Board requested total funding from all sources of \$860.6 million for FY 2010, which is 4.9 percent growth over the FY 2009 enacted budget.

The Board requested \$537.4 million from unrestricted use funds and \$323.2 million from restricted use funds. The unrestricted request represents 5.9 percent growth over FY 2009 revised expenditure projections, which are \$3.3 million above the FY 2009 enacted level to adjust for updated enrollment numbers and a change in the mix of in-state and out-of-state students. The restricted use request is 2.3 percent growth over enacted and 0.2 percent over the revised request.

The Governor recommended \$878.4 million from all sources, which is 7.1 percent growth over the FY 2009 enacted budget. He included \$553.9 million in unrestricted use fund expenditures and \$324.5 million in restricted use fund expenditures. The unrestricted recommendation represents 8.5 percent growth over FY 2009 and the restricted recommendation is 0.7 percent less than FY 2009.

The Assembly included expenditures of \$886.8 million from all sources. This includes an additional \$30,000 from general revenues for community service grants, an additional \$9,424 from federal funds for the Rhode Island Developmental Disabilities Council, and an additional \$8.3 million from federal fiscal stabilization funds to make fire safety improvements to academic buildings. The Assembly also recategorized \$1.6 million of Rhode Island College debt service on the \$30.0 million residence hall from general revenues to other funds.

The Assembly also adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Full-Time Equivalent Positions. The 2004 Assembly changed its treatment of research-funded positions to provide the institutions' estimates of staffing needs associated with additional research grants and other third-party funds that they will generate over the next two years. Article 1 separately lists the authorization for each institution and the Office of Higher Education and indicates how many positions are reserved for third-party funded activities. Those limits have been the same since 2004. The FY 2010 request includes authority to fill 4,199.7 full-time equivalent positions, provided that 785.0 of those positions would be limited to third-party sources. This is 76.2 less than the enacted level, but is 20.1 positions more than the Budget Office's initial distribution of the 400 positions to be eliminated through statewide retirements.

The Governor included 4,182.1 full-time equivalent positions, which is 93.8 less than enacted and 17.6 less than requested with the reduction to be achieved through unspecified program changes. This includes 0.7 positions at the Office, 50.6 positions at the University, 22.4 positions at the College and 20.1 positions at the Community College. The Assembly concurred.

Current Services and Target Budgets. For FY 2010, the Office and institutions submitted budgets to the Board that reflects expenditures required to maintain current services. In the unrestricted budget, expenditure growth over FY 2009 would essentially be supported by tuition and fee increases consistent with the Board of Governors' tuition policy guidelines and increased general revenues to cover the gap between expected expenditures and projected resources. Systemwide, tuition and fees in the current service level request would generate \$16.4 million less than assumed in the target budget and general revenues would be \$22.5 million more.

The Board also submitted a "target" budget that includes an 8.5 percent decrease to general revenues compared to the enacted budget and a 7.7 percent decrease to the revised allocation. The analysis

describes the budget in terms of changes to the revised request and assumes revenue sources consistent with the target budget. *The Governor recommended \$12.2 million less from general revenues than the current services budget, and tuition and fees are \$22.5 million more.* The Assembly concurred.

Current Year Revisions. Historically, the analyses have begun with an adjustment for the current year. Until FY 2005, the Board had statutory authority, which did not require legislative approval, to reallocate the enacted budget based on information available to it, including changes to revenues and needs. The 2004 Assembly rescinded that authority and established separate appropriation lines for the four operations. The Assembly did not change the budget request and submission process; the law continues to require the Board to review, develop and submit the higher education budget. In addition, the institutions retained their authority to use additional resources they received above appropriated amounts, such as research grants and additional tuition and fees.

The Board continues to review and approve each institution's allocation of all current year resources and describes its requested budget year items in terms of changes to those current year allocations. So that the analysis can be in terms of the items the Board specifies as requested, staff analysis starts from the allocations.

The Governor increased current year expenditures by \$17.2 million. General revenues decrease \$5.5 million to the request. The Governor's budget assumes the \$4.5 million in additional tuition and fees revenues as the Board approved in lieu of a general revenue supplemental appropriation. He further reduced general revenues by \$0.9 million. Tuition and fees and other unrestricted sources increase \$8.2 million and restricted expenditures increase \$4.2 million.

The Governor recommended that the general revenue share of the added expenses of cost-of-living increases and employee medical co-shares inconsistent with what other state employees receive be borne entirely by university and college resources. The recommendation does not identify the source of the increase in institutional resources that would be required to fund the revised expenditures. Options include increasing tuition and fees, which is the primary source of non-general revenue resources or reducing other expenditures to offset the added expenses. The Assembly concurred.

Higher Education Funding. Expenditures in Public Higher Education increased 175.9 percent during the period FY 1990 through FY 2009, which is an annual rate of 6.5 percent. They would grow 186.1 percent if the Board's FY 2010 request were funded, which is an annual rate of 6.5 percent. It should be noted that beginning in FY 2007 debt service expenditures, which had been shown in the budget of the Department of Administration, are shown in Higher Education's budget. *The Governor's FY 2010 recommendation represents 183.7 percent growth during the period FY 1990 through FY 2010, which is an annual rate of 3.3 percent.* The enacted budget represents 169.4 percent growth, which is a 3.8 percent annual rate.

In Rhode Island, as in many other states, expenditures and sources for public higher education are generally broken into two categories: (1) *unrestricted* budget and (2) *restricted* budget. The distinction is extremely important to the understanding of public higher education funding.

Unrestricted Budget. The unrestricted budget consists of those funds that can be used for any legitimate purpose. Those purposes fall within the education and general operations of the institutions. They include state general revenue appropriations, tuition and general fees, and sponsored research overhead. The latter are the indirect costs added to research grants to reimburse the college or university for the items that must exist for research to occur, such as an accounting system, facilities,

and so forth. The unrestricted budget is similar to the general revenue budget of other agencies and departments.

The Board's unrestricted budget includes \$537.4 million, of which \$164.6 million is from general revenues. The general revenue portion is \$15.3 million less than the enacted FY 2009 budget offset by other unrestricted source increases of \$48.4 million.

The Governor's \$553.9 million includes \$174.9 million from general revenues, a decrease of \$5.0 million or 2.8 percent to the enacted budget. The recommendation includes \$10.3 million more general revenues than requested and \$5.7 million more from tuition and fees than requested.

The enacted budget includes \$1.6 million less from general revenues than recommended. This includes an additional \$30,000 for community service grants and the recategorization of \$1.6 million of Rhode Island College debt service on the \$30.0 million residence hall from general revenues to restricted use other funds.

Restricted Budget. The restricted budget is composed of what are generally thought of as restricted receipt funds or enterprise funds. They include the residence hall funds, dining funds, parking funds where they occur, and any other funds whose sources are limited to use for certain purposes. Federal funds are considered restricted use; the traditional display in the Governor's budget presentation breaks them out separately. The Board requested restricted budgets of \$323.2 million for FY 2010. This is an increase of \$7.4 million, or 2.3 percent over the enacted FY 2009 level. Compared to the revised allocation, the request is \$0.8 million, or 0.2 percent greater. *The Governor recommended \$324.5 million, which is \$8.6 million more than enacted and \$3.8 million less from Rhode Island Capital Plan funds than requested.*

The Assembly added \$9.9 million to the Governor's recommendation. This includes an additional \$8.3 million in federal fiscal stabilization funds for fire safety projects at the institutions' academic buildings for total FY 2010 fiscal stabilization funding of \$16.1 million. It also includes an additional \$9,424 from federal funds for the Rhode Island Developmental Disabilities Council and the recategorization of \$1.6 million of Rhode Island College debt service from general revenues to restricted use other funds.

Salaries and Benefits. The Board requested \$433.8 million for salary and benefit expenditures, of which \$343.4 million is from unrestricted sources and \$90.4 million is from restricted sources. The request represents a \$6.6 million or 6.8 percent decrease from the FY 2009 enacted level in unrestricted funding, and an \$11.1 million increase in restricted funding, or 3.5 percent. Compared to the institutions' FY 2009 revised projections, the unrestricted decrease is \$0.8 million or 0.9 percent.

At its May 12, 2008 meeting, the Board voted to give employees of the Board of Governors a 2.5 percent cost-of-living increase effective January 1, 2008, a 3.0 percent increase effective July 1, 2008 and 3.0 percent effective July 1, 2009. The Board also approved employee co-shares for the last two quarters of FY 2008 and FY 2009 for non-union classified and non-classified employees. These are shown in the table below and represent percent of premium.

	Individual < \$80,000	Individual > \$80,000	Family \$50,000	Family < \$80,000	Family > \$80,000
1/1/2008	9%	11%	6%	9%	11%
7/1/2008	11%	13%	8%	11%	13%
7/1/2009	13%	15%	10%	13%	15%

The Governor recommended \$30.7 million more than enacted and \$13.3 million more than requested. The unrestricted budget is \$343.4 million of which \$110.0 is from general revenues. The unrestricted recommendation is \$36.8 million more than enacted and \$12.6 million more than requested. General revenues are \$1.2 million more than enacted and \$9.1 million more than requested. The Governor's recommendation assumes \$3.5 million more expenditures than available resources will allow. The recommendation does make adjustments for benefit rate changes and reduces general revenues for cost-of-living increases and employee medical co-shares inconsistent with what other state employees will receive for FY 2010. The Assembly concurred.

Alternate Retiree Health Benefits. In 1998, the Board of Governors established health insurance coverage for employees participating in the Board's Alternate Retirement Plan upon retirement. The Plan uses the same formula based on years of service and age at retirement as the plan that is currently afforded members of the State Employees' Retirement System. This was done at the Board's discretion and did not require legislation or Assembly approval. Upon its adoption, all current and future covered employees became subject to a mandatory payroll deduction of 0.25 percent of salaries. There is not currently a defined employer contribution. The program is currently funded on a pay-as-you-go basis with the institutions making up the annual shortfall since FY 2004.

In 2003, the Board commissioned an actuarial study of the program. The report identified \$36.2 million in unfunded liability as of June 30, 2004 and indicated that the current funding of 0.25 percent of pay is far below the necessary contributions required to fund the benefits. The study found that to fund the program on an actuarial basis without changing benefits, the Plan would need a contribution of 1.8 percent of salaries. By June 30, 2006, the estimated unfunded liability was \$54.6 million requiring a contribution of 2.81 percent of salaries.

At its May 12, 2008 meeting, the Board of Governors voted unanimously to revise the retiree health benefit effective July 1, 2008. Since the creation of the plan, the employee rate has been 0.25 percent. The Board eliminated coverage for any individual under the age of 65 effective June 30, 2008. As of July 1, 2008, the age 58-65 option is eliminated and the plan is a post-65 plan. The new employee rates are shown in the table below.

Post 65 Retiree Health Insurance	
Date	Employee Contribution
January 1, 2008	0.50% of salary
July 1, 2008	0.75% of salary
July 1, 2009	0.90% of salary

The Board's goal is to have employees paying 50.0 percent of the cost by July 1, 2009. Based on a post-65 plan, the estimated liability is 1.8 percent of salaries. If the Board had kept eligibility at age 58, the contribution rate would have to be 3.0 percent of salary. *The Governor's budget assumes funding consistent with the Board's revisions.* The Assembly concurred.

Contracted Services. The Board requested \$19.4 million for contracted services in FY 2010, of which \$11.6 million is from unrestricted sources and \$7.8 million is from restricted sources. This is \$2.1 million over the FY 2009 enacted budget and \$1.2 million over the FY 2009 revised allocation. Compared to the revised allocation, unrestricted sources increase \$1.7 million or 17.1 percent and restricted sources decrease \$0.5 million or 6.3 percent. *The Governor's recommendation is \$2.1 million more than enacted and \$4,600 more than requested.* The Assembly concurred.

Other Operating Expenses. The Board requested \$174.5 million for other operating expenditures in FY 2010, of which \$86.0 million is from unrestricted sources and \$88.6 million is from restricted sources. This is \$10.7 million over FY 2009 enacted operating expenses, of which \$6.5 million is from unrestricted sources. Compared to the institutions' FY 2009 revised projections, the unrestricted increase is \$8.2 million, or 10.5 percent. *The Governor's recommendation is \$21.6 million more than enacted and \$3.1 million less than requested.* The Assembly concurred.

Grants and Scholarships. The Board requested \$175.6 million for total grants and benefit expenditures for FY 2010, an increase of \$19.3 million, or 12.3 percent over the enacted FY 2009 budget. The unrestricted budget accounts for \$72.2 million, an increase of \$7.7 million, or 12.0 percent. The restricted budget includes \$103.5 million, a 12.8 percent increase of \$11.7 million.

The largest area of expenditure for assistance, grants, and benefits is that for student aid and waivers. In the unrestricted budget, these are generally in the form of waived tuition. The three institutions request total expenditures for scholarships and grants of \$103.8 million for FY 2010. The unrestricted portion is \$69.4 million. The restricted portion is \$34.4 million. All federal sources, including Pell grants, account for approximately 27.6 percent of the total.

Total scholarships, grants, waivers and other aid from the three institutions would provide aid equal to 30.6 percent of the tuition and mandatory fees based on the Board's target budget. Revised FY 2009 estimates are for 33.4 percent. For FY 2008, that share was 34.8 percent. Grants also include the Ford Direct Student Loan and Parent Loan programs at the University of Rhode Island. The University requested restricted expenditures of \$62.0 million for FY 2009 and FY 2010. It began the program in FY 1996 with loans of \$33.8 million. *The Governor recommended \$19.5 million more than enacted and \$0.2 million more than requested. The Governor subsequently submitted an amendment to add \$9,424 in available federal funds for the Developmental Disabilities Council.* The Assembly concurred and added \$30,000 for community service grants.

Capital. The Board requested \$18.5 million in total expenditures for capital outlays and improvements for FY 2010. The request includes \$13.3 million from Rhode Island Capital Plan funds of which \$9.6 million is for asset protection. The 2008 Assembly provided a 3.0 percent increase as part of the multi-year appropriations, consistent with the Governor's recommendation. Requested Rhode Island Capital Plan fund expenditures at the University include \$0.8 million for fire safety work, \$0.5 million for planning work for a new nursing building and \$0.6 million for improvements to other buildings on campus. It should be noted that this request is not consistent with the capital budget submission, which is described separately in the Capital Budget Section of this analysis. *The Governor recommended \$3.8 million less from Rhode Island Capital Plan funds for FY 2010 than requested.*

The Assembly used 50.0 percent or \$16.1 million of the total allocation for higher education's share of Rhode Island's estimated \$164.9 million from state fiscal stabilization funds in each FY 2010 and FY 2011 for fire safety repair work at the institutions of higher education. Distribution to the institutions is based on the square feet of academic buildings that need fire safety improvements. Higher education's three-year share of the stabilization funds is \$32.2 million.

Enrollment. FY 2010 enrollment, based on revised estimates, would be 31,251 full-time equivalent students, which is 5.3 percent higher than the reported FY 2008 level. Among the changes reflected in the Board's FY 2009 revised budget estimates is a decrease of 0.3 percent and 1.2 percent at the University and College, respectively. Enrollment at the Community College is estimated at 1.3 percent higher than the enacted estimate. The FY 2009 revisions include 37 less at the University, 80 less at the College and 129 more at the Community College. A 2.5 percent increase from the revised

FY 2009 level is estimated for FY 2010 including 269 more at the University, 140 more at the College and 343 more at the Community College. *The Governor's recommendation appears to reflect the Board's enrollment projections.* The Assembly concurred.

Tuition and Fees. On September 29, 2008, the Board voted to either request a \$4.5 million supplemental general revenue appropriation or to increase 2008-2009 tuition for the spring semester at the three institutions as an option to closing its current year budget gap. The adopted resolution empowers the Chairman, Vice Chairman, and Commissioner to implement the tuition and fee increase "based upon information available after the November Revenue Conference." The Chairman, Vice Chairman and Commissioner made the decision to increase tuition shortly after the November Conference. The FY 2009 mid-year increases for in-state undergraduate students are 2.9 percent or \$250 at the University, 3.5 percent or \$200 at the College and 6.4 percent or \$200 at the Community College.

The Board also approved tuition increases for FY 2010. For in-state undergraduates at the University, the increase is 9.8 percent or \$850 more than the enacted budget and 6.7 percent or \$600 more than the FY 2009 revised level. Room and board would also increase 5.6 percent or \$560. At the College, the increase for in-state undergraduates is 9.5 percent or \$547 more than the FY 2009 enacted level and 4.9 percent or \$716 more than the revised level. Room and board would increase 8.9 percent or \$742 to the enacted level and 6.7 percent or \$570 to the revised level. At the Community College, FY 2010 tuition is 9.2 percent or \$285 more than the FY 2009 enacted level and 2.6 percent or \$86 more than the revised level.

The Governor recommended expenditures of \$379.0 million from university and college funds, which is \$6.2 million more than requested. The Governor's recommendation assumes more expenditures, primarily salaries and benefits, than available resources will allow. The recommendation did not identify the source of the increase in institutional resources that would be required to fund the recommended expenditures. Options include increasing tuition and fees, which is the primary source of non-general revenue resources or reducing other expenditures to offset the added expenses. The Assembly concurred.

[Staff Note: At its June 29, 2009 meeting, the Board of Governors voted to increase several of the mandatory fees for the University and College for FY 2010. These include a 4.1 percent increase in the average room rate at the University. At the College, the recreation fee will increase \$90, the freshman orientation fee will increase \$65 from \$85 to \$150 and the lab/studio art fee will increase from \$10 to \$20.]

Office of Higher Education and Public Higher Education System

Office of Higher Education	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 2,010,815	\$ 1,921,322	\$ 2,471,225	\$ 2,471,225
Contracted Services	662,790	797,731	365,036	365,036
Subtotal	\$ 2,673,605	\$ 2,719,053	\$ 2,836,261	\$ 2,836,261
Other State Operating	3,522,521	3,501,246	3,579,702	3,579,702
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,237,768	4,546,755	4,667,932	4,697,932
Capital	3,478,170	7,500	7,783,107	7,650
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 10,912,064	\$ 10,774,554	\$ 18,867,002	\$ 11,121,545
Sources of Funds				
General Revenue	\$ 6,865,787	\$ 6,748,278	\$ 7,334,037	\$ 7,364,037
Tuition and Fees	-	-	-	-
Other Unrestricted	-	-	-	-
Total Unrestricted	\$ 6,865,787	\$ 6,748,278	\$ 7,334,037	\$ 7,364,037
Restricted	4,046,277	4,026,276	11,532,965	3,757,508
All Sources	\$ 10,912,064	\$ 10,774,554	\$ 18,867,002	\$ 11,121,545
FTE Authorizations	20.1	19.4	19.4	19.4
<i>Third-Party Funded Positions</i>	1.0	1.0	1.0	1.0
Total Positions	21.1	20.4	20.4	20.4

Summary. The Board requested \$10.6 million in FY 2010 expenditures from all sources and 20.5 full-time equivalent positions for operations of the Office of Higher Education and funding for system-wide applications. This is \$0.3 million less than FY 2009 and includes \$60,001 less from general revenues and \$0.3 million less from restricted sources. Staffing is 0.6 positions less than the enacted level and assumes that at least one of the positions will be funded from third-party sources.

The Governor recommended \$18.9 million, including \$7.3 million from general revenues. This is \$8.0 million more than enacted including \$0.5 million more from general revenues. The majority of the increase reflects the inclusion of federal stimulus stabilization funds. The Governor recommended 20.4 full-time equivalent positions, which is 0.7 less than enacted, and 0.1 less than requested.

The Assembly added \$30,000 from general revenues for community service grants. It also added \$8.3 million from federal fiscal stabilization funds for a total of \$16.1 million and budgeted the funds in the budget of each institution. The Assembly also adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and

assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Unrestricted Budget. The unrestricted budget accounts for \$6.9 million and 19.5 full-time equivalent positions, which is a decrease of \$60,001 or 0.9 percent from the revised allocation. The funding source is general revenues. The Office's unrestricted current service level request is for \$7.0 million, which is \$75,377 more than the revised allocation and \$135,378 or 2.0 percent more than the target budget. *The Governor recommended \$7.3 million, which is \$0.5 million more than enacted and requested.* The Assembly added \$30,000 from general revenues for community service grants.

Full-Time Equivalent Positions. The Office requested 20.5 full-time equivalent positions, which is 0.6 less than enacted for FY 2009 and consistent with the Budget Office's initial distribution of the 400 positions to be eliminated through statewide retirements. The FY 2010 request is consistent with the FY 2009 revised request. *The Governor recommended 20.4 full-time equivalent positions, which is consistent with the Budget Office's initial distribution.* The Assembly concurred.

Office of Higher Education	Changes to Enacted		
	Request	Governor	Assembly
Current Year Revisions	\$ 60,000	\$ (117,509)	\$ (117,509)
Shepard Building Contract	77,670	77,670	77,670
Salaries and Benefits	(85,315)	560,445	560,445
Community Service Grants	-	-	30,000
Other Operating Adjustments	(52,356)	(52,356)	(52,356)
College Crusade	-	-	-
Dual Enrollment Program	-	-	-
Total	\$ (1)	\$ 468,250	\$ 498,250

Current Year Revisions. The Office's FY 2009 revised budget is \$60,000 more than the enacted level. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$112,763 for the Office and 0.6 positions. The revised request is \$52,763 above the enacted budget adjusted for that allocation.

The Governor's revised budget is \$0.2 million less than requested. The Governor recommended that the general revenue share of the added expenses of cost-of-living increases and employee medical co-shares inconsistent with what other state employees receive be borne entirely by university and college resources. The Assembly concurred.

Shepard Building Contract. The Shepard building's primary use is as the Providence Campus of the University of Rhode Island. It also houses the Department of Elementary and Secondary Education. The enacted budget includes \$2.2 million for Shepard building expenses, of which \$1.1 million is for parking. The Board's request includes an additional \$77,670 to reflect a rate increase in the parking contract with the Rhode Island Convention Center Authority. *The Governor recommended funding as requested.* The Assembly concurred.

Salaries and Benefits. The unrestricted budget request includes \$1.9 million for salaries and benefits, which is \$85,315 less than the revised allocation. Based on an average cost per full-time equivalent position of \$103,409, 0.8 positions would have to be vacant during FY 2010. As of the pay period ending November 22, 2008, the Office had 18.0 of its 19.5 unrestricted authorized positions filled.

The Governor recommended \$0.6 million more than requested, which reflects adjustments for benefits and appears to include \$0.4 million more than necessary, which is equivalent to 3.0 positions. The Assembly concurred.

Community Service Grants. Excluding the College Crusade, the unrestricted budget includes \$0.3 million in support of several community service grants that fund various programs that support or promote higher education. ***The Governor recommended funding consistent with the enacted budget. The Assembly added \$30,000. This includes eliminating the \$20,000 for the Portuguese Study Endowment Fund at Rhode Island College and adding \$50,000 for Rhode Island College Modern Language Studies in Portuguese.***

Other Operating Adjustments. Excluding the items noted previously, the request includes adjustments to all other operating expenditures that result in a \$52,356 reduction to the revised allocation. Reductions were made to contracted services to offset minor increases in utilities. Compared to the enacted budget there are shifts between grants and operating expenditures within the dual enrollment program but the level of funding does not change. The dual enrollment program allows low-income high school students to take college courses in the second half of their senior year. ***The Governor recommended funding as requested. The Assembly concurred.***

College Crusade. The Board's request includes the \$0.5 million from general revenues for the College Crusade, previously called Children's Crusade, consistent with the enacted budget. The program is for direct intervention to decrease elementary and secondary education dropout rates through programs designed to assist vulnerable children in achieving higher education opportunities.

The Crusade began in 1989 with the expectation of offering open enrollment for ten consecutive classes of third grades. FY 2009 is the twentieth year of funding. The state has provided \$1.5 million per year through FY 2007, \$1.1 million for FY 2008 and \$0.5 million for FY 2009. ***The Governor recommended funding as requested. The Assembly concurred.***

Dual Enrollment Program. The Board's request includes \$0.3 million from general revenues for the dual enrollment initiative for FY 2010. This is consistent with the revised allocation. The program subsidizes low-income students to take college courses in the second half of their senior year. To participate, the students must be either Rhode Island Scholars participants or have taken an equivalent college preparatory curriculum and earned a minimum grade point average. ***The Governor recommended funding as requested. The Assembly concurred.***

Federal Stimulus Funds. The Governor's FY 2009 revised and FY 2010 budgets utilize \$109.9 million of Rhode Island's estimated share of \$164.9 million from state fiscal stabilization funds; however, it includes a number of assumptions. It assumes that the state applies for and receives a waiver for maintenance of effort requirements and assumes that the Secretary of Education will approve the state's use of funds. ***The Governor's FY 2010 budget includes \$7.8 million for higher education. His amended FY 2009 revised budget includes \$6.6 million.***

The Secretary of Education has granted the state a preliminary waiver for the maintenance of effort requirement that the state maintain support for both elementary and secondary education and public higher education at no less than the FY 2006 level for fiscal years 2009, 2010 and 2011. Higher education's three-year share of the stabilization funds is \$32.2 million. The Assembly allocated 50.0 percent of the total allocation for higher education in each FY 2010 and FY 2011 for fire safety repair work at the institutions of higher education. Distributions to the institutions is based on the square feet of academic buildings that need fire safety improvements.

For FY 2010 the total \$16.1 million allocation is distributed as \$7.2 million for the University, \$5.7 million for the College and \$3.2 million for the Community College.

Restricted Budget. The restricted budget request is for \$3.6 million, which is \$0.3 million less than the FY 2009 budget. One full-time equivalent position that is exempt from the staffing cap is funded from restricted sources. The restricted budget reflects federal expenditures authority for grants, primarily passed through to the institutions and the College Crusade for Higher Education. Included in this total is \$2.9 million from the GEAR-UP grant. The Crusade uses these funds, which are \$0.3 million less than FY 2009, for operating and scholarship support. *The Governor's recommendation is \$395 less than requested.* The Assembly concurred.

University of Rhode Island

University of Rhode Island	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 247,221,447	\$ 253,985,726	\$ 261,119,491	\$ 261,119,491
Contracted Services	11,789,318	11,035,698	12,052,308	12,052,308
Subtotal	\$ 259,010,765	\$ 265,021,424	\$ 273,171,799	\$ 273,171,799
Other State Operating	107,256,930	119,009,601	124,876,225	124,876,225
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	128,117,505	134,758,433	138,681,643	138,691,067
Capital	14,537,711	17,104,900	8,251,027	15,422,117
Capital Debt Service	31,023,014	27,116,299	34,903,282	34,903,282
Operating Transfers	11,692,497	-	-	-
Total	\$ 551,638,422	\$ 563,010,657	\$ 579,883,976	\$ 587,064,490
Sources of Funds				
General Revenue	\$ 78,110,575	\$ 75,479,900	\$ 75,784,427	\$ 75,784,427
Tuition and Fees	202,168,443	208,457,116	232,633,688	232,633,688
Other Unrestricted	22,819,500	24,202,584	23,740,318	23,740,318
Total Unrestricted	\$ 303,098,518	\$ 308,139,600	\$ 332,158,433	\$ 332,158,433
Restricted	248,539,904	254,871,057	247,725,543	254,906,057
All Sources	\$ 551,638,422	\$ 563,010,657	\$ 579,883,976	\$ 587,064,490
FTE Authorizations	1,902.1	1,849.9	1,851.5	1,851.5
<i>Limited to Third-Party Funds</i>	602.0	602.0	602.0	602.0
Total	2,504.1	2,451.9	2,453.5	2,453.5

Summary. The University requested \$578.7 million and 2,451.9 full-time equivalent positions for FY 2010, an increase of \$27.1 million or 4.9 percent to the FY 2009 enacted budget. The request includes 52.2 fewer full-time equivalent positions. The request also assumes that 602.0 of the total positions would be limited to funding from third party sources, which is consistent with the FY 2009 budget.

The Governor recommends \$579.9 million, which is \$28.2 million more than enacted and \$1.2 million more than requested. The Governor recommends 2,453.5 full-time equivalent positions, which is 50.6 less than enacted and 1.6 more than requested.

The Assembly allocated \$7.2 million from federal fiscal stabilization funds to fire safety improvements at the University's academic buildings and concurred with the remainder of the Governor's recommendation. The Assembly also adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation

and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Tuition and Enrollment. The FY 2010 budget assumes that tuition would increase 6.9 percent to the mid-year revision for the spring semester, which, combined with changes to fees, would produce total increases for residents of 6.7 percent and for out-of-state students of 4.0 percent. On September 29, 2008, the Board voted to either request a \$4.5 million supplemental general revenue appropriation or to increase 2008-2009 tuition for the spring semester at the three institutions as an option to closing its current year budget gap. The adopted resolution empowers the Chairman, Vice Chairman and Commissioner to implement the tuition and fee increase “based upon information available after the November Revenue Conference.”

The Chairman, Vice Chairman and Commissioner decided to increase tuition shortly after the November Revenue Conference. The FY 2009 mid-year increase for in-state undergraduates is 2.9 percent or \$250 at the University. The FY 2010 increase for in-state undergraduates at the University is 9.8 percent or \$850 more than the enacted budget. Tuition and fee revenues also reflect a 2.0 percent increase in full-time equivalent enrollments over the FY 2009 revised projections. Out-of-state enrollment is estimated at 42.6 percent of the total.

The Governor recommended \$3.9 million more in expenditures from university and college resources than available resources will allow. The recommendation does not identify the source of the increase in institutional resources that would be required to fund the recommended expenditures. Options include increasing tuition and fees, which is the primary source of non-general revenue resources or reducing other expenditures to offset the added expenses. The Assembly concurred.

University Undergraduate Tuition and Fees	FY 2009 Enacted	Mid Year Increase	FY 2009 Final	Percent Change	FY 2010	Change to FY 2009 Mid Year	Change to FY 2009 Enacted
Resident							
Tuition	\$ 7,454				\$ 8,238		\$ 784 10.5%
Fees	1,224				1,290		66 5.4%
Total	\$ 8,678	\$ 250	\$ 8,928	2.9%	\$ 9,528	\$ 600 6.7%	\$ 850 9.8%
Nonresident							
Tuition	\$ 23,552				\$ 24,736		\$ 1,184 5.0%
Fees	1,224				1,290		66 5.4%
Total	\$ 24,776	\$ 250	\$ 25,026	1.0%	\$ 26,026	\$ 1,000 4.0%	\$ 1,250 5.0%
Room and Board							
Average Room	\$ 6,036				\$ 6,930		\$ 894 14.8%
Average Board	4,042				3,708		(334) -8.3%
Average Room and Board	\$ 10,078	\$ -	\$ 10,078	0.0%	\$ 10,638	\$ 560 5.6%	\$ 560 5.6%
Undergraduate and Graduate Enrollment							
In-State	7,941	7,913	(28)	-0.4%	7,978	65 0.8%	37 0.5%
Out-of-State	5,726	5,717	(9)	-0.2%	5,921	204 3.6%	195 3.4%
Total	13,667	13,630	(37)	-0.3%	13,899	\$ 269 2.0%	232 1.7%

[Staff Note: The Board of Governors voted at its June 29, 2009 meeting to decrease the average room rate from the previously approved \$6,930 to \$6,840, a \$90 or 1.3 percent decrease to make room rates more competitive with its peer institutions.]

Full-Time Equivalent Positions. The FY 2009 enacted budget includes authority to fill 2,504.1 full-time equivalent positions, provided that 602.0 of those positions would be limited to third-party sources. The FY 2010 request is for 2,451.9 positions, 52.2 less than the enacted authorization and

consistent with the Budget Office's initial distribution of 400 positions to be eliminated through statewide retirements. *The Governor recommended eliminating 50.6 positions, which is 1.6 more than the Budget Office's initial distribution of positions to be eliminated.* The Assembly concurred.

Unrestricted Budget Summary. The unrestricted budget accounts for \$323.0 million and 1,849.9 full-time equivalent positions, which is an increase of \$19.9 million or 6.6 percent to the FY 2009 enacted budget and \$16.7 million or 5.5 percent to the revised allocation. The unrestricted budget's staffing request is 52.2 positions below the FY 2009 enacted level and consistent with the Budget Office FY 2009 allocation of positions. Sources of funds for the increase from the revised budget include \$7.6 million less general revenues offset by \$24.4 million more institutional resources.

The Governor recommended \$332.2 million in unrestricted expenditures. This is \$49.2 million more than enacted and \$29.1 million more than requested. He recommended \$5.3 million more from general revenues and \$3.9 million more from university and college funds than requested. The increase appears to overstate available resources. The Assembly concurred.

University of Rhode Island Changes to Enacted			
	Request	Governor	Assembly
Current Year Revisions	\$ 3,139,514	\$ 4,306,157	\$ 4,306,157
Salaries and Benefits	3,945,103	8,043,521	8,043,521
Rental Space	555,525	555,524	555,524
Utilities	4,623,278	4,623,278	4,623,278
Fundraising	1,032,832	1,032,832	1,032,832
Library Materials	200,000	200,000	200,000
Student Aid	3,845,375	3,845,375	3,845,375
Debt Service	2,604,667	6,447,035	6,447,035
Other Operating Adjustments	(64,888)	17,612	17,612
Total	\$ 19,881,406	\$ 29,071,334	\$ 29,071,334

Current Year Revisions. The University's FY 2009 revised budget is \$3.1 million more than the enacted level, including the enacted level of general revenues and 52.2 fewer full-time equivalent positions. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$2.0 million from general revenues for the University and 52.2 positions. The revised request is \$2.0 million more from general revenues than the enacted budget adjusted for that allocation. The 2009 enacted budget assumed tuition and fee revenue based on enrollment of 13,667 full-time equivalent enrollees. The University revised its enrollment estimates down 37 full-time equivalent enrollees or 0.3 percent.

The Governor's revised budget is \$1.2 million more than requested including \$2.6 million less from general revenues and \$3.8 million more from tuition and fees and other unrestricted sources. The Governor recommended that the general revenue share of the added expenses of cost-of-living increases and employee medical co-shares inconsistent with what other state employees receive be borne entirely by university and college resources. The recommendation did not identify the source of the increase in institutional resources that would be required to fund the revised expenditures. Options include increasing tuition and fees, which is the primary source of non-general revenue resources or reducing other expenditures to offset the added expenses. The Assembly concurred.

Salaries and Benefits. The unrestricted budget includes \$184.4 million for all salary and benefit expenditures. This is \$14.9 million or 8.8 percent more than the enacted budget and \$3.9 million or 2.3 percent more than the FY 2009 revised allocation. The request includes cost-of-living increases

and employee health co-shares as approved by the Board of Governors. The request funds 1,523.0 positions, which is 326.9 fewer than the requested authorization.

The Governor recommended \$189.8 million for salary and benefit expenditures, which is \$8.0 million more than the revised allocation. The increase includes \$0.6 million from general revenues and \$7.5 million from university and college funds. The Governor's recommendation appears to assume more expenditures than available resources will allow. The recommendation made adjustments for benefit rate changes and reduced general revenues for cost-of-living increases and employee medical co-shares inconsistent with what other state employees will receive for FY 2010. The Assembly concurred.

Rental Space. The unrestricted budget includes \$1.1 million for rent at Independence Square for the kinesiology department. This is \$0.6 million over the revised allocation to reflect new rental expenditures for the kinesiology department. The kinesiology department will move from its temporary location in the modular building on Flagg Road to rented space in the Independence Square building. The Independence Square building at the University, which opened in 1993, houses the University's physical therapy program, its communicative disorders and exercise physiology programs, and numerous non-profit care providers. *The Governor recommended funding as requested. The Assembly concurred.*

Utilities. The unrestricted budget includes \$13.4 million for utility expenditures. This is \$4.6 million or 50.1 percent more than the FY 2009 revised allocation. The enacted budget includes \$9.2 million for this expenditure. The University indicated that the budget reflects rate changes and projected usage for FY 2010. New buildings account for \$1,024,459 of the increase. Absent the new buildings, the increase is 41 percent or \$3.6 million, with electricity being \$2.9 million of the \$3.6 million increase. The FY 2010 request is 48.3 percent more than FY 2008 usage. It appears that the assumed rate increase for electricity may be overstated. *The Governor recommended funding as requested. The Assembly concurred.*

Fundraising. The unrestricted budget includes an additional \$1.0 million for fundraising services provided by the University of Rhode Island Foundation. The Foundation is a nonprofit organization, separate and distinct from the University. The University has a fee for service contract with the Foundation to provide fundraising services. The contract with the Foundation stipulated that \$3.3 million would be spent in each FY 2009 and FY 2010. The University reduced these services by \$1.0 million as part of its current year revisions. The additional \$1.0 million would bring expenditures to the enacted level. *The Governor recommended funding as requested. The Assembly concurred.*

Library Materials. The unrestricted budget includes an additional \$0.2 million for library materials for total FY 2010 expenditures of \$2.7 million. This is a 7.9 percent increase over the FY 2009 revised allocation to reflect increases for purchases of books and other library materials. *The Governor recommended funding as requested. The Assembly concurred.*

Student Aid. The unrestricted budget includes \$59.2 million for student aid, which is \$3.8 million or 6.9 percent greater than the FY 2009 allocation and 22.8 percent greater than FY 2008 expenditures. The University indicated that it is providing the additional student aid in order to attract a talented and diverse student body. Under the target budget scenario, unrestricted student aid and waivers represent 25.9 percent of tuition and fee revenues. The Board's current service budget is the same as the target request. *The Governor recommended funding as requested. The Assembly concurred.*

Debt Service. The unrestricted budget includes an additional \$2.6 million for debt service costs. Prior to FY 2007, all debt service costs appeared in the budget of the Department of Administration.

Based on an audit recommendation suggesting reporting only debt service payments related to the primary government with the state's governmental funds, the 2006 Assembly shifted all debt service payments from the Department of Administration's budget to the budgets of the institutions. The audit report noted that although the General Laws require all debt service payments to be budgeted within the Department of Administration, there are debt service payments that are not included with that budget, such as debt service on the GARVEE and motor fuel bonds. The unrestricted budget funds debt service payments on general obligation bonds and revenue bonds.

The increase is due to the inclusion of debt service for two projects approved by the 2008 Assembly to be funded from revenue bonds backed by general revenues and tuition and fees. These include \$11.2 million to support infrastructure improvements in the north district of campus and \$4.0 million for an athletic training facility. The increase also reflects debt service for two projects in the capital request but not in the approved capital budget. These include \$25.6 million for utility upgrades and replacements and \$9.6 million for the third phase of the University's efforts to repave and reconstruct major parking facilities, internal roadways, and walkways. These projects were requested as part of the FY 2009 budget but not recommended by either the Governor or the Assembly. Approximately 53 percent of the increase is for debt service on the two unapproved projects.

The Governor recommended \$3.8 million more than requested. This includes \$2.1 million for the energy conservation project and \$1.6 million more for general obligation bond debt service. The Assembly concurred.

Other Operating Adjustments. Excluding the items noted previously, all other operating and purchased service expenditures decrease \$64,888 from the revised allocation. Minor increases for grounds keeping and lawn services are offset by decreases in supplies, equipment, and other miscellaneous expenses. *The Governor recommended \$71,081 more than requested. This reflects a new account for lease purchases for vehicles. It appears that this expenditure is double counted, as there is no corresponding reduction in any other account.* The Assembly concurred.

Rhode Island Developmental Disabilities Council. The 2008 Assembly transferred the Rhode Island Developmental Disabilities Council from the Department of Elderly Affairs to the University with \$0.5 million from federal funds and 2.0 full-time equivalent positions. The University's human resources department has indicated that it is still in the process of determining how that funding should be displayed in its budget documents. The request omits the \$0.5 million from federal funds for the Council. *The Governor included an additional \$14,046 to the enacted budget to reflect available federal funding. The Governor subsequently requested an amendment to add \$9,424 based on the availability of additional federal funds.* The Assembly concurred.

Restricted Budget. The restricted budget request is for \$255.7 million, which is a 3.1 percent increase of \$7.6 million over the FY 2009 enacted budget. Compared to the revised allocation, the request is \$7.2 million or 2.9 percent more. The changes to the enacted budget include a \$4.4 million reduction in personnel and operations, \$4.7 million more in student assistance and grants, \$0.4 million more in debt service payments and \$7.0 million more for capital improvements. Personnel expenditures reflect cost-of-living increases, step and longevity increases and other benefit adjustments including employee co-sharing of medical insurance.

Health services increase \$0.5 million or 8.0 percent over the enacted amount of \$10.3 million. This reflects a 3.6 percent or \$16.00 annual increase in the student fee. This will support the increased cost of personnel and pharmaceuticals, which have been increasing at a high rate. The budget also includes the replacement of the ambulance used by the University Emergency Medical Service.

The bookstore's budget increases \$3.2 million or 30.8 percent over the enacted amount of \$10.3 million. The bookstore plans to maintain strong revenues in course materials and increase all other categories of merchandise revenues.

Housing and residential life funds are projected to increase \$1.6 million or 7.0 percent to the enacted budget. This reflects a 6.0 percent room rate increase for undergraduate and graduate housing, with the exception of the summer housing program. The FY 2010 request includes all cost-of-living increases and benefits adjustments and adjusts operating expenses to maintain the new and newly renovated residences. Utility expenses are projected to increase 14.1 percent. The budget also reflects growth of the summer conference and summer school housing occupancy consistent with University goals for those programs.

Expenditures for the Ryan Center and Boss Arena are estimated at \$7.2 million for FY 2010 including \$2.8 million for debt service. The request is \$0.6 million more than the enacted budget; however, the University's request includes projected revenues of \$5.8 million, which is \$1.5 million less than budgeted expenditures. The majority of revenue is from student fees, which is projected to generate \$3.7 million or 64.6 percent of the total. This auxiliary has been running an operating deficit since FY 2008 and has been using reserve funds to make up the difference.

Restricted student aid is projected to increase \$4.8 million or 6.7 percent over the enacted budget and \$0.2 million over the revised allocation. The increase is attributable to additional Foundation and alumni scholarships.

Sponsored research programs including department overhead is projected at \$71.2 million for FY 2010. This is \$10.3 million or 12.6 percent less than enacted and \$3.5 million or 4.7 percent less than the revised allocation. The budget reflects estimated expenses, which is equal to the revenue that will be received for the year, not the total awards for FY 2010.

The Governor reduced the request by \$8.5 million. He provided an additional \$0.3 million for personnel and operating and reduced Rhode Island Capital Plan funds by \$8.8 million. The capital projects are described in detail in the Capital Budget Section of this analysis. The Assembly concurred.

Federal Stimulus Funds. The Governor's FY 2009 revised and FY 2010 budgets utilize \$109.9 million of Rhode Island's estimated share of \$164.9 million from state fiscal stabilization funds; however, it includes a number of assumptions. It assumes that the state applies for and receives a waiver for maintenance of effort requirements and assumes that the Secretary of Education will approve the state's use of funds. *The Governor's FY 2010 budget includes \$7.8 million for higher education. His amended FY 2009 revised budget includes \$6.6 million.*

The Secretary of Education has granted the state a preliminary waiver for the maintenance of effort requirement that the state maintain support for both elementary and secondary education and public higher education at no less than the FY 2006 level for fiscal years 2009, 2010 and 2011. Higher education's three-year share of the stabilization funds is \$32.2 million. The Assembly allocated 50.0 percent of the total allocation for higher education in each FY 2010 and FY 2011 for fire safety repair work at the institutions of higher education. Distribution to the institutions is based on the square feet of academic buildings that need fire safety improvements. For FY 2010 the total \$16.1 million allocation is distributed as \$7.2 million for the University, \$5.7 million for the College and \$3.2 million for the Community College.

Rhode Island College

Rhode Island College	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 87,475,124	\$ 90,496,238	\$ 96,647,563	\$ 96,647,563
Contracted Services	2,895,717	4,579,459	4,800,483	4,800,483
Subtotal	\$ 90,370,841	\$ 95,075,697	\$ 101,448,046	\$ 101,448,046
Other State Operating	22,376,644	20,873,549	23,276,960	23,276,960
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	14,688,594	14,690,594	17,432,508	17,432,508
Capital	4,510,555	2,915,467	2,599,910	8,295,003
Capital Debt Service	6,004,229	6,004,229	5,697,769	5,697,769
Operating Transfers	2,090,742	-	-	-
Total	\$ 140,041,605	\$ 139,559,536	\$ 150,455,193	\$ 156,150,286
Sources of Funds				
General Revenue	\$ 45,695,785	\$ 43,690,090	\$ 43,795,225	\$ 42,186,799
Tuition and Fees	52,091,132	53,295,097	62,984,883	62,984,883
Other Unrestricted	4,911,721	5,061,721	5,192,167	5,192,167
Total Unrestricted	\$ 102,698,638	\$ 102,046,908	\$ 111,972,275	\$ 110,363,849
Restricted	37,342,967	37,512,628	38,482,918	45,786,437
All Sources	\$ 140,041,605	\$ 139,559,536	\$ 150,455,193	\$ 156,150,286
FTE Authorizations	835.5	812.6	813.1	813.1
<i>Limited to Third-Party Funds</i>	82.0	82.0	82.0	82.0
Total	917.5	894.6	895.1	895.1

Summary. Rhode Island College requested \$147.4 million from all sources and 894.6 full-time equivalent positions, of which 82.0 would be limited to third party sources. This is an increase of \$7.4 million or 5.3 percent to the FY 2009 enacted budget and \$7.9 million or 5.6 percent to the revised budget allocation. The staffing request is 22.9 positions less than enacted and reflects the Budget Office's FY 2009 allocation of full-time equivalent positions.

The Governor recommended \$150.5 million, \$10.4 million more than enacted and \$3.0 million more than requested. The Governor recommended 895.1 full-time equivalent positions, 22.4 positions less than enacted.

The Assembly allocated \$5.7 million from federal fiscal stabilization funds for fire safety improvements at the College's academic buildings and recategorized \$1.6 million in debt service expenditures from general revenues to other funds. It also adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget

for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Tuition and Enrollment. The FY 2010 budget assumes tuition would increase 6.5 percent to the mid-year revision for the spring semester, which, combined with changes to fees, would produce total increases for residents of 5.8 percent and for out-of-state students of 4.9 percent. On September 29, 2008, the Board voted to either request a \$4.5 million supplemental general revenue appropriation or to increase 2008-2009 tuition for the spring semester at the three institutions as an option to closing its current year budget gap. The adopted resolution empowers the Chairman, Vice Chairman and Commissioner to implement the tuition and fee increase “based upon information available after the November Revenue Conference.”

The Chairman, Vice Chairman and Commissioner decided to increase tuition shortly after the November Revenue Conference. The FY 2009 mid-year increase for in-state undergraduates is 3.5 percent or \$200 at the College. The FY 2010 increase for in-state undergraduates at the College is 9.5 percent or \$547 more than the enacted budget. Tuition and fee revenues also reflect a 2.1 percent increase in full-time equivalent enrollments over the FY 2009 revised projections. Out-of-state enrollment is estimated at 10.4 percent of the total.

The Governor recommended \$1.0 million more in expenditures from university and college resources. The recommendation did not identify the source of the increase in institutional resources that would be required to fund the recommended expenditures. Options include increasing tuition and fees, which is the primary source of non-general revenue resources or reducing other expenditures to offset the added expenses. The Assembly concurred.

College Undergraduate Tuition and Fees	FY 2009	Mid Year Increase	FY 2009 Final	Percent Change	FY 2010	Change to FY 2009 Mid Year	Change to FY 2009 Enacted
Resident							
Tuition	\$ 4,889				\$ 5,420		\$ 531 10.9%
Fees	882				898		16 1.8%
Total	\$ 5,771	\$ 200	\$ 5,971	3.5%	\$ 6,318	\$ 347 5.8%	\$ 547 9.5%
Nonresident							
Tuition	\$ 13,600				\$ 14,500		\$ 900 6.6%
Fees	882				898		16 1.8%
Total	\$ 14,482	\$ 200	\$ 14,682	1.4%	\$ 15,398	\$ 716 4.9%	\$ 916 6.3%
Room and Board							
Average Room	\$ 4,683				\$ 5,242		\$ 559 11.9%
Average Board	3,630				3,812		182 5.0%
Average Room and Board	\$ 8,313	\$ 171	\$ 8,484	2.1%	\$ 9,054	\$ 570 6.7%	\$ 741 8.9%
Undergraduate and Graduate Enrollment							
In-State	6,210	6,110	(100)	-1.6%	6,230	120 2.0%	20 0.3%
Out-of-State	680	700	20	2.9%	720	20 2.9%	40 5.9%
Total	6,890	6,810	(80)	-1.2%	6,950	\$ 140 2.1%	60 0.9%

[Staff Note: The Board of Governors voted at its June 29, 2009 meeting to increase several mandatory fees at the College. The recreation fee will increase \$90 from \$90 to \$180 to support new debt service for the recreation center renovations approved by the 2009 Assembly, the freshman orientation fee will increase \$65 from \$85 to \$150 and the lab/studio art fee will increase from \$10 to \$20. In addition, the nurse testing fee, a pass-through to the testing company, will increase from \$55 to \$70 per semester.]

Full-Time Equivalent Positions. The FY 2009 enacted budget includes authority to fill 917.5 full-time equivalent positions, provided that 82.0 of those positions would be limited to third-party sources. The FY 2010 request is for 894.6 positions, which is 22.9 less than the enacted authorization and consistent with the Budget Office's initial distribution of 400 positions to be eliminated through statewide retirements. *The Governor recommended eliminating 22.4 positions, which is 0.5 more than the Budget Office's initial distribution of positions to be eliminated.* The Assembly concurred.

Unrestricted Budget Summary. The unrestricted budget accounts for \$109.0 million, which is an increase of \$6.3 million, or 6.2 percent to the enacted budget and \$7.8 million, or 7.7 percent to the revised allocation. Sources of funds for the increase to the revised allocation include \$3.1 million less general revenues offset by \$10.8 million more from tuition and fees and \$0.1 million more from other unrestricted sources. The College's current service level request includes \$6.8 million more general revenues and \$6.8 million less from tuition and fees than the target request.

The Governor recommended \$112.0 million in unrestricted expenditures. This is \$9.3 million more than enacted and \$2.3 million more than requested. General revenues are \$1.9 million less than enacted and \$1.9 million more than requested. The Assembly concurred.

College Changes to Enacted	Request	Governor	Assembly
Current Year Revisions	\$ (1,466,487)	\$ (651,730)	\$ (651,730)
Salaries and Benefits	3,239,075	5,639,017	5,639,017
Utilities	95,768	95,768	95,768
Computers	575,000	575,000	575,000
New Buildings	398,634	398,634	398,634
Building Maintenance and Repairs	290,489	290,489	290,489
Student Aid	1,891,914	1,891,914	1,891,914
Other Operating Adjustments	1,324,437	1,336,439	1,336,439
Debt Service	-	(301,894)	(1,910,320)
Total	\$ 6,348,830	\$ 9,273,637	\$ 7,665,211

Current Year Revisions. The College's FY 2009 revised budget is \$1.5 million less than the enacted level from all sources. General revenues are \$0.7 million less than enacted. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$1.8 million from general revenues for the College and 22.9 positions. The revised request is \$1.2 million more from general revenues than the enacted budget adjusted for that allocation. Enrollment in the revised budget is 1.2 percent less than assumed in the enacted budget. Tuition and fee revenue assumes the updated enrollment figures and the mid-year tuition increase.

The Governor's revised budget is \$0.7 million less than enacted, including \$2.0 million less from general revenues. Compared to the request, the recommendation is \$0.8 million more including \$1.3 million less from general revenues and \$2.1 million more from tuition and fees and other unrestricted sources. The Governor recommended that the general revenue share of the added expenses of cost-of-living increases and employee medical co-shares inconsistent with what other state employees receive be borne entirely by university and college resources. The recommendation did not identify the source of the increase in institutional resources that would be required to fund the revised expenditures. Options include increasing tuition and fees, which is the primary source of non-general revenue resources or reducing other expenditures to offset the added expenses. The Assembly concurred.

Salaries and Benefits. Unrestricted expenditures for salaries and benefits total \$78.3 million and are \$3.2 million or 4.3 percent greater than the FY 2009 allocation. This funds 812.6 positions and assumes lower turnover than in the enacted budget. Salaries total \$55.1 million, which is \$2.2 million or 4.2 percent greater than the revised allocation. This includes cost-of-living, step and longevity increases.

The Governor recommended \$81.5 million for salary and benefit expenditures, which is \$5.6 million more than the revised allocation. The increase includes \$0.1 million from general revenues and \$5.5 million from university and college funds. The Governor's recommendation assumes more expenditures than available resources will allow. The recommendation does make adjustments for benefit rate changes and reduces general revenues for cost-of-living increases and employee medical co-shares inconsistent with what other state employees will receive for FY 2010. The Assembly concurred.

Utilities. The unrestricted budget includes \$3.2 million for utility costs. This is \$0.1 million or 3.0 percent more than the revised allocation and \$0.6 million less than enacted. This request reflects anticipated expenditures. The request assumes an 8.0 percent increase in natural gas rates, a 12.0 percent increase in electricity rates, and a correction to water and sewer expenses due to a previous meter problem being corrected. The request also reflects a new water line that was installed on the east campus and usage increases for the two renovated buildings on the East Campus, the former Department of Children, Youth and Families facilities. The college is currently reviewing consumption on campus and energy savings features that may allow lower consumption in the future. *The Governor recommended funding as requested.* The Assembly concurred.

Computers. The unrestricted budget includes \$2.0 million for computers and software. This is \$0.6 million or 41.2 percent more than the revised allocation. The College indicated \$260,000 of this request is to establish a regular replacement schedule of desktop units. *The Governor recommended funding as requested.* The Assembly concurred.

New Buildings. The unrestricted budget includes an additional \$0.4 million in operating costs associated with the anticipated completion of two renovated buildings on the East Campus, the former Department of Children, Youth and Families facilities. The request includes \$0.1 million to purchase furniture and equipment for the new facilities and \$0.3 million for building maintenance and repairs. *The Governor recommended funding as requested.* The Assembly concurred.

Building Maintenance and Repairs. Excluding costs associated with the newly renovated Department of Children, Youth and Families facilities, the unrestricted budget includes \$2.3 million for building maintenance and repairs. This is \$0.3 million or 1.5 percent more than the revised allocation to reflect anticipated expenditures. *The Governor recommended funding as requested.* The Assembly concurred.

Student Aid. The budget includes \$10.2 million for student aid, which is \$1.9 million or 22.8 percent greater than the FY 2009 allocation and \$1.4 million or 16.4 percent greater than FY 2008 expenditures. Under the target budget scenario, unrestricted student aid and waivers represents 16.5 percent of tuition and fee revenues. The Board's current service request is the same as the target budget. *The Governor recommended funding as requested.* The Assembly concurred.

Other Operating Adjustments. Excluding the items noted previously, all other operating and purchased service expenditures increase \$1.3 million over the revised allocation. The majority of the increase is in general operating expenditures. These expenditure adjustments account for 79.0 percent

of the increase in the unrestricted budget. The College indicated that the request aligns the budget more closely to projected expenditures. The College reduced these expenditures by \$3.5 million in the revised budget, partially to offset increases in salaries and benefits. Final FY 2008 expenditures are more consistent with the FY 2009 revised allocation than they are with the FY 2009 enacted expenditures or the FY 2010 request. *The Governor recommended \$12,002 more than requested.* The Assembly concurred.

Debt Service. The unrestricted budget includes the enacted level of \$3.6 million for debt service expenditures. Prior to FY 2007, all debt service costs appeared in the budget of the Department of Administration. Based on an audit recommendation suggesting reporting only debt service payments related to the primary government with the state's governmental funds, the 2006 Assembly shifted all debt service payments from the Department of Administration's budget to the budgets of the institutions. The audit report noted that although the General Laws require all debt service payments to be budgeted within the Department of Administration, there are debt service payments that are not included with that budget, such as debt service on the GARVEE and motor fuel bonds. The unrestricted budget funds debt service payments on general obligation bonds and revenue bonds. *The Governor reduced the request by \$0.3 million to reflect the extinguishment of debt service on general obligation bonds that were used for the athletic center.*

The Assembly recategorized \$1.6 million of College debt service on the \$30.0 million residence hall from general revenues to restricted use other funds. Rhode Island College is responsible for a portion of the debt service on the \$30.0 million residence hall bonds approved by the voters in November 2004. The Budget Office had been recording the receipt of those funds as general revenues, but now Rhode Island College's portion of debt service will be recorded as an expenditure from College resources.

Restricted Budget. The restricted budget request is for \$38.4 million, which is \$1.0 million or 2.8 percent more than the enacted FY 2009 budget. It is \$59,214 more than the FY 2009 revised allocation. Compared to the enacted budget, the request includes \$2.8 million more for personnel and operating expenses, \$0.9 million more for grants, \$4,566 less for debt service payments and a decrease of \$2.7 million for capital expenditures.

The largest share of the increase is an additional \$0.9 million or 13.9 percent increase in grants for Pell Grant awards and the Academic Competitiveness grant. Academic Competitiveness is a need-based grant to Pell grant recipients who are U.S. citizens enrolled full-time in the first or second year of an undergraduate program. Recipients must be majoring in physical, life, or computer science, mathematics, technology or a "critical" foreign language and have at least a 3.0 grade point average in coursework required for the major. *The Governor recommended \$99,685 more than requested.* The Assembly recategorized \$1.6 million of College debt service on the \$30.0 million residence hall from general revenues to other funds.

Federal Stimulus Funds. The Governor's FY 2009 revised and FY 2010 budgets utilize \$109.9 million of Rhode Island's estimated share of \$164.9 million from state fiscal stabilization funds; however, it includes a number of assumptions. It assumes that the state applies for and receives a waiver for maintenance of effort requirements and assumes that the Secretary of Education will approve the state's use of funds. *The Governor's FY 2010 budget includes \$7.8 million for higher education. His amended FY 2009 revised budget includes \$6.6 million.*

The Secretary of Education has granted the state a preliminary waiver for the maintenance of effort requirement that the state maintain support for both elementary and secondary education

and public higher education at no less than the FY 2006 level for fiscal years 2009, 2010 and 2011. Higher education's three-year share of the stabilization funds is \$32.2 million. The Assembly allocated 50.0 percent of the total allocation for higher education in each FY 2010 and FY 2011 for fire safety repair work at the institutions of higher education. Distribution to the institutions is based on the square feet of academic buildings that need fire safety improvements. For FY 2010 the total \$16.1 million allocation is distributed as \$7.2 *million for the University*, \$5.7 *million for the College* and \$3.2 *million for the Community College*.

Community College of Rhode Island

Community College of Rhode Island	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 79,685,505	\$ 80,777,362	\$ 86,849,197	\$ 86,849,197
Contracted Services	1,918,777	1,815,012	2,174,510	2174510
Subtotal	\$ 81,604,282	\$ 82,592,374	\$ 89,023,707	\$ 89,023,707
Other State Operating	16,718,472	18,786,872	19,708,586	19,708,586
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	12,306,584	14,875,872	15,068,441	15,068,441
Capital	5,013,400	3,726,247	3,845,110	7,085,822
Capital Debt Service	1,609,727	1,609,727	1,546,855	1,546,855
Operating Transfers	194,996	-	-	-
Total	\$ 117,447,461	\$ 121,591,092	\$ 129,192,699	\$ 132,433,411
Sources of Funds				
General Revenue	\$ 49,183,871	\$ 46,942,574	\$ 47,971,581	\$ 47,971,581
Tuition and Fees	38,124,147	42,715,864	49,748,137	49,748,137
Other Unrestricted	4,247,435	4,307,491	4,285,271	4,285,271
Total Unrestricted	\$ 91,555,453	\$ 93,965,929	\$ 102,004,989	\$ 102,004,989
Restricted	25,892,008	27,625,163	27,187,710	30,428,422
All Sources	\$ 117,447,461	\$ 121,591,092	\$ 129,192,699	\$ 132,433,411
FTE Authorizations	733.2	713.1	713.1	713.1
<i>Limited to Third-Party Funds</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>
Total	833.2	813.1	813.1	813.1

Summary. The Community College requested \$123.8 million from all sources and 833.2 full-time equivalent positions for FY 2010. This is an increase of \$6.4 million or 5.4 percent over the FY 2009 enacted budget and \$0.9 million or 0.7 percent less than the FY 2009 revised allocation. The request also assumes 833.2 full-time equivalent positions and of those, 100.0 positions would be limited to funding from third-party sources, which is consistent with the FY 2009 enacted budget but 20.1 positions more than the Budget Office's FY 2009 revised allocation of positions.

The Governor recommended \$129.2 million, which is \$11.7 million more than enacted and \$5.4 million more than requested. The Governor recommended 813.1 full-time equivalent positions, which is 20.1 fewer than enacted and requested.

The Assembly allocated \$3.2 million from federal fiscal stabilization funds for fire safety improvements at the Community College's academic buildings. It also adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget

for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Tuition and Enrollment. The FY 2009 budget assumes tuition would increase 2.9 percent for spring semester tuition, which, combined with changes to fees, would produce total increases for residents of 2.6 percent and for out-of-state students of 2.5 percent. On September 29, 2008, the Board voted to either request a \$4.5 million supplemental general revenue appropriation or to increase 2008-2009 tuition for the spring semester at the three institutions as an option to closing its current year budget gap. The adopted resolution empowers the Chairman, Vice Chairman and Commissioner to implement the tuition and fee increase “based upon information available after the November Revenue Conference.”

The Chairman, Vice Chairman and Commissioner decided to increase tuition shortly after the November Revenue Conference. The FY 2009 mid-year increase for in-state undergraduates is 6.4 percent or \$200 at the Community College. The FY 2010 increase for in-state undergraduates at the Community College is 9.2 percent or \$285 more than the enacted budget. Tuition and fee revenues also reflect a 3.4 percent increase in full-time equivalent enrollments over the FY 2009 revised projections.

The Governor recommended \$0.9 million more in expenditures from university and college resources. The recommendation did not identify the source of the increase in institutional resources that would be required to fund the recommended expenditures. Options include increasing tuition and fees, which is the primary source of non-general revenue resources or reducing other expenditures to offset the added expenses. The Assembly concurred.

Community College Tuition and Fees	FY 2009	Mid Year Increase	FY 2009 Final	Percent Change	FY 2010	Change to FY 2009 Mid Year	Change to FY 2009 Enacted
Resident							
Tuition	\$ 2,795				\$ 3,080		\$ 285 10.2%
Fees	296				296		- 0.0%
Total	\$ 3,091	\$ 199	\$ 3,290	6.4%	\$ 3,376	\$ 86 2.6%	\$ 285 9.2%
Nonresident							
Tuition	\$ 7,920				\$ 8,712		\$ 792 10.0%
Fees	296				296		- 0.0%
Total	\$ 8,216	\$ 570	\$ 8,786	6.9%	\$ 9,008	\$ 222 2.5%	\$ 792 9.6%
Enrollment	9,930	10,059	129	1.3%	10,402	343 3.4%	472 4.8%

Full-Time Equivalent Positions. The FY 2009 enacted budget includes authority to fill 833.2 full-time equivalent positions, provided that 100.0 of those positions would be limited to third-party sources. The FY 2010 request is consistent with the enacted authorization but is 20.1 positions more than the Budget Office’s initial distribution of the \$91.1 million in statewide savings adopted by the 2009 Assembly but not reflected in the individual agency totals. *The Governor recommended elimination of 20.1 positions consistent with the Budget Office’s initial distribution of statewide savings.* The Assembly concurred.

Unrestricted Budget Summary. The unrestricted budget accounts for \$98.5 million, which is \$7.0 million or 7.6 percent more than the enacted budget and \$5.4 million or 5.8 percent more than the revised allocation. Sources of funds for the increase to the revised allocation include \$3.0 million fewer general revenues and \$8.4 million more from tuition and fees. The Community College’s current service request includes \$3.5 million or 7.8 percent more from general revenues and \$3.5 million less from tuition and fees.

The Governor recommended \$102.0 million in unrestricted expenditures. This is \$10.4 million more than enacted and \$3.5 million more than requested. The Assembly concurred.

Community College Changes to Enacted			
	Request	Governor	Assembly
Current Year Revisions	\$ 1,581,305	\$ 2,410,476	\$ 2,410,476
Salaries and Benefits	3,983,553	6,702,487	6,702,487
Cleaning Contract	364,930	364,930	364,930
Maintenance and Repairs	325,550	325,550	325,550
Utilities	50,473	50,473	50,473
Student Aid	194,660	194,660	194,660
Debt Service	-	(60,022)	(60,022)
Other Operating Adjustments	460,982	460,982	460,982
Total	\$ 6,961,453	\$ 10,449,536	\$ 10,449,536

Current Year Revisions. The Community College’s FY 2009 revised unrestricted budget is \$1.6 million more than the enacted level including \$0.8 million less from general revenues. The Budget Office’s initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$2.2 million from general revenues for the Community College and 20.1 positions. The revised request is \$1.3 million more general revenues than the enacted budget adjusted for that allocation. The 2009 enacted budget assumed tuition and fee revenue based on enrollment of 9,930 full-time equivalent enrollees. The Community College revised its enrollment estimates up 129 or 1.3 percent. The Community College’s tuition and fee revenue assumes the updated enrollment figures and the mid-year tuition increase.

The Governor’s revised budget is \$2.4 million more than enacted and \$0.8 million more than requested. General revenues are \$1.4 million less than requested. The Governor recommended that the general revenue share of the added expenses of cost-of-living increases and employee medical co-shares inconsistent with what other state employees receive be borne entirely by university and college resources. The recommendation did not identify the source of the increase in institutional resources that would be required to fund the revised expenditures. Options include increasing tuition and fees, which is the primary source of non-general revenue resources or reducing other expenditures to offset the added expenses. The Assembly concurred.

Salaries and Benefits. Unrestricted expenditures for salaries and benefits total \$78.8 million to support 713.1 full-time equivalent positions. This is \$4.0 million or 5.3 percent more than the FY 2009 allocation and the enacted level. The Community College requested an additional 20.1 full-time equivalent positions to restore authority for the 20.1 positions eliminated as part of the statewide savings allocation. The request did not fund the positions, instead showing greater turnover savings.

The Governor recommended \$82.4 million for salary and benefit expenditures, which is \$6.7 million more than the revised allocation. The increase includes \$1.4 million from general revenues and \$5.3 million from university and college funds. The Governor’s recommendation assumes more expenditures than available resources will allow. The recommendation does make adjustments for benefit rate changes and reduces general revenues for cost-of-living increases and employee medical co-shares inconsistent with what other state employees will receive for FY 2010. The Assembly concurred.

Cleaning Contract. The unrestricted budget includes \$1.5 million for new cleaning contracts for the Community College’s four campuses. This is \$0.4 million or 30.9 percent more than the revised

allocation based on a new contract. Problems with the previous vendor led to the contract being rebid, and the new cost is significantly higher. *The Governor recommended funding as requested.* The Assembly concurred.

Maintenance and Repairs. The unrestricted budget includes \$2.0 million for the maintenance and repairs of the school's buildings. This is \$0.3 million or 19.5 percent more than the revised allocation. The College indicated that the cost of maintaining the facilities will continue to increase as the buildings age. *The Governor recommended funding as requested.* The Assembly concurred.

Utilities. The unrestricted budget includes an additional \$0.1 million or 1.3 percent for utility expenditures. The request reflects estimated usage for FY 2010. The request assumes a 21.7 percent rate increase in electricity and modest usage increases. The request may be overstated as the Public Utilities Commission is currently considering a rate decrease. *The Governor recommended funding as requested.* The Assembly concurred.

Student Aid. The unrestricted budget includes \$2.0 million for student aid, which is \$0.2 million or 11.0 percent more than the FY 2009 allocation and \$0.3 million or 20.8 percent greater than FY 2008 expenditures. Under the target budget scenario, unrestricted student aid and waivers represents 4.0 percent of tuition and fee revenues. The Board's current service budget is the same as the target request. *The Governor recommended funding as requested.* The Assembly concurred.

Debt Service. The unrestricted budget includes the enacted level of \$1.5 million for debt service expenditures. Prior to FY 2007, all debt service costs appeared in the budget of the Department of Administration. Based on an audit recommendation suggesting reporting only debt service payments related to the primary government with the state's governmental funds, the 2006 Assembly shifted all debt service payments from the Department of Administration's budget to the budgets of the institutions. The audit report noted that although the General Laws require all debt service payments to be budgeted within the Department of Administration, there are debt service payments that are not included with that budget, such as debt service on the GARVEE and motor fuel bonds. The unrestricted budget funds debt service payments on general obligation bonds and revenue bonds. *The Governor recommended \$60,022 less than requested based on updated costs.* The Assembly concurred.

Other Operating Adjustments. Excluding the items noted previously, all other operating and contracted service expenditures increase \$0.5 million or 6.0 percent. The majority of the increases are in computer software and equipment, office supplies and program supplies. *The Governor recommended funding as requested.* The Assembly concurred.

Restricted Budget. The restricted budget request is for \$25.3 million, which is \$0.6 million or 2.2 percent less than the FY 2009 enacted budget and \$6.2 million or 19.8 percent less than the FY 2009 revised allocation. Capital project expenditures are \$4.6 million less than enacted. Personnel and operating expenses are \$2.8 million less than the revised allocation.

The capital request omits the \$3.3 million from Rhode Island Capital Plan funds that was provided for FY 2009 to finish installing an HVAC system at the Knight and Flanagan campuses and the \$125,000 that was provided to conduct a feasibility study for a new facility at the Knight Campus to support the nursing program.

The Governor recommended shifting \$1.9 million from FY 2009 to FY 2010 for the HVAC system due to delays in the project in FY 2009. The Assembly concurred.

Federal Stimulus Funds. The Governor's FY 2009 revised and FY 2010 budgets utilize \$109.9 million of Rhode Island's estimated share of \$164.9 million from state fiscal stabilization funds; however, it includes a number of assumptions. It assumes that the state applies for and receives a waiver for maintenance of effort requirements and assumes that the Secretary of Education will approve the state's use of funds. *The Governor's FY 2010 budget includes \$7.8 million for higher education. His amended FY 2009 revised budget includes \$6.6 million.*

The Secretary of Education has granted the state a preliminary waiver for the maintenance of effort requirement that the state maintain support for both elementary and secondary education and public higher education at no less than the FY 2006 level for fiscal years 2009, 2010 and 2011. Higher education's three-year share of the stabilization funds is \$32.2 million. The Assembly allocated 50.0 percent of the total allocation for higher education in each FY 2010 and FY 2011 for fire safety repair work at the institutions of higher education. Distribution to the institutions is based on the square feet of academic buildings that need fire safety improvements. For FY 2010 the total \$16.1 million allocation is distributed as \$7.2 million for the University, \$5.7 million for the College and \$3.2 million for the Community College.

Rhode Island Council on the Arts

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 756,734	\$ 642,455	\$ 669,912	\$ 669,912
Contracted Services	48,000	30,000	30,000	30,000
Subtotal	\$ 804,734	\$ 672,455	\$ 699,912	\$ 699,912
Other State Operations	152,899	102,578	104,189	104,189
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,958,569	2,241,534	2,270,725	2,070,725
Capital	359,453	400,000	400,000	400,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 3,275,655	\$ 3,416,567	\$ 3,474,826	\$ 3,274,826
Sources of Funds				
General Revenue	\$ 2,094,847	\$ 1,895,913	\$ 1,983,986	\$ 1,983,986
Federal Aid	741,355	1,001,429	1,055,840	855,840
Restricted Receipts	-	94,225	-	-
Other	439,453	425,000	435,000	435,000
Total	\$ 3,275,655	\$ 3,416,567	\$ 3,474,826	\$ 3,274,826
FTE Authorization	8.6	8.6	7.6	8.6

Summary. The Council requested FY 2010 expenditures of \$3.4 million or \$96,171 more than enacted, including \$43,231 less from general revenues, \$113,855 more from federal funds, \$30,000 more from restricted receipts, and \$4,453 less from Percent for Public Art funds; it requests the enacted level of 8.6 full-time equivalent positions. The Council's budget request is \$152,654 more from general revenues than the Budget Office's target allocation of \$1,898,962.

The Governor recommended \$3.5 million from all sources, including \$2.0 million from general revenues, \$1.1 million from federal funds, and \$0.4 million from restricted receipts. He also recommended 7.6 full-time equivalent positions, 1.0 less than enacted and requested. The Assembly added 1.0 additional full-time equivalent position and shifted \$0.2 million in available federal stimulus funds from FY 2010 to FY 2009.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Salaries and Benefits. The Council requested \$723,412 from all sources for salaries and benefits, including \$661,741 from general revenues and \$61,671 from federal funds. This is \$33,322 less than enacted for salary and benefit expenses, including \$17,526 less from general revenues, \$15,796 less from federal funds, and 8.6 full-time equivalent positions. The request includes turnover savings from keeping a position vacant and filling a position at a lower level, a 2.5 percent cost-of-living increase and adjusted benefit rates, consistent with Budget Office planning values. *The Governor recommended \$53,500 less than requested, including \$54,130 less from general revenues, \$630 more from federal funds, and 1.0 less full-time equivalent position. Currently, the Council has 7.5 filled positions. Savings from the eliminated position is offset by an increase in retiree health benefit rate and minor adjustments in medical benefits.* The Assembly concurred.

Council Grants. The Council requested \$1.5 million for discretionary grants including \$0.7 million from general revenues and \$0.8 million from federal funds. This is \$112,156 more than enacted and includes \$20,570 less from general revenues and \$132,726 more from federal funds to reflect carry-forward funds from the prior year's grant award from the National Endowment for the Arts. These grants are awarded to individuals and organizations to help support the arts and encourage artists to continue to make the arts visible in the community. *The Governor recommended the requested funding and added \$0.2 million to reflect anticipated federal stimulus funds from the National Endowment for the Arts; however, he subsequently requested an amendment to shift that funding from FY 2010 to FY 2009.* The Assembly concurred.

Community Service Grants. The Council requested the enacted level of \$620,725 from general revenues for community service grants, for which the General Assembly designates the agencies and amounts. *The Governor recommended funding as requested.* The Assembly concurred.

Professional Development Grants – Lottery Ticket Proceeds. The Council requested \$30,000 for revenues received from proceeds from an instant game known as the "Arts Lottery Game". This game was conducted during FY 2008 by the state lottery division of the Department of Revenue. The net revenue totaling \$94,225 was deposited in a restricted receipt account to be used by the Council for professional development grants. The guidelines for these grants are currently being developed. The Council has requested to use \$30,000 in both FY 2009 and FY 2010. *The Governor did not recommend the requested funding. His FY 2009 revised recommendation used all proceeds to backfill reductions to general revenue grants.* The Assembly concurred.

All Other Expenses. The Council requested \$112,689 from all funds for all other expenses. This is \$8,210 less than enacted, including \$5,135 less from general revenues and \$3,075 less from federal funds. Consistent with the revised FY 2009 request, the Council includes reductions to miscellaneous expenses, such as printing and mileage, based on revised spending projections. *The Governor recommended \$13,500 less than requested to include further reductions to miscellaneous expenses, such as mileage, office supplies, travel, and printing.* The Assembly concurred.

Percent for Art Program. The Council requested \$4,453 less than enacted for various expenses relating to the percent for art program. This includes \$30,000 less for costs related to administering the program, \$15,000 less for panelists that review applications for projects, and \$40,437 more related to a project at the University of Rhode Island. *The Governor recommended funding as requested.* The Assembly concurred.

Contracted Services. The request included \$30,000 for contracted services none of which are from general revenues. *The Governor recommended funding as requested.* The Assembly concurred.

Rhode Island Atomic Energy Commission

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 964,384	\$ 901,590	\$ 937,197	\$ 937,197
Contracted Services	22,000	34,146	4,000	18,000
Subtotal	\$ 986,384	\$ 935,736	\$ 941,197	\$ 955,197
Other State Operations	491,516	181,122	143,918	159,918
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	55,000	55,000	55,000	102,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,532,900	\$ 1,171,858	\$ 1,140,115	\$ 1,217,115
Sources of Funds				
General Revenue	\$ 824,470	\$ 774,873	\$ 775,346	\$ 775,346
Federal Aid	407,277	103,116	30,000	107,000
Restricted Receipts	-	-	-	-
Other	301,153	293,869	334,769	334,769
Total	\$ 1,532,900	\$ 1,171,858	\$ 1,140,115	\$ 1,217,115
FTE Authorization	8.6	8.6	8.6	8.6

Summary. The Rhode Island Atomic Energy Commission requested \$1.1 million and 8.6 full-time equivalent positions for FY 2010. This is \$0.4 million less than enacted including \$54,598 less from general revenues and \$0.4 million less from federal funds offset by \$31,313 more from University of Rhode Island sponsored research funds, and includes 0.2 positions more than the Budget Office's allocation. The request exceeds the Budget Office target of \$744,492 by \$25,380.

The Governor recommended \$1.1 million from all sources. This is \$0.4 million less than enacted and \$7,777 more than requested. General revenues are \$49,124 less than enacted and \$5,474 more than requested. He recommended 8.6 full-time equivalent positions, the enacted level.

The Assembly added \$77,000 from federal funds and adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Personnel. The Commission requested \$927,670 from all funds for the Commission's 8.6 full-time equivalent positions. This is \$36,714 less than enacted and includes \$60,750 less general revenues

offset by \$31,313 more University of Rhode Island sponsored research funds. The 2008 Assembly enacted legislation charging an assessment of up to 40.0 percent overhead charge for all University of Rhode Island sponsored research expenditures effective July 1, 2007. The FY 2009 enacted budget assumed charging 35.1 percent. The Commission's FY 2010 request assumes charging the full 40.0 percent allowed. The savings result from hiring a new health physicist at a lower salary than the incumbent that left during FY 2009.

The Governor recommended \$9,527 more than requested including \$7,224 more from general revenues to reflect increases in retiree health benefit rates offset by minor reductions in medical benefits. The Assembly concurred.

Reactor Support Grants. The Commission's budget includes a reduction of \$370,000 from the \$400,000 enacted from federal funds. Congress eliminated the reactor support grants in the Department of Energy's budget for FY 2009. The Commission's request assumes that funding will not be restored for FY 2010. The Commission uses federal funding for equipment purchases, program supplies and staff training. *The Governor recommended funding as requested.*

The Assembly added \$77,000 from federal funds. This includes \$20,000 for an existing reactor instrumentation grant, \$47,000 for an existing gadolinium research grant and \$10,000 for a new nuclear engineering education grant.

Other Operating Adjustments. The Commission requested an additional \$6,152 from general revenues for all other operating adjustments. Reductions to building supplies and deliveries partially offset increases in utilities. *The Governor's recommendation is \$1,750 less from general revenues than requested for supplies. The Assembly concurred.*

Capital. The Commission requested \$250,000 from Rhode Island Capital Plan funds in the five-year period for the asset protection project consistent with the approved capital plan. *The Governor recommended funding as requested. The Assembly concurred.*

Contracted Services. The request includes \$4,000 for contracted services of which \$2,000 is from general revenues. *The Governor recommended \$4,000 for contracted services of which \$2,000 is from general revenues.* The Assembly included \$18,000 for contracted services of which \$2,000 is from general revenues.

Rhode Island Higher Education Assistance Authority

	FY 2009	FY 2009	FY 2010	FY 2010
	Enacted	Final	Recommended	Enacted
Expenditures by Program				
Scholarship and Grant Program	\$ 7,690,970	\$ 7,976,460	\$ 7,668,523	\$ 7,668,523
Loans Program	12,182,617	18,073,996	14,212,538	14,212,538
Tuition Savings Program	6,776,220	6,899,631	6,750,277	6,750,277
Total	\$ 26,649,807	\$ 32,950,087	\$ 28,631,338	\$ 28,631,338
Expenditures by Category				
Salaries and Benefits	\$ 3,497,278	\$ 3,430,041	\$ 3,597,420	\$ 3,597,420
Contracted Services	5,509,000	7,508,850	7,509,000	7,509,000
Subtotal	\$ 9,006,278	\$ 10,938,891	\$ 11,106,420	\$ 11,106,420
Other State Operations	4,126,610	4,011,714	4,013,136	4,013,136
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	13,014,919	17,497,482	13,009,782	13,009,782
Capital	502,000	502,000	502,000	502,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 26,649,807	\$ 32,950,087	\$ 28,631,338	\$ 28,631,338
Sources of Funds				
General Revenue	\$ 7,323,051	\$ 7,283,678	\$ 7,305,741	\$ 7,305,741
Federal Aid	12,550,536	18,766,778	14,575,320	14,575,320
Restricted Receipts	-	-	-	-
Other	6,776,220	6,899,631	6,750,277	6,750,277
Total	\$ 26,649,807	\$ 32,950,087	\$ 28,631,338	\$ 28,631,338
FTE Authorization	42.6	42.6	42.6	42.6

Summary. The Rhode Island Higher Education Assistance Authority requested \$27.6 million from all sources of funds and 42.6 full-time equivalent positions. This includes \$0.6 million less from general revenues, \$0.4 million less from other funds and \$2.0 million more from federal funds. The Authority requested 42.6 full-time equivalent positions, 1.2 more than the Budget Office's allocation of positions. The Authority met its Budget Office general revenue target of \$6,720,082.

The Governor recommended \$28.6 million from all sources of funds, which is \$2.0 million more than enacted and \$1.0 million more than requested. General revenues are \$17,310 less than enacted and \$0.6 million more than requested. He also recommended 42.6 full-time equivalent positions, the enacted level.

The Assembly concurred and adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as

savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Salaries and Benefits. The FY 2010 request includes an additional \$77,452 from all funds for salaries and benefits. This includes \$7,094 less from general revenues, \$12,198 more from federal funds and \$72,348 more from other funds for a new position in the tuition savings program. The request assumes the planning values provided by the Budget Office and no turnover savings. As of the pay period ending December 6, 2008, the Authority has 35.0 positions filled.

The Governor recommended \$22,690 more than requested including \$3,258 more from general revenues to reflect an increase in retiree health benefit rate offset by minor adjustments in medical benefits. The Assembly concurred.

Scholarships and Grants			
	FY 2009	FY 2010	FY 2010
	Enacted	Request	Enacted
Uses			
Need Based Scholarships and Grants			
General Revenues	\$ 6,382,700	\$ 5,799,080	\$ 6,382,700
Tuition Savings Fees	4,517,300	4,000,000	5,717,300
<i>Subtotal</i>	<i>\$ 10,900,000</i>	<i>\$ 9,799,080</i>	<i>\$ 12,100,000</i>
Other Grant Programs			
Academic Promise	\$ 1,000,000	\$ 1,000,000	\$ -
Matching Grant	500,000	300,000	-
Adult Education	-	300,000	300,000
<i>Subtotal</i>	<i>\$ 1,500,000</i>	<i>\$ 1,600,000</i>	<i>\$ 300,000</i>
Total	\$ 12,400,000	\$ 11,399,080	\$ 12,400,000
Sources			
General Revenues	\$ 6,382,700	\$ 5,799,080	\$ 6,382,700
Tuition Savings Fees	6,017,300	5,600,000	6,017,300
Total	\$ 12,400,000	\$ 11,399,080	\$ 12,400,000

Need Based Scholarships and Grants. The Authority requested \$9.8 million for scholarships and need-based grants in FY 2010. This includes \$5.8 million from general revenues, \$0.6 million less than enacted to meet the target budget, and \$4.0 million from tuition savings funds, \$0.5 million less than the enacted level. Tuition savings funds come from maintenance fees paid by out of state participants of the Tuition Savings Program that the Authority administers through AllianceBernstein. The appropriations bill currently lists expenditures by fund source. These fees generate approximately \$4.0 million per year. The Authority notes that if the number of students receiving awards stays at approximately 13,000, the average award will drop from approximately \$1,100 in FY 2008 to \$890 in FY 2009 and \$775 in FY 2010.

The Governor recommended \$12.1 million for need based scholarships and grants for FY 2010. He restored general revenues to the enacted level. Tuition savings funds are \$1.2 million more than enacted. The Governor recommended redirecting \$1.2 million of the \$1.5 million that was allocated to the academic promise and matching grant programs in the enacted budget to need based scholarships and grants for FY 2010. The Assembly concurred.

Other Grant Programs. The Authority requested \$1.6 million for its other grant programs. This is \$0.1 million more than the enacted budget and includes \$1.0 million for the academic promise

program, \$0.3 million for the matching grant program and \$0.3 million for an adult education program. The budget has periodically included \$0.5 million from tuition savings fees for the matching grant program. Between FY 2002 and FY 2006, the Authority has allocated \$1.5 million from tuition savings fees for the matching grant program. Because of lower than anticipated participation in these programs, the FY 2008 budget did not include any expenditure for this program. For the FY 2009 revised budget, the Authority eliminates the \$0.5 million enacted for the matching grant program to fund the academic promise program.

The Governor recommended \$1.2 million less than enacted for other grant programs. He included \$0.3 million for the adult education program as requested but redirected the \$1.5 million included in the enacted budget for the academic promise and matching grant program to need based scholarships and grants for FY 2010. The Assembly concurred.

Marketing. The FY 2008 final and FY 2009 enacted budgets included an additional \$100,000 from tuition savings funds for marketing of the CollegeBound fund including the development of new media. The FY 2009 enacted budget assumed hiring a firm to coordinate the marketing efforts. The Authority has decided to manage marketing activities with staff rather than through an outside vendor. This is consistent with its FY 2009 revised request. *The Governor recommended funding as requested. The Assembly concurred.*

Loan Division Services. Consistent with its FY 2009 revised request, the Authority requested an additional \$2.0 million from federal funds for collection agency contracts because of the Authority's decision to outsource additional default collections activities. *The Governor recommended funding as requested. The Assembly concurred.*

Other Operating Adjustments. The Authority requested a decrease of \$9,474 from general revenues for all other operating adjustments consistent with its revisions for FY 2009. *The Governor recommended \$9,137 less from all funds and \$4,000 less from general revenues than requested. The Assembly concurred.*

Contracted Services. The request includes \$7.5 million for contracted services of which \$9,000 is from general revenues. *The Governor recommended \$7.5 million for contracted services of which \$9,000 is from general revenues. The Assembly concurred.*

Historical Preservation and Heritage Commission

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 1,498,926	\$ 1,484,725	\$ 1,555,636	\$ 1,555,636
Contracted Service	11,000	14,684	14,558	14,558
Subtotal	\$ 1,509,926	\$ 1,499,409	\$ 1,570,194	\$ 1,570,194
Other State Operations	111,262	128,401	96,166	96,166
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	681,426	1,001,787	949,908	936,644
Capital	20,500	15,500	10,500	10,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 2,323,114	\$ 2,645,097	\$ 2,626,768	\$ 2,613,504
Sources of Funds				
General Revenue	\$ 1,348,825	\$ 1,281,622	\$ 1,298,364	\$ 1,285,100
Federal Aid	479,640	845,462	819,367	819,367
Restricted Receipts	494,649	518,013	509,037	509,037
Other	-	-	-	-
Total	\$ 2,323,114	\$ 2,645,097	\$ 2,626,768	\$ 2,613,504
FTE Authorization	16.6	16.6	16.6	16.6

Summary. The Historical Preservation and Heritage Commission requested \$2.5 million from all sources for its FY 2010 operations or \$196,600 more than enacted for FY 2009. This includes \$153,080 less from general revenues, \$335,851 more from federal funds and \$13,829 more from restricted receipts. The request is \$2 less than the Budget Office target and has 0.5 fewer positions than the Budget Office's targeted level.

The Governor recommended \$2.6 million from all fund sources, which is \$303,654 more than enacted and \$107,054 more than requested. He recommended the enacted level of 16.6 full-time equivalent positions.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

The Assembly provided \$2.6 million from all sources, \$13,264 less from general revenues than the Governor recommended for community service grants. The Assembly provided 16.6 positions as recommended.

Eisenhower House Closure. The Commission requested the closing of the Eisenhower House on July 1, 2009 in order to save \$118,530 from general revenues to meet the Budget Office target. The Commission requests \$18,188 for all operations related to the Eisenhower House in FY 2010, which includes \$13,728 for unemployment insurance benefits that would be necessary with the elimination of the 1.0 full-time equivalent historic preservation specialist position that manages the facility.

The agreement transferring Fort Adams from the U.S. Navy to the state for use as a park requires the state to maintain and preserve the historical building; therefore, maintenance expenses can be reduced, but not eliminated.

[Staff Note: In recent years, with the exception of FY 2005, the facility has deposited rental income to the state general fund sufficient to cover operating expenses. Additionally, closing the facility on July 1, 2009 would require the return of deposits for events already reserved, event contracts would have to be broken. This is estimated to cost the general fund \$156,970 in an estimated loss of revenue for FY 2010, though after expenses, this is a net loss of \$21,644.]

The Governor did not recommend closing the Eisenhower House, restores the 1.0 full-time equivalent position and includes \$125,794 for all operations related to the Eisenhower House, which is \$10,854 less than enacted. The funding restored for the 1.0 position appears to be understated by \$2,003. The Assembly concurred.

Other Salaries and Benefits. Excluding the Eisenhower House, the Commission requested \$1.5 million, for all other salary and benefit expenses for 15.6 positions in FY 2010. This is \$41,453 more than enacted, comprised of \$28,123 less from general revenues, \$56,676 more from federal funds and \$12,900 more from restricted receipts. The request shifts some expenses to increased federal funds that can be used towards salaries and benefits, consistent with the revised request. *The Governor recommended \$1.5 million, which is \$60,524 more than enacted and \$19,071 more than requested to reflect adjustments in benefit rates, primarily retiree health insurance.* The Assembly concurred.

Temporary Clerical Services. The Commission requested \$3,458, comprised of \$1,729 from general revenues and \$1,729 from restricted receipts for temporary summer clerical staff to file and scan the backlog of documents that accumulates annually. The clerks would spread their time equally between State Archives activities utilizing restricted receipts and other preservation activities that are funded with general revenues. The FY 2009 revised request includes \$3,458 for these services in June 2009. For FY 2010, the Commission intended to request a total of \$7,916 to fully fund July 2009 and June 2010 expenses. *The Governor recommended the \$3,458 requested.* The Assembly concurred.

Preserve America Grants. The Commission requested \$300,000 in new federal expenditure authority for new Preserve America grants. The Commission has been awarded the Historic Sites Coalition of Rhode Island grant that runs through May 31, 2010 and expects to receive several more small grants that total \$300,000 for FY 2010. A similar request was made in the FY 2009 revised request, since the agency had not received notification of the award until after the FY 2009 budget was enacted. The FY 2009 revised request included \$326,791 in new federal expenditure authority for the Historic Fort Adams Masterplan and Preservation in Local grant awards the Commission received in FY 2009. *The Governor recommended funding as requested.* The Assembly concurred.

Other Operations. The Commission requested \$738,175 for all other operations which is \$29,781 less than enacted, including \$8,156 less from general revenues. The request includes the enacted level of \$400,000 from Revolving Loan Fund restricted receipts and \$191,695 from general revenues for community service grants. Federal funds for grants are \$20,825 less to adjust for one-time carry-

forward funds included in the enacted budget. Expenditure reductions include \$8,156 from general revenues and \$800 from restricted receipts for supplies and miscellaneous operating expenses. *The Governor recommended \$718,482 from all sources of funds, which is \$49,474 less than enacted, including \$17,156 less from general revenues, which is \$9,000 less than requested, and includes reductions in printing, travel expenses, office supplies and equipment and other miscellaneous expenses.* The Assembly reduced the expenditures from general revenues for community service grants by \$13,264 to reflect the completion of approved projects and unclaimed grants.

Contracted Services. The request included \$13,358 for contracted services of which \$3,029 is from general revenues. *The Governor recommended \$14,558 for contracted services, of which \$4,229 is from general revenues.* The Assembly concurred.

Rhode Island Public Telecommunications Authority

	FY 2009	FY 2009	FY 2010	FY 2010
	Enacted	Final	Recommended	Enacted
Expenditures by Category				
Salaries and Benefits	\$ 1,877,875	\$ 1,825,476	\$ 1,831,858	\$ 1,831,858
Contracted Services	13,000	12,783	13,000	13,000
Subtotal	\$ 1,890,875	\$ 1,838,259	\$ 1,844,858	\$ 1,844,858
Other State Operations	241,491	135,134	63,500	63,500
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 2,132,366	\$ 1,973,393	\$ 1,908,358	\$ 1,908,358
Sources of Funds				
General Revenue	\$ 1,365,306	\$ 1,206,333	\$ 1,142,702	\$ 1,142,702
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	767,060	767,060	765,656	765,656
Total	\$ 2,132,366	\$ 1,973,393	\$ 1,908,358	\$ 1,908,358
FTE Authorization	20.0	18.0	18.0	18.0

Summary. The Public Telecommunications Authority requested \$2.0 million from all sources, including \$1.4 million from general revenues, \$688,905 from Corporation for Public Broadcasting funds, and 19.0 full-time equivalent positions. This is \$87,974 less than enacted, including \$9,819 less from general revenues, \$78,155 less from Corporation for Public Broadcasting funds, and 1.0 less position. The Authority's request is \$129,445 more than the Budget Office general revenue target allocation of \$1,226,042.

The Governor recommended \$1.9 million from all sources, including \$1.1 million from general revenues and \$0.8 million from Corporation for Public Broadcasting funds. He also recommended 18.0 full-time equivalent positions, which is 1.0 less than requested and consistent with his revised recommendation.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Salaries and Benefits. The Authority requested \$2.0 million from all sources for salaries and benefits, including \$1.3 million from general revenues and \$0.7 million from Corporation for Public Broadcasting funds. This is \$80,017 more than enacted, including \$158,172 more from general revenues and \$78,155 less from Corporation for Public Broadcasting funds. The changes include eliminating a vacant office manager position funded from Corporation funds, a 2.5 percent cost-of-living adjustment, and adjusted benefit rates. The request restores general revenue turnover of \$98,587 assumed in the enacted budget from an anticipated retirement that did not occur. The Authority also indicated that it plans to allocate the vacancy savings from Corporation funds to the Rhode Island Public Broadcasting System Foundation to offset expenses, such as dues and programming costs that would have otherwise been supported by fundraising resources. The Foundation is a non-profit agency that raises money to support programming. Its expenses are not part of the state budget.

[Staff Note: Ultimately, the retirement did occur and the Authority indicated that it planned to fill the position at a lower salary.]

The Governor recommended \$1.8 million from all sources and 18.0 full-time equivalent positions. This is \$126,034 less than requested, including \$202,785 less from general revenues, \$76,751 more from Corporation for Public Broadcasting funds, and 1.0 less full-time equivalent position. Currently, the Authority has 17.0 positions filled. The recommendation includes funding to fill a vacancy that resulted from a retirement at a lower salary. The recommendation also includes an increase in the retiree health benefit rate offset by minor adjustments in medical benefits. The Assembly concurred.

Transmitter. The Authority requested \$35,000 from general revenues for electricity costs for its transmitter. Requested transmitter expenses are \$157,991 less than enacted, because they include the analog transmitter which costs \$92,991 to rent and \$65,000 for electricity. Digital transmitters use less electricity than analog transmitters, which will no longer be in use as of February 17, 2009. *The Governor recommended funding as requested. The Assembly concurred.*

Other Operations. The Authority requested \$51,500 from all sources for all other operating expenses, including \$50,500 from general revenues and \$1,000 from Corporation for Public Broadcasting funds. This includes \$10,000 from general revenues for insurance expenses, which is \$10,000 less than enacted based on revised spending projections. Expenses also include \$13,000 for closed captioning services and \$28,500 for various operating expenses. *The Governor recommended \$41,500 from all sources, including \$40,500 from general revenues and \$1,000 from Corporation funds. This is \$10,000 less than requested to reflect actual expenditure experience for maintenance and repairs. The Assembly concurred.*

Contracted Services. The request includes \$13,000 from general revenues for contracted services. *The Governor recommended funding as requested. The Assembly concurred.*

Office of the Attorney General

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Program				
Criminal	\$ 14,992,360	\$ 14,632,107	\$ 15,247,581	\$ 14,572,581
Civil	4,797,213	4,977,857	4,973,822	4,973,822
Bureau of Criminal Identification	1,066,099	1,031,158	1,056,744	1,056,744
General	2,875,842	3,345,910	2,904,066	2,904,066
Total	\$ 23,731,514	\$ 23,987,032	\$ 24,182,213	\$ 23,507,213
Expenditures by Category				
Salaries and Benefits	\$ 20,795,784	\$ 20,576,571	\$ 21,457,440	\$ 21,457,440
Contracted Services	910,195	778,813	793,252	118,252
Subtotal	\$ 21,705,979	\$ 21,355,384	\$ 22,250,692	\$ 21,575,692
Other State Operations	1,665,330	1,803,177	1,657,635	1,657,635
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	360,205	828,471	273,886	273,886
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 23,731,514	\$ 23,987,032	\$ 24,182,213	\$ 23,507,213
Sources of Funds				
General Revenue	\$ 21,212,039	\$ 20,811,579	\$ 21,774,743	\$ 21,099,743
Federal Aid	1,263,609	1,313,294	1,274,540	1,274,540
Restricted Receipts	980,866	1,114,433	932,930	932,930
Other	275,000	747,726	200,000	200,000
Total	\$ 23,731,514	\$ 23,987,032	\$ 24,182,213	\$ 23,507,213
FTE Authorization	231.1	231.1	231.1	231.1

Summary. The Office of the Attorney General requested \$25.2 million from all sources including \$22.6 million from general revenues for FY 2010. This is \$1.4 million or 6.0 percent more than the enacted budget, nearly all from general revenues. The Office requests 234.8 full-time equivalent positions, 3.7 positions above the enacted budget. The request exceeds the Budget Office general revenue target of \$18.8 million by \$3.8 million. *The Governor recommended \$24.2 million and 231.1 full-time equivalent positions. This is \$1.0 million and 3.7 positions less than requested.*

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

The Assembly also included \$675,000 less general revenues to reflect the transfer of funding for the State Crime Laboratory from the Office of the Attorney General to the Department of Health, and concurred with the remainder of the recommendation.

Restore Staff Attorneys and Community Prosecutors. The Office requested \$0.3 million from general revenues to restore 3.7 full-time equivalent positions which were eliminated as part of the FY 2009 enacted budget. In the FY 2009 revised budget, the Office requested to restore 2.0 positions with general revenues and 1.7 positions to be funded with federal funds. For FY 2010, the Office requested full general revenue funding for the positions, which consist of two staff attorneys, an adult drug court prosecutor, and a juvenile drug court prosecutor for the Criminal Division. *The Governor did not recommend the positions.* The Assembly concurred.

Other Salaries and Benefits. The Office requested \$21.7 million from all sources including \$19.9 million from general revenues for all other salary and benefits for the remaining 231.1 positions. This is \$861,240 more than the enacted budget. This increase includes \$826,260 from general revenues, \$34,715 from federal funds, and \$265 from restricted receipts. This reflects salary increases for the 2.5 percent cost-of-living adjustment, as well as adjustments for changes to the retirement rates, medical insurance co-pays, and medical plan design for FY 2010.

The Governor recommended \$0.2 million less than requested to reflect more turnover savings than requested, offset by the increase in retiree health costs. It appears that the Governor included funding for 223.0 full-time equivalent positions. The Office has 229.8 positions filled as of March 14, 2009. The Assembly concurred.

State Crime Lab. The Office requested \$828,546 from general revenues for the state crime lab's expenditures for FY 2010. These funds are passed through to the crime lab housed at the University of Rhode Island. This request is \$153,546 or 22.7 percent above the enacted budget to reflect the request from the lab. This includes additional expenses such as 3.0 percent contracted raises for FY 2010, as well as a new full-time quality officer previously supported by a federal grant, health insurance increases, increases in office equipment maintenance contracts, and expenses associated with quality maintenance.

The Governor recommended the enacted amount for the state crime laboratory, which is \$153,546 less than requested. The Assembly concurred with the recommended funding, but included language to consolidate the State Crime Lab at the Department of Health. Funding for the State Crime Lab will now be appropriated through the Department of Health's budget instead of the Office of the Attorney General.

Protection of State Witnesses. The Office requested \$169,671 from general revenues for protection of state witnesses. This is \$55,799 more than enacted to reflect the state's recent case which involves providing protection for seven children and their parents. Last year, the agency estimated that the state was spending approximately \$900 per week per hotel room. In an attempt to find a cost-effective alternative, the Office decided to pay for a rental property for those witnesses and their families. This request is consistent with the agency's FY 2009 revised request of \$164,729. *The Governor recommended \$74,021 which is \$95,650 less than requested based on FY 2008 total expenditures.* The Assembly concurred.

Other Contracted Services. The Office requested \$30,752 from general revenues for all other contracted services for FY 2010. This request is \$51,899 less than enacted to reflect reductions in

interpreter/translator services, expert testimony, and other purchased services consistent with changes in its revised request. *The Governor recommended funding as requested.* The Assembly concurred.

Janitorial Contract Services. The Office requested \$126,106 from general revenues for janitorial services for FY 2010. After the expiration of the latest contract, the Office operated on a month-to-month agreement with its vendor, at a cost of \$3,528 per month. The Office chose a new vendor for its janitorial services because of ongoing legal issues with its former vendor. The new contract award is \$5,400 per month resulting in a \$28,558 increase for FY 2010 compared to the FY 2009 enacted budget assumption. *The Governor recommended funding as requested.* The Assembly concurred.

Public Utilities Services. The Office requested \$84,517 from restricted receipts for expenses associated with public utility representation for ratepayers and citizens of the state, excluding staffing. This is \$51,592 less than enacted and places this expense more in line with historical spending. The decrease reflects funding for an expert consultant on liquefied natural gas issues no longer necessary. *The Governor recommended funding as requested.* The Assembly concurred.

Insurance Unit Acquisitions. The Office requested \$55,023 from general revenues for its insurance unit. This request is \$30,071 more than enacted to cover operating expenses such as dues and subscriptions, office equipment rental, parking rental, postage services, and purchase of transcriptions, computer supplies, WestLaw software database, and minor building repairs. Expenditures are based on historical spending; the enacted budget had reduced funds budgeted for this expense from prior year levels. *The Governor recommended \$500 less than requested for building maintenance and repairs.* The Assembly concurred.

Asset Protection. The Office requested \$375,000 from Rhode Island Capital Plan funds for its asset protection projects for FY 2010. This is consistent with the FY 2010 approved capital plan, but it is \$100,000 more than the enacted budget to reflect increased expenses for general interior renovations, flashing replacement, and the second phase in renovating the elevators. *The Governor recommended \$175,000 less than requested for capital projects to reflect advancing \$225,000 from FY 2010 to FY 2009.* The Assembly concurred.

All Other Adjustments. The Office requested \$1.7 million from all sources including \$1.4 million from general revenues for all other state operations for FY 2010. This is \$39,214 more than enacted to reflect an increase in the charge for processing fingerprint cards, resulting in a \$50,000 operating reduction for FY 2009 and FY 2010. Other operating reductions include fees and dues, record center expenses, building maintenance and repairs, office equipment rental, and equipment maintenance and repairs. *The Governor recommended \$26,006 less than requested to reflect further reductions for building maintenance and repair projects.* The Assembly concurred.

Contracted Services. The request included \$1,042,448 for contracted services of which \$1,021,374 is from general revenues. *The Governor recommended \$793,252 for contracted services of which \$772,178 is from general revenues.* The Assembly transferred the \$675,000 for the State Crime Laboratory to the Department of Health.

Department of Corrections

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Program				
Central Management	\$ 9,819,572	\$ 8,475,801	\$ 8,021,430	\$ 8,021,430
Parole Board	1,325,304	1,324,792	1,293,696	1,293,696
Institutional Corrections	158,538,694	157,369,192	165,659,611	161,009,611
Community Corrections	16,813,669	14,817,966	15,030,769	15,030,769
Total	\$ 186,497,239	\$ 181,987,751	\$ 190,005,506	\$ 185,355,506
Expenditures by Category				
Salaries and Benefits	\$ 148,778,569	\$ 146,037,540	\$ 153,301,790	\$ 149,296,397
Contracted Services	15,008,254	12,832,152	11,916,890	11,916,890
Subtotal	\$ 163,786,823	\$ 158,869,692	\$ 165,218,680	\$ 161,213,287
Other State Operations	15,536,320	17,347,045	17,441,912	16,447,305
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,537,822	1,694,262	1,451,364	1,451,364
Capital	5,636,274	4,076,752	5,893,550	6,243,550
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 186,497,239	\$ 181,987,751	\$ 190,005,506	\$ 185,355,506
Sources of Funds				
General Revenue	\$ 178,623,504	\$ 155,158,888	\$ 182,390,562	\$ 177,390,562
Federal Aid	2,712,735	23,296,574	2,196,668	2,196,668
Restricted Receipts	-	-	-	-
Other	5,161,000	3,532,289	5,418,276	5,768,276
Total	\$ 186,497,239	\$ 181,987,751	\$ 190,005,506	\$ 185,355,506
FTE Authorization	1,515.0	1,423.0	1,423.0	1,423.0
Prison Population	3,848.0	3,788.0	4,008.0	3,767.0

Summary. The Department of Corrections requested \$188.6 million from all sources including \$183.2 million from general revenues for FY 2010. This is \$2.1 million or 1.1 percent more than the enacted budget including \$4.5 million more from general revenues, \$0.5 million less from federal funds, and \$1.9 million less from Rhode Island Capital Plan funds. The request includes 1,430.0 full-time equivalent positions, which is 85.0 positions below the enacted budget. The request exceeds the Budget Office general revenue target of \$165.4 million by \$17.8 million.

The Governor recommended \$190.0 million and 1,423.0 full-time equivalent positions. This is \$1.4 million more and 7.0 fewer full-time equivalent positions than requested.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits

and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

The Assembly also included \$5.0 million less general revenues to reflect savings associated with the projected reduction in prison population and shifted \$350,000 from Rhode Island Capital Plan funds from FY 2009 to FY 2010 for the Maximum General Renovation project based on updated schedules.

Population. The FY 2010 budget request assumed a population of 4,008, which is 160 more inmates than the enacted budget. The Department has implemented the population reduction initiatives approved by the 2008 Assembly and is now current on automated calculations for the days earned for rehabilitation program credit. The Department's current population is tracking just below staff estimates, which assumed those reductions; however, the Department is not able to quantify population changes related to the reduction options.

The Department contracted with a firm to prepare its population estimates. The FY 2009 revised population request assumed an average population of 3,869 and the FY 2010 population request assumes an average population of 4,008, which is 4.1 percent more than enacted. Although the population reduction options have resulted in fewer inmates, the average population continues to rise because of projected increases in the sentenced population and the awaiting trial population. The projected sentenced population increased from an average of 3,099 in FY 2009 to an average of 3,232 in FY 2010. The projected awaiting trial population slightly increased from an FY 2009 average of 765 to an FY 2010 average of 771. In addition, the Department projected an average of five federal detainees for FY 2010.

The following table depicts the recent history of budgeted and actual prison population from FY 2000 through the FY 2010 enacted budget. The average population for FY 2009 was 3,773.

History	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Request	3,818	3,355	3,492	3,297	3,333	3,305	3,299	3,200	2,583	3,803	4,008
Governor	3,818	3,292	3,464	3,393	3,724	3,640	3,244	3,375	3,289	3,848	4,008
Enacted	3,465	3,292	3,464	3,393	3,500	3,575	3,244	3,375	3,289	3,848	3,767
Revised Request	3,355	3,464	3,251	3,658	3,640	3,575	3,375	3,723	4,018	3,869	
Governor Revised	3,292	3,464	3,370	3,658	3,600	3,377	3,375	3,723	3,925	3,869	
Final	3,292	3,464	3,370	3,550	3,600	3,377	3,475	3,755	3,925	3,788	
Actual	3,204	3,348	3,387	3,537	3,554	3,361	3,510	3,771	3,860	3,773	

The Governor's recommendation assumed 4,008 inmates consistent with the Department's request.

The Assembly assumed 3,767 inmates, 241 fewer than recommended based on recent population reports from the Department which indicated that inmate population is tracking below the recommended level. It appears that the downward trends in prison population are related to legislation adopted by the 2008 Assembly to expand opportunities for inmates to earn time off for good behavior; initial projections associated with the change appear to have been underestimated. The Assembly included \$5.0 million less general revenues to reflect savings from this reduction.

Population: Per Diem Expenditures. The Department requested \$16.6 million from general revenues for per diem population related expenditures. This is \$0.8 million more than enacted to reflect a projected increase in inmate population and cost per inmate. The Department estimated \$4,139 per inmate for items such as food, linen, household supplies, and medical services. This is \$47 more than

the \$4,092 per inmate assumed in the enacted budget, and the FY 2010 request adds 160 inmates. Total cost per inmate including staff can be expressed by dividing the Institutional Corrections' budget by the number of inmates. This is \$40,985 for the FY 2010 budget request. The enacted budget included \$41,200 and the FY 2009 revised budget request included \$44,667.

[Staff Note: Previous documents noted the per diem costs in the FY 2009 enacted budget as \$3,876 based on an error in the Department's budget request last year. The Department then reported the FY 2009 enacted costs were \$4,092. Comparisons are to the corrected number.]

The Governor recommended \$0.8 million more than enacted, which is \$44,096 less than requested to reflect a projected reduction in non-prescription medical supplies. His recommendation assumed the requested population of 4,008 and a per diem cost of \$4,127. The Assembly included \$1.0 million less general revenues than recommended to reflect per diem savings associated with the revised prison population assumption of 3,767 inmates.

RIBCO Base Adjustment. The contract settlement with the Rhode Island Brotherhood of Correctional Officers resulted in wage increases for correctional officers in FY 2009 and FY 2010 based on the arbitrator's decision on salary adjustments through FY 2006. The Department has projected this increase to the FY 2009 wage base to be \$11.8 million. Since \$9.6 million was reserved in the enacted budget, the shortfall is estimated to be \$2.2 million for FY 2009 and FY 2010, which is included in the Department's request. *The Governor recommended funding as requested.* The Assembly concurred.

RIBCO Future Settlements. The enacted budget included \$3.3 million to settle the labor contract with correctional officers for the period including FY 2007 and FY 2008. The recent settlement only covered through FY 2006. The Department's revised request updated its estimate for this cost to \$5.8 million for FY 2009 and \$8.0 million for FY 2010. It also assumed any retroactive payments are made in FY 2009. The estimates for FY 2007 and FY 2008 assumed similar raises received by other state employees. The difference from FY 2009 to FY 2010 is the increase for the 2.5 percent cost-of-living adjustment based on agreement reached with other state government unions. This contract dispute appeared to be going to the arbitration process, as the last one did. It should be noted that the resources reserved in the budget last year to fund the outcome of that settlement fell short of actual expenses by about \$10.8 million, more than 50.0 percent.

The Governor recommended \$755,213 less than requested to reflect salary increases for correctional officers based on contract agreements with other state unions. He assumed a 3.0 percent rate increase for each FY 2007 and FY 2008 and did not include funding in FY 2009 or FY 2010 for possible retroactive payments for FY 2007 through FY 2009. The Assembly concurred.

Unachieved Arbitration Savings. The FY 2009 enacted budget anticipated \$3.6 million in savings that assumed a favorable outcome for the state on proposals submitted to arbitration relating to the contract with the Rhode Island Brotherhood of Correctional Officers. The largest portion of the savings consists of \$2.2 million for the allowance of inter-facility transfers when staffing correctional officer posts. This proposal was intended to permit the transfer of officers from a facility where there is a surplus of officers present to one where there is a deficit. The state did not get the ruling it sought on overtime, sick time, and the shifts elimination issues, but did receive some relief on the transfer issue. The Department's request restores the full savings for both FY 2009 and FY 2010. Despite the ruling in the inter-facility transfers, the budget anticipated no savings. *The Governor's recommendations restored the savings as requested.* The Assembly concurred.

Staffing Reductions. The Department's request eliminated 85.0 vacant positions and assumed savings of \$7.7 million from all sources including \$7.6 million from general revenues. The eliminated positions include 24.0 administrative staff, 16.0 correctional officers, 14.0 probation and parole officers, 5.0 medical staff, 5.0 adult counselors, and 21.0 clerical and technical staff. These are eliminated based on instructions not to request funding for vacant positions.

The Department specified the impact of the 24.0 most critical positions consisting of probation and parole officers and nursing personnel. It noted that vacant caseloads are being covered by probation and parole officers already responsible for their own caseloads and nursing services are currently being delayed, resulting in inadequate coverage for emergencies, medication distribution, and sick call services. The Department indicated that it will not be able to meet all the needs of the prison population at the current staffing level. *The Governor recommended \$726,246 less than requested to reflect the elimination of 92.0 positions, which is 7.0 more than requested.* The Assembly concurred.

Other Salaries and Benefits. The Department requested \$129.8 million from all sources including \$128.2 million from general revenues for all salary and benefits for FY 2010. This is \$88,122 more than the enacted budget to reflect increases associated with the 2.5 percent cost-of-living increase offset by anticipated turnover savings for FY 2010. The request also reflects changes in retirement rates, assessed fringe benefits, medical insurance co-pays, and medical plan design based on the revised planning values for FY 2010.

The Governor recommended \$923,074 more than requested, including \$900,334 more from general revenues to reflect the increase in retiree health insurance benefits. The Department had 1,392.0 positions filled as of March 28, 2009. The Assembly included \$4.0 million less general revenues than recommended to reflect savings associated with the anticipated prison population reduction.

New Officer Recruitment and Training. The Department requested \$836,552 from general revenues for the recruitment and training of one class of new correctional officers. This is \$607,381 less than the enacted budget which assumed two new officer recruitment and training classes. The Department spent \$229,171 for recruitment, selection and pre-training screening for two classes and specified that all training costs for the second would be incurred in FY 2010, but candidates would be drawn from this year's recruitment efforts. The requested savings are consistent with the remaining costs necessary to complete the second class in FY 2010. The Department indicated that Class 77 which completed training in January 2009 will address the increased attrition resulting from recent retirement changes and the Class 78 requested for FY 2010 will help manage normal attrition throughout FY 2010. *The Governor recommended funding as requested.* The Assembly concurred.

Electronic Medical Records. The enacted budget included \$450,000 to purchase an electronic medical records system to replace the paper file system. The intent of the system is to improve efficiency and efficacy in providing treatment for an expanding prison population in need of medical services. This adjustment to the enacted budget is reflected in the Department's FY 2010 budget request to confirm the electronic medical records system as a one-time expenditure. *The Governor recommended funding as requested.* The Assembly concurred.

Federal Grant Adjustments. The Department requested \$588,839 in expenditures from federal funds to reflect the grants expected for FY 2010. This is \$310,552 less than enacted to reflect several expiring grants with no further awards and various grants with reduced federal funding. The expired grants include Homeland Security grant, Aids Counseling and Testing grant for HIV positive inmates, grant to manage adult and juvenile sex offenders, and several education grants. The reduced grant funding programs include grants to teach reading and math skills to inmates, special education, high

risk discharge planning, and victim advocacy provided prior to and at parole hearings. *The Governor recommended funding as requested.* The Assembly concurred.

Other Contracted Services. The Department requested \$11.3 million from general revenues for other contracted services for FY 2010. Contracted services include healthcare related services such as counseling and case management services, physician services, psychiatric services, dental services, and nursing and outpatient services. In addition to health care services, the Department also has temporary clerical staff to assist in areas and/or programs with several unfilled vacant positions. This is \$47,296 more than enacted to reflect additional expenses for administrative clerical services, electronic system design for inmate medical records, and interpreter services for the Probation and Parole unit. *The Governor recommended funding as requested.* The Assembly concurred.

Facilities Maintenance. The Department requested \$2.9 million from general revenues for expenditures associated with the maintenance of its correctional facilities for FY 2010. This is \$658,544 more than enacted to place this expense more in line with historical spending. This is consistent with the FY 2009 revised budget request of \$2.9 million; FY 2008 actual costs were \$2.6 million. *The Governor recommended funding as requested.* The Assembly concurred.

All Other Operations. The Department requested \$16.1 million from all sources including \$15.7 million from general revenues for all other state operations. Expenditures include staff training and weapon qualifications, national dues and fees, ammunition and medical supplies, computer equipment supplies, utilities, waste disposal, snowplowing and sanding, subscriptions, mileage allowance, inmate education and travel related costs. This is \$785,733 more than enacted from all sources including \$970,821 more from general revenues. This reflects increased expenditures associated with a growing prison population including non-prescription medical supplies and out-of-facility treatment for inmates who are not part of the per diem cost totals. The increase also includes office supplies and equipment, cleaning and kitchen supplies, and vehicle lease purchases.

The Governor recommended \$159,317 less than requested to reflect a reduction in vehicle lease purchases and insurance expenses. The Assembly concurred.

Capital Projects. The Department requested \$3.3 million from Rhode Island Capital Plan funds for its capital projects in FY 2010. This is \$1.9 million less than the FY 2009 enacted budget, but consistent with approved capital projects requested in the corrective action plan as part of the FY 2009 revised budget. Initially, the Department requested \$7.9 million in capital projects for FY 2010.

The Governor recommended \$5.4 million from Rhode Island Capital Plan funds, which is \$2.2 million more than requested for FY 2010. More detailed information of the projects is available in the Capital Budget Section of this analysis. The Assembly shifted \$350,000 of uncommitted funding from Rhode Island Capital Plan funds from FY 2009 to FY 2010 for the Maximum General Renovation project based on updated schedules.

Contracted Services. The request includes \$11.9 million for contracted services of which \$11.5 million is from general revenues. *The Governor's recommendation includes funding as requested.* The Assembly concurred.

Judicial Department

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Program				
Supreme Court	\$ 32,019,878	\$ 31,118,305	\$ 30,402,172	\$ 30,402,172
Superior Court	20,257,910	19,501,608	20,238,308	20,238,308
Family Court	19,842,332	19,532,283	19,404,572	19,404,572
District Court	10,264,212	10,248,553	10,815,151	10,815,151
Traffic Tribunal	7,439,091	7,456,138	7,545,676	7,545,676
Workers' Compensation Court	7,526,297	7,574,863	7,578,922	7,578,922
Total	\$ 97,349,720	\$ 95,431,750	\$ 95,984,801	\$ 95,984,801
Expenditures by Category				
Salaries and Benefits	\$ 73,318,750	\$ 70,614,513	\$ 72,449,515	\$ 72,449,515
Contracted Services	2,371,512	4,037,748	3,064,855	3,064,855
Subtotal	\$ 75,690,262	\$ 74,652,261	\$ 75,514,370	\$ 75,514,370
Other State Operations	10,274,740	8,826,426	9,193,517	9,193,517
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	9,345,143	9,636,948	9,935,552	9,935,552
Capital	2,039,575	2,316,115	1,341,362	1,341,362
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 97,349,720	\$ 95,431,750	\$ 95,984,801	\$ 95,984,801
Sources of Funds				
General Revenue	\$ 85,000,000	\$ 81,687,029	\$ 83,907,229	\$ 83,907,229
Federal Aid	1,939,312	2,711,941	1,445,452	1,445,452
Restricted Receipts	8,710,408	9,324,149	9,807,120	9,807,120
Other	1,700,000	1,708,631	825,000	825,000
Total	\$ 97,349,720	\$ 95,431,750	\$ 95,984,801	\$ 95,984,801
FTE Authorization	729.3	729.3	729.3	729.3

Summary. The Department requested \$102.9 million from all sources including \$89.5 million from general revenues for FY 2010. This is \$5.5 million or 5.7 percent above the enacted, including \$4.5 million from general revenues, \$1.3 million from Rhode Island Capital Plan funds, \$263,038 from restricted receipts, and \$0.5 million less from federal funds. The request also assumed 729.3 full-time equivalent positions, which is consistent with the enacted budget. The request exceeded the Budget Office general revenue target of \$75.6 million by \$13.9 million. *The Governor recommended \$96.0 million and 729.3 full-time equivalent positions. This is \$6.9 million less than requested, including \$5.6 million less from general revenues.*

The Assembly concurred and adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries

and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Judges Pension Costs. The Department requested \$5.8 million from all sources including \$4.9 million from general revenues for judges and magistrates who are not part of the state employee retirement system. This is \$559,211 more than enacted, including \$613,259 more from general revenues. The increase reflects a revision to actual costs for current retirees including annual cost-of-living increases, as well as an estimated increase in retirees equal to approximately 10.0 percent of those eligible. *The Governor recommended funding as requested.* The Assembly concurred.

Salaries and Benefits. The Department requested \$76.0 million from all sources including \$68.1 million from general revenues for all salaries and benefits for 729.3 positions for FY 2010. This is \$2.7 million or 3.6 percent above the enacted budget. This increase consists of \$2.3 million from general revenues, \$93,859 from federal funds, and \$240,806 from restricted receipts. This reflects a 2.5 percent cost-of-living adjustment, increases in overtime costs offset by increased turnover savings, resulting in 722.0 funded full-time equivalent positions.

The Governor recommended \$3.6 million less than requested, including \$3.9 million from general revenues to reflect more turnover savings than requested offset by the increase in retiree health insurance benefits. It appears that the Governor included funding for 691.6 full-time equivalent positions. The Department has 679.4 positions filled as of March 28, 2009. The Assembly concurred.

Indigent Defense Services. The Department requested \$3.4 million from general revenues for its indigent defense services for FY 2010. This is \$300,000 more than enacted to place this expense more in line with historical spending. In FY 2008, indigent defense services totaled \$3.3 million. The Judiciary Indigent Defense program assigns private attorneys, referred to as panel attorneys, to transferred clients when the Office of the Public Defender is unable to provide representation services because of conflicts of interest. Additional services for the Judiciary Indigent Defense program are provided as contracted services by the Rhode Island Legal Services including the Responsible Parent Project and Family Preservation Project. *The Governor recommended funding as requested.* The Assembly concurred.

Facilities Maintenance. The Department requested \$3.0 million from general revenues for the maintenance of the judicial complex facilities. This is \$742,571 more than enacted to place this expense more in line with historical spending and the Department's intended allocation of enacted resources. This is consistent with the Department's revised budget request. Although FY 2008 expenses for facilities maintenance totaled \$3.1 million, janitorial service expenses were \$602,410. *The Governor recommended \$148,000 less than requested for janitorial services in order to place this expense more in line with FY 2008 expenditures.* The Assembly concurred.

Child Support Collections. The Department requested \$50,960 from general revenues for temporary data entry help and clerical services to support the child support collection unit. This was not included in the enacted budget because of an oversight. This is consistent with the FY 2009 revised budget, but \$13,335 more than FY 2008 actual expenditures of \$37,625. *The Governor recommended funding as requested.* The Assembly concurred.

Supervised Parental Visitation. The Department requested an additional \$45,526 from general revenues to pay for six part-time contract workers to support the supervised parental visitation program. Since the work is intermittent, the Department believes it would be cost-effective to hire part-time contract workers. *The Governor recommended funding as requested.* The Assembly concurred.

Court Technology. The Department requested \$2.5 million from general revenues for its court computer technology expenses. This is \$10,351 more than enacted to reflect savings from the renegotiated contract with Affiliated Computer Services (ACS) for maintenance support offset by increases for maintenance and licensing costs for recent computer equipment purchases funded with Certificates of Participation.

The Governor recommended \$651,886 less than requested to reflect the transfer of funding requested for computer purchases, software maintenance agreements, and contracted service expenses to the court technology Certificates of Participation account. The 2006 Assembly approved \$13.9 million in Certificates of Participation for the Judiciary's court technology improvement program. The Judiciary has indicated the project is tracking as anticipated and \$7.8 million has been expended since FY 2008 and the current remaining balance is \$6.1 million. The Assembly concurred.

Federal Grant Awards. The Department requested \$734,377 from federal funds to support several grant funded programs for FY 2010. This is \$533,347 less than the enacted budget to reflect reductions in grant funding available for FY 2010. The grant funded programs with reduced funds include the delinquency prevention/intervention program, the Family Court's drug court program, and the mental health court clinic grant. Currently, no funds are included for the e-citation program and the stop truancy outreach program. However, there may be grant funding available for the e-citation program for FY 2010. There is increased funding for the juvenile justice program and a new grant to encourage arrest policies, which was not included in the enacted budget. The \$45,000 request for violence against women grant is consistent with the enacted budget. *The Governor recommended funding as requested.* The Assembly concurred.

Supreme Court Disciplinary Counsel. The Department requested \$61,885 from restricted receipts to support the Rhode Island Supreme Court Disciplinary Counsel Office for FY 2010. This is \$46,535 more than the enacted budget to reflect increased expenses for temporary investigative staff to help with projected increased demand. Additional expenses include mileage allowance and court reporters. The FY 2009 revised budget request is for \$89,043. The actual expenditures for FY 2008 were \$33,768. According to Supreme Court Article IV, Rule 1, this restricted receipt account collects annual fees of \$200 from each active lawyer in the Rhode Island Bar to fund the Disciplinary Counsel functions. *The Governor recommended funding as requested.* The Assembly concurred.

Court Mediation Fees. Currently, plaintiffs involved in small claims mediation must pay an entry fee of \$30, of which \$10 is deposited in a mediation fund escrow account and \$20 is forwarded to the state general fund. Expenditures from this fund do not appear in the budget. The Governor's revised budget recommendation included an article which increases the entry fee for claimants from \$30 to \$50. Of the increase, \$10 would be deposited into the small claims mediation fund which would be converted into a restricted receipt account and the remaining \$10 would go to the general fund as general revenues. *The Governor included \$236,784 from restricted receipts for this account.* The Assembly concurred.

Superior Court Arbitration Fees. Presently, parties involved in arbitration must pay the arbitrator fee of \$300. However, if the arbitrator's decision is rejected, the rejecting party must pay \$350; of which \$300 is to pay the arbitrator and \$50 is to be deposited into the arbitration fees escrow account.

Expenditures from this fund do not appear in the budget. The Governor's budget recommendation included an article which would convert the escrow account into the Superior Court arbitration fund restricted receipt account and also would grant the presiding justice and the state court director of finance authority and control over the funds. *The Governor included \$287,000 from restricted receipts for this account.* The Assembly concurred.

Other Contracted Services. The Department requested \$567,619 from all sources including \$394,862 from general revenues for all other contracted services for FY 2010. This is \$37,098 more than enacted including \$10,872 from general revenues to cover additional legal counsel expenses for the Commission on Judicial Tenure and Discipline and interpreter service expenses for the Traffic Tribunal. The restricted receipts increase of \$52,226 reflects the Workers' Compensation Court's share of janitorial services, which was not included in the enacted budget. *The Governor recommended \$95,200 less than requested to primarily reflect reductions in court reporter and interpreter services.* The Assembly concurred.

Utilities. The Department requested \$2.9 million from all sources including \$2.8 million from general revenues for utility expenses for FY 2010. This is \$135,877 more than enacted to reflect anticipated energy increases in gas and electricity. This is based on a 17.4 percent gas increase from the enacted budget and a 5.1 percent electricity increase. The revised budget request assumed \$2.6 million for this expense, which is \$10,858 more than enacted. FY 2008 costs were \$1.9 million. *The Governor included \$773,702 less than requested to place this expense more in line with historical spending. He did not appear to fund the requested rate increases.* The Assembly concurred.

Law Library Acquisitions. The Department requested \$677,820 from general revenues for the Rhode Island State Law Library for FY 2010. This is \$73,680 more than enacted to reflect the Law Library's needs for books, computer software, subscriptions, and publications. This request will place the Law Library expenses more in line with historical spending. The FY 2009 revised budget request included \$658,064 for this expense, and actual FY 2008 expenditures were \$677,529. *The Governor recommended \$47,248 less than requested.* The Assembly concurred.

Jurors' Fees/Transportation. The Department requested \$588,642 from general revenues for jurors' fees, food, and transportation for FY 2010. This is \$29,142 more than enacted to reflect increases in rental parking fees and transportation costs for jurors. The request is \$35,947 less than the FY 2009 revised budget request to reflect the Department's anticipation of cost reductions from the current transportation service provider. *The Governor recommended funding as requested.* The Assembly concurred.

Pre-Trial Services. The Department requested \$104,437 from general revenues to support the pre-trial service unit program for FY 2010. This is \$56,946 more than the enacted budget to reflect the need for temporary staff to perform the functions of several vacant positions, which will remain unfilled in order to achieve turnover savings. *The Governor recommended funding as requested.* The Assembly concurred.

Other Operating Adjustments. The Department requested \$3.1 million from all sources including \$2.9 million from general revenues for all other operating expenditures for FY 2010. This is \$16,998 more than the enacted budget, including \$71,112 more from general revenues. This reflects additional expenses for financial consultant services, national dues and fees, expert witnesses, office furniture and equipment purchases, staff training, and other miscellaneous expenses. This also includes the Champlin Foundation grant for library renovations. *The Governor recommended funding as requested.* The Assembly concurred.

Capital Projects. The Department requested \$3.0 million from Rhode Island Capital Plan funds for its capital projects for FY 2010. This is \$1.3 million more than enacted to reflect increased expenses associated with the restoration of the Licht Judicial Complex and other asset protection projects including the Murray Judicial Complex cellblock renovation project and elevator upgrades. This is not consistent with the \$7.1 million requested for capital projects for FY 2010 as described in the Capital Budget Section of this analysis. This exceeded the approved capital plan of \$825,000 by \$2.2 million. *The Governor recommended funding as approved in the capital plan for the Judiciary's capital projects.* The Assembly concurred.

Contracted Services. The request included \$3.2 million from contracted services of which \$2.4 million is from general revenues. *The Governor recommended \$3.1 million for contracted services of which \$1.9 million is from general revenues.* The Assembly concurred.

Military Staff

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Program				
National Guard	\$ 12,657,088	\$ 15,088,357	\$ 14,616,472	\$ 14,198,287
Emergency Management	15,762,704	32,037,783	16,069,277	12,842,846
Total	\$ 28,419,792	\$ 47,126,140	\$ 30,685,749	\$ 27,041,133
Expenditures by Category				
Salaries and Benefits	\$ 7,732,537	\$ 7,542,767	\$ 8,655,333	\$ 8,405,333
Contracted Services	1,228,961	1,117,824	1,246,610	1,070,162
Subtotal	\$ 8,961,498	\$ 8,660,591	\$ 9,901,943	\$ 9,475,495
Other State Operations	6,439,515	6,411,951	5,994,351	5,994,351
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	10,787,779	27,986,206	11,773,680	8,873,697
Capital	2,231,000	4,067,392	3,015,775	2,697,590
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 28,419,792	\$ 47,126,140	\$ 30,685,749	\$ 27,041,133
Sources of Funds				
General Revenue	\$ 3,739,948	\$ 3,427,246	\$ 3,529,979	\$ 3,279,979
Federal Aid	22,949,023	40,716,675	25,018,046	21,941,615
Restricted Receipts	315,321	346,833	337,449	337,449
Other	1,415,500	2,635,386	1,800,275	1,482,090
Total	\$ 28,419,792	\$ 47,126,140	\$ 30,685,749	\$ 27,041,133
FTE Authorization	103.0	101.0	111.0	111.0

Summary. The Military Staff requested FY 2010 expenditures of \$29.8 million from all sources, which is \$1.4 million more than enacted, including \$328,428 less from general revenues, \$1.8 million more from federal funds, \$21,442 more from restricted receipts, and \$165,225 less from Rhode Island Capital Plan funds. The request includes 100.0 full-time equivalent positions, 3.0 fewer than enacted. The request meets the Budget Office target.

The Governor recommended \$30.7 million, which is \$2.3 million more than enacted and \$0.9 million more than requested. The increase to the request includes \$118,459 more from general revenues, \$225,553 more from federal funds, \$713 more from restricted receipts, and \$550,000 more from Rhode Island Capital Plan funds. He recommended 111.0 full-time equivalent positions, 8.0 more than enacted and 11.0 more than requested. He subsequently requested an amendment to reduce federal funds by \$3.0 million for Emergency Management grants, consistent with the recommendation to add funding to FY 2009.

The Assembly reduced Rhode Island Capital Plan funds by \$318,185 and included general revenue turnover savings of \$250,000. The Assembly also adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

National Guard

New Positions. The National Guard requested 72.0 full-time equivalent positions for FY 2010 to staff its operations. It currently has 71.0 filled full-time equivalent positions. The National Guard has identified a need for additional staffing to address issues at the existing 16 sites which includes 111 buildings statewide; however, did not include it in the FY 2010 request. The National Guard Bureau has set forth mandates to reduce energy consumption in all military facilities by 20 percent within the next ten years. Additionally, the agency has had an increased demand for new construction and repair of existing structures identifying the need for engineers and project managers. Safety concerns have been identified at the Command Readiness Center and at Quonset Point supporting the plan of providing 24 hour, 7 day a week security coverage at each facility.

The Governor recommended an additional 9.0 positions and \$636,427 from federal funds. The positions include a security guard, 6.0 positions for facility management and 2.0 positions for environmental resources consistent with the National Guard Bureau mandate to reduce energy consumption. The Assembly concurred.

Other Salaries and Benefits. The National Guard requested \$5.3 million from all sources for salary and benefit expenses, which is \$234,522 more than enacted including \$10,134 more from general revenues. This funding supports 74.0 full-time equivalent positions which is 3.0 fewer positions, including 2.0 maintenance and 1.0 aide de-camp positions than enacted, and assumes no turnover savings. This request includes a 2.5 percent cost-of-living increase and adjustments to other benefits. However, it appears the agency's calculation overstates benefit costs by approximately \$0.1 million.

The Governor recommended \$218,367 more than enacted from all funds, which includes \$17,727 more from general revenues for 74.0 positions and restored the 2.0 vacant maintenance positions. This is \$16,155 less than requested, and it appears the calculation of benefit rates has been adjusted and is now consistent with Budget Office planning values. The Assembly reduced funding by \$100,000 to reflect turnover savings.

Security and Other Contracted Services. The National Guard requested total expenditures of \$0.9 million for security and other contracted services. This is \$57,504 more than enacted from all sources and \$15,710 less from general revenues. Funding is used to support maintenance, security and fire protection services. The agency has shifted a greater share of expenses to federal funds to produce general revenue savings. *The Governor recommended the requested reduction to general revenues and \$66,918 more than requested from federal funds for additional temporary staffing that will be utilized to provide 24 hour, 7 day a week security services at Quonset Point and the Command Readiness Center.* The Assembly concurred.

Military Funerals. The Military requested a total of \$10,828 from general revenues for military funeral honors. The National Guard began funding a fourth member to the detail for military funeral

honors at the end of FY 2008. The enacted budget did not include an appropriation for this item. The Military indicated that this expenditure results from the Governor's State Active Duty Authorization dated June 16, 2008. Honor guard details are provided for all eligible military burials. At the time of death, the family is responsible for requesting a military funeral. The National Guard had provided a seven member detail and more recently a six member detail. In April 2008, the National Guard further reduced the participants to a four member detail. The honor guard detail had been fully funded by federal funds, but as of April 2008 the Federal National Guard Bureau informed the Rhode Island National Guard that federal funds are available to support a maximum of a three member detail.

The additional member is being funded from general revenues which are not included in the enacted budget. Rhode Island General Law authorizes compensation subject to the availability of state funds for honor guard details at funerals. The agency's revised request includes \$149,426 for this purpose. The FY 2010 request assumes use of volunteer retirees to defray costs for this activity. *The Governor recommended \$82,750 from general revenues, which is \$71,922 more than requested and assumes the use of paid retirees in lieu of volunteers.* The Assembly concurred.

Insurance Reimbursement. The National Guard requested \$64,400 from general revenues for the reimbursement of life insurance premiums, which is \$5,600 less than enacted. Upon return from active duty, guardsmen are entitled to file a claim for full reimbursement of all premiums paid while deployed. The Department of Defense reimburses premiums for those individuals in a combat zone, and the state reimburses the others. The reduction reflects updated estimates based on prior year expenditures, which were \$43,896 in FY 2007 and \$77,146 for FY 2008. *The Governor recommended funding as requested.* The Assembly concurred.

Educational Benefits. The National Guard requested \$85,000 from general revenues to support the provision of free tuition to National Guard members at the state's public higher education institutions. This is \$15,000 less than enacted. Since there is no reduction in obligation to offer the courses, the costs will be passed on to the institutions. The schools have been absorbing the cost of this initiative beyond the \$100,000 provided in the agency's budget. *The Governor did not recommend reduced funding for education benefits and included the enacted level of \$100,000.* The Assembly concurred.

Military Family Relief Fund. The National Guard requested \$190,000 from restricted receipts for the family relief fund. This is \$30,000 more than enacted, consistent with the revised request. This fund provides financial support to military members and their families for financial issues. The agency indicated the increase is based on higher than anticipated donations. It appears the agency budgets all available resources which far exceed expenditures. Each year there is a significant carry forward balance as expenditures never approach revenues. Prior year expenditures include \$153,240 for FY 2006, \$63,392 for FY 2007 and \$31,408 for FY 2008. *The Governor recommended funding as requested.* The Assembly concurred.

Utilities. The National Guard requested \$2.1 million for utility expenditures. This is \$19,591 more than enacted including \$28,805 less from general revenues. The request is \$0.2 million or 13.0 percent more than FY 2008 final expenditures and \$20,591 or 1.0 percent more than the FY 2009 revised request. It is less than the 21.0 percent rate for projected increased energy costs suggested in the Budget Office instructions. *The Governor recommended funding as requested.* The Assembly concurred.

Maintenance and Repairs. The National Guard requested \$1.4 million for repair and maintenance expenses. This is \$46,440 less than enacted, including \$89,322 less from general revenues in order to meet budget target levels. The National Guard indicated that the armories are below federal National

Guard Bureau standards for mission readiness. *The Governor recommended the requested reduction and further reduced general revenues by \$300.* The Assembly concurred.

Operating Adjustments. The National Guard requested \$806,605 which includes \$101,865 more from federal funds and \$35,788 less from general revenues for all other operating expenses. The request reflects a shift from general revenues to federal funds for military supplies. This includes specialty clothing, uniform costs, reflective vests, target men, pins, coins, other various specialty items and travel expenses. *The Governor recommended \$2,500 more from federal funds than requested and \$11,027 more from general revenues for vehicle expenses.* The Assembly concurred.

Capital Projects. The National Guard requested a total budget of \$2.5 million for capital projects which is \$234,775 more than enacted from federal and Rhode Island Capital Plan funds. The request is consistent with the approved plan and current request. The Capital Budget Section includes a complete analysis of the projects.

The Governor recommended \$784,775, which is \$550,000 more than requested to include \$150,000 from carried-forward funds from the Armory of Mounted Command project and \$400,000 for FY 2010 consistent with the approved capital plan. The Assembly reduced Rhode Island Capital Plan fund expenditures by \$400,000 for the Benefit Street Arsenal and added \$18,475 more for asset protection projects and included \$63,340 shifted from FY 2009 to FY 2010 for the Woonsocket Building demolition.

Emergency Management Agency

Salaries and Benefits. The Emergency Management Agency requested \$2.5 million from all sources for salary and benefit expenses, which is \$122,679 less than enacted including \$178,752 less from general revenues. The request includes the enacted level of 28.0 positions and assumes no turnover savings; the enacted budget assumes \$12,655. This request includes a 2.5 percent cost-of-living increase and adjustments to other benefits offset by savings from filling new Rhode Island Statewide Communication Network positions at a lower cost than assumed in the enacted budget. *The Governor recommended \$2.6 million, which is \$107,931 more than requested; including \$50,217 more from general revenues to reflect updated retiree health benefit costs.* The Assembly reduced funding by \$150,000 to reflect turnover savings.

Rhode Island Statewide Communications Network. The Agency's FY 2010 request included \$3.5 million from all sources for the Rhode Island Statewide Communications Network excluding staffing. This is \$146,303 more than enacted. Funding is used for the continued expansion of the network, which includes upgrading equipment, training, salaries and benefits and travel related expenses. The enacted budget includes a total of \$3.7 million for this program including \$1.3 million from general revenues. Although the budget request decreases expenditures for salaries and benefits noted above by \$24,171 from general revenues, it shifts that funding to operating expenses to preserve the full enacted appropriation. It also includes \$122,132 from federal funds carried forward from FY 2008.

The Governor recommended federal funding as requested and \$45,747 less from general revenues. He subsequently requested an amendment to reduce federal funds by \$2.0 million, consistent with his recommendation to add funding to FY 2009. The Assembly concurred.

Homeland Security. The Agency's request included \$3.4 million for expenditures from homeland security grants. This is \$2.3 million more than enacted to reflect the agency's anticipated increase in spending for FY 2010. The funds are intended to enhance the capacity of emergency responders when

faced with incidents of terrorism involving weapons of mass destruction. *The Governor recommended \$6,000 more than requested. He subsequently submitted an amendment to reduce federal funds by \$800,000, consistent with his recommendation to add funding to FY 2009.* The Assembly concurred.

Law Enforcement Terrorism. The Agency requested a total of \$1.1 million in expenditures for law enforcement terrorism prevention for grants awarded through 2007. This request is \$1.4 million less from federal funds than enacted to reflect the end of the grant cycle. Future projects supported by these resources would have to come from Homeland Security and Urban Area Security Initiative funds. *The Governor recommended funding as requested.* The Assembly concurred.

Urban Area Security. The Agency requested a total of \$3.3 million from Urban Area Security Initiative federal funds. This is \$1.5 million more than enacted. The request reflects increased spending during FY 2010 by continuing to manage previous years' grant funding. Funding is used for the continuation of preventative planning against terrorist threats or acts of terrorism in urban areas. *The Governor recommended \$1.0 million less than requested to be consistent with a subsequent request to move more of the funding for this activity to FY 2009.* The Assembly concurred.

All Other Grant Funding. The Agency requested a total of \$2.6 million from federal funds, or \$1.6 million less than enacted for all other grant funding to accurately reflect actual grant awards. This funding supports specific goals of federal grants: buffer zone protection, citizen's corporation program, emergency management planning, map modernization and metropolitan medical response systems. *The Governor recommended \$0.5 million more than requested to reflect newly awarded grant funding. He subsequently requested an amendment to reduce federal funds by \$276,431 from the Transit Security Grant, consistent with the recommendation to add funding to FY 2009.* The Assembly concurred.

Other Operating. The Agency requested \$7,358 for operating expenses which is \$4,584 less than enacted from general revenues. This includes adjustments for telephone and transportation expenses. *The Governor recommended \$16,105 from general revenues which is \$8,747 more than requested for increased insurance costs.* The Assembly concurred.

Contracted Services. The Military requested \$1.2 million for contracted services, which includes the National Guard and the Emergency Management Agency, of which \$32,760 is from general revenues. *The Governor recommended \$1.2 million for contracted services, of which \$32,760 is from general revenues.* The Assembly concurred.

Department of Public Safety

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Program				
Central Management	\$ 4,987,750	\$ 9,204,123	\$ 8,238,766	\$ 5,435,033
E-911	5,449,940	5,736,354	4,886,572	4,886,572
Fire Marshal	2,638,889	4,078,997	3,007,162	3,007,162
Forensic Services	-	-	2,028,983	-
Security Services	3,744,088	3,485,764	3,310,591	3,310,591
Municipal Police Training Academy	497,195	540,742	441,096	536,201
State Police	70,507,597	70,708,608	74,067,791	74,251,925
Total	\$ 87,825,459	\$ 93,754,588	\$ 95,980,961	\$ 91,427,484
Expenditures by Category				
Salaries and Benefits	\$ 49,226,220	\$ 45,832,576	\$ 47,386,341	\$ 45,717,691
Contracted Services	509,069	1,154,433	1,108,690	879,745
Subtotal	\$ 49,735,289	\$ 46,987,009	\$ 48,495,031	\$ 46,597,436
Other State Operations	6,546,965	7,190,804	7,174,659	6,953,809
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	18,915,067	23,425,381	22,309,029	19,677,597
Capital	12,628,138	16,151,394	18,002,242	18,198,642
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 87,825,459	\$ 93,754,588	\$ 95,980,961	\$ 91,427,484
Sources of Funds				
General Revenue	\$ 66,828,094	\$ 63,963,302	\$ 66,518,758	\$ 54,745,909
Federal Aid	6,232,120	15,309,713	10,232,874	17,227,246
Restricted Receipts	434,000	835,000	609,000	609,000
Other	14,331,245	13,646,573	18,620,329	18,845,329
Total	\$ 87,825,459	\$ 93,754,588	\$ 95,980,961	\$ 91,427,484
FTE Authorization	414.5	396.1	447.7	432.1

Summary. The Department of Public Safety requested expenditures of \$97.5 million from all sources, including \$72.1 million from general revenues, \$5.3 million more than the FY 2009 enacted budget, and 443.1 full-time equivalent positions. This is 28.6 more than enacted. The request includes the transfer of \$1.5 million from general revenues and 11.6 full-time equivalent positions for the Forensic Services Unit from the Department of Health. The Department's request exceeds the Budget Office target of \$63.5 million by \$8.6 million. Adjusted for the transfer of the Forensic Services Unit, the request is \$7.1 million above the target.

The Governor recommended expenditures of \$96.0 million from all sources, \$1.5 million less than requested. He included \$5.6 million less from general revenues than requested. The Governor included 4.6 positions more than requested.

The Assembly did not concur with the transfer of the Forensic Sciences Unit. The Assembly reduced expenditures by \$4.6 million, which includes a shift of \$10.0 million from general revenues to federal fiscal stabilization funds. The Assembly provided 432.1 positions, 15.6 less than recommended.

The Assembly also adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

E-911 Telephone System

Overtime. The Department requested \$100,000 from general revenues for overtime expenditures to align with previous expenses; this is \$50,000 more than enacted. This represents a reduction in the number of overtime shifts from the FY 2009 revised request based upon the 4.0 telecommunicators hired by the Department on January 1, 2009. The Department has begun an accelerated training program for 4.0 new telecommunicators so that the telecommunicators will complete their training period and will work independently as call takers by May 2009. ***The Governor recommended funding as requested.*** The Assembly concurred.

Other Salaries and Benefits. The Department requested \$4.1 million from general revenues for salaries and benefits, which is \$170,970 more than enacted. The request continues to include funding for the contract and specification compliance officer which was eliminated in the FY 2009 enacted budget. The Department downgraded that position from a 1.0 full-time equivalent position to a 0.5 position, upgraded an administrative support specialist from a 0.5 position to a 1.0 position and eliminated 2.0 positions: a telecommunicator and a shift supervisor. Funding also includes a 2.5 percent cost-of-living increase for all employees in addition to longevity and step increases, and restores the \$93,885 turnover assumed in the enacted budget.

The Governor recommended \$3.8 million from general revenues for all other salaries and benefits; this is \$0.4 million less than requested and added turnover savings equivalent to approximately 4.0 positions offset by an increase to retiree health costs. The Assembly concurred.

Pictometry Upgrade. The Department's request included no funding from federal Homeland Security grant funds for the project to establish a pictometry database. The enacted budget includes \$0.4 million, and the project will be completed in FY 2009. ***The Governor recommended funding as requested.*** The Assembly concurred.

Signaling System 7. The enacted budget included \$150,000 for the purchase of a Signaling System 7 server. For FY 2010, the Department requested use of \$150,000 to buy two Signaling System 7 switches, which are necessary only after the server is installed. Subsequently, the Department submitted a corrective action plan and the Governor concurred in his FY 2009 revised budget to delay the purchase of the Signaling System 7 server to reduce expenditures in FY 2009 by \$150,000. ***The***

Governor recommended funding as requested to purchase the server delayed from FY 2009. The Assembly concurred.

Other Operations. The Department requested \$0.9 million from all sources for all other expenses, which is \$85,311 less than enacted, including \$30,311 less from general revenues. The Department did not include \$55,000 from Rhode Island Capital Plan funds for upgrades to the E-911 primary public safety answering point that is to be completed in FY 2009. General revenue changes include \$56,000 less for computer upgrades at the primary public safety answering point. This is partially offset by increases of \$6,951 for computer maintenance contracts, \$4,300 for telephone expenditures and \$14,438 more for all other adjustments.

The Governor recommended \$1.1 million from all sources of funds, including \$1.0 million from general revenues for all other operating expenditures. The Governor included \$3,400 less than requested for grounds maintenance. The Governor included \$55,000 more than requested from Rhode Island Capital Plan funds for upgrades at the E-911 primary public safety answering point. The Assembly concurred.

Fire Marshal

Salaries and Benefits. The Fire Marshal requested \$2.5 million for all salaries and benefits for 32.0 full-time equivalent positions. This is \$155,973 more than the enacted budget and includes a 2.5 percent cost-of-living increase for all employees in addition to longevity and step increases and other benefit adjustments. This included no turnover savings, consistent with the enacted budget. *The Governor recommended \$148,863 less than requested; this includes turnover savings equivalent to approximately 1.5 positions and funds the increase in retiree health insurance.* The Assembly concurred.

Grant Adjustments. The Fire Marshal requested \$376,000 from federal funds for the purchase of equipment and fire safety supplies; this is \$352,000 more than enacted mainly from new grant funding. This includes \$0.2 million of Homeland Security funding for the purchase of an all-terrain vehicle, bomb suits, body armor, helmets and other equipment. This is in addition to \$0.1 million for the training of local fire departments on terrorism preparedness. The remaining \$0.1 million from federal funds will be used for the training of local fire departments for emergency response to hazardous materials procedures. *The Governor recommended funding as requested.* The Assembly concurred.

Other Operating. The Fire Marshal requested \$328,266 from general revenues for all other operating expenses, which is \$11,163 more than enacted. This included \$11,700 less for vehicle maintenance expenses offset by \$8,500 more from general revenues for additional instructors to offset the loss of federal funds at the Fire Training Academy, and all other adjustments. *The Governor recommended \$2,000 less than requested for additional instructors.* The Assembly concurred.

Forensic Services Unit

Quality Assurance Officer. The Department indicated to the Administration its request for \$104,278 from general revenues to hire a quality assurance officer for the Forensic Sciences Unit. This position will be responsible for the unit to maintain accreditation for forensic biology, drug analysis, evidence control, for the Combined DNA index system, and the DNA analysis programs. The Department erroneously omitted the position and funding from its initial request. *The Governor recommended the position and the funding.* The Assembly did not provide funding or the full-time equivalent position.

Senior Forensic Scientists. The Department indicated to the Administration its request for \$184,356 from general revenues to hire two senior forensic scientists for the Forensic Sciences Unit. These positions will be responsible to manage the flow of evidentiary information among the laboratories, law enforcement agencies and prosecutors. The Department erroneously omitted these positions and funding from its initial request. *The Governor recommended the positions and the funding.* The Assembly did not provide funding or the full-time equivalent positions.

Salaries and Benefits. The Department requested the transfer of the functions of the Forensic Laboratory from the Department of Health to the Department of Public Safety laboratory because its mission is more in line with that of the public safety function. This includes \$1.3 million for salaries and benefits and 11.6 full-time equivalent positions. This is 1.0 fewer position and \$0.4 million less than enacted. The Department has indicated to staff that a position was eliminated erroneously in its request, which is now understated by \$61,642. The Department included a 2.5 percent cost-of-living increase for all employees and other statewide benefit adjustments. *The Governor included \$1.4 million from general revenues and 12.6 full-time equivalent positions.*

The Assembly did not concur and maintained the Forensic Science Unit in the Department of Health, along with the funding and 12.6 full-time equivalent positions.

Other Operating. The Department requested \$0.2 million from general revenues for the operating expenses of the Forensic Services Unit. This is \$0.2 million less than the amount included in the Department of Health's enacted budget. The Department of Public Safety has indicated to staff that \$187,000 of federal funding included in the Department of Health's enacted budget was excluded erroneously from the request. *The Governor included funding as requested and added the \$187,000 from federal sources excluded from the request.* The Assembly did not concur and maintained the Forensic Science Unit within the Department of Health along with the funding.

Security Services

Salaries and Benefits. The Department requested \$3.2 million for salaries and benefits for 50.0 positions. This is \$399,037 less than the enacted budget and includes the elimination of 3.0 Capitol Police Officer positions, consistent with the FY 2009 revised budget request. The request also includes a 2.5 percent cost-of-living increase and other statewide benefit adjustments. *The Governor recommended \$751 more than requested. This includes eliminating only 2.0 vacancies but assuming increased turnover equivalent to 2.0 positions. It also adjusts funding for increased retiree health costs.* The Assembly concurred.

Other Operating. The Department requested \$83,695 from general revenues for other operating expenses for the Capitol Police. This is \$35,211 less than enacted and includes \$15,000 less for uniform and supply expenditures due to the consolidation of the division within the Department of Public Safety. The Department noted that it has been able to negotiate a better purchasing agreement with the supplier. There is also a reduction of \$17,000 of vehicle and maintenance expenditures and \$2,500 for the purchase of new computers. *The Governor recommended funding as requested.* The Assembly concurred.

Municipal Police Training Academy

Salaries and Benefits. The Department requested \$296,559 from general revenues for salaries and benefits for the Municipal Police Training Academy. This is \$88,392 less than the enacted budget, and reflects savings from the Department eliminating an administrative assistant position, consistent

with its FY 2009 revised request. The request also includes a 2.5 percent cost-of-living increase and statewide benefit adjustments. It does not include any turnover savings, consistent with the enacted budget. *The Governor recommended funding essentially as requested, but removed \$3,123 to reflect updated salary figures, retiree health and other benefit costs.* The Assembly concurred.

Grants. The Department requested \$91,400 for expenditures from federal grants, which is \$25,400 more than enacted. This includes \$66,400 of new Community Policing and Cultural Diversity grant funding. This training program will focus on community policing and problem solving in addition to the reintegration of war veterans to police forces. The agency requests \$25,000 from Byrne Grant funding to conduct in-service training programs, which is \$10,000 less than enacted. These are offset by \$31,000 less for Hate Crimes and Drug Recognition and Standard Field Sobriety training grants, which expired.

The Governor recommended funding as requested. The Governor subsequently requested an amendment to include \$95,105 from federal sources for the division to contract for a law enforcement safety coordinator to promote and assist with the implementation of national and state safety highway safety training programs addressing occupant protection, impaired driving, speed management, and other traffic safety initiatives. The Assembly concurred.

Other Operating. The Department requested \$56,260 for all other operating expenditures for the Municipal Police Training Academy. This is \$10,016 more than enacted from general revenues and includes \$8,840 for vehicle maintenance and \$1,176 for other office expenses. *The Governor recommended funding as requested.* The Assembly concurred.

State Police

53rd Trooper Training Academy. The Department requested \$584,150 from general revenues for the second year of costs associated with the 53rd Trooper Training Academy. This is \$284,911 more than the enacted budget, which includes recruitment costs, as well as \$150,000 for laptop computers for members of the 53rd Trooper Training Academy. The class will begin on June 21, 2009 and train for a period of 21 weeks and graduate on November 13, 2009. Included in the cost are uniforms, catering, bullet-proof vests, equipment, and instructors.

Subsequently, the Department submitted a corrective action plan that proposed a delay in the purchase of the laptop computers. In his FY 2009 revised budget, the Governor removed the \$150,000 for the purchase of the laptops.

The Governor recommended funding as requested and did not include funding for the purchase of the new laptop computers. The Assembly concurred.

New Troopers. The Department requested \$1.9 from general revenues and 35.0 full-time equivalent positions for the salaries and benefits for the 35 troopers who will graduate from the 53rd Trooper Training Academy class. This includes \$0.5 million for the stipends for the 35.0 recruits who participate in the Trooper Training Academy. On November 13, 2009, the troopers will then enter into a Field Training Officer program for 72 working days, which will be completed in February, 2010.

The Governor recommended \$2.7 million from general revenues for the 35.0 new positions. This is \$0.7 million more than requested due to a miscalculation of benefits in the request. The Assembly concurred.

54th Trooper Training Class Recruitment. The Department requested \$53,500 for the recruitment of the 54th Trooper Training Academy. The Department will begin recruiting in the spring of 2010 with the written examination administered in June 2010. The remainder of the recruiting process will take place in FY 2011 with the 54th Trooper Training Academy beginning on March 14, 2011. Recruits would graduate in August of 2011 when the 31.0 members of the 1990 class will have reached 21 years of service. This schedule is similar to the one currently in place for the recruitment and testing of the 53rd Trooper Training Academy. *The Governor recommended \$500 less than requested for postage.* The Assembly concurred.

Operations and Maintenance Coordinator. The Department requested \$42,401 from general revenues to hire an operations and maintenance coordinator in January 2010 for the new State Police Headquarters. The annualized cost would be \$84,802. This position will be responsible for the HVAC, chemical systems and bio-hazard materials in addition to the regular operations of the new facility. The construction is expected to be completed September 2010, but the Department would like to have the position filled in January of 2010 so the individual will be available when the heating, air conditioning and filtration systems are installed and completed. *The Governor included funding and 1.0 full-time equivalent position as requested.* The Assembly did not concur with the funding or with the position.

Other Salaries and Benefits. The Department requested \$35.5 million for all salaries and benefits for the remaining 247.0 State Police positions. This is \$0.3 million more than the enacted budget, nearly all of which is general revenues. This reflects the elimination of 17 troopers due to retirement, including 1.0 detective colonel, 4.0 detective troopers, and 12.0 senior troopers. The request includes a 2.5 percent cost-of-living increase for all employees and statewide benefit adjustments. However, it does not include any turnover savings and the enacted budget assumes \$228,151 in savings. While the request applies the 2.5 percent cost-of-living adjustment for all employees, troopers have not negotiated a new contract yet. The troopers' current contract expires on April 30, 2009.

The Governor included \$6.1 million less than requested from all sources, including \$5.9 million from general revenues. Changes to the request include savings from proposed pension savings and the delay in paying retiree health on an actuarial basis and not funding a cost-of-living adjustment, pending settlement of a new contract. The Assembly concurred.

Computer Maintenance Contracts and Supplies. The Department requested \$463,906 from general revenues for computer maintenance contracts and supplies. This includes \$311,606 for computer maintenance and \$104,300 for parts and supplies to be used for maintenance purposes. This is \$280,762 more than enacted from general revenues for computer maintenance contracts. The State Police overspent its budget for this in FY 2008. The Department requested additional funding in FY 2009, which was not provided. *The Governor recommended funding as requested.* The Assembly concurred.

Pensions. The Department requested \$15.8 million from all sources for pensions for troopers hired before July 1, 1987. These pensions are funded through a general revenue appropriation and are projected to exceed the enacted budget by \$979,708. Changes to the enacted budget assumptions include three fewer widow's pensions, two more disability pensions and 10 more regular pensions. *The Governor recommended \$39,684 less than requested based upon updated data.* The Assembly concurred.

Contract Services. The Department requested \$126,246 from general revenues for contractual services, which is \$22,408 less than enacted, including \$7,672 less from general revenues. The

decrease reflects fewer physicals for troopers and less in-service training. *The Governor recommended funding as requested.* The Assembly concurred.

Fleet Replacement. The Department requested \$858,912 for fleet replacement costs, \$494,118 less than enacted. This decrease reflects the current schedule for repayment of debt service for vehicles purchased through FY 2009 provided by the Budget Office. It does not assume the purchase of any new vehicles in FY 2010. *The Governor recommended funding as requested.* The Assembly concurred.

Vehicle Maintenance. The Department requested \$1.8 million for vehicle maintenance costs. This is \$56,615 less than enacted from all sources, including \$183,385 more from general revenues and \$240,000 less from the Department of Transportation. The decrease of Department of Transportation funding is due to an estimate of a reduction in the number of road detail hours from 35,000 to 25,000. There is not a greater decrease in cost because vehicles must still be serviced monthly and there are increased insurance and fuel costs. *The Governor recommended funding as requested.* The Assembly concurred.

Bullet Proof Vests. The Department requested \$200,000 from general revenues to replace approximately 200 soft body armor bullet proof vests for 198 current troopers. Bullet proof vests for the 35 new troopers are included in the Training Academy request. The State Police's soft body armor was last replaced in February of 2005. The national standard for replacement of body armor is five years. *The Governor recommended funding as requested.* The Assembly concurred.

Fusion Center. The Department requested \$646,860 for the purchase a comprehensive intelligence system for the Rhode Island Fusion Center. This is \$474,360 more than enacted from federal sources carried forward from FY 2009. The Rhode Island Fusion Center electronically collects information from a number of government and public databases. This information allows the Department to use the Fusion Center to cross reference and look for disparities of information relating to individuals that may be involved in illegal activities. *The Governor recommended funding as requested.* The Assembly concurred.

Cyber Terrorism Task Force. The Department requested \$85,067 for FY 2010 from federal United States Army Intelligence Cyber Terrorism Task Force funds. This is \$14,567 more than enacted to be used to protect the nation's cyber infrastructure including the Internet and other infrastructures that use computer systems. *The Governor recommended funding as requested.* The Assembly concurred.

Internet Crimes Against Children. The Division requested \$163,596 from federal funds to support a statewide multi-agency law enforcement task force to target online predators and child exploitation investigations. This is \$50,793 more than enacted from federal funds. The request includes funding for forensic computer equipment to be used in investigations, information technology support, and other operating expenses. *The Governor recommended funding as requested.* The Assembly concurred.

Grant Adjustments. The Department requested \$217,040 for all other federal grant expenditures. This includes \$84,700 less than enacted for the Motor Carrier Safety program due to less incentive based federal funding.

The Governor recommended funding as requested and included \$300,000 of a new federal Motor Carrier Safety Commercial Vehicle Information Systems and Networks award for the continued improvement of commercial motor vehicle safety and security through the use of technology and weigh in-motion and portable scales. The Assembly concurred.

Training and Surveillance Equipment. The Department requested \$465,000 from restricted receipts and federal funds available from the forfeiture of seized money to purchase new equipment. This is \$175,000 more than enacted. The Department plans to purchase a new polygraph machine, radio and phone recording equipment, police equipment, a Network upgrade, a server and desktop replacement in addition to software upgrades. *The Governor recommended funding as requested.* The Assembly concurred.

Other Operating. The Department requested \$1.7 million from all sources for all other operating expenses. This is \$35,611 less than enacted, including \$31,611 less from general revenues. *The Governor included \$1.7 million from all sources for all other operating expenses. This is \$52,179 less than enacted, including \$48,179 less from general revenues.* The Assembly concurred.

Capital. The Department requested \$16.2 million from Rhode Island Capital Plan funds, which is \$4.8 million more than enacted. This includes \$5.0 million more than enacted for improvements to the State Police Training Facility, and \$50,000 more than enacted for improvements to the State Police Headquarters. This request does not include \$0.2 million of Rhode Island Capital Plan funds the Department requested for upgrades to the existing headquarters facilities the Department included in its initial capital request. *The Governor included \$16.1 million, which reduces the request by \$0.1 million from Rhode Island Capital Plan funds for the Statewide Microwave Informational Technology Project due to a project delay.*

The Assembly provided \$16.3 million from Rhode Island Capital Plan funds, which is \$0.2 million more than recommended to reflect shifting the parking area improvement project from FY 2009 to FY 2010 due to project delays.

Central Management

Salaries and Benefits. The Department requested \$1.2 million from all sources for salaries and benefits for Central Management operations, which is \$0.3 million more from general revenues than enacted. The FY 2009 enacted budget authorized a total of 9.0 full-time equivalent positions that included a program reduction of 4.0 positions from the former Justice Commission employees. However, this reduction did not occur as enacted. The FY 2010 request reconfigures the staffing to reflect a net addition of 3.0 positions above the enacted budget, for a staffing level of 11.6 positions. This also includes a 2.5 percent cost-of-living increase and other statewide benefit adjustments. This does not include any turnover savings, consistent with the enacted budget.

The Governor recommended \$1.2 million from all sources of funding and included 11.6 full-time equivalent positions. This is \$0.1 million less than requested from all sources of funds, including \$0.2 million less from general revenues than requested. This includes \$30,000 from turnover savings and using additional federal awards for personnel expenditures.

The Governor subsequently requested an amendment to include an additional \$110,000 and 1.0 full-time equivalent position to fund a principal project manager. The principal project manager will assist the Department's legal counsel and the Major who oversees the consolidated Department of Public Safety. The Assembly concurred.

Byrne Memorial Grants. The Department did not include funding in the request for the Byrne Memorial Grant. This is \$8,615 less than enacted. *The Governor provided \$2.8 million of new Byrne Memorial grant awards that became available to the state as part of the American Recovery and*

Reinvestment Act. The Assembly did not provide federal stimulus funds for state justice programs because there has not been sufficient review of the proposed uses.

Crime Victim Assistance Grants. The Department requested \$1.1 million of federal Crime Victim Assistance grant awards. This is \$0.3 million less than enacted due to a decline in available federal funding.

The Governor included \$1.4 million for federal Crime Victim Assistance grant awards. This is \$36,502 less than enacted and includes \$286,000 in new grant awards that became available to the state as part of the American Recovery and Reinvestment Act. The Assembly concurred but did not provide federal stimulus funds for state justice programs because there has not been sufficient review of the proposed uses.

Other Grants. The Department requested \$1.8 million from federal funds for grant expenditures. This is \$0.7 million less than enacted to reflect updated resources and expenditure projections. This includes \$754,501 less from the Narcotics Control Assistance Program and \$11,205 more than enacted in other grant adjustments.

The Governor included \$2.3 million from federal funds for grant expenditures. This is \$0.5 million more than requested, reflective of additional grant awards as part of the American Recovery and Reinvestment Act. This increase includes \$0.5 million for additional Violence Against Women grant funding.

The Governor subsequently requested an amendment to include \$0.9 million from federal sources for the Violence Against Women grant program. The Assembly concurred.

Contracted Services. The request includes \$0.8 million for contracted services of which \$0.5 million is from general revenues. ***The Governor included \$1.1 million for contracted services of which \$0.5 million is from general revenues, and this is \$0.3 million more than requested.*** The Assembly provided \$0.9 million for contracted services, of which \$0.5 million is from general revenues.

Office of the Public Defender

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 8,648,144	\$ 8,386,060	\$ 8,785,964	\$ 8,785,964
Contracted Services	221,743	166,807	178,766	178,766
Subtotal	\$ 8,869,887	\$ 8,552,867	\$ 8,964,730	\$ 8,964,730
Other State Operations	814,442	811,192	818,957	818,957
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	32,400	34,400	25,400	25,400
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 9,716,729	\$ 9,398,459	\$ 9,809,087	\$ 9,809,087
Sources of Funds				
General Revenue	\$ 9,468,259	\$ 9,072,868	\$ 9,583,189	\$ 9,583,189
Federal Aid	248,470	325,591	225,898	225,898
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 9,716,729	\$ 9,398,459	\$ 9,809,087	\$ 9,809,087
FTE Authorization	93.5	91.0	91.0	91.0

Summary. The Office of the Public Defender requested \$8.6 million from all funds, \$1.1 million less than enacted, nearly all from general revenues. The Office requested 70.0 full-time equivalent positions, 23.5 positions less than the current authorized level. This is consistent with the Budget Office general revenue target of \$8,366,552. *The Governor recommended \$9.8 million, which is \$1.2 million and 21.0 positions more than requested to restore the agency's proposed staffing reduction.*

The Assembly concurred and adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Staffing Reductions. To meet the target set by the Budget Office, the Office requested the elimination of 21.0 filled positions to achieve \$1.2 million of savings. This includes laying off 13.0 attorneys, 4.0 clerical workers, 2.0 social workers, 1.0 investigator, and 1.0 intake technician. The positions consist of staff who provide representation to violators of probation, respondents statewide in parental rights dependency, neglect and termination cases, and all misdemeanor representation. The United States Constitution and the Rhode Island General Laws require representation for indigent individuals involved in these categories of cases. The elimination of 21.0 positions would require the state to

provide representation by some means other than Public Defender representation. *The Governor did not recommend this initiative.* The Assembly concurred.

Other Salaries and Benefits. The Office requested \$7.5 million from all sources including \$7.4 million from general revenues for salary and benefit expenses for 70.0 positions. This is \$98,939 or 1.0 percent above the enacted budget. The increase includes \$99,614 more from general revenues and \$675 less from federal funds. This includes elimination of 2.5 vacant positions consistent with its revised request. It also includes increases for a 2.5 percent cost-of-living adjustment, longevity and steps, change in attrition and increases in medical costs. *The Governor recommended \$38,881 more than requested to reflect the increase in retiree health insurance benefits.* The Assembly concurred.

Community Partnership Program. The Office requested \$16,772 from federal funds, which is \$73,840 less than enacted to correctly reflect the grant awards currently committed to support its community partnership program. The enacted budget assumes federal funds will cover two contracted positions. The Office anticipated funding will support only one position in FY 2010. *The Governor recommended funding as requested.* The Assembly concurred.

Juvenile Response Unit. The Office requested \$59,808 from federal funds, which is \$50,558 more than enacted to correctly reflect the grant received to support its juvenile response unit staff. The requested funds will be used for legal and social service, defense intervention and advocacy to incarcerated juveniles eligible for non-custody community-based treatment alternatives. *The Governor recommended funding as requested.* The Assembly concurred.

Other Contracted Services. The Office requested \$204,766 from all sources including \$143,566 from general revenues for all other contracted services expenditures. This is \$6,305 more than the enacted budget to reflect increased expenses for expert witnesses, interpreter/translators, and transcripts, as well as security services, paper shredding, and technology support for database maintenance and internet connection for attorney client confidentiality. *The Governor recommended \$26,000 less than requested to reflect reductions in legal and temporary clerical services.* The Assembly concurred.

Other Operating Expenses. The Office requested \$843,037 from all sources including \$827,657 from general revenues for all other operating expenditures including office rent. This is \$7,500 less from general revenues than the enacted budget and \$3,805 less from federal funds. The decrease reflects reductions in office furniture and equipment purchases, travel and transportation expenses, and the replacement of one copier instead of two as in the previous fiscal year. The requested decrease is offset by a 21.0 percent adjustment for a projected energy cost increase in FY 2010. *The Governor recommended \$1,320 more than requested to reflect a minor increase in casualty and loss insurance expenses.* The Assembly concurred.

Contracted Services. The request included \$204,766 from contracted services of which \$143,566 is from general revenues. *The Governor recommended \$178,766 for contracted services of which \$117,566 is from general revenues.* The Assembly concurred.

Department of Environmental Management

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditure by Program				
Office of the Director	\$ 8,757,719	\$ 7,807,343	\$ 8,812,494	\$ 8,645,285
Bureau of Natural Resources	47,308,018	47,094,275	44,335,024	45,574,332
Bureau of Environmental Protection	32,892,415	31,911,086	36,390,128	36,753,628
Subtotal	\$ 88,958,152	\$ 86,812,704	\$ 89,537,646	\$ 90,973,245
Expenditures by Category				
Salaries and Benefits	\$ 46,999,150	\$ 42,595,557	\$ 43,589,499	\$ 43,589,499
Contracted Services	7,494,623	8,444,125	8,688,457	9,173,609
Subtotal	\$ 54,493,773	\$ 51,039,682	\$ 52,277,956	\$ 52,763,108
Other State Operations	9,484,789	10,026,248	10,295,430	10,304,086
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	10,233,488	7,103,874	11,097,118	11,255,349
Capital	14,746,102	18,642,900	15,867,142	16,650,702
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 88,958,152	\$ 86,812,704	\$ 89,537,646	\$ 90,973,245
Sources of Funds				
General Revenue	\$ 35,779,384	\$ 33,555,663	\$ 35,651,578	\$ 35,484,369
Federal Aid	33,435,438	34,508,404	32,067,164	33,680,872
Restricted Receipts	16,411,875	13,614,137	15,246,049	15,246,049
Other	3,331,455	5,134,500	6,572,855	6,561,955
Total	\$ 88,958,152	\$ 86,812,704	\$ 89,537,646	\$ 90,973,245
FTE Authorization	473.0	409.0	417.0	417.0

Summary. The Department requested FY 2010 expenditures of \$85.9 million from all sources, or \$3.0 million less than enacted. This includes \$0.4 million less from general revenues, \$3.5 million less from federal funds, \$1.8 million less from restricted receipts and \$2.7 million more from other funds. The Department requested 409.0 full-time equivalent positions, which is 64.0 less than authorized. The request exceeds the Budget Office's general revenue target of \$32.3 million by \$3.1 million.

The Governor recommended \$89.5 million from all sources, \$0.6 million more than enacted including \$0.1 million less from general revenues, \$1.4 million less from federal funds, \$1.2 million less from restricted receipts and \$3.2 million more from other fund sources. The recommendation includes 417.0 positions, which is 56.0 less than enacted and 8.0 more than requested.

The Assembly provided \$2.0 million of additional federal funds throughout the Department to more accurately reflect the Department's anticipated award. The Assembly essentially concurred with the remainder of the recommendation, with the exception of minor adjustments to two

projects funded with Rhode Island Capital Plan funds and removal of \$0.2 million of general revenues for telephone expenditures.

The Assembly also adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Staffing. The Department requested 409.0 positions, which is 64.0 positions less than enacted. The request reflects the following program reductions: 6.0 positions in the Office of the Director, 17.9 positions in the Bureau of Environmental Protection and 40.1 positions in the Bureau of Natural Resources. It should be noted that the majority of the staffing reduction was due to retirements during FY 2009, as well as some additional turnover. The FY 2010 request does not include turnover savings, and appears to adequately fund personnel expenditures for FY 2010. The Department has historically budgeted federal funds for personnel expenditures, when the funds are not received the Department has requested additional general revenue to fund the shortfall, which has resulted in annual deficits for personnel costs.

The Governor recommended 417.0 positions, which is 56.0 less than enacted and 8.0 more than requested. The recommendation includes the requested reductions, but also includes the addition of 8.0 positions to accommodate the expected increase in permitting requests for construction projects related to the American Recovery and Reinvestment Act. As of March 14, 2009, the Department had 398.0 filled positions, which is 11.0 less than requested and 19.0 less than recommended. The Assembly concurred.

Administration

Salaries and Benefits. The Department requested \$4.2 million from all sources for salaries and benefits in the Office of the Director, including \$2.3 million from general revenues and \$1.9 million from restricted receipts. The Office provides planning, budgeting, personnel, information management, legal services and business services for the Department. The request is \$0.6 million less than enacted, including \$0.4 million less from general revenues and \$0.2 million less from restricted receipts. The restricted receipts are derived from boating registration fees, indirect cost recovery accounts and the Bays, Rivers and Watersheds Fund. The request reflects a reduction of 6.0 vacant positions, offset by a cost-of-living adjustment as well as updated costs for benefits. The request does not assume any turnover savings in the Office.

The Governor recommended \$4.3 million, \$0.5 million less than enacted and \$0.1 million more than requested, including \$92,766 more from federal funds and \$12,567 more from general revenues. The increase was recommended to reflect step increases for 2.0 legal counsels, as well as the addition of 1.0 legal counsel to assist with increased permitting activities related to the American Recovery and Reinvestment Act. The Assembly concurred.

Foundry Lease Payment. The Department requested \$2.4 million from general revenues for its headquarter lease payment and utilities expenses. The request is \$21,256 less than enacted, including \$1,421 more for electricity, \$14,695 less for heating expenses and \$7,982 less for lease expenses. In March 2005, the Department entered a new 10-year lease agreement with the Foundry Associates, which is in effect from July 8, 2006 through July 7, 2016. It should be noted that the State Water

Resources Board moved into the Foundry Building during FY 2009, and will now pay a pro-rated share of the rent, which is reflected in the Department's lowered request for lease expenses. *The Governor recommended funding as requested.* The Assembly removed \$10,100 of general revenues for this expense to reflect the Department's correct share of the lease payment.

Bays, Rivers and Watersheds. The Department did not request funding from restricted receipts for the Bays, Rivers and Watersheds Coordination Team, for which \$0.5 million was included in the enacted budget. The Department noted the funds were inadvertently excluded from the request. *The Governor recommended \$450,000 to reflect the funds that were inadvertently excluded.* The Assembly concurred.

Telephone System Replacement Delay. The Department requested \$110,000 from Rhode Island Capital Plan funds for FY 2010 to replace its telephone system. The Department noted that its current telephone system was originally housed in a different building, and is over 15 years old. During FY 2007 the Department's phone system began to deteriorate, and it became more difficult to install new lines or re-assign phone numbers; however, the system is operational and processes basic functions. It should be noted that full replacement of the system was estimated to cost significantly more than requested by the Department. *The Governor recommended \$150,000 from general revenues for telephone system replacement.* The Assembly removed this funding and delayed the system replacement until appropriate funding could be provided.

All Other Operating. The Department requested \$1.5 million from all sources, including \$0.6 million from general revenues, \$0.8 million from federal funds and \$0.1 million from restricted receipts for operating expenses in the Office of the Director. Funding is used to purchase information technology equipment and support, financial services, office supplies and design and engineering services for projects throughout the Department. The request is \$0.3 million more than enacted, including \$0.1 million more from general revenues to bring information technology expenses in line with FY 2008 expenses, and \$0.2 million more from federal funds to reflect additional funding from the Environmental Protection Agency, which will be used to establish an information exchange network between the Department and the Agency.

The Governor recommended \$1.7 million, which is \$0.5 million more than enacted and \$0.2 million more than requested, including \$0.1 million more from general revenues and \$0.1 million more from restricted receipts. The increase was recommended to reflect additional computer and software purchases for permitting activities.

The Assembly concurred, with the exception of the removal of \$7,109 from general revenues to reflect two grants, for which grantees have not claimed their awards.

Rhode Island Capital Plan Fund Projects. The Department requested \$4.0 million from Rhode Island Capital Plan funds for five ongoing capital projects. The request is \$1.7 million more than enacted, including \$1.7 million more for state-owned dam repairs, \$0.3 million for the rehabilitation of Fort Adams, \$1.0 million for upgrades to the state piers at Newport and Galilee and \$30,900 more for facilities improvements at the state's recreational facilities. These projects are described in greater detail in the Capital Budget Section of this analysis.

The Governor recommended \$4.5 million, which is \$1.7 million more than enacted and \$0.5 million more than requested, including \$0.3 million more for upgrades to the Newport Piers and \$0.2 million more for repairs to state owned dams to reflect carry-forward funds and a revised construction schedule. The Assembly did not concur with the use of Rhode Island Capital Plan funds for the

Narragansett Bay Piers program, and provided an additional \$39,100 for improvements to the state's recreational facilities in FY 2010 to reflect anticipated expenditures.

Natural Resources

Parks and Recreation. The Department requested \$9.4 million from general revenues for the Division of Parks and Recreation, which is responsible for the operation and maintenance of the state's campgrounds, parks and beaches. The request is \$4,178 less than enacted; however, it includes \$0.4 million less for salaries and benefits offset by \$0.2 million more each for contracted services and operating expenses. The request reflects a reduction of 11.0 vacant positions throughout the Division, and appears to fully fund the remaining 46.0 positions in the Division, including a cost-of-living adjustment as well as updated costs for medical benefits. It should be noted the request includes \$0.4 million more than enacted to bring seasonal employee expenses in line with FY 2008 expenses. The request does not assume any turnover savings in the Division. Services include waste removal, landscaping, cleaning as well as maintenance on structures and roads.

The Governor recommended \$9.3 million, \$0.1 million less than enacted and requested to reflect anticipated turnover savings for 2.0 full-time equivalent positions in the Division not included in the request, as well as minor reductions to miscellaneous operating expenses. It should be noted the recommendation is \$0.2 million less than actual expenditures for the Division in FY 2008. The Assembly concurred.

Fish and Wildlife Federal Grants. The Department requested \$1.4 million in expenditures from federal grants received by the Division of Fish and Wildlife. The Division is responsible for the protection, restoration, and management of the fish and wildlife resources of the state. The request includes \$0.8 million for the boating infrastructure grant, \$0.3 million for upgrades to the state's marinas, \$0.2 million for pollution studies in Narragansett Bay and \$0.3 million to monitor the wildlife species throughout the state. The request is \$0.4 million less than enacted to reflect the Department's anticipated federal award for FY 2010.

The Governor recommended funding essentially as requested, but added \$1,031 to more accurately reflect anticipated expenditures from the federal award. The Governor subsequently requested an amendment to provide an additional \$0.8 million from federal fish and wildlife funding to better reflect the Department's anticipated award. The Assembly concurred and included the funds.

Fish and Wildlife Salaries and Benefits. The Department requested \$3.8 million for salaries and benefits, including \$0.9 million from general revenues, \$2.2 million from federal funds and \$0.7 million from restricted receipts for salaries and benefits to fund 38.0 positions in the Division of Fish and Wildlife. The request is \$0.8 million less than enacted and reflects a reduction of 11.0 vacant positions in the Division, offset by increases for a cost-of-living adjustment as well as updated medical and fringe benefit expenditures, consistent with Budget Office instructions. The request does not assume turnover savings for the remaining positions. *The Governor recommended funding essentially as requested, but added \$27,538 to reflect updated retiree health and other benefit costs. The Assembly concurred.*

Fish and Wildlife Operating. The Department requested \$5.8 million for operations in the Division of Fish and Wildlife. Major expenditures include \$2.6 million for equipment and vehicle purchases, \$2.0 million for operating expenses such as grounds maintenance and waste disposal and \$1.1 million for contracted services such as surveying and architectural services. The request is \$0.7 million more than enacted, primarily to reflect increases in general operations at the Department's hatcheries. The

request also includes increases in expenditures for building maintenance/repairs, waste disposal, utility costs and vehicle repairs and replacement. *The Governor recommended funding as requested.* The Assembly concurred.

Enforcement Salaries and Benefits. The Department requested \$4.5 million from all sources, including \$2.7 million from general revenues and \$0.9 million each from federal funds and restricted receipts for salaries and benefits to fund 31.0 positions in the Division of Enforcement. The Division provides 24-hour patrols on the state's waters, protecting commercial fish and shellfish industries, and enforcing state laws and regulations governing the recreational take of fish and wildlife. The request is \$0.3 million less than enacted to reflect the elimination of 4.0 vacant positions, offset by increases for a cost-of-living adjustment as well as updated medical and fringe benefit expenditures, consistent with Budget Office instructions. The request does not assume turnover savings for the remaining positions. *The Governor concurred with the elimination, but recommended \$56,895 less than requested to reflect additional turnover for 1.0 position.* The Assembly concurred.

Enforcement Operations. The Department requested \$1.3 million for operating expenses in the Division of Enforcement. The request includes \$0.6 million for operating expenses such as insurance, fuel and firearms, and \$0.6 million for equipment and vehicle purchases. The request is \$0.3 million more than enacted to reflect increases for construction costs and fuel. Approximately 17.0 percent of funding is from restricted receipts that are derived from boat registration fees as well as fines collected from violators. The increase in the request reflects the Division's plan to build docks and acquire an evidence storage building at the Wickford facility.

The Governor recommended funding as requested. The Governor subsequently requested an amendment to provide an additional \$0.8 million from federal funds for enforcement activities to better reflect the Division's anticipated federal award. The Assembly concurred and included the funds.

Agriculture Salaries and Benefits. The Department requested \$1.6 million, including \$1.2 million from general revenues and \$0.4 million from federal funds for salaries and benefits to fund 18.0 positions in the Division of Agriculture. The Division is responsible for monitoring and regulating the state's agricultural products, as well as protecting these resources from diseases and pests. The request is \$0.5 million less than enacted to reflect the elimination of 2.0 vacant positions as well as \$0.3 million less for seasonal employees within the Division to more accurately reflect recent expenditure history. The request also includes increases for a cost-of-living adjustment as well as updated medical and fringe benefit expenditures, consistent with Budget Office instructions. The request does not assume turnover savings for the remaining positions.

The Governor concurred with the elimination, but recommended \$78,012 less than requested to reflect additional turnover for 2.0 positions in the Division. The Assembly concurred.

Agriculture Operations. The Department requested \$0.7 million, including \$0.3 million from general revenues and \$0.5 million from federal funds for operations in the Division of Agriculture. This includes expenditures for animal health monitoring, pesticide control and mosquito abatement. The request is \$2.0 million less than enacted, primarily from federal funds, to reflect the conclusion of the specialty crops management program.

The Governor recommended funding as requested. Subsequently, the Governor requested an amendment to provide an additional \$0.3 million from federal funds for the Division's activities to better reflect its anticipated federal award. The Assembly concurred and included the funds.

Forestry Federal Grants. The Department requested \$4.3 million from federal funds for three grants in the Division of Forestry. The Division is responsible for the operation and maintenance of 40,000 acres of state-owned land including forest fire control, forest management, forest health monitoring, landowner assistance programs, urban and community forestry program, conservation education programs, and recreation management. Funding includes \$3.7 million for land acquisition for future recreational opportunities and forest management, and \$0.6 million for recreation projects throughout the state. The request is \$2.0 million less than enacted to reflect the Department's FY 2010 federal award.

The Governor recommended funding as requested. The Governor subsequently requested an amendment to provide an additional \$32,100 from federal funds for the Division's activities to better reflect its anticipated federal award. The Assembly concurred and included the funds.

Natural Resources Salaries and Benefits. The Department requested \$2.8 million, including \$2.4 million from general revenues, \$0.4 million from federal funds and \$0.1 million from other funds for salaries and benefits for 31.0 positions in the Bureau of Natural Resources not previously mentioned. The request is \$0.3 million less than enacted and reflects the elimination of 5.0 vacant positions, offset by increases for a cost-of-living adjustment as well as updated medical and fringe benefit expenditures, consistent with Budget Office instructions. The request does not assume turnover savings for the remaining positions. *The Governor recommended \$3.0 million, \$0.2 million less than enacted and \$0.1 million more than requested to reflect updated retiree health and other benefit costs.* The Assembly concurred.

Natural Resources All Other Operating. The Department requested \$3.8 million, including \$0.3 million from general revenues, \$2.0 million from federal funds and \$1.5 million from other funds for all other operations in the Bureau of Natural Resources. Major expenses include \$1.0 million for land purchases for hatchery operations, \$0.5 million for environmental testing, \$0.4 million for natural resources grants to municipalities and \$0.3 million for vehicle purchases and maintenance within the Bureau. The request is \$57,392 more than enacted, primarily for increases to vehicle maintenance throughout the Bureau. *The Governor recommended funding essentially as requested, but added \$15,000 from federal funds to reflect additional funds for forestry operations.* The Assembly concurred.

Payments to Host Beach Communities. The Department requested \$450,000 from general revenues for payments to host beach communities, which is \$50,000 more than enacted to reflect anticipated payments for FY 2010. The Department collects fees for daily and seasonal parking at seven facilities across the state and reimburses the four host communities of Charlestown, Westerly, Narragansett and South Kingstown 27.0 percent of all daily parking fees collected from Memorial Day to Labor Day. Historically, the Department budgeted \$400,000 for this payment, and has consistently required a supplemental appropriation for the payment. The FY 2003 through FY 2007 average payment was \$429,965. It appears that the Department requested expenditures closer to this average to avoid the annual supplemental appropriation. *The Governor recommended funding as requested.* The Assembly concurred.

Environmental Protection

Rhode Island Pollutant Discharge Elimination System. The Department requested \$1.1 million to operate the Rhode Island Pollutant Discharge Elimination System, which includes developing and enforcing permit limitations for municipal and industrial wastewaters, storm water, and combined sewer overflows discharged directly to the waters of the state, as well as industrial wastewaters

discharged to municipally-owned treatment facilities. The request is \$46,636 more than enacted, including \$31,525 more from general revenues and \$15,111 more from federal funds primarily to reflect increases for a cost-of-living adjustment as well as updated medical and fringe benefit expenditures for 10.3 positions that support the program. *The Governor recommended \$9,561 more than requested to reflect updated retiree health and other benefit costs.* The Assembly concurred.

Water Resources Salaries and Benefits. The Department requested \$6.7 million, \$4.7 million from general revenues, \$1.8 million from federal funds and \$0.2 million from restricted receipts for salaries and benefits to fund 81.0 positions in the Division of Water Resources. The Division of Water Resources implements a variety of programs aimed at protecting and restoring the state's surface waters, ground-waters and wetlands. The request is \$0.4 million more than the enacted budget and reflects the elimination of 4.0 vacant positions, offset by increases for a cost-of-living adjustment as well as updated medical and fringe benefit expenditures, consistent with Budget Office instructions. The request does not assume turnover savings for the remaining positions.

The Governor recommended funding essentially as requested; however, he included \$3,678 less than requested, including \$20,946 less from general revenues, \$15,064 more from federal funds and \$2,204 more from restricted receipts. The decrease from the request reflects minor changes in health insurance plans. The recommendation does not include turnover, and based on the average cost per position, appears to fully fund the positions in the Division. The Assembly concurred.

Water Resources Federal Grants. The Division of Water Resources requested \$3.6 million from federal funds for four grants in the Division of Water Resources. The request includes \$0.6 million to control pollution activities in the state's ground-waters, \$0.5 million to study pollution in Narragansett Bay, \$0.6 million to monitor and control point source pollution in the state and \$2.0 million for the remediation of non-point source pollution. The request is \$0.6 million more than enacted to reflect the Department's anticipated federal award. *The Governor recommended funding as requested.* The Assembly concurred.

Water Resources Operations. The Department requested \$0.7 million for all other operations in the Division of Water Resources, including \$0.3 million from general revenues, \$0.4 million from federal funds and \$19,000 from restricted receipts. Operating expenses include environmental monitoring, design and engineering services and remediation activities. The request is \$59,431 more than enacted, including \$39,438 from general revenues primarily to reflect an increase for information technology costs. The Department noted that these expenditures were previously funded through federal sources, but due to grant reductions, the Department requested additional general revenues to cover the expenses. *The Governor recommended funding as requested.* The Assembly concurred.

Permitting Staff. The Department of Environmental Management uses a portion of its staff for permitting activities. The types of positions include administrative and support staff, scientists and engineers. A majority of the staff is located in the Office of Technical and Customer Assistance, and is responsible for reviewing applications and issuing permits.

The Governor recommended 7.0 additional positions in the Office, and provided \$0.5 million more than requested, primarily from general revenues, to fund the positions. The additional positions are included to accommodate the expected increase in permitting requests for construction projects related to the American Recovery and Reinvestment Act. The Assembly concurred.

Environmental Protection Salaries and Benefits. The Department requested \$11.9 million, including \$5.5 million from general revenues, \$3.1 million from federal funds and \$3.2 million from restricted

receipts to fund salaries and benefits for 118.0 positions in the Bureau of Environmental Protection. The request is \$1.4 million less than enacted and reflects the elimination of 14.0 vacant positions throughout the Bureau, offset by a cost-of-living adjustment and other benefit adjustments. The request does not assume any turnover savings for the remaining positions. *The Governor concurred with the elimination and recommended \$12.1 million, \$0.2 million less than requested to reflect turnover for 2.0 positions.* The Assembly concurred.

Retrofit Heavy Duty Diesel Vehicles Grant. The Department requested \$1.0 million from other funds from a new grant for the Department to develop and implement a program to retrofit diesel school buses statewide in order to reduce air pollution from diesel engines through cost effective retrofit technologies. Funding is transferred from the Department of Transportation's Congestion Mitigation and Air Quality funds to fund this program.

The Governor recommended \$2.3 million, which is \$1.3 million more than requested from federal funds to reflect additional funding that will be awarded to the Department through the American Recovery and Reinvestment Act. The Department noted the funds will be used to retrofit additional vehicles in FY 2010. The Assembly concurred.

Oil Spill Prevention, Administration and Response Fund. The Department requested \$1.2 million for expenditures supported by the Oil Spill Prevention, Administration and Response Fund. The request includes funding for continued renovations of the Dawley Park facility for emergency response, maintenance of the Physical Oceanographic Real-Time system, and contractual services with the University of Rhode Island to update the state's emergency response plan, and to support the Narragansett Bay National Estuarine Research Reserve. The request is \$0.3 million less than enacted to reflect anticipated receipts in the fund. *The Governor recommended funding as requested.* The Assembly concurred.

Leaking Underground Storage Tanks. The Department requested \$0.7 million from federal funds for leaking underground storage tank remediation. The funds are used to remediate contaminated underground storage tank sites that do not qualify for the state's program.

The Governor recommended \$1.4 million, \$0.7 million more than enacted to reflect additional federal funds related to the American Recovery and Reinvestment Act of 2009. The Department noted the additional funding will be used to expand the number of sites that are remediated in FY 2010. The Assembly concurred.

Air Resources. The Department requested \$1.0 million, \$0.9 million from federal funds for the Department's Division of Air Resources. The Division is responsible for the preservation, protection and improvement of air quality in Rhode Island through a partnership with the U.S. Environmental Protection Agency, which regulates the emission of air pollutants from stationary and mobile emission sources.

The Governor recommended funding as requested. The Governor subsequently requested an amendment to provide the Division with an additional \$0.2 million from federal funds to more accurately reflect the federal award. The Assembly concurred with the additional funds.

Waste Management. The Department requested \$1.5 million, \$1.3 million from federal funds for the Division of Waste Management. The Division provides comprehensive and consistent regulation and investigation of the remediation of hazardous waste and hazardous material releases consistent with the federal program. *The Governor recommended funding as requested. The Governor subsequently*

requested an amendment to provide an additional \$0.1 million from federal funds for the Division, all of which will be used to purchase outside pollution monitoring, design and engineering services. The Assembly concurred with the additional funds.

Environmental Protection Operations. The Department requested \$4.7 million, \$0.1 million from general revenues, \$0.3 million from federal funds and \$4.3 million from restricted receipts for all other operations in the Bureau of Environmental Protection. Major expenses include \$3.5 million for grants to municipalities, \$0.3 million for environmental services such as monitoring and testing and \$0.1 million for furniture and equipment. The request is \$0.2 million less than enacted primarily to reflect a decrease from an Environmental Protection Administration grant, which is used for site investigations and clean up of contaminated sites. *The Governor recommended funding as requested.* The Assembly concurred.

Contracted Services. The request includes \$8.6 million for contracted services of which \$1.0 million is from general revenues. *The Governor recommended \$50,000 more than requested.* The Assembly concurred.

Coastal Resources Management Council

	FY 2009	FY 2009	FY 2010	FY 2010
	Enacted	Final	Recommended	Enacted
Expenditures by Category				
Salaries and Benefits	\$ 3,071,247	\$ 3,097,404	\$ 3,170,909	\$ 3,170,909
Contracted Services	90,086	409,694	324,820	324,820
Subtotal	\$ 3,161,333	\$ 3,507,098	\$ 3,495,729	\$ 3,495,729
Other State Operations	167,320	149,224	117,783	117,783
Assistance, Grants, and Benefits	-	-	-	-
Capital	1,908,009	400,000	1,928,009	1,928,009
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 5,236,662	\$ 4,056,322	\$ 5,541,521	\$ 5,541,521
Sources of Funds				
General Revenue	\$ 1,877,703	\$ 2,002,213	\$ 2,027,574	\$ 2,027,574
Federal Aid	1,453,450	1,659,109	1,608,438	1,608,438
Restricted Receipts	250,000	395,000	250,000	250,000
Other	1,655,509	-	1,655,509	1,655,509
Total	\$ 5,236,662	\$ 4,056,322	\$ 5,541,521	\$ 5,541,521
FTE Authorization	30.0	30.0	30.0	30.0

Summary. The Coastal Resources Management Council requested \$8.4 million from all funds, \$3.2 million more than enacted from all sources, including \$0.6 million more from general revenues, \$0.1 million more from federal funds, \$4.1 million more from restricted receipts, and \$1.7 million less from Rhode Island Capital Plan funds. The Council requests 35.0 full-time positions, which is 5.0 more than authorized. The request exceeds the Budget Office's general revenue target of \$1,763,226 by \$689,740.

The Governor recommended \$5.5 million from all sources, \$0.3 million more than enacted including \$0.1 million more from general revenues and \$0.2 million more from federal funds. The Governor recommended the enacted level of positions, which is 5.0 less than requested.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below. The Assembly concurred with the remainder of the recommendation.

New Positions. The Council requested \$462,806 from general revenues to fund 5.0 new full-time equivalent positions. The new positions include 1.0 supervising coastal policy analyst, 1.0 principal

civil engineer, 1.0 principal environmental scientist, and 2.0 coastal policy analysts. The Council indicated that the requested positions are due to a series of new duties added by the 2004 Assembly. The duties include the administration of the Coastal and Estuary Habitat Restoration Program and Trust Fund, increasing needs for special area management plans and development of a marine resources development plan. It should be noted that the 2005 Assembly provided the Council with an additional position. The Council requested 5.0 new positions in its FY 2007, FY 2008, FY 2009, and FY 2009 revised budget requests; the Governor did not recommend funding and the Assembly concurred. *The Governor did not recommend the positions.* The Assembly concurred.

Legal Services Correction. The Council requested \$90,000 more than enacted from general revenues for outside legal services. Funding is being requested to reflect actual annual legal expenditures that were inadvertently excluded from the enacted budget. *The Governor recommended the funding amount; however, he included \$70,000 from general revenues and \$20,000 from federal funds.* The Assembly concurred.

Management Plans. The Council requested \$181,220 from federal funds for FY 2010 for continued contracts with the University of Rhode Island to develop management plans for coastal waters throughout the state. The request is \$139,734 more than enacted to reflect the Council's anticipated federal award. *The Governor recommended funding as requested.* The Assembly concurred.

Providence River Dredging. The enacted budget included \$1.7 million from Rhode Island Capital Plan funds for the Council's final payment to the Army Corps of Engineers for the state's cost share for the dredging of the Providence River. The Council excluded this from its FY 2010 request. Subsequent to its submission, the Council requested these funds be shifted from FY 2009 to FY 2010 to reflect an updated payment schedule with the Army Corps of Engineers. *The Governor recommended the funds be shifted from FY 2009 to FY 2010.* The Assembly concurred.

Capital Projects. The Council requested \$4.1 million from restricted receipts from the Oil Spill Prevention, Administration and Response Fund for FY 2010 to fund four projects at the Council. The FY 2009 enacted budget did not include funding for these projects. The request is not consistent with the Council's FY 2010 through FY 2014 capital plan, as the capital plan requests funding from Rhode Island Capital Plan funds while the operating request includes funding from the Oil Spill Prevention, Administration and Response Fund. The individual projects are described in greater detail in the Capital Budget Section of this analysis. *The Governor recommended the enacted funding of \$0.3 million, which is \$4.1 million less than requested.* The Assembly concurred.

Vehicle Purchase. The Council requested \$20,000 from federal funds to replace one of its currently owned gas powered vehicles with a hybrid vehicle; which would be used to monitor the coastal regions of the state as well as the transportation of employees and equipment to sites on an as needed basis. The enacted budget did not include a vehicle purchase from federal funds; however, the Council requested these funds in anticipation of its FY 2010 federal award. *The Governor recommended funding as requested.* The Assembly concurred.

Other Salaries and Benefits. Excluding the new positions previously mentioned, the Council requested \$3.2 million, or \$49,234 more than enacted from all sources for all other salaries and benefits. This includes \$17,446 more from general revenues and reflects a cost-of-living adjustment as well as updated medical fringe benefit expenditures, consistent with Budget Office instructions. *The Governor recommended \$0.1 million more than enacted, including \$78,570 more from general revenues and \$21,092 more from federal funds. This is \$50,428 more than requested to reflect updated benefit costs.* The Assembly concurred.

All Other Operating. The Council requested \$141,593, or \$40,827 less than enacted from all funds for all other operating expenses. This includes \$5,011 more from general revenues primarily for stenographic services and \$45,838 less for miscellaneous operating expenses to reflect available federal resources for FY 2010. *The Governor recommended \$137,883, which is \$44,537 less than enacted and \$3,710 less than requested to reflect savings from vehicle leases.* The Assembly concurred.

Contracted Services. The request includes \$324,820 for contracted services of which \$107,600 is from general revenues. *The Governor recommended funding as requested.* The Assembly concurred.

State Water Resources Board

	FY 2009		FY 2009		FY 2010		FY 2010
	Enacted		Final		Recommended		Enacted
Expenditures by Category							
Salaries and Benefits	\$ 638,426	\$	506,058	\$	644,862	\$	644,862
Contracted Services	547,034		491,918		543,234		493,234
Subtotal	\$ 1,185,460	\$	997,976	\$	1,188,096	\$	1,138,096
Other State Operations	144,598		150,857		134,345		144,445
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	47,944		48,044		48,044		88,244
Capital	100,000		100,000		110,000		103,000
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
Total	\$ 1,478,002	\$	1,296,877	\$	1,480,485	\$	1,473,785
Sources of Funds							
General Revenue	\$ 1,378,002	\$	1,087,060	\$	1,370,485	\$	1,370,785
Federal Aid	-		-		-		-
Restricted Receipts	-		109,817		-		-
Other	100,000		100,000		110,000		103,000
Total	\$ 1,478,002	\$	1,296,877	\$	1,480,485	\$	1,473,785
FTE Authorization	6.0		6.0		6.0		6.0

Summary. The State Water Resources Board requested \$1.5 million from all sources, which is \$2,311 more than enacted. This includes \$7,689 less from general revenues and \$10,000 more from Rhode Island Capital Plan funds, and 6.0 full-time equivalent positions. The request exceeds the Budget Office's general revenue target of \$1,199,971 by \$170,342. *The Governor recommended \$1.5 million from all sources, \$2,483 more than enacted, including \$7,517 less from general revenues and \$10,000 more from Rhode Island Capital Plan funds. The Governor recommended the authorized level of 6.0 positions.*

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services as well as savings from reduced rates for medical benefits and assessed fringe benefits. These savings are included in the Department of Administration's budget for allocation and not reflected in the agency totals. They will be in addition to the changes noted in the items discussed below.

Salaries and Benefits. The Board requested \$0.6 million from general revenues, or \$709 more than enacted for salaries and benefits. The request reflects a cost-of-living adjustment as well as updated medical and fringe benefit expenditures consistent with Budget Office instructions, offset by personnel cost decreases resulting from the downgrade of 3.0 positions that became vacant last year. The request is based on 6.0 filled positions. *The Governor recommended \$5,727 more than requested and \$6,436 more than enacted to reflect updated retiree health and other benefit costs. The Assembly concurred.*

Rental Expense. The Board requested \$5,000 from general revenues for rental expenses for its new offices at 235 Promenade Street in Providence. The Board moved to the new location in FY 2009, and the request reflects its annual rental expenditure. The enacted budget did not include these funds because the Board was not certain when it would be moving. Funding will be used to pay a portion of the Department of Environmental Management's lease with the Foundry Building Associates. *The Governor recommended funding as requested.* The Assembly provided an additional \$10,100 from general revenues to correctly reflect the Board's share of rental expenses.

Tuition Reimbursement. The Board requested \$27,600 or \$2,100 more from general revenues for its payment in lieu of taxes to the Exeter West Greenwich School district for students living in the Big River Management Area. The projected number of students residing in the Big River Management Area will remain at two in FY 2010; however, the Board is requesting the increase to reflect a projected increase in the per pupil cost calculation. *The Governor recommended \$25,600, which is \$100 more than enacted, and appears to reflect a small increase in the per pupil calculation.* The Assembly provided an additional \$40,200 from general revenues to recognize an increase in the number of students residing in the Big River Management Area.

Big River Management Area Maintenance. The Board requested \$110,000, or \$10,000 more than enacted from Rhode Island Capital Plan funds for maintenance activities at the Big River Management Area. The additional request reflects a \$10,000 increase to more accurately reflect annual expenditures. Maintenance activities include litter and dumping enforcement and removal. *The Governor recommended funding as requested.* The Assembly provided \$103,000 to reflect historical expenditures.

Big River Management Area Groundskeeping. The Board requested \$7,000 from general revenues, \$17,800 less than enacted to reflect a decrease in groundskeeping expenses at the Big River Management Area. Of this amount, \$10,800 was due to the cancellation of the Board's maintenance contract with an outside vendor for general building and grounds maintenance. The remaining \$7,000 reduction is due to an adjustment in the Board's contract with the Towns of Exeter and West Greenwich for maintenance of roads, bridges and parking lots at the Big River Management Area. *The Governor recommended funding as requested.* The Assembly concurred.

All Other Operating. The Board requested \$235,900 from general revenues, \$2,302 more than enacted for all other operating expenses. The request reflects increased expenditures for temporary clerical services, advertising and maintenance and repairs to the Board's information technology equipment. *The Governor recommended \$1,253 less than enacted and \$3,555 less than requested for all other operating expenses at the Board. The recommendation reflects minor decreases for financial and environmental services.* The Assembly concurred.

Contracted Services. The request includes \$546,234 for contracted services, all of which is from general revenues. *The Governor recommended \$543,234, \$3,800 less than requested to reflect savings for financial and environmental services.* The Assembly provided \$493,234 for contracted services to reflect a delay in the Water Allocation Plan Project.

Department of Transportation

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Expenditures by Program				
Central Management	\$ 19,287,781	\$ 14,616,170	\$ 19,109,271	\$ 19,109,271
Management and Budget	2,162,403	1,351,936	1,186,330	1,186,330
Infrastructure Program	348,576,196	374,896,876	462,987,623	468,770,890
Total	\$ 370,026,380	\$ 390,864,982	\$ 483,283,224	\$ 489,066,491
Expenditures by Category				
Salaries and Benefits	\$ 63,529,823	\$ 60,071,302	\$ 66,092,302	\$ 66,092,302
Contracted Services	33,310,816	33,467,379	33,425,380	33,425,380
Subtotal	\$ 96,840,639	\$ 93,538,681	\$ 99,517,682	\$ 99,517,682
Other State Operations	44,417,197	53,581,645	62,458,687	60,977,437
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	26,981,963	25,005,420	33,884,283	33,884,283
Capital	113,360,677	127,505,079	191,125,942	190,284,209
Capital Debt Service	-	-	-	-
Operating Transfers	88,425,904	91,234,157	96,296,630	104,402,880
Total	\$ 370,026,380	\$ 390,864,982	\$ 483,283,224	\$ 489,066,491
Sources of Funds				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	263,437,353	286,069,476	381,348,383	381,348,383
Restricted Receipts	1,447,246	1,450,000	1,500,000	1,500,000
Other	105,141,781	103,345,506	100,434,841	106,218,108
Total	\$ 370,026,380	\$ 390,864,982	\$ 483,283,224	\$ 489,066,491
FTE Authorization	729.2	691.2	780.2	780.2

Summary. The Department of Transportation requested \$383.6 million from all sources, including \$281.1 million from federal funds, \$101.0 million from other funds and \$1.5 million from restricted receipts. The request is \$13.6 million more than enacted including \$17.7 million more from federal funds, \$52,754 more from restricted receipts, \$4.1 million less from other funds and 731.2 positions, or 2.0 more positions than authorized. The request exceeds the Budget Office's gasoline tax allotment target of \$43.3 million by \$4.6 million, and reflects the Department's request for an additional one cent of the statewide gasoline tax allotment.

The Governor recommended \$483.3 million from all sources, \$113.3 million more than enacted and \$99.7 million more than requested. The additional funding includes \$0.6 million less from gasoline tax proceeds, offset by \$100.2 million more from federal funds, of which \$97.4 million is related to the American Recovery and Reinvestment Act of 2009. The recommendation also includes 780.2 full-time equivalent positions, 51.0 positions more than enacted and 49.0 more than requested. As of March 14, 2009, the Department had 632.2 filled positions.

The Assembly increased the gasoline tax by two cents for a total of 32 cents, with the additional two cents dedicated to the Rhode Island Public Transit Authority. The Assembly essentially concurred with the remainder of the recommendation, but made minor adjustments to two projects funded with Rhode Island Capital Plan funds and adjusted the Department's available gasoline tax revenue to reflect a reduction in the per penny yield consistent with the May Revenue Estimating Conference.

Fund Sources

The Department of Transportation receives funding through five major sources; federal funds, general obligation bond proceeds, gasoline tax proceeds, restricted receipts and Rhode Island Capital Plan funds. The Department also receives a portion of funding from other revenue, such as 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 Department's fund sources for FY 2010 as recommended by the Governor and enacted by the Assembly.

Source	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Federal Highway Admin. Funds	\$ 169,190,000	\$ 169,190,000	\$ 189,340,000	\$ 189,340,000
Federal Stimulus Funds	-	20,000,000	97,402,000	97,402,000
Other Federal Funds	94,247,353	96,068,931	88,375,597	88,375,597
Gasoline Tax*	92,282,976	91,300,000	97,331,250	103,976,517
General Obligation Bonds**	[40,000,000]	[40,000,000]	[40,000,000]	[40,000,000]
Land Sale Revenue	5,598,459	5,598,459	3,199,768	3,199,768
Rhode Island Capital Plan Funds	6,981,023	6,981,023	5,909,609	5,047,609
Restricted Receipts	1,447,246	1,447,246	1,500,000	1,500,000
Other Funds	279,323	279,323	225,000	225,000
Total	\$ 370,026,380	\$ 390,864,982	\$ 483,283,224	\$ 489,066,491

*Excludes gasoline tax debt service for the Department and the Rhode Island Public Transit Authority.

**Bond proceeds are not reflected as a fund source in the Department's budget, but are included for illustrative purposes only.

It should be noted that the amounts shown for Federal Highway Administration funds include the full appropriation that is used for projects as well as the annual debt service for GARVEE bonds. Approximately \$45 million of the total appropriation is annually used as debt service for GARVEE bond funded projects. The above table reflects the amount of funding transferred from the Federal Highway Administration to the Department, net of the debt service. This funding is also included in the Department's capital budget under the Highway Improvement Program. It should also be noted that the FY 2010 requested amount of \$182.2 million is not consistent with the FY 2010 through FY 2014 capital request, and the Department notes this is due to changes that occurred in the federal award between the submission of the capital and operating budget requests.

The Department's fund sources are described in greater detail below.

Federal Funds - Highway Administration. The Department receives an average of \$208.0 million annually from the Federal Highway Administration. The Department's annual allotment of funds is based on existing and prior year contracts for projects, anticipated new construction, design and engineering costs, and other planning activities such as traffic studies. These funds appear in both the Department's capital budget and operating requests. In the Department's capital plan, funds appear in the project labeled Highway Improvement Program. This plan is prepared seven to nine months in

advance of actual receipt of federal funds, which the Department notes can lead to increases or decreases in funding during the state fiscal year.

The Highway Improvement Program represents those highway and intermodal projects that utilize federal funds administered by the Federal Highway Administration. The program utilizes state funds for matching purposes in the form of proceeds from general obligation bonds. Federal funds earmarked for the Department's transit projects administered by the Federal Transit Administration are not included under this project, but are included in the Fixed Guideway Project. Rhode Island Public Transit Authority projects funded with transit funds are included in the Authority's capital budget submission. The Highway Improvement Program is directed towards implementing the Department's capital program as identified in the Transportation Improvement Program. This is adopted by the State Planning Council and approved by the Governor and establishes priorities for planning, design, and project implementation. A final draft of the FY 2009 through FY 2012 plan has been approved by the State Planning Council.

The Governor recommended \$189.3 million from Federal Highway Administration funds for infrastructure projects in FY 2010. The recommendation is \$100.3 million more than requested, including \$8.3 million to reflect actual expenditures from the Department's annual federal award from the Federal Highway Administration. The Assembly concurred.

American Recovery and Reinvestment Act. On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009. This provided additional funding to states for infrastructure projects. Unlike traditional Federal Highway Administration funds, these funds would not require a state match, but must be obligated within 120 days of the federal apportionment. The Secretary of Transportation may withdraw up to 50.0 percent of the total funding apportioned to the state, and redistribute those funds to other eligible states. One year after the original apportionment, the Secretary of Transportation may withdraw all remaining unobligated funds, and redistribute those funds to other eligible states.

The Governor recommended \$97.4 million from Federal Highway Administration funds for FY 2010. Funding will be used for approximately 50 projects throughout the state, provided that each project was included in the statewide transportation planning document known as the Transportation Improvement Program. Funding will be used for construction, reconstruction, rehabilitation, resurfacing, restoration, and operational improvements for highways, interstates, bridges, passenger rail, freight rail and port infrastructure projects. The Assembly concurred.

Other Federal Funds. The Department receives federal funds 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. In FY 2008, the Department spent \$14.3 million from these funds. This source has increased to \$51.7 million in the FY 2010 request. The increase for this source reflects more available funds from the National Highway Transportation Safety Administration for grants to states, as well as the increase from Federal Transit Authority funds to reflect the Commuter Rail Project. The Department requested \$90.2 million from this source for FY 2010.

The Governor recommended \$88.4 million for expenditures from federal funds not related to Federal Highway Administration projects. The recommendation is \$1.8 million less than requested to reflect minor reductions for grants throughout the Department. The Assembly concurred.

Gasoline Tax Proceeds. The Department's FY 2010 request includes \$100.2 million from gasoline tax proceeds. This assumes the use of the 1.0 cent that currently is deposited into the state General Fund. The following table illustrates the FY 2009 enacted, FY 2010 recommended and FY 2010 enacted disposition of proceeds.

Entity	FY 2009 Enacted	FY 2010 Gov. Rec.	FY 2010 Enacted
Department of Transportation	20.75	21.75	21.75
Rhode Island Public Transit Authority	7.25	7.75	9.75
General Fund	1.0	-	-
Elderly Transportation	1.0	1.0	1.0
Underground Storage Tank Fund	1.0	0.5	0.5
Total	31.0	31.0	33.0

Department of Transportation Gasoline Tax. Section 31-36-7 of the Rhode Island General Laws sets the gasoline tax at 30 cents per gallon. The disposition of proceeds is outlined in Section 31-36-20 of the General Laws. Upon receipt, all gasoline proceeds are deposited into the Intermodal Surface Transportation fund from which statutory transfers are made to the Rhode Island Public Transit Authority (RIPTA), the elderly/disabled transportation program of the Department of Elderly Affairs, and the state general fund as general revenues.

The FY 2009 enacted budget was based on a per penny yield of \$4.630 million and the November Revenue Estimating Conference reduced that estimate to \$4.475 million. The Department's request was based on the Budget Office's per penny yield of \$4,607,249, as well as a total receipt of 21.75 cents from gasoline tax proceeds, which is one more cent than current law.

The Governor recommended \$97.3 million from gasoline tax proceeds for the Department. This is based on the November Revenue Estimating Conference's per penny yield of \$4,475,000, as well as the transfer of one cent of the gasoline tax that is currently dedicated to general revenues, to the Department. The Assembly concurred with the additional one cent and adopted Article 16 of 2009-H 5983 Substitute A, as amended to effect the change. The Assembly also reduced the Department's gasoline tax funding by \$1.6 million to reflect the per penny yield established by the May Revenue Estimating Conference.

Rhode Island Public Transit Authority Gasoline Tax. Under existing statute, the Rhode Island Public Transit Authority receives 7.25 cents of the 30 cent gasoline tax. The funds are transferred to the Authority but reflected in the Department of Transportation's budget as a grant to the Authority in order to account for the gas tax in the state's accounting structure, since the Authority is a quasi-public corporation.

The FY 2009 enacted budget was based on a per penny yield of \$4.630 million, and the November Revenue Estimating Conference reduced that estimate to \$4.475 million. The Department requested \$31.9 million be transferred to the Authority. This amount is based on the Budget Office's per penny yield estimate of \$4.607 million.

The Governor recommended \$32.4 million from gasoline tax proceeds for the Authority, as well as an additional \$2.2 million to reflect the transfer of one half cent of the environmental protection regulatory fee from the Underground Storage Tank Fund to the Authority. The total recommendation is \$34.6 million, and is based on the November Revenue Estimating Conference's per penny gasoline tax yield of \$4.475 million. The Assembly adopted Article 16 of 2009-H 5983 Substitute A, as

amended, which increased the motor fuel tax by two cents to 32 cents per gallon, and dedicated these funds to the Authority. Combined with the half cent transferred from the Underground Storage Tank Fund, the total allotment for the Authority is 9.75 cents. The Assembly reduced the Authority's revenues to reflect the revised per penny yield established by the May Revenue Estimating Conference, and provided the additional two cents to the Authority.

The following table shows the recent history of available gasoline tax proceeds and other funds:

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Other Funds				
<i>Gas Tax Yield per Cent</i>	<i>4.630</i>	<i>4.400</i>	<i>4.475</i>	<i>4.400</i>
<i>RIDOT Cents</i>	<i>20.75</i>	<i>20.75</i>	<i>21.75</i>	<i>21.75</i>
<i>RIPTA Cents</i>	<i>7.25</i>	<i>7.75*</i>	<i>7.75*</i>	<i>9.75**</i>
DOT Budget (RIDOT and RIPTA)				
Balance Forward	\$ 4,387,083	\$ 7,603,958	\$ 1,525,000	\$ 124,541
Gas Tax	129,640,000	125,400,000	132,012,500	138,600,000
Debt Service Transfer	(42,220,460)	(36,426,624)	(42,176,392)	(42,176,392)
Internal Services Funds Transparency	(1,929,662)	(1,546,457)	(1,748,628)	(1,748,628)
Nonland Surplus Property	15,000	15,000	25,000	25,000
Land Sales	5,598,459	2,000,000	3,199,768	3,199,768
Other (SIB, RICAP, Outdoor Adv)	7,657,170	8,207,274	7,497,593	7,497,593
Available	\$ 103,147,590	\$ 105,253,151	\$ 100,334,841	\$ 105,521,882
Expenditures	103,109,891	104,368,732	99,508,471	107,577,221
Surplus/Deficit	\$ 37,699	\$ 124,541	\$ -	\$ (2,881,709)
RIDOT				
Balance Forward	\$ 4,387,083	\$ 7,603,958	\$ 1,525,000	\$ 124,541
Gas Tax	96,072,500	91,300,000	97,331,250	95,700,000
Debt Service Transfer	(41,454,976)	(36,426,624)	(41,350,022)	(41,350,022)
Internal Services Funds Transparency	(1,929,662)	(1,546,457)	(1,748,628)	(1,748,628)
Nonland Surplus Property	15,000	15,000	25,000	25,000
Land Sales	5,598,459	2,000,000	3,199,768	3,199,768
Other (SIB, RICAP, Outdoor Adv)	7,657,170	8,207,274	7,497,593	7,497,593
Available	\$ 70,345,574	\$ 71,153,151	\$ 66,479,961	\$ 63,448,252
Gas Tax	57,037,246	60,806,336	55,757,600	55,607,600
Land Sales	5,598,459	2,000,000	3,199,768	3,199,768
Nonland Surplus Property	15,000	15,000	25,000	25,000
Other (SIB, RICAP, Outdoor Adv)	7,657,170	8,207,274	7,497,593	7,497,593
Other Expenditures	70,307,875	71,028,610	66,479,961	66,329,961
Surplus/Deficit	\$ 37,699	\$ 124,541	\$ -	\$ (2,881,709)
RIPTA				
Gas Tax	\$ 33,567,500	\$ 34,100,000	\$ 34,681,250	\$ 42,900,000
Debt Service Transfer	(765,484)	(759,878)	(826,370)	(826,370)
Available	32,802,016	33,340,122	33,028,510	41,247,260
Expenditures	\$ 32,802,016	\$ 33,340,122	\$ 33,028,510	\$ 41,247,260

*Total includes one half cent transferred from the Underground Storage Tank Fund.

**Total includes one half cent transferred from the UST Fund and two additional cents included by the 2009 Assembly.

General Obligation Bond Proceeds. The state has utilized general obligation bonds to provide a match totaling \$40.0 million for federal funds in addition to the match used for GARVEE projects, which is provided by the Motor Fuel Tax Revenue bonds. General obligation bond debt service is paid with gasoline tax revenue and the Motor Fuel Tax Revenue Bonds' debt service is paid by 2.0 cents of the gasoline tax. Gasoline tax proceeds are used by the Department for operations; however, the amount of funding is not sufficient as a state match for capital expenditures, as it continues to be absorbed for increasing costs related to operations and debt service.

General obligation bond proceeds are not reflected in the Department's budget as fund sources. In November 2008 the voters approved \$80.0 million of general obligation bonds, of which \$40.0 million

will be used in each FY 2010 and FY 2011 as the state match portion for Federal Highway Administration projects. *The Governor included the use of bond proceeds for FY 2010 and FY 2011.* The Assembly concurred.

Land Sale Revenue. This fund source is comprised of land sales from Department owned land, as well as revenue derived from land that becomes available through the Interstate 195 relocation project. Traditional land sale proceeds can be used by the Department to purchase equipment or to offset operating costs throughout the Department. This is not the case with the Interstate I-95 land sales. These funds may only be used to fund other portions of the project, and cannot be used at the Department's discretion. The Department requested \$3.2 million from land sale revenue for FY 2010. *The Governor recommended funding as requested.* The Assembly concurred.

Rhode Island Capital Plan Funds. These funds are appropriated according to the Department's capital budget request, and appear as other funds in the Department's operating budget. Funds are used for projects such as the building of storage and maintenance facilities, as well as upgrades to Department owned property such as roof repairs or fire alarm installation. The Department requested \$6.1 million from Rhode Island Capital Plan funds for six ongoing projects. *The Governor recommended \$5.9 million from this source, \$0.1 million less than enacted to reflect revised construction schedules for salt storage facilities.*

The Assembly shifted \$0.9 million from FY 2010 to FY 2011 to reflect a delay in the East Providence Maintenance Facility Relocation project, and provided \$20,267 of funds not spent in FY 2009 to FY 2010 for the Pawtucket Central Falls Train Station Study.

Restricted Receipts. This source is comprised of funds the Department receives when it performs work for municipalities. This source is used to fund personnel costs for employees who perform work on the projects. This source contributes \$1.5 million to the Department, and is based on projected municipal work. The Department requested \$1.5 million from this source for FY 2010. *The Governor recommended funding as requested.* The Assembly concurred.

Other Funds. These funds are derived from the sale of department owned surplus property and equipment, as well as proceeds derived from the sale of outdoor advertising at the Department's maintenance facilities. The Department requested \$225,000 from this source in FY 2010. *The Governor recommended funding as requested.* The Assembly concurred.

Expenditures

Federal Highway Administration Projects. Excluding salaries and benefits, the Department requested \$161.5 million from federal funds for highway projects in FY 2010. The Department's enacted amount for highway projects funded from the Federal Highway Administration for FY 2009 was \$149.2 million. The Department's request increases federal funds by \$15.3 million, or 8.3 percent to reflect the Department's expenditure plan for FY 2010. The Department noted it must submit its projected federal fund expenditures before the end of the federal fiscal year, and budgets the projected expenditures in anticipation of the actual federal award. The Department further noted that this practice can lead to adjustments both during and prior to the state's fiscal year.

For FY 2010, requested expenditures include \$32.6 million for the five GARVEE funded projects, \$72.6 million for repairs and maintenance on bridges, \$17.6 million for congestion mitigation and road enhancements, \$9.6 million for highways, \$14.6 million for interstate projects, \$11.3 million for pavement and resurfacing and \$14.8 million for traffic safety improvement projects.

The Governor recommended \$286.7 million from federal funds for infrastructure projects in FY 2010. The recommendation is \$100.3 million more than requested, including \$8.3 million to reflect actual expenditures from the Department's annual federal award from the Federal Highway Administration, as well as \$92.0 million related to the American Recovery and Reinvestment Act of 2009. The Assembly concurred.

The following table shows program expenditures and their proportionate shares of total Federal Highway Administration fund expenditures.

Program Area	FY 2010 Enacted	Share of Total
Administrative Program	\$ 12,500,000	4%
Enhancements	23,668,425	8%
Bridge Program	84,576,651	29%
Highway Program	17,433,462	6%
Interstate Program	20,630,000	7%
GARVEE Projects	22,632,975	8%
Pavement Management Program	54,293,085	19%
Traffic Safety Program	25,206,768	9%
Federal Highway Earmark Projects	16,121,534	6%
Other Programs	9,679,100	3%
Total	\$ 286,742,000	100%

Administrative Program involves project modifications and change order expenses, Equal Employment Opportunity program activities and motor fuel tax evasion enforcement expenses.

Enhancement Program is a means to address environmental impacts on local communities from transportation and highway construction. Enhancement projects must have a relationship to transportation and fall within at least one of an established list of categories.

Bridge Improvement Program focuses on system preservation. The Department maintains 749 bridges throughout the state. Bridge projects originate from state assessments and community requests that are evaluated and prioritized through the department's Bridge Management Program. Included in this category are funds for design, right-of-way acquisition, bridge instrumentation, preventative maintenance activities, and the bridge inspection program.

Highway Program includes funding for construction projects as well as project-related design and right-of way acquisition. A majority of the highway construction projects (and the majority of funds) are devoted to projects that preserve and manage the existing system, without appreciable expansion of highway capacity.

Interstate Program projects are determined by the Department's prioritization. Projects to be implemented under the Interstate Program between FY 2009 and FY 2012 include: Longhouse mitigation; I-295 safety, bridge, lighting, and rest area; I-95 resurfacing from Connecticut line to West Warwick; I-95 service roads in Pawtucket; and I-195 improvements. Funding has also been included for design-related work for Interstate projects.

GARVEE Projects represent five separate projects being funded through Grant Anticipation Revenue Vehicle bonds. The bonds utilize future federal funds as debt service in order for the Department to expedite the completion of large projects, including: the I-195 Relocation project, Route 403 Quonset

Access Road, Washington Bridge replacement, Sakonnet River Bridge replacement and the Freight Rail Improvement project. These projects are described in greater detail in the Capital Budget Section of this analysis.

Pavement Management includes the resurfacing of roadways as well as treatment options such as crack sealing and micro surfacing. Road surfaces are ranked and repaired based on their level of disrepair and frequency of travel.

Traffic/Safety Program includes the following major programs: roadway lane striping, repair of damaged safety devices, traffic monitoring, highway lighting improvements, traffic signal optimization, high hazard intersection improvements, traffic signal installation, and roadway drainage improvements.

Other Programs is a combination of four smaller programs.

The *Bicycle/Pedestrian Program* includes the planning, design, and construction of independent bike paths and walking trails, on-road bicycle lanes, on-road bicycle routes, and bike/pedestrian promotional programs.

Congestion Mitigation funds projects to assist the state in improving air quality through congestion relief and lowering emissions.

Study and Development Program scopes each project and assesses the environmental impact, community acceptability, constructability and cost. This is the first step in the process for a project that is new to the Transportation Improvement Program.

Planning Program is administered through the statewide planning program, which includes the State Planning Council, the Department of Transportation and the Rhode Island Public Transit Authority. The program involves long range planning, the development of the Transportation Improvement Program as well as environmental and traffic studies.

Federal Highway Administration Projects Salaries and Benefits. The Department requested \$20.8 million from federal funds for personnel costs related to Federal Highway Administration projects to support approximately 217 positions. The request is \$0.7 million more than enacted to reflect a cost-of-living adjustment as well as increases in medical benefits and assessed fringe benefits above the FY 2009 enacted amount. The request does not include turnover and appears to overfund the positions beyond the personnel cost increases mentioned above.

The Governor recommended \$19.6 million, \$0.4 million less than enacted and \$1.2 million less than requested for salaries and benefits. Including turnover recommended by the Governor, the recommendation appears to fully fund the 217.0 positions. The Assembly concurred.

Stimulus – Additional Staffing. On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009. This provided additional funding to states for infrastructure projects. Unlike traditional Federal Highway Administration funds, these funds would not require a state match, but must be obligated within 120 days of the federal apportionment. The Secretary of Transportation may withdraw up to 50.0 percent of the total funding apportioned to the state, and redistribute those funds to other eligible states. One year after the original apportionment, the Secretary of Transportation may withdraw all remaining unobligated funds, and redistribute those

funds to other eligible states. The federal apportionment includes funding for salaries and benefits for additional personnel for projects related to the American Recovery and Reinvestment Act of 2009.

The Governor recommended 89.0 additional positions to be added to the Infrastructure Engineering Program, of which 24.0 positions will perform primarily administrative duties and 65.0 positions will perform construction related activities. Administrative positions include planners, financial accountability officers, equal employment opportunity officers, legal assistants and real estate specialists. Construction positions include procurement specialists, quality control personnel, records compliance officers and engineering technicians, who specialize in construction and materials. The recommendation also includes \$5.1 million from federal funds for salaries and benefits for personnel related to the American Recovery and Reinvestment Act of 2009. The recommendation appears to fully fund the additional positions. The Assembly concurred.

All Other Salaries and Benefits. Excluding the staff associated with Federal Highway Administration projects, the Department requested \$44.6 million for salaries and benefits for approximately 514 positions. This includes \$20.5 million from federal funds and \$24.1 million from other funds to fund the positions. The request is \$1.1 million more than enacted and reflects two more positions than authorized, a cost-of-living adjustment as well as increases in medical benefits and assessed fringe benefits above the FY 2009 enacted amount. The Department requested two additional legal positions be transferred from the Department of Administration to the Department to reflect actual work being performed, which is consistent with the Department's FY 2009 revised request. The request does not include turnover and appears to overfund the positions beyond the personnel cost increases mentioned above.

The Governor recommended \$41.4 million for salaries and benefits, \$2.1 million less than enacted and \$3.2 million less than requested, including \$3.8 million less from federal funds offset by \$0.6 million more from gasoline tax proceeds. Including turnover savings recommended by the Governor, the recommendation appears to fully fund the positions. The Assembly concurred.

National Highway Transportation Safety Administration Grants. The Department requested \$17.2 million from federal funds from the National Highway Transportation Safety Administration for FY 2010. The request is \$0.5 million more than enacted to reflect the actual federal award. Major expenditures include \$10.3 million for the Safety Belt Use Enforcement Program, \$2.9 million for the State and Community Safety Program, \$1.2 million for the Racial Profiling Prohibition Program, and \$1.2 million for the Traffic Safety Information System Improvement Grant.

The largest of these grants is used for the Safety Belt Use Enforcement Program. The FY 2010 request includes \$10.3 million for this program, which is \$4.6 million more than enacted. Funds would be used for radio and television advertising, with a majority of expenditures for infrastructure improvement projects that will increase safety throughout the state. Projects would include intersection improvements, shoulder widening, installation of rumble strips and warning devices as well as the elimination of roadside obstacles.

The Governor recommended \$16.8 million, \$0.1 million less than enacted and \$0.6 million less than requested. The recommendation reflects minor adjustments to several grants, but also includes \$4.6 million through the seatbelt enforcement program, which would require two statutory changes by the Assembly. First, lack of seatbelt usage would be changed from a secondary to primary offense, and the fine for lack of usage would be reduced from \$85 to \$30. The changes would allow the Department to receive a one-time grant of up to \$4.6 million in FY 2010. These funds were included in both the Department's request as well as the Governor's recommendation. The Assembly did not concur with the change in seatbelt usage.

Fixed Guideway/Commuter Rail. The Department requested \$10.2 million, or \$4.1 million less from federal transit funds to reflect a delay in a portion of the Fixed Guideway Commuter Rail project. The Department noted the federal fund reduction is due to delayed construction of the Wickford Junction layover facility. The Department's request is consistent with its FY 2010 through FY 2014 capital budget request. This project is explained in the Capital Budget Section of this analysis.

The Governor recommended \$10.5 million, \$3.7 million less than enacted and \$0.3 million more than requested to reflect additional federal funds related to the American Recovery and Reinvestment Act of 2009. The additional funding will be used for capital purchases associated with the Fixed Guideway Commuter Rail project. The Assembly concurred and enacted Article 17 of 2009-H 5983 Substitute A, as amended, which allows the Rhode Island Rail Corporation to fully indemnify AMTRAK's operations of the South County Commuter Rail.

Winter Maintenance Operations. Excluding salaries and benefits, the Department requested \$10.3 million in operating expenses related to the winter maintenance program for FY 2010, \$1.7 million more than enacted. This includes \$0.6 million more for vehicles and vehicle maintenance, \$0.6 million more for salt, sand and liquid de-icers and \$0.8 million more for vendor snowplowing contracts. It should be noted the five-year average for winter maintenance expenditures is \$10.6 million, which is \$0.3 million more than requested.

The Governor recommended \$8.9 million from gasoline tax proceeds, \$0.3 million less than enacted and \$1.4 million less than requested, including \$0.6 million less for vendor snowplowing contracts and \$0.7 million less for vehicles and vehicle maintenance. The recommendation is \$1.7 million less than the five-year average for winter maintenance expenditures, and appears to have been based on more recent expenditure history when the state has experienced more mild winters. The recommendation appears to be insufficient to fund the costs of an average winter. The Assembly concurred.

Vehicle Maintenance. Excluding salaries and benefits, the Department requested \$5.9 million from other funds for vehicle maintenance throughout the Department. The request is \$0.9 million more than enacted to reflect an increase in projected vehicle maintenance for FY 2010. The Department noted that vehicle maintenance costs have increased in recent years due to the lack of new vehicle purchases, which has effected all divisions, and includes vehicles such as dump trucks, pavers, tractors, grading equipment, backhoes and street sweepers. The Department's FY 2009 revised request included \$5.7 million. *The Governor recommended \$5.3 million, \$0.4 million more than enacted and \$0.5 million less than requested, which assumes less frequent vehicle repairs. The Assembly concurred.*

Equipment Purchase. The Department requested \$3.2 million from land sale revenue for equipment purchases in the Infrastructure Engineering Division. The request is \$1.5 million less than enacted due to lower than anticipated land sale revenue available for this purpose. The Department noted funding would be used to purchase catch basin cleaners, mini-excavators, road surfacing equipment and miscellaneous roadside maintenance equipment such as weed trimmers. *The Governor recommended funding as requested. The Assembly concurred.*

Highway Lighting Costs. The Department requested \$2.3 million from gasoline tax funds for highway lighting costs. The Division of Infrastructure Engineering currently issues permits to perform utility work within a state right-of-way. For FY 2009, the Governor recommended and the Assembly concurred with the implementation of a fee for utility permits, and included \$1.0 million from these revenues. The Department had planned to use these funds to offset highway lighting costs. The Department's FY 2010 request removes these funds and replaces them with gasoline tax proceeds

because the fee could not be instituted through departmental rules and regulations as originally proposed. *The Governor recommended funding as requested.* The Assembly concurred.

Information Systems. The Department requested \$0.8 million, or \$0.7 million less than enacted from gasoline tax funds for the Department's Management Information System. The Department noted that additional funding for system upgrades was included in the enacted budget; however, the upgrades have been completed. Funding in FY 2010 would be used to maintain the current system, and expenditures would include staff training as well as maintenance and software for the system. *The Governor recommended funding as requested.* The Assembly concurred.

Maintenance Operations. The Department requested \$7.7 million from gasoline tax proceeds for maintenance operations excluding activities associated with winter maintenance. These include activities such as trash and debris removal, landscaping, sand removal, graffiti removal and catch basin cleaning. The request is \$0.4 million more than enacted to reflect updated projections for FY 2010. The major increase in the request is for repairs to maintenance vehicles and equipment. The Department noted the increase is attributed to aging vehicles and equipment. Repair costs have increased as the equipment and vehicles reach the end of their useful life, similar to the expenses for vehicle maintenance previously mentioned in this analysis. The Department's FY 2009 revised request included \$7.4 million for this expense.

The Governor recommended \$7.5 million, \$0.2 million more than enacted and \$0.2 million less than requested. The recommendation reduces funding from the request for equipment purchases and leases, as well as a reduction to maintenance division operating expenses. The Assembly removed \$1.6 million of gasoline tax funds to reflect available revenue consistent with the May Revenue Estimating Conference.

GARVEE Bond Debt Service. The Department requested \$9.2 million from gasoline tax revenues to be used for debt service for GARVEE bonds. Debt service is comprised of two cents worth of the gasoline tax proceeds. The request is based on an estimate of \$4.6 million per penny, which equates to \$9.2 million for requested debt service. *The Governor recommended \$9.0 million, \$0.2 million less than requested to reflect a revised per penny gasoline tax yield estimate of \$4.475 million.* The Assembly provided \$8.8 million, \$150,000 less to reflect the \$75,000 per penny yield reduction consistent with the May Revenue Estimating Conference.

RIPTA Gasoline Tax Transfer. The Department requested \$32.6 million from gasoline tax proceeds be transferred to the Rhode Island Public Transit Authority. This is based on a per penny yield of \$4.6 million, and represents the Authority's share of the 30 cents gasoline tax.

The Governor recommended \$34.7 million, \$2.1 million more than requested from gasoline tax proceeds to reflect a revised per penny yield of \$4.475 million as well as the transfer of \$2.3 million from the Underground Storage Tank Fund to the Authority.

The Assembly provided \$42.9 million, \$8.2 million more than recommended. Funding reflects the additional two cents of gasoline tax offset by a \$0.6 million reduction consistent with the May Revenue Estimating Conference's revised per penny yield.

Rhode Island Capital Plan Fund Projects. The Department requested \$6.1 million for seven ongoing projects funded through Rhode Island Capital Plan funds. The request is \$0.9 million less than enacted to reflect a revised construction schedule for various projects, including \$0.4 million less

to reflect a delay in the construction of the East Providence maintenance facility. These projects are described in greater detail in the Capital Budget Section of this analysis.

The Governor recommended \$5.9 million, \$0.2 million less than requested to reflect a delay in asset protection projects for maintenance facilities throughout the state. The Assembly shifted \$0.9 million from FY 2010 to FY 2011 to reflect a delay in the East Providence Maintenance Facility Relocation project, and provided \$20,267 of funds not spent in FY 2009 to FY 2010 for the Pawtucket Central Falls Train Station Study.

All Other Operating. The Department requested \$5.2 million for all other operating expenditures, \$0.3 million more than enacted from all sources for all other operating costs. This includes \$70,819 more from federal funds, \$1,312 more from other funds and \$0.3 million more from restricted receipts.

The Governor recommended \$0.6 million more than enacted and \$0.3 million more than requested, including \$0.1 million more from federal funds and \$0.2 million more from gasoline tax proceeds. This reflects increases for operating supplies and expenses throughout the Department, as well as small scale equipment purchases for use by the Infrastructure Engineering Division for construction projects. The Assembly concurred.

Contracted Services. The request includes \$33.5 million for contracted services. *The Governor recommended \$50,000 less.* The Assembly concurred.

Section IV

Capital Budget

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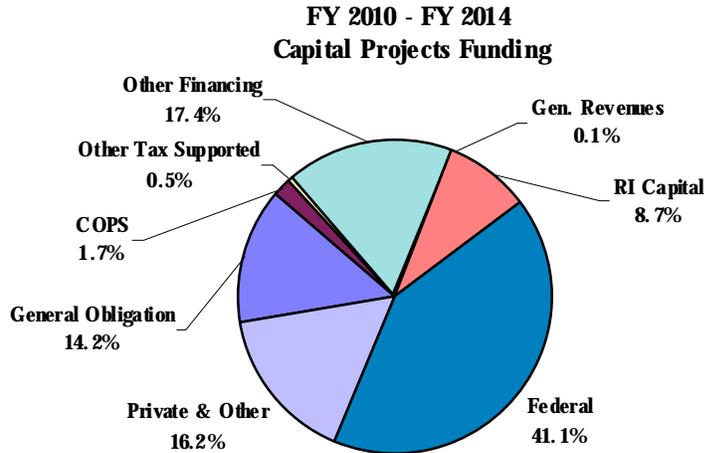
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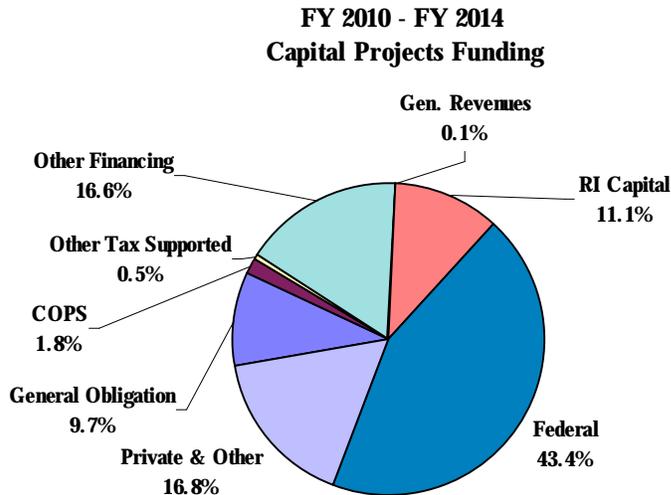
Capital Budget

Summary

The Governor's five-year capital recommendations for FY 2010 through FY 2014 call for total outlays of \$3,993.3 million for the period. Financing the plan requires \$1,352.1 million of debt issuances and \$2,641.2 million from current revenue streams.



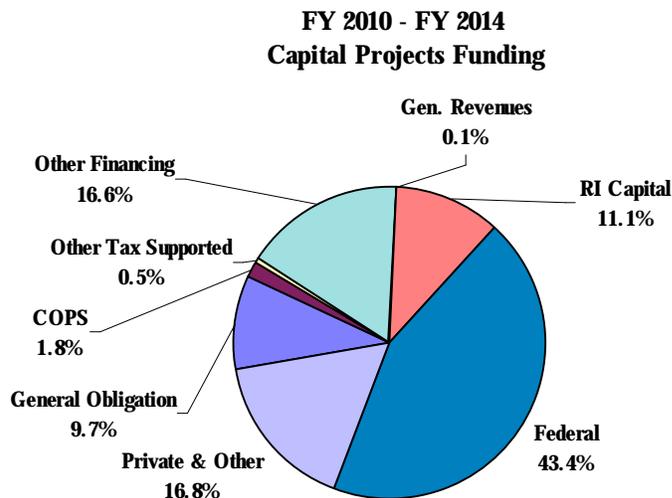
The Assembly adopted five-year capital outlays of \$3,854.1 million for the period on \$8,363.9 million of project estimates. Average annual outlays would be \$770.8 million. Financing the plan requires \$1,100.2 million of debt issuances and \$2,753.9 million from current revenue streams.



- **Outlays and Funding.** The FY 2010 through FY 2014 adopted plan includes \$3,854.1 million of outlays on \$8,363.9 million of project estimates. Average outlays would be \$770.8 million per year for the five-year period with \$315.2 million required at the end of the period to complete the projects.
- **General Obligation Bonds Referenda.** Financing the plan is based on \$372.5 million of general obligation bond debt issuances, including \$87.3 million from new general obligation bond referenda to be presented to the voters in November 2010 and \$117.2 million in November 2012.
- **Other Debt Approvals.** The 2009 Assembly authorized \$77.4 million under the Public Debt Management Act, including \$50.0 million from Rhode Island Bridge and Turnpike Authority Revenue bonds supported by undetermined toll increases and \$27.4 million for University projects financed through the Rhode Island Health and Educational Building Corporation. It also includes the authority to indemnify AMTRAK for use of its track from Providence to Wickford Junction.
- **Financing.** Paying for the five-year outlays includes \$1,100.2 million from debt financing and \$2,753.9 million from current, or pay-go, sources. Pay-go represents 71.5 percent with debt funding being 28.5 percent.
- **Debt Levels.** Total net tax supported debt increases by \$67.5 million over the \$1,651.3 million reported for the end of FY 2008 during the period through FY 2014 to \$1,718.8 million. However, past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget.

Outlays and Funding

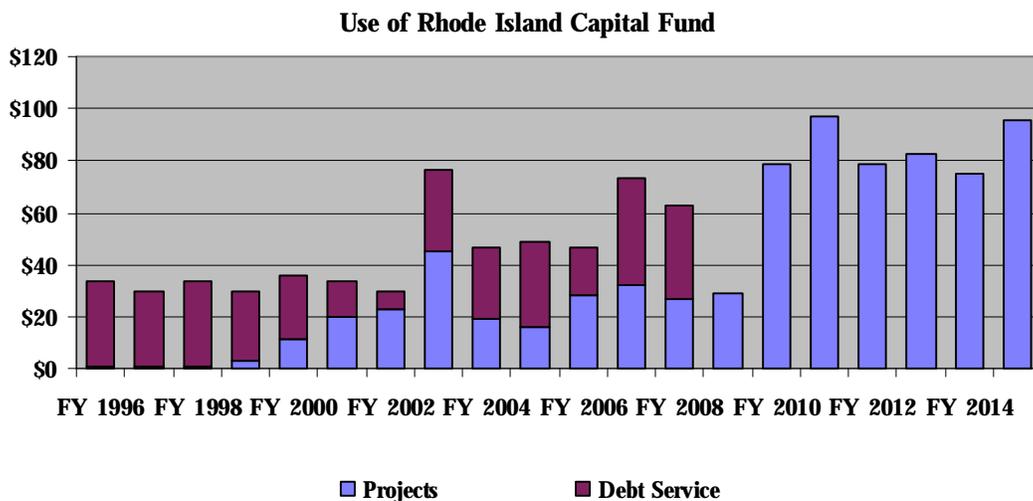
The total five-year outlays of \$3,854.1 million are supported by a mix of pay-as-you-go funding and financing. Nearly three-quarters, 71.5 percent, of outlays are supported by current revenues, or pay-go, with the remaining 28.5 percent from financing.



Pay-Go. The “pay-go” sources include \$1,673.5 million from federal sources, \$428.2 million from Rhode Island Capital Plan funds, \$5.3 million from general revenues, and \$647.0 million from private and other sources. Federal funds remain the largest source of capital funding, providing 43.4 percent of all funding, and 60.8 percent of “pay-go” funding.

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

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



Debt Financing. Proceeds from financing, \$1,100.2 million, constitute 28.5 percent of the funds available for outlays during the period. Tax supported financing comprises \$461.4 million, including \$372.5 million from general obligation bonds, \$68.5 million from Certificates of Participation, and \$20.4 million from motor fuel revenue bonds. Outlays from tax supported financing are 41.9 percent of the financed outlays and 12.0 percent of all outlays.

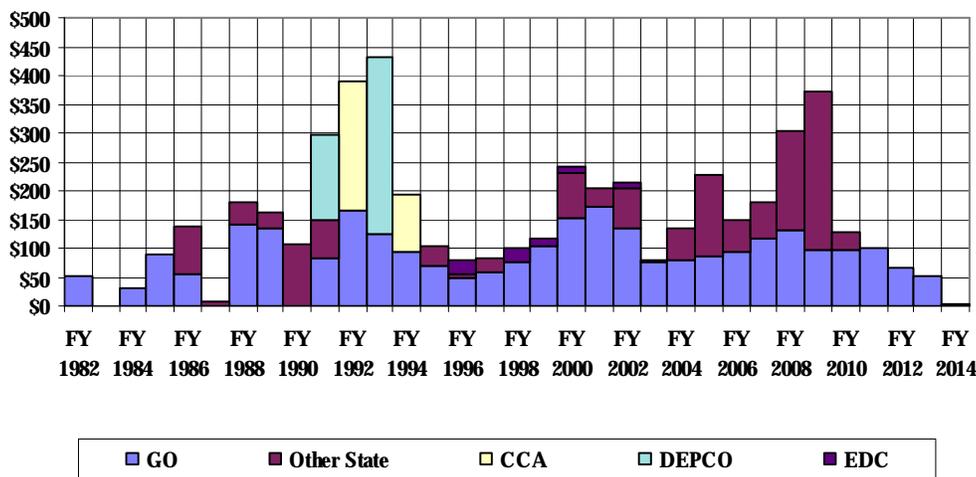
Other non-tax supported financing supports \$638.7 million of outlays, or 16.6 percent. It includes: \$135.7 million from GARVEE bonds for five major highway and bridge projects; \$89.8 million issued by the Rhode Island Health and Educational Building Corporation for higher education projects supported by university and college funds; \$287.9 million in revenue bonds issued by the Clean Water Finance Agency; \$33.9 million by the Airport Corporation; \$50.0 million in Rhode Island Bridge and Turnpike bonds; and \$41.3 million for the Warwick Intermodal Train Station project.

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

Debt issued by the colleges and university through the Rhode Island Health and Educational Building Corporation is also not included. This five-year budget includes expenditures of \$89.8 million from these bonds. It should be recalled that it is the total charges to students that is compared in tuition and fee comparisons to other institutions. This forms the context for general revenue appropriation requests by the Board of Higher Education. Thus, any tuition and fees used for debt service are not available for general operating expenses. Further, in the event of insufficient university and college fund revenues, it is likely that the state would intervene with appropriations rather than allow bondholders to take over the assets financed.

This capital budget appears to return to the past policy of relying more heavily on voter-approved tax supported debt than on non-voter approved relative to total issuances. New general obligation bond issuances total \$131.1 million compared to \$88.9 million of new issuance during the five-year period for other tax supported debt, or 59.6 percent. The past five budgets have averaged 57.5 percent of debt issuances during their five-year budget periods from general obligation bonds; the average is 49.1 percent for the past ten budgets.

Net Tax Supported Debt Issues



New Debt Authorizations

The Governor’s budget includes \$565.0 million of new debt authority for projects in the five-year period that require approval by the General Assembly. That includes \$425.9 million of general obligation bonds that would be placed on the November 2010 and 2012 ballots for voter approval and \$139.1 million in other debt that requires Assembly approval under the Public Debt Management Act.

The Assembly authorized \$281.8 million, including \$204.4 million of general obligation bonds that would be placed on the November 2010 and 2012 ballots for voter approval and \$77.4 million in other debt it authorized under the Public Debt Management Act. That other debt includes \$27.4 million of higher education debt that is not included in the state's net tax supported debt calculations.

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

The table below shows the recommended new debt authority requiring action by the General Assembly. It is followed by descriptions of the projects.

New Debt Authority	Governor	Assembly
Bond Referenda		
Higher Education		
URI Chemistry Building	\$ 64,600,000	RICF
URI Fine Arts Center Renovation	64,700,000	RICF
URI Nursing and Associated Health	30,000,000	RICF
CCRI Flanagan Campus	22,505,000	RICF
CCRI Knight Campus Renewal	20,250,000	RICF
RIC Alternate Entrance/Master Plan II	8,525,000	RICF
RIC Infrastructure Modernization	10,875,000	RICF
RIC New Art Center	17,680,000	17,680,000
Transportation		
Highway Improvement Program	160,000,000	160,000,000
Commuter Rail	15,000,000	15,000,000
RIPTA		
Bus Purchases	11,765,000	11,765,000
Total New Referenda	\$ 425,900,000	\$ 204,445,000
Other Debt Instruments - 09-H 5019 and 09-H 5983		
Rhode Island Bridge and Turnpike Authority		
Newport and Mt. Hope Bridges	\$ 50,000,000	\$ 50,000,000
Rhode Island Rail Corporation	-	-
Amtrak Indemnification	Unlimited	Unlimited
Subtotal	\$ 50,000,000	\$ 50,000,000
Rhode Island Health and Educational Building Corporation		
CCRI Knight Campus Wind Turbine	\$ 3,929,839	\$ -
CCRI Athletic Facility Renovations & Additions	11,935,388	-
RIC Recreation Center Modernization	11,310,000	11,310,000
URI Fire Protection and Sprinkler Systems	26,757,139	-
URI Repaving and Road Construction	15,200,000	15,200,000
URI Utility Infrastructure Upgrades	20,000,000	-
URI Purchase of Fraternity House	-	850,000
Subtotal	\$ 89,132,366	\$ 27,360,000
Total New Debt Authorization Recommended	\$ 565,032,366	\$ 281,805,000

General Obligation Bond Referenda. The Governor's Capital Budget includes \$258.5 million in new referenda to be presented to the voters in November 2010; it also includes \$167.4 million to be presented in November 2012. Section 35-3-7.1 of the Rhode Island General Laws provides that bond referenda only be presented during election years absent special circumstances. The legislation for these new bond referenda would likely be presented with the FY 2011 and FY 2013 budgets submitted to the Assembly in the 2010 and 2012 sessions. The Assembly did provide Rhode Island Capital Plan funding for several of the projects.

- ***University of Rhode Island Chemistry Building.*** The Governor recommended placing \$64.6 million on the November 2010 ballot for a project to construct a new chemistry building. This is inconsistent with the approved capital plan that provides Rhode Island Capital Plan funding for the project. He programmed expenditures to begin in FY 2012. The Assembly did not concur and provided the \$64.6 million from Rhode Island Capital Plan funds programmed from FY 2012 through FY 2014.

- ***University of Rhode Island Fine Arts Center Renovation.*** The Governor recommended placing \$64.7 million on the November 2010 ballot to complete renovation and enhancement of the 120,720 square foot fine arts center on the Kingston Campus, which serves the University's program in the musical, theatrical, visual and graphic arts. He programmed expenditures to begin in FY 2013. The Assembly did not concur and provided the \$64.7 million from Rhode Island Capital Plan funds with expenditures to begin in FY 2014.

- ***University of Rhode Island Nursing and Associated Health.*** The Governor recommended placing \$30.0 million on the November 2012 ballot to construct a 50,000 square foot nursing and associated health building. He programmed expenditures to begin in FY 2014. The Assembly did not concur and provided the \$30.0 million from Rhode Island Capital Plan funds with expenditures to begin in FY 2014.

- ***Community College of Rhode Island Flanagan Campus.*** The Governor recommended placing \$22.5 million on the November 2010 ballot to add approximately 50,000 square feet to the Flanagan Campus academic building. He programmed expenditures to begin in FY 2012. The Assembly did not concur and provided the \$22.5 million from Rhode Island Capital Plan funds with expenditures to begin in FY 2014.

- ***Community College of Rhode Island Knight Campus Renewal.*** The Governor recommended placing \$20.3 million on the November 2012 ballot for a comprehensive renewal of the interior of the original Knight Campus Megastructure. He programmed expenditures to begin in FY 2014. The Assembly did not concur and provided the \$20.3 million from Rhode Island Capital Plan funds with expenditures to begin in FY 2014.

- ***Rhode Island College Alternate Entrance/Master Plan II.*** The Governor recommended placing \$8.5 million on the November 2010 ballot for a project to make improvements to the Hennessey Street alternative entrance to the College for service vehicles and the development of a satellite warehouse for the dining services operation. He programmed expenditures to begin in FY 2012. The Assembly did not concur and provided the \$8.5 million from Rhode Island Capital Plan funds with expenditures in FY 2012.

- ***Rhode Island College Infrastructure Modernization.*** The Governor recommended placing \$10.9 million on the November 2010 ballot for a project to modernize and replace steam lines, water lines and the electrical distribution system. He programmed expenditures to begin in FY 2012. The

Assembly did not concur and provided the \$10.9 million from Rhode Island Capital Plan funds with expenditures to begin in FY 2014.

- ***Rhode Island College New Art Center.*** The Governor recommended placing \$17.7 million on the November 2012 ballot for the construction of a new 40,000 square foot Art Center Facility. Expenditures would begin in FY 2014.
- ***Highway Improvement Program.*** The Governor proposed an \$80.0 million bond referendum for the November 2008 and 2010 ballots for highway improvement expenditures. Projects include interstate improvement, bridge improvement, pavement management, and congestion mitigation and air quality.
- ***Commuter Rail.*** The Governor proposed a \$15.0 million bond referendum for the November 2012 ballot to match federal funds for the commuter rail project. This project includes construction of stations, tracks and signals; right-of-way acquisition; and the purchase of locomotives, rail coaches, or other equipment to accommodate rail passenger service.
- ***Rhode Island Public Transit Authority Bus Purchases.*** The Governor proposed a \$7.3 million bond referendum for the November 2010 ballot and \$4.5 million for the November 2012 ballot for bus purchases by the Rhode Island Public Transit Authority. Funds will be used to replace buses, trolleys and or modified vans, and for rehabilitation of the existing fleet.

Public Corporation Debt Management Act Debt Issues. The Assembly authorized \$77.4 million of new authorization for debt that would not require voter approval. This includes \$50.0 million for a Newport and Mt. Hope bridges project funded through the Bridge and Turnpike Authority, an evergreen line of credit through the Rhode Island Public Rail Corporation, and \$27.4 million for higher education projects funded through the Rhode Island Health and Educational Building Corporation.

- ***Newport and Mt. Hope Bridges.*** The Governor recommended \$50.0 million from revenue bonds backed by toll revenues, with proceeds being used for steel repair and corrosion protection paint projects on the Newport Pell and Mount Hope bridges. He submitted a resolution for Assembly approval of the debt issuance through the Turnpike and Bridge Authority. The Assembly concurred.
- ***Rhode Island Rail Corporation AMTRAK Indemnification.*** The Governor recommended the issuance of an evergreen letter or line of credit for the Rhode Island Public Rail Corporation, which would be used to secure a \$200.0 million insurance policy. The policy would be used for full indemnification of AMTRAK, which would be required for the state to gain access to its tracks. Access to the tracks will allow the state to extend commuter rail service south from Providence to Warwick, and eventually to Wickford Junction. The Assembly concurred.
- ***Community College of Rhode Island Knight Campus Wind Turbine.*** The Governor recommended \$3.9 million from revenue bonds backed by general revenues and tuition and fees for a new project to purchase and install a wind turbine at the Knight Campus in Warwick. He programmed the project from FY 2010 to FY 2011. He did not submit a resolution for Assembly approval of the debt issuance. The Assembly did not authorize the Community College to issue the debt.
- ***Community College of Rhode Island Athletic Facility Renovations and Additions.*** The Governor recommended \$11.9 million from revenue bonds to build several new sports venues and make significant improvements to the field houses and existing fields. Principal additions include an outdoor

track at the Knight Campus, outdoor tennis courts at both the Knight and Flanagan campuses, and a new softball field at the Knight Campus. He programmed the project from FY 2010 to FY 2011. He did not identify the revenue source to support the debt service; he did not submit a resolution for Assembly approval of the debt issuance. The Assembly did not authorize the Community College to issue the debt.

- ***Rhode Island College Recreation Center Modernization.*** The Governor recommended \$11.3 million from revenue bonds backed by user fees for the modernization and renovation of the existing Rhode Island College Recreation Center. He programmed the project for FY 2010.

The Assembly authorized the College to issue \$11.3 million from revenue bonds backed by student fees to renovate the existing recreation center on the Rhode Island College campus. The \$11.3 million includes \$10.0 million for construction costs, \$0.4 million for cost of issuance and \$0.9 million for a debt reserve fund. The authorization assumes a 30-year term and an interest rate of 6.5 percent for a total cost of \$26.5 million and annual debt service payments of \$0.9 million.

- ***University of Rhode Island Fire Protection and Sprinkler Systems.*** The Governor recommended \$26.8 million from new revenue bonds backed by general revenues and tuition and fees to upgrade existing fire alarm systems and install fire-suppressing sprinkler systems in all of the University's academic and administrative buildings that are not presently equipped with sprinkler and addressable alarm systems. The project is programmed from FY 2010 through the post-FY 2014 period. He did not submit a resolution for Assembly approval of the debt issuance. This is the second year he has included this project in his capital plan but has not submitted a resolution for Assembly approval of the debt issuance.

The Assembly provided \$7.2 million from fiscal stabilization funds for FY 2010 for fire safety improvements. This is the first of a two-year allocation from stabilization funds for higher education.

- ***University of Rhode Island Repaving and Road Construction.*** The Governor recommended \$15.2 million from revenue bonds backed by general revenues and tuition and fee revenue for the third phase of the University's efforts to repave and reconstruct major parking facilities, internal roadways, and walkways. The project is programmed from FY 2009 to FY 2011.

The Assembly authorized the University to issue \$15.2 million from revenue bonds backed by parking fees, general revenues and university funds for the repaving and road construction project. The \$15.2 million includes \$13.5 million for construction costs, \$1.3 million for debt service reserve and \$0.4 million for cost of issuance. The authorization assumes a 20-year term and an interest rate of 6.0 percent for a total cost of \$26.3 million and annual debt service of \$1.3 million.

- ***University of Rhode Island Utility Infrastructure Upgrades.*** The Governor recommended \$20.0 million from revenue bonds, backed by general revenues and tuition and fees, for two phases of utility infrastructure upgrades. Funding is programmed over FY 2010 and FY 2011 for phase I and from FY 2012 through FY 2014 for phase II. The project involves the replacement of the steam/condensate distribution system, water distribution system, electrical distribution system and the sanitary sewer system. He did not submit a resolution for Assembly approval of the debt issuance. The Assembly did not authorize the University to issue this debt.

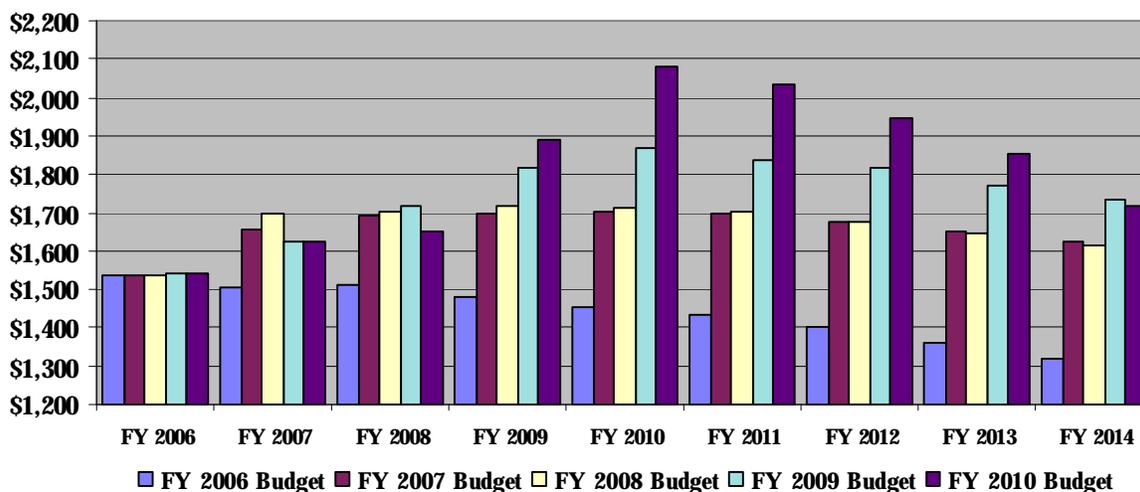
- ***University of Rhode Island Purchase of Fraternity House.*** The 2009 Assembly authorized the University to enter into an installment purchase of the former Sigma Alpha Epsilon Fraternity House from the fraternity corporation. The purchase price of the building is \$1.1 million with a one-time

down payment of \$250,000 in FY 2010 and an installment purchase of \$850,000. Annual debt service would be \$87,000 backed by student resident fees and/or other University revenues, for a total cost of \$1.3 million assuming 15 years and 6.0 percent interest. The University made a direct loan from the Rhode Island Health and Educational Building Corporation to purchase the Chi Phi fraternity house for the purpose of expanding the International Engineering Program in FY 2007. This would be a similar financing mechanism.

Debt Levels

Total net tax supported debt increases by \$67.5 million over the \$1,651.3 million reported for the end of FY 2008 during the period through FY 2014 to \$1,718.8 million. Net tax supported debt had dropped to \$1,280.9 million in FY 2003 after the state used \$247.6 million of special revenue bonds backed by the state's tobacco master settlement to defease general obligation bonds debt in FY 2002.

Net Tax Supported Debt Projections

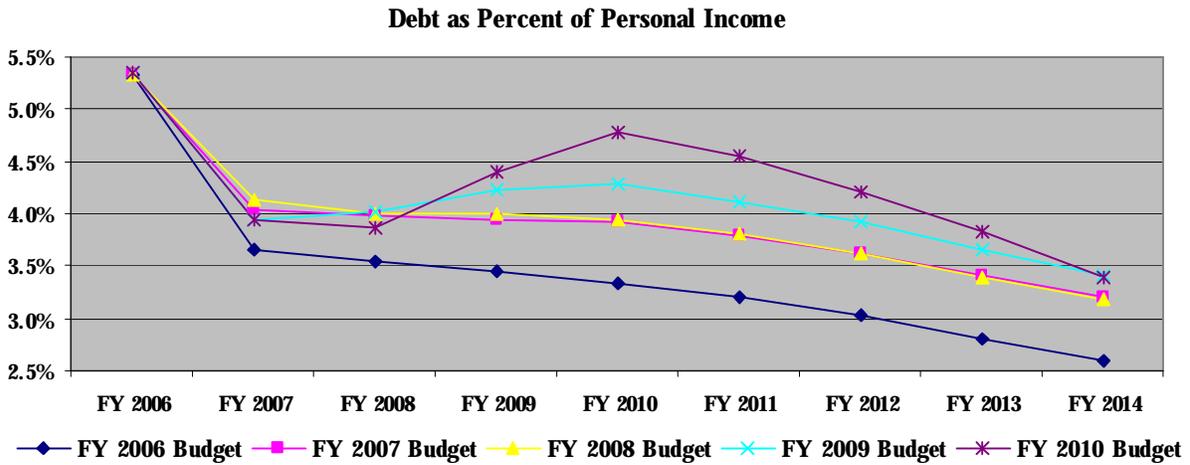


Past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget. The chart above shows projected debt levels for FY 2006 through FY 2014 in the past five budgets. FY 2014 presented in the FY 2010 capital budget is \$398.2 million higher than the FY 2014 projection in the FY 2006 capital budget. Indeed, it is \$102.8 million higher than even the projection in the FY 2008 capital budget.

Debt is often expressed as a percent of state personal income as a measure to compare across jurisdictions; state personal income is a rough measure of the state's wealth, and therefore its potential ability to service its debt. Net tax supported debt would increase from 3.9 percent of personal income reported for FY 2008 to 4.8 percent in FY 2010 before dropping gradually back to 3.4 percent in FY 2014 assuming that the capital budget is not increased.

Debt ratios began increasing significantly in FY 1988, reaching a peak in FY 1994 as the Depositors Economic Protection Corporation and Convention Center debt was added. In FY 1994, net tax supported debt reached 8.4 percent of personal income, a measure used to compare affordability across states. The prior and current administrations have expressed the reduction of that ratio as a major

capital policy goal. The FY 2004 level of 3.6 percent is the lowest since Staff began keeping track in FY 1991 due to use of the tobacco master settlement agreement revenues securitization. However, as with debt levels, past practice indicates it is likely to be higher than projected. The chart below shows projected debt as percent of personal income for FY 2006 through FY 2014 in the past five budgets. The FY 2006 Budget projected FY 2013 debt at 2.7 percent of personal income which is 80 basis points lower than the 3.5 percent projected in the FY 2009 budget, and that assumes that the debt levels do not increase in subsequent budgets.



Department of Administration

Projects	Status	5 Year Total	Project Total
Hazard Building Renovations	New	\$ 650,000	\$ 800,000
Ladd Center Buildings Demolition	New	3,000,000	3,000,000
Health Laboratory Building Study	Revised	175,000	175,500
Interdepartmental Weapons Range	Revised	100,000	100,000
IT Enterprise Operations Center	Revised	3,968,224	8,975,000
Lead Mitigation	Revised	85,338	216,425
Old State House	Revised	1,300,000	1,611,956
Pastore Campus Master Plan	Revised	-	450,000
Pastore Center Fire Code Compliance	Revised	2,550,000	3,522,970
Pastore Demolition Buildings A and D	Revised	2,775,000	2,900,000
Replacement of Fueling Tanks	Revised	725,000	1,321,330
State House Renovations	Revised	14,200,000	15,708,268
State Office Building	Revised	3,450,000	5,682,039
Virks Building Renovations	Revised	-	300,000
Washington County Government Center	Revised	425,000	970,000
Affordable Housing/Strong Communities	Ongoing	25,000,000	50,000,000
Cannon Building	Ongoing	695,000	1,586,655
Central Power Plant	Ongoing	1,800,000	38,742,684
Comprehensive Land Use Planning	Ongoing	-	2,500,003
Cranston Street Armory	Ongoing	4,200,000	11,825,000
Dept. of Business Regulation Relocation	Ongoing	-	10,963
DOA - Energy Services Contract	Ongoing	-	5,770,273
Environmental Compliance	Ongoing	1,500,000	3,739,916
Fire Code Compliance	Ongoing	1,850,000	2,700,000
Forand Building Exterior Repairs	Ongoing	-	1,098,704
Ladd Center Water Systems	Ongoing	350,000	400,000
McCoy Stadium Repairs	Ongoing	1,152,500	3,422,500
Neighborhood Opportunities Program	Ongoing	2,500,000	44,000,000
Office of Health & Human Services Staff Relocation	Ongoing	-	100,000
Old Colony House	Ongoing	900,000	1,432,457
Pastore Center Rehabilitation	Ongoing	4,800,000	5,580,897
Pastore Center Utilities Upgrade	Ongoing	7,350,000	10,176,400
Pastore Center Water Tanks and Pipes	Ongoing	1,685,000	2,911,171
Pastore Center/Zambarano Energy Conservation	Ongoing	33,100,000	53,100,000
Station Park	Ongoing	1,150,000	1,150,000
William Powers Building	Ongoing	2,300,000	4,960,451
Zambarano Building and Utilities	Ongoing	1,650,000	2,492,601
Total		\$ 125,386,062	\$ 293,434,163
Sources of Funds			
General Obligation Bonds		\$ 25,000,000	\$ 52,500,003
Rhode Island Capital Funds		66,536,062	109,525,406
Federal Funds		750,000	750,000
General Revenues		-	11,500,000
Third Party		-	25,000,000
Certificates of Participation		33,100,000	94,061,156
Other		-	97,598
Total		\$ 125,386,062	\$ 293,434,163

Summary. The Department requested total capital expenditures of \$281.2 million of which \$137.5 million would be spent in the five-year period for 36 projects, of which four are new. Funding in the five-year plan includes \$25.0 million from authorized general obligation bonds for affordable housing projects, \$79.7 million from Rhode Island Capital Plan funds, \$0.8 million from federal funds, and \$32.0 million from Certificates of Participation for the Pastore Center and Zambarano energy conservation projects, which the 2008 Assembly authorized. The request is \$53.1 million less than the approved plan, primarily attributed to the exclusion of prior-year expenditures and the completion of several projects.

The Governor recommended projects totaling \$294.1 million, with \$118.1 million of spending in the five-year period for 37 projects, two of which are new. The plan includes \$47.3 million for FY 2010, \$39.2 million for FY 2011, \$19.2 million for FY 2012, \$11.5 million for FY 2013 and \$1.0 million for FY 2014. The five-year recommendation of \$118.1 million is \$19.4 million less than requested to reflect the shift of the Registry of Motor Vehicles project to the Department of Revenue.

The Assembly provided \$0.6 million less from Rhode Island Capital Plan funds. Several changes were made to reflect revised project costs or delays. The Assembly also provided an additional \$2.5 million for the Neighborhood Opportunities Program and essentially concurred with the remainder of the recommendation.

Hazard Building Renovations. This project was not included in the Department's request. The approved plan includes funds to renovate the Virks Building to be used as office space by human services agencies; it appears that the project cannot move forward as approved. The Forand Building is being renovated to be the new home of the Registry of Motor Vehicles and staff in the Forand Building would have to relocate elsewhere. *The Governor requested an amendment to fund a similar project.*

The Assembly provided \$800,000 from Rhode Island Capital Plan funds, including \$150,000 for FY 2009 and \$650,000 for FY 2010 to renovate the Hazard Building at the Pastore Campus to accommodate the relocation of staff currently in the Forand Building.

Ladd Center Buildings Demolition. The Department requested \$3.0 million from Rhode Island Capital Plan funds, of which \$1.0 million each would be used from FY 2010 through FY 2012 to demolish nine buildings at the former Ladd school properties in Exeter. The goal of the project is to demolish structures and backfill all foundations, landscape and provide for additional open space. These buildings were constructed in the mid-1900s and have been vacant for many years. This project was previously in the approved plan as well as requested in the Department's FY 2009 capital budget; however, it was not included in the Governor's Capital Budget because it was considered a lower priority. *The Governor recommended total funding as requested; however, he delayed the start date by one year to reflect availability of Rhode Island Capital Plan funds.* The Assembly delayed the project by another year.

Health Laboratory Building Study. The Department did not include funding for this project, for which the approved plan included \$175,500 from Rhode Island Capital Plan funds in FY 2009 to conduct a feasibility study for a new facility to house the staff and programs currently located in the Chapin Building. This study would also examine the feasibility of combining the Health and Forensic crime lab at the Pastore Complex. *The Governor recommended funding consistent with the approved plan.* The Assembly shifted this project to FY 2011 to reflect a project delay.

Interdepartmental Weapons Range. Consistent with the approved plan, the Department requested \$50,000 from Rhode Island Capital Plan funds to conduct a feasibility study on the construction of an interdepartmental weapons range in FY 2010. *The Governor recommended \$100,000 for FY 2012, which delayed the study by two years.* The Assembly delayed the study by two additional years.

IT Enterprise Operations Center. The Department requested \$9.0 million from Rhode Island Capital Plan funds, of which \$4.0 million will be used in FY 2009 and \$5.0 million in FY 2010 to convert the Training School's administrative building at the Pastore Center into a new state data center. The total project cost is consistent with the approved plan; however, expenditures were reprogrammed to reflect a revised completion date. *The Governor recommended funding consistent with the approved plan; however, the Administration indicated that it is currently pursuing other sites.*

The Assembly concurred, with the exception of shifting \$4.0 million from FY 2009 to FY 2010 to reflect a revised project schedule.

Lead Mitigation. The Department requested \$1.6 million from Rhode Island Capital Plan funds for the mitigation of lead hazards. State law requires the mitigation of lead hazards in the state's residential community facilities and is currently reviewing 225 potential facilities that may require such mitigation. The request advances funding from FY 2012 and FY 2013 to FY 2009 through FY 2011. The project is \$0.1 million more than the approved plan, which appears to be consistent with prior requests.

The Governor recommended total project costs of \$0.2 million, including \$0.1 million each for FY 2009 and FY 2010. This is \$1.3 million less than approved based on a revised project cost. The Department indicated that the bids came in substantially lower than it anticipated. The Assembly concurred.

Old State House. The Department requested new expenditures of \$0.4 million from Rhode Island Capital Plan funds to be used in FY 2011 and FY 2012 for various renovations at the Old State House including repaving the parking lot, replacing carpets, and brick repairs. The approved plan includes \$1.0 million in FY 2009 for heating and sprinkler system renovations, and repairs to 20 brownstone windows and sills. The Department spreads this portion of the funds through FY 2010 to reflect current need. *The Governor recommended total project costs of \$1.6 million, \$32,986 more than requested. He provided \$0.9 million for FY 2010, \$250,000 for FY 2011, and \$150,000 for FY 2012.*

The Assembly concurred, with the exception of shifting \$650,000 from FY 2010 to FY 2011 to reflect the availability of Rhode Island Capital Plan funds.

Pastore Campus Master Plan. The Department requested \$0.3 million from Rhode Island Capital Plan funds to be used in FY 2009 to update the existing master plan for the Pastore Complex, which is over 400 acres. The plan would include determination of the availability of property and structures for future expansion. The Department indicated that it is in the process of reviewing statements of vendor qualification. The total project cost is \$650,000 less than the approved plan, based on revised project estimates. *The Governor recommended \$450,000 based on anticipated expenditures.* The Assembly concurred.

Pastore Center Fire Code Compliance. The Department requested \$2.0 million from Rhode Island Capital Plan funds, of which \$1.0 million each will be used in FY 2010 and FY 2011 to install and upgrade existing fire alarm and sprinkler systems on the Pastore Center and the Zambarano Campus of Eleanor Slater Hospital. The 2008 Assembly reduced the project cost by \$1.4 million, including the

elimination of \$0.4 million for the Forand Building since the building is being renovated and \$1.0 million based on the Department's current need. The request appears to include that \$1.4 million; the Department indicated that was requested in error.

The Governor recommended total project costs of \$5.0 million, \$2.6 million more than approved and \$1.2 million more than requested. The recommendation reflects updated expenditure projections and includes \$0.6 million for FY 2010, \$0.5 million for FY 2011 and \$1.0 million each from FY 2010 through FY 2014. The Assembly provided a total project cost of \$2.6 million, including \$0.6 million for FY 2010 and \$0.5 million each from FY 2011 through FY 2014.

Pastore Demolition Buildings A and D. The Department requested \$2.9 million from Rhode Island Capital Plan funds, of which \$2.8 million will be used in FY 2010 and FY 2011 to demolish buildings A and D in the Pastore Center. The A building has been vacant since 1985. The D building is a former patient residence building that has been vacant for 15-20 years. The project has been revised to include new expenditures of \$1.3 million in FY 2010 for asbestos removal.

The Governor recommended total funding as requested; however, shifted \$1.3 million from FY 2010 to FY 2012 to reflect availability of Rhode Island Capital Plan funds. The Assembly concurred, with the exception of shifting \$0.3 million from FY 2010 to FY 2013.

Replacement of Fueling Tanks. The Department requested \$2.1 million from Rhode Island Capital Plan funds, of which \$1.5 million will be used from FY 2010 through FY 2012 to replace failing tanks at five of the 18 state-owned and operated fueling stations for state vehicles. The scope of this project has been revised to incorporate residential tanks. The total project cost is \$850,000 more than the approved plan. The Department indicated that the majority of the increase will be used to remediate underground tanks in group homes under the purview of the Department of Children, Youth and Families and the Department of Mental Health, Retardation and Hospitals.

The Governor recommended \$146,330 more than approved; this reflects a shift of \$0.6 million from FY 2009 to FY 2010 based on a revised schedule. The recommendation is \$0.7 million less than requested. The Assembly concurred.

State House Renovations. The Department requested \$20.8 million from Rhode Island Capital Plan funds for renovations at the State House, of which \$14.0 million will be used from FY 2010 through FY 2012. The work includes renovation of the legislators' entrance, completion of the fire alarm system, an expanded security system, expansion of the fire sprinkler system and construction of a training room and locker room for the expanded State House Capitol Police force, restroom renovations, and exterior sash and door painting. The largest single component is \$16.5 million for a new central HVAC system for heating and cooling of the building. The Department indicated that it will conduct a study to determine how to improve airflow quality. The total request is \$150,000 less than the approved plan, which does not appear to have eliminated a specific component of the project.

The Governor recommended total project costs of \$15.7 million, \$5.2 million less than approved and \$5.1 million less than requested. The recommendation includes \$2.5 million for FY 2010, \$3.0 million for FY 2011, \$6.0 million for FY 2012 and \$2.7 million for FY 2013. The Assembly concurred.

State Office Building. The Department requested \$5.6 million from Rhode Island Capital Plan funds, of which \$2.5 million will be used from FY 2010 through FY 2012 for renovations at the State Office Building. The revision represents the Department's estimate for the specific components of the project including bathroom renovations, window replacement, fire code upgrades and others. The total project

cost is \$1.9 million less than the approved plan. The Department indicated that the reduction is due to a project evaluation of what it can realistically achieve.

The Governor recommended a project cost of \$5.7 million, \$0.9 million less than requested. He shifted \$1.0 million from current year funding to FY 2011 and further reduced it by \$0.9 million. The plan includes \$1.4 million each for FY 2010 and FY 2012 and \$0.7 million for FY 2011. The Assembly concurred.

Virks Building Renovations. The Department requested \$6.8 million from Rhode Island Capital Plan funds to renovate the Virks Building to be used as office space by human services agencies, most of which are currently in the Forand Building. The Department indicated that once renovated, the building could accommodate 150 to 200 employees. The building currently serves as a psychiatric geriatric unit of the Eleanor Slater Hospital, which the Department of Mental Health, Retardation and Hospitals will vacate in FY 2009. The approved plan includes \$265,000 in FY 2009 for architectural and engineering services. The Department advanced programmed funds of \$5.6 million from FY 2010 to FY 2009 to start construction. The request of \$6.8 million is \$353,900 more than the approved plan based on revised construction costs.

The Governor advanced \$1.7 million from FY 2010 to start construction in FY 2009. The Administration indicated that this project could not move forward as approved. Subsequently, the Governor requested an amendment to reduce FY 2009 expenditures by \$1.7 million. He also removed the approved \$6.2 million programmed for FY 2010. The Assembly concurred.

Washington County Government Center. The Department requested \$100,000 from Rhode Island Capital Plan funds for FY 2010 for ongoing renovations at the Washington County Government Center. *The Governor recommended \$244,472 in FY 2009, consistent with the approved plan.*

The Assembly reduced FY 2009 expenditures by \$150,000 based on anticipated expenditures; however, provided \$425,000 through FY 2014 for asset protection.

Affordable Housing/Strong Communities. Consistent with the approved plan, the request includes \$50.0 million from previously approved general obligation bonds to provide affordable housing, including \$40.0 million for deferred payment loans to developers of affordable housing rental units and \$10.0 million for the development of homeowner units. The request assumes use of \$12.5 million each annually through FY 2011. *The Governor recommended funding as requested.* The Assembly concurred.

Cannon Building. The Department requested a total project cost of \$2.2 million from Rhode Island Capital Plan funds, of which \$0.9 million will be used from FY 2010 through FY 2013 for ongoing repairs and renovations at the Cannon Building. Funds in FY 2009 will be used to replace the roof. The total project cost is \$18,619 more than the approved plan.

The Governor recommended \$2.0 million, \$355,000 less than requested to reflect updated expenditure projections. The recommendation includes \$575,000 for FY 2010, \$270,000 for FY 2011 and \$150,000 for FY 2012. The Assembly provided \$70,000 less for FY 2009 based on current expenditures and reduced FY 2010 expenditures by \$0.3 million to reflect the Department's capital budget request.

Central Power Plant. The Department requested \$5.0 million from Rhode Island Capital Plan funds to be used in FY 2009 and FY 2010 to continue work on the Central Power Plant at the Pastore

Center. Funds in FY 2009 will be used to bring one of the boilers to a high state of reliability. The project has been revised to include new expenditures of \$1.1 million in FY 2010 for the installation of a new generator. *The Governor reduced the request by \$0.3 million and included \$1.1 million for FY 2009 and \$1.0 million for FY 2010.*

The Assembly concurred, with the exception of shifting \$0.8 million from FY 2009 to FY 2011 to reflect a project delay.

Comprehensive Land Use Planning. This project was not included in the Department's original request because it is nearly completed. Communities received reimbursement for their participation in compiling the overall state Land Use Plan from previously issued bond proceeds from the 1989 authorization upon completion of land use plans. To date, \$2.5 million has been issued, including \$320,000 for preparation and development of a natural resource and planning database, \$80,000 for administrative expenses and \$2.1 million for reimbursement to cities and towns. *The Governor recommended the unspent balance of \$99,457 from issued proceeds to be expended in FY 2009.* The Assembly concurred.

Cranston Street Armory. The Department requested total project costs of \$8.6 million, of which \$1.3 million will be used in FY 2010 for window replacement in the Cranston Street Armory building. The project has been revised to exclude \$3.9 million in the approved plan previously programmed for interior renovations. The Department indicated that it does not want to move ahead with the interior renovation phase since it has not secured the relocation of state agencies to the Armory.

The Governor did not concur with the request and provided \$1.3 million each from FY 2011 through FY 2013. The recommendation is \$1.3 million less than the approved plan, including \$0.3 million less in reappropriated funds from FY 2008 and \$1.0 million less for FY 2010 based on availability of Rhode Island Capital Plan funds.

The Assembly concurred, with the exception of providing \$650,000 less in FY 2009 to reflect anticipated expenditures.

Department of Business Regulation Relocation. This project was not included in the Department's original request because it is nearly completed. The FY 2008 budget includes \$100,000 from Rhode Island Capital Plan funds for relocation expenses for the Department of Business Regulation to relocate to the Center General Building at the Pastore Complex. *The Governor included a reappropriation of \$10,000 for final expenditures.* The Assembly concurred.

DOA - Energy Services Contract. This project was not included in the Department's original request because it is nearly completed. The approved plan includes \$6.0 million in capital expenditures to reflect energy service contracts whereby an initial investment in new equipment and other energy saving improvements would be paid back over a period of time from the resulting savings in energy costs. It appears that \$5.1 million has been spent to date. *The Governor recommended \$0.7 million for the continuation of the project.* The Assembly concurred.

Environmental Compliance. The Department requested \$3.5 million from Rhode Island Capital Plan funds, of which \$0.9 million will be used in the five-year plan for projects that assist state agencies in maintaining compliance with all state and federal environmental rules and regulations. Funds will also be used for mitigating asbestos and other environmental issues for buildings on the Pastore Campus under the Department's jurisdiction. The request is \$65,902 more than the approved plan.

The Governor recommended funding consistent with the approved plan and provided an additional \$55,818 to reflect prior year expenditures. The recommendation is \$10,084 less than requested.

The Assembly included a project cost of \$1.8 million, which reflects a decrease of \$25,000 annually from FY 2010 through FY 2013; however, added \$350,000 for FY 2014. The Assembly provided \$250,000 more than the Governor recommended.

Fire Code Compliance. The Department requested total project costs of \$2.1 million from Rhode Island Capital Plan funds to bring state buildings into compliance with new fire code regulations. The request reflects a reduction of \$0.4 million from the approved plan, primarily from the exclusion of prior year expenditures and the automatic reappropriation of \$0.4 million from FY 2008.

The Governor recommended a project cost of \$2.8 million, \$0.6 million more than requested to reflect revised project costs. He provided \$0.4 million for FY 2010 and \$0.5 million each for FY 2011 through FY 2013. The Assembly concurred, with the exception of providing \$50,000 less for FY 2011.

Forand Building Exterior Repairs. The Department's request includes \$1.2 million from Rhode Island Capital Plan funds reappropriated from FY 2008 to replace and repair the building's spandrel panels, doors and windows, and soffits. ***The Governor included the automatic reappropriation.*** The Assembly provided \$0.1 million less to reflect revised project costs.

Ladd Center Water Systems. Consistent with the approved plan, the Department requested \$550,000 from Rhode Island Capital Plan funds for repairs to the water system at the Ladd Center. The Quonset Development Corporation turned over the Center to the Division of Facilities Management in July 2006. The water system is in need of repairs, and the Division will have a study done to determine whether there are more feasible options, such as replacing the water system with wells since the only two customers are the Veterans' Cemetery and the Job Corps. ***The Governor recommended \$150,000 less for FY 2010 based on revised project costs.*** The Assembly concurred.

McCoy Stadium. Consistent with the approved plan, the Department requested total project costs of \$3.2 million from Rhode Island Capital Plan funds to provide asset protection at McCoy Stadium in Pawtucket. The project includes a new concourse drainage system, paving of the outfield parking areas, repairs to expansion joints causing water damage to the gift shop, offices and corporate boxes, and other miscellaneous repairs to protect the facility, in which the state made a major investment. ***The Governor recommended \$0.1 million less than approved and requested, and advanced \$0.3 million from FY 2011 to FY 2010 to reflect an updated project schedule.*** The Assembly concurred and provided an additional \$0.4 million for FY 2011.

Neighborhood Opportunities Program. The Department requested \$10.0 million from Rhode Island Capital Plan funds, including \$2.5 million from FY 2008 unexpended funds. The Housing Resources Commission indicated that the funds were committed and in some cases expended, however, were apparently not paid to Rhode Island Housing in FY 2008. The project has been revised to include new expenditures of \$5.0 million, of which \$2.5 million each will be used in FY 2010 and FY 2011 to provide additional units for the Neighborhood Opportunities program. The Housing Resource Commission administers the program, which provides grants or low interest loans for the rehabilitation of dilapidated housing units or new construction as well as operating subsidies to reduce rents. This request brings the total investment in this project to \$43.0 million.

The Governor recommended funding consistent with the approved plan. The plan does not include funding beyond FY 2009. The Assembly provided \$2.5 million for FY 2010.

Office of Health and Human Services Relocation. The FY 2009 approved capital plan includes \$0.1 million from Rhode Island Capital Plan funds for relocation expenses of the five health and human service agencies under the control of the executive office in compliance with legislation adopted by the 2007 Assembly. It appears \$98,726 has been spent. ***The Governor included a reappropriation of \$1,274 for final expenses.*** The Assembly concurred.

Old Colony House. The Department requested total project costs of \$1.3 million from Rhode Island Capital Plan funds, of which \$0.3 million each will be used in FY 2010 and FY 2011 for repair and renovation of the Old Colony House. The request includes new expenditures programmed in FY 2011 to mitigate structural issues that the Department has recently uncovered. The request appears to be understated due to the exclusion of the automatic reappropriation of \$165,908 from FY 2008 unexpended funds.

The Governor recommended total project costs of \$1.1 million, \$35,908 less than approved and shifts \$0.3 million from FY 2009 to FY 2011. The plan includes \$0.3 million each for FY 2010 and FY 2011. The Assembly concurred.

Pastore Center Rehabilitation. The Department requested \$5.8 million from Rhode Island Capital Plan funds to be used through FY 2012 to fund major maintenance and capital repair for five of its 17 buildings at the Pastore Center, now under the responsibility of the Division of Facilities Management. Work will focus on the Benjamin Rush, Pasteur, Harrington and Hazard buildings and will address various code and structural deficiencies. The request is \$0.2 million less than the approved plan, based on revised construction costs.

The Governor recommended a project cost of \$5.6 million, \$0.4 million less than approved and \$0.2 million less than requested. The recommendation reflects updated expenditure projections and includes \$0.8 million for FY 2010, \$1.0 million for FY 2011, \$1.5 million for FY 2012 and \$1.5 million for FY 2013. The Assembly concurred.

Pastore Center Utilities Upgrade. The Department requested \$12.2 million from Rhode Island Capital Plan funds, of which \$7.5 million will be used from FY 2010 through FY 2013 to repair and make improvements to the electrical distribution system at the Pastore Center. An engineering survey was conducted in 2001 and concluded that the existing system is undersized and would possibly not support major new construction projects like the new training school, the new registry and future projects. The total project cost is consistent with the approved plan; however, funds were shifted to better reflect anticipated expenditures.

The Governor reduced FY 2009 by \$0.3 million and further reduced FY 2010 and FY 2011 approved funding by \$1.0 million. The recommendation reflects updated expenditure projections and includes \$1.5 million each for FY 2010 and FY 2011, \$2.0 million for FY 2012 and \$2.4 million for FY 2013.

The Assembly included a total project cost of \$7.7 million, which includes a reduction of \$650,000 for FY 2009 to reflect current expenditures and shifted \$0.5 million from FY 2012 and \$0.9 million from FY 2013 to FY 2014.

Pastore Water Tanks and Pipes. The Department requested total project costs of \$2.9 million from Rhode Island Capital Plan funds, of which \$1.0 million will be used in FY 2010 and FY 2011 to

identify and address deficiencies at the Pastore Center with respect to water supply and distribution. The total project cost is consistent with the approved plan; however, the Department advanced approved FY 2012 funding of \$480,000 to FY 2009, which the Assembly had shifted to FY 2013 to reflect a project delay. *The Governor recommended funding essentially as requested, with the exception of shifting \$650,000 from FY 2009 to FY 2012 to reflect a revised schedule.* The Assembly concurred.

Pastore Center/Zambarano Energy Conservation. The Department requested \$52.0 million in capital expenditures to enter into a new energy service contract whereby an initial investment in new equipment and other energy saving improvements would be paid back over a period of time from the resulting savings in energy costs. The 2008 Assembly authorized the state to enter into up to \$53.1 million in energy equipment replacement contracts, including \$45.5 million for the Pastore Center and \$7.6 million for the Zambarano Campus. The request reflects a reduction of \$1.1 million, which appears to have excluded financing costs in error. *The Governor recommended funding consistent with the approved plan.* The Assembly concurred.

Station Park. Consistent with the approved plan, the Department requested \$1,150,000 from federal and Rhode Island Capital Plan funds to be used in FY 2010 and FY 2011 for creation of an urban style park in downtown Providence similar in concept to the Boston Common or New York's Central Park. The park would be located next to the Train Station, east of the Providence Place Mall and across the street from the State House south lawn.

The Governor recommended total project costs consistent with the approved plan; however, shifted Rhode Island Capital Plan fund expenditures of \$200,000 from FY 2010 to FY 2012 to reflect funding in the approved Transportation Improvement Plan. The Assembly concurred.

William Powers Building. The Department requested a total project cost of \$5.4 million from Rhode Island Capital Plan funds, of which \$1.8 million will be used from FY 2010 through FY 2012 for ongoing repairs and renovations at the William Powers Building. General renovations include carpet replacement, bathroom repairs, painting and upkeep of the HVAC system.

The Governor recommended total project costs of \$5.0 million, \$0.5 million less than requested primarily for the elimination of funds carried forward from FY 2008. The recommendation is \$0.1 million less than the approved plan. The Assembly concurred.

Zambarano Building and Utilities. Consistent with the approved plan, the Department requested a total project cost of \$2.6 million from Rhode Island Capital Plan funds, of which \$1.2 million will be used from FY 2010 through FY 2012 for capital repairs to various buildings and equipment at the Zambarano Campus of the Eleanor Slater Hospital in Burrillville. The Zambarano Campus is comprised of 29 buildings totaling 308,000 square feet on 460 acres of land. The request includes the unused Rhode Island Capital Plan funds from FY 2008 as well as a shift of \$150,000 from FY 2013 to FY 2009. *The Governor recommended funding essentially as requested, with the exception of shifting \$0.3 million from FY 2009 to FY 2010 and further reducing FY 2009 by \$58,732.* The Assembly concurred.

Cottage Preservation. The Department requested \$290,000 from Rhode Island Capital Plan funds for FY 2010 to renovate two four-bedroom cottages at the Pastore Center for office space. Currently, Department of Children, Youth and Families' staff housed in the cottages are scheduled to vacate the cottages once the new training school is completed. The Department of Administration noted that an agreement with the Historical Preservation Commission requires that the cottages be preserved for

their historic significance. The Department requested this in its FY 2009 capital budget; the Governor did not recommend funding, and the Assembly concurred. *The Governor did not recommend funding this project.* The Assembly concurred.

Howard Avenue Traffic Improvement. Consistent with the approved plan, the Department requested \$186,000 from federal highway funds through the Department of Transportation for development of plans for improvements to Howard Avenue, the main thoroughfare through the Pastore Center. Improvements would include roadway resurfacing, ADA compliant sidewalks and crosswalks, bus pullouts and other features in order to accommodate increases in traffic flow due to new construction and major renovation projects. After planning is complete, the Department of Transportation would take over the project and complete the work within the funding earmarked in the Highway Improvement Program. *The Governor recommended funding as requested, but showed the funding in the Department of Transportation's capital budget.* The Assembly concurred.

Old Eastman House. The Department requested \$576,000 from Rhode Island Capital Plan funds for FY 2012 to be used for fire code upgrades and to remove lead paint from the old Eastman House. The building was recently occupied by the Department of Mental Health, Retardation and Hospitals. The Department of Administration indicated that both Capitol Police and the Division of Capital Projects and Property Management are interested in occupying the facility once it is vacated and in compliance with fire code. *The Governor did not recommend funding this project.* The Assembly concurred.

Pastore Center Renovations/Relocations. This project was not included in the Department's request. The revised budget includes \$2.0 million from Rhode Island Capital Plan funds to renovate the Virks Building to be used as office space by human services agencies, most of which are currently in the Forand Building, which is being renovated to be the new home of the Registry of Motor Vehicles. The Governor subsequently requested an amendment to reduce expenditures by \$1.7 million, because it appears that the project cannot move forward as approved.

The Governor recommended \$1.5 million for renovations to accommodate staff relocation to other buildings, including Pasteur and Hazard within the Pastore Complex instead of the Virks Building. The Assembly did not concur with funding this project; however provided funds to renovate the Hazard Building as a separate project.

Powers Building Garage. The Department requested \$200,000 from Rhode Island Capital Plan funds for FY 2010 to reseal the garage floor on level A of the Administration building. This would prevent oil and dirt from penetrating the surface causing scaling. The FY 2009 approved Capital Improvement Plan includes \$5.1 million from Rhode Island Capital Plan funds for repairs and renovations at the William Powers Building, which had been used for garage related work in the past. However, since this is a substantial increase compared to work previously done, this project was requested as a stand alone. *The Governor did not recommend funding this project.* The Assembly concurred.

Registry of Motor Vehicles/Forand Building. The Department requested \$17.9 million from Rhode Island Capital Plan funds to renovate the Forand Building to be the new home of the Registry of Motor Vehicles. The Forand Building currently houses operations of the Department of Human Services, which would have to be relocated. The building is in need of extensive repair to prolong its useful life. The Registry is currently in leased space, and the FY 2009 budget includes \$1.0 million for its lease costs. The request is \$0.6 million more than the approved plan, which had been reduced by that amount from the proposal to reflect no issuance costs since it was changed to pay-go sources; however, the Department has not clarified the project cost increase. *The Governor moved this project to the Department of Revenue.* The Assembly concurred.

Economic Development Corporation

Projects	Status	5 Year Total	Project Total
Quonset Point/Davisville Infrastructure Projects	Revised	\$ 7,950,000	\$ 57,230,986
Total		\$ 7,950,000	\$ 57,230,986
Sources of Funds			
General Obligation Bonds		\$ 4,500,000	\$ 48,000,000
Other Sources		3,450,000	9,230,986
Total		\$ 7,950,000	\$ 57,230,986

Quonset Point/Davisville Infrastructure Projects. The Economic Development Corporation requested \$57.2 million for infrastructure and other improvements at the Quonset Business Park in North Kingstown. The projects include tearing down old buildings, creating and improving roadways and other work designed to increase the appeal of Quonset to current and potential business tenants for furtherance of state economic development goals. Most of the work is funded by \$48.0 million in general obligation bonds approved by the voters in 2004. These funds would be supplemented by revenues generated through land sales and other development activities of the Quonset Development Corporation, which manages the park.

The total project cost of \$57.2 million is \$7.6 million less than the approved plan, based on revised cost estimates. The Corporation also removed the esplanade construction component to reflect its current priority and funding constraints.

The Governor recommended a total project cost of \$57.2 million, \$63,871 more than requested to adjust prior year expenditures. The Assembly concurred.

Department of Labor and Training

Projects	Status	5 Year Total	Project Total
Center General Slate Roof Replacement	Revised	\$ 1,655,631	\$ 1,661,800
Total		\$ 1,655,631	\$ 1,661,800
Sources of Funds			
Rhode Island Capital Funds		\$ 793,001	\$ 793,001
Federal Funds		350,311	352,816
Restricted Reciepts		249,525	251,309
Other - Temporary Disability Insurance Funds		262,794	264,674
Total		\$ 1,655,631	\$ 1,661,800

Center General Slate Roof Replacement. The Department requested a total of \$1.7 million to replace the slate roof on buildings 68, 69 and 71 at the Center General Complex. Expenditures of \$11,800 are expected in FY 2009 and \$1.7 million in FY 2010. This request was \$784,300 more than the FY 2009 approved capital plan. Proposed funding included \$352,816 from federal funds, \$251,309 from restricted receipts, \$264,674 from Temporary Disability Insurance funds, and \$793,001 from Rhode Island Capital Plan funds. Bids sent out in FY 2008 exceeded the original estimate and the increase reflects the new cost. It also reflects a difference in cost-sharing since the Department of Business Regulation is now the main tenant in two of the buildings being repaired. This means sources usually available to the Department are no longer an option. *The Governor recommended funding as requested.*

The Assembly concurred with the total project cost; however, shifted \$5,631 from Rhode Island Capital Plan funds from FY 2009 to FY 2010 based on a project delay.

Department of Revenue

Projects	Status	5 Year Total	Project Total
Registry of Motor Vehicles Building	Revised	\$ 16,700,000	\$ 17,900,000
Total		\$ 16,700,000	\$ 17,900,000
Sources of Funds			
Rhode Island Capital Funds		\$ 16,700,000	\$ 17,900,000
Total		\$ 16,700,000	\$ 17,900,000

Registry of Motor Vehicles Building. The Department of Administration's capital budget includes \$17.9 million from Rhode Island Capital Plan funds to renovate the Forand Building to be the new home of the Registry of Motor Vehicles. The Forand Building currently houses operations of the Department of Human Services, which would have to be relocated. The building is in need of extensive repair to prolong its useful life. The Registry is currently in leased space, and the FY 2010 budget includes \$1.0 million for its lease costs. The request is \$0.6 million or 3.6 percent more than the approved plan, which had been reduced by that amount from the proposal to reflect no issuance costs since it was changed to pay-go sources. The Department has not identified the reason for the cost increase.

The Governor moved the project into the Department of Revenue. He recommended funding essentially as requested, with the exception of shifting \$4.8 million from FY 2009 to FY 2011 to reflect a revised completion date of August 2010. The approved plan assumed a completion date of June 2010.

The Assembly concurred, with the total project costs; however, shifted \$0.5 million from FY 2009 to FY 2011 to reflect anticipated expenditures.

Public Utilities Commission

Projects	Status	5 Year Total	Project Total
Building Renovations	Ongoing	\$ 221,000	\$ 221,000
Replace Roof Membrane	Ongoing	162,000	162,000
Total		\$ 383,000	\$ 383,000
Sources of Funds			
Restricted Receipts		\$ 383,000	\$ 383,000
Total		\$ 383,000	\$ 383,000

Summary. The Public Utilities Commission requested \$383,000 for FY 2010 through FY 2014 for four ongoing capital asset protection projects that are funded through restricted receipts available from assessments to the regulated utilities. The requested amount is \$65,000 less than the approved amount of \$448,000, which reflects completion of the fire alarm installation in June 2008. *The Governor recommended funding as requested. He also separated the roof replacement included in the asset protection renovations into a separate project.* The Assembly concurred.

Department of Children, Youth and Families

Projects	Status	5 Year Total	Project Total
Groden Ctr. Mt. Hope Upgrades	New	\$ 50,000	\$ 50,000
Eckerd Camp E-Hun-Tee	Ongoing	85,000	150,000
Groden/Cowesett Road	Ongoing	165,000	165,000
North American Family Institute, Inc.	Ongoing	1,134,224	1,145,424
Youth Group Homes-Fire Code Upgrades	Ongoing	3,500,000	4,691,658
Rhode Island Training School-Main Facilities	Ongoing	-	61,792,510
Groden Center Mt. Hope Rehab. Reimbursement	Completed	-	218,509
Total		\$ 4,934,224	\$ 68,213,101
Sources of Funds			
Rhode Island Capital Funds		\$ 4,934,224	\$ 6,411,262
General Obligation Bonds		-	138,849
General Revenues		-	75,000
Certificates of Participation		-	54,988,496
Interest Earned Certificates of Participation		-	4,611,994
Restricted Receipts		-	1,892,500
Federal Funds		-	95,000
Total		\$ 4,934,224	\$ 68,213,101

Summary. The Department of Children, Youth and Families requested capital project expenditures totaling \$73.2 million, of which \$9.1 million would be spent in the FY 2010 through FY 2014 period. The request includes three new projects totaling \$350,000 and it restores funding for the Girls Training School that was eliminated from the FY 2009 plan pending a site selection. The remaining projects are consistent with previously approved funding.

The Governor recommended \$68.2 million in total expenditures, which is \$5.0 million less than requested. The Governor included \$4.4 million during the FY 2010 through FY 2014 period, which is \$4.7 million less than requested. The Governor did not recommend \$4.5 million for the Training School Girls' Facility.

The Assembly concurred; however, it shifted funding for two projects due to delays.

Groden Center Mt. Hope Upgrades. The Department requested total Rhode Island Capital Plan funds of \$50,000 to conduct a feasibility study for upgrading the electrical system and replacing much of the plumbing and heating system at the state owned property located at 86 Mount Hope Avenue, Providence. The Commission on Accessibility, within the Governor's Commission on Disabilities, is soliciting bids for the design of an elevator to service the building. This elevator may require electrical work, in addition to the electrical upgrades in this request. *The Governor recommended funding as requested.* The Assembly concurred.

Eckerd Camp E-Hun-Tee. The Department requested \$150,000 from Rhode Island Capital Plan funds to provide a septic system, a toilet system and separate hand washing facilities including hot water for the 30 youth at Camp E-Hun-Tee. This is consistent with the approved capital plan;

however, the final design has not yet been approved by the Departments of Health and Environmental Management to determine if it is consistent with state and environmental health codes. Camp E-Hun-Tee is a comprehensive residential treatment program serving at risk boys 11-16 years of age located on 275 acres of state-owned land in the Arcadia Land Management Area in Exeter. *The Governor included \$65,000 in FY 2009 and \$85,000 in FY 2010 to complete the project based on a redesigned septic system and hot and cold hand washing facilities.* The Assembly concurred.

Groden/Cowesett Road. The Department requested \$165,000 from Rhode Island Capital Plan funds for a feasibility study and for repairs at the state-owned group home located at 563 Cowesett Road in Warwick, with completion during FY 2010 as included in the approved capital plan. The project includes bathroom renovations, furnace repairs, pavement resurfacing, fence replacement, and removal of lead paint. *The Governor recommended funding as requested.* The Assembly concurred; however, it shifted the funding from FY 2010 to FY 2011 because of a project delay.

North American Family Institute, Inc. The Department requested \$1.1 million from Rhode Island Capital Plan funds for repairs to the North American Family Institute on New London Avenue in Cranston, consistent with the approved capital plan. The request includes \$0.5 million in FY 2009 and \$0.6 million in FY 2010 to complete repairs to the plumbing and electrical systems, heating, ventilation and air conditioning systems, required to comply with the state's new fire code. *The Governor recommended funding as requested.* The Assembly concurred; however, it shifted \$0.5 million from FY 2009 to FY 2011 because of a project delay.

Youth Group Homes-Fire Code Upgrades. The Department requested \$4.7 million from Rhode Island Capital Plan funds to provide fire code upgrades and safety related improvements to 111 group home facilities, consistent with the approved plan. The request includes \$0.8 million in FY 2009, \$0.5 million in FY 2010, \$1.0 million each in FY 2011 and FY 2012 and \$0.9 million in FY 2013. Expenditures include sprinkler system installation, heating system repairs, and miscellaneous projects to ensure compliance. *The Governor recommended \$0.6 million and \$0.5 million in FY 2009 and FY 2010, respectively. He also included \$1.0 million each in FY 2011, FY 2012, and FY 2013.* The Assembly concurred.

Rhode Island Training School Main Facility. In FY 2009, the Division of Capital Projects within the Department of Administration requested total project expenditures on behalf of the Department of Children, Youth and Families of \$61.6 million for a 98,000 square foot 96-bed Youth Development Facility and a 33,000 square foot 52-bed Youth Assessment Facility at the Pastore Center in Cranston. Construction was completed in FY 2008, but the Department has not scheduled a date to open the building as of October 2008 due to problems with the roof, the HVAC system, and the security system in both the Youth Development and the Youth Assessment facilities.

The Governor did not recommend any additional funding for this project. It was completed during FY 2009 and both buildings were open as of March 2009. He subsequently submitted an amendment requesting \$0.9 million in FY 2009 and \$0.4 million in FY 2010 from Rhode Island Capital Plan funds to complete work on the Training School and finalize vendor payments. The Assembly did not concur with the Governor's budget amendment and did not provide any funding for this project.

Groden Center Mt. Hope Rehabilitation Reimbursement. The Department requested \$218,509 for roof repairs and repointing of exterior mortar joints of the state owned property located at 86 Mount Hope Avenue, Providence, to be completed in FY 2008. Of the total project costs, \$138,849 of general obligation bonds and \$63,215 of Rhode Island Capital Plan funds were spent prior to FY 2008. The Department requested \$16,445 from Rhode Island Capital Plan funds for the remainder of the

funding for a number of invoices that need to be reimbursed. *The Governor recommended the total funding for FY 2009.* The Assembly concurred.

Groden Center Mt. Hope Building Façade. The Department requested \$150,000 from Rhode Island Capital Plan funds for the repointing of exterior mortar joints and the cleaning and/or replacing of all damaged windows and door lintels of the state owned property located at 86 Mount Hope Avenue, Providence. The facility provides day programs serving adolescents between the ages of 3 and 21 years of age. *The Governor did not recommend funding for this project.* The Assembly concurred.

Groden Center Mt. Hope Fire Towers. The Department requested \$150,000 from Rhode Island Capital Plan funds to demolish two existing steel fire ladders that do not meet fire code and to construct two new enclosed stair towers out of brick at the state owned property located at 86 Mount Hope Avenue, Providence. The current fire ladders were cited as deficient by the Fire Marshal; therefore, the second floor of the Groden Center does not have an adequate emergency exit. *The Governor did not recommend funding for this project.* The Assembly concurred.

Rhode Island Training School Girls' Facility. The Department requested \$4.9 million from Rhode Island Capital Plan funds to renovate an existing building to house the Girls' Facility. The request includes \$0.1 million from Rhode Island Capital Plan funds in pre-FY 2009 expenditures for repairs that were needed at the Mathias Building, the temporary site. It also includes \$0.4 million in FY 2009 and FY 2010 for initial architectural and engineering costs and \$4.4 million in FY 2011 to complete construction. The project site has been determined to be Building 8 of the existing training school. The building will be renovated to house between 20 and 24 pre-adjudicated and adjudicated females. The girls are currently being housed in the Mathias Building, a former hospital used by the Department of Mental Health, Retardation, and Hospitals. The 2008 Assembly concurred with the Governor's recommendation to remove funding for this project which had been in the approved plan, because the Department had not decided on the most cost effective site for the school. *The Governor did not recommend funding for this project.* The Assembly concurred.

Department of Health

Projects	Status	5 Year Total	Project Total
Electronic Health Exchange Network	Ongoing	\$ 15,000,000	\$ 20,000,000
Total		\$ 15,000,000	\$ 20,000,000
Sources of Funds			
Revenue Bonds		\$ 15,000,000	\$ 20,000,000
Total		\$ 15,000,000	\$ 20,000,000

Summary. The Department submitted a five-year capital request that includes two projects, one which is new totaling \$85.0 million; \$80.0 million would be spent in the FY 2010 through FY 2014 period and \$5.0 million would be spent in FY 2009. *The Governor recommended funding as requested for the electronic health exchange network, but did not include funds for the health laboratory/medical examiner building.* The Assembly concurred.

Electronic Health Exchange Network. The Department requested \$20.0 million from revenue bonds for FY 2010 through FY 2014 for the continued support of the Electronic Health Exchange Network project. The current request includes \$5.0 million to be utilized in FY 2009 and FY 2010 with the remaining \$10.0 million in FY 2011. The electronic network will allow health care providers and patients immediate access to medical information such as surgical procedure reports, hospital and emergency room discharge reports, prescribed medications, lab reports and immunization data. The initial financing was approved contingent upon participation of all Rhode Island domiciled insurers for their insured and self insured plans for residents administered by them or their affiliates, Medicare and Medicaid participants. The state would be party only to the extent of its Medicaid, state employees and retired employee health plans. All parties would share proportionally based on enrollment. The 2006 Assembly approved this project. The 2008 Assembly enacted legislation to sunset the debt authorization on June 30, 2009. *The Governor recommended funding as requested.* The Assembly concurred.

Health Laboratory/Medical Examiner Building. The Department requested \$65.0 million from unspecified revenue bonds for FY 2010 through FY 2014 to build a Health Laboratory/Medical Examiner Building. The underlying revenue to support the debt service was not identified, but would likely be state general revenues. The Department noted the current facility is no longer adequate and does not comply with accreditation standards. The Department further indicated that the feasibility study is budgeted for FY 2009; however, the request was excluded from both the Departments of Administration's and Health's current requests. The construction specifics are not available until the feasibility study has been completed. It is unclear what the \$65.0 million was intended to represent. *The Governor did not include funding for this project.* The Assembly concurred.

Department of Human Services

Projects	Status	5 Year Total	Project Total
Blind Vending Facilities	Ongoing	\$ 725,000	\$ 907,451
<i>Veterans' Home</i>			
Electrical System Upgrade	Revised	240,437	500,000
HVAC System	Revised	-	2,852,362
Main Entrance Renovations	Revised	-	50,000
Nursing Wards Renovations	Revised	700,000	1,050,000
Sprinkler System Water Connection	Revised	635,000	665,000
<i>Veterans' Cemetery</i>			
Master Plan	Revised	-	5,849,333
Total		\$ 2,300,437	\$ 11,874,146
Sources of Funds			
Rhode Island Capital Funds		\$ 725,000	\$ 907,451
Restricted Receipts		1,575,437	5,117,362
Federal Funds		-	5,849,333
Total		\$ 2,300,437	\$ 11,874,146

Summary. The Department requested \$2.3 million for the period FY 2010 through FY 2014. The Department's request includes six capital projects at the Veterans Home and Cemetery and one project at the Pastore Center. The Department also requested capital expenditures of \$5.3 million for FY 2009. *The Governor recommended \$11.9 million, of which \$2.3 million is for the five-year period.* The Assembly provided \$30,000 less for FY 2009 due to project delays.

Blind Vending Facilities. The Department requested \$875,000 from Rhode Island Capital Plan funds for FY 2009 through FY 2014 for the ongoing construction and renovation of blind vending facilities. This adds \$150,000 for FY 2014 consistent with the approved annual funding level. *The Governor provided \$87,500 less than requested for FY 2009 and FY 2010. He included \$62,500 for FY 2009, \$125,000 for FY 2010, and \$150,000 each year from FY 2011 through FY 2014.* The Assembly provided \$30,000 less than recommended in FY 2009 and concurred with the remainder of the recommendation.

Veterans' Home

Electrical System Upgrade. The Department requested \$500,000 from restricted receipts to upgrade the emergency electrical distribution system at the Veterans' Home. The request includes an additional \$225,000 from restricted receipts to meet the standards of the revised electrical code. *The Governor recommended funding as requested.* The Assembly concurred.

HVAC System. The Department's request includes \$100,000 from restricted receipts not spent in FY 2008 to complete its upgrade of the current heating system in FY 2009. This allows for the replacement of the hot water heating pipes in the N-3 ward and installation of a split air system in the computer room, consistent with the approved capital plan. *The Governor recommended funding as requested.* The Assembly concurred.

Main Entrance Improvements. The Department requested \$50,000 from restricted receipts to renovate the main entrance at the Veterans' Home. The current request revises the cost estimate in the approved plan from \$200,000 to \$50,000 due to previous work completed on the entrance area. This also revises the timeline of the project to be completed in FY 2009. *The Governor recommended funding as requested.* The Assembly concurred.

Nursing Wards Renovations. The Department included \$1.1 million from approved restricted receipt funding to renovate three nursing wards: N-5, N-6 and N-7. This reflects a one year delay with project completion in FY 2010. *The Governor recommended funding as requested.* The Assembly concurred.

Sprinkler System Water Connection. The Department included approved funding of \$665,000 from restricted receipts to connect the Veterans' Home to the Town of Bristol's water supply system for the emergency sprinkler system and installation of an emergency generator. This reflects a one year delay for an FY 2009 start and FY 2010 completion. *The Governor provided the requested amount; however, shifted \$15,000 from FY 2010 to FY 2009.* The Assembly concurred.

Veterans' Cemetery

Master Plan. The Department requested \$5.8 million from federal funds for construction of several projects included in the cemeteries approved master plan. Funding is consistent with the approved plan; however, the request shifts some FY 2008 planned spending to FY 2009. The projects include plans and specifications for the front entrance with perimeter security fencing, a stacking lane to accommodate funeral corteges, construction of an informal kiosk with restrooms and an administration building. *The Governor recommended funding essentially as requested with the exception of \$40 to reflect actual expenditures.* The Assembly concurred.

Department of Mental Health, Retardation and Hospitals

Projects	Status	5 Year Total	Project Total
Mental Health Residences Furniture	New	\$ 277,000	\$ 660,530
Management Information System	Approved	699,416	799,416
Eleanor Slater Hospital Information System	Revised	9,000,000	9,000,000
HVAC System	Revised	4,905,000	4,905,000
Hospital Consolidation	Revised	7,850,000	8,170,000
Medical Center Asset Protection	Revised	8,000,000	10,677,665
DD Group Homes-Asset Protection	Revised	6,610,000	12,102,139
DD Regional Centers Asset Protection	Revised	2,500,000	4,990,266
Community Facilities Fire Code Upgrades	Revised	4,050,000	5,585,968
Mental Health Residences	Revised	3,400,000	11,775,757
DD Residential Support	Ongoing	5,170,000	17,476,407
DD Residence Fire Code	Ongoing	6,288,927	8,248,463
Mental Health Community Facilities Asset Protection	Ongoing	1,400,000	4,838,884
Substance Abuse Asset Protection	Ongoing	1,300,000	2,254,970
Zambarano Campus Asset Protection	Ongoing	2,505,000	3,443,639
Total		\$ 63,955,343	\$ 104,929,104
Source of Funds			
Rhode Island Capital Funds		\$ 55,227,711	\$ 85,010,239
Federal Funds		8,377,924	9,584,114
General Obligation Bonds		349,708	10,334,751
Total		\$ 63,955,343	\$ 104,929,104

Summary. The Department of Mental Health, Retardation and Hospitals requested \$119.8 million for 16 capital projects, which is \$29.4 million more than the approved capital plan. Of this amount, \$69.4 million will be spent in FY 2010 through FY 2014. The request included two new projects totaling \$0.9 million. *The Governor recommended \$108.9 million, including \$66.5 million in the five-year period, \$3.0 million less than requested.*

The Assembly included \$104.9 million with spending of \$64.0 million in the five-year period. The Assembly reduced Rhode Island Capital Plan funding by \$3.9 million, including \$1.4 million for FY 2009 and \$2.5 million for the FY 2010 through FY 2014 period. It concurred with the remainder of the recommendation.

Mental Health Residences Furniture. The Department requested \$363,000 from Rhode Island Capital Plan funds for furniture provided to indigent mental health clients who live in newly acquired apartments or group homes. This included \$56,000 for FY 2009 and FY 2010. Prior year expenditures were \$385,530 from general obligation bond proceeds. The approved capital plan does not include funding for this purpose. *The Governor recommended \$307,000 as requested in the five-year period; he did not recommend the \$56,000 in FY 2009.* The Assembly reduced funding by \$30,000 for FY 2009 and concurred with the remainder of the recommendation.

Management Information System. The Department requested \$0.8 million, including \$0.4 million from bond proceeds matched by Medicaid funds, for the enhancement and modification of the Department's management information system for developmental disabilities, behavioral healthcare and Eleanor Slater Hospital and is consistent with the approved capital plan. The project was originally funded in FY 1994 to support the developmental disabilities program but will now include the two additional Divisions. *The Governor recommended funding as requested.* The Assembly concurred.

Eleanor Slater Hospital Information System. The Department requested \$9.0 million to establish a hospital information system incorporating an electronic medical records system at Eleanor Slater Hospital. The project cost, estimated by the Division of Information Technology, is \$4.6 million more than the approved capital plan and includes \$4.5 million in matching Medicaid funds. The request also accelerates the start of the program from FY 2012 to FY 2010. The project is part of the Department's master plan and the Department of Health's Healthcare Information Exchange Initiative which will allow patients and health care providers access to medical information such as laboratory reports, emergency room and hospital discharge reports and surgical procedure reports. The Department of Health is in the process of building the statewide system's internal infrastructure. If the hospital information system project is approved, selected information from the Eleanor Slater Hospital electronic medical records system would be integrated with the Healthcare Information Exchange.

The Governor recommended funding as requested; however, he included \$4.7 million from federal funds assuming the ability to match the state funding with Medicaid. There is also a provision in the American Recovery and Reinvestment Act of 2009 that provides for federal funding over a five-year period from the Federal Supplementary Medical Insurance Trust Fund. The provision applies to providers reimbursed through Medicare and/or Medicaid. Although it is unclear at this time if the state can utilize the Medicare funding, it appears funding would support the statewide electronic health exchange network should it be established at the state hospital. The Assembly concurred.

HVAC System. The Department requested \$4.9 million from Rhode Island Capital Plan funds to upgrade the heating, ventilation and air conditioning systems at the Adolph Meyer, Barry Hall, Simpson Hall and Pinel buildings as well as the Wallum Lake House on the Zambarano hospital campus. The request is \$0.9 million more than the approved capital plan and accelerates approved funding to include \$0.6 million for FY 2009 and \$4.3 million for FY 2010. This is the original estimate included in the FY 2009 through FY 2013 capital request which was reduced because the Department planned to vacate the Pinel building so that portion of the funding was not required. Although it appears that Pinel would cost \$0.3 million, the project cost, without this expense, would be \$4.0 million. *The Governor recommended total funding as requested; however, he shifted \$2.4 million from FY 2010 to FY 2011.* The Assembly concurred.

Hospital Consolidation. The Department requested approved funding of \$8.2 million from Rhode Island Capital Plan funds to consolidate Eleanor Slater Hospital operations from five buildings into three, including \$3.7 million for FY 2009 and \$4.5 million for FY 2010. The Department continues to propose the renovation of the Mathias building and includes converting the third floor of the Regan building from administrative space to medical use space, which is a new aspect of the hospital consolidation plan.

The Governor recommended total funding as requested; however, he shifted \$3.2 million to FY 2011 and includes \$0.5 million for FY 2009 and \$4.5 million for FY 2010. The Assembly provided total funding as recommended; however based on year to date expenses, reduced FY 2009 funding by \$180,000 and shifted it to FY 2012.

Medical Center Asset Protection. The Department requested \$7.9 million from Rhode Island Capital Plan funds in the FY 2010 through FY 2014 period for the ongoing maintenance of 11 buildings at the Pastore Center occupied by Mental Health, Retardation and Hospitals. The request added \$0.5 million to the approved plan for FY 2009 to bring total funding to \$1.3 million to accelerate projects at the Regan building. The Department also added \$1.4 million in the post-FY 2014 period.

The Governor provided \$0.1 million more than requested for the five-year period; however, he did not include the additional funding for FY 2009. The Assembly reduced funding by \$500,000 for FY 2009 to reflect current year expenses and concurred with the remainder of the recommendation.

Developmental Disabilities Group Homes - Asset Protection. The Department requested \$16.1 million from Rhode Island Capital Plan funds, \$10.0 million for the five-year period, for asset protection projects at the state's 270 group homes for the developmentally disabled. Of the total, 145 are state-owned, 34 state-operated and 115 privately operated and 121 privately owned and operated. This is \$2.0 million annually and is \$2.0 million more than the approved plan with the inclusion of funding for FY 2014.

The Governor recommended \$1.6 million less than requested for the five year period. He provided \$1.5 million for FY 2010, \$1.6 million for FY 2011, and \$1.7 million for FY 2012 and FY 2013. He also included \$2.0 million for FY 2014. The Assembly reduced total funding by \$2.0 million, including \$160,000 for FY 2009, \$640,000 for FY 2010 and \$400,000 annually for FY 2011 through FY 2013. The adjustment reflects projected costs based on historical spending.

Developmental Disabilities Regional Centers - Asset Protection. The Department requested total funding of \$5.0 million, including \$2.5 million from Rhode Island Capital Plan funds in the FY 2009 through FY 2013 period for repairs and renovations to the state's 11 regional workshop centers. The request is \$0.5 million more than the approved capital plan to reflect the inclusion of funding for FY 2014. *The Governor recommended funding as requested.* The Assembly concurred.

Community Facilities Fire Code Upgrades. The Department requested \$7.0 million from Rhode Island Capital Plan funds, including \$5.0 million for the FY 2010 through FY 2014 period, to install new and upgrade existing fire alarm and sprinkler systems throughout the community developmental disability and mental health facilities. This includes group homes, community workshops and day program sites, outpatient facilities and licensed facilities including the four Zambarano group homes. The request is \$2.0 million more than the approved capital plan for fire code upgrade costs and includes \$0.5 million more for FY 2009. The 2008 Assembly reduced FY 2009 through FY 2012 funding by \$2.1 million to adjust for historical spending patterns. The Department's request restores that reduction to reflect its projected costs.

The Governor recommended \$0.5 million less than requested for the five-year period. His recommendation is consistent with the approved plan and he adds \$1.5 million for FY 2014. The Assembly reduced total funding by \$750,000 and shifted \$300,000 from FY 2010 to FY 2009 for additional project costs in the current year.

Mental Health Residences. The Department requested \$14.3 million, including \$5.5 million from Rhode Island Capital Plan funds for the FY 2010 through FY 2014 period to provide housing to behavioral health clients through the thresholds program in cooperation with the Rhode Island Housing Mortgage and Financing Corporation. The request is for \$1.1 million annually, \$2.5 million more than the approved plan. This includes additional funding of \$0.5 million for FY 2010, \$0.4 million

for FY 2011, and \$0.3 million and \$0.2 million for FY 2012 and FY 2013, respectively, as well as the inclusion of \$1.1 million for FY 2014.

The Governor included \$3.4 million for the five-year period, \$2.1 million less than requested. He included \$0.5 million for FY 2010 and increased funding annually by \$0.1 million until FY 2013 and provides \$0.8 million for FY 2014. The Assembly concurred.

Developmental Disabilities Residential Support. The Department requested \$5.5 million from Rhode Island Capital Plan funds for FY 2010 through FY 2014, which is consistent with the approved capital plan and adds \$0.1 million for FY 2014. This project funds the thresholds program which promotes residential development with additional funding provided by Rhode Island Housing and the access to independence program which allows adults with developmental disability to remain in their home and provides furniture for the residences. *The Governor recommended funding as requested.* The Assembly provided total funding as recommended; however, shifted \$330,000 from FY 2010 to FY 2009 consistent with a Governor's budget amendment for updated project costs.

Developmental Disabilities Residence Fire Code. The Department requested \$8.3 million, including \$6.3 million for the FY 2010 through FY 2014 period to install and upgrade fire alarm and sprinkler systems in the private developmental disabilities residences. This is \$0.4 million more than enacted including \$0.2 million more from Rhode Island Capital Plan funds matched by \$0.2 million more from Medicaid. The Department has completed upgrades to 39 of the 198 facilities. *The Governor recommended funding as requested.*

The Assembly provided total funding as recommended and shifted \$136,969 in FY 2009 expenses from Rhode Island Capital Plan funds to Medicaid consistent with the state's ability to realize savings from the enhanced Medicaid match in the federal stimulus act.

Mental Health Community Facilities - Asset Protection. The Department requested \$1.5 million from Rhode Island Capital Plan funds in the five-year capital plan for repairs to mental health community facilities. This is consistent with the approved plan and adds \$0.3 million for FY 2014. *The Governor recommended funding as requested.* The Assembly reduced funding by \$40,000 for FY 2009 and \$50,000 for FY 2010 and concurred with the remainder of the recommendation.

Substance Abuse - Asset Protection. The Department requested \$1.3 million from Rhode Island Capital Plan funds for substance abuse asset protection projects in the FY 2010 through FY 2014 period. The request is \$0.3 million more than the approved capital plan due to the inclusion of funding for FY 2014. *The Governor recommended funding as requested.* The Assembly reduced FY 2009 funding by \$100,000 to reflect updated spending and concurred with the remainder of the recommendation.

Zambarano Campus - Asset Protection. The Department requested total expenditures of \$6.9 million from Rhode Island Capital Plan funds, including \$5.2 million for the FY 2010 through FY 2014 period for asset protection projects related to repairs at the Zambarano campus of Eleanor Slater Hospital. Although the capital request includes \$1.8 million for the projects, the operating request includes \$180,000.

The Governor recommended \$2.5 million in the five-year period, \$2.7 million less than requested and provides \$0.5 million for asset protection projects in FY 2010. The recommendation appears to be sufficient with prior year spending at \$25,842 for FY 2007 and \$11,776 for FY 2008. The Assembly reduced FY 2009 funding by \$320,000 and concurred with the remainder of the recommendation.

Community Medical Assistance Program Claiming. The Department requested \$175,000 from Rhode Island Capital Plan funds to shift medication claims processing for the state funded community medical assistance program from an internal department function to Electronic Data Systems. This is a new project; however, it appears that it is not a capital project and is more appropriate as an operating expense. *The Governor did not recommend the capital request; however, he includes funding as an operating expense in the Department's FY 2009 revised operating budget.* The Assembly concurred.

Medical Center Vehicles. The Department requested \$248,000 of new Rhode Island Capital Plan funding for FY 2010 through FY 2014 to replace three vehicles used by employees in the hospital system. Previous vehicle purchases have also been part of the operating budget and eligible for Medicaid reimbursement; however, in accordance with the capital budget instructions the Department submits the vehicle replacement project as part of its capital plan. *The Governor did not recommend the request.* The Assembly concurred.

Governor's Commission on Disabilities

Projects	Status	5 Year Total	Project Total
Facility Renovations	Revised	\$ 2,675,000	\$ 8,367,003
Total		\$ 2,675,000	\$ 8,367,003
Sources of Funds			
Rhode Island Capital Funds		\$ 2,675,000	\$ 3,584,000
General Obligation Bonds		-	4,783,003
Total		\$ 2,675,000	\$ 8,367,003

Summary. The Commission submitted a five-year capital request that includes projects totaling \$12.0 million, of which \$3.3 million would be spent in the FY 2010 through FY 2014 period; \$0.6 million would be spent in FY 2009. *The Governor recommended a project total of \$8.6 million, of which \$2.9 million is for FY 2010 through FY 2014. He did not include funding for auxiliary aids.* The Assembly included \$2.7 million in the five-year period, \$0.2 million less than recommended.

Facilities Renovations. The Commission's request for FY 2010 through FY 2014 includes \$5.6 million from Rhode Island Capital Plan funds for state facility renovations to remove barriers and allow access for people with disabilities. This is consistent with the approved plan through FY 2013 and adds \$1.3 million for FY 2014 and \$1.9 million for post-FY 2014. The request also includes \$0.5 million for FY 2009 from the remainder of the general obligation bond proceeds. *The Governor recommended \$2.9 million, which is \$2.3 million less than requested for facility renovations.* The Assembly reduced Rhode Island Capital Plan funding by \$200,000 for FY 2010.

Auxiliary Aids. The Commission requested a total of \$174,000 for FY 2010 through 2014 from Rhode Island Capital Plan funds with a disbursement of essentially \$25,000 a year including FY 2009 and post-FY 2014 to continue purchasing auxiliary aids, such as closed circuit television, magnifiers, voice directed computers, text readers and other assistive technology. These purchases had previously been funded from general obligation bonds approved by the voters in 1989. Those funds were exhausted in FY 2005. In subsequent years, the Commission requested both Rhode Island Capital Plan funds and general revenues for this project, which was never approved. *The Governor did not include funding for this project.* The Assembly concurred.

Department of Elementary and Secondary Education

Projects	Status	5 Year Total	Project Total
Regional Career and Technical Schools	Ongoing	\$ 128,698	\$ 15,000,000
Cranston Career and Technical Center	New	4,654,110	4,654,110
Woonsocket Career and Technical Center	New	1,175,788	1,175,788
Newport Career and Technical Center	New	943,362	943,362
Warwick Career and Technical Center	New	688,036	688,036
East Providence Career and Technical Center	New	157,872	157,872
Comprehensive Education Information System	Ongoing	-	3,000,000
Davies School Roof Repair	Revised	2,000,000	3,405,955
Davies School HVAC	Ongoing	1,925,000	2,162,156
Shepard Building HVAC	Ongoing	-	286,500
Met School East Bay Campus	Ongoing	10,000,000	10,100,000
K-16 STEM Investment	Ongoing	188,337	445,154
Davies Asset Protection	Ongoing	725,000	825,000
Chariho Renovations	Ongoing	1,600,000	1,600,000
School for the Deaf New Construction	Ongoing	19,466,900	31,250,000
Metropolitan Regional Career & Technical Center	Ongoing	-	29,000,000
Total		\$ 43,653,103	\$ 104,693,933
Sources of Funds			
General Obligation Bonds		\$ 128,698	\$ 44,020,000
Certificates of Participation		19,655,237	33,445,154
Rhode Island Capital Funds		23,869,168	27,228,779
Total		\$ 43,653,103	\$ 104,693,933

Summary. The Board of Regents for Elementary and Secondary Education requested capital project expenditures totaling \$124.7 million, which is \$23.2 million more than the approved capital plan. Of this amount, \$48.6 million would be spent in the FY 2010 through FY 2014 period covered by the current request. This request includes 12 projects, one of which is new.

The Governor's capital budget includes \$104.6 million in projects with \$40.3 million in the FY 2010 through FY 2014 period. The five-year capital plan includes \$20.5 million from Rhode Island Capital Plan funds, \$19.7 million from Certificates of Participation, and \$0.1 million from general obligation bond proceeds.

The Assembly included \$104.7 million with spending of \$43.7 million in the five-year period. It altered the funding schedule for several projects based on updated timelines and concurred with the remainder of the Governor's recommendation.

Regional Career and Technical Schools. The Regents' capital budget request includes a \$39.1 million project for repair work at the state-owned career and technical buildings. This includes \$15.0 million from general obligation bond funds approved by the voters in 2004. The request includes \$4.7 million from Rhode Island Capital Plan funds for what the Department refers to as a "shortfall" in the

priority projects in the original estimate. This includes roof repairs and fire safety work. This is \$1.7 million more than the approved capital plan. The Department requested that the remaining priority projects be split into separate appropriations for each center based on the policy decision to transfer the centers back to their respective districts. It is anticipated that when these repairs are complete, the facilities will be transferred back to the districts, which will save money in state operating costs such as insurance and emergency repair costs.

The Regents also requested a new \$19.5 million from Rhode Island Capital Plan funds to address renovations and repairs referred to as second and third phase projects that were not in the original estimate. These projects include ADA accessibility issues, security systems, door and window repairs, new flooring, plumbing, parking lot refurbishing, lighting, sidewalks, and electrical work. The Regents made a similar request as part of the FY 2008 budget, but the Governor and Assembly rejected the use of Rhode Island Capital Plan funds for second and third phase projects.

The Governor's capital plan includes the \$15.0 million from approved general obligation bond funds. He also recommended \$9.2 million from Rhode Island Capital Plan funds be split into separate appropriations for each center. These are described below. The Assembly concurred.

Cranston Career and Technical Center. The Regents requested \$1.7 million from Rhode Island Capital Plan funds for FY 2009 to cover remaining miscellaneous life and fire safety repairs and the replacement of the HVAC system at the Cranston Career and Technical Center. The Regents have identified Cranston as the highest priority because the HVAC system has been reported as in a state of constant failure.

The Governor recommended a total of \$4.7 million for the Cranston Career and Technical Center, \$3.0 million more than the request. This includes \$3.1 million for FY 2011 and \$1.6 million for FY 2012. The FY 2009 funding of \$3.1 million is in error. The Governor intended to provide \$1.6 million for FY 2012. The \$3.1 million from Rhode Island Capital Plan funds is intended for the Regional Career and Technical Schools project, consistent with the approved capital plan. The Assembly concurred.

Woonsocket Career and Technical Center. The Regents requested \$1.2 million from Rhode Island Capital Plan funds for FY 2010 to replace the roof at the Woonsocket Career and Technical Center. *The Governor recommended funding as requested but programmed it for FY 2011. The Assembly concurred.*

Newport Career and Technical Center. The Regents requested \$943,362 from Rhode Island Capital Plan funds for FY 2010 to replace the roof at the Newport Career and Technical Center. *The Governor recommended funding as requested but programmed it for FY 2011. The Assembly concurred.*

Warwick Career and Technical Center. The Regents requested \$688,036 from Rhode Island Capital Plan funds for FY 2010 to replace the roof at the Warwick Career and Technical Center. *The Governor recommended funding as requested but programmed it for FY 2011. The Assembly concurred.*

East Providence Career and Technical Center. The Regents requested \$157,872 from Rhode Island Capital Plan funds for FY 2009 to cover remaining fire, health, and life safety repairs at the East Providence Career and Technical Center. *The Governor recommended total funding as requested but programmed it for FY 2011. The Assembly concurred.*

Comprehensive Education Information System. The Regents requested \$4.6 million through FY 2011 to fully implement the comprehensive education information system innovative schools initiative. The Department currently has authorization for \$3.0 million from Certificates of Participation. The Regents request the additional \$1.6 million from either new general obligation bond funds or Rhode Island Capital Plan funds. This information system integrates state and local district information. This project is part of a larger \$65.2 million information technology innovation initiative in the Department of Administration's budget. This is the same request that was submitted as part of the FY 2009 through FY 2013 capital budget, but neither the Governor nor the Assembly approved the additional funding. *The Governor did not include the additional funding. He recommended \$3.0 million from Certificates of Participation, consistent with the approved capital plan.* The Assembly concurred.

Davies Career and Technical Center - Roof. The Regents requested \$3.6 million to finish replacing the roof at the Davies Career and Technical Center. Funding is consistent with the approved capital plan to replace 71,241 square feet of roof space. The request shifts \$250,000 from FY 2013 to FY 2009 based on a revised project schedule. *The Governor recommended \$3.4 million in total funding with \$1.0 million for FY 2010 to complete the project. This is \$0.2 million less than requested and the approved capital plan.*

The Assembly shifted \$1.0 million from FY 2009 to FY 2011 based on a revised project schedule. The project is programmed as \$0.9 million for FY 2009, \$1.0 million for FY 2010 and \$1.0 million for FY 2011.

Davies Career and Technical Center – HVAC. The Regents requested \$2.2 million from Rhode Island Capital Plan funds, consistent with the approved capital plan, to repair the HVAC system at the Davies Career and Technical Center. The current request shifts \$325,000 from FY 2013 to FY 2009 reversing the 2008 Assembly's action. *The Governor recommended \$2.2 million with \$750,000 for FY 2010 to complete the project.*

The Assembly shifted \$1.2 million from FY 2009 to FY 2010 and FY 2011 based on a revised project schedule. Total funding of \$2.0 million is as included in the approved capital plan. The funding is programmed as \$0.1 million for FY 2009, \$0.2 million for FY 2010 and \$1.0 million for FY 2011.

Shepard Building HVAC. The Regents requested \$286,500 from Rhode Island Capital Plan funds to install a supplemental air conditioning system for the sixth floor of the Department of Education's portion of the Shepard Building. This includes \$275,250 in FY 2009; total funding is consistent with the approved capital plan. *The Governor recommended funding as requested.* The Assembly concurred.

Met School East Bay Campus. The Regents requested \$10.1 million from Rhode Island Capital Plan funds for FY 2009 through FY 2011 to renovate and add new space to the Florence Gray Community Center in Newport to accommodate the growing student enrollment at the Met School's East Bay Campus. The school opened in August 2006 with 30 students. The school will add 30 students each year until full capacity of 120 students is reached in FY 2010. This is consistent with the approved capital plan. *The Governor recommended funding as requested.*

The Assembly shifted \$1.0 million each from FY 2009 and FY 2010 to FY 2011. A feasibility study was completed during FY 2009. Issues involving site selection caused a delay in the project. Total funding is consistent with the approved capital plan and is programmed as \$0.1 million for

FY 2009 for the feasibility study and \$4.0 million in FY 2010 and \$6.0 million in FY 2011 for construction.

K-16 STEM Investment. The Regents requested \$445,154 from Certificates of Participation for the Governor's Science, Technology, Engineering, and Mathematics (STEM) initiative designed to get students excited about math and science. This project is part of a larger \$65.2 million information technology innovation initiative in the Department of Administration's budget. The 2006 Assembly authorized the issuance of debt to support innovative technology initiatives at the Registry of Motor Vehicles, State Police, and E-911, in addition to the education projects. This is consistent with the approved capital plan. *The Governor recommended funding as requested.* The Assembly concurred.

Davies Asset Protection. The 2007 Assembly provided \$0.6 million for the five-year period of the capital plan for asset protection projects at the Davies Career and Technical Center. The Regents requested \$0.7 million from Rhode Island Capital Plan funds for asset protection projects during the FY 2010 through FY 2014 period. Current planned projects include improving building security, paving the front parking areas and access road, replacing two boilers, and replacing the upper level windows in the common areas. *The Governor recommended \$0.8 million through FY 2013. He did not recommend funding for FY 2014. He also provided \$0.2 million for FY 2009.*

The Assembly reduced FY 2009 expenditures by \$0.1 million to reflect planned expenditures. The approved plan provides \$100,000 for FY 2009, \$125,000 for FY 2010 and \$150,000 each for FY 2011 through FY 2014.

Chariho Renovations. The Regents requested \$1.6 million from Rhode Island Capital Plan funds to make health and safety renovations and repairs to the Chariho Career and Technical Center for this district to consider taking ownership of the facility. Renovations include replacing the electrical panel system, paving the parking areas and replacing the failing plumbing system. Approximately \$3.0 million of the \$15.0 million bond issue for the career and technical schools was spent on Chariho. Nearly half of that amount was spent for a new HVAC system. The remaining funds were used for fire code upgrades and to correct the drinking water issue. Funding is programmed between FY 2010 and FY 2012, consistent with the approved capital plan. *The Governor recommended funding as requested.*

The Assembly shifted \$0.3 million from FY 2010 to FY 2012. Total funding is consistent with the recommendation and is programmed as \$0.2 million for FY 2010 and \$0.7 million in FY 2011 and FY 2012.

School for the Deaf New Construction. The Regents' request includes \$31.3 million from Certificates of Participation and \$1.2 million from Rhode Island Capital Plan funds of the \$1.25 million authorized to construct a new School for the Deaf at its current location in Providence. The 2008 Assembly provided \$1.25 million from Rhode Island Capital Plan funds for FY 2008 to begin the project and also revised the debt authorization to provide \$33.3 million from Certificates of Participation, which includes a debt service reserve of \$2.8 million and changes the location identified in the original authorization from Lincoln to Providence. Construction is planned for FY 2009 and FY 2010.

The Governor recommended the \$1.25 million from Rhode Island Capital Plan funds through FY 2009 consistent with the approved capital plan. He also recommended \$30.0 million from Certificates of Participation for FY 2009 through FY 2011, one year later than the approved capital plan. The Assembly concurred.

Metropolitan Regional Career and Technical Center. The Regents requested \$0.8 million from approved general obligation bond proceeds for FY 2009 to create an “entrepreneurial center” at the Providence campus. This center would serve as a 3,500 square foot business incubator for student driven projects that would include workrooms, offices and a conference room. *The Governor recommended funding as requested.* The Assembly concurred.

Davies Technology Upgrade. The Regents requested \$320,000 from Rhode Island Capital Plan funds for FY 2009 to make technology infrastructure upgrades at the Davies Career and Technical Center. The school’s computer network is currently experiencing performance problems. The project would involve rewiring the entire building. Davies staff indicates that this type of project is eligible for 80.0 percent reimbursement under the federal E-Rate program.

[Staff Note: It appears that because the project is eligible for 80.0 percent federal reimbursement, the request should include \$256,000 from federal funds and \$64,000 from Rhode Island Capital Plan funds.]

The Governor did not recommend funding for this project. The Assembly concurred.

Board of Governors for Higher Education

Projects	Status	5 Year Total	Project Total
Systemwide			
Fire Safety - Academic Buildings	New	\$ 32,213,790	\$ 32,213,790
Asset Protection	Revised	41,663,300	102,508,143
Smart Classrooms	Ongoing	1,866,930	11,730,000
Telecommunications	Ongoing	-	40,600,000
Community College		19,838,712	33,881,227
College		61,065,000	98,227,000
University		251,271,055	470,834,884
Total		\$ 407,918,787	\$ 789,995,044
Sources of Funds			
General Obligation		\$ 52,950,000	\$ 266,373,684
New General Obligation		17,680,000	17,680,000
RIHEBC		125,697,882	171,875,826
Other Debt		7,715,330	30,630,000
General Revenue		3,750,000	9,256,167
Rhode Island Capital Funds		150,561,785	231,483,381
Fiscal Stabilization Funds		32,213,790	32,213,790
Other		17,350,000	30,482,196
Total		\$ 407,918,787	\$ 789,995,044

Summary. The institutions under the Board of Governors submitted five-year capital requests that include projects totaling \$935.5 million, of which \$644.9 million would be spent in the FY 2010 through FY 2014 period; \$95.7 million would be spent in FY 2009.

The Governor recommended \$915.9 million in projects with \$484.8 million to be spent in the FY 2010 through FY 2014 period and \$95.3 million in FY 2009. The Governor's recommendation includes projects that the Board considers complete and therefore did not include in its request. Adjusted for that, the recommended projects are \$127.4 million less than requested.

The Assembly included projects totaling \$790.0 million. It added \$24.5 million from Rhode Island Capital Plan funds in FY 2012 and FY 2014 for several projects that the Governor recommended for general obligation bond debt.

The Assembly authorized the University of Rhode Island to issue \$15.2 million in new debt in the form of revenue bonds for repaving and road construction and Rhode Island College to issue \$11.3 million in new debt in the form of revenue bonds to renovate the recreation center. It also authorized the University to enter into an installment purchase agreement or similar vehicle to purchase the former Sigma Alpha Epsilon building for use by the International Engineering Program. The Assembly also revised the timeline on several projects and concurred with the remainder of the Governor's recommendation.

New Bond Initiatives. The current request includes \$330.0 million in new general obligation bond funds to be placed on the November 2010 and November 2012 ballots. Including approved projects, the five years of the capital plan include \$344.6 million from general obligation bond funds. If voters approve all the new projects, annual debt service, assuming 20 years and 5.0 percent interest, would be \$39.2 million funded from general revenues.

The request includes \$89.3 million for projects at the Flanagan and Knight Campuses for the Community College including \$30.4 million for a new residence hall on the Knight Campus. For the College, it includes \$17.7 million for a new art center, \$10.9 million for infrastructure modernization, \$8.5 million for improvements to the Hennessey Street alternative entrance and \$23.8 million for academic building renovations. At the University, the request includes \$65.1 million for renovations to the fine arts center, \$50.0 million for a new nursing and associated health building and \$64.6 million for a new chemistry department building. The approved capital plan assumes that \$244.8 million will go on the November 2010 and November 2012 ballots.

Project		Current Board Req.	Governor 2010 Ballot	Governor 2012 Ballot
Flanagan Campus	CCRI	\$ 27,001,866	\$ 22,505,000	\$ -
Knight Campus Residence Hall	CCRI	30,400,102	-	-
Knight Campus Renewal	CCRI	20,088,690	-	20,250,000
Athletic Facilities Renovations*	CCRI	11,935,388	-	-
Infrastructure Modernization	RIC	10,872,474	10,875,000	-
Academic Buildings**	RIC	23,781,218	-	-
New Art Center	RIC	17,663,468	-	17,680,000
Alternative Entrance/Master Plan	RIC	8,523,869	8,525,000	-
Fine Arts Center Renovation	URI	65,138,533	64,700,000	-
Nursing and Assoc. Health Building	URI	50,000,000	-	30,000,000
Chemistry Building**	URI	64,600,000	64,600,000	-
Total		\$ 330,005,608	\$ 171,205,000	\$ 67,930,000

*The Governor recommends revenue bonds in lieu of general obligation bonds for this project.

**The 2008 Assembly provided Rhode Island Capital Plan funds in lieu of general obligation bonds

The Governor's capital budget includes \$171.2 million for five of these projects to be placed on the November 2010 ballot. This includes \$22.5 million for improvements to the Flanagan Campus of the Community College, \$10.9 million for infrastructure modernization at Rhode Island College, \$8.5 million for improvements to the Hennessey Street alternative entrance at Rhode Island College, \$64.7 million for renovations to the University's fine arts center and \$64.6 million for a new chemistry building at the University. The Governor also recommended \$67.9 million for three of these projects to be placed on the November 2012 ballot.

The Assembly provided \$24.5 million from Rhode Island Capital Plan funds in lieu of general obligation bonds for several projects. This includes \$2.0 million to begin the Community College's Flanagan Campus project and \$125,000 to begin its Knight Campus Renewal project. It also includes \$5.0 million to begin the College's infrastructure project, \$17.1 million for the College's academic buildings consistent with the approved capital plan, and \$8.5 million for the alternative entrance. The Assembly provided \$6.0 million to begin the University's fine arts center renovations and \$3.0 million to begin its nursing and associated health building. It also provided \$64.6 million for the chemistry building consistent with the approved plan. It did not take action on the other projects.

Other Debt. The current request also includes projects funded from revenue bonds. If a revenue stream is available, that revenue pays the debt service on the bonds. For example, housing fees would pay the debt service on a new dorm. With projects for which there is no dedicated revenue stream, debt service is paid from either general revenues or tuition and fee revenues. The current request includes a total of \$152.6 million from revenue bonds, including \$106.4 million in the five-year period. Annual debt service on the \$106.4 million assuming 20 years and 5.0 percent interest is \$8.8 million. Annual debt service on the entire \$152.6 million is \$12.6 million.

The Governor recommended \$198.6 million from revenue bonds, including \$145.9 million in the five-year period. Annual debt service on the \$145.9 million assuming 20 years and 5.0 percent interest is \$12.1 million; for the full \$198.6 million, it is \$16.4 million. It should be noted that the Governor did not submit a resolution for Assembly approval of the debt issuance on the eight new revenue funded projects that total \$97.1 million.

The Assembly authorized the University to issue \$15.2 million in new debt in the form of revenue bonds for repaving and road construction and Rhode Island College to issue \$11.3 million in new debt in the form of revenue bonds to renovate the recreation center. It also authorized the University to enter into an installment purchase agreement or similar vehicle to purchase the former Sigma Alpha Epsilon building for use by the International Engineering Program.

System Wide Projects

Fire Safety – Academic Buildings. The Governor’s FY 2009 revised and FY 2010 budgets utilize \$109.9 million of Rhode Island’s estimated share of \$164.9 million from state fiscal stabilization funds. Higher education’s three-year share of the stabilization funds is \$32.2 million. The Assembly provided 50.0 percent or \$16.1 million of the total allocation for higher education in each FY 2010 and FY 2011 for fire safety repair work at the institutions of higher education. Funding is distributed to the institutions based on the square feet of existing academic buildings that need fire safety improvements, and includes \$7.2 million for the University of Rhode Island, \$5.7 million for Rhode Island College, and \$3.2 million for Community College of Rhode Island in each FY 2010 and FY 2011.

Asset Protection. The Board requested \$60.1 million from Rhode Island Capital Plan funds for asset protection projects for the five years of the current capital plan. The Board assumes use of \$12.9 million for FY 2009 and \$12.7 million for FY 2010. The approved capital plan assumed use of \$7.4 million and \$7.6 million in FY 2009 and FY 2010, respectively. The 2006 Assembly included an annual five percent increase in asset protection projects as part of its multi-year appropriations. The 2008 Assembly provided three percent increases for FY 2011 and FY 2013 and a 10.0 percent increase for FY 2012 as part of its multi-year appropriations. *The Governor recommended \$41.7 million for the five-year period. He included \$3.3 million reappropriated from FY 2008 to FY 2009 for total FY 2009 funding of \$10.6 million.* Based on historical spending patterns, the Assembly did not provide \$2.9 million of carry forward funds for the College and Community College.

Smart Classrooms. The 2006 Assembly authorized \$15.2 million from Certificates of Participation for “SMART” classrooms to upgrade teacher preparation facilities at the College and University of Rhode Island. *Consistent with the approved capital plan, the Governor recommended \$11.7 million from Certificates of Participation for SMART classrooms. Funding is programmed through FY 2010.* The Assembly concurred.

Telecommunications. The Board's request did not include the \$40.6 million telecommunications initiative approved by referendum in 1996. It is a system-wide project designed to address critical telecommunications and computer networking needs of students, faculty, staff and the public. Total project funds include expenditures of \$4.0 million at the Community College, \$7.6 million at the College and \$29.0 million at the University. *The Governor included \$0.8 million for FY 2009. This represents the available balance of funds.* The Assembly concurred.

Community College of Rhode Island

Projects	Status	5 Year Total	Project Total
<i>Community College of Rhode Island</i>			
Wind Turbine	New	\$ 3,929,839	\$ 3,929,839
Athletic Facilities	New	11,935,388	11,935,388
HVAC and Sprinkler System	Revised	1,848,485	3,412,000
Flanagan Campus Addition	Ongoing	2,000,000	2,000,000
Knight Campus Renewal	Ongoing	125,000	125,000
Newport Campus Construction	Ongoing	-	12,479,000
Total		\$ 19,838,712	\$ 33,881,227

Wind Turbine. The Board requested \$3.9 million from Rhode Island Capital Plan funds for a new project to purchase and install a wind turbine at the Knight Campus in Warwick. The proposed location for the turbine is in the student parking lot but the Community College indicated that it will have minimal impact on parking. Further cost details and operating savings have not been developed. The College indicated that it is still in the development stages.

The Governor recommended \$3.9 million from revenue bonds but did not submit a resolution for Assembly approval of the debt issuance. He programmed the project from FY 2010 to FY 2011. He did not identify the revenue source to support the debt service. Annual debt service assuming 20 years and 5.0 percent interest would be \$0.3 million for a total cost of \$5.5 million. The 2009 Assembly was not presented with an authorization for this debt as part of the FY 2010 budget.

Athletic Facilities. The Board requested \$11.9 million from new general obligation bonds to build several new sports venues and make significant improvements to the field houses and existing fields. Principal additions include an outdoor track at the Knight Campus and outdoor tennis courts at both the Knight and Flanagan campuses. A new softball field at the Knight Campus and improvements to the existing softball field at Flanagan are also included in the plan. Improvements to existing fields include lighting, irrigation, bleachers, and fencing and a small addition to the Knight Campus field house for the development of a new wellness program. This is presented as a two-year project that would begin in FY 2010. Assuming 20-year bonds and 5.0 percent interest, the total cost would be \$19.1 million with annual debt service of \$1.0 million. The Governor substituted \$9.9 million from revenue bonds in lieu of requested general obligation bonds as part of the FY 2009 recommended budget assuming an FY 2010 start date but did not submit a resolution for Assembly approval of the debt issuance. The Assembly took no action. *The Governor recommended \$11.9 million from revenue bonds but did not submit a resolution for Assembly approval of the debt issuance. He programmed the project from FY 2010 to FY 2011. The 2009 Assembly was not presented with an authorization for this debt as part of the FY 2010 budget.*

HVAC and Sprinkler System. The Board requested \$3.4 million from Rhode Island Capital Plan funds, consistent with the approved capital plan, to replace the rooftop HVAC units on the main building of the Flanagan Campus. The original project involved installing a state-of-the-art sprinkler system for approximately 500,000 square feet of floor space at the Knight and Flanagan campuses. It appears that the original estimate provided by the College included only the HVAC portion of the project. The College indicated that it would require an additional \$4.5 million to install the sprinkler system. The project is programmed through FY 2010, one year later than the approved capital plan due to delays in beginning the project. *The Governor recommended funding as requested.* The Assembly concurred.

Knight Campus Renewal. The Board requested \$20.1 million from new general obligation bond funds for a comprehensive renewal of the interior of the original Knight Campus Megastructure. This is \$3.0 million or 17.6 percent more than the approved capital plan based on updated estimates. The approved capital plan would have expenditures start in the post FY 2013 period, and assumes a November 2012 referendum. The current request has work beginning in FY 2011 suggesting that this project would have to go on the ballot in November 2010. Assuming a 20-year bond and 5.0 percent interest the total cost would be \$32.2 million with annual debt service of \$1.7 million. *The Governor recommended placing \$20.3 million on the November 2012 ballot with expenditures to begin in FY 2014.* The Assembly did not concur with placing this project on the ballot for voter approval. It provided \$125,000 from Rhode Island Capital Plan funds for FY 2014 to begin this project.

Knight Campus Nursing Program. The Board's request includes the \$125,000 appropriated from Rhode Island Capital Plan funds by the 2006 Assembly to conduct a feasibility study for a new facility at the Knight Campus to support the nursing program. The 2008 Assembly programmed the \$125,000 for FY 2009. The current request shows \$65,000 for FY 2009 and \$60,000 for FY 2010. *The Governor recommended the \$125,000 from Rhode Island Capital Plan funds for FY 2009.* The Assembly eliminated funding for the feasibility study, as the Community College has still not begun the project.

Flanagan Campus Addition. The Board requested \$27.0 million from new general obligation bond funds to add approximately 50,000 square feet to the Flanagan Campus academic building. This is \$4.5 million more than the approved capital plan based on updated cost information. The approved capital plan includes \$22.5 million and assumes a November 2010 referendum with expenditures beginning in FY 2012. The current request programs funding over FY 2010 through FY 2012. Assuming a November 2010 referendum, it is unlikely that funds would be available for expenditure before FY 2012. The total cost of the project assuming 20-year bonds at 5.0 percent is \$43.2 million with annual debt service of \$2.2 million. *The Governor recommended placing \$22.5 million on the November 2010 ballot with expenditures to begin in FY 2012.* The Assembly did not concur with placing this project on the ballot. It provided \$2.0 million from Rhode Island Capital Plan funds for FY 2014 to begin the project.

Knight Campus Residence Hall. The Board's request includes \$30.4 million from new general obligation bond funds to build a new 200-bed residence hall at the Knight Campus in Warwick. The facility would be a combination of suites and apartments. The Community College believes that offering student housing would attract out-of-state and international students. The Community College has not done a feasibility study but indicated that it has anecdotal evidence from students that they would like an on-campus housing option. There are currently 974 out-of-state students and 30 international students. Assuming 20-year bonds at 5.0 percent interest, the annual debt service would be \$2.5 million for a total cost of \$48.7 million. State law requires that all auxiliary facilities be self-supporting. The Community College indicated that it is confident that a residence hall would be at

capacity as soon as it opens and therefore able to be self supporting through room fees. This project was requested last year but neither the Governor nor the Assembly approved it. *The Governor did not recommend funding for this project.* The Assembly concurred.

Rhode Island College

Projects	Status	5 Year Total	Project Total
<i>Rhode Island College</i>			
Infrastructure Modernization	Revised	\$ 5,000,000	\$ 5,107,000
Academic Buildings	Revised	17,100,000	17,100,000
Recreation Center Modernization	Revised	11,310,000	11,385,000
Art Center Facility	Revised	17,680,000	17,700,000
Roads/Parking/Entrances	Revised	8,525,000	9,145,000
Residence Hall Repairs	Ongoing	-	30,000,000
DCYF Phase III	Ongoing	1,450,000	7,790,000
Total		\$ 61,065,000	\$ 98,227,000

Infrastructure Modernization. The Board requested \$11.0 million from new general obligation bond proceeds and a small portion from university and college funds, to modernize and replace steam lines, water lines and the electrical distribution system. The College reports that the water supply lines consistently deliver rust-colored or brown water, and there are repeated power failures. The approved capital plan assumes placing \$8.8 million on the November 2010 ballot for expenditure in FY 2012. The current request programs construction to begin in FY 2010 and increases the total cost by \$2.2 million to adjust for rising construction costs. Assuming a November 2010 ballot, it is likely funds would not be available for expenditure until FY 2012. Assuming 20-year bonds at 5.0 percent interest, the total cost would be \$17.4 million with annual debt service of \$0.9 million.

The Governor recommended placing \$10.9 million on the November 2010 ballot for expenditure in FY 2012. He recommended the \$0.1 million from Rhode Island Capital Plan funds as requested. The Assembly did not concur with placing this project on the ballot for voter approval. It provided \$5.0 million from Rhode Island Capital Plan funds for FY 2014 to begin this project.

Academic Buildings. The Board requested \$23.8 million from new general obligation bonds for a four-phase project to modernize and rehabilitate four academic buildings at Rhode Island College. The four buildings planned for renovation are the Adams Library, Craig Lee Hall, Clarke Science Hall and the Henry Barnard School. The 2008 Assembly provided \$17.1 million from Rhode Island Capital Plan funds for FY 2012 and FY 2013. This request is \$6.7 million or 39.2 percent greater than the approved plan. The College reported that the scope of the project has not changed but the cost has increased significantly because of rising fuel and materials costs. The total cost assuming 5.0 percent interest and a 20-year term would be \$38.1 million with annual debt service payments of \$2.0 million. The College has indicated that it requested the general obligation bonds unaware of the Assembly's action to fund the project from Rhode Island Capital Plan funds.

The Governor recommended funding consistent with the approved capital plan. He provided \$8.3 million from Rhode Island Capital Plan funds for FY 2012 and \$8.8 million from Rhode Island Capital Plan funds for FY 2013. The Assembly concurred.

Recreation Center Modernization. The Board requested a \$7.9 million project for the modernization and renovation of the existing Rhode Island College Recreation Center. The request assumes use of \$75,000 from College funds in FY 2009 for a feasibility study and the remaining \$7.9 million from revenue bonds backed by user fees. The Governor recommended \$2.9 million from revenue bonds as part of the FY 2009 budget; however, the Assembly was not presented with an authorization for this debt. The current request is \$5.0 million more than the approved capital plan. The College discovered that the original estimate was too low during the request for proposal process for a feasibility study. Interested bidders indicated that a more accurate estimate is \$7.9 million. Assuming 20-year bonds at 5.0 percent, the total cost would be \$12.6 million with annual debt service payments of \$0.7 million.

The Governor recommended \$11.3 million from revenue bonds and requested a budget amendment for a resolution for Assembly approval of the debt issuance. Assuming 20 years and 5.0 percent interest the annual debt service would be \$0.9 million with a total cost of \$18.1 million. He programmed the project for FY 2010. He included the \$75,000 from College funds for FY 2009.

The Assembly authorized the College to issue \$11.3 million from revenue bonds backed by student fees to renovate the existing recreation center on the Rhode Island College campus. The \$11.3 million includes \$10.0 million for construction costs, \$0.4 million for cost of issuance and \$0.9 million for a debt reserve fund. The authorization assumes a 30-year term and an interest rate of 6.5 percent for a total cost of \$26.5 million and annual debt service payments of \$0.9 million.

Art Center Facility. The Board requested \$17.7 million for the construction of a new 40,000 square foot Art Center Facility. The funds would be from new general obligation bond funds that would be placed on the November 2010 ballot for voter approval. The request indicates that \$20,000 from asset protection funds have been spent on a feasibility study prior to FY 2006. This is \$5.8 million or 48.7 percent more than the approved capital plan based on updated cost estimates. The College assumed an average cost of \$300 per square foot in 2008 dollars based on advice from an architectural firm that has done work for the College before. The College assumed 7.0 percent annual inflation and that the project will be built in the FY 2012 to FY 2014 period. Assuming 20-year bonds at 5.0 percent interest, the total cost would be \$28.3 million with annual debt service of \$1.5 million. *The Governor recommended placing \$17.7 million on the November 2012 ballot. Expenditures would be in FY 2014.* The Assembly made no changes.

Roads/Parking/Entrances. The Board requested \$9.1 million for improvements to the Hennessey Street alternative entrance to the College for service vehicles and the development of a satellite warehouse for the dining services operation. Funding includes \$8.5 million from new general obligation bond funds, \$20,000 from College funds, and \$0.6 million from Rhode Island Capital Plan funds. The 2008 Assembly provided \$0.6 million from Rhode Island Capital Plan funds for FY 2009 for the College to purchase land from the Foundation. The approved capital plan also assumes that the project would go on the November 2010 ballot for expenditure in FY 2012. The current request for \$9.1 million is \$0.3 million more than the approved capital plan based on updated cost estimates. The project is programmed for FY 2010.

The Governor recommended placing \$8.5 million on the November 2010 ballot with expenditure in FY 2012. The Assembly did not concur with placing this project on the ballot for voter approval and provided \$8.5 million from Rhode Island Capital Plan funds for FY 2012.

Residence Hall Repairs. The Board's request did not include the \$30.0 million project, financed from 2004 general obligation bonds to construct a new residence hall on the Rhode Island College campus. *The Governor included \$348,137 to show final FY 2009 expenditures.* The Assembly concurred.

DCYF Phase III. The Board requested \$7.8 million from approved general obligation bond funds, programmed over FY 2008 through FY 2010 for the third phase of the facility renovations of the buildings vacated by the Department of Children, Youth and Families. Funding is consistent with the approved capital plan. Construction of Buildings 3 and 7 is expected to be completed during FY 2009. Renovation of Building 2 has not yet been designed or scheduled. *The Governor recommended funding as requested.* The Assembly concurred.

Smart Classrooms. The 2006 Assembly authorized \$15.2 million from Certificates of Participation for "SMART" classrooms to upgrade teacher preparation facilities at the College and the University of Rhode Island. The College's current request includes \$5.2 million programmed through FY 2010. This money will be used to create four electronic classrooms in the Henry Barnard School and to renovate and furnish additional electronic capabilities in ten classrooms throughout the campus. *The Governor recommended \$11.7 million for all system-wide projects.* The Assembly concurred.

University of Rhode Island

Projects	Status	5 Year Total	Project Total
<i>University of Rhode Island</i>			
Beck Baseball Field Improvements	New	\$ -	\$ 1,374,000
Repaving and Road Construction	New	11,655,525	15,200,000
Utility Infrastructure	New	20,000,000	20,000,000
International Engineering Program	New	1,100,000	2,902,000
Roger Williams Wellness Center	Revised	5,900,000	5,900,000
Environmental Biotechnology Center	Revised	-	59,410,595
College of Pharmacy	Revised	56,500,000	70,306,738
Nursing and Associated Health Building	Revised	3,000,000	3,300,000
New Chemistry Building	Revised	64,600,000	64,900,000
Engineering Quad Advanced Planning	Revised	400,000	400,000
Fine Arts Center Renovation	Revised	6,400,000	6,400,000
Lippitt Hall	Revised	-	9,518,431
Pell Library Addition and Renovation	Revised	-	15,813,949
Athletic Training Facility	Revised	6,380,277	7,400,000
Ranger Hall	Ongoing	-	4,753,684
Energy Conservation	Ongoing	5,848,400	18,100,000
Fire Protection - Auxiliary Buildings	Ongoing	14,194,068	19,405,000
International Center	Ongoing	5,600,000	5,600,000
North District Infrastructure	Ongoing	8,060,500	11,170,000
New Terrace Apartments	Ongoing	41,632,285	43,695,000
Campus Parking	Ongoing	-	7,975,000
Rodos Hellenic Center	Ongoing	-	4,226,423
Tyler Hall/Fraternity Acquisition	Ongoing	-	4,040,064
West Kingston Superfund Site Remediation	Ongoing	-	3,764,000
Residence Halls Modernization	Ongoing	-	65,280,000
Total		\$ 251,271,055	\$ 470,834,884

Beck Baseball Field Improvements. The Board's request includes \$1.4 million from a private donor for a new project to make improvements to the University's Beck baseball field. The scope of work includes replacing the natural turf and clay infield with a filled-turf synthetic grass system, adding new fencing, bullpens, and new landscaping around the field and spectator areas. Plans also include construction of a pre-engineered steel building to serve as a batting barn. The project also includes planning for improved spectator seating, field lighting, and concessions and a restroom/storage building upon availability of funding. Construction is planned to begin in October 2008, after the fall baseball season and be completed by December 2008. *The Governor recommended funding as requested.* The Assembly concurred.

Repaving and Road Construction. The Board requested \$15.2 million from revenue bonds backed by general revenues and tuition and fee revenue for the third phase of the University's efforts to repave and reconstruct major parking facilities, internal roadways, and walkways. The project is programmed from FY 2009 to FY 2011. This was requested as a \$9.6 million project as part of the FY 2009 budget but neither the Governor nor the Assembly approved it. The total cost assuming 20 years at 5.0 percent interest is \$24.3 million with annual debt service payments of \$1.3 million. The current request is larger in scope than the previous request to include Baird Hill Road and Fraternity Circle in conjunction with the Terrace Apartment building project approved by the 2008 Assembly. *The*

Governor recommended funding and requested a budget amendment for a resolution for Assembly approval of the debt issuance.

The Assembly authorized the University to issue \$15.2 million from revenue bonds backed by parking fees, general revenues and university funds for the repaving and road construction project. The \$15.2 million includes \$13.5 million for construction costs, \$1.3 million for debt service reserve and \$0.4 million for cost of issuance. The authorization assumes a 20-year term and an interest rate of 6.0 percent for a total cost of \$26.3 million and annual debt service of \$1.3 million.

Utility Infrastructure. The Board requested \$20.0 million from revenue bonds, backed by general revenues and tuition and fees, for two phases of utility infrastructure upgrades. Funding is programmed over FY 2010 and FY 2011 for phase I and from FY 2012 through FY 2014 for phase II. The project involves the replacement of the steam/condensate distribution system, water distribution system, electrical distribution system and the sanitary sewer system. This project was requested as part of the FY 2009 budget but neither the Governor nor the Assembly provided funding for it. The total cost, assuming 5.0 percent interest and a 20-year term is \$32.0 million with annual debt service of \$1.7 million.

The Governor recommended funding as requested but did not submit a resolution for Assembly approval of the debt issuance. The 2009 Assembly was not presented with an authorization for this debt as part of the FY 2010 budget.

International Engineering Program. The Board's request includes \$1.1 million in borrowed funds to purchase the former fraternity house of Sigma Alpha Epsilon at 67 Upper College Road from the Fraternity Corporation. The facility was renovated by the Fraternity Corporation and leased to the University for the International Engineering Program ten years ago. That lease is nearing its end, and the University has notified the fraternity of its intent to purchase the building for continued use as residential/academic space for the International Engineering Program. Annual debt service and operating expenses would be supported by room and board fees charged to students residing in the house. ***The Governor recommended \$1.1 million from University funds and other third party funds for FY 2010.***

The 2009 Assembly authorized the University to enter into an installment purchase of the former Sigma Alpha Epsilon Fraternity House from the fraternity corporation. The purchase price of the building is \$1.1 million with a one-time down payment of \$250,000 in FY 2010 and an installment purchase of \$850,000. Annual debt service would be \$87,000 backed by student resident fees and/or other University revenues, for a total cost of \$1.3 million assuming 15 years and 6.0 percent interest. The University made a direct loan from the Rhode Island Health and Educational Building Corporation to purchase the Chi Phi fraternity house for the purpose of expanding the International Engineering Program in FY 2007. This would be a similar financing mechanism.

Roger Williams Wellness Center. The Board requested \$5.9 million from privately raised funds and University funds to renovate the Roger Williams Wellness Center, a 29,618 square foot two-story masonry building constructed in 1969 into a student wellness and activity center. The total project cost is consistent with the approved capital plan but programmed from FY 2010 through FY 2012, one year later than the approved plan. It also includes \$2.4 million from privately raised funds and \$3.5 million from University funds. ***The Governor recommended funding as requested.*** The Assembly concurred.

Environmental Biotechnology Center. The Board's request reflects a \$54.5 million project for expansion of the Biological Sciences Center. The voters approved \$50.0 million from general obligation bonds placed on the November 2004 ballot to construct a 93,000 square foot building and demolition of the existing biological sciences building to include teaching and research facilities. The revised plan calls for the construction of a 140,000 square foot facility. The project will provide classrooms, laboratory facilities, animal care holding facilities, and office space. Funding also includes \$0.5 million from Rhode Island Capital Plan funds, \$1.9 million from private sources, and \$1.9 million from federal funds. It also includes \$0.2 million from authorized Certificates of Participation for innovative education technology projects that is part of a larger \$65.2 million information technology innovation initiative in the Department of Administration's budget.

The Governor recommended adding \$1.1 million from Rhode Island Capital Plan funds for total FY 2009 funding of \$17.9 million. It should be noted that the Governor's FY 2009 revised recommendation included an additional \$5.1 million from Rhode Island Capital Plan funds for the center. The Assembly concurred.

Nursing and Associated Health Building. The Board's request includes \$50.0 million from new general obligation bond funds to construct a 50,000 square foot nursing and associated health building. The current request is \$20.0 million and 30,000 square feet more than the approved capital plan. Current plans are for an 80,000 square foot building to incorporate the cancer prevention research center's program. The Board requested that the project be placed on the November 2010 ballot with funding to begin in FY 2011. Assuming a 20-year term and an interest rate of 5.0 percent, the total cost would be \$80.1 million with annual debt service of \$4.1 million. The Board's request also reflects the \$0.3 million from Rhode Island Capital Plan funds in FY 2009 that the 2007 Assembly provided for planning work. *The Governor recommended placing \$30.0 million on the November 2012 ballot with expenditures in FY 2014.* The Assembly did not concur with placing this project on the ballot for voter approval and provided \$3.0 million from Rhode Island Capital Plan funds for FY 2014 to begin the project.

New Chemistry Building. The Board requested \$64.6 million from new general obligation bonds to construct a new chemistry building in the FY 2010 through FY 2014 period. The request includes \$0.4 million from Rhode Island Capital Plan funds for planning work in FY 2009. The 2008 Assembly did not concur with placing this project on the ballot for voter approval and provided \$64.6 million from Rhode Island Capital Plan funds over FY 2012 through the post FY 2013 period. This request reverses that action. It appears that the University was not aware of the Assembly's action to fund the project from Rhode Island Capital Plan funds.

The Governor recommended placing \$64.6 million on the November 2010 ballot with expenditure to begin in FY 2012. This is inconsistent with the approved capital plan that provides Rhode Island Capital Plan funding for the project.

The Assembly provided funding consistent with the approved capital plan, which includes \$4.6 million from Rhode Island Capital Plan funds for FY 2012, \$16.9 million for FY 2013 and \$43.1 million for FY 2014.

Engineering Quad Advanced Planning. The Board requested \$0.4 million from Rhode Island Capital Plan funds for FY 2012 for planning work for an engineering quad. The project will allow the University to study the building improvement priorities for the College of Engineering. Funding in the approved capital plan includes \$0.3 million from Rhode Island Capital Plan funds and \$0.1 million

from private sources. At the time of the budget submission, the University had not been able to secure private support.

The Governor recommended funding consistent with the approved capital plan, \$0.3 million from the University's asset protection funds and \$0.1 million from private sources. He programmed funding for FY 2012. The Assembly concurred.

Fine Arts Center Renovation. The approved capital plan includes placing \$64.5 million on the November 2010 referendum for voter approval to complete renovation and enhancement of the 120,720 square foot fine arts center on the Kingston Campus, which serves the University's program in the musical, theatrical, visual and graphic arts with construction to start in FY 2012. Annual debt service assuming 20 years and 5.0 percent interest is \$5.4 million for a total cost of \$104.3 million. The Board's current request is for a \$65.5 million project and includes \$0.4 million from Rhode Island Capital Plan funds for planning and \$65.1 million from general obligation bonds for construction. This is \$0.6 million or 0.9 percent more than the approved capital plan based on inflation costs.

The Governor recommended placing \$64.7 million on the November 2010 ballot with expenditures to begin in FY 2013. He included the \$0.4 million from Rhode Island Capital Plan funds for planning in FY 2010. The Assembly did not concur with placing this project on the ballot for voter approval. It provided \$6.0 million for FY 2014 to begin the project.

Lippitt Hall. The Board requested \$9.5 million in expenditures for Lippitt Hall. The rehabilitation project began in FY 2004 and would be completed in FY 2009. Funding includes \$2.3 million from general obligation bonds, \$6.2 million from Rhode Island Capital Plan funds, and \$1.0 million from Certificates of Participation. This request is \$1.0 million more than the approved capital plan to reflect usage of approved Certificates of Participation for innovative education projects. This is part of a larger \$65.2 million information technology innovation initiative in the Department of Administration's budget.

The Governor recommended \$9.5 million in total funding programmed through FY 2009. Total funding includes \$2.3 million from general obligation bonds, \$6.2 million from Rhode Island Capital Plan funds and \$1.0 million from University funds. The Assembly concurred.

Pell Library Addition and Renovation. The Board's request includes a \$15.8 million project at the Pell Library on the University's Narragansett Bay Campus to replace the existing 14,048 square foot masonry building, with a new 41,000 square foot multi-purpose facility that will integrate library and educational functions with administration and research functions. The 2004 Assembly included this project on the November 2004 ballot for voter approval of \$14.0 million. The approved capital plan includes \$15.1 million to construct 38,000 square feet. The current request includes \$14.0 million from general obligation bond funds, \$1.0 million from Certificates of Participation, \$0.4 million from private funding and \$0.4 million from University funds. *The Governor recommended funding as requested. The Assembly concurred.*

Athletic Training Facility. The Board requested \$7.4 million from private sources and revenue bonds for the construction of a student athlete development center adjacent to the Tootell Center and Keany Gymnasium. The 2008 Assembly authorized the University to issue \$4.0 million from revenue bonds contingent on the University securing \$3.8 million from private fundraising before the debt can be issued. The authorization assumes a 20-year term and an interest rate of 5.25 percent for a total cost of \$6.6 million and annual debt service payments of \$0.3 million. Of the \$4.0 million, \$0.3 million is for a debt service reserve and \$75,000 is for issuance cost.

The current request includes the \$4.0 million from revenue bonds but only \$3.4 million from private sources. The University may be required to seek additional authorization from the Assembly since it is not going to meet the \$3.8 million threshold of private fundraising before debt can be issued. It should also be noted that the University programs the private funds for FY 2011 and the revenue bonds for FY 2009 through FY 2011. The language in the debt authorization expressly states that the revenue bonds cannot be issued until the private funds are available.

The Governor recommended total funding as requested but programmed the project to begin in FY 2009 with revenue bonds and did not program the private funds until the third year of the project, FY 2011. The Assembly concurred.

Ranger Hall. The Board's request includes \$4.8 million for the rehabilitation and restoration of Ranger Hall. The building currently houses nutrition and food sciences but will be converted from a lab-based building to one better suited for classroom and office use. Funding includes \$3.8 million from general obligation bond proceeds approved in 1996 and \$1.0 million from private sources. This is consistent with the approved capital plan. The project is scheduled to be completed during FY 2009. *The Governor recommended funding as requested.* The Assembly concurred.

Energy Conservation. The 2006 Assembly approved a resolution for leases not to exceed \$18.1 million at the University and \$7.5 million at the College to enter into an energy performance contract with an energy service company to purchase energy-saving improvements in buildings and infrastructure. The Board's request includes this \$18.1 million for a lease/purchase agreement with NORESCO, an energy service company. The Board programmed the project as \$6.4 million for FY 2008, \$5.9 million for FY 2009, and \$5.8 million for FY 2010. This is consistent with the approved capital plan. *The Governor recommended funding as requested.* The Assembly concurred.

Fire Protection – Auxiliary Enterprise Buildings. The Board requested \$19.4 million from revenue bonds to upgrade existing fire alarm systems and install fire-suppressing sprinkler systems in all of the University of Rhode Island's auxiliary enterprise buildings that are not presently equipped with sprinkler and addressable alarm systems. This includes some of the older dorms, a dining hall and Memorial Union. The 2008 Assembly authorized the University to issue \$19.4 million from revenue bonds backed by student fees for this project. The current request is consistent with the approved capital plan that assumed a 20-year term and an interest rate of 5.25 percent for a total cost of \$31.9 million and annual debt service of \$1.6 million. *The Governor recommended funding as requested.* The Assembly concurred.

International Center. The Board requested \$5.6 million from private sources to construct a three-story, approximately 6,000 square foot building to be connected to the multicultural center for the creation of an international center. The proposed addition would provide 2,800 square feet for office space, increase the existing Hardge Forum multipurpose space by 900 square feet to 2,500 square feet, and create a lobby and patio space adjacent to the buildings. This is consistent with the approved capital plan. *The Governor recommended funding as requested.* The Assembly concurred.

North District Infrastructure. The Board requested \$11.2 million from revenue bond funds to support infrastructure improvements in the north district of campus for projects underway including the Center for Biotechnology and Life Sciences and the College of Pharmacy. The University notes that more funding than originally anticipated had to be used from these two projects to fund utility upgrades including electric, water, sewer and gas service. This project will fund on-site utility connections, drainage systems, walkways, parking areas, landscaping and demolition work. The 2008

Assembly authorized the University to issue \$11.2 million from revenue bonds for this project. The authorization assumes a project cost of \$10.0 million plus \$1.1 million for debt service reserve and \$0.1 million cost of issuance, 15-year term and an interest rate of 5.25 percent for a total cost of \$31.9 million and annual debt service of \$1.6 million. *The Governor recommended funding as requested.* The Assembly concurred.

New Terrace Apartments. The Board requested \$43.7 million to demolish the existing Terrace Apartment buildings and construct a new four-story residence hall in its place, providing an additional 350 beds for second and third year students. Funding is programmed for FY 2009 through FY 2011. Funding includes \$42.7 million that the 2008 Assembly authorized the University to issue from revenue bonds backed by room rents. The authorization assumes a project cost of \$37.0 million, of which \$1.0 million is from pay-go sources, a 30-year term and an interest rate of 5.25 percent for a total cost of \$89.0 million and annual debt service of \$3.0 million. Of the total, \$3.0 million will go to a debt service reserve fund and \$0.2 million is for cost of issuance. The request also includes \$1.0 million from housing funds that was not in the approved capital plan for engineering and design work. *The Governor recommended funding as requested.* The Assembly concurred.

Campus Parking. The Board's request includes the \$8.0 million project for the surface parking system that added 1,000 spaces and access control systems on the University's Kingston Campus. The Assembly adopted Article 28 of 2002-H 7732 Substitute A to authorize the financing mechanism. Funding is \$8.0 million from revenue bonds, the debt service for which is paid from the sale of University parking permits and user fees from events. Remaining work on the project includes completing the parking lot and service road gates and minor hardscape improvements. *The Governor recommended funding as requested.* The Assembly concurred.

College of Pharmacy. The Board's request includes \$70.3 million to design and construct a 150,000 square foot building to house the College of Pharmacy teaching laboratories; classroom; research laboratories; faculty, staff and administrative offices; outreach programs; and the State Crime Lab. The request includes \$65.0 million from approved 2006 general obligation bonds, \$5.2 million from private donations, \$0.1 million from Rhode Island Capital Plan funds. The approved capital plan assumed that private donations would total \$10.0 million. The University has revised its fundraising goal to \$5.2 million and the current request reflects the revised estimate. *The Governor recommended funding as requested.* The Assembly concurred.

Rodos Hellenic Center. The Board's request includes the \$4.2 million project to construct a building for Hellenic Studies adjacent to and east of the Fine Arts Center on the Kingston Campus. The request programs the project through FY 2009, consistent with the approved capital plan. *The Governor recommended funding as requested.* The Assembly concurred.

Tyler Hall/Fraternity Acquisition. The Board's request includes \$3.2 million from revenue bonds in anticipation of the purchase of the Theta Delta Chi fraternity houses located on University land on the Kingston Campus, consistent with the approved capital plan. The 2005 Assembly authorized the issuance of revenue bonds backed by the University's unrestricted budget. Bonds were issued in FY 2006. The request also includes \$795,064 from fraternity sources. *The Governor recommended funding as requested.* The Assembly concurred.

West Kingston Superfund Site Remediation Phase II. The Board's request includes \$1.0 million from Rhode Island Capital Plan funds for expenses associated with the next phase of remediation of an Environmental Protection Agency designated Superfund site at the West Kingston Municipal Landfill and University of Rhode Island disposal area. Work will occur in FY 2009, consistent with the approved capital plan. The first phase was completed in spring 2006. *The Governor recommended*

\$0.8 million from Rhode Island Capital Plan funds for FY 2009 to complete the project. The Assembly concurred.

Residence Halls Modernization. The Board's request does not include the \$65.3 million project to renovate and upgrade the student residence halls and surrounding landscape at the Kingston Campus. The project was completed during FY 2008. *The Governor's budget includes \$6.9 million to show final FY 2009 expenditures.* The Assembly concurred.

Fire Protection – Academic and Administrative Buildings. The Board requested a \$26.8 million Rhode Island Capital Plan funded project to upgrade existing fire alarm systems and install fire-suppressing sprinkler systems in all of the University of Rhode Island's academic and administrative buildings that are not presently equipped with sprinkler and addressable alarm systems. The project is programmed from FY 2010 through the post-FY 2014 period.

This was a \$25.0 million request in the FY 2009 budget. The Governor recommended that the \$25.0 million come from new revenue bonds backed by general revenues and tuition and fees. Based on the University's indication that this project was not a priority, the Assembly did not authorize the University to issue the debt. The current request is \$1.8 million more than requested last year to reflect revised cost estimates.

The Governor recommended \$26.8 million from revenue bonds but did not submit a resolution for Assembly approval of the debt issuance. Annual debt service assuming 20 years and 5.0 percent interest is \$2.2 million for a total cost of \$42.9 million.

The 2009 Assembly was not presented with an authorization for this debt as part of the FY 2010 budget. It did provide \$7.2 million from fiscal stabilization funds for FY 2010 for fire safety improvements. This is the first of a two-year allocation from stabilization funds for higher education.

Exterior Renovations – East Hall. The Board requested \$1.1 million from Rhode Island Capital Plan funds for FY 2011 and FY 2012 to renovate the exterior of East Hall. East Hall was constructed in 1909, originally built as a residence hall. It was converted for use as an academic building and presently houses the physics department. As part of the FY 2008 budget request, the Board requested a \$6.2 million project to renovate the exterior of East, Quinn, Taft, and Washburn Halls. Neither the Governor nor the Assembly included that project in the FY 2008 capital budget. This project was included as part of the FY 2009 budget request but neither the Governor nor the Assembly provided funding for it. *The Governor did not recommend this project.* The Assembly concurred.

Edwards Hall Renovation. The Board requested \$3.7 million from Rhode Island Capital Plan funds for FY 2012 and FY 2013 to make exterior and interior renovations to Edwards Hall. Edwards Hall was constructed in 1928 as the University's assembly hall. Renovations include new doors and windows, handicap access improvements, historic restoration of the lobby and restroom improvements. This was requested as part of the FY 2009 budget; neither the Governor nor the Assembly included it. *The Governor did not recommend this project.* The Assembly concurred.

Fogarty Hall Renovation. The Board requested \$28.1 million from Rhode Island Capital Plan funds for a new project to renovate Fogarty Hall to house administrative and business services as well as general assignment classrooms. Renovations would include the building envelope, mechanical systems, HVAC, and replacement or removal of leaking steam lines. This project has been requested

for the past few years but neither the Governor nor the Assembly have provided funding for it. *The Governor did not recommend this project.* The Assembly concurred.

Morrill Hall Renovation. The Board requested \$18.4 million from Rhode Island Capital Plan funds for a project to renovate Morrill Hall to house the department of nutrition and food science as well as general assignment classrooms. This 32,036 square foot, four-story masonry building was constructed in 1965 and will be vacated in 2009 when the department of cell and molecular biology relocates to the new center for biotechnology and life sciences. This project was requested in the past few years, but has not been included in the approved capital plan. *The Governor did not recommend this project.* The Assembly concurred.

Exterior Renovation - Quinn Hall. The Board requested \$2.3 million from Rhode Island Capital Plan funds for FY 2012 and FY 2013 to make exterior repairs to Quinn Hall, built in 1936. The goal of the project is to renew the building envelope and exterior finishes by replacing the slate roof and replacing the windows with new historic-style energy efficient units. Restoration work would include repairs to roof soffits and new gutters and downspouts, replacement of doors and windows, and stone re-pointing. Entries, walkway approaches and surrounding landscaping would be also be addressed. This is the second year this project has been requested; neither the Governor nor the Assembly approved it last year. *The Governor did not recommend this project.* The Assembly concurred.

Ranger Hall Phase II. The Board requested \$10.5 million from Rhode Island Capital Plan funds to continue the phased renovation of Ranger Hall. The initial project, begun in 1998, involved replacing the slate roof, windows and doors. The second phase will provide accessibility, mechanical system and HVAC upgrades as well as renovations to convert the laboratories into dry office and classroom space for the Department of Communication Studies, the graduate school, the research office, affirmative action, and other academic support units. This project was requested for the past few years, but neither the Governor nor the Assembly have provided funding for it. *The Governor did not recommend this project.* The Assembly concurred.

Exterior Renovation – Roosevelt Hall. The Board requested \$2.0 million from Rhode Island Capital Plan funds for FY 2010 and FY 2011 to make exterior repairs to Roosevelt Hall, built in 1936. The goal of the project is to renew the building envelope and exterior finishes by restoring brickwork, replacing the slate roof, and replacing the windows with new historic-style energy efficient units. Restoration work would include repairs to roof soffits and new gutters and downspouts, replacement of doors and windows, and brick re-pointing. Entries, walkway approaches and surrounding landscaping would also be addressed. This project was requested as part of the FY 2009 budget but neither the Governor nor the Assembly provided funding for it. *The Governor did not recommend this project.* The Assembly concurred.

Washburn Hall Interior Renovation. The Board requested \$11.3 million from Rhode Island Capital Plan funds for FY 2012 and FY 2013 to make interior renovations to Washburn Hall, built in 1921. This is one of the University's older granite buildings on the main quadrangle on the Kingston Campus. This project has been requested in the past few budget requests but neither the Governor nor the Assembly have provided funding for it. *The Governor did not recommend this project.* The Assembly concurred.

Washburn Hall Exterior Renovation. The Board requested \$0.8 million from Rhode Island Capital Plan funds for FY 2010 and FY 2011 to make exterior repairs to Washburn Hall. The goal of the project is to provide new life for the building envelope by restoring the granite and making the building more energy efficient. This is one of the University's older granite buildings on the main

quadrangle on the Kingston Campus. This new project would include the replacement of doors and windows, stone re-pointing, and reconstruction of the south portico. Entries, walkway approaches and surrounding landscaping would also be addressed. This project was requested as part of the FY 2009 budget, but neither the Governor nor the Assembly included it. *The Governor did not recommend this project.* The Assembly concurred.

Rhode Island Atomic Energy Commission

Projects	Status	5 Year Total	Project Total
Asset Protection	Ongoing	\$ 250,000	\$ 430,000
Total		\$ 250,000	\$ 430,000
Sources of Funds			
Rhode Island Capital Funds		\$ 250,000	\$ 400,000
Federal Funds		-	30,000
Total		\$ 250,000	\$ 430,000

Summary. The Rhode Island Atomic Energy Commission requested \$250,000 from Rhode Island Capital Plan funds in the five-year period for the asset protection project consistent with the approved capital plan. The Commission's request also includes \$2.3 million for the construction of a cancer treatment center also consistent with the approved capital plan. *The Governor recommended funding as requested for the asset protection project but did not include funding for the cancer treatment center.* The Assembly concurred.

Asset Protection. The Commission requested \$400,000 from Rhode Island Capital Plan funds and \$30,000 from federal funds for asset protection projects, which the Commission views as safety and security issues. This is consistent with the approved capital plan, which provides \$50,000 annually for asset protection projects beginning in FY 2008. Projects include installing a new door to meet security and Occupational Safety and Health Administration requirements, installing a handicap accessible ramp, repairing decaying floors and adding additional lighting. The Commission also plans to resurface the front parking lot and create a parking lot in the rear of the building. The parking lot projects are currently planned for FY 2010 and FY 2011. *The Governor recommended funding as requested.* The Assembly concurred.

Cancer Treatment Center. The Commission includes \$0.8 million from private funds for FY 2009 to complete a new 3,000 square foot cancer treatment center. This project consists of a filter that attaches to the reactor for irradiating brain tumors and a treatment room within the reactor building. The project includes private financing through the Neutron Cancer Therapy Company in return for a 15-year lease of \$1 per year. The treatment facility would revert to the Commission at the end of the lease. This is consistent with the approved capital plan. *The Governor did not include funding for the cancer treatment center in his capital plan based on subsequent information that the project was not ready to proceed.* The Assembly concurred.

Historical Preservation and Heritage Commission

Projects	Status	5 Year Total	Project Total
Museums and Cultural Arts Centers	Ongoing	\$ -	\$ 6,000,000
Heritage Harbor Museum	Ongoing	9,725,683	14,510,024
Total		\$ 9,725,683	\$ 20,510,024
Sources of Funds			
General Obligation Bonds		\$ 3,164,602	\$ 11,000,000
Other Funds		6,561,081	9,510,024
Total		\$ 9,725,683	\$ 20,510,024

Summary. The Historical Preservation and Heritage Commission submitted a capital budget request totaling \$11.0 million for two projects. The request included \$405,654 from authorized general obligation bonds to be expended in FY 2010 and \$3.2 million in FY 2011 consistent with the approved capital plan. *The Governor recommended the \$3.2 million from general obligation bonds, and adds \$9.5 million from outside funding sources for the Heritage Harbor Museum, which was not included in the request.* The Assembly concurred.

Museums and Cultural Arts Centers. The Commission requested that \$1,951,693 from authorized general obligation bonds be distributed for restoration grants to museums and cultural arts centers during FY 2009. This request exhausted the remaining proceeds from two previously approved bond authorizations. The Commission did not request any funding for FY 2010. *The Governor did not recommend any funding for FY 2010; this project will be completed in FY 2009.* The Assembly concurred.

Heritage Harbor Museum. The Commission requested total funding of \$5.0 million from approved general obligation bond proceeds, including \$750,000 to be spent in FY 2009 and \$405,654 in FY 2010. The Commission requested \$3.2 million for FY 2011, of which \$1.2 million has not been issued. In November 2002, the voters approved issuance of \$5.0 million in general obligation bonds to represent the state's contribution for the development and construction of the Heritage Harbor Museum. Construction began in October 2007 with expected completion dates early in FY 2011 for the first 35,000 square feet, at which time the full \$5.0 million will be spent, and late FY 2013 for the remaining 20,000 square feet.

The Governor recommended using a different schedule for the bonds, by advancing the issuance of the remaining \$1.2 million to FY 2010 along with \$2.0 million from issued proceeds, thus expending all remaining bond funds in FY 2010. He also recommended showing \$9.5 million in other fund sources not shown in the request, including \$4.6 million in FY 2010 and \$2.0 million in FY 2011, which concludes all funding. These other funds are a combination of private and corporate donations, fundraising revenues, and tax credits that the Heritage Harbor Museum Corporation is gathering to finance the non-bonded portion of the project. These funds do not appear in the operating budget, as they are not expenditures made by the Commission. The Assembly concurred.

Office of the Attorney General

Projects	Status	5 Year Total	Project Total
Automated Fingerprint Identification System	New	\$ 771,218	\$ 771,218
Building Repairs and Renovations	Revised	1,215,000	2,520,846
Total		\$ 1,986,218	\$ 3,292,064
Sources of Funds			
Rhode Island Capital Funds		\$ 1,965,000	\$ 3,270,846
General Obligation Bonds		21,218	21,218
Total		\$ 1,986,218	\$ 3,292,064

Summary. The Office of the Attorney General's five-year capital plan includes two projects totaling \$3.2 million of which \$2.1 million would be spent in the FY 2010 through FY 2014 period. The request includes one new project and one revised project. *The Governor recommended \$3.3 million, of which \$2.0 million is for the five-year period.* The Assembly concurred.

Automated Fingerprint Identification System. The Office requested \$750,000 from Rhode Island Capital Plan funds for FY 2011 to upgrade the software and hardware components of the automated fingerprint identification system that functions in collaboration with Connecticut. The funding is consistent with the approved capital plan, however it had been included as part of the building renovation project total. Currently, Rhode Island civil applicant data is being processed through the regional data-sharing system with the State of Connecticut, which is at least three months behind, resulting in a delay period for Rhode Islanders seeking employment. The automated fingerprint identification system upgrade would reduce the delay period and render the information gathering process less time consuming. *The Governor recommended funding essentially as requested and added \$21,218 from general obligation bond proceeds originally issued for the automated fingerprint identification system in 2002.* The Assembly concurred.

Building Repairs and Renovations. The Office requested expenditures of \$1.3 million from Rhode Island Capital Plan funds for the FY 2010 through FY 2014 period for a project total of \$2.5 million for building renovations and repairs. This project includes window replacement, general interior renovations, flashing and air handler replacement, renovations to elevators, re-pointing the building's structure, and upgrading the building's piping infrastructure. This request is \$0.7 million less than the approved capital plan primarily because the Department is requesting the \$750,000 to upgrade the automated fingerprint identification system as a separate project. *The Governor recommended \$2.5 million, including \$1.2 million for FY 2010 through FY 2014. He added \$225,000 more than requested for FY 2009, \$175,000 less for FY 2010, and \$90,000 more for FY 2012. This is \$0.1 million more than previously approved levels.* The Assembly concurred.

Department of Corrections

Projects	Status	5 Year Total	Project Total
Medium Infrastructure	New	\$ 4,059,910	\$ 4,059,910
Asset Protection	Revised	13,825,000	18,401,076
Bernadette Guay Bldg Roof, Plumbing & HVAC	Revised	1,290,000	1,650,809
Reintegration Center	Ongoing	188,571	17,606,998
Women's Roof, Masonry, and General Renovations	Ongoing	1,030,000	3,937,735
Maximum General Renovations	Ongoing	434,705	1,799,000
Women's Plumbing/Bathroom Renovations	Ongoing	800,000	1,213,402
ISC Exterior Envelope and HVAC Replacement	Approved	5,500,000	5,500,000
Minimum Security Kitchen Expansion	Approved	4,441,610	4,441,610
Total		\$ 31,569,796	\$ 58,610,540
Sources of Funds			
Rhode Island Capital Funds		\$ 31,569,796	\$ 46,232,794
Federal Funds		-	12,377,746
Total		\$ 31,569,796	\$ 58,610,540

Summary. The Department's five-year capital plan includes fourteen projects totaling \$151.5 million of which \$116.8 million would be spent in the FY 2010 through FY 2014 period. The request includes six new projects totaling \$86.7 million. *The Governor recommended \$65.3 million for the Department's capital budget including \$36.4 million for the five-year period. He only included funding for one new project, the medium infrastructure expansion.*

The Assembly included \$58.6 million for the same projects, \$6.7 million less than recommended, primarily from reductions to asset protection funding from FY 2009 through FY 2014.

Medium Infrastructure. The Department requested \$4.1 million from Rhode Island Capital Plan funds for the FY 2010 through the FY 2014 period for Medium Moran infrastructure improvements. This new project includes kitchen and laundry expansion, additional showers, and extension to the dining areas. The Department separated this request from other asset protection projects to emphasize the importance of expanding this facility because of the increased population now housed at the Medium Moran facility. According to the Department, the facility currently houses approximately 379 inmates over its original design capacity of 650 inmates. *The Governor recommended funding essentially as requested and shifted requested funding for FY 2010 and FY 2011 to FY 2012.* The Assembly shifted \$1.7 million from FY 2012 to FY 2014 based on updated schedules.

Asset Protection. The approved capital plan includes an asset protection account funded from Rhode Island Capital Plan funds. The Department's request included \$19.5 million for the FY 2010 through the FY 2014 period for a total of \$40.4 million for asset protection projects. This request is \$8.0 million more than the approved capital plan, adjusted for inclusion of FY 2014 and post-FY 2014 funding. *The Governor recommended funding as requested for the five-year period. He recommended \$15.0 million less than requested for total project costs, including \$1.0 million less for FY 2009 and \$14.0 million less for post-FY 2014.* The Assembly removed \$1.3 million in FY 2009, \$375,000 in

FY 2011, \$250,000 in FY 2012, \$1.1 million in FY 2013 and \$4.0 million in FY 2014 based on historical spending.

Bernadette Guay Building Roof, Plumbing, & HVAC. The Department requested \$230,000 from Rhode Island Capital Plan funds for FY 2010 for a project total of \$1.6 million for the Bernadette Guay facility's roof and window replacement and plumbing and HVAC repairs. The request is \$230,000 more than the approved capital plan in anticipation of increased costs on materials and labor from original estimates because of project delays. As projects continue to move further into out-years, the costs increase. *The Governor recommended funding essentially as requested. He included \$1.3 million for FY 2010, consistent with an updated request from the Department. His recommendation is \$0.2 million more than previously approved levels.* The Assembly added \$5,600 for additional expenditures in FY 2009 based on updated schedules.

Reintegration Center. The Department requested \$692,071 from Rhode Island Capital Plan funds carried forward from FY 2008 for FY 2009 to complete the renovation and transformation of the J Building into the Reintegration Center. The Reintegration Center is a 175-bed facility that focuses on providing a transitional, step-down program for highly secured offenders. The Center will also provide support services for released offenders reintegrating into the community. The Department's total request for this project appears to be \$17.4 million, which includes an additional \$4.3 million that was inadvertently accounted for from federal funds. *The Governor recommended funding essentially as requested. His recommendation includes shifting \$0.2 million from FY 2009 funding to FY 2010 based on a revised project schedule.* The Assembly added \$247,006 for additional expenditures in FY 2009 based on updated schedules.

Women's Roof, Masonry, and General Renovations. The Department requested \$430,000 from Rhode Island Capital Plan funds for FY 2010 for a project total of \$3.9 million for roof and masonry repairs and general renovations for both women's facilities. This request also includes \$600,000 for FY 2009, which is consistent with the approved capital plan. *The Governor recommended funding essentially as requested. He recommended shifting \$275,000 from FY 2009 to FY 2010 based on an updated project schedule.* The Assembly shifted \$325,000 from FY 2009 to FY 2011 based on updated schedules.

Maximum General Renovations. The Department requested \$853,000 from Rhode Island Capital Plan funds for FY 2009 for several renovation projects at the maximum security facility. These projects include replacing the facility's electrical and distribution systems, installing a new generator, restoring the arsenal/armory area, renovating the building's plumbing systems and constructing outdoor yard segregation. The requested amount is consistent with the approved capital plan. *The Governor recommended funding essentially as requested. His recommendation includes shifting \$84,705 from FY 2009 to FY 2010 based on a revised project schedule.* The Assembly shifted \$350,000 from FY 2009 to FY 2010 based on updated schedules.

Women's Plumbing/Bathroom Renovations. The Department requested \$796,198 from Rhode Island Capital Plan funds for FY 2009 to complete renovations to the shower/bath areas at the Dix facility and restorations of the disciplinary wing at the McDonald facility. This request is consistent with the approved capital plan. *The Governor recommended funding essentially as requested. He recommended shifting \$650,000 from FY 2009 to FY 2010 based on an updated project schedule.* The Assembly shifted \$150,000 from FY 2009 to FY 2011 based on updated schedules.

ISC Exterior Envelope and HVAC Renovation. The Department requested \$5.5 million from Rhode Island Capital Plan funds for FY 2010 through FY 2012 for the restoration of the building's exterior,

including window and roof replacement. This request is consistent with the approved capital plan. *The Governor recommended funding essentially as requested. He included the total project costs of \$5.5 million for FY 2011 through FY 2013.* The Assembly concurred.

Minimum Security Kitchen Expansion. The Department requested \$4.4 million from Rhode Island Capital Plan funds for FY 2011 through FY 2013 for Minimum Security kitchen expansion and the installation of new equipment. This request is consistent with the approved capital plan. *The Governor recommended funding essentially as requested. He included \$1.0 million for FY 2011 and \$3.4 million for FY 2012.* The Assembly concurred.

Medium Moran Expansion. The Department requested \$29.0 million from Certificates of Participation for the FY 2010 through FY 2014 period for the construction of two additional housing modules at the Medium Moran facility. The project is intended to address the increased inmate population at Medium Moran facility and the Department's shortage in medium custody level bed spaces. It is estimated that each housing module will hold approximately 192 beds for a total of 384 additional beds. The Department is asking for \$0.1 million for FY 2010 for preliminary work to ensure continuous construction over the following four years. This project has been previously requested but not approved. Annual debt service on this project would be \$2.3 million assuming 5.0 percent interest and a 20-year term. *The Governor did not recommend funding for this project.* The Assembly concurred.

Range Facility. The Department requested \$4.2 million from Rhode Island Capital Plan funds for FY 2011 through FY 2014 for a project total of \$5.1 million for the construction of an indoor range facility. This project is independent from the approved capital plan which includes \$50,000 for FY 2010 for the Department of Administration to perform a feasibility study on constructing a weapons range for use by multiple state departments. This project has been previously requested, but not approved. The Department said it has incurred approximately \$0.6 million over four years for rental facilities, including equipment, mileage reimbursement, and overtime. *The Governor did not recommend funding for this project.* The Assembly concurred.

Relocation of the MIS Unit. The Department requested \$2.9 million from Rhode Island Capital Plan funds for the FY 2010 through FY 2014 period for the relocation of the Department's administrative and Management Information System units to possibly the Welcome Arnold Building. The requested funding includes a complete renovation of the Welcome Arnold Building, which is currently vacant. This project has been previously requested and approved, but it was excluded in the Governor's five-year plan in FY 2009. *The Governor did not recommend funding for this project.* The Assembly concurred.

New Women's Correctional Facility. The Department requested \$43.4 million from Certificates of Participation for FY 2011 through FY 2014 for the construction of a new 350-bed facility to house female offenders. The Department indicates that there is disparity between male facilities and the existing women's facilities because of unavailable space for industry and education. If the project is approved, the Department claims it would be better equipped to address the increasing female offenders with mental health issues. The Department requested \$4.3 million for FY 2011 for preliminary work to ensure continuous construction over the following three years. Annual debt service on this project would be \$3.5 million assuming 5.0 percent interest and a 20 year term. The Department has previously requested this project, but neither the Governor nor the Assembly has approved it. *The Governor did not recommend funding for this project.* The Assembly concurred.

Pinel Building Renovations. The Department requested \$3.2 million from Rhode Island Capital Plan funds for FY 2011 through FY 2014 for Pinel building renovations. The renovation project includes window replacement, installation of a new roofing system, HVAC, electrical and plumbing systems. The building currently is home to the training academy, the planning and research unit, home confinement, parole, and the forensics unit operated by the Department of Mental Health, Retardation and Hospitals. Subsequent to the renovation, the maintenance unit's administrative section will also transfer to the building's basement. This project had been previously requested and approved, but it was excluded from the Governor's five-year plan in FY 2009. *The Governor did not recommend funding for this project.* The Assembly concurred.

Judicial Department

Projects	Status	5 Year Total	Project Total
Licht Judicial Complex Restoration	New	\$ 2,500,000	\$ 2,500,000
Judicial Complex HVAC	Revised	2,250,000	4,121,892
Judicial Complex Asset Protection	Ongoing	2,950,000	3,930,000
Garrahy Complex Ceiling & Lighting Replacement	Ongoing	-	1,500,000
Judicial Complex Technology Improvements	Ongoing	4,068,284	13,900,000
New Kent County Court House	Ongoing	-	61,729,887
Blackstone Valley Courthouse Feasibility Study	Ongoing	-	283,570
Total		\$ 11,768,284	\$ 87,965,349
Sources of Funds			
Rhode Island Capital Funds		\$ 7,700,000	\$ 83,861,409
Certificates of Participation		4,068,284	4,068,284
Interest Earnings		-	35,656
Total		\$ 11,768,284	\$ 87,965,349

Summary. The Judiciary's five-year capital plan includes eight projects totaling \$178.7 million of which \$101.6 million would be spent in the FY 2010 through FY 2014 period. The request includes one new project. *The Governor recommended total expenditures of \$88.1 million, including \$10.2 million for the five-year period, which is \$91.5 million less than requested. He did not include funding for the Blackstone Valley Courthouse.* The Assembly included \$88.0 million for the same projects, \$111,430 less than recommended. It removed the funds for the Blackstone Valley Courthouse feasibility study.

Licht Judicial Complex Restoration. The Judiciary requested \$9.9 million from Rhode Island Capital Plan funds for the FY 2010 through FY 2014 period for the restoration of the Licht Judicial Complex. This project includes restoring woodwork and ornamental plaster, seating and benches, carpet replacement, and painting. The courtroom walls and ceilings have ornate woodwork and plaster which will necessitate intensive restoration. The Judiciary's assessment is that the courtrooms at the Licht Judicial Complex are in disrepair. This project has been previously requested, but not approved. This request is \$0.7 million more than last year's request to reflect inclusion of an 8.0 percent escalation factor. *The Governor recommended \$2.5 million for the Licht Judicial Complex restoration including \$1.0 million for the FY 2010 through FY 2014 period, which is \$7.4 million less than requested.* The Assembly shifted \$1.5 million from post-FY 2014 to FY 2014 based on updated schedules.

Judicial Complex HVAC. The Judiciary requested \$2.6 million from Rhode Island Capital Plan funds for the FY 2010 through FY 2014 period for a project total of \$5.1 million for the replacement, restoration and/or cleaning of the heating, ventilation and air conditioning systems for all judicial complexes including Licht, Garrahy, Murray, McGrath and Fogarty Judicial Annexes. This request is \$2.0 million more than the approved capital plan and \$1.2 million above the amount requested last year, adjusted for inclusion of FY 2014 and post-FY 2014 funding. Excluding funds for FY 2014 and post-FY 2014, the request is \$0.8 million more than approved, including \$130,000 for FY 2010, \$175,000 for FY 2011, \$200,000 for FY 2012, and \$250,000 for FY 2013. The request includes an approximate 8.0 percent annual escalation factor. *The Governor recommended \$4.1 million which is*

\$1.0 million less than requested, including \$2.3 million for the five-year period. This is \$1.0 million more than previously approved levels. The Assembly concurred.

Judicial Complex Asset Protection. The Judiciary requested \$3.4 million from Rhode Island Capital Plan funds for the FY 2010 through FY 2014 period for a total of \$4.5 million for asset protection projects. This request is \$1.2 million more than the approved capital plan to reflect inclusion of FY 2014 funding. Excluding funds for FY 2014, the Judiciary requests \$0.7 million more than approved including \$414,452 more for FY 2010 and \$454,000 more for FY 2011 offset by \$100,000 less per year for FY 2012 and FY 2013. Also, the Judiciary has requested the restoration of the Licht Judicial Complex, a new separate \$9.9 million project. The asset protection account reflects the nature of the work being undertaken and allows for greater agency flexibility when prioritizing these types of projects. ***The Governor recommended \$3.9 million for the Judiciary's asset protection projects which is \$0.6 million less than requested.*** The Assembly removed \$70,000 in FY 2009 and added \$25,000 in FY 2013 and \$50,000 in FY 2014 based on updated schedules.

Garrahy Complex Ceiling & Lighting Replacement. The Judiciary requested \$1.0 million from Rhode Island Capital Plan funds for FY 2009 for a total of \$1.5 million for the replacement of original ceiling tiles and lighting fixtures, as well as fire alarm upgrades throughout the Garrahy Judicial Complex. The request includes \$72,948 carried forward to FY 2009 and is consistent with the approved capital plan. ***The Governor recommended funding as requested.*** The Assembly concurred.

Judicial Complex Technology Improvements. The Judiciary requested \$4.2 million from Certificates of Participation for FY 2010 for a total of \$14.1 million for courts technology improvements. The request includes \$5.5 million for FY 2009, which includes \$1.6 million carried forward from FY 2008 and \$1.0 million shifted to FY 2010 from the schedule in the approved plan. Technology improvements consist of infrastructure upgrades, case management system upgrades, electronic filing initiatives and Justice Link technology upgrades. This request is essentially consistent with the approved capital plan.

The Governor recommended \$13.9 million for technology improvements, which is \$0.2 million less than requested, including \$4.1 million for the five-year period. His recommendation is consistent with previously approved levels. His FY 2010 operating budget recommendations assumed use of \$0.7 million from this project in lieu of general revenues. The Assembly concurred.

New Kent County Court House. The Judiciary requests \$35,656 from Certificates of Participation for FY 2009 to complete additional punch list items at the new Kent County court house. The requested funds are from interest earnings accrued from Certificates of Participation originally appropriated for this project. ***The Governor recommended funding as requested.*** The Assembly concurred.

Blackstone Valley Courthouse Feasibility Study. The Judiciary requested use of \$116,430 from Rhode Island Capital Plan funds carried forward from FY 2008 for the completion of a feasibility study for a new Blackstone Valley Courthouse. This request is consistent with the approved capital plan, which provides a total of \$400,000 for the study. The General Assembly approved financing for the construction of a new Blackstone Valley Courthouse in an amount not to exceed \$88.6 million for FY 2010 through FY 2012. However, the Governor vetoed the legislation. ***The Governor recommended funding as requested.*** The Assembly removed the recommended funding of \$116,430 for the Blackstone Valley Courthouse feasibility study. This project is not proceeding at this time.

Blackstone Valley Court House. The Judiciary requested \$81.5 million from Certificates of Participation for the FY 2010 through FY 2012 period for the construction of a new Blackstone Valley court house to be located in northern Rhode Island. The Governor vetoed the 2008 Assembly's debt authorization, which approved financing not to exceed \$88.6 million from Certificates of Participation to construct the new court house. The capital costs associated with this project are estimated to be \$79.7 million, \$7.0 million to be deposited into a debt service reserve fund, and \$1.8 million for cost of issuance. Total debt service over 20 years is projected to be \$130.6 million or \$6.7 million annually, assuming 5.0 percent interest. The payments would be made from general revenue appropriations. *The Governor did not include funding for this project.* The Assembly concurred.

Military Staff

Projects	Status	5 Year Total	Project Total
United States Property & Fiscal Office Roof	New	\$ -	\$ 539,900
Field Maintenance Shop #3 Roof	New	400,000	400,000
Camp Fogarty Armory Roof	New	900,000	900,000
Command Readiness Center & Schofield Armory	New	1,500,000	2,317,500
Warwick Armory Windows/Field Maint. Shop #3	New	-	65,000
Quonset Point Airport Tower	New	6,000,000	6,000,000
Federal Armories Fire Code Compliance	Revised	90,000	366,255
State Armories Fire Code Compliance	Revised	200,000	718,750
Quonset Point Hangar	Revised	-	34,471,930
Asset Protection	Ongoing	2,786,635	4,149,135
Woonsocket Building Demolition	Ongoing	63,340	63,340
Logistics/Maintenance Fac. Fire Code Compliance	Ongoing	50,000	280,000
Armory of Mounted Commands	Ongoing	2,200,000	5,388,000
Benefit Street Armory	Ongoing	-	17,000
Combined Support Maintenance Shop & Armory	Ongoing	-	28,187,000
Total		\$ 14,189,975	\$ 83,863,810
Sources of Funds			
Rhode Island Capital Funds		\$ 3,569,715	\$ 10,301,915
Federal Funds		10,620,260	72,851,895
Other Funds		-	710,000
Total		\$ 14,189,975	\$ 83,863,810

Summary. The Military Staff submitted a capital budget totaling \$84.8 million for fifteen projects, five of which are new. The request includes \$40.4 million for FY 2010 through FY 2014. The request is \$33.5 million more than the approved plan, primarily for the new projects. *The Governor recommended a total of \$78.3 million. This is \$6.6 million less than requested, \$31.8 million less for FY 2010 through FY 2014.* The Assembly included \$14.2 million for the five-year period. This total includes an estimated \$6.0 million for the Quonset Tower project, which is fully funded with federal funds directly through the National Guard Bureau.

United States Property and Fiscal Office Roof. The agency requested a total of \$800,000 from federal funds to replace the roof of the United States Property and Fiscal Office located at 300 Camp Street in Providence. The agency requested funding in FY 2011; however, it indicated it may use Rhode Island Capital Plan funds from its asset protection resources to begin design work sooner. This is a new project. *The Governor recommended \$539,900 from the use of federal stimulus funds. This is \$260,000 less than requested and he shifted the project from FY 2011 to FY 2009.* The Assembly concurred.

Field Maintenance Shop #3 Roof. The agency requested a total of \$400,000 from federal funds available from the National Guard Bureau to replace the field maintenance shop's roof before the end of its service life. This is a new project. *The Governor recommended funding as requested.* The Assembly concurred.

Camp Fogarty Armory Roof. The agency requested a total of \$900,000 from all funds including \$225,000 from Rhode Island Capital Plan funds and \$675,000 of matching federal funds for FY 2011 to replace the roof at the Camp Fogarty Armory which has long since exceeded its design life. Renovations to the roof are not adequate and the roof membrane and some understructure needs to be completely replaced. Design is programmed for FY 2009, with construction in FY 2011. This is a new project, and the agency indicated that it does not want to commit its asset protection funds due to the high cost of the project. *The Governor recommended funding as requested.* The Assembly concurred.

Command Readiness Center and Schofield Armory. The agency requested a new project totaling \$2.3 million from all funds to repave and reline the parking lots at the Command Readiness Center and Schofield Armory complex. This includes \$750,000 from Rhode Island Capital Plan funds and \$750,000 from federal funds with all expenditures to occur in FY 2011. The agency indicated that it did not want to commit its asset protection funds due to the high cost of the project. This also includes the replacement of a boiler at the Schofield Armory. The request includes \$10,500 in FY 2009 from Rhode Island Capital Plan funds. *The Governor recommended funding as requested.* The Assembly concurred.

Warwick Armory Windows/Field Maint. Shop #3. The agency's original asset protection plan assumes funding to replace windows at the Warwick Armory and the Field Maintenance shop. *The Governor recommended \$65,000 from federal stimulus funds for the replacement of windows at the Warwick Armory. It should be noted that the agency had indicated its intent to utilize stimulus funding of \$65,000 to replace the windows at the field maintenance shop #3.* The Assembly concurred.

Quonset Point Airport Tower. The agency requested \$6.0 million from federal funds for FY 2009 for the construction of a new control tower for the Army and Air National Guard at Quonset Point Airport. The tower provides air traffic control for Air National Guard C-130 J Model aircraft and Blackhawk helicopters. This request is consistent with the approved plan; however, a start or completion date has not been determined as a location for the tower has not been identified. *The Governor did not reflect this project in his plan.* The Assembly recognized this as an approved capital project. The Military Staff indicated that funding and construction will occur during federal fiscal year 2010.

Federal Armories Fire Code Compliance. The agency requested a total of \$377,500 for the design and installation of automatic fire detection systems in all Rhode Island National Guard Buildings. The FY 2010 through FY 2014 request includes \$140,000 from all funds with \$22,500 from Rhode Island Capital Plan funds. The remaining \$50,000 is requested for FY 2009, of which \$12,500 is from Rhode Island Capital Plan funds. The request is \$40,000 more than the approved plan with additional funds covering increased costs. *The Governor recommended total project costs of \$366,255, which is \$11,245 less than requested.* The Assembly concurred.

State Armories Fire Code Compliance. The agency requested a total of \$718,750 for fire alarm installation at state armories. The request includes \$200,000 from all funds including \$100,000 from Rhode Island Capital Plan funds for FY 2010 through FY 2014. The request also includes \$150,000 for FY 2009. This project is a fifty percent federal match. The request is \$100,000 more than the approved plan with additional funds to cover increased costs. *The Governor recommended funding as requested.* The Assembly concurred.

Quonset Point Hangar. The agency requested a total of \$4.2 million for land acquisition and preconstruction expenses. The request is \$0.2 million more from Rhode Island Capital Plan funds than the approved plan. The \$0.2 million will be used in FY 2009 to pay the two remaining tenants

\$100,000 at the time that the property site is vacated. The agency excluded the amount requested from federal funds for the construction portion of this project citing a federal law prohibiting their reporting of available construction funds prior to awarding the bid. The federal funding will be used to construct a new maintenance hangar/armory at Quonset Point.

The Governor recommended \$34.5 million for the Quonset Point Hangar, which includes \$30.0 million for construction from the National Guard Bureau not included in the agency request. He also recommended \$0.5 million from Rhode Island Capital Plan funds for FY 2009. The Assembly concurred.

Asset Protection. The agency requested \$3.6 million of which \$2.2 million is for FY 2010 through FY 2014 for asset protection projects. Rhode Island Capital Plan funds account for \$997,900 and federal funds account for \$1.3 million. The request also includes a total of \$931,000 for FY 2009 of which \$220,500 is from Rhode Island Capital Plan funds. All projects have some degree of federal matching funds. The request is consistent with the approved plan. *The Governor recommended \$4.1 million, \$1.3 million from Rhode Island Capital Plan funds. Funding of \$2.8 million is programmed through FY 2014.* The Assembly added \$18,475 from Rhode Island Capital Plan funds.

Woonsocket Building Demolition. Consistent with the approved plan, the agency requested \$71,250 from Rhode Island Capital Plan funds for the demolition of one of the organizational maintenance shop buildings in Woonsocket. The request shows the funds being spent in FY 2008, but there is a delay in completing this project. The Department of Health will not approve the current asbestos abatement plan and is requiring additional review of the number of asbestos samples taken for testing and outside air monitoring, which was not required in the initial plan. The added requirement will result in additional costs and it will be necessary to rebid this project. *The Governor recommended funding as requested.* The Assembly shifted \$63,340 from FY 2009 to FY 2010 to cover the final expenses of the demolition.

Logistics/Maintenance Facilities Fire Code Compliance. The agency requested a total of \$280,000 for the design and installation of an automatic fire alarm system in the Logistics and Maintenance Facilities. This includes \$50,000 for FY 2010 through FY 2014 from all funds with \$12,500 from Rhode Island Capital Plan funds and \$30,000 for FY 2009 of which \$7,500 is from Rhode Island Capital Plan funds. This request is \$50,000 more than the approved plan with additional funds to cover increased costs. *The Governor recommended funding as requested.* The Assembly concurred.

Armory of Mounted Commands. The agency requested a total of \$5.4 million for the third phase of the renovations to the Armory of Mounted Commands. The renovations include replacement of the slate roof, skylight repairs and gutter repairs and replacements. The FY 2010 through FY 2014 request totals \$1.9 million from all fund sources, of which \$950,000 is from Rhode Island Capital Plan funds. The request also includes a total of \$2.2 million for FY 2009 of which \$1.1 million is from Rhode Island Capital Plan funds. This request is consistent with the approved capital plan. *The Governor recommended total funding as requested but shifted \$150,000 to FY 2010.* The Assembly concurred.

Benefit Street Armory Rehabilitation. The agency requested a total of \$417,000 with \$400,000 from Rhode Island Capital Plan funds for FY 2010 to complete the continued rehabilitation of the Benefit Street Armory. This building is a historical structure and must be maintained in accordance with Rhode Island General Laws and its status on the national register of Historical Places. This funding is for exterior masonry work, painting, window and shutter repair, interior electrical, water damage repair, fire alarm installation and emergency egress. This request is consistent with the approved plan.

The Governor recommended funding as requested. The Assembly reduced Rhode Island Capital Plan funds by \$400,000.

Combined Support Maintenance Shop and Armory. The agency includes the \$28.2 million Combined Support Maintenance Shop and Armory project. The Federal National Guard Bureau has provided funds for FY 2007 and beyond for preliminary and final design as well as construction of a Combined Support Maintenance Shop and Armory that will be able to provide direct support for National Guard ground equipment. This project is consistent with the approved plan. ***The Governor recommended funding as requested.*** The Assembly concurred.

Emergency Management Building. The agency requested \$32.0 million from Rhode Island Capital Plan funds for FY 2010 through FY 2014 for the construction of a new Emergency Management Building. The request includes \$125,000 for a feasibility study, \$1.9 million for architectural and engineering and the remaining \$30.0 million for construction. This project would provide the Emergency Management Agency a facility large enough to accommodate the administrative offices, State Emergency Operations Center, and equipment and materials storage. The space would meet the needs to respond to any man made or natural disaster. The Federal Emergency Management Agency mandates that the Rhode Island Emergency Management Agency must be self sufficient for a two-week period of time which includes adequate sleeping space, food, water, utilities and a location to accommodate meetings, briefings and communication coordination. Currently there is no space available for a two week event. The agency requested this last year, but neither the Governor nor the Assembly included it. ***The Governor did not recommend funding for this project.*** The Assembly concurred.

Department of Public Safety

Projects	Status	5 Year Total	Project Total
Headquarters Complex Expansion	New	\$ 800,000	\$ 800,000
Headquarters Repairs/Renovations	New	150,000	1,294,498
State Police Headquarter Sewer Project	New	-	300,000
E-911 Building Renovations	Revised	55,000	55,000
Barracks Renovations	Revised	2,550,000	3,459,481
Parking Area Improvements	Revised	225,000	251,090
State Microwave/IT Upgrade	Ongoing	4,600,000	7,070,000
New Headquarters	Ongoing	17,750,000	30,652,141
State Fire Training Academy	Ongoing	45,000	6,400,000
Total		\$ 26,175,000	\$ 50,282,210
Sources of Funds			
General Obligation Bonds		\$ 45,000	\$ 10,739,904
Rhode Island Capital Funds		26,130,000	39,542,306
Total		\$ 26,175,000	\$ 50,282,210

Summary. The Department of Public Safety requested \$30.3 million from Rhode Island Capital Plan funds for the FY 2010 through FY 2014 period for seven projects. This is \$4.4 million more than the approved capital plan and includes two new projects. This request consists of \$4.6 million from general obligation bonds and \$25.7 million from Rhode Island Capital Plan funds. *The Governor recommended projects totaling \$50.3 million with \$26.0 million from Rhode Island Capital Plan funds to be spent in the FY 2010 through FY 2014 period. Funding in the five-year period includes \$26.0 million from Rhode Island Capital Plan funds and \$45,000 from general obligation bonds.*

The Assembly concurred, with the exception of a \$50,150 reduction for one project and a delay for another based on updated information.

Headquarters Complex Expansion. The Department requested \$800,000 from Rhode Island Capital Plan funds for FY 2010 through FY 2013 for repairs and renovations to the Headquarters Complex. This project was originally in the approved plan; however, it was removed because of delays in choosing a site for the new State Police Headquarters. Now that the new headquarters is being located in North Scituate, the Department resubmitted the request. *The Governor recommended funding as requested.* The Assembly concurred.

Headquarters Repairs/Renovations. The Department requested \$375,150 from Rhode Island Capital Plan funds for FY 2009 through FY 2013 for repairs and renovations to be conducted at the State Police Headquarters in North Scituate. This project was included in previous capital plans, but not in the FY 2009 approved plan. The Department previously spent \$1.1 million from Rhode Island Capital Plan funds on this project. *The Governor provided \$50,150 in FY 2009, \$50,000 in FY 2010 and \$100,000 in FY 2011. The plans have been scaled back since the submission of the Department's request, and the change reflects this.* The Assembly eliminated the \$50,150 for FY 2009, and provided funding as recommended for FY 2010 and FY 2011.

State Police Headquarter Sewer Project. The Department's request did not include a proposal to fund removal of all the cesspools from the existing buildings on the State Police Headquarters complex in North Scituate. The Department installed a sewer system that will involve a gravity feed system including both excavation and piping. The Department of Environmental Management requires this series of improvements to be completed as a condition of approval of the New State Police Headquarters project. The installation will include the piping, underground structures, a pumping station, and other electrical and monitoring systems in accordance with the Department of Environmental Management's regulatory process. *The Governor included \$300,000 to fund this project in FY 2009.* The Assembly concurred.

E-911 Building Renovations. The Department requested \$55,000 from Rhode Island Capital Plan funds for FY 2009 for a climate control system for the server room, renovations to the generator, replacement of the HVAC system and roof on the current E-911 facility. The Division indicated that repairs are needed for continued occupancy of the current location. *The Governor included funding for this project but shifted it to FY 2010 due to project delays.* The Assembly concurred.

Barracks Renovations. The Department requested \$3.8 million from Rhode Island Capital Plan funds for continued renovations to State Police barracks. This request includes pre-FY 2009 expenditures of \$363,808, \$845,675 for FY 2009, \$750,000 for FY 2010, and \$1.8 million for FY 2011. This request is \$50,000 less than approved, which appears to be an error. *The Governor recommended \$3.5 million from Rhode Island Capital Plan funds for this project. He included funding as requested, with the exception of \$0.3 million from FY 2009, which he reduced to fund the State Police Sewer Project.* The Assembly concurred.

State Police Microwave/IT Upgrade. The Department requested a total of \$7.1 million from Rhode Island Capital Plan funds for FY 2009 through FY 2011 for the State Police Information Technology and Microwave Ring Upgrade. This is consistent with the approved capital plan. The first part will take place in FY 2009 and FY 2010 during which \$4.9 million will be spent on the microwave upgrade. This portion of the project includes the purchase and installation of new communication towers and other related microwave equipment. The remaining \$2.2 million will be spent in FY 2011 to coincide with completion of the new State Police Headquarters to provide the telecommunication and related communication equipment for that facility. *The Governor included total funding as requested but shifted \$100,000 from FY 2010 to FY 2011. The Governor included \$2.5 million for FY 2009, \$2.3 million for FY 2010, and \$2.3 million for FY 2011.* The Assembly concurred.

New Headquarters. The Department requested a total of \$26.0 million from Rhode Island Capital Plan funds for the new headquarters project, including pre-FY 2009 expenditures of \$526,237. The Department's request of \$25.4 million for the FY 2009 through FY 2014 period is consistent with the approved capital plan.

In November 2002, the voters passed a \$55.0 million bond referendum that included \$48.1 million for the new headquarters. The State Police requested and received an additional \$9.0 million from Rhode Island Capital Plan funds in FY 2007 as well as an additional \$6.0 million in FY 2008 from this source for the project due to cost overruns. After numerous site changes, design delays and escalating costs, the entire project was reassessed and the decision was made to construct a smaller headquarters on the present Scituate site.

The Governor recommended \$26.3 million from Rhode Island Capital Plan funds for the construction of the new state police headquarters including \$25.8 million for the period of FY 2009 through FY 2014. He also included \$4.3 million from general obligation bonds the Department spent prior to FY

2009. The Governor provided an additional \$0.3 million from Rhode Island Capital Plan funds in FY 2011 due to project timelines. The Assembly concurred.

Parking Area Improvements. The Department requested a total of \$225,000 from Rhode Island Capital Plan funds for FY 2009 for parking area improvements at the Hope Valley, Lincoln, and Wickford Barracks. This is consistent with the approved capital plan. ***The Governor provided funding as requested.*** The Assembly eliminated funding for FY 2009 and shifted \$225,000 to FY 2010.

State Municipal Fire Academy. The State Fire Marshal requested \$6.4 million from general obligation bonds for the building of a State Municipal Fire Academy. The voters approved that amount in November 2002; the project is delayed pending final site selection. The Department previously spent \$128,200 on architect fees from the initial building design proposal. The request includes \$1.8 million in pre-FY 2009 expenditures in error.

The Department subsequently noted that the current allocation is no longer enough for the completion of the Academy building portion of the project. The site is expected to be on the former Ladd School property in Exeter. The Department expects to begin the development of this project in spring 2009, with completion in 2010. The present funding level will allow for the construction of the exterior hands-on training facilities only; however, not the academy building.

The Governor provided total funding as requested based upon the timeline included in the Department's request; he provided \$6.2 million for FY 2009 and \$45,000 for FY 2010. The Assembly concurred.

Department of Environmental Management

Projects	Status	5 Year Total	Project Total
Galilee Piers	Revised	\$ 3,750,000	\$ 8,765,220
Newport Piers	Revised	1,500,000	6,427,999
Fish & Wildlife Maintenance Facility	Revised	650,000	650,000
Great Swamp Office Complex	Revised	3,750,000	4,150,000
Jamestown Fishing Pier	Revised	-	68,181
Bay Islands Park System	Revised	3,066,000	3,991,687
Roger Williams Park	Revised	4,200,000	28,457,017
State Recreation Facilities Improvement	Revised	9,775,000	25,313,011
Dams Repair	Ongoing	4,260,000	8,665,825
Fort Adams Restoration	Ongoing	1,850,000	6,257,830
Farmland Development Rights	Ongoing	8,915,000	20,500,000
State Open Space	Ongoing	4,220,000	37,297,340
Local Open Space	Ongoing	7,500,000	21,400,000
Local Recreation Development Grants	Ongoing	4,000,000	37,517,906
Historic and Passive Grants	Ongoing	2,500,000	4,000,000
Local Bikeways and Recreational Greenways	Ongoing	-	10,000,000
Narragansett Bay and Watershed Restoration	Ongoing	1,750,000	8,034,550
Sewer Interceptors	Ongoing	1,260,000	5,000,000
Superfund	Ongoing	1,235,604	19,012,488
Ten Mile River Habitat Restoration	Ongoing	-	4,364,800
Governmental Water Pollution Control Facilities	Ongoing	-	22,370,000
Non-Government Grant & Revolving Loans	Ongoing	-	1,495,479
Fish & Wildlife Infrastructure	Ongoing	1,000,000	2,700,000
Total		\$ 65,181,604	\$ 286,439,333
Sources of Funds			
General Obligation Bonds		\$ 31,945,000	\$ 196,136,259
General Revenues		1,235,604	5,753,932
Federal Funds		11,941,000	39,316,060
Restricted Receipts		1,000,000	4,757,282
Rhode Island Capital Funds		19,060,000	40,475,800
Total		\$ 65,181,604	\$ 286,439,333

Summary. The Department requested \$53.3 million from all funds to be used in the five-year period for 20 projects totaling \$242.8 million. Funding consists of \$21.9 million from general obligation bonds, of which \$2.5 million is new general obligation bonds approved by the voters on the November 2008 ballot, \$11.4 million from federal funds, \$0.8 million from restricted receipts and \$19.2 million from Rhode Island Capital Plan funds. *The Governor recommended total project costs of \$285.9 million from all funds, with \$64.6 million programmed in the five-year period.* The Assembly did not provide funding for the new Narragansett Bay Fishing Piers Project, and made minor adjustments to six projects funded with Rhode Island Capital Plan funds.

Galilee Piers. The Department requested total project costs of \$9.5 million from Rhode Island Capital Plan funds to use through FY 2013 for facilities and infrastructure improvements at the Port of Galilee. The request is \$1.0 million more than the approved plan and includes \$750,000 more in FY 2010 and \$500,000 more in FY 2011 offset by \$250,000 less in FY 2013. The request has increased to more accurately reflect updated construction costs and schedules. The purpose of this project is to repair and improve the Galilee State Pier by replacing deteriorated wooden bulkheads, paving the parking lot on the pier, and providing treatment for stormwater runoff. The Department has completed repairs to the north bulkhead, which supports the charter fishing boats docks. Design of the south bulkhead is complete, and construction will begin during FY 2009.

The Governor recommended total project costs of \$8.0 million, \$1.5 million less than requested from Rhode Island Capital Plan funds, including \$0.4 million less for FY 2009, \$0.8 million less for FY 2010 and \$0.3 million less for FY 2011. The reductions were included to reflect a revised construction schedule. The Assembly provided an additional \$0.8 million to provide funding for FY 2014.

Newport Piers. Consistent with the approved plan, the Department requested \$1.0 million from Rhode Island Capital Plan funds to use in FY 2010 through FY 2014 for ongoing infrastructure improvements to the Newport Piers. Planned work includes \$250,000 for L-Pier development, \$500,000 for a maintenance facility and workshop garage, as well as \$250,000 for T-Pier construction. Programmed expenditures include \$4.9 million in pre-FY 2009 expenditures and \$250,000 each year for FY 2009 through FY 2013.

The Governor recommended \$1.3 million for the five-year period, including \$0.5 million less for the pre-FY 2009 period, offset by \$0.4 million more for FY 2009 and \$0.3 million more for FY 2010. The recommendation reflects a revised construction schedule as well as a revised cost estimate. The Assembly provides an additional \$250,000 for FY 2014.

Fish and Wildlife Maintenance Facility. The Department requested a total of \$900,000 to be used in FY 2010 and FY 2011, including \$575,000 from Rhode Island Capital Plan funds to provide state matching funds for the construction of a maintenance facility for the Division of Fish and Wildlife at the Great Swamp Management Area. The Department indicated that the current facility is over 30 years old and is too small to store equipment. *The Governor recommended total funding as requested; however, he delayed the start of the project until FY 2011.* The Assembly concurred.

Great Swamp Office Complex. Consistent with the approved plan, the Department requested a total project cost of \$4.2 million for the construction of a new office facility for the Freshwater Fisheries and Wildlife sections of the Division of Fish and Wildlife at the Great Swamp Management Area. In FY 2007 the Department contracted with Burgin Associates for the design of the facility, which is expected to be finalized in FY 2009, with construction scheduled to begin in FY 2010. Expenditures in the five-year period include \$1.3 million from federal funds, \$1.7 million from Rhode Island Capital Plan funds and \$0.8 million from restricted receipts. *The Governor recommended total funding as requested; however, he delayed the start of the project until FY 2012.* The Assembly concurred.

Jamestown Fishing Pier. The Department's request did not include funding to finish the design of a public fishing pier at the west end of the old Jamestown Bridge. The Department of Transportation has demolished the old Jamestown Bridge connecting Jamestown and North Kingstown. Funding from Rhode Island Capital Plan funds was included for the Department to purchase design and engineering services for the pier. *The Governor recommended total project costs of \$68,181, including \$3,000 for FY 2009.* The Assembly removed \$352 to reflect the actual expenditures for FY 2009.

Bay Islands Park System. Consistent with the approved plan, the Department requested a total project cost of \$5.6 million to build a public wharf on the southern tip of Prudence Island in Narragansett Bay. The project will include restrooms, a rain/shade shelter and will allow access to boating and marine recreational opportunities. The wharf will also provide access to the Department's Narragansett Bay National Estuarine Research Reserve, which will increase the public's access to environmental education.

The Governor recommended total project costs of \$5.5 million, including \$1.0 million for FY 2010 and \$2.1 million for FY 2011 from federal funds, as well as \$1.5 million from Rhode Island Capital Plan funds for FY 2013. The Assembly did not concur with use of Rhode Island Capital Plan funds.

Roger Williams Park. Consistent with the approved plan, the Department requested \$6.7 million from general obligation bonds to be used in FY 2009 and FY 2010 for improvements to Roger Williams Park, for a total project cost of \$28.5 million. The bond proceeds are being used to construct botanical gardens as well as other improvements to the Park Zoo. *The Governor recommended \$9.0 million from authorized general obligation bonds for FY 2009 through FY 2011. The additional funds reflect available proceeds that were excluded from the request. The Assembly concurred.*

State Recreation Facilities Improvements. Consistent with the approved plan, the Department requested \$6.4 million to use in FY 2010 through FY 2014 for improvements at Rhode Island parks and management areas. The request includes funding for five bridges in the Arcadia Management Area, restroom improvements and replacements, design and construction of additional camping facilities at George Washington Management Area and other facilities. It should be noted the list of projects the Department included in its request does not match available funds or requested annual expenditures.

The Governor recommended \$8.2 million for the five-year period, \$1.8 million more than requested from general obligation bond proceeds for FY 2011 to reflect available proceeds from general obligation bonds approved on the November 2004 ballot. The Assembly concurred, but also provided an additional \$0.2 million from Rhode Island Capital Plan funds throughout the five-year period.

Dams Repair. Consistent with the approved plan, the Department requested \$4.1 million from Rhode Island Capital Plan funds to use from FY 2010 through FY 2013 to repair state owned dams at various recreational management areas. This project includes design and construction at the John L. Curran Dams in Cranston, Breakheart Hill Dam in the Arcadia Management Area and Bleachery Pond Dam in East Greenwich. *The Governor recommended funding as requested. The Assembly concurred.*

Fort Adams Restoration. Consistent with the approved plan, the Department requested a total project cost of \$6.0 million from all funds to restore and repair historic structures at the Fort Adams State Park in Newport. The state operates the fort and is responsible for conducting programs, developing restoration plans, and raising funds from public and private sources. Programmed funding includes \$250,000 each year from Rhode Island Capital Plan funds for FY 2010 through FY 2013. *The Governor recommended funding as requested. The Assembly provided an additional \$250,000 from Rhode Island Capital Plan funds for FY 2014 to fully fund the five-year plan.*

Farmland Development Rights. The Department requested total project costs of \$20.4 million from general obligation bonds including \$8.0 million to be used in FY 2010 through FY 2014 for farmland acquisition. The Agricultural Land Preservation Commission accepts and scores farmland applications for these funds. The goal is to eliminate economic pressures on farmers to sell land for residential or

commercial development. The request includes \$2.5 million of new general obligation bonds that were approved by the voters on the November 2008 ballot. The request is \$5.0 million more than the approved plan due to the inclusion of an additional \$4.0 million from federal funds and the state match of \$1.0 million from new general obligation bonds. *The Governor recommended \$20.5 million, \$0.1 million more than requested to reflect revised pre-FY 2009 expenditures.* The Assembly concurred.

State Open Space. The Department requested total project costs of \$37.3 million, including \$5.7 million in the five year period for the purchase of land, development rights and conservation easements statewide. Land acquired under this program includes forested land, open fields, river access sites, shoreline access areas, farmlands, trail connections and water supply protection areas. The request includes \$1.0 million less than the approved plan from general obligation bonds to reflect projected land purchases in FY 2012. *The Governor recommended funding as requested.* The Assembly concurred.

Local Open Space. Consistent with the approved plan, the Department requested \$21.4 million from general obligation bonds to be used through FY 2011 for the Local Land Acquisition Grants for Open Space program. The purpose of the program is to provide grants to municipalities, local land trusts, and non-profit organizations to preserve open space in Rhode Island. Since 1988, the program has awarded over 130 grants preserving over 6,200 acres of land. In FY 2007 the Department awarded a total of \$5.3 million in grants to fund 17 projects and preserve 1,600 acres; the Department is currently administering these grants. *The Governor recommended funding as requested.* The Assembly concurred.

Local Recreation Development Grants. Consistent with the approved plan, the Department requested \$8.0 million from authorized general obligation bonds to be used in FY 2009 and FY 2010 to provide grants to municipalities for recreation development and acquisition projects. Since 1998 the Department has awarded over 200 grants totaling \$35.0 million, and is responsible for the administration of these grants. *The Governor recommended funding as requested.* The Assembly concurred.

Historic and Passive Grants. The Department requested a total project cost of \$8.0 million from authorized general obligation bonds to be used through FY 2010 to provide grants to municipalities for recreation projects. The request is \$4.0 million more than the approved plan due to the erroneous inclusion of \$4.0 million of pre-FY 2009 expenditures. In April 2006, the Department awarded 24 grants totaling \$2.8 million and is in the process of administering these grants. *The Governor recommended funding consistent with the approved capital plan, and excluded the additional \$4.0 million included in the request.* The Assembly concurred.

Local Bikeways and Recreational Greenways. Consistent with the approved plan, the Department requested total project costs of \$10.0 million from authorized general obligation bond proceeds to be used through FY 2009 for the design and construction of local bikeways and recreational greenways. In 2003, 12 projects were approved by the Department for a total of \$2.0 million. The Department is currently in the process of administering the grants that were awarded and constructing bikeway connections and bike path facilities along the Blackstone River. *The Governor recommended funding as requested.* The Assembly concurred.

Narragansett Bay and Watershed Restoration. Consistent with the approved plan, the Department requested a total of \$8.0 million from general obligation bond proceeds and federal funds to restore and protect water quality in the Narragansett Bay. The project provides matching grants to state and local agencies; nonprofit organizations and for-profit businesses to abate sources of pollution causing

beach closures, fish kills, and other problems identified in water quality restoration plans. *The Governor recommended funding as requested.* The Assembly concurred.

Sewer Interceptors. Consistent with the approved plan, the Department requested \$1.3 million from general obligation bond proceeds to be used in FY 2009 and FY 2010 to provide 50.0 percent matching grants to municipalities for the construction of extensions to interceptor sewer lines to areas with failed septic systems and leach fields. *The Governor recommended funding as requested.* The Assembly concurred.

Superfund Site Remediation. The Department's request does not include funding for site remediation at the Rose Hill Landfill. The Comprehensive Resource Conservation and Liability Act, known as the Superfund law, mandates that for fund financed remedial actions, the state is required to share a minimum of 10.0 percent and up to 50.0 percent for municipal or state-operated facilities. As part of the regulations, states must agree to assume responsibility for operation and maintenance of the implemented remedial action for the expected life of such action and states must ensure that any institutional controls implemented as part of the remedial action at a site are sustained. *The Governor recommended total project costs of \$19.0 million, including \$1.2 million from general revenues for FY 2010 through FY 2012 for maintenance activities at the site.* The Assembly concurred.

Ten Mile River Habitat Restoration. The Department's request does not include funding to restore self-sustaining runs of migratory fish species to the Ten Mile River in East Providence and Turner Reservoir. *The Governor recommended \$3.3 million for FY 2009 to complete the restoration.* The Assembly concurred.

Governmental Water Pollution Control Facilities. The Department's request does not include funding for the Governmental Water Pollution Control Facilities. This program provides general obligation bond proceeds as state matching assistance to municipalities and governmental units for various water pollution control projects. *The Governor recommended total project costs of \$22.4 million from general obligation bond proceeds, and provides \$0.7 million for FY 2009.* The Assembly concurred.

Non-Governmental Grants and Revolving Loans. The Department's request does not include funding for non-governmental grants and revolving loans, which provide 50.0 percent matching grants to non-governmental entities for water pollution abatement projects. *The Governor recommended total project costs of \$1.5 million from general obligation bonds for the project, and provides \$5,336 for FY 2009.* The Assembly concurred.

Fish and Wildlife Infrastructure Improvements. The Department's request did not include funding for infrastructure improvements for the Division of Fish and Wildlife. This project would include improvements to fish hatchery operations, construction of public access points and fishing docks in freshwater areas. *The Governor recommended a total project cost of \$2.7 million, with expenditures of \$1.0 million in the five-year period from restricted receipts and federal funds.* The Assembly concurred.

Telephone Replacement. The Department requested \$110,000 from Rhode Island Capital Plan funds to be used in FY 2010 to replace the current telephone system. The Department notes that normal phone related functions are no longer able to be supported by the current system. It should be noted the state's capital oversight committee suggested actual costs to purchase and install a new phone system could be significantly higher than included in the Department's request. *The Governor did not recommend funding.* The Assembly concurred.

Local Recreation Development Grants-Distressed Communities. Consistent with the approved plan, the Department requested total project costs of \$5.5 million from authorized general obligation bond proceeds, of which \$247,000 will be used in FY 2009 to provide grants for recreation development and acquisition to distressed communities. In April 2006, the Department awarded six grants totaling \$330,000, and the Department is in the process of administering these grants. *The Governor did not recommend funding.* The Assembly concurred.

Narragansett Bay Fishing Piers Program. The Department requested total project costs of \$0.8 million from Rhode Island Capital Plan funds for the Narragansett Bay Fishing Piers program, which will construct, renovate and improve public salt water fishing piers in the state. Programmed expenditures would include \$50,000 in FY 2010 and \$250,000 each for FY 2011 through FY 2013. This project is considered revised due to the exclusion of the construction portion of the Jamestown Fishing Pier project and the inclusion of fishing pier construction at sites in Middletown, Warwick, Tiverton, North Kingstown and East Providence. *The Governor recommended funding as requested.* The Assembly did not provide funding for this project.

Coastal Resources Management Council

Projects	Status	5 Year Total	Project Total
Providence River Dredging Project	Revised	\$ 1,655,509	\$ 46,403,211
Coastal & Estuary Habitat Restoration Program	Ongoing	1,250,000	3,144,309
Total		\$ 2,905,509	\$ 49,547,520
Sources of Funds			
Federal Funds		\$ -	\$ 35,454,860
Rhode Island Capital Funds		1,655,509	3,246,099
Restricted Receipts		1,250,000	10,489,319
Other (Local Funds)		-	357,242
Total		\$ 2,905,509	\$ 49,547,520

Summary. The Council requested \$13.7 million for the FY 2010 through FY 2014 period for projects totaling \$21.7 million. Funding includes \$7.1 million from federal funds, \$4.9 million from Rhode Island Capital Plan funds and \$1.6 million from the Oil Spill Prevention, Administration and Response Fund, which are restricted receipts. The request is for seven projects, two of which are new. *The Governor recommended \$2.9 million for the five-year period, including \$1.7 million from Rhode Island Capital Plan funds and \$1.3 million from the Oil Spill Prevention, Administration and Response Fund.* The Assembly concurred.

Providence River Dredging Project. The Council's request does not include expenditures for the Providence River Dredging Project. The project removed sand and sediment from the Providence River shipping channel to improve navigation. The Council was to make the final payment to the Army Corps of Engineers for the state cost-share for the project in FY 2009. *The Governor recommended shifting \$1.7 million of Rhode Island Capital Plan funds from FY 2009 to FY 2010 for the final payment to the Army Corps of Engineers.* The Assembly concurred.

Coastal and Estuary Habitat Restoration Program and Trust Fund. The Council's request includes total project expenditures of \$3.0 million from the Oil Spill Prevention, Administration and Response Fund for the Coastal and Estuary Habitat Restoration Program and Trust Fund. The 2004 Assembly passed Article 44 of 2004-H 8219, Substitute A, as amended, and mandated the annual amount of \$250,000 from the Oil Spill Prevention, Administration and Response Fund to the program and trust fund. The request is consistent with the approved plan, and adds \$250,000 in new expenditures for FY 2014. *The Governor recommended \$3.1 million, \$0.1 million more for FY 2009 to reflect a carry forward balance from FY 2008.* The Assembly concurred.

Dredged Material Management Plan. The Council requested \$1.5 million from Rhode Island Capital Plan funds for a new project to develop a dredged material management plan for the state's tidal waters. The project would involve expenditures of \$500,000 per year from FY 2010 through FY 2012. The project was requested in each of the past seven fiscal years, but not approved. This plan is a request for a consultant study and does not meet the definition of a capital project. *The Governor did not recommend funding.* The Assembly concurred.

Ninigret Pond Breachway Rock Removal. The Council requested \$900,000 to be used in FY 2011 for a project to remove large rocks and groups of smaller rocks that are obstructing navigation in

Ninigret Pond. The request includes \$0.7 million from federal funds and \$0.2 million from Rhode Island Capital Plan funds, which would be used as the 20.0 percent state match for the federal funds. *The Governor did not recommend funding.* The Assembly concurred.

South Coast Breachways Maintenance. The Council requested \$1.0 million from Rhode Island Capital Plan funds to be used in FY 2010 to maintain breachways. This project will involve the removal of sedimentation that enters the breachways of three salt ponds in the south county area. The project will focus on Ninigret Pond, with Quonochontaug and Winnapaug ponds to be addressed in later years. This project was included in the FY 2007 through FY 2011 approved capital plan for \$630,000 from the Oil Spill Prevention, Administration and Response Fund, but was removed in subsequent years due to project delays. The current request is \$0.4 million more than the approved plan due to a revised cost estimate. *The Governor did not recommend funding.* The Assembly concurred.

South Coast Habitat Restoration Project. The Council requested \$971,255 for FY 2011 to complete habitat restorations along the southern coast of Rhode Island, including \$542,155 from federal funds and \$429,100 from Rhode Island Capital Plan funds. The \$7.2 million project involved removing sediments in the breachway and eelgrass seeding and transplants. Funding in FY 2011 would be used for sediment removal and habitat restoration at Winnapaug and Quonochontaug ponds. This project was included in the FY 2008 through FY 2012 approved capital plan, but excluded in the following year because the state match was requested from restricted receipts. The Council's current request includes Rhode Island Capital Plan funds for the state match. *The Governor did not recommend funding.* The Assembly concurred.

Brushneck Cove Aquatic and Ecosystem Restoration Project. The Council requested \$980,000 to be used in FY 2010 for a project to restore 125 acres of estuary habitat in the Brushneck Cove area of Greenwich Bay. Funding includes \$343,000 from Rhode Island Capital Plan funds and a federal match from the Army Corps of Engineers of 65.0 percent or \$637,000. This project was included in the FY 2008 through FY 2012 approved plan, but was removed in the following plan due to a limited amount of restricted receipts from the Oil Spill Prevention, Administration and Response Fund. The current request substitutes Rhode Island Capital Plan funds. *The Governor did not recommend funding.* The Assembly concurred.

Narrow River Aquatic Ecosystem Restoration. The Council requested total project costs of \$7.1 million to be used in FY 2010 for the restoration of the aquatic habitat and salt marshes in Narrow River. The request includes \$1.8 million from Rhode Island Capital Plan funds and \$5.2 million from federal funds. The Council indicates that shoaling in the lower Narrow River may be contributing to a decline in submerged aquatic vegetation, primarily eelgrass and shellfish habitat in the river and its coves. This project was included in the FY 2008 through FY 2012 approved capital plan, but was removed in the following year due to the unavailability of restricted receipts from the Oil Spill Prevention, Administration and Response Fund. The current request substitutes Rhode Island Capital Plan funds. *The Governor did not recommend funding.* The Assembly concurred.

State Water Resources Board

Projects	Status	5 Year Total	Project Total
Big River Groundwater Development	Revised	\$ 26,829,400	\$ 27,079,400
Supplemental Water Supplies Development	Revised	-	1,566,987
Water Allocation Plan	Revised	3,895,000	11,968,937
Groundwater Protection/Acquisition Program	Revised	7,656,397	10,322,200
Emergency Interconnect Project	Revised	3,995,104	15,013,200
Big River Management Area Maintenance	Revised	643,000	1,676,350
Bristol County Water Treatment Facility	Ongoing	7,385,261	16,124,554
Total		\$ 50,404,162	\$ 83,751,628
Sources of Funds			
New General Obligation Bonds		\$ -	\$ -
Authorized General Obligation Bonds		19,036,762	41,459,954
Federal Funds		-	1,600,000
Rhode Island Capital Funds		643,000	3,350,338
Restricted Receipts		-	2,707,911
General Revenues		4,025,000	7,634,025
Other (Revenue Bonds)		26,699,400	26,999,400
Total		\$ 50,404,162	\$ 83,751,628

Summary. The Water Resources Board requested \$58.9 million for the FY 2010 through FY 2014 period for seven projects totaling \$117.3 million. Funding includes \$40.0 million from general obligation bonds to be submitted to the voters on the November 2012 and 2014 ballots, \$17.5 million from approved general obligation bonds, \$0.7 million from Rhode Island Capital Plan funds, \$4.0 million from general revenues and \$26.7 million from revenue bonds to be issued by the Board Corporate.

The Governor recommended \$50.4 million for the five-year period, including \$19.0 million from general obligation bonds, \$26.7 million from revenue bonds, \$4.0 million from general revenues and \$0.7 million from Rhode Island Capital Plan funds. The Assembly concurred, but reduced Rhode Island Capital Plan fund expenditures for maintenance at the Big River Management Area to reflect historical expenditures.

Big River Groundwater Development. The Board requested \$26.9 million, including \$26.7 million from revenue bonds and \$250,000 from general revenues for the development of a water supply system in the Big River Management Area. Assuming a 5.0 percent interest rate for 20 years, annual debt service would be approximately \$2.0 million and would be paid by revenues generated from the sale of water. It should be noted the requested revenue bonds would require legislative approval. The request includes \$250,000 from general revenues in FY 2009 and FY 2010 for the design, environmental assessment and business plan for the proposed water supply system. The system could potentially provide between five and seven million gallons per day for the state, which is a 5.0 percent increase in state capacity. The request is \$26.7 million more than the approved plan due to the inclusion of the construction phase of this project, which was not included in the approved plan. *The Governor's budget includes funding as requested, but he did not submit a resolution for Assembly approval of the*

debt issuance. The Assembly removed \$90,000 of general revenues from FY 2009 to reflect a project delay, but included the general revenue funding for FY 2010. The Assembly did not authorize any debt for this project.

Supplemental Water Supply Study. The Board requested \$10.0 million from new general obligation bonds for the five-year period for a total project cost of \$31.6 million to identify and utilize potential supplemental water supplies in the event of contamination or drought. Phase I of this project studied and identified supplemental water supplies for the state. The second phase of this project would provide the necessary infrastructure including land purchase, well drilling, and construction of interconnections and treatment facilities. The request is \$30.0 million more than the approved plan due to the inclusion of \$30.0 million of new general obligation bonds, of which \$10.0 million of new bond authorizations would be included on the November 2010 ballot. *The Governor recommended \$0.1 million for FY 2009 for the completion of Phase I of this project, but he did not recommend any additional funding for Phase II.* The Assembly concurred.

Water Allocation Plan. The Board requested \$3.9 million from general revenues to be used in the five year period for an ongoing project to develop a Water Allocation Program. The program consists of multi-year efforts to first quantify available supplies, then use that information as a basis to assess water management needs, and then assess the options to satisfy those needs. The 2005 Assembly reclassified this project as purchased services to better reflect that it is a consultant study rather than capital improvement. This project has been included in the Board's capital request in each of the last six years and not approved until the FY 2009 through FY 2013 plan. The Board's FY 2009 operating budget includes \$0.3 million for purchased services related to the Water Allocation Program projects. The request is \$4.3 million less than the approved plan due to the exclusion of pre-FY 2009 expenditures. *The Governor recommended annual funding as requested, and includes the pre-FY 2009 expenditures.* The Assembly concurred.

Groundwater Protection/Acquisition Program. Consistent with the approved plan, the Board requested a total project cost of \$9.3 million from general obligation bond proceeds for the Groundwater Protection/Acquisition Program, of which \$6.6 million would be used in the five-year period to purchase water development rights from private landowners for well sites identified as high capacity.

The Governor recommended \$10.3 million, \$1.0 million more than requested from general obligation bond proceeds to reflect actual available funds remaining to be issued. The recommendation reduces expenditures in FY 2011 and FY 2012 by \$0.9 million, and shifts this funding as well as the additional \$1.0 million to FY 2013 and FY 2014 to reflect updated purchase plans. The Assembly concurred.

Emergency Interconnect Project. The Board requested \$14.9 million from previously approved general obligation bonds and \$10.0 million from new general obligation bonds to continue a \$25.0 million project to establish statewide emergency water interconnections between the state's 32 largest water supply systems. Of the 32 identified interconnections, the Board indicates that 15 have been completed, and three more projects have been approved. The interconnections are funded from \$15.0 million in bond proceeds authorized by the voters in 2004. The request is \$10.0 million more than the approved plan due to the inclusion of new general obligation bonds for the post-FY 2014 period. *The Governor did not include the additional general obligation bonds for the post-FY 2014 period. He includes the remainder essentially as requested.* The Assembly concurred.

Big River Management Area Maintenance. Consistent with the approved plan, the Board requested \$1.7 million from Rhode Island Capital Plan funds to fund infrastructure repairs and improvements at

the Big River Management Area. This project includes funding for security, litter/dumping enforcement and demolition of vacant homes. The Board is responsible for protecting the Big River Management Area for future development as a source of potable water. *The Governor recommended funding as requested.* The Assembly provided \$100,000 for FY 2009 and \$103,000 for FY 2010. This is \$19,635 and \$7,000 less than recommended for those years to reflect historical expenditures.

Bristol County Water Treatment Facility. Consistent with the approved capital plan, the Board requested a total project cost of \$15.6 million from authorized general obligation bond proceeds to upgrade the Bristol County Water Treatment Facility and the Shad Factory Pipeline. Programmed expenditures include \$0.2 million in FY 2009, \$0.6 million in FY 2010, \$2.3 million in FY 2011, \$3.0 million in FY 2012 and \$1.0 million in FY 2013.

The Shad Factory Pipeline must be replaced to ensure continued use of the Massachusetts Reservoir water, and the Bristol County facility improvements are necessary to comply with the requirements of the Safe Drinking Water Act. Many of the improvements to the Bristol County Water Treatment Facility have been completed; however, more improvements have become necessary due to a change in these requirements. *The Governor recommended \$16.1 million, \$0.5 million more than requested for FY 2011 to reflect anticipated expenditures from general obligation bond proceeds.* The Assembly concurred.

Rhode Island Clean Water Finance Agency

Projects	Status	5 Year Total	Project Total
Clean Water Fund	Revised	\$ 237,263,087	\$ 1,165,825,460
Drinking Water Fund	Revised	142,875,000	400,332,615
Water Pollution Fund	Revised	1,096,563	64,571,585
Total		\$ 381,234,650	\$ 1,630,729,660
Sources of Funds			
General Obligation Bonds		\$ 7,400,000	\$ 109,091,657
Federal Funds		69,875,000	339,190,075
Revolved Capital		57,488,586	142,333,683
Agency Revenue Bonds		246,221,064	991,519,169
Interest Earnings		250,000	2,576,076
Federal Stimulus		-	46,019,000
Total		\$ 381,234,650	\$ 1,630,729,660

Summary. The Agency requested \$1,591.5 million, of which \$383.6 million would be used in the five-year period for three projects. Funding includes \$5.3 million from new general obligation bonds for the November 2010 ballot, \$8.7 million from authorized general obligation bonds, \$58.6 million from federal funds, \$71.4 million from revolved capital and \$239.6 million from agency revenue bonds. *The Governor recommended total expenditures of \$1,630.7 million, of which \$381.2 million will be used in the five-year period.* The Assembly concurred.

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009. As part of the Act, Rhode Island received \$26.5 million for clean water projects and \$19.5 million for safe drinking water projects. The Governor has included these funds for FY 2009. The Act provides that not less than 50.0 percent of this amount be disbursed to subsidize eligible recipients in the form of forgiveness of principal, negative interest loans or grants, or any combination of these. It should be noted that the Governor requested an amendment to the FY 2009 budget which would allow the Agency to loan these funds in accordance with the Act.

The Assembly approved the changes, and included the new loan structures for the Agency as part of Article 3 of 2009-H 5019 Substitute A, as amended.

Clean Water Fund. The Agency requested \$240.0 million to be used in the five-year period for a total project cost of \$1,147.0 million for the Clean Water State Revolving Fund, a subsidized loan program for local governmental units to finance wastewater infrastructure projects. The loans are repaid over 20 years and have a subsidy of at least one-third off the market rate. Funding in the five-year period includes \$7.4 million from authorized general obligation bond proceeds, \$25.5 million from federal funds, \$60.9 million from revolved capital and \$146.2 million from agency revenue bonds. The request is \$53.5 million more than the approved plan due to the exclusion of \$55.0 million from new general obligation bonds offset by the addition of \$62.0 million from the Agency's revolved capital funds and \$50.7 million from Agency revenue bonds. The Agency removed the general obligation bonds from its request based on its projection of available funding.

The Governor recommended \$237.3 million for the five-year period, \$2.7 million less than requested. This includes \$43,090 more from authorized general obligation bond proceeds, \$1.5 million more from federal funds and \$4.3 million less from the Agency's revolved capital funds. It should be noted that the recommendation includes an additional \$27.2 million from federal funds for FY 2009 related to the American Recovery and Reinvestment Act of 2009. The Assembly concurred.

Drinking Water Fund. The Agency requested a total project cost of \$383.8 million from all funds, of which \$142.9 million would be used in the five-year period for the Drinking Water State Revolving Fund. The fund operates and is funded by Section 1452 of the Federal Safe Drinking Water Act Amendments of 1996. Federal capitalization grants are awarded to the state and the state contributes a 20.0 percent match. Loans are available to eligible water suppliers for planning, design and construction of safe water supply, treatment and transmission infrastructure projects. The request is \$22.1 million more than the approved plan including \$22.2 million more from revolved capital, \$5.3 million more from new general obligation bonds and \$4.3 million more from previously authorized general obligation bonds. The request also includes \$8.6 million less from federal funds and \$1.1 million less from Agency revenue bonds.

The Governor recommended funding as requested for the five-year period. He included total project costs of \$400.3 million, \$16.5 million more than requested to reflect the use of \$19.5 million related to the American Recovery and Reinvestment Act of 2009, offset by adjustments to pre-FY 2009 expenditures from authorized general obligation bond proceeds. The Assembly concurred.

Water Pollution Fund. The Agency requested a total project cost of \$60.7 million, of which \$0.7 million from the Agency's revolved capital account would be spent in the five-year period for the Water Pollution Control State Revolving Fund. The request is \$3.7 million less than the approved plan due to a revised funding request from local suppliers. This fund receives capital funding from general obligation bond proceeds and transfers the appropriate state match to the Drinking Water State Revolving Fund. The request includes \$5.3 million from new general obligation bond proceeds from a referendum to be placed on the November 2010 ballot.

The Governor recommended total project costs of \$64.6 million, \$3.9 million more than enacted. The recommendation does not include the new general obligation bonds, but increases the Agency's revolved capital by \$1.3 million and recommends an additional \$2.6 million from interest earnings. The Assembly concurred.

Narragansett Bay Commission

Projects	Status	5 Year Total	Project Total
Phase I Combined Sewer Overflow Facilities	Ongoing	\$ 5,420,000	\$ 222,320,000
Phase II Combined Sewer Overflow Facilities	Ongoing	191,670,000	199,235,000
Interceptor Maintenance & Construction	Ongoing	32,990,000	54,218,000
Sewer System Improvements	Ongoing	14,518,000	26,452,000
Wastewater Treatment Facility Improvements	Ongoing	138,859,000	153,379,000
Total		\$ 383,457,000	\$ 655,604,000
Sources of Funds			
General Obligation Bonds		\$ -	\$ 20,257,000
Revenue Bonds		-	53,375,000
Other (Revenue Bonds, State Revolving Fund)		383,457,000	572,958,000
Clean Water State Revolving Fund		-	[126,876,000]
Federal Funds		-	9,014,000
Total		\$ 383,457,000	\$ 655,604,000

Summary. The Commission indicated that the Clean Water Finance Agency does not have sufficient capacity to finance the Commission's capital plan. The FY 2010 through FY 2014 request includes \$355.7 million from other funds, which the Commission indicated consists of State Revolving Funds, revenue bonds or other capital funds. The exact amounts from the aforementioned are not yet known. The request is for five ongoing projects.

The Governor recommended total expenditures of \$655.6 million, with \$383.5 million programmed for the five-year period. This includes \$20.3 million from general obligation bond proceeds, and \$9.0 million from federal funds spent in the pre-FY 2009 period. The Assembly concurred.

Phase I Combined Sewer Overflow Facilities. The Commission requested \$101.5 million from the state Clean Water Finance Agency's revolving funds and the Commission's revenue bonds to be used in FY 2009 and FY 2010 for the completion of Phase I of the combined sewer overflow facilities upgrade. This is \$120.5 million less than the approved plan due to the exclusion of six projects already completed in Phase I, including the Main Spine Tunnel. The communities of Providence, Pawtucket, and Central Falls have combined sewers that overflow at approximately 66 active combined sewer overflows, which contribute to the degradation of Narragansett Bay. During periods of heavy rain, the flow through combined portions of the collection system frequently exceeds the capacity of the system, resulting in a mixture of untreated sewage and stormwater entering the Bay and the surrounding rivers.

The Governor recommended \$222.3 million, which is \$120.8 million more than requested due to the inclusion of completed projects that were not included in the request. The Assembly concurred.

The individual projects that comprise Phase I of the combined sewer overflow facilities project are illustrated in the following table and descriptions.

Phase I Combined Sewer Overflow Facilities – Tunnel Pump Station Fitout and Startup. Consistent with the approved plan, the Commission requested a total of \$59.3 million from all funds, of which \$14.3 million will be spent in FY 2009 and FY 2010 for construction necessary to complete the tunnel pump

station. The project includes installation of pumps, piping and all other necessary mechanical equipment into the tunnel pump chamber. Also included in this contract is the installation of a screen at shaft S-1, the tunnel pump station above ground building force main, and the screening building.

Phase I Combined Sewer Overflow Facilities – Program and Construction Management. Consistent with the approved plan, the Commission requested a total of \$36.0 million from other funds, of which \$2.4 million will be used in FY 2009 and FY 2010 for program oversight and construction management of the combined sewer overflow project.

Phase I Combined Sewer Overflow Facilities – Staff Police Detail and Legal Costs. Consistent with the approved plan, the Commission requested a total of \$4.0 million from other funds, of which \$0.2 million will be used in FY 2010 for staff, police detail and legal costs. Combined sewer overflow administration includes cost estimates for administration costs incurred by the Commission staff that works on various combined sewer overflow construction projects. Administration costs also include salary and fringe, police detail, legal, advertising and reimbursement costs.

Phase I Combined Sewer Overflow Facilities – Regulator Modification. The Commission’s FY 2010 through FY 2014 request does not include additional funding for this project. The project was completed in FY 2008 for a total cost of \$2.2 million. Funding was used for the construction of modifications to the regulator structures at Overflows 012, 013, 016, 042, 043, and 044 to allow the overflows to be diverted to existing interceptors.

Combined Sewer Overflow Facilities FY 2010-FY 2014 Request					
Projects	Pre-FY 2009	FY 2009	FY 2010	Total	
<i>Design</i>	\$ [14,845]	\$ -	\$ -	\$ [14,845]	
<i>Main Spine Tunnel & Ancillary Facilities</i>	[179,880]	-	-	[179,880]	
Tunnel Pump Station Fitout & Startup & Overflow 067	45,046	9,422	4,865	59,333	
Program Management & Construction	33,593	2,040	337	35,970	
<i>Owner Controlled Insurance Program</i>	[15,228]	-	-	[15,228]	
<i>Overflows 006/007</i>	[10,332]	-	-	[10,332]	
<i>Overflows 004/061</i>	[8,397]	-	-	[8,397]	
<i>Overflow 032</i>	[10,530]	-	-	[10,530]	
<i>Overflow 009</i>	[5,491]	-	-	[5,491]	
<i>Woonasquatucket Interceptor Relief</i>	[5,622]	-	-	[5,622]	
Staff/Police Detail/Legal Costs	3,328	436	218	3,982	
<i>Moshasuck River Interceptor</i>	[4,689]	-	-	[4,689]	
<i>Floatables Control</i>	[819]	-	-	[819]	
<i>Land Acquisition</i>	[3,040]	-	-	[3,040]	
Regulator Modifications	2,129	104	-	2,233	
Total	\$ 84,096	\$ 12,002	\$ 5,420	\$ 101,518	

**Numbers are shown in thousands.*

**Italicized projects have been completed and funding is not included in the total.*

Phase II Combined Sewer Overflow Facilities. Consistent with the approved plan, the Commission requested a total of \$199.2 million from the state Clean Water Finance Agency’s revolving funds and the Commission’s revenue bonds for Phase II of the combined sewer overflow facilities project. This is the second of three phases for the Narragansett Bay Commission’s combined sewer overflow project. Phase II involves the construction of a 19,150 feet tunnel along the Woonasquatucket River and an 11,200 feet tunnel along the Seekonk River. These two interceptors will convey flows from combined sewer overflows in Providence along the Seekonk and Woonasquatucket Rivers to the Main

Spine Tunnel constructed in Phase I. The design for Phase II began in January 2008. *The Governor recommended funding as requested.* The Assembly concurred.

Interceptor Maintenance & Construction. The Commission requested \$35.9 million from the state Clean Water Finance Agency's revolving funds and the Commission's revenue bonds to be used from FY 2010 through FY 2014 for 23 projects, 14 of which are completed or will be completed by FY 2009. A number of these projects involve television inspection to indicate if there is any damage to interceptors that might need to be repaired or replaced, as well as the removal of grit from the interceptors to increase sewer capacity. The Commission plans to inspect and clean all of its interceptors in a ten-year period. The request is \$5.0 million more than the approved plan, including \$6.9 million for the additional fiscal year offset by the completion of three projects that were previously included in the approved capital plan. *The Governor recommended \$33.0 million, \$2.9 million less than requested to reflect adjustments to pre-FY 2009 expenditures.* The Assembly concurred.

Sewer System Improvements. The Commission requested a total project cost of \$26.6 million from the state Clean Water Finance Agency's revolving funds and the Commission's revenue bonds, of which \$12.1 million will be used from FY 2010 through FY 2014 to improve its sewer system by connecting the wastewater treatment plants in the entire area. The request is for nine projects, one of which is new. The request is \$2.8 million less than the approved plan due to the removal of two projects that have been completed including the Commission's Capacity, Management, Operations and Maintenance plan and the implementation of its Geographic Information System, as well as a revised estimate for the Commission's facility plan, which has been decreased to reflect actual costs. *The Governor recommended \$26.5 million, \$0.1 million less than requested to reflect adjustments to pre-FY 2009 expenditures.* The Assembly concurred.

Wastewater Treatment Facility Improvements. The Commission requested total project costs of \$152.1 million from the state Clean Water Finance Agency's revolving funds and the Commission's revenue bonds to use from FY 2010 through FY 2014 for various wastewater treatment improvement projects, including effluent discharge removal of nitrogen and ammonia at the Field's Point facility. The request is for ten projects and is \$61.0 million more than the approved plan due to the inclusion of numerous upgrades for both Field's Point and Bucklin Point wastewater treatment facilities. The upgrades are required to comply with discharge limits mandated by the Department of Environmental Management. *The Governor recommended \$153.4 million, \$1.3 million more than requested to reflect the inclusion of a completed project that was excluded from the request.* The Assembly concurred.

Rhode Island Resource Recovery Corporation

Projects	Status	5 Year Total	Project Total
Compost Facility	New	\$ 2,025,000	\$ 12,102,554
Landfill Phase VI Design & Construction	Revised	29,462,000	82,442,040
Landfill Phase V Construction, Closure & Post-Closure	Revised	19,353,725	52,612,894
Landfill Phase IV Closure & Post-Closure	Revised	1,876,400	29,837,914
Landfill Phases II & III Closure	Revised	-	21,763,758
Superfund Remediation-Phase I	Revised	-	20,116,256
Landfill Operations	Revised	8,425,000	24,513,305
Materials Recycling Facility Enhancement	Revised	10,153,000	33,206,642
Landfill Gas Collection System	Revised	16,358,432	68,241,892
Recovermat Facility	Revised	-	7,697,356
Leachate Facility	Revised	8,475,000	10,605,135
Industrial Park Development	Ongoing	622,100	4,156,586
Tipping Facility	Ongoing	-	19,486,064
Facility Improvements	Ongoing	170,000	15,354,327
Management Information Systems	Ongoing	302,550	1,484,315
Total		\$ 97,223,207	\$ 403,621,038
Sources of Funds			
Resource Recovery General Revenue		\$ 79,657,572	\$ 324,490,863
EPA Mandated Trust Fund/State Subsidy		17,565,635	79,130,175
Total		\$ 97,223,207	\$ 403,621,038

Summary. The Corporation's five-year capital plan totals \$412.4 million from all funds, of which \$99.0 million will be used in the FY 2010 through FY 2014 period for 15 projects. Funding includes \$77.3 million from the Corporation's general revenues and \$21.6 million from the Environmental Protection Agency's mandated trust fund. The request is \$75.3 million less than the approved plan due to the removal of expenditures, which the Corporation has identified as operating expenditures. It should be noted the Corporation has altered the presentation of its capital budget and excluded operating costs such as post-closure maintenance activities to better reflect planned capital expenditures.

Subsequent to the Corporation's original submission, it requested changes that resulted in total project costs of \$403.6 million, including \$97.2 million for the five-year period. The subsequent submission reduced expenditures for certain projects in FY 2009 and FY 2010 to reflect revised construction schedules. The Governor recommended funding as requested in the subsequent submission. The Assembly concurred with the recommendation and also included Article 5 of 2009-H 5983, as amended, which removed the Corporation's exemption from the Public Corporation Debt Management Act. Future debt issuances by the Corporation will require Assembly approval.

Compost Facility. The Corporation requested a total project cost of \$12.1 million from its general revenues, of which \$1.9 million will be used from FY 2010 through FY 2014 for equipment purchases and site improvements at the Corporation's compost facility. The facility collects yard waste material and processes it into organic compost which is used both, on-site and distributed to the Rhode Island

Department of Transportation as well as municipalities for projects requiring compost. The project is listed as new in this analysis because it was erroneously excluded from previous capital plans; however, the Corporation requested funding in this request to more accurately reflect ongoing capital expenditures. *The Governor recommended \$12.1 million, consistent with the Corporation's subsequent capital budget request. The recommendation reduces FY 2010 expenditures by \$30,000.* The Assembly concurred.

Landfill Phase VI Design & Construction. The Corporation requested a total project cost of \$83.8 million from its general revenues, of which \$28.9 million will be used in the five-year period to design and construct another series of landfill cells, which must be in service before Phase V reaches its design capacity. The Corporation noted the Phase VI site has been approved by the statewide planning council, and Phase VI will be completed before the closure of Phase V in 2012. The request is \$11.0 million less than the approved plan due to the exclusion of operating expenditures that were included in the previously approved capital plan. The Corporation requested these costs be removed because they are considered operating costs and not capital expenditures.

The Governor recommended \$82.4 million, consistent with the Corporation's subsequent capital budget request. The recommendation is \$1.4 million less, including \$2.1 million less for FY 2009, \$0.1 million less for FY 2010 and \$0.4 million less for FY 2011 offset by \$1.1 million more for FY 2012. The Assembly concurred.

Landfill Phase V Construction, Closure & Post-Closure. The Corporation's request includes a total project cost of \$53.2 million from the Environmental Protection Agency's mandated trust fund, of which \$19.1 million would be used in the five-year period for capping construction, closure and post-closure costs for Phase V, which began accepting refuse in 2004. The Environmental Protection Agency requires the implementation of closure and post-closure care cost plans for municipal solid waste landfills as a condition for operating rights. The request is \$55.1 million less than the approved plan due to the exclusion of operating expenditures that were included in the previously approved capital plan. The Corporation has requested these costs be removed because they are considered operating costs and not capital expenditures.

The Governor recommended \$52.6 million, consistent with the Corporation's subsequent capital budget request. The recommendation reduces FY 2009 funding by \$0.6 million, FY 2010 funding by \$1.1 million and includes an additional \$1.1 million for FY 2011. The Assembly concurred.

Landfill Phase IV Closure & Post-Closure. The Corporation requested a total project cost of \$29.8 million from the Environmental Protection Agency's mandated trust fund and the Corporation's general revenues, of which \$1.9 million will be used in the five-year period for capping, closure and post-closure costs for the four 40-acre landfill cells. The Corporation noted that Phase IV will reach full capacity in FY 2009, and has been partially capped. The request is \$5.1 million less than the approved plan due to the exclusion of operating expenditures that were included in the previously approved capital plan. The Corporation has requested these costs be removed because they are considered operating costs and not capital expenditures. *The Governor recommended funding as requested.* The Assembly concurred.

Landfill Phases II & III Closure. The Corporation requested a total project cost of \$21.8 million from the Environmental Protection Agency's mandated trust fund and the Corporation's general revenues. Phase II and III are now closed, and capping has been completed. The request is \$7.6 million more than the approved plan to reflect actual project costs. *The Governor recommended funding as requested.* The Assembly concurred.

Superfund Remediation-Phase I. The Corporation requested a total project cost of \$20.1 million from the Environmental Protection Agency's mandated trust fund. The request is \$16.2 million less than the approved plan due to the exclusion of operating expenditures that were included in the previously approved capital plan. The Corporation has requested these costs be removed because they are considered operating costs and not capital expenditures. *The Governor recommended funding as requested.* The Assembly concurred.

Landfill Operations. The Corporation requested a total project cost of \$26.6 million from its general revenues, of which \$11.0 million will be used in the FY 2010 through FY 2014 period to acquire and replace equipment necessary to operate the Central Landfill facilities. Expected purchases include earth moving equipment, compacting equipment, and general-purpose vehicles. Also included in the project costs are outlays for erosion and sedimentation control that are required by state and federal regulations. The request is \$25.8 million less than the approved plan due to the exclusion of pre-FY 2009 expenditures, which the Corporation does not consider capital expenditures.

The Governor recommended \$24.5 million, consistent with the Corporation's subsequent capital budget request. The recommendation reduces expenditures in the following way: \$3.3 million less for FY 2009, \$2.0 million less for FY 2010, \$2.2 million less for FY 2011, \$1.1 million less for FY 2012 and \$0.4 million less for FY 2013. The recommendation shifts \$9.0 million of expenditures from FY 2009 through FY 2013 to FY 2014 and beyond. The Assembly concurred.

Materials Recycling Facility Enhancement. The Corporation requested \$33.2 million from its general revenues, of which \$10.2 million will be used from FY 2010 through FY 2014 for capital equipment and machinery component replacements at the Materials Recycling Facility. Equipment and machinery components will be upgraded or replaced due to wear and tear. The request is \$3.8 million more than the approved plan due to the expansion of the Material Recycling Facilities building as well as additional upgrades to the sorting component of the facility. *The Governor recommended funding as requested.* The Assembly concurred.

Landfill Gas Collection System. The Corporation requested a total project cost of \$71.8 million from the Environmental Protection Agency's mandated trust fund and the Corporation's general revenues, of which \$18.8 million will be used in the five-year period for the landfill gas collection system. The Corporation will continue to expand, monitor, and maintain the landfill gas collection system in accordance with federal and state regulations. The request is \$41.7 million more than the approved plan due to revised costs associated with increased gas collection, and the inclusion of post-FY 2014 expenditures that were not included in the previously approved capital plan. *The Governor recommended \$68.2 million, consistent with the Corporation's subsequent request. The recommendation reduces expenditures for FY 2009 by \$1.2 million, and \$0.8 million each for FY 2010 through FY 2012.* The Assembly concurred.

Recovermat Facility. The Corporation requested a total project cost of \$8.6 million from its general revenues, of which \$1.0 million will be used in FY 2010 through FY 2014 for improvements at its recovermat facility. Recovermat is a material made from refuse that has been deposited at the landfill, such as construction and demolition debris, which are then processed to form a material that is environmentally suitable to be used as cover for the landfill. The request is consistent with the approved plan, with the exception of \$2.4 million of FY 2008 expenditures that were not included in the previously approved capital plan. *The Governor recommended \$7.7 million, consistent with the Corporation's subsequent request. The recommendation reduces expenditures by \$0.4 million for FY 2009, \$0.6 million for FY 2010 and \$0.4 million for FY 2011.* The Assembly concurred.

Leachate Facility. The Corporation requested a total project cost of \$10.6 million, of which \$7.9 million will be used from FY 2010 through FY 2014 to construct a new leachate pretreatment facility. The current facility is sized to process 200,000 gallons per day of raw landfill leachate, and the Corporation is requesting a new facility in order to meet discharge limits as well as to increase the facility's capacity to 400,000 gallons per day. The request is \$3.6 million more than the approved plan due to the Corporation's decision to construct a new facility rather than making upgrades to the current facility. *The Governor recommended funding essentially as requested, but shifts \$0.3 million from FY 2009 and \$4.2 million from FY 2010 to FY 2011, consistent with the Corporation's subsequent submission.* The Assembly concurred.

Industrial Park Development. Consistent with the approved plan, the Corporation requested total project costs of \$4.1 million from its general revenues, of which \$35,000 will be used in FY 2010 to complete the development of an industrial/office park. The Corporation anticipates that this project will be a catalyst for the formation and expansion of a recyclables-based manufacturing industry. The request is \$20.4 million less than the approved plan due to the exclusion of costs for land acquisition and improvements made by the Corporation's subcontractors. *The Governor recommended funding essentially as requested, but decreases FY 2009 expenditures by \$0.5 million, consistent with the Corporation's subsequent submission.* The Assembly concurred.

Tipping Facility. The Corporation requested a total project cost of \$19.5 million from its general revenues to purchase machinery and equipment for the tipping facility. The Corporation notes purchases have been made and the project is complete. Total project costs are \$5.8 million less than the approved plan to reflect actual project costs. *The Governor recommended funding as requested.* The Assembly concurred.

Facility Improvements. The Corporation requested a total project cost of \$15.4 million from its general revenues, of which \$60,000 will be used in the five-year period for building improvements at the Johnston facility. Improvements include upgrading the electrical system, erecting a salt shed to house snow removal equipment and salt/sand mixture, and acquiring equipment for in-house maintenance of overhead lighting and doors. The request is \$1.9 million more than the approved plan due to higher than anticipated construction costs expended in FY 2008. *The Governor recommended funding essentially as requested, but shifts \$0.1 million from FY 2009 to FY 2010.* The Assembly concurred.

Management Information Systems. The Corporation requested a total project cost of \$1.5 million from its general revenues, of which \$0.3 million will be used in the FY 2010 through FY 2014 period to continue to upgrade and maintain its management information system. Equipment to be purchased would include servers, desktop computers, network equipment and other information technology equipment. The request is \$0.3 million more than the approved plan due to the inclusion of out year expenditures that were not included in the previously approved capital plan. *The Governor recommended funding essentially as requested, but shifts \$0.1 million from FY 2009 to FY 2010.* The Assembly concurred.

Department of Transportation

Projects	Status	5 Year Total	Project Total
Maintenance Facility Improvements	Revised	\$ 975,000	\$ 1,175,000
Salt Storage Facilities	Revised	5,200,000	10,000,000
Fixed Guideway Commuter Rail	Revised	46,670,982	163,332,845
Highway Improvement Plan	Revised	1,571,271,520	2,126,814,680
East Providence Facility Relocation	Revised	1,362,000	3,162,000
Maintenance Facility Fire Alarms	Revised	600,000	600,000
Pawtucket/Central Falls Train Station Study	Ongoing	2,050,000	2,783,120
Portsmouth Facility	Ongoing	3,300,000	3,500,000
Cherry Hill/Lincoln Facility	Ongoing	950,000	4,529,846
I-195 Relocation	Ongoing	137,174,679	433,748,997
Quonset Access Road	Ongoing	-	110,603,876
Freight Rail Improvement Plan	Ongoing	-	146,387,457
Washington Bridge Repairs	Ongoing	17,764,542	68,006,574
Sakonnet River Bridge	Ongoing	86,840,000	149,900,000
Total		\$ 1,874,158,723	\$ 3,224,544,395
Sources of Funds			
New Bond Authorization		\$ 120,000,000	\$ 175,000,000
Authorized General Obligation Bonds		90,626,797	231,489,846
Federal Funds		1,006,977,185	1,408,986,694
General Revenue		-	3,000,000
Gasoline Tax Proceeds		39,872,956	55,019,931
Debt Service-Federal		235,762,564	324,462,690
Federal GARVEE Bonds		157,232,577	618,233,133
State Motor Fuel Tax Revenue Bonds		19,546,644	117,489,170
Rhode Island Capital Funds		10,542,000	12,187,000
Land Sales		75,000,000	78,147,491
Other		890,000	62,820,440
Federal Stimulus		117,708,000	137,708,000
Total		\$ 1,874,158,723	\$ 3,224,544,395

Summary. The Department requested \$2,032.6 million from FY 2010 through FY 2014 for projects totaling \$3,366.2 million. Funding would require \$203.6 million of new general obligation bond authority, \$7.9 million from authorized bond proceeds, \$1,007.0 million from federal sources, \$157.2 million from federal Grant Anticipation Revenue Vehicle (GARVEE) Bond proceeds, \$75.0 million from the sale of Department owned land and \$10.8 million from Rhode Island Capital Plan funds. State funded GARVEE Bond proceeds account for \$19.5 million. The request also includes \$275.9 million in expenditures for which the funding source was not identified.

The Governor recommended total project costs of \$3,224.5 million, with \$1,874.2 million programmed for the five-year period. The recommendation includes \$120.0 million of new general obligation bonds, of which \$80.0 million will be presented to the voters on the November 2010 ballot. The

Assembly essentially concurred with the recommendation, but made minor adjustments to Rhode Island Capital Plan funds for five ongoing projects.

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009. As part of the Act, Rhode Island received \$137.7 million, of which \$137.1 million is included in the Highway Improvement Program for infrastructure projects, and \$0.6 million is included in the Fixed Guideway project for capital purchases. Funding is apportioned to each state based on the Surface Transportation Program formula, as well as Federal Highway Administration obligation limitations from FY 2008. Funding will be available through September 30, 2010 and not require a state match. The funds must be allocated within the time frame provided in the Act.

If the state does not obligate the total amount within 120 days of the federal apportionment, the Secretary of Transportation may withdraw up to 50.0 percent of the total funding apportioned to the state, and redistribute those funds to other eligible states. One year after the original apportionment, the Secretary of Transportation may withdraw all remaining unobligated funds, and redistribute those funds to other eligible states. The Governor has included these funds from FY 2009 through FY 2011. The Assembly concurred with the use of these funds.

Maintenance Facility Improvements. The Department requested \$1.2 million from Rhode Island Capital Plan funds to be used in FY 2009 and FY 2010 to repair four of its maintenance facilities as well as resurfacing and restoring the asphalt pavement at all maintenance facilities not scheduled to be replaced. Improvements would include roof and gutter replacement at the Scituate facility; storage space for equipment and supplies at the Lincoln facility; three garage bays and storage space at the Hope Valley facility; garage expansion and generator upgrades at the Glocester facility and boiler replacement and environmental remediation at the North Kingstown facility. The request is \$325,000 more than the approved plan due to the inclusion of improvements at the North Kingstown facility.

The Governor recommended total funding as requested; however, he shifted \$650,000 from FY 2010 to FY 2011.

The Assembly concurred, but also provided \$0.3 million from Rhode Island Capital Plan funds for FY 2012 through FY 2014 to fully fund the five-year plan.

Salt Storage Facilities. The Department requested \$6.3 million from Rhode Island Capital Plan funds and general obligation bond proceeds to be used in the five-year period for the construction of salt storage facilities at various locations statewide where salt is currently stored uncovered. The total cost is \$0.4 million more than the approved plan due to revised construction costs, which include an additional \$0.1 million for each of the following facilities: West Main Road, Whipple Avenue and Point Judith. *The Governor recommended \$10.0 million, \$1.1 million less from Rhode Island Capital Plan funds, including \$0.2 million less for FY 2009, \$2.5 million less for FY 2010 offset by the addition of \$1.5 million for FY 2012.*

The Assembly removed \$75,000 from Rhode Island Capital Plan funds for FY 2009 to reflect a revised construction schedule and provided \$1.0 million annually for the five-year period.

Fixed Guideway Commuter Rail. The Department requested total project costs of \$163.1 million from all funds, of which \$47.0 million will be used in the five-year period for the fixed guideway program. Funding includes \$3.6 million of new general obligation bond authority approved by the voters on the November 2008 ballot. The request is \$81.7 million more than the approved plan due to the inclusion of Phase II of the project, which would extend commuter rail service 25 miles to

Wickford Junction as part of the South County Commuter Rail project. *The Governor recommended \$163.3 million, \$0.2 million more than requested to reflect the removal of \$0.4 million from previously authorized general obligation bonds offset by the inclusion of \$0.6 million related to the American Recovery and Reinvestment Act of 2009.* The Assembly concurred.

Highway Improvement Plan. The Department of Transportation requested \$1,729.2 million from all funds for highway improvement program expenditures to be used in the five-year period, for total project costs of \$2,267.5 million. The request includes \$200.0 million of new bond authority for state matching funds, of which \$80.0 million will be submitted to the voters on the November 2010 ballot. The request is \$135.9 million more than the approved plan due to the inclusion of \$333.0 million from unidentified fund sources for a state bridge and road resurfacing program. This increase is offset by a \$195.1 million reduction in other Federal Highway Administration funded projects to more accurately reflect the Department's federal award.

The Governor recommended \$2,126.8 million, \$140.7 million less than requested, primarily to reflect the exclusion of \$333.0 million of unidentified funds, offset by the inclusion of \$137.1 million related to the American Recovery and Reinvestment Act of 2009. The Assembly concurred.

East Providence Facility Relocation. The Department requested a total project cost of \$3.2 million from authorized general obligation bonds, Rhode Island Capital Plan funds and land sale proceeds for the relocation of the East Providence maintenance facility from Sachem Road to state property on the East Shore Expressway on Route 114 and Route 6. Compared to the approved plan, the request includes \$0.2 million more from Rhode Island Capital Plan funds to reflect revised construction costs. *The Governor recommended total funding as requested; however, he delayed the use of Rhode Island Capital Plan funds until FY 2010.* The Assembly provided Rhode Island Capital Plan funds beginning in FY 2011 to reflect a project delay.

Maintenance Facility Fire Alarms. Consistent with the approved plan, the Department requested total project costs of \$0.6 million from Rhode Island Capital Plan funds to be used in FY 2010 and FY 2011 to install fire alarms at the Department's maintenance facilities to comply with updated fire code regulations. *The Governor recommended total funding as requested; however, he revised the expenditures to include \$0.2 million for FY 2010, \$0.1 million for FY 2011 and \$0.3 million for FY 2012 to more accurately reflect the installation schedule.* The Assembly concurred.

Pawtucket/Central Falls Train Station Study. The Department requested total project costs of \$2.8 million, including \$2.2 million from federal funds, \$0.5 million from the City of Pawtucket and \$0.1 million from Rhode Island Capital Plan funds, of which \$2.1 million will be spent in the five-year period to study the feasibility of operating a commuter train station in the Pawtucket/Central Falls area. The request is \$2.2 million more than the approved plan due to an additional two years of funding which will include Phase II of this project, environmental analysis and design. *The Governor recommended funding as requested.* The Assembly shifted \$20,247 from Rhode Island Capital Plan funds from FY 2009 to FY 2010 to reflect a delay in the study.

Portsmouth Facility. Consistent with the approved plan, the Department requested total project costs of \$3.5 million from authorized general obligation bonds and Rhode Island Capital Plan funds to be used from FY 2009 through FY 2011 for the relocation of the Portsmouth maintenance facility to state owned land in an area between Boyd's Lane and the ramp to Route 24 North Bound. *The Governor recommended funding as requested.* The Assembly delayed the use of Rhode Island Capital Plan funds until FY 2013.

Cherry Hill/Lincoln Facility. The Department requested a total project cost of \$4.5 million, of which \$3.0 million would come from previously authorized general obligation bonds and \$1.6 million would come from Rhode Island Capital Plan funds to build a new maintenance facility with salt storage. This facility would consolidate the two maintenance facilities located on Cherry Hill Road in Johnston and on Washington Highway (Route 116) in Lincoln. The request includes \$0.2 million more from Rhode Island Capital Plan funds than were included in the approved plan due to revised construction cost estimates. *The Governor recommended funding as requested.* The Assembly concurred.

I-195 Relocation Project. The Department requested total project costs of \$433.7 million, of which \$137.2 million is from State Motor Fuel Revenue Bonds, Grant Anticipation Revenue Vehicle bonds, Federal Highway Improvement funds and proceeds from land sales. The funds would be used from FY 2009 through FY 2012 for the relocation of Interstate 195 project. The request is \$20.0 million more than the approved plan due to revised construction costs. The Department requested the additional funding from GARVEE Bond proceeds. The project is underway, and the mainline is expected to be open in 2009 with project completion, including demolition of the existing facility and reconnection of city streets by FY 2013. *The Governor recommended funding as requested.* The Assembly concurred.

Quonset Access Road. The Department requested \$110.6 million in total project costs from GARVEE Bond proceeds, Federal Highway Improvement funds and State Motor Fuel Tax Revenue Bonds, of which \$16.1 million will be used in FY 2009 for the Quonset Access Road Phase II project. The request includes \$7.1 million more than the approved plan from GARVEE Bond proceeds, which the Department noted is due to changes in the design which lead to revised construction costs. *The Governor recommended funding as requested.* The Assembly concurred.

Freight Rail Improvement Plan. Consistent with the approved plan, the Department of Transportation requested \$146.4 million in total project costs for the Freight Rail Improvement plan, of which \$1.3 million from federal highway improvement funds will be spent in FY 2009 and FY 2010 for final environmental remediation work along the recently completed 22 miles of new and upgraded track. *The Governor recommended funding as requested.* The Assembly concurred.

Washington Bridge Repairs. Consistent with the approved plan, the Department requested total project costs of \$68.0 million from GARVEE Bond proceeds, of which \$17.8 million will be used in the five-year period to construct a new Washington Bridge that connects Providence to Interstate 195 East. Construction is underway and will be completed in FY 2009. The project also includes the construction of a bicycle and pedestrian linear park facility to be completed in FY 2013. *The Governor recommended funding as requested.* The Assembly concurred.

Sakonnet River Bridge. The Department requested total project costs of \$149.9 million from GARVEE Bond proceeds, Federal Highway Funds and State Motor Fuel Tax Revenue Bonds, of which \$86.8 million will be used in the five-year period for the Sakonnet River Bridge project. The new Sakonnet River Bridge will consist of replacing the existing Sakonnet River Bridge on a new alignment immediately south of the existing structure. The request is \$39.9 million more than the approved plan due to design and engineering changes as well as increases in material and construction costs. *The Governor recommended funding as requested.* The Assembly concurred.

Rhode Island Public Transit Authority

Projects	Status	5 Year Total	Project Total
Elmwood Bus Wash	New	\$ 600,000	\$ 600,000
Bus Purchases	Revised	105,778,752	137,443,236
Security Enhancements	Revised	1,942,000	2,994,510
Kennedy Plaza Repaving	Revised	1,415,000	1,415,000
Intelligent Transportation Systems	Revised	6,501,964	9,858,268
Transit Hubs and Park and Ride	Ongoing	1,625,000	3,119,841
Newport Bus Wash Replacement	Ongoing	-	357,000
Elmwood Bus Complex Expansion	Ongoing	13,013,045	41,662,302
Paratransit Vehicles	Ongoing	11,589,474	25,643,664
Total		\$ 142,465,235	\$ 223,093,821
Sources of Funds			
New Bond Authorization		\$ 11,055,000	\$ 11,765,000
General Obligation Bonds		6,294,588	10,915,360
Federal Funds		92,108,752	156,352,606
RIPTA Operating Fund		130,000	880,080
RIPTA Revolving Loan Fund		3,271,886	7,676,779
Rhode Island Capital Funds		2,988,009	8,705,377
Other (Local Funds)		325,000	506,619
Federal Stimulus Funds		26,292,000	26,292,000
Total		\$ 142,465,235	\$ 223,093,821

Summary. The Rhode Island Public Transit Authority requested \$114.5 million in the five-year period for total project costs of \$195.1 million. Funding includes \$13.7 million from new general obligation bonds, of which \$3.6 million was approved on the November 2008 ballot and \$10.1 million will be included on the November 2010 ballot, \$2.6 million from approved general obligation bond proceeds, \$91.6 million from federal funds, \$3.0 million from Rhode Island Capital Plan funds, \$0.3 million from other funds and \$3.3 million from Authority sources. *The Governor recommended total project costs of \$233.1 million, with expenditures of \$142.5 million for the five-year plan.* The Assembly concurred.

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009. As part of the Act, Rhode Island received \$26.3 million for capital expenses at the Authority. The Governor has included these funds for FY 2009. The Assembly concurred with the use of the funds.

Elmwood Bus Wash. The Authority's request does not include funding to repairs its bus wash at the Elmwood facility. *The Governor recommended \$0.6 million from federal funds for FY 2010 for the Authority to make repairs to its bus wash at the Elmwood facility.* The Assembly concurred.

Bus Purchases. The Authority requested \$81.6 million to be used in the five-year period for a total project cost of \$112.5 million to replace approximately 197 buses, trolleys and flex vehicles. Flex vehicles are vans that supply service to low density areas. The Authority indicated that these vehicles

have or will have exceeded their useful lives. This project is considered revised due to the inclusion of \$13.7 million of new general obligation bond authorization including \$10.1 million for the 2010 ballot, subject to the Assembly's approval. The request also includes \$3.6 million from new general obligation bonds approved by the voters in November 2008. The general obligation bonds will serve as the 20.0 percent local match required to obtain federal funds for bus purchases.

The Governor recommended \$105.8 million for the five-year period, \$24.2 million more than requested to reflect additional federal funds related to the American Recovery and Reinvestment Act of 2009. The recommendation programs the additional funding in FY 2011. The Authority noted that the additional funding will be used to purchase hybrid buses to replace the diesel powered buses at a faster rate than previously planned. The Assembly concurred.

Security Enhancements. Consistent with the approved plan, the Authority requested total project costs of \$2.7 million to improve security at its Elmwood facilities through various projects including new fencing, swipe card access control and additional lighting. Funding includes \$2.1 million from federal funds with a 20.0 percent match of \$0.5 million from the Authority's operating funds. The Authority indicated that this project will satisfy federal requirements that 1.0 percent of federal and state matching funds annually be spent on security enhancements.

The Governor recommended a total project cost of \$3.0 million, \$0.3 million more than requested for FY 2010 to reflect an additional \$0.3 million from federal funds related to the American Recovery and Reinvestment Act of 2009. The Authority noted the funds will be used to purchase additional gates, fences and card readers throughout the Elmwood complex. The Assembly concurred.

Kennedy Plaza Repaving. Consistent with the approved plan, the Authority requested \$600,000 to repave Kennedy Plaza. Kennedy Plaza is the central hub and accommodates 528 weekday bus trips and requires roadway and bus berth repairs in order to maintain a safe and attractive hub. The approved plan was funded through 80.0 percent federal funds, matched by 20.0 percent from local funds; however, the Authority could not obtain a commitment from the City of Providence. The Authority's current request includes the use of \$120,000 from its revolving loan fund for the 20.0 percent match. *The Governor recommended a total project cost of \$1.4 million, \$0.8 million more than requested for FY 2010 to reflect additional federal funds related to the American Recovery and Reinvestment Act of 2009. The Assembly concurred.*

Intelligent Transportation Systems. The Authority requested a total project cost of \$8.5 million from all funds, of which \$4.9 million will be spent in FY 2010 for the implementation of an Intelligent Transportation System. The request is \$0.2 million more than the approved plan due to a revised cost estimate to reflect updated federal specifications. When fully deployed, the system will integrate real time bus data with the Authority's fleet supervisors and customer service kiosks.

The Governor recommended a total project cost of \$9.9 million, \$1.4 million more than requested for FY 2011 to reflect additional federal funds related to the American Recovery and Reinvestment Act of 2009. The Authority noted the additional funds will be used to expedite the implementation of the system. The Assembly concurred.

Transit Hubs and Park and Ride. Consistent with the approved plan, the Authority requested total project costs of \$3.1 million to be used for transit hubs and park and ride improvements. The project will be funded with 80.0 percent of federal transit administration funding and the 20.0 percent local match will come from a combination of local sources, general obligation bonds and the Authority's operating budget. The Federal Transit Administration requires that recipients of funds expend 1.0

percent of federal formula funds for transit hub upgrades. *The Governor recommended funding as requested.* The Assembly concurred.

Newport Bus Wash Replacement. Consistent with the approved plan, the Authority's request includes \$357,000 from all funds to be used in FY 2009 to replace the existing one lane bus wash at the Newport facility. This includes \$285,600 from federal funds and \$71,400 from the Authority's revolving loan fund. The new facility will accommodate all of the Authority's vehicles, including non-revenue vehicles and trolleys. Currently, the compressed natural gas powered trolleys are washed by hand. *The Governor recommended funding as requested.* The Assembly concurred.

Elmwood Bus Complex Expansion. The Authority requested \$13.0 million to be used from FY 2010 through FY 2014 for the expansion of its Elmwood facilities to include a centralized maintenance and administrative operations building, increased bus storage and parking capacity, additional fuel/wash station capacity as well as a new customer service and administrative operations office building. The request is \$7.0 million more than the approved plan, including \$5.7 million more federal funds and \$1.3 million more from Rhode Island Capital Plan funds to reflect revised construction costs. The previously approved plan used cost estimates from 2006, while the current request includes the most recent estimate. *The Governor recommended funding as requested.* The Assembly concurred.

Paratransit Vehicles. The Authority requested \$11.6 million to be used in the five-year period for the replacement of paratransit vehicles software upgrades and surveillance equipment for a total project cost of \$25.6 million. The request is \$0.7 million more than the approved plan, consisting of \$0.1 million more from the Authority's paratransit revolving funds, \$0.2 million more Rhode Island Capital Plan funds and \$0.4 million more from federal funds for the upgrade of the Authority's scheduling software system and for the installation of an on-board video surveillance system. *The Governor recommended funding as requested.* The Assembly concurred.

Rhode Island Airport Corporation

Projects	Status	5 Year Total	Project Total
Outlying Airports General Improvements	Revised	\$ 34,453,831	\$ 45,236,106
T.F. Green Noise Mitigation & Land Acquisition	Revised	31,375,000	87,530,000
T.F. Green Airport General Improvements	Revised	18,019,671	21,486,391
Environmental Compliance	Revised	25,417,147	25,579,387
Warwick Intermodal Train Station	Revised	61,254,327	111,304,965
Security Measures	Ongoing	1,079,500	1,160,000
Total		\$ 171,599,476	\$ 292,296,849
Sources of Funds			
Federal Funds		\$ 66,555,397	\$ 122,123,878
Passenger Facility Charges		9,282,730	20,801,983
Airport Bonds		33,901,599	37,349,118
TIFIA Loan		41,345,508	42,000,000
Special Facility Bonds		-	39,614,435
Customer Facility Charge		19,908,819	29,690,530
Airport Operating Funds		605,423	716,905
Other (Federal Highway Administration)		[54,700,612]	[155,692,279]
Total		\$ 171,599,476	\$ 292,296,849

Summary. The Airport Corporation requested total capital expenditures of \$448.0 million, including \$226.3 million during the FY 2010 through FY 2014 period. The request is \$454.5 million less than the approved plan, primarily due to the removal of projects related to the expansion of T.F. Green Airport, and assumes the issuance of \$30.7 million of future airport corporation bonds.

The Governor recommended total project costs of \$292.3 million from all sources, including \$171.6 million for the five-year period. The recommendation is \$155.7 million less than requested due to the exclusion of Department of Transportation funds to avoid double counting. The Assembly concurred.

Outlying Airports General Improvements. The Corporation requested \$45.2 million for 22 projects to make improvements at the Corporation's five general aviation airports including \$34.5 million for FY 2010 through FY 2014. Projects include construction of maintenance facilities, easement acquisition, noise mitigation projects and the rehabilitation of runways. The request is \$4.5 million less than the approved plan due to the exclusion of six of the 28 projects that were included in the approved capital plan. Funding requested in the five-year period includes \$29.6 million from federal funds, \$2.7 million from passenger facility charges, \$1.8 million from the Corporation's bonds and \$0.5 million from the Corporation's general revenue. *The Governor recommended funding as requested. The Assembly concurred.*

T.F. Green Noise Mitigation and Land Acquisition. The Corporation requested a total project cost of \$87.5 million for noise mitigation projects at T. F. Green Airport, including \$31.4 million to be spent during the FY 2010 through FY 2014 period. These projects involve land acquisition, which is being carried out in phases. Phases one through five have been completed, and the request includes expenditures for phases six through eight. The request is \$24.7 million more than the approved plan due to the inclusion of post FY-2014 expenditures. Total expenditures for the five-year period include

\$25.1 million from federal funds and \$6.3 million from passenger facility charges for the noise mitigation program. *The Governor recommended funding as requested.* The Assembly concurred.

T.F. Green Airport General Improvements. The Airport Corporation requested total expenditures of \$21.5 million for seven individual general improvement projects at T.F. Green Airport, with \$18.0 million programmed for FY 2010 through FY 2014. Total funding requested during the five-year period consists of \$11.7 million from federal funds, \$6.8 million from airport revenue bonds and \$2.9 million from passenger facility charges. The request is \$11.9 million less than the approved plan due to the completion of seven projects included in the previous plan. *The Governor recommended funding as requested.* The Assembly concurred.

Environmental Compliance. The Corporation requested total project costs of \$25.6 million for environmental compliance projects at T.F. Green Airport. The first component of this project involves the identification of a long-term strategy to manage the reclamation of glycol, which is used to de-ice planes at the airport. The second component will establish an environmental management system that will be used to more efficiently manage environmental issues at T.F. Green Airport. The request is \$3.4 million more than the approved plan due to revised estimates for the cost of permits associated with environmental compliance. Project funding includes \$25.3 million from Airport Corporation bonds, \$0.3 million from federal funds and \$64,896 from passenger facility charges. *The Governor recommended funding as requested.* The Assembly concurred.

Warwick Intermodal Train Station. The Corporation requested total project costs of \$267.0 million for the Warwick Intermodal Train Station project, including \$116.0 million for the FY 2010 through FY 2014 period. The proposed station would include access to trains, a bus terminal, rental car operations, additional parking and an elevated moving sidewalk to transport passengers. Total project funding includes \$39.6 million from special facility bonds, \$42.0 million of federal funds in accordance with the Transportation Infrastructure Finance and Innovation Act, \$29.7 million from customer facility charges, \$124.6 million from Federal Highway Administration grants and \$31.6 million from general obligation bonds. The request is \$44.5 million more than the approved plan due to revised construction cost estimates. *The Governor recommended \$111.3 million, \$155.7 million less than requested due to the exclusion of federal funds that are shown in the Department of Transportation's budget.* The Assembly concurred.

Security Measures. Consistent with the approved plan, the Corporation requested total project costs of \$1.2 million for security enhancements at T.F. Green Airport. Programmed expenditures would include \$0.9 million from federal funds and \$0.3 million from passenger facility charges to complete the security enhancements. *The Governor recommended funding as requested.* The Assembly concurred.

Section V

FY 2009 Revised Budget

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FY 2009 Revised Final Budget

		FY 2008 Reported		FY 2009 Enacted		FY 2009 Revised	FY 2009 Final
Expenditures by Function*							
General Government	\$	1,479.8	\$	1,399.0	\$	1,487.6	\$ 1,751.9
Human Services		2,731.0		2,619.3		2,651.7	2,702.4
Education		1,912.0		2,001.5		1,937.4	1,997.7
Public Safety		422.3		433.5		447.3	451.7
Natural Resources		77.5		95.7		88.7	92.2
Transportation		305.4		370.0		368.6	390.9
Total	\$	6,928.0	\$	6,919.1	\$	6,981.3	\$ 7,386.8
Expenditures by Category*							
Salaries and Benefits	\$	1,439.6	\$	1,351.4	\$	1,371.9	\$ 1,398.6
Contracted Services		178.9		200.0		204.9	207.5
Subtotal	\$	1,618.6	\$	1,551.4	\$	1,576.8	\$ 1,606.1
Other State Operations		627.9		616.4		624.6	627.5
Aid to Local Units of Government		1,255.8		1,311.6		1,156.8	1,215.6
Assistance, Grants, and Benefits		2,966.7		2,831.7		3,044.0	3,354.7
Capital		110.8		242.7		247.8	246.4
Capital Debt Service		201.3		228.2		209.9	215.5
Operating Transfers		146.9		136.9		121.4	121.0
Total	\$	6,928.0	\$	6,919.1	\$	6,981.3	\$ 7,386.8
Sources of Funds*							
General Revenue	\$	3,405.3	\$	3,276.2	\$	3,086.4	\$ 3,001.1
Federal Aid		1,939.1		1,997.9		2,118.6	2,435.7
Restricted Receipts		136.0		152.5		150.5	155.0
Other		1,447.6		1,492.5		1,625.8	1,794.9
Total	\$	6,928.0	\$	6,919.1	\$	6,981.3	\$ 7,386.8
FTE Authorization		15,688.7		14,958.6		14,465.8	14,474.9
FTE Average		14,791.8					

**Data in millions*

Summary

The Governor's revised budget recommendations for FY 2009 are contained in 2009-H 5019, introduced on January 7, 2009. For the second year, it was not submitted along with his FY 2010 recommendations due to the severe current year deficit that required faster action to insure the state would end in balance and be able to meet its financial obligations. Staff estimated the deficit to be \$366.8 million. The Revenue Estimating and Caseload Estimating conferences had significantly altered revenue and caseload estimates in November based on rising unemployment rates, a deteriorating economy, and unachieved Medicaid savings.

The Assembly enacted 2009-H 5019, Substitute A, as amended, on April 2; it became law without the Governor's signature on April 10, 2009. Final revisions to FY 2009 are contained in Article 4 of 2009-H 5983, Substitute A, as amended, the FY 2010 appropriations act. It was passed by the House on June 24 and by the Senate on June 26. The Governor signed it on June 30.

The Governor recommended total revised expenditures for FY 2009 of \$6,981.3 million, which is \$62.2 million or 0.9 percent more than enacted by the 2008 Assembly. Total expenditures would increase \$53.3 million or 0.8 percent over reported FY 2008 expenditures.

In November, House Fiscal Staff projected a general revenue deficit of \$366.8 million, equal to 11.3 percent of expenditures excluding debt service. Two-thirds of the deficit is due to significant reduction in revenues from the enacted budget, \$233.6 million or 7.0 percent. The reduction was based upon the major recessionary weakening of the economy.

Expenditures were projected to exceed appropriations by \$98.6 million, or 3.0 percent. In addition, \$38.4 million was estimated as required to balance the FY 2008 closing deficit. For the second consecutive year, the state ended "in the red," although it had more than sufficient balances in the Budget Reserve and Stabilization Account to cover the closing deficits. The 2008 Assembly appropriated \$19.4 million from the Budget Reserve to liquidate the FY 2007 closing deficit and repaid that amount to the fund as required by statute.

The Governor recommended that the Assembly appropriate \$38.4 million from the Budget Reserve to liquidate the FY 2008 closing deficit, but recommended changing the statutes to not repay in FY 2009 as required, deferring the repayment to FY 2010. Subsequent to his recommendation, the FY 2008 closing deficit grew to \$43.0 million. The remainder of the \$366.8 million deficit is the net of a lower opening surplus offset by reduced revenue transfer to the Budget Reserve and Stabilization Account. The transfer is a percentage of revenues, and is reduced when revenues are reduced.

He subsequently submitted twelve budget amendments that unbalanced that budget by approximately \$85 million. His thirteenth budget amendment utilizes federal stimulus funds to restore a number of reductions that he recommended in January. These include restoring portions of his local aid reductions and payments to Medicaid providers. That amendment does not include repayment of the Budget Stabilization Fund in FY 2009, which would be depleted by 40.2 percent.

The revised budget adopted in 2009-H 5019, Substitute A, as amended, was based upon positioning Rhode Island's finances to maximize the state's ability to react to deteriorating revenues by not committing funding that may not materialize come May revenue estimates. It held the rainy day fund in reserve in the event of bad news in May and maintained most of Governor Carcieri's January proposed expenditure and revenue measures.

The Revenue Estimating Conference concluded May 11 and revised the FY 2009 estimate to \$3,072.3 million, which is \$70.0 million less than the revenues included in 2009-H 5019, Substitute A, as amended.

The Assembly's revisions to 2009-H 5019, Substitute A, as amended, resolved that \$70.0 million gap with \$44.5 million of pension changes, use of \$22.0 million from the rainy day fund, and \$4.7 million less for all other adjustments. These included \$5.5 million in caseload savings consistent with the May Caseload Conference, \$4.6 million from changes to hospital fees and payments and \$5.1 million of statewide benefit employee savings based on revised projections, offset by the need to restore \$10.0

million from fiscal stabilization funds not available until FY 2010 and \$0.4 million for all other changes.

	Enacted	Governor	Assembly
Opening Surplus			
Free Surplus	\$ 3,199,106	\$ -	\$ (42,950,479)
Reappropriated Surplus	-	1,738,518	1,738,518
Subtotal	\$ 3,199,106	\$ 1,738,518	\$ (41,211,961)
Revenues	3,346,715,803	3,346,715,803	3,346,715,803
November Revenue Conference	-	(233,613,763)	(233,613,763)
H 5019 Changes	-	41,075,217	29,192,815
May Revenue Conference	-	-	(69,964,855)
H 5983 Changes	-	-	16,151,170
Total Revenues	3,346,715,803	3,154,177,257	3,088,481,170
Budget Reserve Fund	(73,698,128)	(69,391,900)	(67,001,675)
Total Available Resources	\$ 3,276,216,781	\$ 3,086,523,875	\$ 2,980,267,534
Expenditures	3,276,156,221	3,276,156,221	3,276,156,221
November Caseload Conference	-	36,110,969	36,110,969
H 5019 Changes	-	(225,863,131)	(279,968,044)
May Revenue Conference	-	-	(5,525,471)
H 5983 Changes	-	-	(25,648,524)
Total Expenditures	\$ 3,276,156,221	\$ 3,086,404,059	\$ 3,001,125,151
Total Surplus	\$ 60,560	\$ 119,816	\$ (20,857,617)
Transfer from Rainy Day Fund	-	-	22,000,000
Free Surplus	\$ 60,560	\$ 119,816	\$ 1,142,383
Rainy Day Fund	\$ 102,869,358	\$ 107,242,027	\$ 81,548,043
Operating Surplus/(Deficit)	\$ (3,138,546)	\$ (1,618,702)	\$ 22,092,862

The final FY 2009 Budget increases spending recommended by the Governor by \$405.5 million, of which \$317.1 million is from federal funds, mostly the result of the American Recovery and Reinvestment Act of 2009, or stimulus. Expenditures from other funds increase \$169.2 million driven largely by revised estimates of unemployment benefit payments from that trust fund. Spending from general revenues is \$85.3 million less.

The total \$7,386.8 million budget is \$467.7 million more than originally enacted by the 2008 Assembly and \$458.8 million more than FY 2008 actual expenditures. Again, most of the change is driven by federal stimulus funding, some of which is a direct substitution for general revenues, and significant increase in unemployment benefit payments. Expenditures from federal funds are \$437.8 million more than enacted and \$496.6 million more than FY 2008. Those from other funds, including the unemployment trust fund are \$302.4 million more than enacted and \$347.3 million more than FY 2008. By contrast, general revenue expenditures are \$275.0 million or 8.4 percent less than included in the FY 2009 budget adopted by the 2008 Assembly and \$404.1 million or 11.9 percent less than actual FY 2008 expenditures.

FY 2009 Final	General					All Funds
	Revenue	Federal	Restricted	Other		
FY 2008 Final	\$ 3,367.8	\$ 2,032.8	\$ 156.2	\$ 1,426.2	\$	\$ 6,982.9
FY 2008 Actual	3,405.3	1,939.1	136.0	1,447.6		6,928.0
Difference	\$ 37.4	\$ (93.7)	\$ (20.2)	\$ 21.5	\$	\$ (54.9)
FY 2009 Enacted	\$ 3,276.2	\$ 1,997.9	\$ 152.5	\$ 1,492.5	\$	\$ 6,919.1
Governor's Revised	3,086.4	2,118.6	150.5	1,625.8		6,981.3
Governor's Revision to Enacted	\$ (189.8)	\$ 120.7	\$ (2.0)	\$ 133.3	\$	\$ 62.2
Percent Revision	-5.8%	6.0%	-1.3%	8.9%		0.9%
General Assembly	\$ 3,001.1	\$ 2,435.7	\$ 155.0	\$ 1,794.9	\$	\$ 7,386.8
Change to Enacted	(275.0)	437.8	2.5	302.4		467.7
Percent Change	-8.4%	21.9%	1.6%	20.3%		6.8%
Change to Governor	\$ (85.3)	\$ 317.1	\$ 4.5	\$ 169.2	\$	\$ 405.5
Change to FY 2008	\$ (404.1)	\$ 496.6	\$ 19.0	\$ 347.3	\$	\$ 458.8
Percent Change to FY 2008	-11.9%	25.6%	14.0%	24.0%		6.6%

Department of Administration

	FY 2008 Reported	FY 2009 Enacted	FY 2009 Revised	FY 2009 Final
Expenditures by Program				
Central Management	\$ 1,937,689	\$ 1,855,323	\$ 1,775,342	\$ 1,740,853
Accounts & Control	3,464,745	3,886,437	3,769,295	3,608,194
Budgeting	1,902,391	2,126,819	2,009,899	1,938,420
Purchasing	2,177,779	2,280,079	1,998,685	1,969,180
Auditing	1,720,953	1,848,952	1,340,038	1,317,856
Human Resources	12,344,536	13,110,303	12,385,818	12,201,053
Personnel Appeal Board	104,778	111,226	90,973	90,973
General	291,831,171	295,367,589	236,551,409	252,060,361
Debt Service	169,999,227	189,227,909	175,542,960	180,477,960
Legal Services	2,634,687	2,383,921	1,145,194	1,137,851
Facilities Management	43,303,506	49,302,687	42,470,138	41,719,112
Capital Projects and Fac. Mgt.	3,578,786	3,887,058	3,886,886	3,473,042
Information Technology	26,576,743	31,331,246	33,859,003	27,389,008
Library Programs	2,047,156	2,011,906	1,821,830	1,802,748
Planning	13,913,930	17,730,411	28,143,061	18,241,658
Undistributed Savings	-	(92,322,698)	(43,039,056)	2,818,970
Energy Resources	23,688,685	20,949,991	37,881,882	56,221,211
Security Services	16,234,963	-	-	-
Sheriffs	-	15,488,294	16,433,982	16,236,545
Fire Safety Code Board *	-	306,552	-	-
Total	\$ 617,461,725	\$ 560,884,005	\$ 558,067,339	\$ 624,444,995
Expenditures by Category				
Salaries and Benefits	\$ 80,291,121	\$ (5,483,782)	\$ 32,630,405	\$ 77,516,127
Contracted Services	6,322,430	6,796,701	8,127,132	7,981,297
Subtotal	\$ 86,613,551	\$ 1,312,919	\$ 40,757,537	\$ 85,497,424
Other State Operations	42,248,007	41,424,475	45,057,915	38,588,903
Aid to Local Units of Government	242,994,334	246,618,570	186,982,120	211,785,526
Assistance, Grants, and Benefits	39,200,997	38,834,237	66,437,415	74,900,244
Capital	10,981,684	36,794,046	36,647,388	26,652,934
Capital Debt Service	170,300,361	189,600,517	175,885,723	180,720,723
Operating Transfers	25,122,791	6,299,241	6,299,241	6,299,241
Total	\$ 617,461,725	\$ 560,884,005	\$ 558,067,339	\$ 624,444,995
Sources of Funds				
General Revenue	\$ 520,058,764	\$ 461,660,272	\$ 413,385,631	\$ 468,112,139
Federal Aid	39,828,801	33,952,039	60,593,389	71,626,013
Restricted Receipts	9,973,069	8,876,034	12,864,453	16,334,694
Other	47,601,091	56,395,660	71,223,866	68,372,149
Total	\$ 617,461,725	\$ 560,884,005	\$ 558,067,339	\$ 624,444,995
FTE Authorization	1,032.8	955.8	845.6	845.6
Statewide Retirement Savings	-	(400.0)	-	-
FTE Average	909.2			

**The revised budget reflects a shift of the Fire Safety Code Board to the Capital Projects and Facilities Management program.*

FY 2009 Revised Request. The Department requested revised expenditures totaling \$670.3 million from all funds. This is \$109.4 million more than the enacted budget, of which \$91.1 million is due to the allocation of undistributed personnel savings. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$5,517,457 for the Department including \$4,355,100 from general revenues and 26.2 positions. Adjusted for that, the request is \$22.6 million more from all sources, including \$0.1 million less from general revenues.

The Governor recommended expenditures totaling \$558.1 million, including \$413.4 million from general revenues. The recommendation includes the allocation of \$91.1 million of undistributed personnel savings. The recommendation is \$94.1 million less general revenues than requested largely due to the withdrawal of \$55.1 million for the General Revenue Sharing program, \$7.0 million less for the Motor Vehicle Excise Tax and \$25.9 million in new savings to be achieved by proposed pension changes and reducing the retirement contribution by 75.0 percent. He also recommended staffing of 845.6 positions, 2.0 fewer positions than requested.

The Governor subsequently requested numerous amendments to adjust expenditures. This includes \$3.0 million from general revenues for the Convention Center Authority, \$8.6 million from federal funds for the Low Income Home Energy Assistance Program and the transfer of \$9.9 million from federal funds for the Neighborhood Stabilization Program from Statewide Planning to Rhode Island Housing. He requested an amendment to restore \$31.0 million from general revenues to fund the General Revenue Sharing program and subject it to appropriation, and use of \$10.0 million from the Stabilization Fund to pay for the station fire crime suit settlement. He included new federal funds for weatherization assistance and the Low Income Energy Efficiency Rebate program. He included adjustments for turnover savings, the Payment in Lieu of Taxes and the Motor Vehicle Excise Tax programs. He subsequently revised his FY 2009 pension proposal to exclude those eligible to retire before July 1, 2009 and restored the savings on an actuarial estimate.

The Assembly provided \$66.4 million more from all funds than recommended, including \$54.7 million from general revenues. This includes \$25.0 million for partial restoration of the General Revenue Sharing program, \$45.9 million from all funds for unachieved pension savings, \$1.3 million for the Convention Center Authority and \$3.6 million for interest on tax anticipation notes. The Assembly reduced expenditures for capital projects by \$9.1 million to reflect revised project costs or delays.

The Assembly also adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Department is \$1.3 million.

Staffing. The Department requested staffing of 847.6 full-time positions. This is 108.2 positions less than enacted and 82.0 positions less than adjusted for the personnel allocation. The request reflects the transfers of 2.0 positions to the Office of the Governor, 1.0 to the Office of Health and Human Services and 2.0 positions to the Department of Transportation. The request converts two existing vacant positions into a state purchasing agent and one to administer a new federal program. The request also includes the elimination of 38.5 vacant positions and 66.0 positions that have not received approval from the hiring committee. The revised request for staffing of 847.6 positions is 75.9 positions more than the number of filled positions the Department had as of pay period ending December 6, 2008, which was 771.7 positions.

The Governor recommended staffing of 845.6 positions, 2.0 fewer than requested. This reflects 3.0 fewer positions for the Division of Information Technology, offset by a new position to oversee the Capital Projects and Property Management program. The Assembly concurred.

Statewide Items

Distributed Contract Negotiations. The enacted budget includes \$60.6 million from all funds, of which \$33.4 million is from general revenues in undistributed personnel savings. The request assumes the statewide allocation of these savings. The amount allocated to the Department of Administration includes \$2.8 million from general revenues. *The Governor recommended funding as requested.* The Assembly concurred.

Distributed Retirement Vacancy Savings. The enacted budget includes \$30.5 million from all funds, of which \$16.8 million is from general revenues in undistributed personnel savings. The request assumes the statewide allocation of these savings. The amount allocated to the Department of Administration includes \$1.5 million from general revenues. *The Governor recommended funding as requested.* The Assembly concurred.

Office Equipment Maintenance. The enacted budget assumes a statewide savings of \$1.2 million from all funds, including \$560,942 from general revenues from purchasing a single maintenance contract for state office equipment instead of individual manufacturers' service contracts. The Department indicated that the savings will not be achieved in FY 2009 because a baseline study needs to be completed to accurately determine the equipment and contracts that are allowable for this program. It should be noted that the FY 2010 budget request also does not include the savings. The Department noted that once the study is complete an estimate of the savings will be submitted. The State Controller indicated that the Request for Proposal is completed. *The Governor recommended funding as requested.* The Assembly concurred.

State Fiscal Stabilization. The state will receive \$30.0 million from the Federal Fiscal Stabilization Fund. *The Governor requested an amendment to use \$10.0 million from the funds to pay for the state's share of the station fire civil suit settlement in FY 2009. Information provided by the Budget Office, indicated that the settlement payment would be paid in FY 2010 instead of FY 2009.* The Assembly funded the station fire civil suit settlement in the FY 2010 budget. Subsequent information from the Auditor General indicated that if the settlement payment were to be made in the current year, it would trigger an audit issue in reporting liabilities for FY 2008.

Undistributed Pension Savings. The Budget continues a practice begun three years ago of putting major personnel savings in the Department of Administration's budget that belong in other agencies and departments. Undistributed salary and benefit savings total \$43.0 million from all funds, including \$25.9 million from general revenues in the FY 2009 revised budget. The Governor's proposed changes are contained in Article 32 of 2009-H 5019. The savings reflect the following changes:

Benefit Changes - COLA. The Governor proposed to eliminate the annual cost-of-living adjustments for all state employees that retire after April 1, 2009, including state police and judges.

Benefit Changes - Retirement Age. The Governor proposed to set a minimum age of 59 for state employees to be eligible for retirement for any employee that retires after April 1, 2009. This requirement would only affect those employees vested as of July 1, 2005 (Plan A), as those employees vested after July 1, 2005 already have a minimum retirement age of 59.

Benefit Changes – Disability Pensions. The Governor proposed to make changes to pensions for those retiring with an accidental disability after April 1, 2009. If a member has not been found by the Retirement Board to be permanently and totally disabled from any employment, that member shall receive a disability retirement allowance equal to 50.0 percent of the member's compensation at the date of the member's retirement. If a member has been found by the Board to be permanently and totally disabled from any employment, that member will receive a retirement allowance equal to 66 2/3rds percent of the rate of the member's compensation at the date of the member's retirement, which is currently the practice.

He subsequently revised his proposal to exclude those eligible to retire before July 1, 2009. An actuarial analysis of the proposal found the budgeted savings estimates to be too high. The amended proposal yields only \$28.8 million in savings for FY 2009. However, if the actuaries were to restate the contribution rate to show those savings, the new rate would have to account for the FY 2009 loss of \$19.6 million from the reduction in the payroll base from the surge of retirements prompted by retiree health changes that were effective October 1, 2008. This results in a net savings of \$9.2 million, of which \$6.7 million would be from general revenues. This would require adding back \$33.9 million including \$19.3 million from general revenues.

The Governor subsequently requested an amendment to add back the full \$43.0 million of assumed savings. Actuarial analyses of both proposals found the budgeted savings estimates to be too high. The amended proposal yields only \$28.8 million in savings for FY 2009. However, if the actuaries were to restate the contribution rate to show those savings, the new rate would have to account for the FY 2009 loss of \$19.6 million from the reduction in the payroll base from the surge of retirements prompted by retiree health changes that were effective October 1, 2008. This results in a net saving of \$9.2 million, of which \$6.7 million would be from general revenues. This would require adding back \$33.9 million including \$19.3 million from general revenues. The Governor's amendment proposes adding back the full \$43.0 million of assumed savings.

The Assembly adopted pension changes that apply its changes to those eligible to retire on or after October 1, 2009. The changes include a minimum retirement age of 62 with a proportional application of that minimum age to current members based on their current service as of October 1, 2009. This means that those closest to retirement eligibility would have the smallest change in their current minimum retirement age. Similar adjustments are included for Correctional Officers and Nurses employed by the Department of Mental Health, Retardation and Hospitals.

Changes also include freezing service credits for those in Plan A, shifting all future accrual to Plan B. Members in both plans would retain the respective 80.0 and 75.0 percent caps on their accruals. The cost-of-living adjustment would all be based on the Plan B model of the lesser of inflation or 3.0 percent on the third anniversary. Finally, the salary basis for benefits would be changed to the five consecutive highest years, from the current three.

For all judges hired after July 1, 2009 the maximum benefit accrual is reduced to 80.0 percent for full retirement from the current 90.0 percent and to 65.0 percent for a reduced retirement from the current 70.0 percent. These include changing the salary basis for benefits to the five consecutive highest years, from the current three. The Assembly also included the Governor's recommended disability changes and required that service credit purchases be at full actuarial value.

The final actuarial review included adding back the \$19.8 million current year loss noted above and assumed savings from the new changes which result in the need for an additional \$2.8 million from all funds, including \$1.5 million from general revenues. The Assembly included this along with the restoration of the original savings assumed.

Local Aid

Motor Vehicle Excise Tax. The Department requested \$2.8 million more than the enacted amount of \$139.6 million to fund the Motor Vehicle Excise Tax program. The request is based on information obtained that assessed values have increased from the budgeted 3.2 percent to 5.3 percent. Legislation passed in 2008-H 7204 Substitute A, permanently reduced the Motor Vehicle Excise Tax reimbursements to 98.0 percent of the calculated value beginning with FY 2008.

The Governor recommended \$135.4 million or \$4.2 million less than enacted and \$7.0 million less than requested to reflect updated data, which shows that the growth rate from FY 2008 to FY 2009 was actually 0.1 percent. The enacted budget assumed a growth rate of 3.2 percent.

Subsequently, he requested an amendment to further reduce expenditures by \$10,036 to reflect final numbers received from municipalities, which indicate \$135,370,317 is required to fund the Motor Vehicle Excise Tax program. The Assembly concurred.

General Revenue Sharing. The Department requested the enacted amount of \$55.1 million to fund the General Revenue Sharing aid to local communities. The distribution formula is based on per capita income and local tax burdens for public purposes, excluding taxes allocated to education. Additionally the state distributes 0.10 percent of all net video lottery terminal income up to a maximum of \$10.0 million to communities not eligible for distressed communities' aid, as general revenue sharing through the same method.

The Governor proposed Article 7 of 2009-H 5019 to suspend payments to communities in FY 2009 and assumed \$55.1 million in savings. The state generally makes the formula payment to communities in March of each year, and the supplemental payment from video lottery revenues at the end of June.

He subsequently requested an amendment to restore \$31.0 million from general revenues to fund the program and subject the program to appropriation. He would require that a portion of the funds go to local education aid, based on the percent of support for the school budget that the community supplied in FY 2007. The Administration needs to receive approval from the Secretary of Education for the state's use of the state fiscal stabilization funds. The Administration indicated that its plan for the payment of General Revenue Sharing is not contingent upon the Secretary of Education's decision. If the revised budget were to pass prior to the Secretary's ruling; the Administration would make the payments to the municipalities.

The Assembly did not concur and restored \$25.0 million to be distributed proportionally on the same basis as the original enacted budget.

Library Construction Aid. The revised request reflects a general revenue savings of \$178,282 for one project that came under budget due to lower than anticipated interest rates for library construction aid, for which the enacted budget includes \$2.8 million. The Rhode Island General Laws establish a library construction aid program, which is administered by the Office of Library and Information Services. The statute provides the authority to make grants-in-aid to a municipality or a free public library for the construction or capital improvements of any free public library designed to provide

better services to the public. *The Governor recommended funding as requested.* The Assembly concurred.

Property Valuation Reimbursements. The Department's request includes the enacted amount of \$1,272,000 to reimburse communities conducting scheduled property revaluations or statistical updates. Expenditures fluctuate annually and were \$1.1 million in FY 2008 and \$2.2 million in FY 2007. *The Governor recommended \$140,000 less based on revised estimates from those communities conducting revaluations in FY 2009.* The Assembly concurred.

Payment in Lieu of Taxes. The Department's request includes the enacted amount of \$27.8 million to fund the Payment in Lieu of Taxes program, which reimburses cities and towns for property taxes that would have been due on real property owned by nonprofit educational institutions, nonprofit hospitals, or any state-owned hospital, veterans' residential facility or correctional facility, which is exempt from taxation by state law.

The Governor recommended funding as requested. Subsequently, he requested an amendment to reduce payments for the program by \$186,558 based upon a review of qualifying properties on the Pastore Campus. The Assembly concurred.

Other Programs

Teachers' Retiree Health Subsidy. The Department requested an additional \$1.1 million from general revenues for which the enacted budget already includes \$0.5 million for the state's cost of allowing retired teachers to purchase their health insurance at the active employee rate, which is lower than the retiree rate. The original FY 2008 enacted budget included \$1.4 million. The Governor's recommendation eliminated the subsidy in the FY 2008 revised budget and reduced expenditures by \$1.0 million in the FY 2009 budget based on the assumption that the teachers' retiree health accounts had sufficient balances to cover the costs without a separate appropriation for the subsidy. The Controller's Office later calculated the true fund balance revealing the previous analysis to be incorrect. The FY 2008 closing showed \$1.4 million in expenditures to the Department's budget for which there was no longer an appropriation.

The Governor recommended funding as requested. The Controller's Office indicated that further analysis of the retiree health fund shows FY 2009 expenditures would be \$2.2 million. The Governor requested an amendment to provide the additional \$0.6 million from general revenues. The Assembly concurred.

Neighborhood Opportunities Program. The FY 2008 final budget included \$2.5 million from Rhode Island Capital Plan funds for the Neighborhood Opportunities Program. The Housing Resources Commission indicated that the funds were committed and in some cases expended, however, were apparently not paid to Rhode Island Housing in FY 2008. The Department failed to include the automatic reappropriation of these funds. The Housing Resource Commission administers the program, which provides grants or low interest loans for the rehabilitation of dilapidated housing units or new construction as well as operating subsidies to reduce rents.

The Governor included the reappropriation of \$2.5 million from Rhode Island Capital Plan funds. The Assembly concurred.

Regional Greenhouse Gas Initiative. The Department requested revised expenditures of \$1.3 million from the Regional Greenhouse Gas restricted receipt fund. This is \$1.2 million more than the enacted budget to reflect actual receipts from the sale of emission allowances. A regional auction was held in

December 2008; 31.5 million carbon allowances were sold at a price of \$3.38 per allowance, for a total of \$106.5 million. Another auction was held in September 2008; 12.6 million carbon allowances were sold at a price of \$3.07, for a total of \$38.6 million.

The Governor recommended funding as requested. Subsequently, he requested two amendments to provide an additional \$3.1 million based on anticipated sale of greenhouse gas allowances sold from a third auction that was held in March 2009. The Assembly concurred.

Low Income Home Energy Assistance Program. Excluding expenditures for salaries and benefits, the Department requested an additional \$15.7 million from federal funds based on anticipated award for the Low Income Home Energy Assistance Program, which supports low-income households with energy costs. On September 30, President Bush signed into law H.R. 2638, the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, which provides the appropriations for the operation of the federal government through March 6, 2009 and includes \$5.1 billion for this grant program, which is \$2.6 billion more than originally provided. As a result, the amount that the state received more than doubled from \$15.6 million to \$40.0 million.

The Governor recommended funding as requested. He subsequently requested an amendment to provide an additional \$8.6 million. This brings budgeted funds to \$40.5 million. The Assembly concurred.

Weatherization Assistance Program. The Department requested the enacted amount of \$1.0 million from federal funds for the Weatherization Assistance program. The program 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 recommended funding as requested. Subsequently, he requested an amendment to add \$3.5 million, \$1.0 million based on a supplemental award from the Department of Energy and \$2.5 million from the federal stimulus act. The Assembly concurred.

Energy Efficiency Appliance Rebate Program. On February 17, President Obama signed the American Recovery and Reinvestment Act of 2009. The Act provides \$300.0 million for the Low Income Energy Efficiency Appliance Rebate Program, which provides rebates to eligible residential consumers who purchase energy efficient appliances.

The Governor requested an amendment to include \$657,500 for this program. Upon further guidance issued by the Department of Energy, it appears that the funds will not be made available in FY 2009. The Governor subsequently requested an amendment to remove the funds. The Assembly concurred.

Neighborhood Stabilization Award. The Department's revised request includes \$10.0 million in new federal funds to help assist in the redevelopment of abandoned property and foreclosed homes. The funds can be used for acquisition, rehabilitation, homebuyer assistance and demolition. Of the request, \$9.9 million is for grants and \$0.1 million is to administer the program including one full-time position.

The Governor recommended funding essentially as requested. He subsequently requested an amendment to transfer the \$9.9 million budgeted for grants to Rhode Island Housing in order to expedite the expenditure of the funds. The Office of Housing and Community Development will still administer the program. The Assembly concurred.

Overhead Functions

State Purchasing Agent. The Department requested general revenue expenditures of \$128,000 to fund a new state purchasing agent position. The Administration indicated that the new hire will serve as the purchasing agent for the state and will also be in charge of the corporate unit of the legal services program. It appears that the position has been filled. *The Governor recommended funding as requested.* The Assembly concurred.

Positions Transfer. The Department's request reflects a shift of \$409,251 from all funds, including \$189,516 from general revenues for the transfer of 5.0 positions from the Department of Administration's Central Management, Legal Services, Human Resources, and Purchasing programs. Two of the positions were transferred to the Office of the Governor, one position was transferred to the Office of Health and Human Services and two positions from Legal Services were transferred to the Department of Transportation. *The Governor recommended funding and the transfers as requested.* The Assembly concurred.

Sheriffs Overtime. The Department requested \$730,000 from general revenues for additional overtime expenses, for which the enacted budget already includes \$350,000. The revised request of \$1.1 million is equivalent to 13.4 full-time equivalent positions, assuming an average cost of \$80,609 per position. The Division indicated that overtime expense is one of the hardest components in its budget to predict and is driven by shift details at hospitals, inmate transportation and extraditions. Of the increase, \$96,000 relates to compensation time accrued since 2002, which the Department indicated was paid out to 111 sheriffs in July 2008. The Department also indicated that another \$34,000 is pending an arbitration decision to be paid out for hospital detail. Information obtained from the state's accounting system indicates that overtime expenses as of December 30, 2008, were \$104,534 above the enacted amount of \$350,000. *The Governor recommended funding as requested.*

The Assembly concurred, with the exception of reducing expenditures by \$53,663 to reflect statewide savings.

Sheriffs All Other Operating. The Department requested revised expenditures of \$1.1 million from general revenues for state operations for the Sheriffs. This is \$215,891 or 20.2 percent more than the enacted budget. Major changes include \$73,000 for lease payments for cars purchased in FY 2007 and FY 2008 but not budgeted, \$86,172 for fleet management for maintenance of vehicles and gasoline charges, and \$50,000 for food. The request reflects the elimination of \$50,000 that the enacted budget included to outsource extradition services; adjusted for that, the request for travel expenses is \$8,224 more than the enacted budget. The Department indicated that the decision to outsource extradition services will be ultimately decided by the Attorney General and the Judiciary.

The Governor recommended funding essentially as requested, with the exception of providing \$12,420 less general revenues for general office expenses.

The Assembly concurred, with the exception of reducing expenditures by \$50,000 to reflect anticipated expenditures for vehicle maintenance based on the Department's third quarter report.

Outside Legal Services. The Department requested additional expenditures of \$114,000 for outside legal services and arbitration expenditures previously budgeted under the Legal Services program and shifted those to the Human Resources program. The enacted budget already includes \$100,000. Expenditures as of December 30, 2008 were \$57,471. Expenditures in FY 2008 were \$312,133, or

\$212,133 above the final appropriation. *The Governor recommended funding as requested.* The Assembly concurred.

Interest on Tax Anticipation Notes. The Department's revised budget includes a \$2.4 million general revenue savings due to lower interest costs on Tax Anticipation Notes, which were issued in October 2008. Section 17 of Article 6 of the Rhode Island Constitution allows the General Assembly to provide by law for the state to borrow in anticipation of tax receipts in any fiscal year. The state constitution requires that all monies borrowed in a fiscal year be repaid in that year. No additional funds can be borrowed until all monies borrowed in all previous fiscal years have been repaid. The enacted budget includes \$9.8 million from all funds for the debt costs, including \$6.8 million from general revenues and \$2.6 million from restricted receipts.

The Governor recommended \$4.4 million less than the enacted from all funds, including \$5.2 million less general revenues based on the actual interest rate and projected interest earnings on the borrowed funds.

The Assembly provided an additional \$3.6 million based on revised borrowing assumptions. Additionally, the Budget Office indicated that interest earnings have been less than projected.

Convention Center Authority. The revised budget includes the enacted amount of \$23.1 million from general revenues for debt service for the Convention Center Authority.

The Governor recommended funding as enacted. Subsequently, he requested an amendment to provide an additional \$3.0 million to cover additional debt service requirements and operational shortfalls at the Dunkin Donuts Center, Convention Center and the Veterans' Memorial Auditorium. A revised estimate indicates that the debt service shortfall is \$1.3 million. The Assembly provided the additional \$1.3 million.

Other Debt Service. Excluding interest on Tax Anticipation Notes, the Department requested the enacted amount of \$156.5 million from all funds, including \$111.7 million from general revenues for statewide debt service expenditures, excluding those for higher education and a portion of transportation.

The Governor recommended \$147.1 million for all other debt service expenditures. This is \$9.3 million less than enacted, including \$3.0 million from general revenues by delaying the issuance of general obligation bonds and \$1.1 million from restricted receipts also by delaying the issuance of Certificates of Participation for the Division of Motor Vehicles computer system. Debt service for the Rhode Island Public Transit Authority and the Department of Transportation reflects a reduction of \$5.0 million funded with gasoline tax proceeds.

The Governor subsequently requested an amendment to add expenditures of \$100,000 from investment of bond fund proceeds for arbitrage analysis and for payments to the Internal Revenue Service if earnings exceed the allowable arbitrage limits.

The Assembly concurred, with the exception of providing \$40,000 less for the Neighborhood Opportunities Program's debt service based on the Department's third quarter report.

Utilities. The Department's revised budget reflects \$3.3 million less from all funds, including \$0.9 million from general revenues for utilities at state buildings under its jurisdiction, including the Pastore Campus. The request appears to have included additional funds for electricity to reflect a rate increase

that went into effect subsequent to the enacted budget, which is offset by savings from natural gas based upon the futures pricing on the New York Mercantile Exchange. The enacted budget includes \$27.5 million from all funds; the projection is 12.0 percent lower. The current request is \$0.9 million more than FY 2008 actual expenditures.

The Governor recommended funding as requested. He subsequently requested an amendment to shift general revenue expenditures of \$0.7 million to other funds based on passage of the federal stimulus act that increased the Medicaid match rate from 55.57 percent to 63.9 percent effective October 2008. The Assembly concurred and adjusted expenditures accordingly.

Cash Management Improvement Act Payment. The Department requested \$80,000 from general revenues for the Cash Management Improvement Act payment, which is interest owed to the federal government for early federal cash draw downs received by the state. The Cash Management Improvement Act was passed in 1990 to provide the general rules and procedures for the transfer of federal financial assistance between the federal government and the states. *The Governor recommended funding as requested.*

The Assembly provided \$15,000 for FY 2009 based on anticipated expenditures and included a similar adjustment for FY 2010.

Library Operations. The Department requested \$1.8 million from all funds to support the Office of Library. The request is \$0.2 million less than enacted, including \$55,998 less from general revenues. Major changes to the enacted budget include personnel savings of \$0.3 million, due to the elimination of a position and additional vacancy savings. The request also includes \$79,385 more general revenues for general operations in order to meet federal maintenance of effort requirements and \$43,061 more than the enacted budget for interlibrary delivery services. The Department indicated that if the positions are filled, budgeted funds in operations will be shifted to personnel.

The Governor recommended funding as requested and provided \$14,471 more from all funds for the retiree health insurance rate adjustment. The Assembly concurred, with the exception of reducing expenditures by \$15,216 to reflect statewide operating cost savings.

Department of Business Regulation Lease Termination. The Department's request includes \$150,000 to pay the fee for the early termination of the Department of Business Regulation's lease. The Department leased 33,843 square feet of Class C office space to accommodate staffing of 96 individuals at 233 Richmond Street, Providence. The Department signed a lease agreement with Brown University in December 2006 for a three-year term beginning May 1, 2007. It relocated to state owned space in July. Subsequent to the budget submission, the Department indicated that the settlement agreement is \$156,524 and stipulates a payout in three installments. This includes two payments totaling \$90,762 in FY 2009 and \$65,762 by December 31, 2009.

The Governor recommended funding as requested. He subsequently requested an amendment to provide only \$90,762 in FY 2009 consistent with the lease settlement agreement. The Assembly concurred.

Registry of Motor Vehicles/Forand Building. Consistent with its capital budget, the Department requested revised expenditures of \$1.7 million from Rhode Island Capital Plan funds to renovate the Forand Building to be the new home of the Registry of Motor Vehicles. The Forand Building currently houses operations of the Department of Human Services, which would have to be relocated. The building is in need of extensive repair to prolong its useful life. The Registry is currently in

leased space, and the FY 2009 budget includes \$1.0 million for its lease costs. The request reflects a shift of \$3.8 million from FY 2009 to FY 2010 to reflect anticipated expenditures due to project delay. It should be noted that the building is still being occupied; therefore, it is unlikely that construction would start in FY 2009.

The Governor recommended funding essentially as requested, with the exception of \$12,767 less Rhode Island Capital Plan funds. As part of the revised budget, the Governor included legislation contained in the Public Corporation Debt Management Act to sell the Forand property to Rhode Island Housing, which would then issue a Request for Proposal for prospective developers. His revised budget assumed \$6.0 million in revenues from the sale.

The Assembly did not concur with the land sale and moved this project into the Department of Revenue to be consistent with the Capital Budget.

Virks Building Renovations. Consistent with its capital budget, the Department requested revised expenditures of \$5.9 million from Rhode Island Capital Plan funds to renovate the Virks Building to be used as office space by human services agencies, most of which are currently in the Forand Building. The Department indicated that once renovated, the building could accommodate 150 to 200 employees. The building currently serves as a psychiatric geriatric unit of the Eleanor Slater Hospital, which the Department of Mental Health, Retardation and Hospitals will vacate in FY 2009. The approved plan included \$265,000 in FY 2009 for architectural and engineering services. The Department advanced programmed funds of \$5.6 million from FY 2010 to FY 2009 to start construction. It should be noted that the building is still being occupied; therefore, it is unlikely that construction would start in FY 2009.

The Governor advanced \$1.7 million from Rhode Island Capital Plan funds from FY 2010 to start construction in FY 2009. The Governor subsequently requested an amendment to reduce expenditures by \$1.7 million, because it appears that the project cannot move forward as approved. Architectural and engineering service expenses of \$0.3 million have already been incurred. The Assembly concurred.

Hazard Building Renovations. This project was not included in the Department's request. The approved plan included funds to renovate the Virks Building to be used as office space by human services agencies; it appears that the project cannot move forward as approved. The Forand Building is being renovated to be the new home of the Registry of Motor Vehicles and staff in the Forand Building would have to relocate elsewhere. *The Governor submitted an amendment to request a similar project.*

The Assembly provided \$800,000 from Rhode Island Capital Plan funds, including \$150,000 for FY 2009 to accommodate the relocation of staff currently in the Forand Building.

Information Technology Computer Center. Consistent with its capital budget, the Department requested revised expenditures of \$3.9 million from Rhode Island Capital Plan funds to convert the Training School's administrative building at the Pastore Center into a new state data center. The request reflects a shift of \$5.0 million to FY 2010 based on a revised completion date.

The Governor recommended funding essentially as enacted with the exception of \$2,500 to reflect an expenditure made in FY 2008, for which there was no appropriation. The approved plan was to convert the Training School's administrative building into a new state data center. The Administration

indicates that it is currently pursuing other options. The Assembly shifted \$4.0 million from FY 2009 to FY 2010 based on a revised project schedule.

Worksite Wellness Funding Correction. The Department's revised budget includes \$0.2 million for the Worksite Wellness program, including a transfer of \$50,000 to the Department of Health inadvertently included with the funding for the worksite wellness program, which was transferred from that Department as part of the enacted budget. *The Governor recommended funding as requested.* The Assembly provided \$80,000 less to reflect anticipated expenditures for FY 2009.

Hewitt Associates. The Department requested an additional \$50,000 from general revenues for contractual services with Hewitt Associates, for which the enacted budget already includes \$100,000. Hewitt Associates performs employee health benefit analyses on an as needed basis. The Department indicated that the additional funds will be used to evaluate the state employees' dental plan. *The Governor recommended funding as requested.* The Assembly concurred.

Contractor's Registration Board. The Department's revised budget reflects the conversion of the Contractor's Registration Board from general revenues to restricted receipt funding. This is to comply with legislation enacted by the 2007 Assembly. The enacted budget includes general revenue expenditures of \$1.4 million for the Board. The report projected general revenue expenditures of \$0.3 million for one-time computer upgrades, and \$1.0 million from restricted receipts generated during FY 2009 is projected to be spent in FY 2009. The FY 2010 budget reflects the transfer of the Contractor's Registration Board to the Department of Business Regulation.

The Governor recommended funding as requested and assumed \$10,195 more from restricted receipts for the retiree health insurance rate adjustment.

The Assembly removed the general revenue expenditures for the computer upgrades based on the Department's third quarter report, which indicated that the funds would not be spent in FY 2009.

Rhode Island Financial Accounting Network System. The Department's request reflects a reduction of \$0.5 million from general revenues by delaying the implementation of the human resources' module. The enacted budget includes \$1.9 million for the plan, which involves installation of a series of modules for each particular service that will form the integrated system. *The Governor recommended funding as requested.*

The Department's third quarter report projected savings of \$0.3 million from general revenues; the Assembly included the savings.

All Other Information Technology. Excluding items previously mentioned, the Department requested \$25.5 million from all funds for all other expenditures for the Division of Information Technology. This is \$3.2 million or 12.6 percent less than the enacted budget, including \$555,497 from general revenues, based on its current needs. The request reflects a decrease of \$0.1 million from all funds for various computer related expenses, maintenance agreements, and server lease, software, data and sonnet lines. Expenditures for contracted services reflect an increase of \$0.1 million from general revenues, primarily for the completion of two billing rate studies.

The enacted budget assumes replacing 62 contractors statewide with 39.4 full-time equivalent positions. The Department indicated that only 8.0 positions out of the 39.4 authorized positions have been filled. The request adds \$1.7 million to fund the contractors; however, this is offset by turnover

savings. The request includes \$3.2 million less from all funds for salary and benefit expenditures, which includes a decrease of \$0.8 million from general revenues due to additional turnover savings.

The Department requested revised staffing of 198.5 positions for the Division of Information Technology. This is 24.5 fewer positions than the authorized level of 223.0 positions. This reflects the elimination of 12.5 vacant positions as well as the elimination of 12.0 positions, which have not received permission from the hiring committee to be filled.

The recommendation inadvertently includes \$6.1 million in expenditures from federal and restricted receipts. Accounting for this, the recommendation is \$0.2 million less from all funds than requested due to the elimination of 3.0 more positions, including a computer programmer, a technical support specialist and a programmer/analyst, offset by the retiree health insurance rate adjustment.

The Governor subsequently requested an amendment to remove the \$6.1 million that was inadvertently included in the budget. He also requested an amendment to provide an additional \$0.1 million to reflect funding anticipated from the Department of Human Services for the In Rhodes Project.

The Assembly concurred, with the exception of providing \$40,000 less general revenues for statewide operating cost savings.

Other Facilities Management. The Department requested \$8.9 million or \$2.1 million less from all funds for all other expenditures for the Division of Facilities Management to support building operations, maintenance and repairs for 365 state properties, including the Pastore Campus. This reflects a reduction of 23.4 percent from the enacted budget, of which \$1.0 million is from general revenues for building maintenance. The Department indicated that the reduction is based on current expenditures to date. The request is \$0.7 million less than FY 2008 reported expenditures. *The Governor recommended funding as requested and provided \$23,344 more federal funds for capital costs.* The Assembly concurred, with the exception of providing \$275,000 less general revenues for statewide operating cost savings.

Statewide Planning Operations. The Department requested revised expenditures totaling \$14.8 million from all funds for the Division of Statewide Planning. This is \$543,616 more than the enacted budget, including a slight reduction from general revenues, \$55,153 more federal funds primarily for various community development block grants, and \$0.5 million more from other funds to reflect additional transportation planning related issues.

The Governor recommended funding essentially as requested, with the exception of providing \$12,713 less general revenues to adjust expenditures for travel, postage and other general office expenses.

The Governor subsequently requested a budget amendment to add \$3,500 from other funds, which are reimbursed by the Department of Transportation for planning related expenditures. The Assembly concurred.

All Other Salaries and Benefits. Excluding items previously mentioned, the Department requested \$244,515 more than the adjusted budget for all salaries and benefits. This includes \$0.8 million for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. The request assumes that if the hiring committee has not approved a vacant position, it will not be filled in FY 2009 and it appears that it has eliminated the authorization as well.

The Governor recommended funding essentially as requested, with the exception of \$7,426 less from all funds, including \$30,520 less from general revenues for additional turnover savings, offset by the retiree health insurance rate adjustment. Subsequently, the Governor requested an amendment to reduce the turnover savings by \$83,867 within the Division of Human Resources to reflect expenses based on actual filled positions. He also requested an amendment to allow for a general revenue savings of \$23,024 from personnel costs, offset by a like amount from federal funds for the Rhode Island Justice Commission.

The Assembly did not concur with the subsequent amendment to reduce budgeted turnover in the Division of Human Resources. It also included \$0.9 million less general revenues to reflect statewide savings.

All Other State Operations. The Department's request reflects a reduction of \$94,665 from all funds for all other state operations, which includes a general revenue reduction of \$61,860. A major change includes an increase of \$20,000 from general revenues to hire a consultant to assist in the development of a user-friendly website for the Division of Purchasing. Operations reflect a reduction of \$0.1 million for various items, including travel expenses, printing and staff training.

The Governor recommended \$690 less from all funds, including \$27,155 less general revenues than requested. He did not recommend funding for the website; however, he provided \$30,000 for the Budget Office to conduct retiree health actuarial studies.

The Assembly concurred, with the exception of providing \$25,000 less general revenues to reflect statewide operating cost savings.

Other Capital Projects. The Department requested \$19.0 million from Rhode Island Capital Plan funds for all other capital project expenditures. This is \$4.8 million more than enacted, primarily the reappropriation of FY 2008 unexpended Rhode Island Capital Plan funds. Section 13 of Article 1 of 2008-H 7390 provides for automatic reappropriation of unexpended balances from Rhode Island Capital Plan fund projects over \$500. Balances of less than \$500 can be reappropriated at the discretion of the State Budget Officer. ***The Governor recommended \$0.7 million less than enacted and \$5.6 million less than requested.***

The Assembly provided total expenditures of \$10.7 million for capital projects or \$2.7 million less than recommended to reflect revised project costs or delays. A detailed analysis of the projects is included in the Capital Budget Section of this analysis.

Department of Business Regulation

	FY 2008 Reported	FY 2009 Enacted	FY 2009 Revised	FY 2009 Final
Expenditures by Program				
Central Management	\$ 1,204,483	\$ 1,133,343	\$ 1,063,601	\$ 1,054,519
Banking and Securities	2,921,518	3,059,442	2,654,475	2,621,083
Commercial Licensing, Racing & Athletics	1,567,683	1,451,807	1,200,787	1,190,824
Insurance Regulation	5,618,200	5,534,290	5,707,544	5,639,768
Board of Accountancy	152,876	156,595	160,862	154,320
Board of Design Professionals	347,410	328,227	315,572	300,834
Total	\$ 11,812,170	\$ 11,663,704	\$ 11,102,841	\$ 10,961,348
Expenditures by Category				
Salaries and Benefits	\$ 9,592,015	\$ 10,054,048	\$ 9,190,361	\$ 9,053,260
Contracted Services	677,519	725,310	968,706	968,012
Subtotal	\$ 10,269,534	\$ 10,779,358	\$ 10,159,067	\$ 10,021,272
Other State Operations	1,328,946	789,212	763,959	760,261
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	205,561	80,000	160,515	160,515
Capital	8,129	15,134	19,300	19,300
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 11,812,170	\$ 11,663,704	\$ 11,102,841	\$ 10,961,348
Sources of Funds				
General Revenue	\$ 10,333,679	\$ 10,118,066	\$ 9,307,245	\$ 9,165,752
Federal Aid	114,130	-	87,641	87,641
Restricted Receipts	1,364,361	1,545,638	1,707,955	1,707,955
Other	-	-	-	-
Total	\$ 11,812,170	\$ 11,663,704	\$ 11,102,841	\$ 10,961,348
FTE Authorization	102.0	97.0	91.0	91.0
FTE Average	96.0			

FY 2009 Revised Request. The Department of Business Regulation's revised request includes \$689,193 less from all sources consisting of \$984,870 less from general revenues, \$137,641 more from federal funds and \$158,036 more from restricted receipts compared to the enacted budget. The Department requested 86.0 or 11.0 fewer full-time equivalent positions from its authorized level. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly, but not reflected in the individual agency totals is \$655,305 for the Department including \$624,225 from general revenues and 2.7 positions. The revised request is \$360,645 from general revenues and 8.3 positions below the enacted budget adjusted for that allocation.

The Governor recommended \$560,863 less than enacted from all sources consisting of \$810,821 less from general revenues, \$87,641 more from federal funds, and \$162,317 more restricted receipts than enacted. This is \$128,330 and 5.0 positions more than requested.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Department is \$141,493.

The Assembly concurred with the Governor's recommendations with the exception of the across-the-board reductions.

Workforce Reduction. The Department's FY 2009 revised budget request includes the elimination of 11.0 full-time equivalent positions and \$913,486 less than enacted to reflect estimated general revenue savings associated with maintaining vacancies throughout the Department. This is \$289,261 from general revenues above the Budget Office's requirements of the Department's share of the statewide savings allocation of \$624,225 from general revenues and \$31,080 from restricted receipts. When these values are taken from the \$913,486 in position elimination savings, the Department still achieves savings of \$258,181.

The Department received approval from the personnel committee to fill the position of Bank Examiner. The staff member began working in December and the position will utilize 15 pay periods in FY 2009, at a cost of \$41,826 in salaries and benefits. The Department has indicated the need for this additional funding and staffing authority. The Department indicated that it inadvertently omitted 1.0 licensing aid position from its revised request.

The Governor recommended eliminating 6.0 full-time equivalent positions and included \$102,889 more than the request. The Governor recommended taking additional turnover savings, offset by increases to the retiree health rate. The Governor's recommendation does not include restoring the licensing aide position. The Assembly concurred.

Other Salaries and Benefits. The Department requested \$75,334 less than the adjusted budget for all other salaries and benefits, comprised of \$80,898 from general revenues and \$685 from restricted receipts. This includes \$108,408 from general revenues and \$6,250 from restricted receipts for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. It also reflects \$80,898 less from general revenues from eliminating overtime and recouping money from one furlough day among other savings.

The Governor recommended \$22,244 more than the request comprised of \$17,976 more from general revenues and \$4,268 more from federal funds to reflect changes in the retiree health insurance rates and other benefit adjustments. The Assembly concurred, with the exception of the across-the-board reductions.

Insurance Assessment for Actuary Costs. The Department requested \$219,100 more from restricted receipts for the costs of actuaries for the insurance program, which is higher than the historical trend. FY 2007 expenditures were \$405,771, FY 2008 expenditures were \$513,662 and the FY 2009 enacted amount is \$530,300. The increased expenditures for FY 2009 are the result of more filings and a higher cost associated with each filing, when compared to FY 2008. The Department indicated that

the state is required to do these rate filings in order to maintain accreditation. *The Governor recommended funding as requested.* The Assembly concurred.

Twin River and Newport Grand Licensing. The Department's revised request excludes the \$70,000 from restricted receipts assumed in the enacted budget for two temporary fiscal clerks who licensed workers at Twin River and Newport Grand. The three state employees with these duties remained, but the temporary staff was terminated in May 2008. *The Governor recommended funding as requested.* The Assembly concurred.

OHIC – Seed Grant for Qualified High Risk Pool. The Department requested \$87,641 more from federal funds from a grant from the Centers for Medicare and Medicaid Services received in FY 2008. The Department only spent a portion, \$62,359 of the \$150,000 award for the Seed Grant for Qualified High Risk Pool in FY 2008. The Department requested the \$87,641 balance be carried over into FY 2009 and planned to utilize the balance before March 31, 2009, the deadline outlined in the grant agreement. *The Governor recommended funding as requested.* The Assembly concurred.

Regional Quality Improvement Initiative. The Department's FY 2009 revised request includes an additional \$50,000 intended to reflect funding that was provided to the state from the Center for Health Care Strategies. The Office of the Health Insurance Commissioner obtained a two-year grant valued at \$199,067 that was deposited as general revenues. The grant money was spent, but additional money became available in FY 2009 after the budget was enacted. The Department requested this item to be from federal funds instead of general revenues, which is inadvertent. There should also be a corresponding increase to revenues to account for the deposit of the grant. The purpose of this project is to develop consistent clinical and service standards across providers and reimbursement methods across purchasers in order to improve the quality of primary care for people with chronic conditions. *The Governor recommended \$50,000 from general revenues for this grant.* The Assembly concurred.

Legal Settlement. A settlement was reached in a personnel matter awarding \$20,313 plus legal fees. The amount of legal fees has not been determined, but the estimate is \$10,000. If the payment is made after January 22, 2009, an additional \$102 will be added on to the settlement for each month the payment is outstanding. This item was not included in the Department's request. *The Governor recommended \$30,515 for this expense.* The Assembly concurred.

Other Operating Expenses. The Department requested \$12,886 more from all funds for other operating expenses, including \$9,514 more from general revenues. This includes \$27,142 more from general revenues for record storage and retrieval expenditures. The Department previously stored records at 222 Richmond Street, which was across the street from its previous location. However, there is limited storage at the Pastore Complex and records are now stored at Capital Records through a master price agreement. These expenses are partially offset by other reductions such as security services, which the Department no longer needs due to its relocation to the Pastore Complex.

The Governor recommended \$14,432 less than enacted and \$27,318 less than the revised request. The Governor included \$27,142 for record storage and retrieval expenditures and reduced other general operating expenditures. The Assembly concurred, with the exception of the across-the-board reductions.

Department of Labor and Training

	FY 2008 Reported	FY 2009 Enacted	FY 2009 Revised	FY 2009 Final
Expenditures by Program				
Central Management	\$ 644,125	\$ 674,802	\$ 844,729	\$ 758,819
Workforce Development Services	25,259,032	32,206,966	32,006,242	36,253,266
Workforce Regulation and Safety	2,551,459	2,377,263	2,136,258	2,104,059
Income Support	460,949,567	437,470,777	551,934,383	746,633,765
Injured Workers Services	9,960,844	11,614,555	12,103,696	12,103,696
Labor Relations Board	297,108	461,579	426,206	404,297
Total	\$ 499,662,135	\$ 484,805,942	\$ 599,451,514	\$ 798,257,902
Expenditures by Category				
Salaries and Benefits	\$ 33,857,417	\$ 34,648,338	\$ 34,451,496	\$ 34,963,746
Contracted Services	4,273,371	4,433,849	5,169,561	5,167,380
Subtotal	\$ 38,130,788	\$ 39,082,187	\$ 39,621,057	\$ 40,131,126
Other State Operations	4,797,171	5,179,972	4,967,526	5,169,336
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	442,817,174	429,540,485	538,766,495	736,866,635
Capital	761,145	933,759	415,030	409,399
Capital Debt Service	-	-	-	-
Operating Transfers	13,155,857	10,069,539	15,681,406	15,681,406
Total	\$ 499,662,135	\$ 484,805,942	\$ 599,451,514	\$ 798,257,902
Sources of Funds				
General Revenues	\$ 6,377,174	\$ 6,513,092	\$ 6,696,080	\$ 6,525,819
Federal Funds	28,883,497	35,594,755	39,007,637	58,972,995
Restricted Receipts	20,098,434	24,905,914	24,701,721	24,701,721
Other Funds	444,303,030	417,792,181	529,046,076	708,057,367
Total	\$ 499,662,135	\$ 484,805,942	\$ 599,451,514	\$ 798,257,902
FTE Authorization	417.5	407.2	395.3	395.3
FTE Average	398.8			

FY 2009 Revised Request. The Department did not submit a formal budget request in writing before the beginning of the January session, thus this analysis is based upon information the Budget Office received in the form of a database. The Department requested \$114.8 million more from all fund sources including \$0.2 million more from general revenues, \$3.8 million more from federal funds, \$0.3 million less from restricted receipts, and \$111.9 million more from other funds. The request includes 395.5 full-time equivalent positions, which is 11.7 fewer positions than the enacted level. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly, but not reflected in the individual agency totals is \$2,448,015 for the Department including \$194,958 from general revenues and 11.2 positions. The revised request is \$348,129 more from general revenues and 0.8 positions below the enacted budget adjusted for that allocation.

The Governor recommended \$152,878 less than requested, including \$29,817 more from general revenues, \$341,484 less from federal funds, \$100,116 more from restricted receipts, and \$58,673 more from other funds. The Governor recommended 395.3 full-time equivalent positions, 11.9 fewer positions than enacted.

Subsequently, the Governor requested an amendment to add \$48.9 million, including \$28.7 million from the Employment Security Fund for unemployment insurance benefits and \$2.6 million from Reed Act funds for administrative costs and unemployment insurance benefits. It also includes \$17.6 million from federal funds, of which \$17.1 million is for unemployment insurance and employment services, resulting from the American Recovery and Reinvestment Act of 2009. Further, the Governor requested an additional amendment to include adjustments that total an additional \$150.1 million from all funds, including \$4.9 million from federal stimulus funds for regular and extended unemployment insurance benefits, temporary disability insurance benefits and workforce investment activities.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Department is \$45,261.

The Assembly also reduced general revenue expenditures by \$125,000 for turnover savings, but otherwise concurred with the Governor's recommendations and subsequent amendment requests, with the exception of the across-the-board reductions.

Workforce Reduction. The Department's request eliminated 11.7 full-time equivalent positions and \$0.6 million including \$125,458 from general revenues and \$429,723 from federal funds. This reflects 30.6 positions throughout the Department offset by 18.0 additional positions in Income Support to help with the increased workload in the Unemployment Insurance Division. *The Governor recommended funding as requested and eliminated 11.9 positions.* The Assembly concurred.

Overtime. The Department requested \$1.2 million for overtime. This includes \$1.0 million from federal funds and \$201,753 from restricted receipts for the Income Support Division because of the increase in unemployment insurance and temporary disability claims and \$1,008 from federal funds for Workforce Development Services because of increased claims in the Dislocated Worker Program. *The Governor recommended funding as requested.* The Assembly concurred.

Other Salaries and Benefits. The Department requested \$1.2 million more than the adjusted budget for all other salaries and benefits, including the enacted amount from general revenues. This includes \$124,008 more from all funds, including \$23,619 more from general revenues for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. *The Governor recommended \$358,339 more than the request from all sources, which includes \$29,817 more from general revenues, primarily to reflect the rate increase for retiree health benefits.* The Assembly included the across-the-board reductions and a further reduction of \$125,000 from general revenues for turnover savings.

Fire and Police Benefits Programs. The Department requested \$409,056 more from general revenues for police and fire benefits paid to surviving spouses of deceased police and firefighters and education benefits for children of deceased or disabled officers and firefighters, as well as the disabled worker. The request consists of \$207,896 more for pension benefits and \$201,160 more for education benefits. *The Governor recommended funding as requested.* The Assembly concurred.

Trade Readjustment Assistance Programs. The Department's FY 2009 revised budget request includes \$765,968 less in expenditures from federal Trade Readjustment Assistance Act funds, including \$0.8 million less for the distribution of weekly trade readjustment allowances and \$34,032 more for training programs. Someone eligible for these benefits must first exhaust their normal unemployment insurance benefits, then federal emergency unemployment compensation benefits, then federal-state extended benefits, then high extended benefits, and then utilize their eligibility for this program. Because these other programs take precedence there have been fewer claims and the Department has adjusted the revised request to reflect projected expenditures. *The Governor recommended funding as requested. The Governor subsequently requested an amendment to reduce expenditures by \$2.5 million.* The Assembly concurred.

Second Injury Indemnity Fund. The Department requested \$510,000 more from restricted receipts for claims on the Workers' Compensation Administration Fund, formerly known as the Second Injury Indemnity Fund. This reflects the increase in claims payouts due to the reversal of court decisions and appeals along with increases in the costs associated with current claims. Although the number of claims has decreased, the payout for many claims has increased because of rising prescription costs, the higher number of operations being performed and the rising cost of nursing home and long-term care. *The Governor recommended funding as requested.* The Assembly concurred.

Workforce Investment Act Programs. The Department's FY 2009 revised budget request included \$2.9 million more from Workforce Investment Act funds to support initiatives oriented to youth, adults and dislocated workers. This request includes \$2.1 million more to be used for adults and youth programs and \$0.9 million more for dislocated workers, and essentially reflects adjustments based on historical experience. These resources are managed through the Workforce Development Service programs. *The Governor recommended funding as requested. Subsequently, he requested an amendment to add \$0.8 million from federal funds to reflect additional funding from the American Recovery and Reinvestment Act of 2009. Further, the Governor requested an additional amendment to add an additional \$0.4 million from federal stimulus funds.* The Assembly concurred.

Governor's Workforce Board. The Department's FY 2009 revised budget request included \$1.0 million less than enacted from restricted receipts to support initiatives through the Human Resource Investment Council, and reflects revised estimates of grant awards. The Department indicated that the Council has assumed a more conservative approach with regard to awarding funds and is deliberative and consistent with long-term results as opposed to short-term projects. The Council places emphasis on those workforce, education, and economic development projects that produce results over the long-term period. It is unclear whether the reduction is because the original FY 2009 request was overstated, or if the Council is not going to pursue unidentified initiatives that were included in the enacted budget. *The Governor recommended funding as requested.* The Assembly concurred.

Temporary Disability Insurance. The Department requested revised expenditures of \$175.0 million, or \$5.0 million more than the enacted level, for temporary disability insurance benefits for FY 2009. It appears that this request principally reflects adjustments based on historical experience. The Department spent \$163.7 million in FY 2006, \$166.2 million in FY 2007 and \$171.7 million in FY 2008. *The Governor recommended funding as requested. The Governor subsequently requested an amendment to decrease expenditures by \$8.0 million based on updated estimates.* The Assembly concurred.

Unemployment Insurance. The Department requested FY 2009 revised expenditures of \$333.4 million for unemployment insurance benefits. This is \$102.7 million more than the enacted budget. The Income Support Unit manages unemployment insurance benefits that are comprised of the

programs that insure Rhode Island workers against temporary loss of income due to unemployment or an inability to work due to non-work related illness or injury. The Department awarded \$251.3 million in unemployment benefits in FY 2008 or \$8.9 million more than its final appropriation. As of November 2008, Rhode Island had a 9.3 percent seasonal adjusted unemployment rate or 53,000 unemployed residents. The national unemployment rate is 7.2 percent.

The Governor recommended funding as requested. The Governor subsequently requested an amendment to add \$46.9 million for the payment of unemployment insurance benefits. This includes \$28.7 million from the Employment Security Fund, \$2.1 million from Reed Act funds and \$16.1 million from federal funds available through the American Recovery and Reinvestment Act of 2009. Further, the Governor requested an additional amendment to increase funding by \$160.3 million to reflect updated regular benefits and extended benefits expenditures. The Assembly concurred and included the additional funding.

Senior Community Service Employment Program. The Department requested the enacted amount of \$516,848 from federal funds to support the Senior Community Service Employment Program. This program is a United States Department of Labor community service and work based training program for older workers. It was authorized by Congress in Title V of the Older Americans Act of 1965 to provide subsidized, part-time community service work based training for low-income persons age 55 or older. The overall goal of the program is to provide participants with the skills and competencies to move from subsidized employment to unsubsidized employment.

The Governor recommended eliminating this funding. It appears that this was originally a one year grant; however, the Department indicated that an extension may be available. Subsequently, the Governor submitted an amendment that restored the funding, citing it was inadvertently omitted from the revised recommendation. Further, the Governor requested an additional amendment to add \$21,300 from federal stimulus funds. The Assembly concurred.

Operating Transfers. The Department's FY 2009 revised budget request included \$15.7 million or \$5.6 million more than enacted from federal and other funds for expenditures classified as "inter-fund transfers." This includes transfers of \$1.1 million to the three Rhode Island institutions of higher education from the Trade Readjustment Act Fund and \$344,550 from the Workforce Investment Act Fund. This also includes an additional \$1.8 million from the Employment Insurance Trust Fund for the payment of unemployment benefits to other states, an additional \$2.5 million transferred to the Reed Act appropriation accounts budgeted elsewhere in the Department, and \$93,294 less than enacted from temporary disability insurance funds transferred to the Department of Administration to support the employer tax unit and debt service. These transfers appear to double count expenditures.

The Governor recommended funding as requested. The Governor subsequently requested an amendment to allocate \$2.6 million, the remainder of the Reed Act funds, for administrative and personnel expenses and for the payment of unemployment insurance benefits. The Assembly concurred.

Other Operating Expenditures. The Department's FY 2009 revised budget request included expenditures of \$10.6 million from all fund sources for other operating expenditures, which is \$834 less than enacted. This includes \$130,427 less from general revenues, \$208,340 more from federal funds, \$121,704 more from restricted receipts and \$200,451 less from other funds. Other operating expenditures include contracted professional services, general office and other operating costs.

The Governor recommended funding as requested plus transferred \$5,631 in expenses from other funds to Rhode Island Capital Plan funds for partial payment for the roof replacement. The Governor subsequently requested an amendment to add \$0.2 million from federal funds for administrative expenses related to processing unemployment insurance claims, reflecting additional funding available from the American Recovery and Reinvestment Act of 2009. In addition, he requested \$0.5 million from Reed Act funds for employment service administrative costs.

The Assembly concurred with the exception of the across-the-board reductions and a shift of \$5,631 of Rhode Island Capital Plan funds from FY 2009 to FY 2010 based on a project delay.

Department of Revenue

	FY 2008	FY 2009	FY 2009	FY 2009
	Reported	Enacted	Revised	Final
Expenditures by Program				
Office of Director	\$ 451,949	\$ 632,972	\$ 621,950	\$ 592,242
Office of Revenue Analysis	30,782	719,927	498,067	494,482
Lottery Division	216,307,570	207,489,225	192,756,761	192,756,761
Property Valuation	775,395	852,759	773,229	765,666
Taxation	19,088,461	20,679,126	17,979,160	17,767,389
Registry of Motor Vehicles	17,949,056	18,765,666	17,910,561	18,903,300
Total	\$ 254,603,213	\$ 249,139,675	\$ 230,539,728	\$ 231,279,840
Expenditures by Category				
Salaries and Benefits	\$ 34,526,656	\$ 37,916,029	\$ 32,715,467	\$ 32,327,150
Contracted Services	843,788	1,531,507	1,828,003	1,814,787
Subtotal	\$ 35,370,444	\$ 39,447,536	\$ 34,543,470	\$ 34,141,937
Other State Operations	218,990,619	209,323,503	194,849,224	194,790,869
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	10,753	11,897	17,093	17,093
Capital	193,247	302,225	912,400	2,112,400
Capital Debt Service	-	-	-	-
Operating Transfers	38,150	54,514	217,541	217,541
Total	\$ 254,603,213	\$ 249,139,675	\$ 230,539,728	\$ 231,279,840
Sources of Funds				
General Revenue	\$ 35,086,502	\$ 37,849,916	\$ 33,254,816	\$ 32,794,928
Federal Aid	1,470,903	1,894,095	2,698,597	2,698,597
Restricted Receipts	789,994	925,663	799,483	799,483
Other	217,255,814	208,470,001	193,786,832	194,986,832
Total	\$ 254,603,213	\$ 249,139,675	\$ 230,539,728	\$ 231,279,840
FTE Authorization	465.0	464.0	410.0	410.0
FTE Average	431.7			

FY 2009 Revised Request. The Department requested revised expenditures of \$245.0 million, which is \$4.2 million less than enacted. This includes \$3.9 million less from general revenues, \$0.1 million less from restricted receipts, \$0.9 million less from other funds, and \$0.8 million more from federal funds. The Department requested staffing of 403.6 full-time equivalent positions, 60.4 positions less than the authorized level. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$2,685,144 for the Department including \$2,052,394 from general revenues and 12.7 positions. The revised request is \$1.9 million less from general revenues and 47.7 fewer positions than the budget adjusted for that allocation.

The Governor recommended \$15.9 million less from all funds than the adjusted budget, or \$663,349 less general revenues than requested to reflect additional turnover savings. He included a reduction of \$14.7 million from Lottery funds based on estimated changes in lottery collections. He recommended staffing of 410.0 positions, or 6.4 positions more than requested to maintain staffing at the authorized level in the Lottery Division. Subsequently, the Governor requested an amendment to provide an additional \$263,767 from general revenues within the Division of Taxation to reduce the turnover savings.

The Assembly provided total expenditures of \$231.3 million from all funds, \$0.7 million more than recommended. This includes \$1.2 million from Rhode Island Capital Plan funds for the Registry of Motor Vehicles Building. The Assembly also adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Department is \$459,888.

Registry Branch Closures. The Department's request includes a savings of \$56,166 from general revenues from the closures of the Registry of Motor Vehicles West Warwick and Westerly satellite branches, effective December 31, 2008. The savings consists of lease payment, janitorial services and utility costs. There is no staffing reduction associated with the closures. Current staff from the two branches would be moved to the Division's main office and other branches. Subsequent to the budget submission, the Department indicated that it vacated the facilities as of December 31, 2008; however, additional time was needed to move the equipment as well as clean the facilities. Therefore, \$9,361 of the savings may not be achieved.

The Governor recommended \$8,340 more than requested to adjust for the final lease payment. He also included legislation to repeal the current law, which mandates that a branch office in the Town of Warren stays open, effective February 1, 2009; however, the office would remain open through June 30, 2009.

The Assembly provided funding as recommended; however, it did not pass legislation to close the branch office in Warren. The Assembly provided funding in the FY 2010 enacted budget to maintain offices in the Towns of Warren and Westerly.

Salaries and Benefits. The Department requested \$2.0 million less than the adjusted budget for all salaries and benefits. This includes \$0.3 million from all funds for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. It also reflects a reduction of \$2.3 million from all funds, including \$2.2 million from general revenues for all other salary and benefit adjustments. The request assumes that if a vacant position has not been approved by the hiring committee that it will not be filled in FY 2009 and it appears that it has eliminated the authorization as well. This totals 53.4 positions, including 1.0 from the Office of the Director, 2.0 positions from the Office of Revenue Analysis, 1.0 position from the Office of Property Valuation, 20.0 positions from the Division of Taxation, 23.0 positions from the Division of Motor Vehicles and 6.4 from the Lottery Division. The majority of these positions have been vacant since the start of the fiscal year.

The Governor recommended \$2.5 million less than the adjusted budget for all salaries and benefits. This is \$0.5 million less than requested, including \$671,689 less from general revenues to reflect additional turnover savings within the Office of Revenue Analysis, Taxation and the Division of Motor

Vehicles, offset by the retiree health insurance rate adjustment. The Governor recommended staffing of 410.0 positions, or 6.4 positions more than requested to maintain staffing at the authorized level for the Lottery Division.

Subsequently, the Governor requested an amendment to provide an additional \$263,767 from general revenues within the Division of Taxation to reduce the turnover savings.

The Assembly did not concur with the subsequent amendment. It provided \$32.3 million from all funds for salaries and benefits, \$388,317 less general revenues than recommended to reflect statewide savings.

Registry Utilities. The Department requested \$237,400 from general revenues for utilities, or \$60,250 more than the enacted budget. This includes increases of \$42,000 for electricity to reflect a rate increase that went into effect subsequent to the enacted budget. The request also includes increases for gas, sewer and water usage. The revised request is \$12,905 more than FY 2008 reported expenditures. ***The Governor recommended funding as requested.*** The Assembly concurred.

Registry Security Services. The Department requested \$159,882 above the enacted amount of \$225,618 for various security services. This includes \$170,000 for Capitol Police, \$76,000 for police detail provided by the Pawtucket Police Department, \$98,500 for Century Bank, \$34,000 for Brinks for pick up services, and \$7,000 for alarm monitoring services. The revised request is \$14,019 less than FY 2008 reported expenditures. ***The Governor recommended funding as requested.*** The Assembly concurred.

New Federal Real ID Award. The Department's request reflects a new federal award of \$0.5 million from the Department of Homeland Security for the Real ID program, which requires national standards for the issuance of state driver's licenses and identification cards. The Department indicated the funds will be used to purchase software to enhance imaging. ***The Governor recommended funding as requested.*** The Assembly concurred.

Other Federal Grants. The Department's request includes federal fund expenditures of \$670,897 within the Division of Motor Vehicles. This includes \$535,897 in carry forward funds from FY 2008 to maintain the federally required registration information on motor carriers and the International Registration Plan, which is a multi-state agreement allowing members to process commercial vehicles and collect fees for other members. The request includes \$341,870 for a network system on commercial vehicles. ***The Governor recommended funding as requested.*** The Assembly concurred.

Registry All Other Operations. The Department requested \$5.0 million from general revenues for all other operations for the Registry. This is \$64,789 less than the enacted budget. Major changes to the enacted budget include additional expenditures of \$137,605 for mailings, for which the enacted budget already includes \$604,000. However, a postal rate increase will take effect in March 2009. Actual expenditures for mailings were \$727,000 in FY 2008 and \$618,000 in FY 2007. The request includes a reduction of \$71,000 from license plate printing costs, to reflect historical spending patterns. The enacted budget includes \$50,000 in an operating transfer to reimburse the Community College for the school bus training program. The Department reclassified and reduced the expenditure by \$11,100, consistent with FY 2008 reported expenditures. ***The Governor recommended funding as requested.***

The Assembly concurred, with the exception of providing \$34,216 less general revenues to reflect statewide savings from operating and consulting services.

Taxation Printing Costs. The Department projected a savings of \$106,467 from all funds, including \$102,000 from general revenues for taxation printing costs. The Department indicated that it has a cooperative agreement with the Department of Health's print shop to print documents on an as needed basis. *The Governor recommended funding as requested.* The Assembly concurred.

Taxation Operations. The Department requested \$1.9 million from all funds for all other operating expenditures for the Division of Taxation. This is \$7,088 more than the enacted budget and includes a general revenue increase of \$46,651. The 2008 Assembly enacted 2008-H 7056 to require tax return preparers who file more than 100 tax returns to file them electronically. The Department assumed a savings of \$40,000 from mailing costs. The request includes an additional \$59,582 for travel expenses mainly for audits based on historical spending. The Department also included \$36,000 for maintenance agreements for the Data Warehouse and indicates that its current warranty will expire in the spring of 2009. *The Governor recommended funding as requested.*

The Assembly concurred, with the exception of providing \$33,355 less general revenues to reflect statewide savings from operating and consulting services.

Lottery Operations. Excluding salaries and benefits, the Department requested \$202.0 million for all other expenditures for the Lottery Division, which is \$0.5 million less than the enacted budget based on anticipated expenditures. This includes a reduction of \$0.1 million for contractual services provided by ASAS 70 for financial audit services. The request includes the enacted amount of \$197.4 million for lottery commission payments, for which actual payments were \$209.6 million in FY 2008 and \$188.7 million in FY 2007. The request includes \$0.4 million less for other state operations, primarily for building maintenance and utilities based on historical spending patterns and includes adjustments for liability and loss of income insurance, computer expenses, and fleet replacement.

The Governor recommended \$14.4 million less than enacted or \$13.9 million less than requested based on estimated changes in lottery collections. The recommendation includes \$183.6 million for video lottery terminal commission or \$13.8 million less than enacted. The Assembly concurred.

Registry of Motor Vehicles Building. The Governor's Capital Budget includes \$1.7 million from Rhode Island Capital Plan funds to renovate the Forand Building to be the new home of the Registry of Motor Vehicles. The operating budget shows this expenditure in the Department of Administration's budget; however, the Governor's Capital Budget shows this expenditure in the Department of Revenue. The Assembly moved this project into the Department of Revenue to be consistent with the Capital Budget and provided \$1.2 million based on anticipated expenditures for FY 2009.

All Other Adjustments. The Department requested \$0.3 million from general revenues for all other operating expenditures, which is \$3,422 less than the enacted budget. This includes an additional \$5,196 for tolls incurred by individuals who travel into Newport, an additional \$1,500 for stenographic services and \$10,318 less for all other expenditures to reflect current service levels. *The Governor recommended funding as requested.* The Assembly concurred, with the exception of providing \$4,000 less general revenues to reflect statewide consulting savings.

Legislature

	FY 2008	FY 2009	FY 2009	FY 2009
	Reported	Enacted	Revised	Final
Expenditures by Program				
General Assembly	\$ 4,976,720	\$ 5,434,268	\$ 5,626,681	\$ 5,533,666
Fiscal Advisory Staff	1,497,902	1,656,795	1,549,963	1,529,354
Legislative Council	4,153,424	4,374,913	4,191,089	4,125,801
Joint Comm. on Legislative Affairs	18,492,793	19,044,804	18,693,002	18,454,509
Office of the Auditor General	4,698,811	5,087,273	4,883,633	4,837,894
Special Legislative Commissions	9,573	17,500	15,300	15,171
Total	\$ 33,829,223	\$ 35,615,553	\$ 34,959,668	\$ 34,496,395
Expenditures by Category				
Salaries and Benefits	\$ 29,078,572	\$ 30,068,989	\$ 29,572,628	\$ 29,137,776
Contracted Services	485,312	654,304	594,304	584,431
Subtotal	\$ 29,563,884	\$ 30,723,293	\$ 30,166,932	\$ 29,722,207
Other State Operations	2,059,925	2,348,360	2,375,786	2,357,238
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,074,123	2,300,000	2,300,000	2,300,000
Capital	131,291	243,900	116,950	116,950
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 33,829,223	\$ 35,615,553	\$ 34,959,668	\$ 34,496,395
Sources of Funds				
General Revenue	\$ 32,377,685	\$ 34,099,202	\$ 33,451,335	\$ 32,988,062
Federal Aid	-	-	-	-
Restricted Receipts	1,451,538	1,516,351	1,508,333	1,508,333
Other	-	-	-	-
Total	\$ 33,829,223	\$ 35,615,553	\$ 34,959,668	\$ 34,496,395
FTE Authorization	297.9	297.9	289.8	297.9
FTE Average	291.2			

FY 2009 Revised Request. The Legislature's revised budget of \$37.3 million includes a general revenue reappropriation of \$1.7 million and 298.0 full-time equivalent positions.

The Governor did not include the reappropriation and assumed additional personnel savings, reducing the request by a total of \$2.4 million and 8.2 positions.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits.

The total amount allocated to the Legislature is \$463,273. The Assembly also restored staffing to the enacted level of 297.9 positions.

Office of Lieutenant Governor

	FY 2008		FY 2009		FY 2009		FY 2009
	Reported		Enacted		Revised		Final
Expenditures by Category							
Salaries and Benefits	\$ 816,454	\$	852,327	\$	825,754	\$	812,651
Contracted Services	192		-		-		-
Subtotal	\$ 816,646	\$	852,327	\$	825,754	\$	812,651
Other State Operations	32,752		47,516		33,892		33,605
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	-		-		-		-
Capital	1,014		1,575		1,125		1,125
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
Total	\$ 850,412	\$	901,418	\$	860,771	\$	847,381
Sources of Funds							
General Revenue	\$ 850,412	\$	901,418	\$	860,771	\$	847,381
Federal Aid	-		-		-		-
Restricted Receipts	-		-		-		-
Other Funds	-		-		-		-
Total	\$ 850,412	\$	901,418	\$	860,771	\$	847,381
FTE Authorization	9.0		8.0		7.0		8.0
FTE Average	8.5						

FY 2009 Revised Request. The Office requested expenditures of \$893,108 from general revenues, which is \$8,310 less than the FY 2009 enacted budget. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$50,690 from general revenues and 0.2 positions for the Office. The revised request is \$47,630 from general revenues above the enacted budget adjusted for that allocation. *The Governor recommended expenditures of \$860,771, or \$52,165 less than enacted. This includes the elimination of 1.0 position.*

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Office of the Lieutenant Governor is \$13,390. The Assembly also restored the 1.0 position eliminated in the Governor's proposal.

Salaries and Benefits. The Office requested \$47,630 more than the adjusted budget for all salaries and benefits. This includes \$12,717 for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. This does not fully achieve the statewide

savings but does reflect the Office holding a position vacant until January 1, 2009 to capture some turnover savings.

Subsequently, the Office submitted a corrective action plan that includes postponing filling a position until FY 2010, to produce an additional \$33,001 in savings.

The Governor recommended \$26,573 less than enacted for all salaries and benefits. This is \$23,514 more than requested including adjustments for the retiree health rate increase. The Governor also recommended eliminating the 1.0 policy analyst position the Office proposed to leave vacant as part of its corrective action plan.

The Assembly concurred, with the exception of the across-the-board reductions. The Assembly also restored the 1.0 position.

Other Operating. The Office requested a decrease of \$5,250 from general revenues for all other operating expenditures. This includes a reduction for out-of-state travel, and a reduction for staff training. *The Governor recommended \$8,824 less than requested for all other operating expenditures.* The Assembly concurred, with the exception of the across-the-board reductions.

Office of the Secretary of State

	FY 2008 Reported	FY 2009 Enacted	FY 2009 Revised	FY 2009 Final
Expenditures by Program				
Administration	\$ 1,756,779	\$ 1,879,212	\$ 1,739,803	\$ 1,713,199
Corporations	1,914,051	1,840,798	1,791,419	1,766,018
State Archives	557,418	610,581	558,709	557,392
Elections	1,570,655	2,217,208	2,141,357	2,102,637
State Library	712,912	552,708	567,046	560,831
Office of Public Information	308,132	303,357	318,556	313,789
Total	\$ 6,819,947	\$ 7,403,864	\$ 7,116,890	\$ 7,013,866
Expenditures by Category				
Salaries and Benefits	\$ 4,483,916	\$ 4,793,377	\$ 4,536,526	\$ 4,471,522
Contracted Services	359,611	353,100	308,504	304,634
Subtotal	\$ 4,843,527	\$ 5,146,477	\$ 4,845,030	\$ 4,776,156
Other State Operations	1,524,875	2,066,283	2,006,448	1,972,298
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	391,494	175,702	241,302	241,302
Capital	60,051	15,402	24,110	24,110
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 6,819,947	\$ 7,403,864	\$ 7,116,890	\$ 7,013,866
Sources of Funds				
General Revenue	\$ 5,488,114	\$ 6,307,144	\$ 6,407,527	\$ 6,323,741
Federal Aid	911,443	541,139	296,287	296,287
Restricted Receipts	420,390	555,581	413,076	393,838
Other	-	-	-	-
Total	\$ 6,819,947	\$ 7,403,864	\$ 7,116,890	\$ 7,013,866
FTE Authorization	58.0	57.0	55.0	55.0
FTE Average	55.2			

FY 2009 Revised Request. The Office requested FY 2009 revised expenditures of \$7.5 million from all sources, which is \$49,513 more than the FY 2009 enacted budget. The request includes \$18,916 more from general revenues, \$0.2 million more from federal funds, and \$0.2 million less from restricted receipts. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly, but not reflected in the individual agency totals is \$322,905 for the Office including \$294,083 from general revenues and 1.6 full-time equivalent positions. The revised request is \$312,999 more from general revenues and 1.6 positions above the enacted budget adjusted for that allocation.

The Office subsequently submitted a corrective action plan that includes anticipated general revenue savings from bringing legal work related to elections in-house, reconfiguring telephone lines to increase efficiencies and holding personnel vacancies open for extended periods. The plan does not specify values to these actions, but it is unlikely these actions would generate the \$312,996 in savings. It also does not address the estimated \$300,000 deficit from federal funds that it would have if the loss of federal election reform funds were shared equally with the Board of Elections.

The Governor recommended \$286,974 less than enacted from all fund sources. This is \$336,487 less than requested, including \$81,467 more from general revenues, \$421,333 less from federal funds, and \$3,379 more from restricted receipts. The Governor recommended 2.0 fewer positions than enacted and requested. The Governor subsequently requested an amendment to add \$19,238 from general revenues offset by an equal reduction in restricted receipts, since it appears that the lower revenues in the Historical Records Trust Fund cannot support this expense.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Office is \$83,786.

The Assembly concurred with the remainder of the Governor's recommendations.

Historical Records Trust Fund. The request is \$45,884 less than enacted, and \$26,013 less than the adjusted budget, for all expenses related to the State Archives from the Historical Records Trust Fund. This includes a \$145,884 reduction in expenditures from the fund's resources and \$100,000 more from general revenues to account for an anticipated revenue shortfall. For the FY 2009 budget, the Assembly provided \$55,000 from general revenues to cover some of the expenses that would normally come from the Historical Records Trust Fund based on an anticipated decline in those resources, which are linked to property transactions. Given the further decline in the housing market, the Office requests an additional \$100,000 from general revenues, for a total of \$155,000 to offset a larger revenue shortfall.

Salary and benefit expenditure reductions total \$5,739 for 3.4 full-time equivalent positions and include an increase of \$4,831 in assessed fringe benefits. The request includes \$40,145 less for all other operating expenses.

The Governor recommended \$80,762 more from general revenues and \$142,505 less from restricted receipts. This is \$4,012 more than requested, including \$19,238 less from general revenues. The Governor subsequently requested an amendment to add \$19,238 from general revenues for the rental of outside property, offset by an equal reduction in restricted receipts, since it appears that the lower revenues in the Historical Records Trust Fund cannot support this expense. The Assembly concurred, with the exception of the across-the-board reductions.

Other Salaries and Benefits. The Secretary of State requested \$128,371 less than enacted from all sources for all other salary and benefit costs for the remaining 53.6 full-time equivalent positions. This includes \$81,400 less from general revenues. This request is \$194,534 more than the adjusted budget including \$212,683 more from general revenues. This includes \$65,123 for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. The Office indicated that it had no retirements, making additional savings difficult to achieve.

The subsequent corrective action plan includes holding personnel vacancies open for extended periods as a way to avoid overspending.

The Governor recommended \$284,152 less than enacted, including \$218,307 less from general revenues and \$45,947 less from federal funds for all other salaries and benefits. This is \$155,781 less than the revised request from all funds. The Governor recommended 55.0 full-time equivalent positions which is 2.0 less than both the enacted level and the revised request. The Office had indicated that 1.4 of the 2.0 positions are currently filled and the vacant 0.6 administrative assistant position was filled in January, but the budget assumed keeping that position vacant. The Assembly concurred, with the exception of the across-the-board reductions.

State House Tours. The 2008 Assembly concurred with the Governor's recommendation to exclude FY 2009 funding for a \$13,014 contract with Johnson and Wales University to coordinate tours of the State House to the public and all the school districts in Rhode Island. Students volunteer to lead tours, but the Office pays the University to coordinate the schedules of the students and handle their training. The revised budget request restores the funding. *The Governor did not recommend this funding.* The Assembly concurred.

Legal Expenses for Elections. The request includes \$100,000 less from general revenues for legal expenses in connection with the elections division. This includes \$120,000 less from referenda expenses and \$20,000 more for the expenses of regular and special elections. Based on historical trends, legal expenses were expected to be much higher than proved necessary. The Assembly added \$120,000 for legal expenses above the Governor's FY 2009 recommendation, based on the Office's estimate of historical spending. The 2006 referenda included the casino issue, which required more legal expenses than the two referenda did this year.

The corrective action plan mentions bringing a significant portion of legal work related to election challenges in-house. It is not clear if this includes the \$100,000 savings in the revised request or if this is additional savings. *The Governor recommended funding as requested.* The Assembly concurred.

Other Election Expenses. The Secretary of State and Board of Elections requested \$441,330 more than enacted from all funds for regular and special elections, referenda, and the implementation of the requirements of the Help America Vote Act (HAVA) of 2002, excluding salaries and benefits. This is \$145,121 more from general revenues and \$296,209 more from federal funds than enacted.

The Secretary of State requested \$239,554 more from all funds for election expenses, including \$24,795 more from general revenues. Referenda costs increased by \$18,913 while expenses for regular and special elections increased by \$5,882. Increases are for temporary and contracted services, maintenance and repairs, and general operating expenses. The Secretary of State requested \$214,759 more from federal funds for the Help America Vote Act requirements. This increase includes \$146,394 for computer software maintenance contracts with the vendor servicing the central voter registry project and the optical scan voting equipment, \$30,000 for advertising and printing, \$11,412 for additional information technology services, and \$26,953 for other miscellaneous office expenditures that were not funded in the enacted budget.

The Office's corrective action plan indicates its intention to use all of the available Help America Vote Act funds in FY 2009, thus the Office feels it is at no risk for a shortfall.

The Governor recommended \$110,391 more than enacted from all funds, including \$319,140 more from general revenues and \$208,749 less from federal funds for all other election expenses. This is \$129,163 less than requested. This includes \$255,876 transferred from federal funds to general revenues for maintenance contracts because of the expected depletion of the Help America Vote Act funds. This also includes \$120,844 less for maintenance and \$64,744 more in miscellaneous office expenses. Subsequently, the Governor requested an amendment to reduce general revenue expenditures by \$19,238 based on revised printing costs. The Assembly concurred, with the exception of the across-the-board reductions.

The Board of Elections requested \$168,376 more from all funds, including \$146,826 from general revenues and \$21,550 from federal funds. Increased expenses include \$75,000 in legal expenses, \$34,000 in printing, \$21,700 in the rental of outside property, and \$37,676 in miscellaneous other operating expenses. *The Governor recommended the transfer of \$53,900 from federally funded expenses to general revenues because of the expected exhaustion of Federal Help America Vote Act funds. All other changes in operating expenses result in a net increase of \$6,405 from general revenues.* The Assembly concurred.

Other Operating Adjustments. The Secretary of State requested \$71,200 more than enacted from all sources for all other operating expenditures, including \$62,507 more from general revenues and \$8,693 more from federal funds. The general revenue increase includes an additional \$34,470 for advertising and printing, \$18,271 for telecommunications expenses, \$7,900 for maintenance, and \$14,366 in other operating expenses along with \$12,500 less for outside legal expenses. This brings expenditures more in line with FY 2008. The increased federal fund expenditures are for a project archivist and constitute the final funding of the National Historical Publications and Records Commission Grant.

The corrective action plan indicates that the Office had reconfigured its phone system by eliminating approximately 20 lines to create greater efficiency and reduce costs. It is not clear whether the \$18,271 for telecommunications expenses above represents an action to achieve these savings or if this will require additional action.

The Governor recommended \$28,659 more than enacted from all sources for all other operating expenses, including \$18,788 more from general revenues and \$1,178 more from federal funds. This is \$42,541 less than the revised request. The Governor recommended \$9,871 or \$1,178 more than the revised request for the National Historical Publications and Records Commission Grant to reflect the expenditure of the remaining balance in FY 2009. The Assembly concurred, with the exception of the across-the-board reductions.

Office of the General Treasurer

	FY 2008	FY 2009	FY 2009	FY 2009
	Reported	Enacted	Revised	Final
Expenditures by Program				
General Treasurer	\$ 2,830,435	\$ 3,026,336	\$ 2,771,509	\$ 2,738,218
Unclaimed Property	28,252,979	18,290,775	15,063,114	14,479,747
Employees' Retirement System	6,520,387	7,666,061	7,948,050	7,948,050
Crime Victim Compensation	2,022,502	2,468,036	2,420,592	2,424,158
Refunding Bond Authority	35,792	38,075	41,105	40,518
Subtotal	\$ 39,662,095	\$ 31,489,283	\$ 28,244,370	\$ 27,630,691
Expenditures by Category				
Salaries and Benefits	\$ 7,329,100	\$ 7,766,298	\$ 7,618,530	\$ 7,588,536
Contracted Services	2,413,770	2,012,145	2,497,145	2,497,685
Subtotal	\$ 9,742,870	\$ 9,778,443	\$ 10,115,675	\$ 10,086,221
Other State Operations	28,144,722	9,627,330	15,440,663	14,856,438
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,734,995	2,150,350	2,158,000	2,158,000
Capital	39,508	733,160	530,032	530,032
Capital Debt Service	-	-	-	-
Operating Transfers	-	9,200,000	-	-
Total	\$ 39,662,095	\$ 31,489,283	\$ 28,244,370	\$ 27,630,691
Sources of Funds				
General Revenue	\$ 2,668,892	\$ 2,563,767	\$ 2,465,934	\$ 2,430,926
Federal Aid	799,601	1,170,081	1,095,793	1,100,489
Restricted Receipts	35,987,392	27,502,060	24,486,449	23,903,082
Other	206,210	253,375	196,194	196,194
Total	\$ 39,662,095	\$ 31,489,283	\$ 28,244,370	\$ 27,630,691
FTE Authorization	88.0	86.0	83.0	83.0
FTE Average	81.6			

FY 2009 Revised Request. The Office of the General Treasurer requested \$3.5 million less than enacted from all sources including \$107,771 less from general revenues and 3.0 fewer full-time equivalent positions. Most of the decrease is from showing the change to the future liability for unclaimed property as an expenditure, not previously done in budget enactments. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$512,906 for the Office including \$128,298 from general revenues and 2.4 positions. The revised request is \$20,527 from general revenues above the enacted budget adjusted for that allocation.

The Governor recommended \$3.2 million and 3.0 positions less than enacted and \$0.2 million more than requested. The difference from the request is for statewide salary and benefit adjustments and

unclaimed property revisions consistent with the November revenue estimate. The Governor subsequently requested an amendment to add \$4,696 from a new crime victim awareness grant.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Office is \$35,008.

The Assembly also reduced recommended unclaimed property expenditures by \$583,367 consistent with the May Revenue Conference estimate.

Salaries and Benefits. The Office requested \$312,481 more than the adjusted budget for all salaries and benefits including \$48,603 from general revenues. This includes \$114,693, \$28,418 from general revenues, for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. It also reflects savings from eliminating 3.0 positions, additional turnover savings, and changes to the cost allocation of positions among the Office's programs and fund sources. This does not fully meet the statewide savings reduction and does not appear to include the savings from the uncompensated leave day. The Office subsequently submitted a corrective action plan to achieve \$4,584 additional savings from holding a position vacant for an additional two months.

The Governor recommended the requested funding with the exception of adding \$52,657, \$9,938 from general revenues, to account for the uncompensated leave day and the retiree health rate increase. The Assembly concurred, with the exception of the across-the-board reductions.

Retirement System Actuarial Studies. The Office requested \$150,000 from retirement fund resources for actuarial studies on proposed changes to the current plan and benefits to be requested from the Special House Commission studying the state's pension system. The request represents an estimate, which would be refined further when the type or scope of the studies is known. This is in addition to \$165,000 included in the enacted budget for annual actuarial requirements. *The Governor recommended funding as requested.* The Assembly concurred.

Unclaimed Property Claims. The Office requested \$7.7 million for payment of unclaimed property claims, which is \$62,634 less than enacted. The November Revenue Estimating Conference estimated \$7.7 million. *The Governor recommended funding as requested and consistent with the revenue estimate.*

The Assembly added \$0.5 million to reflect the estimate adopted by the May 2009 Revenue Estimating Conference.

Unclaimed Property Change in Claims Liability. The Office requested that the revised budget reflect an estimated \$3.3 million reduction in the amount of revenues set aside for future claims liability. This change has not typically appeared in the expenditure estimate included in the budget; however, the Office of Accounts and Control has historically recorded the change as an expenditure, skewing budget to actual comparisons at the close of the fiscal year. Years in which the liability increases, actual expenditures appear greater than those budgeted, and they appear understated in the years for which there is a liability reduction. The agency requested that the liability change be reflected in the budget to align its expenditure authority with these transactions.

The Governor concurred with this as an expense and revised the amount by \$35,142 consistent with the November estimate. The Assembly reduced the recommended amount by \$146,001 to reflect the estimate adopted by the May 2009 Revenue Estimating Conference.

Unclaimed Property Transfer to General Fund. The Office requested \$9.2 million for the transfer from unclaimed property to the state, \$17,622 less than enacted. The November 2008 Revenue Estimating Conference adopted an estimate of \$9.3 million, which is \$0.1 million more than enacted. ***The Governor recommended \$9.3 million consistent with the revenue estimate.***

The Assembly lowered the transfer by \$0.9 million to reflect the estimate adopted by the May 2009 Revenue Estimating Conference.

All Other Operations. The Office requested \$15,959 more than enacted, including \$28,076 less from general revenues for all other expenses including legal and other contracted services. ***The Governor recommended funding as requested.***

The Governor subsequently requested an amendment to add \$4,696 from a new federal grant to the Crime Victim Compensation program received to support community awareness during National Crime Victims' Rights Week, April 26 to May 2, 2009.

The Assembly concurred, with the exception of the across-the-board reductions.

Rhode Island Board of Elections

	FY 2008	FY 2009	FY 2009	FY 2009
	Reported	Enacted	Revised	Final
Expenditures by Category				
Salaries and Benefits	\$ 1,056,059	\$ 1,339,738	\$ 1,132,866	\$ 1,115,899
Contracted Professional Services	456,006	621,692	694,901	691,574
Subtotal	\$ 1,512,065	\$ 1,961,430	\$ 1,827,767	\$ 1,807,473
Other State Operations	418,277	213,788	219,893	218,034
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	300	300
Capital Improvements	(3,849)	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,926,493	\$ 2,175,218	\$ 2,047,960	\$ 2,025,807
Sources of Funds				
General Revenue	\$ 1,315,331	\$ 1,512,874	\$ 1,552,690	\$ 1,530,537
Federal Aid	611,162	662,344	495,270	495,270
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 1,926,493	\$ 2,175,218	\$ 2,047,960	\$ 2,025,807
FTE Authorization	14.0	14.0	12.0	12.0
FTE Average	12.0			

FY 2009 Revised Request. The Board of Elections did not submit a formal budget request in writing, thus this analysis is based upon information the Budget Office received in the form of a database. The Board requests \$111,566 more from all fund sources than enacted, including \$148,168 more general revenues for its operations and \$36,602 less federal funds for implementation of federal election reform. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly, but not reflected in the individual agency totals is \$86,241 for the Board, including \$81,411 from general revenues and the elimination of 0.4 full-time equivalent positions. The Board's revised request is \$229,579 from general revenues and 0.4 full-time equivalent positions above the enacted budget adjusted for that allocation.

No corrective action plan was submitted to address the anticipated deficit. *The Governor recommended \$2.0 million from all sources, \$127,258 less than enacted, including \$39,816 more from general revenues and \$167,074 less from federal funds.* The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Board is \$22,153. The Assembly concurred with the remainder of the Governor's recommendations.

Salaries and Benefits. The request is \$56,810 less than enacted for salaries and benefits including \$1,342 more from general revenues and \$58,152 less from federal funds. The general revenue request is \$82,753 more than the adjusted budget. The Board did not adjust its assessed fringe benefit rate based on the revised requirements from the Budget Office. Based on the revised rate, the Board will need an additional \$26,430 from general revenues.

The Governor recommended \$150,062 less than requested from general revenues. This includes shifting one federally funded position to general revenues and eliminating two vacant positions. The Assembly concurred, with the exception of the across-the-board reductions.

Legal Services. The Board requested total revised legal services of \$135,000 from general revenues, which is \$75,000 more than enacted. The Board has incurred the following legal expenditures: \$102,489 in FY 2003, \$45,477 in FY 2004, \$95,814 in FY 2005, \$236,422 in FY 2006, \$53,231 in FY 2007, and \$66,096 in FY 2008. *The Governor recommended \$115,000 for legal services, \$20,000 less than requested.* The Assembly concurred, with the exception of the across-the-board reductions.

Other Contracted Services. The Board requested \$45,000 more from general revenues for other contracted services. This includes increases of \$30,000 for temporary staff, \$5,000 for audit services, \$5,000 for the Travel P card, \$2,100 for stenographic services and \$2,900 for other miscellaneous services. *The Governor recommended \$18,209 more than enacted, and \$26,791 less than requested. Expenditures from general revenues are \$28,231 more than requested and include transferring \$55,022 for the support and delivery contract for the AutoMARK election machines from federal funds to general revenues.* The Assembly concurred.

Federal Election Reform. The Board and the Secretary of State requested revised FY 2009 expenditures of \$1.2 million from federal funds to implement the requirements of the Help America Vote Act (HAVA) of 2002. Combined, this is \$236,309 more than the FY 2009 enacted budget.

The Board requested \$21,550 more than enacted to continue Help America Vote Act requirements including increases in rental of outside property and printing. *The Governor recommended \$53,900 less than enacted which is \$75,450 less than requested. These expenses have historically been federally funded, but have been transferred to general revenues because of the expected exhaustion of Help America Vote Act funds. The only expense remaining federally funded is the software and maintenance contract for the AutoMARK voting machines.* The Assembly concurred.

The Secretary of State requested \$214,759 more from federal funds for the Help America Vote Act requirements. This increase includes \$146,394 for computer software maintenance contracts with the vendor servicing the central voter registry project and the optical scan voting equipment, \$30,000 for advertising and printing, \$11,412 for additional information technology services, and \$26,953 for other miscellaneous office expenditures. The Secretary of State requested \$24,795 more from general revenues because referenda costs increased by \$18,913 and expenses for regular and special elections increased by \$5,882.

The Governor recommended \$110,391 less than enacted from all funds, including \$319,140 more from general revenues and \$208,749 less from federal funds for all other election expenses. This is \$129,163 less than requested. This includes \$255,876 transferred from federal funds to general revenues for maintenance contracts because of the expected depletion of the Help America Vote Act funds. This also includes \$120,844 less for maintenance and \$64,744 more in miscellaneous office expenses. The Assembly concurred.

Other Operating Expenses. The Board requested \$28,826 more from general revenues for all other operations. This includes miscellaneous expenditure changes of minor amounts throughout the agency's budget. *The Governor recommended \$60,305 more than enacted, which is \$33,479 more than requested. Of this, \$53,900 of election expenses has been transferred to general revenues from federal funds, resulting in a real difference of \$6,405 more from general revenues for all other miscellaneous office expenses.* The Assembly concurred, with the exception of the across-the-board reductions.

Rhode Island Ethics Commission

	FY 2008	FY 2009	FY 2009	FY 2009
	Reported	Enacted	Revised	Final
Expenditures by Category				
Salaries and Benefits	\$ 1,159,148	\$ 1,198,016	\$ 1,198,987	\$ 1,179,849
Contracted Services	24,103	28,500	34,500	33,925
Subtotal	\$ 1,183,251	\$ 1,226,516	\$ 1,233,487	\$ 1,213,774
Other State Operations	152,727	172,500	169,670	168,235
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	7,051	6,293	6,293	6,293
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,343,029	\$ 1,405,309	\$ 1,409,450	\$ 1,388,302
Sources of Funds				
General Revenue	\$ 1,343,029	\$ 1,405,309	\$ 1,409,450	\$ 1,388,302
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 1,343,029	\$ 1,405,309	\$ 1,409,450	\$ 1,388,302
FTE Authorization	12.0	12.0	12.0	12.0
FTE Average	11.7			

FY 2009 Revised Request. The Commission requested \$26,973 more general revenues than enacted. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$71,349 from general revenues for the Commission and 0.7 positions. The revised request is \$98,322 from general revenues and a 0.7 position above the enacted budget adjusted for that allocation.

Subsequently, the Commission submitted a corrective action plan to reduce a portion of its projected deficit by maintaining a vacancy, reducing staff training and travel expenses.

The Governor recommended \$74,490 above the adjusted budget, or \$22,832 less than requested to reflect additional turnover and savings that the Commission included in its corrective action plan. He also recommended staffing of 12.0, consistent with the enacted level.

The Assembly concurred and adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Commission is \$21,148.

Salaries and Benefits. The agency requested \$2,733 more than enacted and \$74,082 more than the adjusted budget for all salaries and benefits. This includes \$19,400 for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. The Commission indicated that none of its staff were eligible to retire; therefore, the entire amount assumed could not be achieved. The Commission has a vacancy that it has not received permission to fill. Therefore, additional turnover savings will likely be achieved. As part of its corrective action plan, the Commission proposed to maintain this position vacant for an additional five pay periods.

The Governor recommended \$1,762 less than requested. This includes the corrective action plan and additional turnover savings offset by the retiree health insurance adjustment.

The Assembly concurred, with the exception of providing \$19,138 less general revenues to reflect statewide savings.

Outside Legal Services. The Commission requested an additional \$11,000 from general revenues for outside legal services, for which the enacted budget already includes \$24,000. The Commission indicates that its current legal counsel was recused on a complaint matter and it had to retain another independent counsel. Rhode Island General Law 36-14-9 empowers the Commission to retain the services of independent legal counsel. Legal counsel is utilized to provide legal guidance and interpretation on complaints before the Commission and proposed regulatory changes.

The Governor recommended \$6,000 less than enacted or \$5,000 less than requested. The Assembly concurred, with the exception of reducing expenditures by \$575 to reflect statewide consulting savings.

All Other Adjustments. The Commission requested \$13,240 or 7.2 percent more than the enacted budget for all other expenses. This includes new expenditures of \$4,160 for Westlaw applications for four of its staff attorneys. The Commission indicated that currently it does not subscribe to any online legal research service and that staff utilizes their own Rhode Island Bar Association memberships to do research; however, have found multiple errors with the search engine. Therefore, it cannot rely solely on the Rhode Island Bar Association research engine. The request also includes additional expenses for electricity, traveling related expenses, staff training, record center charges, and stenographic services. Subsequently, the Commission submitted a corrective action plan to reduce a portion of its projected deficit reducing staff training and out-of state travel expenses to attend conferences.

The Governor recommended \$2,830 less than enacted or \$16,070 less than requested, primarily to reflect savings that the Commission subsequently included in its corrective action plan. The Assembly provided \$1,435 less general revenues to reflect statewide operating cost savings.

Office of the Governor

	FY 2008	FY 2009	FY 2009	FY 2009
	Reported	Enacted	Revised	Final
Expenditures by Category				
Salaries and Benefits	\$ 4,434,951	\$ 4,283,211	\$ 4,593,980	\$ 4,377,376
Contracted Services	217,408	24,000	-	268,000
Subtotal	\$ 4,652,359	\$ 4,307,211	\$ 4,593,980	\$ 4,645,376
Other State Operations	290,798	343,900	317,876	349,189
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	5,121	500,000	500,000	200,000
Capital	9,602	7,500	11,500	16,618
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 4,957,880	\$ 5,158,611	\$ 5,423,356	\$ 5,211,183
Sources of Funds				
General Revenue	\$ 4,957,880	\$ 5,158,611	\$ 5,423,356	\$ 4,629,699
Federal Aid	-	-	-	581,484
Restricted Receipts	-	-	-	-
Other Funds	-	-	-	-
Total	\$ 4,957,880	\$ 5,158,611	\$ 5,423,356	\$ 5,211,183
FTE Authorization	45.0	39.0	39.0	39.0
FTE Average	42.4			

FY 2009 Revised Request. The Office's revised request is \$211,798 above the enacted budget and the authorized level of staffing. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$259,932 from general revenues for the Office and 1.1 positions. The revised request is \$471,730 from general revenues above the enacted budget adjusted for that allocation. The Office requested 39.0 positions, which reflects the elimination of 2.0 vacant positions and the transfer of 2.0 positions from the Department of Administration.

The Governor recommended funding and staffing as requested and provided an additional \$52,947 for the retiree health benefit rate adjustment.

The Assembly provided total expenditures of \$5.2 million, \$0.2 million less than recommended. This includes \$0.6 million of new federal stimulus funds and \$0.8 million less general revenues. The Assembly also adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Office is \$68,980.

Positions Transfer. The Office's request reflects an additional \$189,516 from general revenues for the transfer of 2.0 positions from the Department of Administration's Central Management and Purchasing programs. This includes an administrative assistant and a deputy executive assistant of communication positions. *The recommendation includes the transfer and funding as requested.* The Assembly concurred.

Other Salaries and Benefits. Excluding the transfers from the Department of Administration, the agency requested \$328,238 more than the adjusted budget for all other salaries and benefits, which includes 2.0 fewer positions than enacted. This includes \$72,265 for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. It also reflects an increase of \$255,973 for all other salary and benefit expenditures. The enacted budget includes the elimination of 4.0 positions for a savings of \$234,779, consistent with the Governor's recommendation; however, the revised budget adds \$0.1 million to fund costs associated with a position that was not eliminated until after the first quarter of FY 2009. Additionally, it appears that current staffing configuration costs more than funds provided in the enacted budget. *The Governor recommended funding as requested and includes \$52,947 for the retiree health rate adjustment.*

The Assembly did not concur with the supplemental increase and reduced expenditures by \$0.4 million. It also provided \$66,292 less to reflect statewide savings.

Contingency Fund. The request includes the enacted amount of \$0.5 million for the contingency fund. The funds may be used for expenditures in any state department or agency where funding is insufficient, or where such requirements are due to unforeseen conditions or are non-recurring items of an unusual nature. *The Governor recommended funding as requested.* The Assembly reduced expenditures by \$0.3 million.

Office of Economic Recovery and Reinvestment. Subsequent to his budget submission, the Governor requested legislation to create a restricted receipt account, which can receive up to 0.5 percent of stimulus funding to cover expenses incurred in the oversight of those projects and included \$0.6 million of restricted receipt expenditures. The Office's proposal assumes assessing stimulus accounts a charge for administrative support costs with the proceeds deposited in a restricted receipt account. The Assembly provided \$0.6 million of federal fund expenditures in lieu of establishing a restricted receipt account.

Operations. The Office requested revised expenditures of \$329,376, or \$46,024 less than the enacted amount for all other operations. This includes the elimination of the enacted amount of \$24,000 budgeted for temporary contracted services and \$22,024 less for operating expenses, including the removal of \$27,000 previously budgeted for office space in Washington D.C. that is now being sublet. The request includes additional funds for dues for the National Governor's Association. *The Governor recommended funding as requested.*

The Assembly concurred, with the exception of providing \$2,688 less general revenues to reflect statewide operating savings.

Rhode Island Commission for Human Rights

	FY 2008	FY 2009	FY 2009	FY 2009
	Reported	Enacted	Revised	Final
Expenditures by Category				
Salaries and Benefits	\$ 1,066,965	\$ 1,117,743	\$ 1,144,516	\$ 1,131,384
Contracted Services	7,264	5,000	9,950	9,933
Subtotal	\$ 1,074,229	\$ 1,122,743	\$ 1,154,466	\$ 1,141,317
Other State Operations	266,482	260,225	250,407	249,610
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,340,711	\$ 1,382,968	\$ 1,404,873	\$ 1,390,927
Sources of Funds				
General Revenue	\$ 951,872	\$ 991,659	\$ 932,418	\$ 918,472
Federal Aid	388,839	391,309	472,455	472,455
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 1,340,711	\$ 1,382,968	\$ 1,404,873	\$ 1,390,927
FTE Authorization	14.5	14.5	14.5	14.5
FTE Average	14.6			

FY 2009 Revised Request. The Commission requested \$12,504 more than enacted from federal funds and the enacted level of authorized positions. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$81,860 for the Commission including \$65,520 from general revenues and 0.4 positions. The revised request is consistent with the enacted budget and does not reduce expenses or Commission staffing for that allocation. The Commission requested 14.5 full-time equivalent positions, 0.4 more than the allocation provided by the Budget Office. *The Governor recommended \$9,401 more than requested and shifted general revenue expenses to federal funds.*

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Commission is \$13,946. The Assembly concurred with the remainder of the recommendation.

Salaries and Benefits. The Commission requested \$100,166 more than the adjusted budget for all salaries and benefits including \$79,846 more from general revenues. This included \$17,109 from all funds, \$13,533 from general revenues, for the increase to the assessed fringe benefit rate to account for

the high volume of leave payouts from recent retirements. The Commission did not submit a corrective action plan. The Commission did not experience any staff reductions through retirements or other attrition; its revised request retains the current staffing level of 14.5 positions.

The Governor recommended \$8,467 more than requested for a retiree health insurance rate adjustment; however, he also shifted \$59,241 in general revenue expenses to federal funds possibly reducing the amount of federal resources available for FY 2010. The Assembly concurred with the exception of the across-the-board reductions.

State Operations. The Commission requested \$5,802 less from all sources, including \$14,326 less from general revenues for all other state operations. The Commission shifted funding from general revenues to available federal resources and reduces some operating expenses and increases funding for interpreters and stenographic services to reflect projected spending. *The Governor recommended \$4,868 less from enacted or \$934 more than requested.* The Assembly concurred with the exception of the across-the-board reductions.

Public Utilities Commission

	FY 2008	FY 2009	FY 2009	FY 2009
	Reported	Enacted	Revised	Final
Expenditures by Category				
Salaries and Benefits	\$ 4,408,809	\$ 4,620,447	\$ 4,600,027	4,600,027
Contracted Services	392,784	1,318,143	1,318,143	1,318,143
Subtotal	\$ 4,801,593	\$ 5,938,590	\$ 5,918,170	\$ 5,918,170
Other State Operations	503,459	930,287	930,187	930,187
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	57,478	337	337	337
Capital	70,754	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 5,433,284	\$ 6,869,214	\$ 6,848,694	\$ 6,848,694
Sources of Funds				
General Revenue	\$ 475,034	\$ -	\$ -	\$ -
Federal Aid	70,662	100,547	102,659	102,659
Restricted Receipts	4,887,588	6,768,667	6,746,035	6,746,035
Other	-	-	-	-
Total	\$ 5,433,284	\$ 6,869,214	\$ 6,848,694	\$ 6,848,694
FTE Authorization	45.0	44.0	44.0	44.0
FTE Average	43.1			

FY 2009 Revised Request. The Public Utilities Commission requested \$58,097 more than enacted from all sources and 2.0 more full-time equivalent positions. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly, but not reflected in the individual agency totals is \$284,830 for the Commission. The revised request is \$342,927 from all sources and 2.0 positions above the enacted budget adjusted for that allocation. *The Governor recommended \$20,520 less than enacted from all sources and the enacted level of full-time equivalent positions.* The Assembly concurred.

New Commissioners. The 2002 Assembly raised the number of commissioners from 3.0 to 5.0, effective January 31, 2004. The agency requested \$130,341. This is six months salaries and benefits and 2.0 full-time equivalent positions for the new commissioners. *The Governor did not recommend the new positions or the funding.* The Assembly concurred.

Other Salaries and Benefits. The agency requested \$212,686 more than the adjusted budget for all other salaries and benefits. This includes \$74,656 for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. It also reflects an adjustment of \$11,532 for one uncompensated leave day and updated costs for medical and other benefits. *The Governor recommended \$51,724 more from all funds than requested to adjust for a retiree health rate increase.* The Assembly concurred, with the exception of the across-the-board reductions.

Operating Expenses. The Commission requested \$100 less than enacted for all other operating costs. *The Governor recommended funding as requested.* The Assembly concurred, with the exception of the across-the-board reductions.

Rhode Island Commission on Women

	FY 2008		FY 2009		FY 2009		FY 2009
	Reported		Enacted		Revised		Final
Expenditures by Category							
Salaries and Benefits	\$ 95,164	\$	95,754	\$	98,331	\$	96,745
Contracted Services	-		-		-		-
Subtotal	\$ 95,164	\$	95,754	\$	98,331	\$	96,745
Other State Operations	8,784		9,454		8,046		7,978
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	2,005		2,000		2,000		2,000
Capital	-		-		-		-
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
Total	\$ 105,953	\$	107,208	\$	108,377	\$	106,723
Sources of Funds							
General Revenue	\$ 105,953	\$	107,208	\$	108,377	\$	106,723
Federal Aid	-		-		-		-
Restricted Receipts	-		-		-		-
Other Funds	-		-		-		-
Total	\$ 105,953	\$	107,208	\$	108,377	\$	106,723
FTE Authorization	1.0		1.0		1.0		1.0
FTE Average	1.0						

FY 2009 Revised Request. The Rhode Island Commission on Women requested expenditures of \$109,579 from general revenues, which is \$2,371 more than the enacted budget. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$5,360 from general revenues for the Commission. The revised request is \$7,731 above the enacted budget adjusted for that allocation. This includes \$1,652 for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. The Commission did not submit a corrective action plan.

The Governor recommended \$206 more than requested to reflect the retiree health rate adjustment. He offset the increase with a reduction of \$1,408 for all other operating expenditures.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Rhode Island Commission on Women is \$1,654. The Assembly concurred with the remainder of the recommendation.

Office of Health and Human Services

	FY 2008	FY 2009	FY 2009	FY 2009
	Reported	Enacted	Revised	Final
Expenditures by Category				
Salaries and Benefits	\$ 716,519	\$ 9,339,789	\$ 6,040,078	\$ 5,786,698
Contracted Services	675,827	2,188,340	1,890,074	1,560,862
Subtotal	\$ 1,392,346	\$ 11,528,129	\$ 7,930,152	\$ 7,347,560
Other State Operations	18,353	39,002	125,262	108,036
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,430,842	3,204,950	915,512	915,512
Capital	6,659	15,000	206,704	206,704
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 3,848,200	\$ 14,787,081	\$ 9,177,630	\$ 8,577,812
Sources of Funds				
General Revenue	\$ 363,333	\$ 5,223,297	\$ 3,790,550	\$ 3,601,193
Federal Aid	3,168,914	7,593,011	4,714,918	4,304,457
Restricted Receipts	315,953	1,970,773	672,162	672,162
Other	-	-	-	-
Total	\$ 3,848,200	\$ 14,787,081	\$ 9,177,630	\$ 8,577,812
FTE Authorization	6.0	92.2	85.1	85.1
FTE Average	5.0			

FY 2009 Revised Request. The Office requested \$5.5 million less from all funds, including \$1.3 million less from general revenues and 7.1 positions less than enacted. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$624,700 for the Office including \$353,760 from general revenues and 2.5 positions.

The Governor further reduced expenses by \$139,665, \$152,889 from general revenues, and included additional savings from salaries and benefits as well as savings from an anticipated federal stimulus package. The Governor requested an amendment to restore the assumed stimulus savings and transfer a grant to the Department of Human Services.

The Assembly shifted expenses for one position to federal stimulus funding. It also adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Office is \$60,383.

Federal Stimulus Package. The enacted budget includes \$1.7 billion from all sources for medical services matched by Medicaid, including \$0.4 million for the Office. *The Governor's recommended budget assumed passage of a federal stimulus package that includes a 3.0 percent increase to the rate the federal government reimburses states for Medicaid services. He shifted \$27.5 million of general revenue expenses to federal funds to account for this, including \$46,026 for the Office; however, this appears to be in error since the increased rate applies to direct medical services and the Office's budget only reflects federal grants which are not state matched.*

The Governor requested an amendment to correct this error. The Assembly concurred.

Reorganization. The enacted budget transferred \$8.5 million from all funds, including \$4.6 million from general revenues and 86.2 fiscal and legal positions from the five health and human services agencies to the Executive Office consistent with legislation passed by the 2007 Assembly to reorganize certain functions within the Office. There was a delay, sometimes up to six months, in the transfer of 65 positions and the Office's revised budget reduces salary and benefit expenses by \$2.3 million, including \$0.9 million from general revenues for the delay. Corresponding adjustments have also been made in the individual agency's budgets. *The Governor recommended funding as requested. The Assembly concurred.*

Salaries and Benefits. The Office requested \$254,804 less than the adjusted budget for salaries and benefits reflecting additional savings from retirements and/or other attrition. This is \$162,507 less from general revenues and excludes the adjustment for the delay in transferring certain positions as part of the reorganization. The request also includes \$16,482 from all funds, \$23,458 from general revenues, for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. *The Governor recommended \$139,665 less than requested, including \$106,863 from general revenues and assumed additional savings from not filling vacant positions as well as adjusting for updated retiree health costs.*

The Assembly shifted \$0.2 million in salary and benefit expenses to federal stimulus funding for one position assigned to the Governor's Office of Economic Recovery and Reinvestment. The Assembly concurred with the remainder of the recommendation with the exception of the across-the-board reductions.

Landmark Medical Center Legal Expenses. The Office requested \$127,000 from general revenues to contract with two law firms, Orson and Brusini, Ltd. and Donoghue, Barret and Sindal, for work required in June 2008 to represent the state in an emergency receivership action regarding Landmark Medical Center. *The Governor recommended funding as requested. The Assembly concurred.*

Real Choices System Change Grant. The Office's revised budget included \$211,969 more than enacted from carried forward funds from FY 2008 for total funding of \$809,028 for a contract awarded to the New England Consortium Systems Organization for project coordination, system design and marketing services through the real choices system change grant for community living. The grant addresses the infrastructure supporting the state's long-term care options. *The Governor recommended funding as requested.*

The Governor requested an amendment to transfer \$343,970 to the Department of Human Services reflecting spending for the final six months of the fiscal year. The Assembly concurred.

Medicaid Transformation Grant. The Office requested \$70,048 more than enacted for the Medicaid Transformation grant to adjust for carry-forward funding from FY 2008. Funding supports two

project managers providing technical support to design and develop improved Medicaid and long term care delivery systems by reducing patient error and improving coordination of care. *The Governor recommended funding as requested.* The Assembly concurred.

Medicaid Health Information Exchange Grant. The Office requested \$140,687 less from federal funding for the Medicaid Information Exchange grant to support a statewide health information exchange network. The project is in coordination with the Departments of Human Services and Health. Revised funding includes purchasing computer hardware and software licenses to expand capacity for the information exchange. The request for proposals has been issued for system programming but not yet awarded. *The Governor recommended funding as requested.* The Assembly concurred.

Strategic Prevention Framework Grant. The Office's request anticipated transferring the federal grant which funds programs that address substance abuse issues among adolescents to the Department of Mental Health, Retardation and Hospitals and reduced its request by \$2.7 million. It should be noted that the Department of Mental Health, Retardation and Hospitals' budget did not include the transfer in its revised request. *The Governor recommended funding as requested.* The Assembly concurred.

Other Operating Expenses. The Office requested \$76,260 more for all other expenses including \$23,403 more from general revenues. This includes \$39,108 for computers and \$23,603 for office supplies. The enacted budget includes \$39,002 for operating expenses and additional funding was not added when the positions and responsibilities were transferred to the Office. It appears that the revised request adjusts for the transfers. *The Governor recommended funding as requested.* The Assembly concurred, with the exception of the across-the-board reductions.

Department of Children, Youth and Families

	FY 2008 Reported	FY 2009 Enacted	FY 2009 Revised	FY 2009 Final
Expenditures by Program				
Central Management	\$ 10,068,194	\$ 7,127,211	\$ 7,609,777	\$ 7,538,114
Child Welfare	156,397,148	141,655,259	182,315,384	181,366,790
Juvenile Corrections	30,526,274	31,938,705	36,029,130	34,595,436
Children's Behavioral Health	29,791,614	29,020,077	23,806,353	22,872,029
Higher Education Opportunity Grants	200,000	200,000	200,000	200,000
Total	\$ 226,983,230	\$ 209,941,252	\$ 249,960,644	\$ 246,572,369
Expenditures by Category				
Salaries and Benefits	\$ 73,090,152	\$ 71,470,665	\$ 71,051,393	\$ 67,620,712
Contracted Services	6,354,489	5,089,794	5,008,474	4,845,476
Subtotal	\$ 79,444,641	\$ 76,560,459	\$ 76,059,867	\$ 72,466,188
Other State Operations	8,269,087	8,022,419	8,761,839	8,701,319
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	138,603,967	123,847,928	163,727,356	164,543,280
Capital	665,535	1,510,446	1,411,582	861,582
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 226,983,230	\$ 209,941,252	\$ 249,960,644	\$ 246,572,369
Sources of Funds				
General Revenue	\$ 151,491,614	\$ 137,133,720	\$ 166,886,395	\$ 161,387,588
Federal Aid	72,217,463	69,839,591	79,678,458	82,257,990
Restricted Receipts	2,731,750	1,757,941	2,203,059	2,284,059
Other	542,403	1,210,000	1,192,732	642,732
Total	\$ 226,983,230	\$ 209,941,252	\$ 249,960,644	\$ 246,572,369
FTE Authorization	788.5	738.5	694.0	694.0
FTE Average	670.9			

FY 2009 Revised Request. The Department requested \$42.0 million more than enacted from all sources including \$34.5 million more from general revenues, and 44.5 fewer full-time equivalent positions. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$4,546,866 for the Department including \$3,687,532 from general revenues and 20.3 positions. The revised request is \$38.2 million more from general revenues and 24.2 positions below the enacted budget adjusted for that allocation. Of that, \$17.8 million represents a shift of expenditures from the Department of Human Services and \$18.7 million is from a change to expenditures that qualify for a Medicaid match.

The Department submitted a corrective action plan intended to save \$1.8 million. The plan does not address the \$18.7 million shortfall from the loss of Medicaid match. The majority of the savings will

be generated from moving children in group homes into foster care beginning in February. The Department has indicated that this does not require any changes to rules and regulations. It also indicated that the exact number of foster families needed to make the estimated savings is unknown. Other savings will be generated from holding positions vacant for additional months.

The Governor recommended \$40.0 million more than enacted, including \$29.8 million more from general revenues, \$9.8 million more from federal funds, \$445,118 more from restricted receipts, and \$17,628 less from Rhode Island Capital Plan funds. This is \$2.0 million less than requested and assumes \$1.8 million of savings from the initiatives submitted in the Department's corrective action plan. The Governor recommended the requested level of 694.0 full-time equivalent positions.

He subsequently requested an amendment to shift \$4.8 million from general revenues to federal funds based upon passage of the federal stimulus act. This includes \$3.5 million from an increase to the Medicaid match rate and \$1.3 million from an increase to the Title IV-E reimbursement rate. He also requested \$81,000 from parental contributions, as well as \$10,000 from a federal Anti-Gang Initiative grant.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Department is \$939,199.

Additionally, the Assembly further reduced expenditures by \$2.0 million from all sources, \$0.3 million more from general revenues and \$2.3 million less from federal funds. This includes a shift from federal funds to general revenues totaling \$2.5 million for 18 to 21 year olds, general revenue savings of \$2.6 million from personnel expenditures, and savings of \$0.5 million from revised spending projections in the Department's third quarter report. This is offset by an addition of \$1.1 million from all sources, of which \$0.9 million is from general revenues for purchased placements.

Overtime – Juvenile Corrections. The Department requested \$2.1 million more from general revenues for overtime expenditures at the Training School, for which \$0.3 million was enacted. It should be noted that the enacted budget included initiatives to reduce overtime at the Training School, such as the elimination of the requirement of one-to-one supervision if a child is admitted to the Training School over the weekend and the revision of transportation schedules to only transport children within regularly scheduled shifts; savings from these initiatives total \$250,000. The Department also indicated that much of the overtime savings included in the enacted budget was dependent on the opening of the new Training School for Youth. The opening of the new school had been delayed; therefore overtime was not reduced. The revised request is consistent with historical expenditures. *The Governor recommended funding as requested.*

The Assembly concurred; however, reduced general revenues by \$175,000 to reflect across-the-board reductions and revised spending projections consistent with the Department's third quarter report.

Other Salaries and Benefits. The Department requested \$1.9 million more than the adjusted budget for all salaries and benefits. This includes \$988,870 for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. It also includes the Department's request to reduce its authorized full-time equivalent positions by 44.5 to include 4.0

positions from Central Management, 4.0 positions from Behavioral Health, 19.5 positions from Juvenile Corrections, and 17.0 positions from Child Welfare.

The Department has been authorized to fill 10.0 vacant social worker positions and 12.0 vacant positions at the Training School; however, the corrective action plan submitted by the Department includes holding the social worker positions vacant for two additional months and the Training School positions vacant for one month. The Department estimated that this is intended to produce savings of \$0.5 million.

The Governor recommended \$2.0 million more than the adjusted budget including \$739,060 less from general revenues. This is \$0.2 million more than requested to reflect the rate increase to retiree health, offset by \$0.5 million in savings from holding social worker and training school positions vacant, as proposed in the Department's corrective action plan. The Assembly reduced general revenues by \$3.3 million to include across-the-board reductions of \$0.7 million, as well as additional savings of \$2.6 million reflected in the Department's third quarter report.

Residential Services – Medicaid Match. The Department requested \$18.7 million from general revenues in lieu of federal funds for services that were previously matched with federal resources under the Medicaid rehabilitation services option. The Department performed a time study on services provided for Medicaid eligible children, which indicated that many of the services being billed to Medicaid are not eligible. These services will now be funded from general revenues. *The Governor recommended funding as requested.* The Assembly concurred.

18 to 21 Year Olds. The Department requested \$13.7 million for services provided to youth between the ages of 18 and 21 years old. This is \$3.2 million more than enacted, including \$2.3 million from general revenues and \$0.9 million from federal funds. The first quarter report submitted by the Department projected a general revenue deficit of \$3.4 million for services provided to this population. This is a 56.7 percent increase from the enacted amount of \$6.0 million. The Department indicated the increase related to those special needs children for whom the state still requires provision of services after age 18. The current population being served is approximately 255 youth. As of July 1, 2008, the Department was providing services to approximately 270 youth in this age group; 390 youth were being served at the start of FY 2008. *The Governor recommended funding as requested.* The Assembly shifted \$2.5 million from federal funds to general revenues based on the Department's third quarter report. The Department has indicated that it miscalculated which services are eligible for a Medicaid reimbursement.

Managed Care Transfer. The Department's request includes \$37.5 million for expenses to be shifted from the Department of Human Services. This includes \$17.8 million from general revenues and \$19.7 million from federal funds. In FY 2008, a portion of both residential and hospital based programs and funding were shifted to the Department of Human Services as part of an initiative to provide more efficient services to children. After the transfer, it was determined that the residential services portion of the transfer did not fit the managed care model. The request includes adding \$34.1 million to Child Welfare and \$3.4 million to Juvenile Corrections. The average annual child cost is reflective of the per month per member costs charged by the insurer for managed health care insurance for children in the Department's legal custody including foster care children, children with special health care needs and children who need comprehensive intensive services. *The Governor recommended funding as requested.* The Assembly concurred.

Federal Stimulus Package. The enacted budget includes \$1.7 billion from all sources for medical services matched by Medicaid, including \$86.9 million for the Department of Children, Youth and

Families. *The Governor's recommended budget assumed passage of a federal stimulus package that includes a three percent increase to the rate that the federal government reimburses states for Medicaid services effective January 2009. He shifted \$27.5 million of general revenue expenses to federal funds to account for this, including \$1.5 million in savings in the Department of Children, Youth and Families.*

He subsequently requested an amendment based on passage of the federal stimulus act that increases the Medicaid match rate to 63.9 percent effective October 2008, which reduces general revenue expenses by \$3.5 million. The Assembly concurred.

Child Welfare Residential Placements. The Department requested \$6.7 million more than enacted from all sources, including \$59,229 less from general revenues and \$6.7 million more from federal funds for Child Welfare residential placements. The Department indicated that many expenditures budgeted for Behavioral Health programs have been reprogrammed and classified as Child Welfare programs. The increase to federal funding is from Title IV-E, which provides assistance for foster care, transitional independent living programs, and adoption assistance for children with special needs, and is due to reprogramming of services and changes to eligibility for a Medicaid match.

The requested increase is offset by reduced expenses for residential services in the Children's Behavioral Health program. The enacted budget included savings from reducing the fee for service placements by approximately 50.0 percent and reinvesting 50.0 percent of the savings into community-based services, which are less expensive. Residential placements have been reduced from approximately 850 at the beginning of FY 2009 to 828 at the end of the first quarter.

The Department subsequently submitted a corrective action plan indicating its plans to convert residential facilities to foster care slots to achieve savings. This is described in detail below.

The Governor recommended total funding as requested; however, he included a shift of \$1.3 million from general revenues to federal funds based on recent federal approval to match Medicaid funds for services provided through certain state funded programs. He subsequently requested an amendment to reduce general revenue expenses by \$1.3 million based on passage of the federal stimulus act that increases the Title IV-E reimbursement rate to 58.77 percent effective October 2008.

The Assembly concurred; however, it increased funding by \$0.7 million from all funds, \$0.5 million from general revenues. This includes \$1.1 million more from all funds, \$0.9 million from general revenues for purchased placements, which is offset by a reduction of \$0.4 million from general revenues from reduced spending in foster care and various residential programs. This is consistent with the Department's third quarter report.

Conversion of Residential Facilities. The Department submitted a corrective action plan that would convert 75 group home beds and 15 emergency shelter beds into high end foster care slots effective February 1, 2009. Beds in group homes and emergency shelters cost approximately \$233.44 and \$199.13 per day, respectively. High end foster care slots cost \$75 a day. The Department estimated savings of \$1.4 million from this conversion; however, it had not performed a formal analysis to determine if these savings are feasible. *The Governor recommended savings of \$2.1 million, including \$1.4 million from general revenues from the conversion of residential facilities to foster care slots. The Assembly concurred.*

Behavioral Health Residential Placements. The Department requested \$7.3 million less than enacted for Behavioral Health residential placements based on redesigned services. This includes \$2.6 million

from general revenues and \$4.7 million from federal funds. The enacted budget assumed savings by converting residential placements into community-based services. The Department indicated many of the services that children have been receiving through the behavioral health program have been reprogrammed and integrated into the child welfare program. This is reflected in the requested increase for Child Welfare residential services, noted above. *The Governor recommended funding as requested.* The Assembly concurred.

Title IV-B Child Welfare Grant. The Department requested an additional \$1.0 million from federal funds for the Title IV-B Child Welfare grant. This grant provides funding for state and local welfare agencies to enable children to remain in their own homes or if that is not an option, provide alternative permanent homes for them. The Department indicated that the increase is from funds carried forward from FY 2008. This grant does not have a general revenue match. *The Governor recommended funding as requested.* The Assembly concurred.

Children's Trust Fund and Parental Contributions. The Department requested an additional \$432,059 from restricted receipts, which includes \$424,059 more for the children's trust account and \$8,000 more for the parental contribution account. This is based on Supplemental Security Income payments and child support collections anticipated for receipt in FY 2009. The children's trust account is a restricted receipt account that maintains Supplemental Security Income payments for eligible children. The parental contribution account is a restricted receipt account that maintains child support payments that are made for children in the Department's custody. *The Governor recommended funding as requested. He subsequently requested an amendment to increase the restricted receipt account by an additional \$81,000 to reflect larger than anticipated parental contributions.* The Assembly concurred.

Other Federal Program Adjustments. The Department requested \$0.7 million more from federal funds for other program expenditures within the Child Welfare and Children's Behavioral Health programs. These grants have been increased based on revised spending projections and carried forward balances from the prior fiscal year. *The Governor recommended funding as requested.* The Assembly concurred.

Project Hope and Project Reach. The Department requested \$135,082 less from general revenues for Project Hope and Project Reach. Project Hope is an aftercare program that targets youth with emotional disturbances who are returning to their homes and communities from the Rhode Island Training School. Project Reach provides wraparound services through community mental health centers. These programs are fully state funded and have been reduced based on revised spending projections.

The Governor recommended funding as enacted; however, he shifted \$788,031 from general revenues to federal funds based on recent federal approval to match Medicaid funds for services provided through certain state funded programs. The Assembly concurred; however, reduced general revenues by \$80,000 to reflect revised spending projections consistent with the Department's third quarter report.

Juvenile Corrections – Residential Placements. The Department requested \$0.8 million less for expenditures for juveniles released from the Training School that require some period of supervision in a community based program. This includes \$0.3 million less from general revenues and \$0.5 million less from federal funds. The Department indicated that the decrease is the result of movement of juveniles from residential placements to community based settings.

The Governor recommended funding as requested. He subsequently requested an amendment to include \$10,000 from federal funds for an Anti-gang Initiative grant. The Assembly concurred; however, reduced general revenues by \$0.2 million from the enhanced Medicaid match rate available through the federal stimulus act.

Training School – Operating Expenses. The Department requested an additional \$0.4 million for operating expenses at the Training School based on revised spending projections for food and supplies. Food expenses account for 60.0 percent of this increase, which is \$256,797 more than enacted. The enacted budget is consistent with the Department’s original request, which appears to have been significantly understated. The request of additional funding is consistent with historical spending.

The Governor recommended \$15,612 more than requested from all funds for other operating expenses at the Training School, including food, clothing, and supplies. The Assembly concurred; however, reduced general revenues by \$104,217 to reflect across-the-board reductions and revised spending projections consistent with the Department’s third quarter report.

All Other Operating. The Department requested \$73,569 from all funds, including \$0.8 million more from general revenues and \$0.9 million less from federal funds for other operating expenses not previously noted. The Department inadvertently reduced expenditures from federal funds by \$0.3 million making the true request a \$0.4 million increase to the enacted budget. Additionally, the Department can no longer fund certain services through a federal grant it received from Title IV-E to support operating expenses and the request shifts these expenses to general revenues. Increased expenditures are the result of revised spending projections for financial and legal services, as well as increases for computer services, mileage, and vehicle maintenance. ***The Governor recommended \$217,886 more than requested from federal funds for all other operating expenses that were inadvertently excluded from the Department’s request. The Assembly concurred, with the exception of the across-the-board reductions.***

Community Service Grants. The Department requested \$164,323 from general revenues for twelve community service grants, consistent with the enacted budget. The community service grants to be awarded total \$165,247, which is \$924 more than included in the enacted budget. ***The Governor recommended funding as requested. The Assembly added \$924 from general revenues to reflect the actual amount of community service grants to be awarded.***

Positive Education Partnership. The Department requested \$0.8 million in additional expenses from federal funds for the Positive Education Partnership grant. This increase represents funds carried forward from FY 2008. This grant funds a network of providers that facilitate community-based services and supports that help with the challenges of children and youth with serious mental health needs and their families. ***The Governor recommended funding as requested. The Assembly concurred.***

Capital Projects. The Department requested a reappropriation of \$264,338 from Rhode Island Capital Plan funds. Specific project information is included in the Capital Budget Section of this report. ***The Governor recommended \$17,268 less than enacted from Rhode Island Capital Plan funds. He included \$281,606 less than requested for fire code upgrades at youth group homes. The Assembly concurred; however, shifted \$0.5 million for the North American Family Institute Center to FY 2011.***

Department of Elderly Affairs

	FY 2008		FY 2009		FY 2009		FY 2009
	Reported		Enacted		Revised		Final
Expenditures by Category							
Salaries and Benefits	\$ 3,387,987	\$	3,450,957	\$	3,011,429	\$	2,685,293
Contracted Services	184,967		201,897		125,919		123,832
Subtotal	\$ 3,572,954	\$	3,652,854	\$	3,137,348	\$	2,809,125
Other State Operations	77,198		2,201,578		1,173,417		1,471,944
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	22,554,211		19,315,894		22,022,412		21,404,004
Capital	(22,798)		97,989		126,639		126,639
Capital Debt Service	-		-		-		-
Operating Transfers	8,201,703		8,311,408		7,722,264		7,492,264
Total	\$ 34,383,268	\$	33,579,723	\$	34,182,080	\$	33,303,976
Sources of Funds							
General Revenue	\$ 16,969,063	\$	16,071,786	\$	14,537,499	\$	14,065,905
Federal Aid	11,980,485		12,257,937		14,194,581		13,718,071
Restricted Receipts	956,578		620,000		820,000		1,120,000
Other	4,477,142		4,630,000		4,630,000		4,400,000
Total	\$ 34,383,268	\$	33,579,723	\$	34,182,080	\$	33,303,976
FTE Authorization	44.0		35.0		32.0		32.0
FTE Average	28.6						

FY 2009 Revised Request. The Department of Elderly Affairs requested \$593,477 more than enacted from all sources including \$199,515 more from general revenues and 3.0 fewer full-time equivalent positions. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$224,276 for the Department including \$135,766 from general revenues and 1.0 position. The revised request is \$335,281 from general revenues above and 2.0 positions below the enacted budget adjusted for that allocation.

The Department has indicated in its corrective action plan that it intends to meet its working budget by closing the home and community care programs to new admissions as of March 1, 2009 if legislation requiring a 10.0 percent provider increase is not suspended. This will start a waiting list for the next fiscal year.

The Governor recommended \$8,880 more than requested, including \$1.7 million less from general revenues that would be essentially supplanted by other sources. He recommended the requested level of 32.0 full-time equivalent positions. He did not include savings from the corrective action plan.

As part of the Rhode Island Consumer Choice Global Waiver effective January 1, 2009, the state has received federal approval to match Medicaid funds for services provided through certain state funded

programs. The Governor recommended statewide savings of \$10.5 million from this action, of which \$1.2 million is assumed in the Department of Elderly Affairs' budget.

He subsequently requested an amendment to shift an additional \$150,000 from general revenues to restricted receipts based on revised rebate receipt projections, as well as to shift \$0.5 million from general revenues to federal funds based on passage of the federal stimulus act that increases the Medicaid match rate.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Department is \$29,696.

Additionally, the Assembly shifted \$1.0 million from federal funds to general revenues for an unachievable Medicaid reimbursement, offset by reductions of \$0.3 million for turnover savings, and \$0.6 million for revised spending projections based on the Department's third quarter report. It also reduced the gas tax yield by \$230,000 to reflect the May Revenue Estimating Conference.

Staff Reductions. The Department requested \$160,359 less than enacted to reflect additional staffing reductions. The Department's request eliminates 3.0 vacant positions; 1.0 chief of program development, 1.0 associate director, and 1.0 social case worker. ***The Governor recommended the reductions as requested.*** The Assembly concurred.

Other Salaries and Benefits. The Department requested \$115,432 less than the adjusted budget for all other salaries and benefits. This includes \$34,305 for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. The decrease reflects the staff reductions and turnover savings due to retirements at various times during the current fiscal year.

The Governor recommended \$60,538 more than requested to reflect less turnover and increased retiree health costs. The Assembly reduced salary and benefit expenditures by \$326,965 from general revenues, which includes \$300,000 from turnover savings and \$26,965 from across-the-board reductions.

Federal Stimulus Package. The enacted budget includes \$1.7 billion from all sources for medical services matched by Medicaid, including \$3.3 million for the Department of Elderly Affairs.

The Governor's recommended budget assumed passage of a federal stimulus package that includes a 3.0 percent increase to the rate that the federal government reimburses states for Medicaid services. He shifted \$27.5 million of general revenue expenses to federal funds to account for this, including \$179,567 in savings in the Department of Elderly Affairs. He subsequently requested an amendment to reduce general revenue expenses by \$0.5 million based on passage of the federal stimulus act that increases the Medicaid match rate to 63.9 percent effective October 2008. The Assembly concurred.

Pharmaceutical Assistance to the Elderly. The Department requested the enacted level of \$1.4 million from general revenues and \$620,000 from restricted receipts for the pharmaceutical assistance program for FY 2009. Its first quarter report indicated need for additional \$34,893 from general revenues and \$170,000 less from rebate receipts based on revised spending estimates.

The Governor recommended the enacted level of funding, but shifted \$200,000 from general revenues to restricted receipts. Budget Office projections indicated that there will be more receipts to offset expenditures in the rebate account. He subsequently requested an amendment to shift an additional \$150,000 from general revenues to restricted receipts based on revised rebate receipt projections. The Assembly concurred with the requested amendment and further increased general revenue savings by \$150,000 from additional pharmaceutical rebates available to offset general revenues.

Home Care Services. The Department requested \$2.3 million from general revenues for expenditures related to the home care services program, which is \$205,631 more than enacted. The Department indicated that despite increasing the co-payment for this program as of January 1, 2008, it will not be able to achieve the anticipated savings because it also increased provider rates based on legislation included in the FY 2009 enacted budget. The Department's budget did not include additional resources for this rate increase.

The Department provided a corrective action plan, which stated that if the provider rate increase was not suspended, then it would have to close the home and community care programs to new admissions as of March 1, 2009. This will start a waiting list for the next fiscal year.

The Governor recommended total funding as requested; however, he shifted \$594,776 from general revenues to federal funds to include a federal Medicaid match rate that is now allowable through the Rhode Island Consumer Choice Global Waiver. Subsequently, the Department learned it is not eligible to receive the Medicaid reimbursement using its current co-payment structure. The Department revised its regulations in order to be eligible for Medicaid reimbursement in FY 2010. The Assembly restored \$461,776 from general revenues. This includes funding for the unachieved Medicaid reimbursement, which is offset by savings of \$133,000 from lower than expected utilization.

Adult Day Care Services. The Department requested \$1.7 million from general revenues for the Adult Day Care Services program for FY 2009. This is \$157,554 more than included in the FY 2009 enacted budget. The Department indicated that despite increasing the co-payment for this program as of January 1, 2008, it will not be able to achieve the anticipated savings, because it also increased provider rates based on legislation included in the FY 2009 enacted budget. The Department's budget did not include additional resources for this rate increase.

The Department provided a corrective action plan, which stated that if the provider rate increase was not suspended, then it would have to close the home and community care programs to new admissions as of March 1, 2009. This will start a waiting list for the next fiscal year.

The Governor recommended two changes to the request. The first is a general revenue reduction of \$55,845 to reflect his proposal to increase the co-payment again. It would increase tier I by \$4.00 to cost \$11.00 per day and increase tier II by \$6.50 to cost \$18.00 per day. This increase would begin on April 1, 2009. The second is a shift of \$441,031 from general revenues to federal funds to include a federal Medicaid match rate that is now allowable through the Rhode Island Consumer Choice Global Waiver. Subsequently, the Department learned it is not eligible to receive the Medicaid reimbursement using its current co-payment structure. The Department is revising its regulations in order to be eligible for Medicaid reimbursement in FY 2010.

The Assembly did not concur and restored \$296,876 from general revenues. This includes funding to maintain the current co-payment levels, restores unachieved Medicaid reimbursements, and includes savings from lower than expected utilization.

Home and Community Care Medicaid Waiver Services. The Department's FY 2009 revised request includes \$7.4 million for the provision of subsidized home and community care to low income elders through the home and community care waiver program. This is \$516,756 more than included in the FY 2009 enacted budget, including \$249,219 more from general revenues. The Department requested additional funding because it increased provider rates based on legislation included in the FY 2009 enacted budget. The Department's budget did not include additional resources for this rate increase.

The Department provided a corrective action plan, which stated that if the provider rate increase was not suspended, then it would have to close the home and community care programs to new admissions as of March 1, 2009. This will start a waiting list for the next fiscal year. *The Governor recommended funding as requested; however, he subsequently requested an amendment which reduces general revenues by \$0.5 million to account for the enhanced Medicaid match rate from the federal stimulus act.* The Assembly concurred.

Title III B Older Americans Act Grants. The Department's request includes \$3.0 million or \$0.3 million more than enacted for the Older Americans Act Title III Part B grants due to a carry-forward of funds from FY 2008. These federal grants are used to support a variety of services and programs for seniors, including transportation. Other services include case management, legal assistance, outreach, and community senior activities. *The Governor recommended funding as requested.* The Assembly concurred.

Home Delivered Meals – Meals on Wheels. The Department requested \$0.8 million from federal funds, which is \$72,868 less than enacted, for home delivered meals through the Rhode Island Meals on Wheels program. Meals on Wheels receives funding for home delivered meals as well as for the congregate meal sites and senior nutrition programs. The decrease in funding is based on a revision to projected expenses. *The Governor recommended funding as requested.* The Assembly concurred.

Nutrition Services. The Department requested \$0.6 million from federal funds for congregate meal sites. The request is \$53,221 less than included in the FY 2009 enacted budget. This funding provides for meal reimbursements to senior nutrition programs, funds for home delivered meals for seniors 60 or older and funds for over 75 congregate meal sites for seniors 60 or older. The decrease is based on a revision to projected expenses. *The Governor recommended funding as requested.* The Assembly concurred.

Senior Health Insurance Program. The Department requested \$269,142 from federal funds, which is \$166,948 more than included in the FY 2009 enacted budget for the senior health insurance program. The increase is based on revised program expenses. Utilization of this program, which provides information and assistance with health insurance problems to Medicare beneficiaries and older adults, has increased with the requirement of mandatory enrollment in Part D. *The Governor recommended funding as requested.* The Assembly concurred.

Program Grants. The Department requested \$1.5 million from all sources of funds for other grant adjustments. This amount includes \$19,366 more from general revenues and \$61,485 less from federal funds. The FY 2009 revised request includes \$163,951 less for the Alzheimer's grant and slight adjustments to other grants, including disease prevention, senior evaluation, and family care giver support. These adjustments are based on revisions to projected expenses and funding carried forward from FY 2008. *The Governor recommended funding as requested.*

The Assembly added \$152,000 from federal Alzheimer's grants to cover FY 2008 expenditures paid in FY 2009. It also included savings of \$191,158 from all funds, including \$75,000 from

general revenues from reduced case management service expenses and \$40,000 from general revenues for ombudsman services based on revised spending projections included in the Department's third quarter report.

City of East Providence Senior Center. The FY 2008 enacted budget included reductions of 10.0 percent to all senior centers; however, because this grant was inadvertently reduced by 20.0 percent, the 2008 Assembly restored \$4,187 to correct the funding as part of the FY 2008 final budget. However, the 50.0 percent reduction to community service grants adopted by the 2008 Assembly for FY 2009 were based on the FY 2008 enacted funding level, therefore unintentionally shorted this grant by \$2,094. The Department did not include this correction in its request. *The Governor recommended \$4,187 from general revenues to adjust the funding for FY 2009; however, the correct amount to be restored is \$2,092.* The Assembly reduced the funding by \$2,095 to properly fund the grant.

Other State Operations. The Department requested \$255,357 for operating expenses, which is \$46,498 less than enacted. This includes \$5,589 less from general revenues and \$40,909 less from federal funds. The request includes adjustments to miscellaneous expenses, including computer equipment, travel, printing, training, and general office expenses based on revised spending projections. *The Governor recommended funding as requested.* The Assembly concurred, with the exception of the across-the-board reductions.

Transportation. The Department requested the enacted level for its transportation program. Currently, the Department requires that riders for non-Medicaid trips pay a co-share of \$2.00 each way, which are paid to the program manager, the Rhode Island Public Transit Authority. The FY 2009 enacted budget assumed general revenue savings of \$319,076; however, the Department has indicated that it is not achieving the savings that it had anticipated through the co-share program. In order to achieve savings, the Department has indicated that it may reduce hours of operation for the program as well as implementing an additional co-share increase.

This program is supported partially by a dedicated 1-cent of the gas tax. The November Revenue Estimating Conference reduced the current gas tax yield from \$4.63 million to \$4.475 million for FY 2009. The Department did not include this reduction in its request.

The Governor recommended funding as requested; however, he shifted \$309,831 from general revenues to federal funds to include a federal Medicaid match rate that is now allowable through the Rhode Island Consumer Choice Global Waiver. The Governor did not include the gas tax reduction in his recommendation. The Assembly included \$230,000 less to reflect the reduction in the gas tax yield adopted by the May Revenue Estimating Conference.

Department of Health

	FY 2008 Reported	FY 2009 Enacted	FY 2009 Revised	FY 2009 Final
Expenditures by Program				
Central Management	\$ 15,058,314	\$ 14,828,732	\$ 15,873,781	\$ 18,074,868
Comm. & Family Health & Equity	79,240,708	75,055,497	81,633,566	81,790,795
Environmental & Health Service Reg.	14,746,197	16,747,027	16,249,035	16,233,647
Health Laboratories	7,472,070	8,332,987	7,711,742	7,138,538
Infectious Disease and Epidemiology	4,007,575	4,735,989	4,216,928	4,095,556
Public Health Information	3,872,445	3,993,472	4,246,691	4,113,215
State Medical Examiner	2,154,700	2,384,072	2,948,037	2,706,491
Total	\$ 126,552,009	\$ 126,077,776	\$ 132,879,780	\$ 134,153,110
Expenditures by Category				
Salaries and Benefits	\$ 55,675,975	\$ 40,072,471	\$ 41,696,476	\$ 39,447,076
Contracted Services	10,234,785	12,914,135	14,781,986	16,790,773
Subtotal	\$ 65,910,760	\$ 52,986,606	\$ 56,478,462	\$ 56,237,849
Other State Operations	20,854,640	32,480,386	32,797,400	33,989,113
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	39,184,772	38,916,394	42,602,912	42,925,142
Capital	601,837	1,694,390	1,001,006	1,001,006
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 126,552,009	\$ 126,077,776	\$ 132,879,780	\$ 134,153,110
Sources of Funds				
General Revenue	\$ 29,985,420	\$ 32,281,674	\$ 30,782,216	\$ 28,036,508
Federal Aid	80,827,914	68,180,665	77,148,725	80,167,763
Restricted Receipts	15,692,703	25,486,027	24,717,414	25,717,414
Other	45,972	129,410	231,425	231,425
Total	\$ 126,552,009	\$ 126,077,776	\$ 132,879,780	\$ 134,153,110
FTE Authorization	437.1	413.5	409.6	409.6
FTE Average	432.4			

FY 2009 Revised Request. The Department of Health requested \$6.6 million more than enacted from all sources including \$870,157 less from general revenues and 3.9 fewer full-time equivalent positions. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$2.6 million for the Department including \$1.4 million from general revenues and 11.3 positions. The revised request is \$488,334 from general revenues above the enacted budget adjusted for that allocation.

The Department submitted a corrective action plan intended to save \$424,470. Approximately half of the savings is from the Department's ability to decrease general revenues by \$0.2 million while

shifting expenses to newly identified federal funds authorized by the Center for Disease Control to pay for the continued expenses associated with the National Disease Surveillance System. Other savings will be from additional position vacancies and reduced cost for the medical examiner vehicle.

The Governor recommended \$132.9 million, which is \$6.8 million more than enacted and \$245,144 more than requested. The recommendation includes \$1.5 million less than enacted from general revenues largely attributed to the proposal to realize general revenue savings. The Governor recommended 3.9 full-time equivalent positions fewer than enacted, consistent with the request. The Governor subsequently requested an amendment to include \$1.0 million of additional federal funding for Environmental and Health Services Regulations, Community and Family Health and Equity and Public Health Information activities.

The Assembly added \$1.5 million from federal funds, shifted eligible HIV expenses to federal funds creating general revenue savings, assumed \$2.0 million of additional turnover savings, and added \$1.0 million from all fund sources to support the prevention and treatment of the Swine Flu. The Assembly also adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Department of Health is \$373,468.

Salaries and Benefits. The Department requested \$3.4 million more than the adjusted budget for all salaries and benefits including \$488,333 from general revenues. This includes \$635,530 more from all funds, including \$281,264 from general revenues for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. While the Department reduced staffing by 3.9 positions, it appears to have also shifted funds for positions from general revenues to federal and other sources as well as reduced turnover savings assumptions. *The Governor recommended \$785,326 more than requested from all funds, including \$346,856 more from general revenues to reflect the increase in retiree health rates. The Governor recommended the requested staffing reduction.* The Assembly included the across-the-board reductions in addition to a \$2.0 million general revenues reduction from additional turnover savings, created by the Department's inability to fill positions.

Community Health Centers. The enacted budget includes \$1.2 million from general revenues to support additional medical services provided at the health centers from a potential increase in patients seeking medical care resulting from the elimination of Rite Care benefits for children who are no longer eligible for Medicaid. *As part of the Rhode Island Consumer Choice Global Waiver effective January 1, 2009, the state has received federal approval to match Medicaid funds for services provided through certain state funded programs. The Governor recommended statewide savings of \$10.5 million from this action, of which \$0.3 million is assumed in the Department's budget for services provided through the community health centers. This assumes six months of savings.* The Assembly concurred.

Federal Stimulus Package. The enacted budget includes \$1.7 billion from all sources for medical services matched by Medicaid, including \$1.0 million for the Department. *The Governor's recommended budget assumes passage of a federal stimulus package that includes a 3.0 percent increase to the rate that the federal government reimburses states for Medicaid services. He shifted \$27.5 million of general revenue expenses to federal funds to account for this including \$65,503 in savings in the Department of Health. He subsequently requested an amendment to add \$28,240 more in savings, based on passage of the stimulus act.* The Assembly concurred.

RI Launch. The Department requested expenditures of \$584,626 from federal funds to reflect a new grant award it received from the Substance Abuse and Mental Health Services Administration. The Department will provide most of the funds to Bradley Hospital to provide mental health services, education, training and evaluations. *The Governor recommended funding as requested.* The Assembly concurred.

State Family Life. The Department requested \$50,000 from general revenues to fund enhanced family planning services based on its assessment of additional need. The funding will pay for direct services for family planning activities through contracts with community based agencies including health screening, referral services, and other family planning activities. *The Governor recommended funding as requested.* The Assembly concurred.

Choices for Self Care Challenge. The Department requested expenditures of \$124,802 from general revenue to reflect new private funds provided from the National Council on Aging. The private funds were deposited as general revenues. The Department received funding to expand and sustain a chronic disease self-management program statewide with adults 60 years old and older in diverse and at risk populations. *The Governor recommended funding as requested. Subsequently, the Governor requested an amendment to recognize the additional revenues to the state.* The Assembly concurred.

Prescription Drug Monitoring. The Department requested \$200,000 from new federal funds for the development and enhancement of prescription drug monitoring. The Bureau of Justice Assistance funds will be used to purchase software and provide staff support to ensure that the program has the capacity to enable external shareholders (federal/state investigators, authorized prescribers, pharmacists) to directly access data on patients' prescription use. *The Governor recommended funding as requested. The Governor subsequently requested an amendment to add \$72,911 more from this grant.* The Assembly concurred.

Heart Disease and Stroke Prevention. The Department requested \$442,678 from federal funds for heart disease and stroke prevention; the grant was not received until after the budget was enacted. Funds will be used to provide needs assessment, training, public awareness, resource materials and a consultant through Brown University that will gather and track all of the data related to this grant. *The Governor recommended funding as requested.* The Assembly concurred.

Research Triangle Institute. The Department requested new federal grant funding of \$134,650 to support an analysis of Rhode Island Laws to determine if there are any negative consequences to individuals or patients by sharing personal health information with providers and health care organizations in other states. This includes an analysis of whether Rhode Island laws and regulations would permit the various providers and health care organizations, under certain circumstances, to share personal health information to provider and health care organizations in other states. *The Governor recommended funding as requested. The Governor subsequently requested an amendment to add \$41,755 more from federal funds for the collaboration on health information security and privacy.* The Assembly concurred.

Indirect Cost Recovery Operating Adjustments. The Department requested revised expenditures of \$420,660 from restricted receipts generated from overhead charges to federal grants used to fund operating expenses in lieu of general revenues. This is \$994,807 less than enacted. The Department indicated that centralized human resource and information technology services were inadvertently budgeted in FY 2009. These are budgeted in the Department of Administration's budget, and the indirect cost recovery resources are transferred to that budget to fund the expenditures. *The Governor recommended funding essentially as requested, adding \$3,427.* The Assembly concurred.

Health Information Exchange. The Department requested \$132,500 less from general revenues for the Health Information Exchange Project. The total enacted budget of \$400,000 was intended to fund four positions that would work on the project. There is currently one staff member working on the grant. Expenses have been adjusted accordingly; resources for this project were provided by the Rhode Island Health and Educational Building Corporation and deposited into the general fund.

The Department's corrective action plan proposed a further reduction of \$75,000 for a contractor position in the Center for Health Data and Analysis. *The Governor removed all but \$500 of the enacted funding.* The Assembly concurred.

Children and Families Supportive Services. The Department requested \$213,227 more from federal funds reflecting the increased rate of spending for the Maternal/Child health block grant and childhood lead poisoning prevention to continue the current work. This also includes new federal funding of \$20,060 to provide continued adult viral hepatitis prevention. *The Governor recommended funding as requested.* The Assembly concurred.

Women and Infants and Children Administration Benefits. The Department requested revised total expenditures of \$24.7 million, which is \$1.6 million more from all funds than the enacted budget for the Women, Infants and Children program. This reflects updated increased caseloads, increases in food costs and administrative costs for the Community Health Centers that service these clients. *The Governor recommended \$32,672 more than requested for increased administrative costs.* The Assembly concurred.

Newborn Screening. The Department requested revised total expenditures of \$1.8 million from federal and restricted receipts, which is \$351,560 more than enacted. The increase reflects \$0.3 million more for contracted outreach services for the Visiting Nurse Association to cover increased costs. The remainder of the change is for an increase in direct service screening fees. *The Governor recommended funding as requested. He subsequently requested an amendment to add \$43,076 of renewed federal funding for newborn hearing screening examinations.* The Assembly concurred.

HIV/AIDS Drugs and Supportive Services. The Department requested total revised expenditures of \$8.7 million from all funds, which is \$67,300 more than enacted. This includes \$80,000 less from general revenues. The change reflects projected drug expenses and use of drug rebate funds for supportive service expenses. Supportive services include community based case management to those affected by AIDS or HIV for monitoring, education, support and referral services as needed.

The Governor recommended funding as requested. He subsequently requested an amendment to add \$90,487 in new federal funds for the development of an HIV electronic medical record, \$315,997 from available federal resources to support HIV treatment provided under the Ryan White grant, and also shifts \$400,000 of eligible expenses for HIV drugs from general revenues to available federal rebate funds. The Assembly concurred.

Obesity and Nutrition Grants. The Department requested total expenditures from federal funds of \$510,288 to reflect funds that were awarded after the FY 2009 budget was enacted. This funding supports a statewide effort to facilitate environmental and policy changes supportive of increased activity and healthy eating to prevent obesity. *The Governor recommended funding as requested.* The Assembly concurred.

Suicide Prevention. The Department requested \$343,177 from federal funds for a three year grant from Substance Abuse and Mental Health Services Administration for the Rhode Island Suicide

Prevention Project grant that will provide suicide prevention outreach, education and service coordination. This grant was awarded after the FY 2009 budget was enacted. *The Governor recommended funding as requested.* The Assembly concurred.

Immunization. The Department requested \$4.7 million from federal funds and restricted receipts which is for immunization expenses or \$100,992 less than enacted. The change reflects lower costs from a change in the medical supply vendor. *The Governor recommended funding as requested.* The Assembly concurred.

Chronic Disease Prevention and Other Related Activities. The Department requested revised total expenditures of \$4.3 million, including \$58,613 less from federal funds for chronic disease prevention funding which assists state and local health authorities and other health related organizations in controlling communicable diseases, chronic diseases and disorders, and other preventable health conditions. The decrease in funds reflects the actual grant award. *The Governor recommended funding as requested.* The Assembly concurred.

Tobacco Control Prevention and Cessation Activities. The Department requested revised expenditures of \$0.8 million from general revenues for tobacco control prevention and cessation activities, which is \$80,000 less than enacted. The Department indicated it proposed this reduction to reduce its overall general revenue budget. *The Governor recommended \$150,000 less than enacted and \$70,000 less than requested.* The Assembly concurred.

Public Health Preparedness Activities. The Department requested revised total expenditures of \$5.4 million in federal funds which is \$594,454 more than enacted. The Department indicated that these funds are carry-forward as there was not available staff to work the grants. *The Governor recommended \$1.3 million in additional expenditures from federal funds for public health preparedness and response and bioterrorism as authorized under the federal Public Health Service Act.* The Assembly concurred.

Pandemic Flu. The Department requested revised total expenditures of \$2.3 million, which is \$1.4 million more from federal funds than enacted for pandemic flu activities. The increase will allow for the continued stockpiling of critical medical equipment and supplies, as well as developing plans for maintenance, distribution and sharing of those resources. Additionally, new funding will be used to upgrade the laboratories, upgrade the reporting mechanisms and to provide funds to populations in disparity.

The Governor recommended funds as requested. He subsequently requested an amendment to add \$1.0 million from restricted receipts for possible costs related to potential new cases of Swine Flu such as medication and other related expenses. He also requested to add \$56,000 from general revenues for the purchase of antiviral medication and N-95 respirators for the treatment and prevention of Swine Flu. These funds were not included in the Governor's original revised budget as the outbreak was first detected in April 2009. The Assembly concurred.

Worksite Wellness. The FY 2009 enacted budget inadvertently transferred all of the worksite wellness funds to the Department of Administration instead of maintaining \$50,000. The Department requested \$50,000 from general revenues be restored to the Department of Health to continue the worksite wellness program. There is an offsetting reduction in the Department of Administration's budget request. *The Governor recommended funding as requested.* The Assembly concurred.

Medical Examiner Operating Expenses. The Medical Examiner's Office requested total revised expenditures of \$1.1 million from all funds, which is \$515,311 more than enacted including \$350,494 from general revenues for computer costs, increased costs for new laboratory equipment, additional costs associated with the reporting mechanism of violent deaths to vital statistics and additional costs related to a higher than anticipated rate for temporary medical examiners as well as additional professional services such as x-ray technicians and histologists. Subsequently, as part of its corrective action plan, the Department proposed \$22,000 in savings from a lower than expected purchase price for the medical examiner transport vehicle. *The Governor recommended the requested increases, with the exception of \$21,184 in savings for the vehicle.* The Assembly concurred.

Health Services Regulations. The Department requested \$187,382 less from all sources including \$220,141 less from general revenues for regulation services. It appears the Department shifted expenditures to other available sources in an effort to reduce general revenue expenditures. *The Governor recommended the requested reduction from general revenues, but not the \$32,759 increase from federal sources.*

The Governor subsequently requested an amendment to add \$771,532 from federal funding for five grants, including \$279,216 for survey and certification of healthcare facilities, and \$160,393 for nursing related activities. This additional funding will be used for higher than expected expenses. It also included \$150,878 for inspections under the Mammography Quality Standards Act, \$18,602 for the certification of state laboratories and \$162,443 for food establishment inspections. The Assembly concurred.

Health Laboratories Operating Expenses. The Department requested revised total expenditures of \$2.1 million or \$109,050 more from all funds, which includes \$80,000 less from general revenues. The largest increase is for an Atomic Absorption Spectrometer. This equipment is utilized for the childhood blood lead testing program. The Department inadvertently omitted this from its original request for FY 2009. *The Governor recommended \$1,885 from federal funds for supplies and expenses.* The Assembly concurred.

National Disease Surveillance System. The Department's revised request assumes use of \$0.2 million from general revenues for the database connection for the National Disease Surveillance System. This is consistent with funding in the enacted budget. The Department subsequently submitted a corrective action plan to decrease general revenues by \$0.2 million while utilize federal funds authorized by the Center for Disease Control to pay for the continued expenses associated with the computerized database. The surveillance system is used to track infectious diseases in the state, as well as comparative trends across the nation. *The Governor recommended reducing general revenues by \$0.2 million and usage of \$0.2 million from federal funds for this expense.* The Assembly concurred.

Public Health Consultants. The Department's revised request includes \$179,653 from general revenues for consultants that measure the quality of nursing homes, home health care, hospitals and physicians, consistent with the enacted budget. Subsequently, the Department's corrective action plan proposed a \$52,470 reduction in these expenditures. *The Governor reduced funding as proposed in the corrective action plan.* The Assembly concurred.

Health Surveillance for Motor Vehicles. The Department requested \$71,545 from federal funds for health surveillance for injuries due to motor vehicles crashes. *The Governor recommended funding as requested. The Governor subsequently requested an amendment to add \$17,767 from federal funds for statewide reporting of injuries due to motor vehicle traffic crashes.* The Assembly concurred.

All Other Adjustments. The Department requested \$16,218 less than enacted for all other adjustments including \$17,346 more from general revenues. This includes \$27,919 more from general revenues for cancer screening activities of which \$10,000 is from a new grant from the American Cancer Society. *The Governor recommended increased general revenue funding as requested, and increased all funds by \$55,929.*

The Governor subsequently requested an amendment to add \$2,600 in new federal funds for state drinking water infrastructure projects, carry-forward of \$47,313 from unspent FY 2008 funds for children's emergency services activities and the additional revenues of \$10,000 to the state for women's cancer screening. The Assembly concurred.

Department of Human Services

	FY 2008 Reported	FY 2009 Enacted	FY 2009 Revised	FY 2009 Final
Expenditures by Program				
Central Management	\$ 15,175,635	\$ 10,888,123	\$ 9,942,847	\$ 11,577,510
Child Support Enforcement	10,295,890	9,575,605	8,314,364	9,069,162
Individual and Family Support	73,464,086	78,634,543	78,514,265	78,488,762
Veterans' Affairs	24,541,819	27,192,153	29,360,806	29,119,709
Health Care Quality, Financing and Purchasing	58,959,232	62,295,575	62,782,040	62,824,490
Medical Benefits	1,418,677,854	1,353,789,020	1,326,451,562	1,356,596,154
Supplemental Security Income	28,021,329	25,906,519	25,094,748	25,051,299
Family Independence Program	112,672,421	105,081,100	100,286,200	107,705,960
State Funded Programs	105,825,723	101,819,398	121,352,680	129,244,927
Total	\$1,847,633,989	\$1,775,182,036	\$1,762,099,512	\$1,809,677,973
Expenditures by Category				
Salaries and Benefits	\$ 85,988,787	\$ 82,740,569	\$ 77,368,572	\$ 76,834,941
Contracted Services	40,217,332	48,980,382	51,178,572	51,279,156
Subtotal	\$ 126,206,119	\$ 131,720,951	\$ 128,547,144	\$ 128,114,097
Other State Operations	15,872,515	18,360,315	18,623,613	19,361,971
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,704,179,380	1,621,244,078	1,608,779,217	1,656,082,367
Capital Improvements	1,375,975	3,856,692	6,149,538	6,119,538
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$1,847,633,989	\$1,775,182,036	\$1,762,099,512	\$1,809,677,973
Sources of Funds				
General Revenue	\$ 815,777,935	\$ 767,224,135	\$ 725,271,695	\$ 659,792,849
Federal Aid	1,024,128,776	999,808,193	1,028,629,855	1,141,726,187
Restricted Receipts	7,027,278	8,024,708	7,940,462	7,931,437
Other	700,000	125,000	257,500	227,500
Total	\$1,847,633,989	\$1,775,182,036	\$1,762,099,512	\$1,809,677,973
FTE Authorization	1,067.6	994.4	884.6	884.6
FTE Average	1,020.2			

FY 2009 Revised Request. The Department of Human Services requested \$49.1 million more than enacted from all sources, including \$12.2 million more from general revenues and 109.8 fewer full-time equivalent positions. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$5.5 million for the Department including \$2.7 million from general revenues and 27.3 positions. The revised request is \$14.8 million from general revenues above the enacted budget adjusted for that allocation.

The Governor recommended \$13.1 million less than enacted from all sources including \$41.9 million less from general revenues. He assumed general revenue savings from an anticipated federal stimulus package as well as savings through the Medicaid global waiver allowing the state to leverage federal funds for programs that are state funded. Although the Department never formally submitted a corrective action plan, many of the Governor's recommendations are also based upon medical savings the Department formulated as part of the corrective action plan exercise.

The Governor requested an amendment to shift an additional \$71.4 million in general revenue expenditures to federal funds to reflect the actual enhanced Medicaid rate included in the American Recovery and Reinvestment Act of 2009. The Governor also requested an amendment to restore a portion of the savings assumed through the global waiver.

The Assembly concurred with the amendment for the state savings from the enhanced Medicaid rate and added \$47.6 million from all funds to the Governor's recommendation, \$41.6 million more from federal funds and \$6.0 million more from general revenues. The increase in federal funds includes \$11.1 million from the stimulus package, including food stamps and community service block grant funds. This includes the update from the May Caseload Estimating Conference, which increased medical expenditures by \$2.8 million and cash assistance expenditures by \$3.9 million and \$12.3 million more from federal funds with a reduction of \$5.5 million from general revenues. The Assembly included the recommended staffing level.

The Assembly also adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Department of Human Services is \$830,659.

Federal Poverty Guidelines. The federal poverty guidelines are used for purposes of determining financial eligibility for certain state and federal programs several under the Executive Office of Health and Human Services. The 2009 guidelines are itemized below.

Family Size	Percent of Federal Poverty Level based on Annual Income								
	100%	125%	133%	150%	175%	180%	185%	200%	250%
1	\$ 10,400	\$13,000	\$13,832	\$15,600	\$18,200	\$18,720	\$19,240	\$20,800	\$26,000
2	14,000	17,500	18,620	21,000	24,500	25,200	25,900	28,000	35,000
3	17,600	22,000	23,408	26,400	30,800	31,680	32,560	35,200	44,000
4	21,200	26,500	28,196	31,800	37,100	38,160	39,220	42,400	53,000
5	24,800	31,000	32,984	37,200	43,400	44,640	45,880	49,600	62,000
6	28,400	35,500	37,772	42,600	49,700	51,120	52,540	56,800	71,000
7	32,000	40,000	42,560	48,000	56,000	57,600	59,200	64,000	80,000
8	35,600	44,500	47,348	53,400	62,300	64,080	65,860	71,200	89,000

For family with more than 8 members, add \$3,600 for each additional member for the 100 percent calculator.

Office of Health and Human Services Reorganization. The enacted budget transferred \$8.5 million from all funds, including \$4.6 million from general revenues and 86.2 fiscal and legal positions from the five health and human services agencies to the Executive Office consistent with legislation passed by the 2007 Assembly reorganizing certain functions. For the Department of Human Services, this includes \$4.3 million and 42.6 positions. There was up to a six month delay in the transfer of 65 positions. There is a \$2.3 million reduction to the Office of Health and Human Services' revised budget to reflect the delay, \$1.4 million including \$0.4 million from general revenues for expenses

incurred by the Department of Human Services for the first six months of FY 2009 for 36 positions. *The Governor recommended this request.* The Assembly concurred.

Other Salaries and Benefits. The Department requested \$2.8 million less than the adjusted budget for all other salaries and benefits. This is \$8.3 million less than enacted and includes \$0.9 million, \$0.4 million from general revenues for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. The Department's request eliminates 109.8 positions, 27.3 were eliminated as part of the statewide adjustment with the Department eliminating another 82.5 positions.

The Governor recommended \$0.8 million more than requested to account for the retiree health rate increase. He also recommended the requested reduction of positions. The Assembly concurred, with the exception of the across-the-board reductions.

Federal Stimulus Package. The enacted budget includes \$1.7 billion from all sources for medical services matched by Medicaid, including \$1.3 billion for the Department of Human Services. The Governor's recommended budget assumes passage of a federal stimulus package that includes a three percent increase to the rate the federal government reimburses states for Medicaid services. He shifted \$27.5 million of general revenue expenses to federal funds to account for this, including \$19.5 million in savings in the Department of Human Services. *The Governor subsequently requested an amendment based on passage of the federal stimulus act that increased the rate to 63.9 percent effective October 2008, which reduced general revenue expenses by \$71.4 million.*

He requested an amendment to restore \$3,557 in savings for services for the blind since it was later determined that the services were administrative and not medical making it ineligible for the enhanced Medicaid reimbursement. The Assembly concurred.

Medicaid Global Waiver. The state submitted the Rhode Island Consumer Choice Waiver to the Centers for Medicare and Medicaid Services in October 2008 to amend the current Medicaid program which provides services to low income children and families, children with special health care needs, the elderly and the disabled.

As part of the waiver effective January 1, 2009, the state has received federal approval to match Medicaid funds for services provided through certain state funded programs.

The Governor recommended statewide savings of \$10.5 million from this action, of which \$2.8 million is assumed in the Department of Human Services' budget for services provided through early intervention, general public assistance, home modifications, adaptive telephone equipment and personal care attendants and services for the blind. The Governor requested an amendment to restore \$15,977 in assumed savings for adaptive telephone equipment, which was later determined to be ineligible for the federal match. The Assembly concurred.

Medical Assistance

The Caseload Estimating Conference met on November 7, 2008 and estimated the FY 2009 medical assistance expenditures at \$1,408.0 million from all sources of funds, of which \$686.3 million is from general revenues. This is \$54.3 million more than enacted from all funds and \$37.0 million more from general revenues. Each program is discussed separately.

The enacted budget assumes state savings of \$67.0 million from implementation of the Medicaid global waiver, which the caseload conference restored. *The Governor recommended medical assistance expenditures of \$1,305.7 million from all sources of funds, of which \$614.9 million is from general revenues or \$102.3 million less than the conference estimate and \$48.0 million more than enacted. The estimate is also \$19.5 million less from general revenues reflecting the savings from the anticipated federal stimulus package. The Governor subsequently requested an amendment based on passage of the federal stimulus act that increased the rate to 63.9 percent effective October 2008, which reduces general revenue expenses by \$71.4 million.*

The Assembly provided \$1,338.2 million from all sources for medical assistance, \$25.0 million more than the conference estimate.

The following table itemizes medical assistance expenditures as enacted, estimated by the caseload estimators, recommended by the Governor and enacted by the Assembly. Each category is discussed separately in sections that follow.

Medical Assistance	FY 2007 Spent	FY 2008 Spent	FY 2009 Enacted	FY 2009 Nov. CEC	FY 2009 Gov. Rec	FY 2009 May CEC	FY 2009 Final
Hospitals							
Regular Payments	\$ 142.9	\$ 141.6	\$ 169.9	\$ 126.0	\$ 93.4	\$ 96.8	\$ 121.5
DSH Payments	110.0	125.4	117.3	117.3	111.2	106.6	106.6
Total	\$ 252.9	\$ 267.0	\$ 287.2	\$ 243.3	\$ 204.6	\$ 203.4	\$ 228.1
Long Term Care							
Nursing and Hospice Care	\$ 314.2	\$ 314.5	\$ 275.1	\$ 305.0	\$ 290.0	\$ 282.5	\$ 282.5
Home and Community Care	34.2	18.3	50.8	50.8	50.8	63.2	63.2
Total	\$ 348.4	\$ 332.8	\$ 325.9	\$ 355.8	\$ 340.8	\$ 345.7	\$ 345.7
Managed Care							
Rfte Care	\$ 339.8	\$ 397.2	\$ 404.4	\$ 453.4	\$ 412.3	\$ 419.4	\$ 419.7
Rfte Share	7.2	11.0	11.0	13.6	13.6	12.9	12.9
Fee For Service	96.1	101.3	95.0	90.6	90.6	72.5	72.5
Total	\$ 443.1	\$ 509.5	\$ 510.4	\$ 557.6	\$ 518.6	\$ 504.8	\$ 505.1
Rhody Health	\$ -	\$ -	\$ -	\$ 102.7	\$ 102.6	\$ 99.4	\$ 99.4
Pharmacy	\$ 44.1	\$ 42.8	\$ 44.7	\$ 18.4	\$ 16.1	\$ 17.3	\$ 17.3
Pharmacy Part D Clawback	\$ 38.9	\$ 40.2	\$ 41.7	\$ 43.2	\$ 43.2	\$ 41.6	\$ 41.6
Other Medical Services	\$ 110.2	\$ 179.4	\$ 122.9	\$ 87.0	\$ 81.9	\$ 101.0	\$ 101.0
Federal Funds	\$ 569.1	\$ 719.9	\$ 699.2	\$ 716.5	\$ 685.5	\$ 760.8	\$ 774.3
General Revenue	550.7	678.9	649.3	686.3	614.9	547.2	558.7
Restricted Receipts	-	4.3	5.2	5.2	5.2	5.2	5.2
Total	\$ 1,203.4	\$ 1,403.1	\$ 1,353.7	\$ 1,408.0	\$ 1,305.7	\$ 1,313.2	\$ 1,338.2

Hospitals

The Caseload Estimating Conference estimated hospital expenses at \$243.3 million. This includes \$126.0 million for direct medical services and \$117.3 million for uncompensated care payments to community hospitals. The Department's request reflects the conference estimates. *The Governor recommended \$204.6 million, \$38.7 million less than the conference estimate and \$82.6 million less than enacted. The Governor included several proposals reducing hospital costs, each is discussed below.* The Assembly provided \$228.1 million, \$24.7 million more than the conference estimate and \$23.5 million more than the recommended budget.

Hospitals. The Caseload Estimating Conference estimated revised hospital expenditures at \$126.0 million, including \$59.7 million from general revenues. Funding supports the state's 11 community hospitals. The adjustment is \$43.9 million less than enacted, of which \$26.6 million are general revenues. The estimate includes shifting \$40.4 million in hospital expenses to the Rhody Health program.

The Governor recommended \$93.4 million, including \$41.9 million from general revenues. This is \$32.6 million less than the caseload estimate, including \$17.8 million less from general revenues and \$76.3 million less than enacted. He assumed savings of \$0.5 million from all funds, \$0.2 million from general revenues from a one time reconciliation payment for overpayment of renal dialysis services. He also included several other proposals reducing expenses.

The Assembly provided \$121.5 million, \$24.7 million more than the May caseload conference estimate and \$28.1 million more than recommended and added back funding for the outpatient upper payment limit and the state payment for additional uncompensated care costs.

Disproportionate Share Payment. The Caseload Estimating Conference estimated the disproportionate share payment to the state and community hospitals at \$105.6 million for the community hospitals and \$11.7 million for Eleanor Slater Hospital, consistent with the enacted budget. In previous fiscal years, the conference estimators would not have adopted a payment for FY 2009 because there was no current law. The payment would have been enacted as part of the FY 2009 budget process; however, the Assembly passed Article 19 of 2007-H 5300 Substitute A, as amended, to include a \$99.5 million payment to the community hospitals for FY 2009. The balance of the payment is for Eleanor Slater Hospital.

Funding is provided to Eleanor Slater Hospital and the state's community hospitals through the Department of Human Services. Additional funding for Butler Hospital appears in the budget of the Department of Mental Health, Retardation and Hospitals.

Uncompensated care costs are defined as the sum of the costs incurred by a hospital during the base year for inpatient or outpatient services attributable to charitable care and bad debt for which the patient has no health insurance or third-party liability coverage less payment received directly from patients and costs attributable to Medicaid clients, less Medicaid reimbursements.

The Governor recommended reducing expenditures for the disproportionate share payment by \$6.1 million from all sources, including \$2.8 million from general revenues. It appears that the payment was overfunded in the enacted budget, and this action corrects for this. The Assembly adopted Article 19 of 2009-H 5893 as amended to provide \$106.6 million, consistent with the May caseload conference estimate.

FY 2009 Uncompensated Care	FY 2009 Enacted	FY 2009 Governor	FY 2009 Final	Change to Gov. Rec.	Change to Enacted
Community Hospitals					
State	\$ 50,048,575	\$ 47,167,726	\$ 47,167,726	\$ -	\$ (2,880,849)
Federal	55,516,865	52,321,256	52,321,256	-	(3,195,609)
Subtotal	\$ 105,565,440	\$ 99,488,982	\$ 99,488,982	\$ -	\$ (6,076,458)
Eleanor Slater Hospital					
State	\$ 5,552,030	\$ 5,552,030	\$ 3,358,042	\$ (2,193,988)	\$ (2,193,988)
Federal	6,158,642	6,158,642	3,724,942	(2,433,700)	(2,433,700)
Subtotal	\$ 11,710,672	\$ 11,710,672	\$ 7,082,984	\$ (4,627,688)	\$ (4,627,688)
Upper Payment Limit					
State	\$ 13,293,297	\$ -	\$ 7,603,831	\$ 7,603,831	\$ (5,689,466)
Federal	14,745,717	-	13,453,580	13,453,580	(1,292,137)
Subtotal	\$ 28,039,014	\$ -	\$ 21,057,411	\$ 21,057,411	\$ (6,981,603)
Unqualified Expenses					
State	\$ 3,400,000	\$ -	\$ 3,650,000	\$ 3,650,000	\$ 250,000
Federal	-	-	-	-	-
Subtotal	\$ 3,400,000	\$ -	\$ 3,650,000	\$ 3,650,000	\$ 250,000
Total	\$ 148,715,126	\$ 111,199,654	\$ 131,279,377	\$ 20,079,723	\$ (17,435,749)

Upper Payment Limits. The 2008 General Assembly passed Article 19, Section 2 of 2008-H 7390 to provide three reimbursements to the state community hospitals in addition to the disproportionate share payment and included \$28.0 million for separate inpatient and outpatient upper payment limits as well as \$3.4 million for additional unqualified expenses to four community hospitals. The caseload estimators included this in the November caseload estimate.

The Governor's budget includes savings of \$31.9 million from all funds from eliminating the three payments and he included Article 39 to accomplish this. It should be noted that the Governor's recommendation reduced general revenue funding by \$17.7 million, which exceeds the \$16.7 million included in the enacted budget.

The Governor subsequently requested an amendment to correct the error. He also requested an amendment to restore the \$21.5 million associated with the outpatient upper payment limit and the \$3.4 million for the state only payment to the acute care hospitals. The Assembly adopted Article 19 of 2009-H 5893 Substitute A, as amended to include an outpatient upper payment limit reimbursement totaling \$21.1 million from all funds and \$3.65 million from state funds to make additional payments to community hospitals for their uncompensated care expenses.

Hospital Licensing Fee. The Assembly enacted Article 31 of 2008-H 7390 Substitute A, as amended, which set the FY 2009 hospital licensing fee at 4.78 percent of net patient services revenue for the year ending January 1, 2007. The Department's request includes this as enacted. *The Governor's budget assumes the fee as enacted.* The Assembly included Section 2 of Article 16 of 2009-H 5983 Substitute A, as amended, to set the hospital licensing fee at 5.473 percent of hospitals' net patient services revenue and assumed \$16.2 million in additional revenue.

FY 2009 Hospital License Fee	FY 2009 Enacted	FY 2009 Gov. Rec.	FY 2010 Final	Change to Gov. Rec.
Revenues				
<i>Base Year</i>	<i>2007</i>	<i>2007</i>	<i>2007</i>	
<i>Tax Rate</i>	<i>4.78%</i>	<i>4.78%</i>	<i>5.473%</i>	
Community Hospital License Fee	\$ 106,152,821	\$ 106,152,821	\$ 121,542,759	\$ 15,389,938
Slater License Fee	5,250,636	5,250,636	6,011,868	761,232
Total	\$ 111,403,457	\$ 111,403,457	\$ 127,554,627	\$ 16,151,170

Out-of-State Hospital Payments. Presently, out-of-state hospital providers are reimbursed a percentage of their charge for Medicaid patients. These rates are as follows: 50.0 percent for inpatient; 53.0 percent for outpatient; and 61.0 percent for transplants. The caseload estimators included \$11.0 million from all funds in their November caseload estimate.

The Governor included Article 38 to give the Department the authority to determine the rates of reimbursement for these expenses through its rules and regulations. The Governor assumed savings of \$0.4 million from all sources, including \$0.2 million from general revenues. This assumes the reimbursements will be 45.0 percent for inpatient, 47.7 percent for outpatient, and 54.9 percent for transplants. The Assembly passed Article 15 of 2009-H 5019 Substitute A, as amended, to reduce the payments made to out-of-state hospitals to the recommended rates.

Inpatient Psychiatric and Outpatient Surgical Rates. The enacted budget includes savings of \$7.1 million from all funds, \$3.4 million from general revenues from restructuring hospitals services as part of the Medicaid global waiver. The caseload estimate restored the savings.

The Governor recommended \$0.3 million less than the caseload estimate including \$0.2 million from general revenues and assumed selective contracting for acute care for psychiatric services and certain outpatient services consistent with the intent of the Medicaid global waiver. The Governor subsequently requested an amendment withdrawing the proposal and restoring the savings. The Assembly concurred with the Governor's amendment to not restructure the rates and restored the savings.

Neonatal Intensive Care Rates. The Department reimburses Women and Infants Hospital for all neonatal intensive care days for Medicaid eligible infants based upon agreed rates modified by birth weight. The caseload conference estimated the enacted level of \$32.0 million for these expenses. ***The Governor recommended \$0.7 million less from all sources, including \$0.3 million from general revenues by reducing the rate of reimbursement by five percent.*** The Assembly concurred.

Long Term Care

Long Term Care. The Caseload Estimating Conference estimated revised long term care expenses at \$355.8 million, including \$167.6 million from general revenues. This includes \$305.0 million for nursing facilities to support the state's 84 nursing facilities and \$50.8 million for home and community care expenses. This is \$29.9 million more than enacted, including \$12.3 million more from general revenues and assumes four months of savings from the rebalancing long term care initiative emphasizing home and community care services rather than nursing home placement.

The Governor recommended \$340.8 million or \$15.0 million less than the November conference estimate and \$15.8 million less than enacted, adjusting for long term care expenses. He included several proposals related for these reductions. The Assembly provided \$345.7 million, consistent with the May caseload conference estimate, including \$282.5 million for nursing and hospice care and \$63.2 million for home and community care.

Nursing Facilities. The Caseload Estimating Conference included expenditures at \$305.0 million, of which \$110.1 million is general revenues for the state's 86 nursing facilities. ***The Governor included \$290.0 million, \$15.0 million less than the conference estimate and he shifted expenses consistent with the enhanced Medicaid rate. He also included several proposals related to a reduction in nursing home costs, described in the items that follow.*** The Assembly included \$282.5 million from all funds, consistent with the May caseload estimate.

Nursing Home Diversion and Transition. The 2008 Assembly passed Article 17 of 2008-H 7390 Substitute A, as amended, that allowed the Department to apply for the global waiver. Passage of this article was to achieve savings of \$46.6 million, including \$21.1 million from general revenues and assumes increasing home and community care services to allow individuals to remain in their own homes and transition certain nursing home residents voluntarily back into the community if they chose. Due to the delay in the passage of the global waiver, the caseload estimators did not include any savings in the November estimate from the proposal.

The Governor recommended savings of \$3.5 million from all sources including \$1.7 million from general revenues based on the Department identifying, assessing and diverting those individuals in the acute care and other settings whose needs can be met in the home and community setting and from increasing home and community care services so that individuals can remain in the community. The Governor subsequently requested an amendment to withdraw this proposal and restored the savings. The Assembly restored the assumed savings consistent with the Governor's amendment.

Nursing Facilities COLA Delay. Under current law, the nursing home facilities are to receive their annual cost-of-living adjustment based on the national nursing home market survey on April 1, 2009. The caseload estimators included this in their estimate. *The Governor included Article 37 to implement a four month delay to July 1, 2009 and assumed savings of \$3.0 million. The Governor subsequently requested amendments withdrawing Article 37 and restoring the savings.* The Assembly restored the savings to provide an April 1, 2009 cost of living adjustment for the nursing facilities consistent with current law.

Nursing Home Principles of Reimbursement. The state's 86 nursing facilities are reimbursed through four separate cost centers included in the Rhode Island General Laws. *The Governor recommended a five percent reduction in daily rates paid to nursing homes; however, he did not include the necessary statutory changes to accomplish this. His recommendation reduces the nursing home expenditures by \$6.5 million from all sources including \$3.1 million from general revenues.*

The Governor subsequently requested an amendment restoring \$3.2 million from all sources including \$1.5 million from general revenues due to a delay in the implementation of the program. The Department believes the program will be implemented on April 15. The Governor then requested an additional amendment to withdraw this proposal and restore the remainder of the savings. The Assembly did not concur with the Governor's amendment to withdraw the proposal and adopted Article 14 of 2009-H 5019, Substitute A, as amended to reduce the FY 2009 nursing home reimbursements by five percent.

Direct Labor Cost Reimbursement. The enacted budget included savings of \$5.0 million from all funds, \$2.3 million from general revenues from the Department lowering the maximum ceiling from 125 percent of the median to 110 percent. This is a regulatory change and the Department lowered the ceiling to 112 percent of the median achieving the same savings. *The Governor recommended decreasing the direct labor ceiling to 110 percent retroactive to July 1, 2008 and assumed additional savings of \$2.0 million from all sources, including \$0.9 million from general revenues. The Governor subsequently requested an amendment to withdraw this proposal and restore the savings. The Assembly did not concur with the Governor's amendment withdrawing the proposal and assumed savings of \$2.0 million from all funds.*

Home and Community Care. The Caseload Estimating Conference included \$50.8 million for home and community care expenses; however, reduced expenditures for home and community care by \$13,291, including \$6,305 from general revenues. *The Governor's recommendation was consistent with the November conference estimate to expand services to accommodate the assumed changes in a person's choice of entering a nursing home or remaining in the community. The Assembly provided \$63.2 million, consistent with the May caseload conference estimate.*

Managed Care

The Caseload Estimating Conference estimated managed care expenses at \$557.6 million. This includes funding for RIte Care, RIte Share and fee for service expenditures. *The Governor recommended expenditures at \$518.6 million; this is \$39.0 million less than the November caseload estimate and \$8.2 million more than enacted. This includes a transfer of \$37.5 million to the Department of Children, Youth and Families. The Governor also included a series of plans detailed further below. The Assembly provided \$505.1 million, \$0.3 million more than the conference estimate and \$5.3 million more than enacted.*

RItE Care. The Caseload Estimating Conference estimated the RItE Care expenditures at \$453.4 million, including \$214.9 million from general revenues. The estimate is \$49.0 million more than enacted including \$23.8 million more from general revenues for updated caseload projections. The annual estimated number of program enrollees is 104,652 at a per member cost of \$4,332.

The Governor recommended funding of \$412.3 million, \$41.1 million less than the caseload estimate and \$7.9 million more than enacted. This is \$37.5 million less, including \$17.8 million from general revenues reflecting a transfer of residential services provided by the Department of Children, Youth and Families that were included in Department of Human Services' FY 2008 enacted budget. It was later determined that the services were not part of the managed care system. He also included other changes, described separately.

The Governor included savings of \$2.0 million, \$0.9 million from general revenues consistent with the global waiver initiatives to provide self directed care, customized benefit packages based on medical need, in addition to the amount, duration, and scope of all covered services. He did not include any specific proposals to accomplish the savings.

The Governor subsequently requested an amendment to restore \$1.6 million from all sources of funds, including \$0.8 million from general revenues consistent with global waiver initiatives to provide self directed care and customized benefit packages based upon need. The Governor never submitted any specific proposals to accomplish these savings.

The Governor subsequently requested a budget amendment to repeal the RItE Care co-share medical premium requirements for individuals between 133 up to 150 percent of the federal poverty level, and lower the requirement for those at 150 percent to 250 percent of the federal poverty level retroactive to May 31, 2009 in compliance with the eligibility maintenance of effort provisions of the federal Stimulus Act. As part of this amendment he restored \$0.3 million, including \$0.1 million from general revenues.

The Assembly provided \$419.7 million, which adjusts funding for the May estimate and added \$0.3 million from all funds, \$0.1 million from general revenues. The May estimate restored the \$1.6 million from the Governor's assumed savings for self-directed care and customized benefit packages, consistent with his amendment.

The Assembly adopted Section 13 of Article 23 of 2009-H 5983, Substitute A, as amended to repeal the cost sharing requirements for those between 133 percent to 150 percent of the federal poverty level so the state will be in compliance with the provisions of the federal Stimulus Act. The requirement to lower the monthly payment for those at 150 percent to 250 percent of the federal poverty level will be adjusted through the Department's rules and regulation process. The Assembly included the \$0.3 million noted above to adjust the funding.

State Funded Coverage for Pregnant Women. The state currently provides RItE Care coverage to pregnant women with income between 250 and 350 percent of the federal poverty level. The recipient pays a premium to the health plans and the state pays \$8,378 to the hospital for the delivery and the enacted budget assumes coverage for 28 women. There are currently 26 women receiving the state funded coverage. *The Governor's budget eliminates this state funded program as of March 1, 2009 and assumes savings of \$16,774 from two fewer deliveries.* The Assembly did not concur and restored the funding.

Katie Beckett Cost Sharing. The state provides Medicaid funded services to families who are not eligible for RItE Care but who have a child requiring an institutional level of care qualifying them for Medicaid under the Katie Beckett option. Only the child's resources and income are considered when determining eligibility.

The Governor originally proposed Article 36 to allow the Department to establish a cost sharing requirement for each family receiving the services. He assumed savings of \$0.5 million including \$0.2 million from general revenues. The Governor subsequently requested a budget amendment to withdraw his proposal. The Assembly concurred with the Governor's amendment and did not establish the cost sharing requirement.

RItE Care Resource Test. Currently there is no resource test to determine RItE Care eligibility. It is only based on income.

The Governor included Article 30 establishing a resource test for parents and children applying for RItE Care. If a parent or child has liquid resources at or above \$10,000, they would not qualify for RItE Care. The Governor reduced expenditures by \$0.2 million, including \$0.1 million from general revenues. The Assembly enacted a similar proposal in the FY 2007 budget; however, it did not receive federal approval because it also included children. The Governor subsequently requested an amendment to withdraw this proposal. The Assembly concurred with the Governor's amendment withdrawing the proposal and did not implement the resource test.

Emergency Room Co-Pay. Currently RItE Care families at or above 150 percent of the federal poverty level have a monthly cost sharing requirement of between \$86 and \$114 depending on their income.

The Governor recommended savings of \$0.2 million from all funds, \$0.1 million from general revenues by implementing a \$25 co-payment for emergency room visits for families at or above 150 percent of the federal poverty level if the visit does not result in a hospital admission. The Governor subsequently requested an amendment restoring these savings due to implementation delays. The Assembly concurred with the implementation delay and restored the savings.

Early Intervention. The state provides early intervention services to children from birth to age three. The enacted budget and caseload estimate includes \$5.1 million from all funds through the medical benefits program.

The Governor reduced expenses by \$331,340, including \$157,088 from general revenues. He included a five percent rate reduction for savings of \$78,334 as well as eliminating reimbursement to certain providers for group services. The Governor also included general revenue savings of \$0.8 million from state funds to Medicaid as part of the global waiver initiative to match Medicaid funds for services provided through certain state funded programs. The Assembly concurred.

CEDARR Services. The state provides services to children with special health care needs through the state's four licensed Comprehensive Evaluation, Diagnosis, Assessment, Referral and Re-evaluations centers.

The Governor recommended \$1.2 million less, including \$0.6 million less from general revenues for program reimbursements. He recommended eliminating the \$4.00 a day reimbursement for the family care coordination assistance for the remainder of FY 2009. He also reduced the daily case rate from

\$1.70 to \$1.26 for administrative services. The Governor recommended implementing a flat fee payment methodology for the assessment and care plan development. The Assembly concurred.

Home Based Therapeutic Services. The state currently also provides home and community based services to children with special health care needs, including the personal assistance services and supports and Kids Connect. ***The Governor assumed savings of \$1.2 million including \$0.6 million from general revenues from redesigning the methodology for travel costs and imposing limits on the amount of home based therapeutic services specialized treatment approved to 20 hours per week and the duration limited to two years. He also included a 30.0 percent rate reduction for personal assistance services and supports. The Assembly concurred.***

Managed Care Administration Rates. The Department pays an administrative fee as part of the per member per month fee paid to the managed care plans for RItE Care, Rhody Health, Connect Care and Connect Care Choice. The FY 2009 enacted budget included a reduction to the reimbursement rate paid to the three managed care plans administering RItE Care and Rhody Health. ***The Governor assumed savings of \$0.8 million including \$0.4 million from general revenues from reducing the administrative rates for the RItE Care managed care providers by another five percent.***

The Governor also recommended \$82,864 less from all sources, \$39,286 from general revenues by reducing monthly Connect Care administration cost to \$150. He also recommended reducing Connect Care Choice program administrative costs by 20 percent to \$10 per month. The Assembly concurred.

RItE Share. The Caseload Estimating Conference estimated RItE Share expenditures at \$13.6 million, including \$6.4 million from general revenues. The estimate is \$2.6 million more than enacted from all sources for updated program projections. The annual estimated number of program enrollees is 8,234 at a per member cost of \$1,652. ***The Governor recommended funding consistent with the caseload estimate. The Assembly provided \$12.9 million, consistent with the May caseload conference estimate.***

Fee-Based Managed Care. The Caseload Estimating Conference estimated FY 2009 fee-based managed care expenditures at \$90.6 million from all sources, of which \$43.0 million is general revenues. The estimate is \$4.4 million less than enacted from all sources of funds for projected expenditures. Fee-based managed care provides additional services to those in the contracted managed care system. ***The Governor recommended funding consistent with the caseload estimate. The Assembly provided \$72.5 million, consistent with the May caseload conference estimate.***

Rhody Health

Rhody Health. In April 2008 the Department began enrolling a portion of the elderly and disabled population into Rhody Health, a managed care plan that replaced the fee for service system. The expenses were shifted from hospitals, pharmacy, and other medical services. The Caseload Estimating Conference estimated that there will be a projected enrollment of 89,141 persons enrolled in Rhody Health by the end of FY 2009. The Caseload Estimators estimated \$102.7 million from all sources, including \$48.7 million from general revenues for the program, which assumes shifting additional expenses from the hospital, pharmacy and other medical services. ***The Governor recommended funding essentially consistent with the caseload estimate. The Assembly provided \$99.4 million, consistent with the May caseload conference estimate.***

Pharmacy

The Caseload Estimating Conference estimated pharmacy expenses at \$61.6 million. This includes direct pharmacy costs and the state's estimated Medicare Part D clawback payment. Costs also include psychotropic medicines for the Department of Mental Health, Retardation and Hospitals' behavioral health clients. *The Governor recommended \$59.3 million for pharmacy expenses, \$2.3 million less than the conference estimate. He included several proposal reducing expenses, each is discussed separately.* The Assembly provided \$58.9 million for all pharmacy expenditures, consistent with the caseload conference.

Pharmacy. The Caseload Estimating Conference estimated pharmacy expenditures at \$18.4 million, of which \$8.7 million is general revenues. Individuals in the fee for service system, including the elderly and disabled, receive this pharmacy benefit. RItE Care enrollees receive pharmacy benefits as part of the managed care contracts. The enacted budget includes \$44.7 million from all sources and the estimators shifted \$20.2 million to the Rhody Health expenditures and added back partial funding from a delay in implementing the preferred drug list for anti-psychotic medications.

The Governor recommended \$2.3 million less than the conference estimate and included savings of \$1.2 million from all funds, \$0.5 million from general revenues from contracting with a single pharmacy network and assumes increasing volume and decreasing costs. The Governor subsequently requested an amendment to withdraw this proposal and restore these savings.

The Governor also recommended \$0.4 million less than enacted, including \$0.2 million from general revenues for contracting with specific suppliers for anti-psychotic medications. The Governor subsequently requested an amendment to withdraw this proposal and restore these savings. The Assembly provided \$17.3 million, consistent with the conference estimate which restored the pharmacy savings from the withdrawn proposals.

Medicare Part D Clawback Provision. On January 1, 2006, full implementation of the federal Medicare Part D drug plan took effect paying for prescription coverage previously not offered through Medicare. The overall 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 pays a portion of the savings to the federal government, or a clawback, based on a nationwide formula. The Caseload Estimating Conference estimated the state payment for Medicare Part D clawback provision at \$43.2 million, or \$1.5 million more than enacted. Since the federal government assumes the cost of drugs for the dual eligible population, the federal match no longer shows as an expenditure in the Department's budget. *The Governor recommended funding consistent with the caseload estimate.* The Assembly provided \$41.6 million, consistent with the conference estimate.

Maximum Allowable Cost Pricing. Currently, the Department reimburses pharmacies the wholesale average cost and the cost of dispensing the drug. *The Governor recommended \$0.7 million less than enacted including \$0.3 million from general revenues by paying the manufacturer's average cost.* The Assembly concurred.

Other Medical Services

The Caseload Estimating Conference estimated other medical services that 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 Mental Health, Retardation and Hospitals' clients are eligible for other medical services through the Department's developmental disabilities waiver.

Other Medical Services. The Caseload Estimating Conference estimated other medical expenditures, excluding those previously discussed at \$87.0 million, of which \$38.9 million is general revenues. This is a decrease of \$36.0 million from the enacted budget and includes shifting funds from other medical services to Rhody Health.

The Governor recommended \$5.1 million less than the conference estimate and \$41.0 million less than enacted. The Assembly provided \$101.0 million from all sources, consistent with the May caseload conference estimate.

Non-Emergency Transportation Costs. The state currently reimburses for ambulance services based on mileage and type of transport. It includes \$1.75 per mile with additional payment for services provided during transport. *The Governor recommended savings of \$1.1 million including \$0.5 million from general revenues by eliminating the \$1.75 per mile reimbursement and also assumes arranging for less costly non-emergency transportation services when appropriate and services are available.*

Subsequently, the Governor requested an amendment to restore \$0.5 million from all sources including \$0.3 million from general revenues due to delays in implementation of this program. The Assembly concurred with the delay and restored the funding; however, the saving is assumed for FY 2010.

Durable Medical Equipment. The caseload estimators included \$14.0 million from all funds for durable medical equipment expenses.

The Governor recommended \$0.3 million less, including \$0.2 million from general revenues and assumed implementing a competitive bid process for the equipment consistent with the selective contracting portion of the global waiver. He also assumed savings of \$79,171, of which \$37,535 is from general revenues by reducing the reimbursement rates by five percent. Subsequently, the Governor requested a budget amendment to withdraw this proposal and restore the savings. The Assembly concurred with the Governor's amendment to withdraw the proposal and restored the funding.

Medical Assistance Administration

RIte Care Administration. The Department requested \$4.5 million from all sources of funds for RIte Care administration expenditures, excluding salary and benefit costs totaling \$1.0 million. The request is \$0.1 million more than enacted adjusting for administrative services and operating expenses. *The Governor recommended \$125,072 more than enacted including \$132,838 more from general revenues. This is \$5,208 less than requested due to savings from renegotiated contracts with Electronic Data Systems.* The Assembly concurred, with the exception of the across-the-board reductions.

RIte Share Administration. The Department requested \$24,200 less than the enacted level of \$1.5 million from all sources for RIte Share administration expenditures. *The Governor recommended funding consistent with the Department's request.* The Assembly concurred, with the exception of the across-the-board reductions.

Medical Services Operations. The Department requested \$35.0 million from all sources of funds, or \$1.5 million less than enacted for expenditures related to the operations of the medical benefits program. This excludes salary and benefit expenses and is \$0.5 million less from general revenues. The request includes \$14.7 million for administrative services provided by Electronic Data Systems to maintain and operate the state's Medicaid billing system, \$1.0 million less than enacted.

The Governor recommended \$2.1 million more than requested, including \$68,853 more from general revenues. This is \$2.0 million more for the state's children health insurance program not included in the enacted budget. The Assembly concurred, with the exception of the across-the-board reductions.

Rhode Island Parent Information Network. The Department currently contracts with the Rhode Island Parent Information Network to provide parent consultant services throughout the state. *The Governor recommended reducing the contract and included general revenue savings of \$9,384. The Assembly concurred.*

Office of Rehabilitative Services. The Department requested \$14.3 million, \$1.9 million more than enacted of which \$23,128 is general revenues to support operations in the Office of Rehabilitative Services. This includes \$0.2 million less for services in the disabilities determination unit primarily for the contracted services and \$2.0 million more in medical services vocational rehabilitation services. *The Governor recommended funding consistent with the Department's request. The Assembly concurred, with the exception of the across-the-board reductions.*

Cash Assistance Programs

The Caseload Estimating Conference estimated \$128.2 million from all sources, including \$46.4 million from general revenues for cash assistance programs, an increase of \$2.2 million from general revenues. The programs include family independence program cash assistance benefits and child care services, supplemental security income program and general public assistance bridge program benefits.

The Governor recommended total funding consistent with the caseload conference and assumed general revenue savings by shifting a portion of the state expenses to Medicaid allowable under the global waiver. The Assembly provided \$135.1 million from all sources including \$37.3 million from general revenues; this is \$2.9 million more than May caseload estimate.

The following chart itemizes cash assistance expenditures as enacted, estimated by the caseload estimators and recommended by the Governor. Each category is discussed separately in the sections that follow.

Family Independence Program/Temporary Assistance to Needy Families. The Caseload Estimating Conference estimated caseload expenditures for the family independence program at \$48.1 million, of which \$10.8 million is general revenues, \$0.4 million less than enacted. The estimated monthly caseload decreases by 200 cases to a level of 22,600. The monthly cost per case remains the same as enacted, \$176.00 per person. *The Governor recommended total funding consistent with the caseload estimate.*

The Governor subsequently requested an amendment adding \$2.9 million from general revenues for additional costs to cover cash assistance clients who are no longer eligible for, but continue to receive the monthly benefit. The 2008 Assembly passed legislation terminating cash assistance to children whose parents had reached their 60 month cash assistance benefit limit, effective August 1, 2008. Also

beginning October 1, 2009, individuals who have not been legal permanent residents for at least five years would also lose their benefits. The Department of Human Services continued the monthly payments since the system has not been programmed to identify the populations in order to terminate the benefits.

The Assembly provided \$58.3 million from all sources, \$2.9 million more than the caseload estimate. This is consistent with the Governor's amendment to add general revenues for those individuals who remained on cash assistance. The final number of persons estimated to receive assistance is 24,389, to include the 1,389 state funded individuals, at the estimated monthly cost of \$177.93.

Cash Assistance	FY 2007 Spent	FY 2008 Spent	FY 2009 Enacted	FY 2009 Nov. CEC	FY 2009 Revised	FY 2009 May CEC	FY 2009 Final
Rhode Island Works							
Persons	29,003	26,324	22,800	22,600	22,600	23,000	24,389
Monthly Cost per Person	\$ 171.30	\$ 174.85	\$ 176.00	\$ 176.00	\$ 176.00	\$ 177.93	\$ 177.93
General Revenue	\$ 16.1	\$ 17.6	\$ 11.2	\$ 10.8	\$ 10.8	\$ 0.5	\$ 3.4
Federal Funds	43.9	38.0	37.3	37.3	37.3	54.9	54.9
Total Costs*	\$ 60.0	\$ 55.6	\$ 48.5	\$ 48.1	\$ 48.1	\$ 55.4	\$ 58.3
Child Care							
Subsidies	11,181	8,149	7,335	7,050	7,050	6,833	6,833
Annual Cost per Subsidy	\$ 6,393	\$ 7,044	\$ 7,036	\$ 7,400	\$ 7,400	\$ 7,160	\$ 7,160
General Revenue	\$ 31.8	\$ 12.7	\$ 7.1	\$ 7.7	\$ 7.5	\$ 6.5	\$ 6.5
Federal Funds	39.7	44.4	44.5	44.5	44.7	42.4	42.4
Total Costs*	\$ 71.5	\$ 57.1	\$ 51.6	\$ 52.2	\$ 52.2	\$ 48.9	\$ 48.9
Child Care Development Block Grant							
Federal Stimulus	\$ -	\$ -	\$ -	\$ -	\$ 0.5	\$ -	\$ 0.5
Total Costs	\$ -	\$ -	\$ -	\$ -	\$ 0.5	\$ -	\$ 0.5
SSI							
Persons	31,285	31,625	31,974	32,200	32,200	31,850	31,850
Monthly Cost per Person	\$ 64.02	\$ 64.00	\$ 67.52	\$ 54.62	\$ 54.62	\$ 55.22	\$ 55.22
Total Costs/General Revenue*	\$ 27.6	\$ 28.0	\$ 25.9	\$ 25.1	\$ 25.1	\$ 25.1	\$ 25.1
SSI Transition/Bridge							
Persons	395	412	420	430	430	440	440
Monthly Cost per Person	\$ 118.30	\$ 87.54	\$ 115.00	\$ 118.00	\$ 118.00	\$ 118.70	\$ 118.70
Total Costs*	\$ 3.0	\$ 2.6	\$ 3.1	\$ 2.8	\$ 2.8	\$ 2.9	\$ 2.9
General Revenue	78.5	59.5	44.2	46.4	46.4	34.4	37.3
Federal Funds	83.6	84.6	84.9	81.8	81.8	97.8	97.8
Total Cash Assistance*	\$ 162.1	\$ 144.1	\$ 129.1	\$ 128.2	\$ 128.2	\$ 132.2	\$ 135.1

**Expenditures in millions*

Child Care. The Caseload Estimating Conference estimated child care caseload expenditures at \$52.2 million, of which \$7.7 million is general revenues. The estimate is \$0.6 million more than enacted and includes caseloads decreasing by 285 child care slots to a monthly level of 7,050. The estimators also increase the annual cost per subsidy by \$364.00 to \$7,400 in FY 2009. *The Governor recommended total funding consistent with the caseload estimate.*

The Assembly provided \$48.9 million for child care consistent with the May estimate which reduced the number of slots by 217 to 6,833. The annual cost per slot is projected to decrease from the November estimate by \$240 to \$7,160.

Child Care Development Block Grant. The Governor's FY 2009 revised budget includes \$1.2 million from federal funding for the Child Care Development Block Grant. Funding is used to support direct child care services. *The Governor subsequently requested an amendment based on passage of the federal stimulus act that includes an additional \$0.5 million.*

The Assembly concurred and added the funding; however, it is not part of the May estimate for direct child care services. The Department has indicated that a portion of the additional funding is to be used for professional development and quality assurance initiatives within the child care program consistent with federal regulations.

Supplemental Security Income. The Caseload Estimating Conference estimated state only supplemental security income payments at \$21.1 million from general revenues. The caseload increases by 226 persons to a monthly level of 32,200. Estimators also decreased the monthly cost per person by \$12.90 to \$54.62 for a program decrease of \$0.8 million from general revenues compared to the enacted budget. The state chooses to supplement the federal program and transfers its funds to the federal government so the recipient receives one check. The state pays transaction fees for the service which totals \$4.0 million for FY 2009. Total program costs are \$25.1 million.

The Governor recommended total funding consistent with the caseload estimate. The Assembly provided total funding of \$25.1 million consistent with the May caseload conference estimate. The May conference adopted 31,850 persons, a decrease of 350 compared to the Governor's recommendation, based upon the November estimate. The conference increased the monthly cost per person by \$0.60 to \$55.22 per month.

Supplemental Security Income Transition/Bridge Program. The Caseload Estimating Conference estimated the FY 2009 cost for the supplemental security income transition/bridge program at \$2.8 million from general revenues or \$0.3 million less than enacted. This increased the projected number of persons by 10 for a level of 430 and increased the monthly cost per person by \$3.00 to \$118.00. The program is for individuals who are eligible for Title XIX Medical Assistance and maintain an active application for supplemental security income.

The Governor recommended funding consistent with the request and assumed program savings of \$0.5 million from state funds to Medicaid as part of the global waiver initiative to match Medicaid funds for services provided through certain state funded programs.

The Assembly provided expenditures of \$2.9 million based upon the May caseload conference estimate, which is \$0.1 million more than the November estimate total. The May conference adopted 440 persons, an increase of 10 compared to the Governor's recommendation, based upon the November estimate. The conference increased the monthly cost per person by \$0.70 to \$118.70 per month.

State Only Funded Program

Cash Assistance Hardship Program. The Department requested \$470,770, \$163,440 less than enacted from general revenues for the cash assistance hardship assistance program. A separate budget article authorizes the hardship contingency program annually and caps the program at a fixed dollar amount. The program provides temporary support to a person who does not qualify for the Supplemental Security Income or temporary assistance to needy families program. *The Governor recommended funding consistent with the request.* The Assembly concurred.

Cash Assistance Administration

Family Independence Program Administration. The Department requested \$2.9 million for family independence program administration expenses excluding salary and benefit costs totaling \$11.8 million. The request is \$0.2 million more from general revenues and includes a slight reduction from

federal funds. The request includes \$4.6 million for the program's portion of the expenses for the InRhodes eligibility system. Grant expenditures include \$5.8 million for training and work activities for program recipients. The request also includes an increase of \$0.2 million in operating, offset by \$0.1 million for rent for satellite offices. *The Governor recommended funding consistent with the Department's request.* The Assembly concurred, with the exception of the across-the-board reductions.

Child Care Administration. The Department requested \$2.3 million for child care administration expenditures excluding salary and benefit costs totaling \$1.7 million. This is \$245,689 more than enacted, including \$95,411 less from general revenues and \$341,100 more from federal funds. The request includes \$0.7 million for InRhodes eligibility expenses. *The Governor recommended funding consistent with the Department's request.* The Assembly concurred, with the exception of the across-the-board reductions.

Veterans' Affairs

Operations. The Department requested \$37,591 more than enacted, including \$461,960 more from general revenues with offsetting reduction to restricted receipts for operating costs at the Veterans' Home. This includes additional general revenue funding of \$0.2 million for medical services and \$0.1 million more for laundry services with adjustments for other operating costs. *The Governor recommended funding consistent with the Department's request, but shifted \$115,000 for laundry services to restricted receipts.* The Assembly concurred, with the exception of the across-the-board reductions.

Veterans' Home Capital Projects. The Department requested \$0.5 million from restricted receipts, or \$0.3 million more than enacted for capital projects at the Veterans' Home. *The Governor recommended funding consistent with the Department's request.* The Assembly concurred.

Veterans' Cemetery. The Department requested \$4.4 million or \$2.6 million more than enacted for projects at the Veterans' Cemetery, including the master plan. *The Governor recommended funding as requested.* The Assembly concurred.

Other Programs

Child Support Enforcement Program. Excluding salaries and benefits, the Department requested \$3.4 million, \$0.5 million less than enacted for operating expenses. This includes \$0.1 million less from general revenues. Operating expenses decrease by \$0.7 million and contract services increase by \$0.2 million for expenses related to the InRhodes eligibility system and constable services. *The Governor recommended funding as requested. The Governor subsequently requested an amendment based on passage of the federal stimulus act that includes an additional \$0.8 million for additional incentive programs.* The Assembly concurred, with the exception of the across-the-board reductions.

Food Stamps. The Department requested \$124.4 million from all sources of funds for expenditures related to the food stamp program, excluding salary and benefit costs, which total \$9.1 million. The request is \$8.4 million less than enacted primarily from federal funds. Food stamp expenditures are budgeted at \$118.0 million from federal funds, or \$20.0 million more than enacted. The Department's request reflects anticipated increases in utilization.

The request includes \$2.1 million for the program's portion of the expenses for the InRhodes eligibility system. The revised request also includes \$0.2 million for other operating expenses and \$0.1 million more for program grants. Operating expenses include \$0.5 million for rental space, \$0.1 million for electronic benefit transfer cards and \$0.4 million for postage.

The Governor recommended funding as requested. The Governor subsequently requested an amendment based on passage of the federal stimulus act that includes an additional \$8.1 million in supplemental nutrition assistance, formally known as food stamps. This includes \$8.0 million for benefits and \$50,000 for related administrative activities. The Assembly concurred and provided the additional benefits.

Special Education. The Department's request includes the enacted level of \$20.7 million from federal sources for the federal portion of special education expenditures. The state match is provided by the local school districts. *The Governor requested a budget amendment to reduce special education federal funds by \$2.3 million to reflect projected spending as well as an adjustment to federal expenses for the enhanced Medicaid rate included in the federal stimulus package.* The Assembly added the funding.

Emergency Housing Assistance Program. The Department's request recognizes the administrative shift of the emergency housing program from the Department to Rhode Island Housing. Previously Rhode Island Housing provided funding to the Department to administer the program through the local community action programs. Rhode Island Housing will now administer the program and the Department's request eliminates \$1.3 million that was included in the enacted budget. The November Revenue Conference also excluded the grants from the revenue estimate. *The Governor recommended funding as requested.* The Assembly concurred.

Emergency Room Diversion Program. The Department requested \$1.8 million more than enacted from new federal funds to reduce unnecessary emergency department utilization by Medicaid recipients, promote access to primary care and expand access to community based behavioral health providers. *The Governor recommended funding as requested.* The Assembly concurred.

Community Service Grants. The enacted budget includes \$2.7 million in funding to support 98 social service agencies, including \$555,374 for eight community action agencies. *The Governor recommended reducing funding for only the eight community action agencies by a total of \$100,000. The Governor subsequently requested an amendment to restore this funding.* The Assembly restored the funding for the community action agencies.

Community Service Block Grant. The enacted budget included \$3.8 million from federal Community Services Block grant funding. *The Governor subsequently submitted an amendment based on passage of the federal stimulus act that includes an additional \$1.5 million for benefit enrollment coordination at the community action agencies.* The Assembly concurred.

Central Management Other State Operations. The Department requested \$85,150 less than enacted for all other state operations in the Division of Central Management. Excluding salary and benefit expenses, the request included \$13.1 million in grants or \$5,150 less than enacted with operating expenses at \$73,508 and contracted services at \$50,000, \$5,000 less than enacted. Grant funding includes \$2.7 million for community service grants, \$3.8 million for the community service block grant, \$1.0 million for head start and \$0.2 million for the emergency food assistance program. Central management supervises, coordinates and monitors all departmental functions to assure efficient use of

state and federal resources. *The Governor recommended funding as requested.* The Assembly concurred, with the exception of the across-the-board reductions.

Individual and Family Support Other State Operations. Excluding administration expenses for the family independence program and child care, the Department requested \$654,613 more than enacted for expenditures in the individual and family support program. The request is primarily an increase for social security reimbursement, an increase in services to the blind and visually impaired with a slight adjustment to federal funds. It also includes \$70,000 from general revenues to cover increased cost of laundry services for the homeless shelter at Harrington Hall.

The Governor recommended \$132,500 less than requested. He did not include the requested increase for laundry services and reduced Rhode Island Capital Plan funding for the blind vending building projects by \$62,500. The recommendation also includes a shift of \$0.2 million from general revenues to federal sources from the state's new authority to use federal funds to match expenses for state only programs. These include social services for the blind, adaptive telephone equipment, home modification expenses and personal care attendants.

The Governor subsequently requested an amendment indicating that some costs for social services for the blind were administrative, and the correct match would be 50.0 percent, as opposed to 52.57, requiring the addition of \$3,557 from general revenues in lieu of federal funds. The Assembly restored the funding for the administrative services for the blind and concurred with the remainder of the recommendation, with the exception of the across-the-board reductions.

Legislation

2009-H 5019 Substitute A, as amended contained legislation that affects implementation and operation for many for the Department's programs. These are included as articles in the FY 2009 final budget and are summarized below.

Article 14 Nursing Home. The Governor recommended a five percent rate reduction to the nursing home facilities for FY 2009. The Assembly concurred.

Article 15 Out-of-State Hospital Payments. The Governor recommended changes to the Medicaid payment methodologies to out-of-state hospital providers from defined percentages in statute to rates determined by the Department in accordance with federal regulations. Presently, out-of-state providers are reimbursed percentages of their charges for services as follows: 50.0 percent for inpatient; 53.0 percent for outpatient; and 61.0 percent for transplants. The Assembly concurred.

Article 16 Hospital Payments. The Governor recommended the elimination of three payments the state is to make to community hospitals in FY 2009. The first two are separate inpatient and outpatient upper limit payments intended to provide a rate to the community hospitals for services that is equal to what Medicare would pay for the same inpatient and outpatient services. The third payment is for state funded reimbursements to certain community hospitals for additional uncompensated care costs. The Assembly concurred but later reversed this action in 2009-H 5983 Substitute A, as amended. Article 19 of that subsequent legislation, which restored the outpatient upper payment limit and the state only payment, made for additional uncompensated care payments.

Department of Mental Health, Retardation and Hospitals

	FY 2008	FY 2009	FY 2009	FY 2009
	Reported	Enacted	Revised	Final
Expenditures by Program				
Central Management	\$ 1,854,304	\$ 2,115,602	\$ 1,093,343	\$ 1,080,240
Hosp. & Comm. System Support	4,406,964	6,335,946	5,628,009	4,791,053
Services for the Dev. Disabled	260,214,675	235,123,579	243,822,501	247,217,417
Integrated Mental Health Services	80,361,110	78,755,586	80,744,368	80,072,455
Hospital & Comm Rehab. Services	113,034,540	105,507,272	102,165,536	102,576,337
Substance Abuse	29,570,103	29,652,524	27,624,481	32,389,273
Total	\$ 489,441,696	\$ 457,490,509	\$ 461,078,238	\$ 468,126,775
Expenditures by Category				
Salaries and Benefits	\$ 137,625,616	\$ 126,824,440	\$ 126,224,409	\$ 124,326,288
Contracted Services	5,565,582	9,213,952	1,149,214	1,125,685
Subtotal	\$ 143,191,198	\$ 136,038,392	\$ 127,373,623	\$ 125,451,973
Other State Operations	24,042,295	19,839,501	16,934,441	18,459,703
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	321,673,305	289,025,131	308,487,284	317,203,834
Capital	534,898	12,101,875	8,282,890	7,011,265
Capital Debt Service	-	-	-	-
Operating Transfers	-	485,610	-	-
Total	\$ 489,441,696	\$ 457,490,509	\$ 461,078,238	\$ 468,126,775
Sources of Funds				
General Revenue	\$ 241,952,595	\$ 219,361,864	\$ 208,861,756	\$ 182,796,006
Federal Aid	241,728,740	222,757,014	239,622,738	273,943,994
Restricted Receipts	2,587,327	4,590,000	5,258,101	5,458,101
Other	3,173,034	10,781,631	7,335,643	5,928,674
Total	\$ 489,441,696	\$ 457,490,509	\$ 461,078,238	\$ 468,126,775
FTE Authorization	1,657.6	1,534.6	1,352.4	1,352.4
FTE Average	1,583.4			

FY 2009 Revised Request. The Department requested \$16.5 million more expenditures than enacted and 182.2 fewer positions. The changes include \$7.8 million more from general revenues, \$2.3 million more from federal funds, \$0.7 million more from restricted receipts and \$0.4 million more from Rhode Island Capital Plan funds. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$7.8 million for the Department including \$4.0 million from general revenues and 42.1 positions. The revised request is \$11.8 million from general revenues above the enacted budget adjusted for that allocation; staffing is 140.1 positions below it.

The Department subsequently submitted a corrective action plan that includes selling state-owned and privately operated group homes for the developmentally disabled to the community providers, reducing reimbursements to community providers, returning unused medications from the state funded community medical assistance program and reducing or eliminating contracted expenses including physical therapy services at the state hospital.

The Governor recommended \$9.1 million less than requested, including \$18.3 million less from general revenues and \$3.8 million less from Rhode Island Capital Plan funds. This is offset by \$9.2 million more from federal funds and assumes general revenue savings from an anticipated federal stimulus package as well as savings through the Medicaid global waiver allowing the state to leverage federal funds for programs that are state funded. He included the requested level of positions.

The Governor submitted an amendment to restore a portion of the savings assumed through the global waiver and the requested proposals accepted as part of the corrective action plan. He also requested a separate amendment to shift an additional \$27.8 million in general revenue expenditures to federal funds to reflect the actual enhanced Medicaid rate included in the American Recovery and Reinvestment Act of 2009.

The Assembly concurred with the amendment for the state savings from the enhanced Medicaid rate and added \$6.2 million from all funds to the Governor's recommendation. This includes \$6.0 million more from federal funds, \$1.5 million more from general revenues, \$0.2 million more from restricted receipts and \$1.3 million less from Rhode Island Capital Plan funds. Changes include \$4.3 million for a substance abuse grant inadvertently excluded from the recommendation and \$2.8 million to restore funding to private providers in the developmental disability system who were scheduled for second rate reduction, effective January 2009, that was not implemented. The Assembly also included the recommended staffing level.

The Assembly also adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Department is \$805,405.

Office of Health and Human Services Reorganization. The enacted budget transferred \$8.5 million from all sources, including \$4.6 million from general revenues and 86.2 fiscal and legal positions from the five health and human services agencies to the Executive Office consistent with legislation passed by the 2007 Assembly reorganizing certain functions.

For Mental Health, Retardation and Hospitals, this included \$0.9 million and 13.0 positions. There was up to a six month delay in the transfer of 65 positions. There is a \$2.3 million reduction to the Office of Health and Human Services' revised budget to reflect the delay, \$0.3 million, of which is for expenses incurred by the Department of Mental Health, Retardation and Hospitals for the first six months of FY 2009 for 11.0 positions. *The Governor recommended these adjustments.* The Assembly concurred.

Other Salary and Benefit Adjustments. The Department requested \$3.3 million more than the adjusted budget from all sources including \$0.4 million more from general revenues for all other salary and benefit adjustments. It appears the federal funds may have been incorrectly calculated for salaries and benefits at the state hospital. This is \$4.2 million less than enacted and includes \$1.2 million for the increase to the assessed fringe benefit rate to account for the high volume of leave

payouts from recent retirements. The Department's request eliminates 182.2 positions; 41.2 were eliminated as part of the statewide adjustment. The Department eliminates another 141.0 positions and it appears that approximately 46.0 positions were funded with the remaining 95.0 positions being vacant. *The Governor recommended \$145,257 more than requested to reflect the retiree health rate increase.* The Assembly concurred, with the exception of the across-the-board reductions.

Federal Stimulus Package. The enacted budget includes \$1.7 billion from all sources for medical services matched by Medicaid, of which \$353.1 million is for the Department of Mental Health, Retardation and Hospitals. *The Governor's recommended budget assumed passage of a federal stimulus package that included a 3.0 percent increase to the rate the federal government reimburses states for Medicaid services. He shifted \$27.5 million of general revenue expenses to federal funds to account for this, including \$6.3 million in savings in the Department of Mental Health, Retardation and Hospitals.*

The Governor requested an amendment based on passage of the stimulus package that provided an 11.3 percent increase to the Medicaid rate and shifted \$27.8 million more general revenue expenses to federal funds in the Department's budget. Of the total state savings, \$21.0 million occurs in programs providing services to adults with developmental disabilities. The Assembly concurred.

Medicaid Global Waiver. The state submitted the Rhode Island Consumer Choice Waiver to the Centers for Medicare and Medicaid Services in October 2008 to amend the current Medicaid program which provides services to low income children and families, children with special health care needs, the elderly and the disabled.

As part of the waiver effective January 1, 2009, the state has received federal approval to match Medicaid funds for services provided through certain state funded programs. The Governor recommended statewide savings of \$10.5 million from this action, of which \$5.3 million is assumed in the Department of Mental Health, Retardation and Hospitals' budget for services provided through behavioral health, developmental disabilities and the state hospital. Specific savings are noted separately in this analysis.

The Governor requested an amendment to restore \$0.7 million of unachievable savings assumed in the division of behavioral health for inpatient treatment services that are not eligible for the Medicaid match. The Assembly concurred.

Developmental Disabilities Programs. The Department requested \$249.3 million, including \$113.2 million from general revenues for the program to support adults with developmental disabilities. Funding through the developmental disabilities Medicaid waiver supports community based residential support programs in the state-run system which is comprised of 38 homes, has a capacity to hold 286 patients and represents 7.0 percent of the caseload. Three of the 38 homes are considered nursing facilities or special care facilities, since the homes allow and accommodate 24-hour care for special care patients. The private provider system is comprised of 339 homes, has a capacity to offer residential supports to 1,741 clients, and represents 93.0 percent of the residential caseload. In addition to the residential support, the state also provides funding for day programming, supported employment activities and family support services through a Medicaid waiver.

The Governor recommended \$243.8 million from all sources, \$8.7 million more than enacted and \$0.2 million more than requested. He added \$0.3 million, including \$0.1 million from general revenues for the 10.0 percent increase to home care services included in Article 17 of 2008-H 7204 Substitute A, as amended. He also assumed \$0.5 million in savings from the state's authority to shift general revenue expenses to Medicaid as well as other program savings, discussed in the following sections. The

Assembly provided \$247.2 million from all sources, \$12.1 million more than enacted and \$3.4 million more than recommended, the changes are discussed separately.

Developmental Disabilities Residential Support Programs. The enacted budget assumes savings of \$32.9 million from all funds, including \$15.6 million from general revenues based on several changes to the state run developmental disabilities program. This includes savings of \$22.1 million from all funds, \$10.5 million from general revenues, from acceptance of the Medicaid global waiver which aims to place clients in alternative settings, such as shared living as well as savings from closing three group homes.

The Department implemented a 4.7 percent rate reduction to private providers for residential and day programming effective July 1, 2008 to produce savings of \$8.0 million, \$3.8 million from general revenues. The Department requested \$17.6 million to restore that portion of the assumed savings it was not able to achieve, including \$9.0 million from general revenues.

The Department's subsequent corrective action plan includes \$2.9 million in revenue from selling some of the property that is currently state-owned but rented by private providers for residential services to adults with developmental disabilities as well as other changes to provider rates and client services.

The Governor's revised budget incorporated the changes in the revised request and some of the corrective action changes, but did not assume the additional revenue from the sale of the state-owned property. He also included reductions not proposed by the Department for a total change to the original request of \$4.9 million, including \$2.4 million from general revenues. Each change is discussed separately. The Assembly added back \$2.8 million and concurred with the remainder of the recommendation, each is shown separately.

Second Provider Rate Reduction. The Department implemented a 4.7 percent rate reduction to private providers for residential and day programming effective July 1, 2008. *The Governor recommended reducing rates another 3.5 percent effective January 1, 2009 and assumed an additional \$2.8 million of savings of which \$1.3 million is from general revenues for a total rate reduction of 8.2 percent. The Governor requested an amendment to withdraw the proposal to implement the second rate reduction and to restore the savings.* The Assembly concurred.

Residential Daily Rates. There are 166 homes operated by private providers that are paid a legacy daily rate for residential services that differs from the current funding levels paid to the majority of providers in the privately operated system. As part of its corrective action plan, the Department proposes recalculating the daily rates and reimbursing the providers the same rate that is paid to the remaining private providers based on the level of care for each of the residential clients and assumes savings of \$1.2 million from all funds, \$0.6 million from general revenues. *The Governor accepted the proposal and assumed the savings. He later requested an amendment to withdraw the proposal and restore the savings.* The Assembly did not concur with the amendment and assumed the savings in the final budget.

Out-of-State Placement. As part of its corrective action plan, the Department proposed returning one of the two clients currently in an out-of-state residential placement. The client receives services in a non-Medicaid funded facility at an annual cost of \$0.2 million and the Department proposes transferring the client to an in-state residential placement and assumes general revenue savings of \$49,032. *The Governor assumes the savings. He later requested an amendment to withdraw the proposal and restore the savings.* The Assembly did not concur with the amendment and assumed

the savings in the final budget.

Day Programming Legacy Rate. Based on past practice, the Department reimburses ten agencies a higher rate for day programming services for 139 individuals. The Department proposed \$50,000 in general revenues savings by ensuring that these services and the agency reimbursements are consistent with services provided to the remaining 1,928 individuals receiving day programming services. *The Governor assumed the savings. He later requested an amendment to withdraw the proposal and restore the savings.* The Assembly did not concur and assumed the savings in the final budget.

Day Programming Funding. The Department proposed savings of \$75,000, \$35,558 from general revenues and reduced day programming funding for developmentally disabled adults who are authorized for day programming services through the Office of Rehabilitation Services for services provided after April 1, 2009. The providers will have to submit a refund to the state for services provided. The Department has not yet determined the rate reduction but indicated that it will complete an inter-agency agreement with the Office and work with the providers to identify the services and establish the procedures for the refund. *The Governor included the savings. He later requested an amendment to withdraw the proposal and restore the savings.* The Assembly assumed the savings in the final budget.

Current Client Funding Levels. The Department proposed a freeze on funding for individuals and services at the current levels until the end of the fiscal year for assumed savings of \$0.1 million from general revenues. If a client's need changes, the cost will have to be absorbed by the community agency. *The Governor assumed the savings. He later requested an amendment to withdraw the proposal and restore the savings.* The Assembly assumed the savings in the final budget.

Specialized Services. The Department proposed to shift costs for specialized services provided to Medicare eligible patients to Medicare for savings of \$0.1 million from general revenues for the final three months of the current fiscal year. This proposal requires that individuals be enrolled in a managed care plan by March 1, 2009. *The Governor assumed the savings of \$0.4 million of which \$0.1 million is from general revenues. He later requested an amendment to withdraw the proposal and restore the savings.* The Assembly assumed the savings in the final budget.

Monthly Provider Payments. The Department proposed savings of \$0.3 million from all funds, \$0.1 million from general revenues by paying for services actually provided and not on a prospective monthly basis, effective January 1, 2009. *The Governor assumed the savings. He later requested an amendment to withdraw the proposal and restore the savings.* The Assembly assumed the savings in the final budget.

Food Stamp Initiative. The Department proposed savings of \$150,000 from all funds, \$71,115 from general revenues and assumes the ability of private providers to increase their client's access to food stamps. *The Governor included the savings. He later requested an amendment to withdraw the proposal and restore the savings.* The Assembly assumed the savings in the final budget.

Screening and Resident Review. The Department's corrective action plan proposed to phase out the requirement for agencies to have aversive programs reviewed by specialized committees and assumes savings of \$0.2 million from all funds, \$0.1 million from general revenues. *The Governor assumed the savings. He later requested an amendment to withdraw the proposal and restore the savings.* The Assembly assumed the savings in the final budget.

Medical Services for State Clients. The Department proposed savings of \$82,948 from all funds, \$31,910 from general revenues by terminating the contracted medical services for clients in the state

run system. The Department assumes that the physicians will be able to bill Medicare for the services. *The Governor accepted the proposal and includes the savings. He later requested an amendment to withdraw the proposal and restore the savings.* The Assembly assumed the savings in the final budget.

State-Owned Property. The Department proposed selling some of the property that is currently state-owned but rented by private providers supporting residential services to adults with developmental disabilities and assumes \$2.9 million in projected revenue from this action. *The Governor did not accept the proposal.* The Assembly concurred.

State Operated System Client Revenue. The enacted budget includes \$2.2 million from restricted receipts to reflect the monthly supplemental security income payments made to clients in the state run developmental disabilities system supporting their living costs, including rent, food, utilities and other daily living expenses. The Department requested \$0.7 million more from restricted receipts; however, this appears to be inadvertently included in the request since the population has not changed, and there is only a slight increase to the monthly payment. *The Governor recommended funding as requested.* The Assembly concurred.

Group Home Tax. The group home providers pay a 6.0 percent tax on the revenues received for residential services provided to adults with disabilities. This includes providers in the privately run system and the state operated program. The calculation for the reimbursement rate paid to the private providers factors in the tax that is then paid to the state. For the state operated group homes, the tax is included in the Department's operating budget. The Department's request includes \$2.7 million to pay the provider tax applied to group homes in the state system, which is \$1.2 million more than enacted and appears to have underfunded the expense and \$0.2 million for other operating expenses.

The Governor recommended the funding as requested and included \$11.1 million in revenue from the group home tax. He later requested an amendment to reduce the tax collected by \$2.3 million, noting that as of May 1, 2009 the state is no longer allowed to collect this tax consistent with the provisions of the Medicaid global waiver. He reduced the funding in the state system to adjust for the reduced payment but he did not reduce funding in the private system and allows them to retain the payment in their reimbursement rate. The Assembly did not concur. The American Recovery and Reinvestment Act of 2009 extended a state's ability to collect the tax from May 1 to July 1, 2009 so neither the state's revenues nor expenses needed to be reduced in FY 2009.

Developmental Disabilities Day Programming. The Department requested \$0.2 million less from all funds for total funding of \$2.2 million for day programming services provided through the Medicaid rehabilitation option which allows the state to provide services to individuals who are Medicaid eligible but do not meet the criteria for these services through the primary developmental disabilities waiver. This is \$16,432 less from general revenues and appears to adjust to the correct federal match rate.

Through a federal rules and regulation change, the Centers for Medicare and Medicaid Services will no longer provide the federal match that the state is currently able to leverage for day programming services through the Medicaid rehabilitation option effective April 1, 2009. The Department has not adjusted its budget for this change and indicates that there is a possibility that other federal funding will be available to continue the match. *The Governor further reduced day programming expenses by \$0.2 million from all funds for updated caseload estimates.* The Assembly concurred.

Developmental Disabilities State Only Program. The Department requested \$0.7 million less than enacted for total funding of \$6.3 million reflecting projected spending for state only services provided

to clients in the developmental disabilities system that are not eligible for either the home and community based Medicaid program or services through the rehabilitation option.

The Governor reduced requested expenses by \$0.2 million and shifts \$0.7 million from state funds to Medicaid as part of the global waiver initiative to match Medicaid funds for services provided through certain state funded programs. The Assembly concurred.

Hospital Licensing Fee. The enacted budget includes \$5.3 million from all sources to pay the 4.78 percent fee assessed on state and community hospitals' gross patient services revenue, including \$2.4 million from general revenues. The Department adds \$0.3 million in state funds and reduces the federal portion by the same amount. Since the enacted budget includes the allowable federal match at the correct rate, it appears that this request is in error. *The Governor did not recommend this request and retains the payments from each funding source at the enacted level.*

The Assembly passed Section 2 of Article 16 of 2009-H 5893, Substitute A to increase the licensing fee to 5.473 percent for total revenues of \$6.0 million for the state hospital and added \$0.8 million, \$0.3 million from general revenues. There was also a corresponding revenue adjustment.

Slater Hospital Digital Conversion-Cranston Campus. The enacted budget does not include any funding to convert the hospital buildings on the Cranston campus from the current analog system for television reception to the digital system which is to be implemented February 17, 2009. The Department requests \$32,000 from all funds for this activity. The Zambarano campus is equipped with cable and does not need the upgrade. *The Governor recommended funding as requested. The Assembly concurred.*

Hospital Medicare Part D Reimbursements. The enacted budget includes \$2.3 million from restricted receipts for the state's Part D reimbursements through Medicare for pharmacy costs at the state hospital. *The Governor recommended funding as requested. He later requested an amendment to add \$0.2 million for updated reimbursements. The Assembly concurred.*

Hospital Contracting and Other Operating Expenses. The Department requested \$1.0 million more for contracted services and other operating expenses, including \$0.5 million from general revenues. The Department increases contracted medical services by \$1.9 million to address reduced staffing levels resulting from retirements and other attrition, \$0.8 million for laundry expenses, \$0.5 million for updated projections for pharmaceutical expenses offset by a \$2.3 million reduction for general medical supplies, which is consistent with FY 2008 spending.

The Department's corrective action plan included savings of \$3.1 million including \$1.2 million from unbilled Medicare expenses as well as realizing a one-time expenditure credit for a previous hospital settlement. The Department also assumed savings of \$1.3 million by expanding Medicaid eligibility to patients at the forensics unit and savings of \$0.3 million from terminating certain contracted services including physical therapy services provided through the University of Rhode Island.

The Governor recommended \$2.3 million less than requested, including \$1.9 million less from general revenues and includes savings proposed in the Department's corrective action plan. This includes shifting expenses to federal resources for patients in the forensic unit as part of the global waiver initiative to match Medicaid funds for services provided through certain state funded programs. The Assembly added \$0.4 million for the unbilled Medicare expenses which were recognized as a revenue item and not an expenditures savings in the revised budget. It concurred with the remainder of the recommendation, with the exception of the across-the-board reductions.

Community Mental Health Rehabilitation Services. The enacted budget assumes \$1.6 million in savings from all funds, including \$0.8 million from general revenues from the continued use of less intensive and less expensive mental health services. The Department restored \$1.4 million of the assumed funding for total revised funding of \$65.9 million for mental health services provided through the Medicaid rehabilitation option, which allows the state to provide mental health treatment services that are otherwise eligible under Medicaid. This appears to underfund federal resources required to match state expenses. *The Governor recommended \$0.2 million more than requested for the Medicaid funded services.* The Assembly concurred.

Community Mental Health Program. The enacted budget assumes \$1.5 million in state savings from passage of the Medicaid global waiver which aimed to provide services in a less restrictive setting and enhance community alternatives to residential care. The Department achieved \$0.6 million of the savings from use of the alternative settings and restores \$0.9 million of the assumed savings. The Department's subsequent corrective action plan includes additional savings of \$0.4 million from reviewing client outpatient treatment services and rates paid for other inpatient and outpatient services.

The Governor assumed the savings included in the corrective action plan, discussed below. He also included savings of \$1.3 million from general revenues by shifting expenses to Medicaid as part of the global waiver initiative to match Medicaid funds for services provided through certain state funded programs. This includes outpatient treatment and inpatient hospital stays for uninsured clients.

The Governor requested an amendment restoring \$0.7 million in assumed savings through the global waiver because the Stanley Street Treatment and Resource (SSTAR) is a licensed 20-bed facility that is considered an institution for mental disease, which is excluded from receiving Medicaid reimbursement. That exclusion was not altered by the global waiver agreement. The Assembly restored the savings as requested.

Supportive Housing. The Department proposed savings of \$305,200 from all funds, \$145,000 from general revenues by restructuring supportive housing services provided by three agencies serving 55 clients. The providers have signed an agreement to reduce the rates for mental health services provided to individuals in their own homes. *The Governor assumed the savings in his recommended budget.* The Assembly concurred with the savings.

Assertive Community Treatment Services. The Department proposed reviewing current services provided to clients of the assertive community treatment (RIACT) program and adjusting services to meet current needs for savings of \$105,200, \$50,000 from general revenues. *The Governor assumed the savings.*

The Governor submitted an amendment to restore the savings based on information from the Department that it would not be able to achieve the savings. The Assembly did not include these savings.

Community Medical Assistance Program Billing. The enacted budget assumes a change in the Department's billing practices for the state funded drug program which would allow the local pharmacies to bill directly for the drugs instead of being pre-stocked with the medications through the Central Pharmacy. The budget also assumes savings in the state run drug program; however, funding was not included to implement the system change. The Department requests \$200,000 in its revised request for this activity. *The Governor recommended funding as requested.* The Assembly concurred.

Community Medical Assistance Drug Expenses. The Department requested \$0.6 million more from general revenues for total drug expenses of \$3.6 million for the community medical assistance program based on updated expenses including unachieved savings. The enacted budget assumes savings of \$243,793 from general revenues by changing the Department's billing practices for the state funded drug program which would allow the local pharmacies to bill directly for the drugs instead of being pre-stocked with the medications through the Central Pharmacy. The Department assumes the change will be effective April 1, 2009 and restores \$182,250 of the assumed savings.

The Department also restores \$0.4 million in drug expenses to adjust for a one-time credit and what it assumes is an incorrect base adjustment to its FY 2008 final drug costs made as part of the enacted budget. Spending for the program was historically under budgeted and the funding in the FY 2009 budget attempted to correct for this. Final FY 2008 drug expenses were \$3.0 million adjusting for the credit, which is consistent with FY 2007 spending of \$2.9 million.

The Department's corrective action plan includes buying back and returning all unopened drugs to the distributor for general revenue savings of \$1.0 million. *The Governor included the proposal to buy back the excess stock and also shifted \$0.7 million in state costs to Medicaid as part of the global waiver initiative to match Medicaid funds for services provided through certain state funded programs.* The Assembly concurred.

Substance Abuse Capacity Beds. The Department includes the enacted level of \$1.0 million from general revenues for the transition from the prison to community program, expanding the number of substance abuse beds for prisoners recently paroled but that remain incarcerated from a lack of treatment beds. As of January 9, 2009, there have been 261 assessments, 171 admissions with 90 completing treatment, 33 currently enrolled, 48 leaving the program and 90 waiting who are either waiting for placement, have sought alternative programming or have refused to enroll. *The Governor recommended funding as requested.* The Assembly concurred.

Substance Abuse Treatment Services. The Department requested \$0.2 million less from all sources for total revised funding of \$4.5 million for substance abuse services provided through the Medicaid rehabilitation option, which allows the state to provide mental health treatment services that are otherwise eligible under Medicaid. This is \$0.2 million more from general revenues offset by \$0.4 million less from federal funds to correct an incorrect federal match rate that was included in the enacted budget based on the Department's request. *The Governor recommended funding as requested.* The Assembly concurred.

State Funded Substance Abuse Treatment Services. The Department requested \$16,984 more than enacted for total funding of \$9.9 million for state funded substance abuse treatment services. The Department submitted a corrective action plan that includes the proposals noted in the paragraphs that follow.

The Governor recommended \$50,000 more than requested and includes savings from the corrective action plan. He also assumed \$1.1 million in state savings by shifting expenses to Medicaid as part of the global waiver initiative to match Medicaid funds for services provided through certain state funded programs. The Assembly concurred.

Residential Services. The Department proposed savings of \$100,000 for payment for residential substance abuse services based on number of beds filled and not the current contract which pays regardless of the number of clients served. *The Governor included the savings in his budget.* The Assembly concurred.

Outpatient Treatment Services. The Department proposed savings of \$150,000 from no longer paying outpatient treatment providers who exceed the length of stay provision for clients without permission of the Department. *The Governor included the savings in his budget.* The Assembly concurred.

Community Provider Contracts. The Department proposed general revenue savings of \$0.7 million from reducing current contracts for substance abuse treatment agencies, including Stanley Street Treatment and Resource (SSTAR) and the Drug Abuse Treatment Agency (DATA), Rhode Island Housing, National Alliance on Mental Illness (NAMI), the North American Family Institute and the Rhode Island Council of Community Health Organizations. *The Governor recommended the savings.* The Assembly concurred.

Methadone Maintenance Program Co-Payments. The Department proposed \$70,000 in savings from increasing the weekly co-payments for the methadone maintenance program by \$3. *The Governor's budget assumed the savings.* The Assembly concurred.

Strategic Prevention Framework Grant. The enacted budget includes \$2.7 million from federal funds in the Office of Health and Human Services' budget to support programs that address substance abuse issues among adolescents. The Office's request anticipated transferring the funding to the Department of Mental Health, Retardation and Hospitals and it reduced its budget accordingly. The Department of Mental Health, Retardation and Hospitals' budget did not include the transfer in its revised request. *The Governor requested an amendment to include the funding and provided \$4.3 million from federal funds to reflect the updated grant award.* The Assembly included the additional funds.

Access to Independence Grant. The enacted budget includes \$2.8 million from federal funds to support a voucher based system to expand treatment opportunities for recently released prisoners, juveniles released from the training school and parents and guardians involved with the Department of Children, Youth and Families with incomes at or below 200 percent of the federal poverty level. *The Governor recommended funding as requested and later requested an amendment to increase funding by \$0.6 million to reflect updated expenditures.* The Assembly concurred with the additional funds.

Safe and Drug Free Schools Grant. The Department requested \$278,055 less from federal funds for total funding of \$267,945 available through the safe and drug free schools grant. Funding has been awarded to the East Providence Boys and Girls Club and the Rivers Edge Arts Council. *The Governor recommended funding as requested.* The Assembly concurred.

Data Infrastructure Grant. The Department eliminated \$283,008 from federal funds for the data infrastructure grant for quality improvement, which supported the annual collection of data for nationwide uniform reporting measures including national outcome measures for both the substance abuse and mental health services. The award expired and the federal funding has been spent and it appears that the grant was inadvertently included in the enacted budget. *The Governor recommended funding as requested.* The Assembly concurred.

Other Substance Abuse Prevention Grants. The Department requested \$6,194 less from federal funds for substance abuse prevention grants, including \$10,063 less from the substance abuse block grant adjusting for overspending from the block grant in FY 2008. *The Governor recommended funding as requested.* The Assembly concurred.

Hospital and Community Support System. Excluding salaries and benefits, the Department requested \$86,918 less from general revenues for the hospital support system program. This is

\$69,029 less for operating expenses and includes office expenses and staff training. *The Governor recommended funding as requested.* The Assembly concurred, with the exception of the across-the-board reductions.

Central Management Expenses. The Department requested \$0.4 million less than enacted for operating expenses. The enacted budget includes \$0.2 million of new expenses for staff training which has been eliminated as well as expenses related to out-of-state conferences and general operating expenses. *The Governor recommended funding as requested.* The Assembly concurred, with the exception of the across-the-board reductions.

All Other Expenses. The Department requested \$18,047 less for all other expenses including \$16,668 from general revenues. *The Governor recommended funding as requested.* The Assembly concurred, with the exception of the across-the-board reductions.

Capital. The Department requested \$0.4 million more from Rhode Island Capital Plan funds for various capital projects, which includes accelerating funding for the HVAC project at the state hospital. *The Governor recommended \$3.8 million less than requested.* The Assembly reduced Rhode Island Capital Plan funding by \$1.4 million for updated projected costs.

Office of the Child Advocate

	FY 2008		FY 2009		FY 2009	FY 2009
	Reported		Enacted		Revised	Final
Expenditures by Category						
Salaries and Benefits	\$ 466,436	\$	535,487	\$	535,957	\$ 528,176
Contracted Services	1,396		2,000		1,000	983
Subtotal	\$ 467,832	\$	537,487	\$	536,957	\$ 529,159
Other State Operations	16,059		21,313		17,040	16,896
Aid to Local Units of Government	-		-		-	-
Assistance, Grants, and Benefits	-		-		-	-
Capital	1,558		-		1,000	1,000
Capital Debt Service	-		-		-	-
Operating Transfers	-		-		-	-
Total	\$ 485,449	\$	558,800	\$	554,997	\$ 547,055
Sources of Funds						
General Revenue	\$ 445,443	\$	519,657	\$	514,442	\$ 506,500
Federal Aid	40,006		39,143		40,555	40,555
Restricted Receipts	-		-		-	-
Other	-		-		-	-
Total	\$ 485,449	\$	558,800	\$	554,997	\$ 547,055
FTE Authorization	5.8		5.8		5.7	5.7
FTE Average	5.3					

FY 2009 Revised Request. The Office of the Child Advocate requested \$32,922 less than enacted, including \$33,820 less from general revenues and 0.6 fewer full-time equivalent positions. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$36,637 for the Office including \$33,819 from general revenues and 0.2 positions. The revised request adjusts the enacted budget for this allocation and further reduces full-time equivalent positions by 0.4. The corrective action plan submitted by the Office indicates that the savings will be met through maintaining a vacant position.

The Governor recommended \$29,119 more than requested, including \$28,605 more from general revenues. He included 5.7 full-time equivalent positions, 0.5 positions more than requested. He did not assume the savings from the corrective action plan.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Office of the Child Advocate is \$7,942. The Assembly concurred with the remainder of the Governor's recommendations.

Salaries and Benefits. The Office requested \$3,988 more than the adjusted budget for all salaries and benefits. This includes \$6,674 for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. It also reflects reductions for one uncompensated leave day and staffing reductions. In order to meet allocated savings, the Office requested to reduce its staffing authorization to 5.2 positions. *The Governor recommended \$33,119 more than requested to reflect less turnover savings, adjustments for overtime and retiree health costs. He included 5.7 full-time equivalent positions.* The Assembly concurred, with the exception of the across-the-board reductions.

Other Operations. The Office requested \$273 less from all funds, including \$290 less from general revenues and \$17 more from federal funds for other operations including \$1,000 more than enacted for the purchase of a computer, and \$1,273 less than enacted to reflect reductions to various operating expenses, including staff training and office supplies. *The Governor further reduced expenses by \$4,000 from general revenues for reductions to operating expenses and contracted temporary services, including staff training and office supplies.* The Assembly concurred, with the exception of the across-the-board reductions.

Commission on Deaf and Hard of Hearing

	FY 2008		FY 2009		FY 2009		FY 2009
	Reported		Enacted		Revised		Final
Expenditures by Category							
Salaries and Benefits	\$ 240,329	\$	285,226	\$	295,094	\$	290,527
Contracted Services	41,591		70,500		65,500		54,408
Subtotal	\$ 281,920	\$	355,726	\$	360,594	\$	344,935
Other State Operations	6,870		13,081		10,706		10,615
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	-		-		-		-
Capital	-		-		-		-
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
Total	\$ 288,790	\$	368,807	\$	371,300	\$	355,550
Sources of Funds							
General Revenue	\$ 289,412	\$	368,807	\$	371,300	\$	355,550
Federal Aid	(622)		-		-		-
Restricted Receipts	-		-		-		-
Other Funds	-		-		-		-
Total	\$ 288,790	\$	368,807	\$	371,300	\$	355,550
FTE Authorization	3.0		3.0		3.0		3.0
FTE Average	2.6						

FY 2009 Revised Request. The Commission requested \$10,669 more than enacted from general revenues and the enacted level of full-time equivalent positions. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly, but not reflected in the individual agency totals is \$20,230 for the Commission which is all from general revenues and 2.9 full-time equivalent positions. The revised request is \$30,899 and 0.1 positions above the enacted budget adjusted for that allocation. *The Governor recommended \$2,493 more than enacted, and \$8,176 less than requested.*

The Assembly reduced emergency interpreter services by \$10,000 and adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Commission on Deaf and Hard of Hearing is \$5,750.

Salaries and Benefits. The Commission requested \$27,899 more than the adjusted budget for salaries and benefits. This includes \$4,440 for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. It also reflects updated payroll costs for medical benefits based on co-share changes and employee plan selection. The Commission retains the

enacted level of 3.0 positions, all of which are filled. *The Governor recommended \$2,199 more than requested for the retiree health rate adjustment.* The Assembly concurred, with the exception of the across-the-board reductions.

Database Upgrade. The Commission requested \$3,000 more than enacted to upgrade the interpreter database as it is deteriorating. The additional expense would provide computer speed for improved response time. *The Governor did not recommend the additional funds and further reduced operating expenses by \$2,375.* The Assembly concurred.

Contracted Services. The Commission requested the enacted level of \$70,500 for contracted interpreter, communication access real time translation, and emergency interpreter services. *The Governor reduced funding by \$5,000 noting a structural surplus that has consistently occurred in prior years.* The Assembly further reduced emergency interpreter services funding by \$10,000. The remaining funding of \$25,000 is consistent with the FY 2007 spending level and exceeds the total spent in FY 2006 and FY 2008.

Governor's Commission on Disabilities

		FY 2008 Reported		FY 2009 Enacted		FY 2009 Revised		FY 2009 Final
Expenditures by Category								
Salaries and Benefits	\$	335,201	\$	409,783	\$	351,435	\$	346,267
Contracted Services		46,410		73,465		38,873		38,283
Subtotal	\$	381,611	\$	483,248	\$	390,308	\$	384,550
Other State Operations		32,263		23,918		33,939		33,818
Aid to Local Units of Government		-		-		-		-
Assistance, Grants, and Benefits		25,353		102,938		108,712		108,712
Capital		101,881		301,881		413,432		168,432
Capital Debt Service		-		-		-		-
Operating Transfers		-		-		-		-
Total	\$	541,108	\$	911,985	\$	946,391	\$	695,512
Sources of Funds								
General Revenue	\$	350,480	\$	413,651	\$	387,862	\$	381,983
Federal Aid		77,450		189,769		135,851		135,851
Restricted Receipts		13,178		8,565		11,127		11,127
Other Funds		100,000		300,000		411,551		166,551
Total	\$	541,108	\$	911,985	\$	946,391	\$	695,512
FTE Authorization		5.6		4.6		4.0		4.0
FTE Average		3.8						

FY 2009 Revised Request. The Commission requested \$61,471 more than enacted from all sources including \$23,877 less from general revenues and 0.6 fewer full-time equivalent positions. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly, but not reflected in the individual agency totals is \$28,215 for the Commission including \$23,879 from general revenues and 0.1 positions. The revised request is \$2 from general revenues above the enacted budget adjusted for that allocation. *The Governor recommended \$34,406 more than enacted from all sources including \$25,789 less from general revenues and eliminates the 0.6 full-time equivalent position as requested.*

The Assembly reduced the Commission's Rhode Island Capital Plan funding by \$245,000 and adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Governor's Commission on Disabilities is \$5,879.

Salaries and Benefits. The Commission requested \$23,877 less than the adjusted budget for all salaries and benefits, including \$841 less from general revenues. This includes \$4,346 for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent

retirements. The request reflects the elimination of 0.6 positions due to a retirement. The changes also reflect a reduction in anticipated federal resources from the Americans with Disabilities Act grant, which has supported a portion of salaries and benefits for several years. *The Governor recommended \$2,065 less than requested including \$1,912 less from general revenues. The Governor recommended the requested position elimination.* The Assembly concurred, with the exception of the across-the-board reductions.

All Other Operating. The Commission requested \$18,797 less from all funds, including \$843 more general revenues than enacted for all other expenditures. This primarily reflects a reduction in anticipated resources from federal grants; expenditures are reduced accordingly. *The Governor recommended funding as requested.* The Assembly concurred, with the exception of the across-the-board reductions.

Capital. The Commission requested \$136,551 from Rhode Island Capital Plan funds reappropriated from FY 2008 for accessibility projects. *The Governor recommended \$25,000 less than requested.* The Assembly further reduced funding by \$245,000, based on updated spending projections.

Office of the Mental Health Advocate

	FY 2008		FY 2009		FY 2009		FY 2009
	Reported		Enacted		Revised		Final
Expenditures by Category							
Salaries and Benefits	\$ 402,874	\$	417,253	\$	426,665	\$	419,945
Contracted Services	4,937		2,500		2,500		2,458
Subtotal	\$ 407,811	\$	419,753	\$	429,165	\$	422,403
Other State Operations	11,316		11,418		11,318		11,222
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	-		-		-		-
Capital	-		-		-		-
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
Total	\$ 419,127	\$	431,171	\$	440,483	\$	433,625
Sources of Funds							
General Revenue	\$ 419,127	\$	431,171	\$	440,483	\$	433,625
Federal Aid	-		-		-		-
Restricted Receipts	-		-		-		-
Other Funds	-		-		-		-
Total	\$ 419,127	\$	431,171	\$	440,483	\$	433,625
FTE Authorization	3.7		3.7		3.7		3.7
FTE Average	3.7						

FY 2009 Revised Request. The Office requested \$4,557 more than enacted from general revenues in updated costs for FY 2009. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$27,557 for the Office and 0.1 positions. The Office's revised request is \$32,114 more than the adjusted budget and retains its current staffing level of 3.7 positions. The request included \$6,708 for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements and updated costs for medical benefits.

The Office's corrective action plan indicated it expected restoration of the statewide savings consistent with its revised budget submission. *The Governor recommended \$4,755 more than requested for a retiree health insurance rate adjustment.*

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Office is \$6,858. The Assembly concurred with the remainder of the recommendation.

Department of Elementary and Secondary Education

	FY 2008 Reported	FY 2009 Enacted	FY 2009 Revised	FY 2009 Final
Expenditures by Program				
State Aid	\$ 680,640,164	\$ 695,655,222	\$ 634,439,745	\$ 657,023,337
School Housing Aid	49,652,310	56,996,248	54,140,052	54,140,052
Teachers' Retirement	83,028,510	96,999,600	66,586,018	76,286,018
RI School for the Deaf	7,653,350	6,894,825	7,226,584	6,603,412
Central Falls School District	43,979,035	43,795,411	43,979,035	45,176,572
Davies Career & Technical School	15,362,576	17,133,914	19,330,026	17,095,780
Met School	11,487,732	11,565,603	12,665,603	11,930,303
Administration	200,796,844	216,489,224	219,697,259	254,348,975
Total	\$1,092,600,521	\$1,145,530,047	\$1,058,064,322	\$1,122,604,449
Expenditures by Category				
Salaries and Benefits	\$ 34,058,298	\$ 34,883,040	\$ 34,226,705	\$ 32,929,548
Contracted Services	18,848,375	18,207,110	20,405,138	21,329,196
Subtotal	\$ 52,906,673	\$ 53,090,150	\$ 54,631,843	\$ 54,258,744
Other State Operations	10,761,672	12,114,497	12,057,386	12,033,244
Aid to Local Units of Government	1,012,703,553	1,065,003,774	969,820,249	1,003,834,209
Assistance, Grants, and Benefits	14,930,166	12,601,979	16,016,390	50,180,148
Capital	1,298,457	2,594,647	5,413,454	2,173,104
Capital Debt Service	-	-	-	-
Operating Transfers	-	125,000	125,000	125,000
Total	\$1,092,600,521	\$1,145,530,047	\$1,058,064,322	\$1,122,604,449
Sources of Funds				
General Revenue	\$ 908,826,348	\$ 931,218,471	\$ 836,349,028	\$ 827,915,698
Federal Aid	175,708,363	191,008,411	195,676,529	271,890,336
Restricted Receipts	6,507,062	7,363,165	7,250,840	7,250,840
Other	1,558,748	15,940,000	18,787,925	15,547,575
Total	\$1,092,600,521	\$1,145,530,047	\$1,058,064,322	\$1,122,604,449
FTE Authorization				
Administration	133.2	140.2	128.4	128.4
Davies	133.0	133.0	133.0	133.0
School for the Deaf	65.8	65.8	50.0	50.0
Total Authorized Positions	332.0	339.0	311.4	311.4
FTE Average	320.9			

FY 2009 Revised Request. The Board of Regents requested an additional \$1.6 million of spending for FY 2009, including \$4.1 million less from general revenues. Savings of \$2.9 million in school housing aid and \$0.8 million in charter school aid offset increases of \$0.3 million for group home aid. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008

Assembly but not reflected in the individual agency totals is \$2,211,809 for the Department including \$1,795,472 from general revenues and 9.3 positions. The revised request is \$2.3 million from general revenues below the enacted budget adjusted for that allocation. The Department requested 334.7 full-time equivalent positions, which is 5.0 positions more than the adjusted budget.

The Governor recommended \$94.9 million less from general revenues than enacted. This includes a \$60.3 million reduction in education aid to districts of which \$40.7 million is from recapture of local savings from his pension initiative. The remaining changes include a \$28.2 million reduction in the state's share of teacher retirement costs based on his proposal to change the minimum retirement age and eliminate the annual cost-of-living increase for state employees and teachers. He deferred 75.0 percent of the employer payments for February 1, 2009 through June 30, 2009. The recommendation also includes a reduction of \$2.9 million in school construction aid based on updated data. The Governor recommended 311.4 full-time equivalent positions. This is 27.6 less than the enacted authorization.

He subsequently requested an amendment to exclude those eligible to retire before July 1, 2009 from the changes. He also adjusted the budgeted savings based on actuarial analyses.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Department is \$553,282.

The Assembly recognized \$46.0 million in total savings from adopted pension changes based on the final actuarial analysis, which is \$23.3 million less than the savings assumed in the Governor's original recommended budget. The Assembly also adjusted group home aid and textbook reimbursements based on updated data and included \$19.8 million from stimulus Title I funds and \$19.8 million from stimulus special education funds for distribution to districts. It also included turnover savings of \$0.9 million.

The Assembly added \$1.1 million from newly available federal funds, including \$0.3 million from stimulus lunch equipment competitive grants and shifted \$3.2 million from Rhode Island Capital Plan funds from FY 2009 to out years based on revisions to construction schedules for several projects.

Teacher Retirement. The Regents requested the enacted amount of \$97.0 million for teacher retirement costs for FY 2009. Teachers contribute 9.5 percent of their salaries. That rate is set in the General Laws. Employers pay the difference between the teachers' share and the amount needed to support the system, as determined annually by the State Employees' Retirement System. The state pays 40.0 percent of the employer's share. The 2008 Assembly added \$2.2 million to the FY 2009 budget for teacher retirement costs for payments due to the system for FY 2003 through FY 2007 that were mistakenly never billed to the state by the Retirement System. However, that expense was charged to FY 2008, so the FY 2009 appropriation is not needed. *The Governor removed the \$2.2 million from the budget.* The Assembly concurred.

Pension Changes. The Governor proposed changes to the Retirement System as part of his revised budget. He proposes setting the minimum retirement age at 59 for all state employees and teachers and eliminating the annual cost-of-living adjustments for state employees, teachers, judges and state police that retire after April 1, 2009. He also authorized that payments made to the Retirement System

from state and local governments from February 1, 2009 to June 30, 2009, be 25.0 percent of the rate that was determined by the actuary in June 2008.

The Governor reduced the state's share of teacher retirement costs by \$28.2 million to reflect the estimated savings to the state that will be realized from proposed changes to the pension system. Assumed savings to local school districts is \$40.7 million and the Governor reduced general operating aid by that amount to capture those as savings for the state as well.

The Governor requested an amendment on March 9, 2009 to exclude those eligible to retire before July 1, 2009 from the changes. The amendment also adjusted the budget savings based on actuarial analyses of both proposals that found the savings would only be \$42.1 million for teachers, both the state and local shares, or \$26.1 million less than the original budget. The Assembly assumed total savings of \$46.0 million based on final actuarial review of adopted pension changes. This is \$23.3 million less savings than assumed in the Governor's original budget.

Education Aid. The Regents requested the enacted level of general revenue state aid to local school districts, including the state operated Central Falls School District and the Met School.

The Governor's budget includes a \$60.3 million reduction in general operating aid to local districts for FY 2009 of which \$40.7 million is from recapture of local retirement savings. His proposal includes suspending professional development investment funds for savings of \$5.8 million. He reduced Providence's aid by \$9.5 million, which is the amount of overpaid school construction aid it received on expenditures not eligible for reimbursement; and he reduced general operating aid by the estimated amount of Permanent School Fund distributions to local communities from December 1, 2008 through June 30, 2009, which is \$4.3 million. It also includes reducing education aid by the \$40.7 million estimated savings to local communities from the changes to the pension system proposed in Article 32.

The Governor requested an amendment on March 9, 2009 to reduce education aid by an additional \$31.0 million offset by a \$38.3 million distribution of federal fiscal stabilization funds to be distributed to districts proportionally to the enacted general operating aid. The amendment provides \$31.0 million for the general revenue sharing program to be distributed through the existing formula; however, communities are required to allocate a portion to school budgets based on the percent of support for the school budget that the community supplied in FY 2007. The budget assumes that \$12.6 million of the \$31.0 million will be allocated to the schools.

The Assembly concurred with the use of \$38.3 million from federal stabilization funds for FY 2009 and included a like reduction from general revenues. It did not concur with recapturing the total amount of Providence's overpaid school construction aid in one year. The Assembly amended the statutes to mandate a multi-year payback formula for all communities where the situation arises and added \$8.1 million to Providence's education aid based upon that formula. It concurred with the remainder of the Governor's recommendation.

Charter Schools. The revised budget request includes \$0.8 million less for charter school support for FY 2009. The Assembly provided \$31.0 million, which included \$2.8 million for FY 2009 to reflect growing enrollments and grade additions in eight of the 11 charter schools. Several charter schools failed to add grades in September 2008.

The Governor recommended the adjustment as requested and further reduced charter school aid by \$0.4 million to represent the charter schools' estimated savings from deferring 75.0 percent of teacher retirement costs for February 1, 2009 through June 30, 2009. The Assembly concurred with

adjusting charter school aid by the estimated savings from adopted pension changes, which based on the adopted pension changes will be approximately \$0.2 million.

Stimulus – Special Education. On February 17, President Obama signed the American Recovery and Reinvestment Act of 2009. In addition to the state fiscal stabilization funds, there was additional relief to local schools for special education through the Individuals with Disabilities Education Act. The Assembly provided \$19.8 million from stimulus special education funds for FY 2009. Funding is allocated to local districts, the Metropolitan Career and Technical School, charter schools and the state schools.

Stimulus – Title I. On February 17, President Obama signed the American Recovery and Reinvestment Act of 2009. In addition to the state fiscal stabilization funds, there was additional relief to local schools through Title I programs. The Assembly provided \$17.0 million from stimulus Title I funds for FY 2009. Funding is allocated to local districts, the Metropolitan Career and Technical School, charter schools and the state schools.

Textbook Reimbursement. The revised budget request includes an additional \$110,000 for textbook reimbursement for FY 2009. The state reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12th grade. The enacted budget includes \$240,000 to fund this program. Typically, the additional general revenues to fully fund this program have been provided through a supplemental appropriation, a practice that began when costs varied widely. It now appears that costs can be estimated more accurately. Funding for FY 2006 was \$240,000. The program required \$313,500 for FY 2007, \$329,000 for FY 2008 and was enacted at \$240,000 for FY 2009. *The Governor recommended funding as requested.* The Assembly included savings of \$33,323 based on actual expenditures.

Group Homes. The Regents requested a supplemental appropriation of \$330,000 for aid to communities hosting group homes. Rhode Island General Laws mandate that increases in group home beds prior to December 31 of each year shall be paid as part of the supplemental budget. The \$330,000 increase includes \$180,000 for 12 beds that opened as of December 31, 2008 and \$150,000 for ten beds that should have been included in the FY 2009 enacted budget but were not reported by the Department of Children, Youth and Families. The Department of Children, Youth and Families indicated that the inaccuracies occurred during a change in supervision and staff in the licensing department.

The FY 2009 revised budget includes five new beds in Burrillville for \$75,000, four new beds in Middletown for \$60,000, one new bed in North Providence for \$15,000, and two new beds in Portsmouth for \$30,000. The revised budget also includes one bed in Lincoln for \$15,000 that opened by December 31, 2007 and should have been in the FY 2008 supplemental appropriation and eight beds in Providence for \$120,000 that were also open by December 31, 2007 to be eligible for FY 2008 supplemental aid.

The Governor recommended funding as requested. He subsequently requested a budget amendment to include an additional \$15,000 for a group home bed in Portsmouth that opened prior to December 31 but inadvertently excluded from the Governor's budget. The Assembly concurred.

School Housing Aid. Final FY 2009 school construction aid is \$2.9 million less than the enacted level of \$57.0 million. Reimbursement cannot begin until a project is completed, and several districts did not complete their new projects by June 30, 2008 in order to be eligible for reimbursement to begin in

FY 2009. There were also revisions based on audit adjustments. *The Governor recommended funding as requested.* The Assembly concurred.

Salaries and Benefits. The agency requested \$1.0 million more than the adjusted budget for all salaries and benefits. This is \$1.2 million less than enacted. This does not include an increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. That will add \$0.2 million to the cost for FY 2009. The Department was able to achieve \$1.2 million of the statewide savings, including \$0.6 million from general revenues by eliminating several vacant positions. The Department plans to eliminate the office of instruction and transfer those responsibilities to the office of assessment. This also includes eliminating the vacant director and secretary positions in the office of progressive support and intervention. This office works to build district capacity in the urban districts. Other staff would absorb some of these functions.

The Governor recommended \$0.3 million more than requested including \$0.1 million more from general revenues. Of this increase, \$0.2 million is for the assessed fringe benefit rate and \$0.1 million is for a retiree health insurance rate increase. The Assembly included additional general revenue turnover savings of \$365,367 based on the Department delaying the hiring of 8.0 positions.

Education Telecommunication Fund. The Department requested an additional \$0.1 million for FY 2009 from the education telecommunications access fund based on estimated available funds. The telecommunications education access fund is designed to provide financial assistance to qualified libraries and schools to acquire, install, and use telecommunications technologies to access the Internet. This fund is supported by a \$0.26 monthly surcharge levied upon each residence and business telephone access line. Prior to FY 2009 general revenue support was used to supplement the program, however, the Department proposed raising the monthly surcharge and eliminating general revenue support as part of the FY 2009 budget process. The 2008 Assembly eliminated general revenue support for the program and maintained the surcharge fee at the same level. *The Governor recommended funding as requested.* The Assembly concurred.

Central Falls. The Regents' request includes \$0.2 million from the Permanent School Fund for FY 2009. This is not the estimated amount of distribution resulting from operations of video lottery games on a twenty-four hour basis on weekends and holidays, but money received into the fund from duties paid to the state by auctioneers. The FY 2008 final budget included \$562,813 from the Permanent School Fund, which reflected the unreserved balance at the end of FY 2008. The District only used \$183,624 of this funding in FY 2008 and is proposing to use the same amount in each FY 2009 and FY 2010 until that funding is extinguished.

As of November 2008, Central Falls has also received \$223,878 from the distribution of funds received from 24/3 operations. This includes funding received in May and June of 2008.

The savings to Central Falls from the proposed changes to teacher retirement benefits are estimated at \$1.0 million, which the Governor eliminated from state support. He also eliminated the \$0.3 million that Central Falls was estimated to receive from Permanent School Fund distributions for February through June. These reductions of \$1.3 million are inadvertently displayed as a reduction to general education aid, rather than distinct appropriation line for aid to Central Falls.

The Governor requested a budget amendment on February 3, 2009 to correct the display. The Assembly concurred. Savings to Central Falls from adopted pension changes are approximately \$0.5 million.

Statewide Transportation. The Regents requested \$50,000 from general revenues to continue implementation of a statewide transportation system. During FY 2008, the Department indicated that it would need \$50,000 from general revenues in each FY 2009 and FY 2010 to complete the second half of the system plan, which is the transportation of all out-of-district students. The Department would use the general revenue as a match for a \$250,000 federal grant from the Rhode Island Public Transit Authority. The 2008 Assembly eliminated general revenue funding as recommended but did not enact legislation relieving the Department from its obligation to develop and implement a statewide transportation system. *The Governor recommended funding as requested.* The Assembly concurred.

Commissioner's Search. The Regents requested \$75,000 for FY 2009 to hire a search firm to define the job description, identify potential candidates and assist with the interview process for the next commissioner of education. The current commissioner's contract will end June 30, 2009 and will not be renewed. The commissioner of elementary and secondary education is the chief executive officer for the Board of Regents and the Department. A 14-member search committee, led by the Board of Regents, is currently working to develop a profile for the next commissioner. *The Governor recommended funding as requested.* The Assembly concurred.

Nutrition Grants. The Regents requested authorization to spend \$41.9 million from federal nutrition program funds. This is \$3.5 million more than the enacted level. Over half of the increase is for the national school lunch and breakfast programs based on an increase in the reimbursement rate and expected higher eligibility and participation due to current economic conditions. Most of the other increases are from available carry-forward funds from FY 2008. *The Governor recommended funding as requested.*

The Governor requested an amendment on March 24, 2009 to include an additional \$268,131 from federal stimulus funds for a competitive school lunch equipment grant. The Assembly concurred.

Special Education Grants. The Regents requested authorization to spend \$42.3 million, \$1.1 million less than enacted, from federal special education funds to reflect lower than anticipated federal grant awards. The funds are distributed to school districts and provide administrative support and statewide programming to the Department and the districts. Most of the funds must be distributed to local education agencies serving children directly. Federal funds are combined with state and local funds to provide children with disabilities free and appropriate public education, including special education and related services. *The Governor recommended shifting \$87,061 from these grant expenditures to personnel to reflect benefit adjustments.* The Assembly concurred.

Title I Grants. The Regents requested \$56.3 million in revised federal fund expenditures from Title I funds. This is \$0.5 million more than enacted for FY 2009 to account for previous year carry-forward funds. Most Title I funds go directly to local schools, where they are used to provide extra help to low-achieving students. FY 2008 expenditures were \$49.1 million. *The Governor recommended funding as requested.* The Assembly concurred.

Vocational Education Grants. The Regents requested \$7.1 million from federal vocational education grants for FY 2009. This is \$1.0 million more than the FY 2009 enacted level to reflect available carry-forward funds from previous years. These funds are used to improve vocational educational programs throughout the state. FY 2008 expenditures were \$5.3 million. FY 2007 expenditures were \$6.0 million. *The Governor recommended funding as requested.* The Assembly concurred.

Teacher Quality Grants. The Regents requested \$18.7 million from federal funds that support teacher quality and professional development. This is \$0.1 million more than enacted to account for

available carry-forward funds. FY 2008 expenditures were \$16.2 million. *The Governor recommended funding as requested.* The Assembly concurred.

Assessment Grants. The Regents requested authorization to spend \$1.0 million in federal assessment grants. This is \$0.9 million more than enacted to reflect available carry-forward funds. This program helps states put in place the assessments required under the No Child Left Behind Act. FY 2008 expenditures were \$0.9 million. *The Governor recommended funding as requested.* The Assembly concurred.

Capital. The Regents requested \$275,250 from Rhode Island Capital Plan funds to finish installing a supplemental air conditioning system for the sixth floor of the Department's portion of the Shepard Building. The project was supposed to be completed in FY 2008, but only \$11,250 was spent. The Regents also request the approved amount of \$10.0 million for a new Metropolitan Career and Technical School in the East Bay area. *The Governor recommended funding as requested.*

The Assembly shifted \$1.0 million in each FY 2009 and FY 2010 to FY 2011 for the new East Bay Met School based on a delay in the project due to site selection issues.

Grants and Programming Revisions. The Regents requested adjustments in federal and restricted receipts producing a decrease of \$0.2 million, including a decrease of \$164,226 from general revenues. Federal funds for all grants reflect adjustments for actual grant awards. Minor adjustments were made in other operating and contracted services. *The Governor recommended \$23,795 less than requested for out-of-state travel.* The Assembly provided \$0.8 million in additional federal funds to reflect an increase in federal teacher quality enhancement/recruitment funds, federal management improvement funds and federal Byrd scholarships.

Davies Career and Technical School. The Regents requested an additional \$0.4 million from all funds for FY 2009. General revenues are \$0.2 million less than enacted. Davies requests \$0.4 million more than the adjusted budget for all salaries and benefits. This includes \$0.2 million for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. Federal funds are \$0.1 million more than enacted to reflect actual grant awards. Rhode Island Capital Plan funds requested are \$0.4 million over the enacted level to advance funding for the HVAC and roof projects from the out years to FY 2009.

The Governor recommended \$1.8 million more than requested including \$91,494 more from general revenues. Of the increase, \$1.7 million is from Rhode Island Capital Plan funds for the HVAC and roof projects. Salaries are as requested, and the Governor added \$0.1 million for the retiree health insurance rate increase.

The Governor requested a budget amendment on February 3, 2009 that shifted \$17,050 from Rhode Island Capital Plan funds to the asset protection project from the roof repair project to reflect a higher cost for an elevator repair.

The Assembly shifted \$2.2 million from Rhode Island Capital Plan funds from FY 2009 to FY 2010, FY 2011 and FY 2014 based on revised project schedules for the asset protection, roof and HVAC projects.

Rhode Island School for the Deaf. The Regents requested \$0.2 million more for the School for the Deaf for FY 2009. This includes \$77,863 less than enacted from general revenues. This does not include an increase to the assessed fringe benefit rate to account for the high volume of leave payouts

from recent retirements. That will add \$0.1 million to the cost for FY 2009. The School was not able to fully achieve its allocation of statewide savings, which is \$0.4 million. Federal funds are \$25,028 more than enacted and the Regents include \$0.3 million from Rhode Island Capital Plan funds for the design work for the new School for the Deaf building. The 2008 Assembly provided \$1.3 million from Rhode Island Capital Plan funds for FY 2008 to begin the School for the Deaf project, for which debt had not yet been issued. The request for \$0.3 million represents unused funds.

The Governor recommended \$0.1 million more than requested including \$77,368 more from general revenues essentially for a retiree health insurance rate increase. He subsequently requested an amendment on March 9, 2009 based on passage of the federal stimulus act that increases the Medicaid reimbursement rate to 63.9 percent effective October 2008. His amendment recognizes an additional \$15,641 in Medicaid eligible expenditures for the School for the Deaf and reduces general revenues by the same amount. The Assembly recognized additional general revenue turnover savings of \$556,123 for the School based on it not filling several vacant positions.

Board of Governors for Higher Education

	FY 2008 Reported	FY 2009 Enacted	FY 2009 Revised	FY 2009 Final
Expenditures by Program				
Board of Governors/Higher Ed.	\$ 12,929,072	\$ 10,912,064	\$ 10,774,554	\$ 10,637,567
University of Rhode Island	524,100,109	551,638,422	562,266,587	562,313,566
Rhode Island College	131,704,221	140,041,605	140,506,595	139,043,458
Community College of RI	116,408,577	117,447,461	123,716,092	120,961,404
Total	\$ 785,141,979	\$ 820,039,552	\$ 837,263,828	\$ 832,955,995
Expenditures by Category				
Salaries and Benefits	\$ 402,296,858	\$ 416,392,891	\$ 427,180,648	\$ 425,477,211
Contracted Services	15,806,800	17,266,602	18,227,900	18,173,716
Subtotal	\$ 418,103,658	\$ 433,659,493	\$ 445,408,548	\$ 443,650,927
Other State Operations	162,434,353	149,874,567	162,171,268	161,949,045
Aid to Local Units of Government	69,346	-	-	-
Assistance, Grants, and Benefits	158,219,644	156,350,451	168,862,509	168,871,654
Capital	6,810,513	27,539,836	26,826,173	23,754,114
Capital Debt Service	31,042,810	38,636,970	33,995,330	34,730,255
Operating Transfers	8,461,655	13,978,235	-	-
Total	\$ 785,141,979	\$ 820,039,552	\$ 837,263,828	\$ 832,955,995
Sources of Funds				
General Revenue	\$ 189,982,771	\$ 179,856,018	\$ 172,860,842	\$ 170,880,998
Federal Aid	5,319,827	4,096,820	4,479,446	4,488,591
Restricted Receipts	715,937	1,041,526	666,433	666,433
Other Funds	589,123,444	635,045,188	659,257,107	656,919,973
Total	\$ 785,141,979	\$ 820,039,552	\$ 837,263,828	\$ 832,955,995
Uses of Funds				
Unrestricted Use Funds	\$ 495,523,734	\$ 504,218,396	\$ 510,618,960	\$ 508,639,116
Restricted Use Funds	289,618,245	315,821,156	326,644,868	324,316,879
Total	\$ 785,141,979	\$ 820,039,552	\$ 837,263,828	\$ 832,955,995
FTE Authorization	3,549.8	3,490.9	3,395.0	3,395.0
<i>Limited to Third Party Funds</i>	<i>785.0</i>	<i>785.0</i>	<i>785.0</i>	<i>785.0</i>
Total Authorized Positions	4,334.8	4,275.9	4,180.0	4,180.0
FTE Average	3,864.9			

FY 2009 Revised Request. The Board of Governors' revised request contains \$9.9 million of spending above the FY 2009 enacted level. This includes \$1.5 million less from general revenues, \$3.2 million more from tuition and fee revenues, \$1.6 million more from other unrestricted sources, and \$6.6 million more from restricted sources. The request also includes 4,179.6 full-time equivalent positions, which is 96.3 positions less than the enacted authorization. The Budget Office's initial

distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$19,172,282 for Higher Education including \$6,111,373 from general revenues and 95.8 positions. The revised request is \$4.6 million from general revenues above the enacted budget adjusted for that allocation. The Board of Governors indicated that it would increase tuition and fees in the event that it did not receive a supplemental general revenue appropriation.

The Governor recommended \$17.2 million more than enacted from all sources of funds, which is \$7.3 million more than requested. His revised budget includes \$7.0 million less general revenues than enacted, which is \$5.5 million less than requested. His general revenue recommendation is \$0.9 million less than the adjusted budget. He also recommended 4,180.0 full-time equivalent positions, which is 0.4 more than the adjusted budget.

The Governor requested a budget amendment on February 3, 2009 that adds \$0.8 million. This includes \$0.7 million for debt service for the University's energy conservation project, \$0.1 million in lease payments for University and College vehicles that was previously in the Department of Administration's budget and \$9,145 from federal funds for the Rhode Island Developmental Disabilities Council.

The Governor requested another amendment on March 9, 2009 to include \$6.6 million from fiscal stabilization funds and reduce Rhode Island Capital Plan funds for the University's environmental biotechnology center project by \$4.0 million.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to Public Higher Education is \$2.0 million.

The Assembly also reduced Rhode Island Capital Plan funds by \$3.1 million to reflect revisions to three projects. It did not reduce the environmental biotechnology center project nor did it utilize fiscal stabilization funds for FY 2009 opting to use the entire allocation in FY 2010 and FY 2011. The Assembly concurred with the remainder of the Governor's recommendation.

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 2009 unrestricted budget includes spending of \$507.5 million. This is \$3.3 million more than the enacted budget including \$1.5 million less from general revenues.

The revised unrestricted budget includes \$32.3 million more than the adjusted budget for all salaries and benefits. This includes \$2.0 million for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. Professors and other non-classified employees of the Board do not receive a payout of vacation or sick time when they leave service. Because of this, the Commissioner requested that it not have to pay the full rate.

On September 29, 2008, the Budget Office instructed the Office of Accounts and Control to grant an exception rate for non-classified faculty employees because contract provisions do not allow severance payments. This modified rate of 2.9 percent for these employees went into effect pay period 8. Non-

union faculty is charged the higher rate. The current year revisions also reflect the 3.0 percent cost-of-living increase approved by the Board of Governors.

The revised budget also includes \$1.4 million less for contracted services and \$1.7 million less for operating, with \$1.8 million more for grants. Debt service expenditures are \$2.8 million less than enacted and capital expenditures are \$5.7 million less than enacted. The changes in spending include \$60,000 more for the Office, \$3.1 million or 1.0 percent more at the University, \$1.5 million or 1.4 percent less at the College, and \$1.6 million or 1.7 percent more at the Community College. In order to align expenditures with revised revenue projections, the University increased student aid by 4.3 percent or \$2.3 million and reduced all other operating expenses. Rhode Island College reduced furniture and equipment purchases to offset the \$2.1 million or 2.4 percent increase in salaries and benefits. The Community College increased operating expenses by \$1.5 million.

The Governor's unrestricted budget contains \$2.6 million more in expenditures than requested. The Governor's budget assumes the \$4.5 million in additional tuition and fees revenues as the Board approved in lieu of a general revenue supplemental appropriation. He further reduced general revenues by \$0.9 million and increased other unrestricted resources by \$3.7 million.

Those changes include adding \$1.2 million in expenditures to reflect an increase in the retiree health rate, for which he includes \$0.4 million of additional general revenues to support that. He also recommended that the \$2.5 million of general revenue share of the added expense of cost-of-living increases and employee medical co-shares inconsistent with what other state employees receive be borne entirely by university and college resources.

The recommendation did not identify the source of the \$3.7 million in additional institutional resources that would be required to fund the revised expenditures. Options include increasing tuition and fees, which is the primary source of non-general revenue resources, or reducing other expenditures to offset the added expenses. Tuition and fees comprise 89.9 percent of the non-general revenue unrestricted budget.

The Governor requested a budget amendment on February 3, 2009 to add \$0.7 million for debt service for the University's energy conservation project. The amendment also reflects lease payments for vehicles at the University and the College as unique accounts. It includes \$88,897 for lease payments for University vehicles and \$12,573 for lease payments for College vehicles. The Assembly concurred, with the exception of the across-the-board reductions.

Tuition and Fees. The revised request increases expenditures from tuition and fees revenues that are \$3.2 million more than enacted to reflect changes in enrollment and the mix of in-state and out-of-state students. The revised enrollment estimates are 0.3 percent and 1.2 percent lower at the University and College, respectively. Community College enrollment is 1.3 percent higher than the enacted estimate.

On September 29, 2008, the Board voted to either request a \$4.5 million supplemental general revenue appropriation or to increase 2008-2009 tuition for the spring semester at the three institutions as an option to closing its current year budget gap. The adopted resolution empowers the Chairman, Vice Chairman and Commissioner to implement the tuition and fee increases "based upon information available after the November Revenue Conference."

The Chairman, Vice Chairman and Commissioner decided to increase tuition shortly after the November Conference. The mid-year increases, referred to as an emergency surcharge by the Board of Governors, for in-state undergraduate students are 2.9 percent or \$250 at the University, 3.5 percent

or \$200 at the College and 6.4 percent or \$200 at the Community College. This is shown in the table below.

With the change, the total increase to enacted tuition and fees resources is \$7.7 million. *The Governor's budget assumes the mid-year tuition increase as approved by the Board. This is projected to generate an additional \$4.5 million. The budget also includes an additional \$3.7 million in expenditures from university and college funds but does not identify the source.* The Assembly concurred.

Tuition and Fees University	FY 2009	Mid Year	FY 2009	Percent
Undergraduate	Enacted	Increase	Final	Change
Resident				
Tuition	\$ 7,454			
Fees	1,224			
Total	\$ 8,678	\$ 250	\$ 8,928	2.9%
Nonresident				
Tuition	\$ 23,552			
Fees	1,224			
Total	\$ 24,776	\$ 250	\$ 25,026	1.0%
College Undergraduate				
Resident				
Tuition	\$ 4,889			
Fees	882			
Total	\$ 5,771	\$ 200	\$ 5,971	3.5%
Nonresident				
Tuition	\$ 13,600			
Fees	882			
Total	\$ 14,482	\$ 200	\$ 14,682	1.4%
Community College				
Resident				
Tuition	\$ 2,795			
Fees	296			
Total	\$ 3,091	\$ 199	\$ 3,290	6.4%
Nonresident				
Tuition	\$ 7,920			
Fees	296			
Total	\$ 8,216	\$ 570	\$ 8,786	6.9%

Rhode Island Developmental Disabilities Council. The 2008 Assembly transferred the Council from the Department of Elderly Affairs to the University with \$0.5 million from federal funds and 2.0 full-time equivalent positions. The University's human resources department has indicated that it is still in the process of determining how that funding should be displayed in its budget documents. The request omits the \$0.5 million from federal funds for the Rhode Island Developmental Disabilities Council. *The Governor included \$0.5 million from federal funds for the Rhode Island Developmental Disabilities Council. He subsequently requested a budget amendment to add \$9,145 from available federal funds.* The Assembly concurred.

Restricted Source Operating Expenditures. The restricted budget is composed of what are generally thought of as restricted receipt funds or enterprise funds. They include the residence hall funds, dining funds and any other funds whose sources are limited to use for certain purposes. Federal funds are considered restricted use. The revised restricted budget includes \$4.8 million more general operating expenditures from restricted sources. The revised request includes \$5.7 million less for salaries and

benefits, \$2.4 million more for contracted services, \$6.4 million more for operations with \$10.8 million more for grants.

Expenditures at the University are \$0.4 million or 0.2 percent more than enacted. At the College, restricted expenditures are \$3.1 million or 9.5 percent more. Expenditures at the Community College are \$6.9 million or 32.5 percent more than estimated in the enacted budget. *The Governor recommended an additional \$0.7 million in salary and benefit adjustments.* The Assembly concurred.

Capital Improvements. The revised budget includes a \$3.4 million increase from Rhode Island Capital Plan funds. This reflects \$2.2 million in unused FY 2008 asset protections funds reappropriated to FY 2009 at the Community College and \$1.1 million in unused asset protections funds at the College reappropriated to FY 2009. It appears that \$3.8 million from unused Rhode Island Capital Plan funds were actually carried forward to FY 2009. Historically, the Board's revised request does not reflect all of the reappropriation. This is because the systems used to account for the expenditures at the institution level generally show more being spent than was recorded by the state system, and the discrepancies are not resolved quickly enough to be shown in the budget request. The request also includes an additional \$125,000 for the Community College's HVAC project.

The Governor recommended an additional \$7.0 million from Rhode Island Capital Plan funds. This is \$2.6 million more than requested. He recommended \$5.1 million from Rhode Island Capital Plan funds for the University's environmental biotechnology center for which the approved plan includes \$5.0 million in private funds that were not realized. The Governor also included an additional \$0.1 million for the University's superfund site project, and \$0.2 million for Lippitt Hall renovations. He recommended \$1.8 million less than requested for the Community College's HVAC project.

The Governor requested an amendment to include \$6.6 million from state fiscal stabilization funds for public higher education for FY 2009 for eligible capital projects within federal recovery act guidelines. The budget assumes that the Secretary of Education will grant the state a waiver from the maintenance of effort requirement that the state maintain support for both elementary and secondary education and public higher education at no less than the FY 2006 level for fiscal years 2009, 2010 and 2011.

The Governor subsequently requested an amendment to reduce funding for the University's environmental biotechnology center by \$4.0 million.

The Assembly did not concur with reducing funding for the environmental biotechnology center. It also eliminated \$2.9 million from Rhode Island Capital Plan funds for asset protection projects for the Community College and College to align the budget with historical spending patterns. It also eliminated the \$125,000 from Rhode Island Capital Plan funds for a feasibility study for a new nursing program facility at the Knight Campus, as the Community College has not begun this project. The Assembly opted to provide higher education's share of fiscal stabilization funds for FY 2010 and FY 2011, \$16.1 million in each year, for fire safety projects at the institutions' academic buildings.

Debt Service. Based on an audit recommendation suggesting that the state report only debt service payments related to the primary government within the state's governmental funds, the 2006 Assembly shifted \$19.5 million from the Department of Administration's budget to Public Higher Education's budget. The revised budget decreases restricted use debt service costs by \$1.7 million. Almost all of this reflects a reduction in University Housing and Residential Life from refinancing some prior bond issues. *The Governor recommended funding as requested.* The Assembly concurred.

Rhode Island Council on the Arts

	FY 2008	FY 2009	FY 2009	FY 2009
	Reported	Enacted	Revised	Final
Expenditures by Category				
Salaries and Benefits	\$ 740,956	\$ 756,734	\$ 651,792	\$ 642,455
Contracted Services	23,012	48,000	30,000	30,000
Subtotal	\$ 763,968	\$ 804,734	\$ 681,792	\$ 672,455
Other State Operations	109,342	152,899	103,124	102,578
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,857,872	1,958,569	2,041,534	2,241,534
Capital	203,207	359,453	400,000	400,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 2,934,389	\$ 3,275,655	\$ 3,226,450	\$ 3,416,567
Sources of Funds				
General Revenue	\$ 2,111,963	\$ 2,094,847	\$ 1,905,796	\$ 1,895,913
Federal Aid	612,251	741,355	801,429	1,001,429
Restricted Receipts	-	-	94,225	94,225
Other	210,175	439,453	425,000	425,000
Total	\$ 2,934,389	\$ 3,275,655	\$ 3,226,450	\$ 3,416,567
FTE Authorization	8.6	8.6	7.6	7.6
FTE Average	7.4			

FY 2009 Revised Request. The Council requested \$24,297 less than enacted from all sources including \$99,360 less from general revenues, \$59,516 more from federal funds, \$30,000 more from restricted receipts, and \$14,453 less from other funds. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$49,554 for the Council, including \$45,233 from general revenues and 0.2 positions. The revised request is \$54,127 from general revenues below the enacted budget adjusted for that allocation. The Council requested the enacted level of 8.6 full-time equivalent positions, 0.2 positions above the Budget Office allocation.

The Governor recommended \$24,908 less than requested, including \$89,691 less from general revenues, \$558 more from federal funds, and \$64,225 more from restricted receipts; he recommended 1.0 position less than requested.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Council is \$9,883. The Assembly also shifted \$200,000 in federal stimulus funding from the National Endowment for the Arts from FY 2010 to FY 2009.

Salaries and Benefits. The Council requested \$64,241 less than the adjusted budget, including \$48,427 less general revenues for all salaries and benefits. This includes \$6,690 for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. It also reflects savings from vacant positions; however, the Council requests the enacted level of 8.6 positions. This is 0.2 positions more than the Budget Office allocation of positions to be eliminated from statewide retirements. *The Governor recommended \$8,853 more than requested to reflect adjustments to retiree health costs. He eliminated the 1.0 vacant position, for which the Council had assumed turnover savings.* The Assembly concurred, with the exception of the across-the-board reductions.

Operating Expenses. The Council requested \$8,775 less than enacted for its operating expenses, including \$5,700 less from general revenues and \$3,075 less from federal funds. The request includes adjustments to miscellaneous expenses, such as office supplies, mileage, and advertising. *The Governor recommended \$4,000 less general revenues than requested for an additional reduction to advertising expenses for the Film Commission.* The Assembly concurred, with the exception of the across-the-board reductions.

Percent for Art Program. The Council requested \$14,453 less than enacted for the Percent for Art Program. This includes \$40,547 more for a project at the University of Rhode Island, \$15,000 less for panelists who review grant applications, and \$40,000 less for various costs for administering the program. *The Governor recommended funding as requested.* The Assembly concurred.

Council Grants. The Council requested \$82,726 more from federal funds to reflect carry-forward from the prior year's grant award for the National Endowment for the Arts. These grants are awarded to individuals and organizations to help support the arts and encourage artists to continue to make the arts visible in the community. *The Governor recommended the requested federal funds increase and included a general revenue reduction of \$94,225 from discretionary grants to be funded from restricted receipts the Council has from its arts lottery ticket game.*

The Governor subsequently requested an amendment to shift \$200,000 in federal stimulus funding from the National Endowment for the Arts from FY 2010 to FY 2009. The Assembly concurred.

Professional Development Grants - Lottery Ticket Proceeds. The Council requested \$30,000 more than enacted for revenues received from proceeds from an instant game known as the "Arts Lottery Game". This game was conducted during FY 2008 by the state lottery division of the Department of Revenue. The net revenue totaling \$94,225 was deposited in a restricted receipt account to be used by the Council for professional development grants. The guidelines for these grants are currently being set up. The Council has requested to use \$30,000 in both FY 2009 and FY 2010. *The Governor did not recommend the requested funding. He recommended using these proceeds to backfill reductions to general revenue grants.* The Assembly concurred.

Rhode Island Atomic Energy Commission

	FY 2008	FY 2009	FY 2009	FY 2009
	Reported	Enacted	Revised	Final
Expenditures by Category				
Salaries and Benefits	\$ 952,649	\$ 964,384	\$ 912,854	\$ 901,590
Contracted Services	21,674	22,000	26,000	34,146
Subtotal	\$ 974,323	\$ 986,384	\$ 938,854	\$ 935,736
Other State Operations	417,259	491,516	181,799	181,122
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	82,979	55,000	55,000	55,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,474,561	\$ 1,532,900	\$ 1,175,653	\$ 1,171,858
Sources of Funds				
General Revenue	\$ 834,101	\$ 824,470	\$ 786,847	\$ 774,873
Federal Aid	352,771	407,277	94,937	103,116
Restricted Receipts	-	-	-	-
Other	287,689	301,153	293,869	293,869
Total	\$ 1,474,561	\$ 1,532,900	\$ 1,175,653	\$ 1,171,858
FTE Authorization	8.6	8.6	8.6	8.6
FTE Average	8.6			

FY 2009 Revised Request. The Atomic Energy Commission requested \$46,071 less from general revenues than enacted. It also requested \$0.3 million less from federal funds and \$8,927 less University of Rhode Island sponsored research funds than enacted. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$41,479 for the Commission including \$41,470 from general revenues and 0.2 positions. The revised request is \$4,601 from general revenues below the enacted budget adjusted for that allocation and does not reduce the 0.2 position.

Subsequently, the Commission submitted a corrective action plan to achieve additional savings by using University of Rhode Island sponsored research funds in lieu of general revenues. *The Governor recommended \$10,091 more than requested, including \$8,448 more from general revenues; he recommended the enacted level of 8.6 full-time equivalent positions. He did not assume the savings from the corrective action plan.*

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits.

The total amount allocated to the Atomic Energy Commission is \$11,974. The Assembly also provided an additional \$8,179 from federal funds to reflect actual grant awards.

Personnel. The agency requested \$17,291 less than the adjusted budget for all salaries and benefits including \$1,096 less from general revenues. This includes \$12,918, \$10,143 from general revenues, for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. It also reflects turnover savings of \$30,209 including \$11,239 from general revenues. This reflects the associate director position being vacant for two months and the retirement of an individual in December. The 2008 Assembly enacted legislation charging an assessment of up to 40.0 percent overhead charge for all University of Rhode Island sponsored research expenditures effective July 1, 2007. The FY 2009 enacted budget assumed charging 35.1 percent. The Commission's FY 2009 revised request assumes charging the full 40.0 percent allowed.

The Governor recommended \$10,051 less than the adjusted budget including \$4,501 more from general revenues. This is \$7,240 more than requested to reflect adjustments to retirement and retiree health costs. He did not assume the savings from the corrective action plan. On February 3, 2009, the Governor submitted an amendment to add \$8,179 in available federal funds. The Assembly concurred with the exception of the across-the-board reductions.

Federal Grant Elimination. The Commission's budget includes a reduction of \$0.3 million from federal funds. Congress eliminated the reactor support grants in the Department of Energy's budget for FY 2009. The Commission uses federal funding for equipment purchases, program supplies and staff training. The Commission plans to spend \$0.1 million in available carry-forward funding from prior years. *The Governor recommended funding as requested.*

The Governor submitted a budget amendment on February 3, 2009 that adds \$8,179, which is the balance in the nuclear energy research grant that must be expended in FY 2009. The Assembly concurred.

Other Operating Adjustments. The Commission's request reflects a reduction of \$3,505 from general revenues for all other operating adjustments. The Commission made minor adjustments in building supplies and delivery costs. *The Governor recommended \$2,851 more from general revenues than requested for additional repair and supply expenditures.* The Assembly concurred, with the exception of the across-the-board reductions.

Rhode Island Higher Education Assistance Authority

	FY 2008	FY 2009	FY 2009	FY 2009
	Reported	Enacted	Revised	Final
Expenditures by Program				
Scholarship and Grant Program	\$ 10,587,711	\$ 7,690,970	\$ 7,985,766	\$ 7,976,460
Loans Program	8,242,459	12,182,617	18,073,996	18,073,996
Tuition Savings Program	7,091,784	6,776,220	6,899,631	6,899,631
Total	\$ 25,921,954	\$ 26,649,807	\$ 32,959,393	\$ 32,950,087
Expenditures by Category				
Salaries and Benefits	\$ 3,190,528	\$ 3,497,278	\$ 3,437,775	\$ 3,430,041
Contracted Services	3,584,487	5,509,000	7,509,000	7,508,850
Subtotal	\$ 6,775,015	\$ 9,006,278	\$ 10,946,775	\$ 10,938,891
Other State Operations	2,719,701	4,126,610	4,013,136	4,011,714
Aid to Local Units of Government	367,919	-	-	-
Assistance, Grant, and Benefits	16,058,319	13,014,919	17,497,482	17,497,482
Capital	1,000	502,000	502,000	502,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 25,921,954	\$ 26,649,807	\$ 32,959,393	\$ 32,950,087
Sources of Funds				
General Revenue	\$ 10,219,792	\$ 7,323,051	\$ 7,292,984	\$ 7,283,678
Federal Aid	8,610,378	12,550,536	18,766,778	18,766,778
Restricted Receipts	-	-	-	-
Other	7,091,784	6,776,220	6,899,631	6,899,631
Total	\$ 25,921,954	\$ 26,649,807	\$ 32,959,393	\$ 32,950,087
FTE Authorization	42.6	42.6	42.6	42.6
FTE Average	39.4			

FY 2009 Revised Request. The Authority requested an increase of \$6.3 million for FY 2009, including \$30,710 less from general revenues. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$228,577 for the Authority including \$30,710 from general revenues and 1.2 positions. The general revenue revised request is consistent with the enacted budget adjusted for that allocation. The request also includes \$6.2 million more from federal funds and \$0.1 million more from the Authority's Tuition Savings program revenues. The Authority requested 42.6 full-time equivalent positions. *The Governor recommended \$26,670 more than requested including \$643 from general revenues. He recommended 42.6 full-time equivalent positions, the enacted authorization.*

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of

the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Authority is \$9,306. The Assembly concurred with the remainder of the Governor's recommendation.

Salaries and Benefits. The agency requested \$138,404 more than the adjusted budget for all salaries and benefits including \$9,474 more from general revenues. This includes \$33,478, \$4,758 from general revenues, for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. It also reflects an additional \$0.1 million for all other salary and benefit expenditures. This includes \$4,758 more from general revenues, \$29,974 more from federal funds and \$70,236 more from other funds. The increase in other funds reflects shifting a staff person to the Tuition Savings Program from the loan division.

The Governor recommended \$30,943 more than requested including \$4,643 more from general revenues for a retiree health insurance rate adjustment. The Assembly concurred, with the exception of the across-the-board reductions.

New Federal College Access Grant. The Authority's request includes an additional \$330,000 from federal funds for a new United States Department of Education college access challenge grant. This two-year formula grant program was created as part of the College Cost Reduction and Access Act of 2007. The program is designed to support states in helping students and families learn about, prepare for and finance postsecondary education. These formulary funds are awarded to states based on the relative number of people in the state between the ages of 5 and 44 who are living below the federal poverty line. The minimum amount a state can receive is \$330,000, which is the amount Rhode Island will receive. *The Governor recommended funding as requested.* The Assembly concurred.

Need Based Grants. The Authority reduced need-based scholarships and grants by \$22,437. This includes a reduction of \$5,137 in federal Special Leveraging Education Assistance Partnership funds and \$17,300 from tuition savings fees. Tuition savings fees come from maintenance fees paid by out-of-state participants of the Tuition Savings Program that the Authority administers through AllianceBernstein. General revenues are at the enacted level of \$6.5 million. *The Governor recommended funding as requested.* The Assembly concurred.

Other Grant Programs. The Authority requested an additional \$175,000 from tuition savings fees for the Authority's other grant programs. This includes eliminating the \$0.5 million in the enacted budget for the matching grant program and increasing funding for the academic promise program by \$675,000 for total funding of \$1.7 million. This allows the Authority to complete funding for the FY 2008 cohort. The Authority used \$675,000 of the \$1.0 million that had been allocated to the academic promise program for FY 2008 for need based scholarships and grants to ensure that all individuals that accepted awards received them. *The Governor recommended funding as requested.* The Assembly concurred.

Loan Division Activities. The Authority requested an additional \$6.0 million from federal funds for loan division activities. The request includes \$4.0 million based on the Board's decision to subsidize default fees for borrowers in the 2008-2009 academic year and \$2.0 million for collections based on the Authority's decision to outsource additional default collections activities. *The Governor recommended funding as requested.* The Assembly concurred.

Marketing. The FY 2008 final and FY 2009 enacted budgets included an additional \$100,000 from tuition savings funds for marketing of the CollegeBound fund including the development of new media. The FY 2009 enacted budget assumed hiring a firm to coordinate the marketing efforts. The Authority

has decided to manage marketing activities with staff rather than through an outside vendor. *The Governor recommended funding as requested.* The Assembly concurred.

Other Operating Adjustments. The Authority requested a decrease of \$9,474 from general revenues for all other operating expenses. These reductions were made to achieve the Authority's share of the statewide personnel savings allocation. *The Governor recommended \$4,273 less than requested including \$4,000 less from general revenues for computer, travel and office supplies.* The Assembly concurred, with the exception of the across-the-board reductions.

Historical Preservation and Heritage Commission

	FY 2008	FY 2009	FY 2009	FY 2009
	Reported	Enacted	Revised	Final
Expenditures by Category				
Salaries and Benefits	\$ 1,481,461	\$ 1,498,926	\$ 1,499,705	\$ 1,484,725
Contracted Service	3,336	11,000	14,758	14,684
Subtotal	\$ 1,484,797	\$ 1,509,926	\$ 1,514,463	\$ 1,499,409
Other State Operations	96,418	111,262	129,241	128,401
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	613,965	681,426	1,001,787	1,001,787
Capital	-	20,500	15,500	15,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 2,195,180	\$ 2,323,114	\$ 2,660,991	\$ 2,645,097
Sources of Funds				
General Revenue	\$ 1,494,562	\$ 1,348,825	\$ 1,297,516	\$ 1,281,622
Federal Aid	509,240	479,640	845,462	845,462
Restricted Receipts	191,378	494,649	518,013	518,013
Other	-	-	-	-
Total	\$ 2,195,180	\$ 2,323,114	\$ 2,660,991	\$ 2,645,097
FTE Authorization	17.6	16.6	16.6	16.6
FTE Average	16.8			

FY 2009 Revised Request. The Commission's revised request includes \$333,683 more from all sources consisting of \$49,818 less from general revenues, \$361,005 more from federal funds and \$22,946 more from restricted receipts. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly, but not reflected in the individual agency totals, is \$106,523 for the Commission, including \$73,372 from general revenues and 0.5 full-time equivalent positions. The Commission's revised request is \$23,554 from general revenues and 0.5 full-time equivalent positions above the enacted budget adjusted for that allocation.

The Commission submitted a corrective action plan, which proposed a second furlough day and a fuel cost reduction at the Eisenhower House to correct the expected deficit.

The Governor recommended \$337,877 more than enacted, primarily from federal funds, which is \$4,194 more than requested. The Governor recommended staffing as enacted. The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Commission is \$15,894. The Assembly concurred with the remainder of the Governor's recommendation.

Salaries and Benefits. The request includes \$18,845 less than enacted for salaries and benefits including \$59,726 less from general revenues, \$34,214 more from federal funds and \$6,667 more from restricted receipts. The general revenue request is \$13,646 more than the adjusted budget. The Commission did not have sufficient turnover to meet the statewide savings. The Commission did not adjust its assessed fringe benefit rate based on the revised requirements from the Budget Office. Based on the revised rate, the Commission will need an additional \$21,425 from all funds, including \$12,751 from general revenues, above its revised request.

The Commission's corrective action plan included one additional furlough day valued at \$10,950 to help cover the anticipated deficit from general revenues. *The Governor recommended \$779 more than enacted and \$19,624 more than requested. This corrects the request for the increase in assessed fringe benefits and includes adjustments for turnover and the increase in the retiree health rate.* The Assembly concurred, with the exception of the across-the-board reductions.

Temporary Clerical Services. The Office requested \$1,729 from general revenues and \$1,729 from restricted receipts for temporary clerical staff for the summer to file and scan the backlog of documents that accumulate over the year because staff does not have the time to do these activities. The clerks would spread their time equally between State Archives activities utilizing restricted receipts and other preservation activities that are funded with general revenues. This request includes funding for May and June and the FY 2010 request for the same amount includes funding for July and August. *The Governor recommended funding as requested.* The Assembly concurred.

Computers – New Server. The Commission has been told by the state's information technology division that it needs to replace the server that operates the shared drive and email. This is estimated to cost \$14,000 from restricted receipts. Not replacing this server has resulted in decreased efficiencies within the Commission and the increased use of information technology services. *The Governor recommended funding as requested.* The Assembly concurred.

Operating Expenses. The Commission requested \$8,179 more from general revenues and \$100 more from restricted receipts for operating expenses, including heating oil, fire protection services, and other miscellaneous expenses based on expenditure history. The \$100 increase in restricted receipts is for a seminar and conference.

The Commission's corrective action plan reduces the allocation for heating oil for the Eisenhower House by \$818, since fuel costs have declined since the budget was enacted. *The Governor recommended \$7,151 less than enacted from all sources of funds, including \$821 less from general revenues, which is \$15,430 less than requested to reflect a reduction to repair funds at the Eisenhower House and other operating reductions.* The Assembly concurred, with the exception of the across-the-board reductions.

Preserve America Grants. The Commission was awarded two new Preserve America federal grants to administer and requested \$326,791 in new federal expenditure authority. The Commission had not received notification of the award until after the FY 2009 budget was enacted. A grant of \$125,000 will support the Historic Fort Adams Masterplan, a collaboration between the Commission and Fort Adams Trust. A grant of \$150,000 will fund the Preservation is Local program to support the efforts of local communities in carrying out preservation activities, enabling three regional summits on community preservation planning to identify local needs, then fund sub-grants to innovative community preservation planning projects. The request includes carry-forward of \$35,434 from the Historic Sites Coalition grant and \$16,357 from the Footsteps in History grant. *The Governor recommended funding as requested.* The Assembly concurred.

Rhode Island Public Telecommunications Authority

	FY 2008	FY 2009	FY 2009	FY 2009
	Reported	Enacted	Revised	Final
Expenditures by Category				
Salaries and Benefits	\$ 1,919,975	\$ 1,877,875	\$ 1,842,078	\$ 1,825,476
Contracted Services	10,402	13,000	13,000	12,783
Subtotal	\$ 1,930,377	\$ 1,890,875	\$ 1,855,078	\$ 1,838,259
Other State Operations	184,193	241,491	161,491	135,134
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 2,114,570	\$ 2,132,366	\$ 2,016,569	\$ 1,973,393
Sources of Funds				
General Revenue	\$ 1,316,196	\$ 1,365,306	\$ 1,249,509	\$ 1,206,333
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	798,374	767,060	767,060	767,060
Total	\$ 2,114,570	\$ 2,132,366	\$ 2,016,569	\$ 1,973,393
FTE Authorization	20.0	20.0	18.0	18.0
FTE Average	17.5			

FY 2009 Revised Request. The Public Telecommunications Authority requested \$22,056 more than enacted from all sources including \$89,427 more from general revenues and 0.7 fewer full-time equivalent positions. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$142,187 for the Authority, including \$76,386 from general revenues and 0.5 positions. The revised request is \$165,813 from general revenues above the enacted budget adjusted for that allocation. The Authority did not submit a corrective action plan.

The Governor recommended \$137,853 less than requested, including \$205,224 less from general revenues. He also recommended 18.0 full-time equivalent positions, 1.3 fewer than requested.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Authority is \$43,176. The Assembly concurred with the remainder of the Governor's recommendations.

Salaries and Benefits. The Authority requested \$209,243 more than the adjusted budget for all salaries and benefits. This includes \$31,305 for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. The Authority's request includes \$134,427 more general revenues and \$67,371 less Corporation for Public Broadcasting funds than enacted. The Authority indicated that turnover savings from a vacancy funded from Corporation funds will be used by the Rhode Island Public Broadcasting System Foundation to offset expenses, such as dues and programming costs that would have otherwise been supported by fundraising resources. The Foundation is a non-profit agency that raises money to support programming. Its expenses are not part of the state budget. The request also includes the elimination of an office manager position.

The Governor recommended \$102,853 less than requested, including \$170,224 less from general revenues and \$67,371 more from Corporation for Public Broadcasting funds. The Governor assumed turnover savings from Corporation for Public Broadcasting funds will be used to offset other salary and benefit expenses. He also eliminated a total of 2.0 vacant positions, 1.3 more than the requested reduction. The Assembly concurred, with the exception of the across-the-board reductions.

Operating Expenses. The Authority requested \$45,000 less from general revenues than enacted for its operating expenses. This reduction includes \$35,000 less for electricity costs related to the analog transmitter that will no longer be in use as of February 2009 and \$10,000 less for insurance costs. *The Governor recommended the requested reduction for electricity and insurance costs and further reduced the request by \$35,000 for rent and maintenance of the analog transmitter.* The Assembly further reduced operating expenses by \$26,574, including \$25,000 less for electricity costs, consistent with the Authority's third quarter report and \$1,574 for across-the-board reductions.

Office of the Attorney General

	FY 2008 Reported	FY 2009 Enacted	FY 2009 Revised	FY 2009 Final
Expenditures by Program				
Criminal	\$ 14,628,614	\$ 14,992,360	\$ 14,835,282	\$ 14,632,107
Civil	4,591,253	4,797,213	5,043,855	4,977,857
Bureau of Criminal Identification	1,036,827	1,066,099	1,036,739	1,031,158
General	2,616,554	2,875,842	3,385,037	3,345,910
Total	\$ 22,873,248	\$ 23,731,514	\$ 24,300,913	\$ 23,987,032
Expenditures by Category				
Salaries and Benefits	\$ 20,527,380	\$ 20,795,784	\$ 20,875,705	\$ 20,576,571
Contracted Services	894,905	910,195	791,670	778,813
Subtotal	\$ 21,422,285	\$ 21,705,979	\$ 21,667,375	\$ 21,355,384
Other State Operations	1,191,675	1,665,330	1,814,017	1,803,177
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	259,288	360,205	819,521	828,471
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 22,873,248	\$ 23,731,514	\$ 24,300,913	\$ 23,987,032
Sources of Funds				
General Revenue	\$ 20,550,412	\$ 21,212,039	\$ 21,134,410	\$ 20,811,579
Federal Aid	1,298,123	1,263,609	1,304,344	1,313,294
Restricted Receipts	867,559	980,866	1,114,433	1,114,433
Other	157,154	275,000	747,726	747,726
Total	\$ 22,873,248	\$ 23,731,514	\$ 24,300,913	\$ 23,987,032
FTE Authorization	234.8	231.1	231.1	231.1
FTE Average	230.5			

FY 2009 Revised Request. The Office requested \$1.0 million more than enacted from all sources, including \$577,111 more from general revenues and 3.7 additional full-time equivalent positions. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$1,335,905 for the Office including \$1,220,423 from general revenues and 6.3 positions. The revised request is \$1.8 million from general revenues and 10.0 positions above the enacted budget adjusted for that allocation.

The Governor recommended \$77,629 less than enacted from general revenues, which is \$654,740 less than requested. He also recommended staffing of 231.1 full-time equivalent positions, which is 3.7 fewer positions than requested.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Office of the Attorney General is \$322,831. The Assembly also included \$8,950 from federal funds to support the National Criminal History Improvement program.

Community Prosecutors. The Office requested \$148,530 from federal funds to restore 1.7 full-time equivalent positions, which were eliminated because of expired funds. The newly available federal funds will support an adult drug court prosecutor and a juvenile drug court prosecutor. *The Governor's recommendation did not include funding for this request.* The Assembly concurred.

Staff Attorneys. The Office requested \$174,741 from general revenues to restore 2.0 full-time equivalent positions, which were eliminated as part of the FY 2009 enacted budget. The requested funds will support 2.0 staff attorneys for the Criminal Division. *The Governor did not recommend this request.* The Assembly concurred.

New Federal Award for Traffic Safety. The Office requested \$36,503 less than enacted from general revenues and \$4,764 less from all sources to support a traffic safety prosecutor. The traffic prosecutor position was initially funded from general revenues, but the Office received an increase in federal funds from the National Highway Traffic Safety Administration and no longer needs general revenue funds to support the position. *The Governor recommended this request and included the savings.* The Assembly concurred.

All Other Salary and Benefit Adjustments. The Office requested \$1.6 million more than the adjusted budget from all sources, nearly all from general revenues, for all other salaries and benefits. This includes \$342,138 for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. The remainder of the increase reflects the agency's unachieved turnover savings and does not reflect savings for the uncompensated leave day. While the Office did reduce spending to account for additional turnover savings, it indicated that meeting the statewide savings would require laying off approximately 27.4 full-time equivalent positions.

The Governor recommended \$218,473 less than requested to reflect more turnover savings than requested and the uncompensated leave day, offset by the retiree health rate increase. The Assembly concurred, with the exception of the across-the-board reductions.

Other Contracted Services. The Office requested \$117,146 less than enacted from all sources, including \$52,796 less from general revenues to reflect reductions in expenditures for expert testimony and other temporary services based on revised estimates. *The Governor recommended funding as requested.* The Assembly concurred, with the exception of the across-the-board reductions.

Janitorial Contract Services. The Office requested \$24,895 more than enacted for janitorial services. After the expiration of the latest contract, the Office operated on a month-to-month agreement with the Falcon Maintenance Company, at a cost of \$3,528 per month. The Office chose a new vendor for its janitorial services because of ongoing legal issues with its former vendor. The new contract award is \$5,400 per month resulting in a \$24,895 increase to the enacted assumption. *The Governor recommended \$534 more than enacted, which is \$24,361 less than requested.* The Assembly concurred.

Insurance Unit Acquisitions. The Office requested \$28,466 more than enacted for its insurance unit to cover operating expenses such as dues and subscriptions, office equipment rental, parking rental, postage services, purchase of transcriptions, computer supplies, WestLaw software database and minor building repairs. Expenditures are based on historical spending, which was reduced in the enacted budget. *The Governor recommended \$27,966 more than enacted, which is \$500 less than requested.* The Assembly concurred.

Consumer Education. The Office requested \$197,649 from restricted receipts recovered by the Consumer Protection Unit on behalf of several complaining consumers approximately ten years ago and deposited into a restricted receipt account. The funds will be used to support consumer training on fraud and consumer protection pamphlets, brochures, and flyers. This request was not included in the enacted budget because the Office only recently discovered this account. *The Governor recommended funding as requested.* The Assembly concurred.

Protection of State Witnesses. The Office requested \$50,857 more than enacted from general revenues for protection of state witnesses. The request is reflective of the state's recent case involving providing protection for seven children and their parents. It is estimated by the agency that the state is spending approximately \$900 per week per hotel room in order to protect these witnesses. *The Governor recommended \$40,143 less than enacted, which is \$91,000 less than requested.* The Assembly concurred.

Public Utilities Services. The Office requested \$54,053 less than enacted for public utility representation for ratepayers and citizens of the state. The Office's budget was based on historical spending, and the decrease reflects funding for an expert consultant on liquefied natural gas issues no longer necessary. *The Governor recommended funding as requested.* The Assembly concurred.

Transformer Replacement. The Office requested \$50,608 more than enacted for the replacement of a transformer originally scheduled for FY 2011 as part of the agency's capital projects. This request reflects the estimated costs for National Grid to wire the new transformer. It should be noted this should be funded from the Rhode Island Capital Plan funds provided to the Office for asset protection. *The Governor's recommendation did not include general revenues funding for this request. He added \$50,000 from Rhode Island Capital Plan funds for this purpose to asset protection funding.* The Assembly concurred.

Asset Protection. The Office requested \$247,726 from Rhode Island Capital Plan funds carried forward from FY 2008 for its asset protection projects. The Office noted a delay in its current window replacement project and is now awaiting approval from the National Historical Society. *The Governor recommended \$225,000 more than requested to reflect \$50,000 for the transformer replacement and advanced \$175,000 of FY 2010 funding to FY 2009 to expedite projects.* The Assembly concurred.

National Criminal History Improvement. In the past, the Attorney General's Bureau of Criminal Identification had received federal funding awards for the National Criminal History Improvement project. Expenditures were \$46,814 for FY 2007 and \$16,650 for FY 2008. However, there was no funding assumed for the project for FY 2009. *The Governor's revised budget did not include any funding for the program.* The Assembly included \$8,950 from federal funds to support the program.

All Other Adjustments. The Office requested \$47,123 less than enacted from all sources, including \$92,249 less from general revenues for all other state operations. Major changes to the enacted budget

include an increase in the charge for processing fingerprint cards, resulting in a \$50,000 operating reduction for FY 2009 and FY 2010. Other operating reductions include fees and dues, records center expenses, building maintenance and repairs, office equipment rental, and equipment maintenance and repairs. *The Governor recommended \$1,945 more than enacted, which is \$49,068 more than requested.* The Assembly concurred, with the exception of the across-the-board reductions.

Department of Corrections

	FY 2008 Reported	FY 2009 Enacted	FY 2009 Revised	FY 2009 Final
Expenditures by Program				
Central Management	\$ 8,539,179	\$ 9,819,572	\$ 8,587,923	\$ 8,475,801
Parole Board	1,274,074	1,325,304	1,327,676	1,324,792
Institutional Corrections	175,158,272	158,538,694	162,429,127	157,369,192
Community Corrections	13,758,082	16,813,669	15,022,892	14,817,966
Total	\$ 198,729,607	\$ 186,497,239	\$ 187,367,618	\$ 181,987,751
Expenditures by Category				
Salaries and Benefits	\$ 166,936,062	\$ 148,778,569	\$ 149,213,231	\$ 146,037,540
Contracted Services	11,116,620	15,008,254	13,018,242	12,832,152
Subtotal	\$ 178,052,682	\$ 163,786,823	\$ 162,231,473	\$ 158,869,692
Other State Operations	16,544,832	15,536,320	17,492,737	17,347,045
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,440,890	1,537,822	1,694,262	1,694,262
Capital	2,691,203	5,636,274	5,949,146	4,076,752
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 198,729,607	\$ 186,497,239	\$ 187,367,618	\$ 181,987,751
Sources of Funds				
General Revenue	\$ 193,138,298	\$ 178,623,504	\$ 178,682,061	\$ 155,158,888
Federal Aid	2,688,836	2,712,735	3,280,874	23,296,574
Restricted Receipts	(61)	-	-	-
Other	2,902,534	5,161,000	5,404,683	3,532,289
Total	\$ 198,729,607	\$ 186,497,239	\$ 187,367,618	\$ 181,987,751
FTE Authorization	1,515.0	1,515.0	1,423.0	1,423.0
FTE Average	1,467.7			
Prison Population	3,860.0	3,848.0	3,869.0	3,788.0

FY 2009 Revised Request. The Department requested \$11.1 million more than enacted from all sources including \$7.1 million from general revenues and 85.0 fewer full-time equivalent positions. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$9,317,144 for the Department including \$9,237,871 from general revenues and 41.6 positions. The revised request is \$16.3 million from general revenues above the enacted budget adjusted for that allocation; the staffing request is 43.4 positions lower. Subsequently, the Department submitted a corrective action plan indicating it could achieve savings of \$78,416 by reducing overtime expenses for emergency management and K-9 personnel. *The Governor recommended \$58,557 more than enacted from general revenues, which is \$7.0 million less than requested. He also recommended 7.0 fewer positions than requested.*

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Department of Corrections is \$2.4 million. The Assembly also included \$20.0 million from federal fiscal stabilization funds to offset a like amount of general revenues, and reduced funds by \$1.1 million to reflect updated population figures.

Population. The enacted budget assumed a population of 3,848, which is 211 fewer inmates from initial projections to be achieved from population reduction initiatives approved by the 2008 Assembly that allowed expanded opportunities for earning time off sentences. The Department has implemented the initiatives and it is now current on automated calculations for the days earned for rehabilitation program credit. The Department's population through the first two quarters was tracked below staff estimates for the FY 2009 enacted budget, which assumed those reductions; however, the Department is not able to quantify population changes related to the reduction options.

Based on the model the Department uses for population forecasting, it estimated 3,869 prisoners in FY 2009, 21 more than enacted. The House Fiscal Staff uses a simple model using trend data and population through the second quarter that suggests an average population of 3,844.

The Department contracts with a firm to prepare these estimates. The FY 2008 revised population request suggested an average population of 4,018, which it subsequently revised downward to 3,925; the actual average was 3,860. The following table depicts the recent history of budgeted and actual prison population from FY 2000 through the FY 2009. The average population for FY 2009 is 3,773.

History	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
<i>Request</i>	3,818	3,355	3,492	3,297	3,333	3,305	3,299	3,200	2,583	3,803
Governor	3,818	3,292	3,464	3,393	3,724	3,640	3,244	3,375	3,289	3,848
Enacted	3,465	3,292	3,464	3,393	3,500	3,575	3,244	3,375	3,289	3,848
Revised Request	3,355	3,464	3,251	3,658	3,640	3,575	3,375	3,723	4,018	3,869
Governor Revised	3,292	3,464	3,370	3,658	3,600	3,377	3,375	3,723	3,925	<i>3,869</i>
Final	3,292	3,464	3,370	3,550	3,600	3,377	3,475	3,755	3,925	3,788
<i>Actual</i>	3,204	3,348	3,387	3,537	3,554	3,361	3,510	3,771	3,860	3,773

The Governor assumed 3,869 inmates consistent with the Department's request. The Assembly assumed 3,788 inmates, 81 fewer than recommended and included \$1.1 million in overtime savings from this reduction. Final data showed the actual population for the year was 3,773.

Population: Per Diem Expenditures. The Department requested \$1.1 million more from general revenues than enacted for per diem population related expenditures. The Department estimates \$4,149 per inmate for items such as food, linen, household supplies and medical services, which is a total of \$16.1 million. This is \$273 more than the \$3,878 per inmate assumed in the enacted budget, and the revised request adds 21 inmates. Total cost per inmate including staff, can be expressed by dividing the Institutional Corrections' budget by the number of inmates. This is \$44,667 in the FY 2009 revised budget request. The enacted budget included \$41,200.

The Department has implemented the population reduction initiatives included in the enacted budget; however, because of other factors impacting the population, the Department is not able to quantify if the specific savings related to the reduction options were achieved. This analysis assumes the savings as achieved. Population reductions result in the greatest savings when they allow for the closure of

housing modules. Current population levels have necessitated the continuous operation of all housing units. The maximum capacity of the prison is governed by the terms of an overcrowding lawsuit. Last year, the Department reached an agreement with the federal courts to increase the allowed capacity at facilities from 4,085 to 4,265.

[Staff Note: Previous documents noted the per diem costs in the FY 2009 enacted budget as \$3,876 based on an error in the Department's budget request last year. The Department now reports the FY 2009 enacted costs were \$4,092. Comparisons are to the corrected number.]

The Governor included \$279,382 more than enacted, which is \$27,083 less than requested and assumed a per diem cost of \$4,142 and the requested population of 3,869. The Assembly included across-the-board reductions and a population of 3,788.

RIBCO Retroactive Payment. The total cost to settle the retroactive payment for the labor contract settlement is \$29.8 million of which \$19.1 million was included in the FY 2008 final budget leaving a balance of \$10.7 million. Of this total, only \$4.4 million was included in the preliminary closing; \$4.8 million will be included as an FY 2008 closing adjustment with the balance of \$1.8 million applied to FY 2009. This \$1.8 million is included in the revised request. Subsequently, the Department learned this figure would grow again as the initial payouts failed to account for staff working under "three-day rule" salary enhancements. In its deficit assumptions, House Fiscal Staff assumed this to cost an additional \$2.0 million in the absence of an estimate from the Department. *The Governor recommended the requested \$1.8 million and included \$0.1 million as an estimate of the still undetermined cost for the three-day rule and shift differential expenses.* The Assembly concurred.

RIBCO Base Adjustment. The contract settlement with the Rhode Island Brotherhood of Correctional Officers resulted in wage increases for correctional officers in FY 2009 based on the arbitrator's decision on salary adjustments through FY 2006. The Department has projected this increase to the FY 2009 wage base to be \$11.8 million. Since \$9.6 million was reserved in the enacted budget, the shortfall is estimated to be \$2.2 million, which is included in the Department's request. *The Governor included funding as requested.* The Assembly concurred.

RIBCO Future Settlements. The enacted budget included \$3.3 million to settle the labor contract with correctional officers for the period FY 2007 to FY 2008. The Department's revised request updated its estimate for this cost to \$5.8 million. The recent settlement only covered through FY 2006. This contract dispute appears to be going to the arbitration process, as the last one did. It should be noted that the resources reserved in the budget last year to fund the outcome of that settlement fell short of actual expenses by about \$10.8 million, more than 50.0 percent. *The Governor removed \$3.2 million from the enacted based on his recommendation to include funding for only known increases.* The Assembly concurred.

Unachieved Arbitration Savings. The FY 2009 budget anticipated \$3.6 million in savings that assumed a favorable outcome for the state on proposals submitted to arbitration relating to the contract with the Rhode Island Brotherhood of Correctional Officers. The greatest portion of the savings, \$2.2 million, related to the allowance of inter-facility transfers when staffing correctional officer posts. The state did not get the ruling it sought on overtime and sick time issues but did receive some relief on the transfer issue. The Department's revised request restores these savings for FY 2009; however, there may be savings available for FY 2010. *The Governor restored the savings as requested.* The Assembly concurred.

New Officer Recruitment and Training. The Department requested \$607,381 less than enacted for costs associated with recruitment and training of new officers. The enacted budget included funding for recruitment and training of two new correctional officer classes. The Department's revised request reflects completion of only one new correctional officer class and indicates all costs for the second would be incurred in FY 2010 but candidates would be drawn from this year's recruitment efforts. Class number 77 began training in November and the request anticipates it will have hired 55 graduating officers by the end of this fiscal year. *The Governor recommended this request and included the savings.* The Assembly concurred.

Other Salaries and Benefits. The Department requested \$6.6 million more than the adjusted budget for all other salaries and benefits. This includes \$1.7 million for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. The request did not fully offset the statewide savings assumed in the enacted budget. It does reflect achieving a portion of the savings from holding 85.0 vacancies. These have all been eliminated from the staffing authorization requested.

The Department subsequently proposed additional savings of \$78,416 by reducing overtime expenses for emergency management and K-9 personnel. *The Governor recommended \$1.3 million less from general revenues than requested to reflect more turnover savings than requested offset by the increase in the retiree health insurance rate. He also included the proposed additional savings included in the Department's corrective action plan.* The Assembly included \$1.1 million less general revenues to reflect savings, primarily from overtime, associated with the population reduction in addition to across-the-board reductions.

Medical Records. The Department's request included the enacted level of \$450,000 for its plan to implement an electronic medical records system to replace the current paper file system. *The Governor included the enacted funding and provided \$0.2 million to allow the Department to contract with Electronic Data Systems to process claims and identify any third party liability. This process had previously been done by Department staff with limited success.* The Assembly concurred.

Women's Reentry Grant. The Department requested \$0.2 million more from federal funds carried forward from FY 2008 for its pilot women's reentry program. Federal funds are from a two-year grant supporting risk assessment, vocational programming, computer training classes, and pre-employment services. *The Governor recommended the funding.* The Assembly concurred.

All Other Operations. The Department requested \$0.7 million less for all other operating expenses, which includes a \$0.9 million reduction from general revenues. The decreases are education, legal services, training, and other miscellaneous expenses as part of the Department's efforts to restrict operating expenses in all programs to achieve budgetary savings. *The Governor further reduced general revenues and all funds by \$100,543. Subsequently, the Governor requested an amendment to add \$15,700 from federal funds to reflect a grant increase for the Victims of Crime Program.* The Assembly concurred, with the exception of the across-the-board reductions.

Capital Projects. The Department requested \$3.5 million from Rhode Island Capital Plan funds carried forward from FY 2008. *The Governor recommended only \$243,683 more than enacted, which is \$3.3 million less than requested. This reflects the reallocation of approved current year funding to later years to free up resources for other agencies' projects.* The Assembly included \$1.8 million less Rhode Island Capital Plan funds than recommended, primarily from reductions to the asset protection funding based on historical spending.

Judicial Department

	FY 2008 Reported	FY 2009 Enacted	FY 2009 Revised	FY 2009 Final
Expenditures by Program				
Supreme Court	\$ 28,087,941	\$ 28,838,757	\$ 28,426,800	\$ 27,750,402
Defense of Indigent Persons	3,369,184	3,065,689	3,065,689	3,240,689
Commission on Judicial Tenure & Discipline	107,533	115,432	129,092	127,214
Superior Court	19,789,720	20,257,910	19,770,419	19,501,608
Family Court	19,484,521	19,842,332	19,796,023	19,532,283
District Court	9,625,764	10,264,212	10,390,468	10,248,553
Traffic Tribunal	6,834,964	7,439,091	7,570,028	7,456,138
Workers' Compensation Court	7,205,888	7,526,297	7,574,863	7,574,863
Total	\$ 94,505,515	\$ 97,349,720	\$ 96,723,382	\$ 95,431,750
Expenditures by Category				
Salaries and Benefits	\$ 70,832,815	\$ 73,318,750	\$ 71,620,856	\$ 70,614,513
Contracted Services	2,541,403	2,371,512	4,065,587	4,037,748
Subtotal	\$ 73,374,218	\$ 75,690,262	\$ 75,686,443	\$ 74,652,261
Other State Operations	9,578,977	10,274,740	9,072,446	8,826,426
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	9,558,718	9,345,143	9,461,948	9,636,948
Capital	1,993,602	2,039,575	2,502,545	2,316,115
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 94,505,515	\$ 97,349,720	\$ 96,723,382	\$ 95,431,750
Sources of Funds				
General Revenue	\$ 82,799,851	\$ 85,000,000	\$ 82,797,231	\$ 81,687,029
Federal Aid	1,872,594	1,939,312	2,706,941	2,711,941
Restricted Receipts	8,394,334	8,710,408	9,324,149	9,324,149
Other	1,438,736	1,700,000	1,895,061	1,708,631
Total	\$ 94,505,515	\$ 97,349,720	\$ 96,723,382	\$ 95,431,750
FTE Authorization	732.3	729.3	729.3	729.3
FTE Average	715.8			

FY 2009 Revised Request. The Department requested \$1.3 million more than enacted from all sources including \$2 more from general revenues. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$4,611,837 for the Department including \$4,164,561 from general revenues and 20.0 positions. The revised request is \$4,164,563 from general revenues and 20.0 positions above the enacted budget adjusted for that allocation.

The Governor recommended \$0.6 million less than enacted including \$2.2 million less from general revenues. This is also \$2.2 million less from general revenues than requested. He also recommended staffing of 729.3 full-time equivalent positions, as requested.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Judiciary is \$1.1 million. In addition, the Assembly shifted \$175,000 from general revenues from Supreme Court operations to the Defense of Indigents program and included \$5,000 more federal funds for the Victims of Child Abuse program.

Salaries and Benefits. The Department requested \$3.6 million more than the adjusted budget for all salaries and benefits. This includes \$1.1 million for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. This assumed \$2.1 million in turnover savings from vacancies, but those do not fully offset the statewide savings assumed in the enacted budget. In addition, the Department did not include savings associated with the uncompensated leave day. ***The Governor recommended \$733,355 less than requested to reflect more turnover savings than requested and the uncompensated leave day offset by the retiree health rate increase.*** The Assembly concurred, with the exception of the across-the-board reductions.

Judges Pension Costs. The Department requested \$171,640 more than enacted for judges' retirement costs, including \$248,701 more from general revenues for judges and magistrates who are not part of the state employee retirement system. The increase reflects a revision to actual costs for current retirees and an estimate of \$125,299 for additional retirements in the current year. ***The Governor recommended funding as requested.*** The Assembly concurred.

Adult Drug Court. The Department requested \$30,000 more than enacted from federal funds through the adult drug court for drug treatment. This request correctly reflects the grant received to support the adult drug court program. ***The Governor recommended funding as requested.*** The Assembly concurred.

Indigent Defense Services. The Department requested the enacted amount of \$3.1 million for its indigent defense services. Based on historical spending, including \$3.1 million in FY 2008, costs could exceed budgeted amounts by approximately \$600,000 for FY 2009 as in FY 2008. The Judicial Indigent Defense program assigns private attorneys to transferred clients when the Office of the Public Defender is unable to provide representation services because of conflicts of interest. ***The Governor recommended the enacted amount of \$3.1 million.*** The Assembly shifted \$175,000 of general revenues from Supreme Court operations to the Defense of Indigents program, consistent with the Judiciary's subsequent request.

Facilities Maintenance. The Department requested \$775,861 more than enacted from general revenues for the maintenance of the judicial complex facilities. This increase will place this expense more in line with historical spending and the Department's intended allocation of FY 2009 resources. ***The Governor recommended \$73,302 less than enacted, which is \$849,163 less than requested.*** The Assembly concurred.

Court Technology. The Department requested \$240,770 less than the \$2.5 million included in the enacted budget from general revenues for its court computer technology expenses. The decrease reflects the renegotiated contract with ACS for maintenance support. The savings are anticipated for

FY 2009 and FY 2010. *The Governor recommended \$737,563 less than enacted, which is \$496,793 less than requested.* The Assembly concurred.

Pre-Trial Services Unit. The Department requested \$56,946 more than enacted from general revenues for temporary staff to support the pre-trial service unit. The temporary staff will perform some of the functions of several vacant positions that will remain unfilled in order to achieve turnover savings. *The Governor recommended \$45,000 more than enacted, which is \$11,946 less than requested.* The Assembly concurred.

Child Support Collections. The Department requested \$98,944 from general revenues for auditing services, temporary data entry help and clerical services to support the child support collection unit. Audit services for the child enforcement unit ensure maximum reimbursement from the federal government for previously provided services. Currently, consultants are assisting the Rhode Island Supreme Court with the development of an acceptable cost allocation method and indirect rate. *The Governor recommended funding as requested.* The Assembly concurred.

Supervised Parental Visitation. The Department requested \$45,526 from general revenues to pay for six part-time contract workers to support the supervised parental visitation program. Since the work is intermittent, the Judiciary concludes it would be cost-effective to hire part-time contract workers, rather than filling vacant positions. *The Governor recommended funding as requested.* The Assembly concurred.

Federal Grant Awards. The Department requested \$617,525 more than enacted from federal funds to reflect grant increases to support several federally funded programs for FY 2009. This includes \$241,387 for the juvenile justice program, \$139,440 for grants to encourage arrest policies, \$112,982 for the development of the E-citation program, \$80,121 for the Family Court's drug court program grants, \$57,804 for the mental health court clinic grant, \$38,084 for the victim's assistance portal program, and \$16,000 for the violence against women grant, offset by \$16,000 less for the delinquency prevention intervention grant and \$52,293 less for the stop truancy outreach program. *The Governor recommended funding as requested.* The Assembly concurred and provided \$5,000 more federal funds to support the Family Court's Victims of Child Abuse program.

Rhode Island Foundation Grant Award. The Department requested \$72,051 from restricted receipts to reflect a carried forward balance from FY 2008 grant received from Rhode Island Foundation to preserve historic documents. Funds will be used by the Judicial Records Center to store, preserve, and provide access to the pre-1900 court records created by the five judicial counties of the colony and the State of Rhode Island. *The Governor recommended funding as requested.* The Assembly concurred.

Other Contracted Services. The Department requested \$93,064 more than enacted from all sources for contract services. This includes \$39,372 more from general revenues to cover additional legal counsel expenses for the Commission on Judicial Tenure and Discipline. The restricted receipts increase of \$53,726 primarily reflects the Workers' Compensation Court's share for janitorial services. *The Governor recommended funding as requested.* The Assembly concurred, with the exception of the across-the-board reductions.

Law Library Acquisitions. The Department requested \$53,924 more than enacted from general revenues for the Rhode Island State Law Library for increases to books, computer software, subscriptions, and publications. *The Governor recommended funding as requested.* The Assembly concurred.

Juror's Fees/Transportation. The Department requested \$65,089 more than enacted from general revenues for juror's fees, food, and transportation. The additional funds requested reflect increases in rental parking fees and transportation costs for jurors. *The Governor recommended funding as requested.* The Assembly concurred.

Witnesses Expenses. The Department requested \$12,946 more than enacted from general revenues for witness expenses. The increase reflects additional costs incurred by the Judiciary to bring witnesses in for trials and for expert testimony. *The Governor recommended funding as requested.* The Assembly concurred.

Other Operating Adjustments. The Department requested \$191,431 more than enacted from all sources for all other operating expenditures, including \$44,744 more from general revenues for office furniture purchases, library renovations, mileage allowance, and miscellaneous expenses. This also includes \$83,594 for a Champlin Foundation grant for library renovations, \$38,565 for Workers' Compensation Court, and \$17,860 for the Rhode Island Disciplinary Counsel to protect the public and maintain the integrity of the legal profession.

The Governor recommended funding essentially as requested. He also added \$264,920 in restricted receipts for the new Small Claims Court mediation account. The Assembly included across-the-board reductions and shifted \$175,000 from general revenues from Supreme Court operations to the Defense of Indigents program, consistent with the Judiciary's subsequent request.

Capital Projects. The Department requested \$195,061 from Rhode Island Capital Plan funds carried forward from FY 2008 for its capital projects. *The Governor recommended funding as requested.*

The Assembly included \$186,430 less Rhode Island Capital Plan funds to reflect the discontinuation of the Blackstone Valley Courthouse feasibility study and a minor reduction in the asset protection account based on updated schedules.

Military Staff

	FY 2008 Reported	FY 2009 Enacted	FY 2009 Revised	FY 2009 Final
Expenditures by Program				
National Guard	\$ 10,864,994	\$ 12,657,088	\$ 13,924,235	\$ 15,088,357
Emergency Management	12,908,240	15,762,704	25,968,824	32,037,783
Total	\$ 23,773,234	\$ 28,419,792	\$ 39,893,059	\$ 47,126,140
Expenditures by Category				
Salaries and Benefits	\$ 6,718,714	\$ 7,732,537	\$ 7,386,940	\$ 7,542,767
Contracted Services	965,246	1,228,961	1,118,374	1,117,824
Subtotal	\$ 7,683,960	\$ 8,961,498	\$ 8,505,314	\$ 8,660,591
Other State Operations	3,463,795	6,439,515	6,075,236	6,411,951
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	10,348,107	10,787,779	21,745,783	27,986,206
Capital	2,277,372	2,231,000	3,566,726	4,067,392
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 23,773,234	\$ 28,419,792	\$ 39,893,059	\$ 47,126,140
Sources of Funds				
General Revenue	\$ 2,320,832	\$ 3,739,948	\$ 3,575,260	\$ 3,427,246
Federal Aid	19,515,282	22,949,023	33,222,240	40,716,675
Restricted Receipts	158,275	315,321	346,833	346,833
Other	1,778,845	1,415,500	2,748,726	2,635,386
Total	\$ 23,773,234	\$ 28,419,792	\$ 39,893,059	\$ 47,126,140
FTE Authorization	104.0	103.0	101.0	101.0
FTE Average	90.3			

FY 2009 Revised Request. The Military Staff requested \$10.9 million more than enacted from all sources, including \$64,565 more from general revenues and 1.0 fewer full-time equivalent positions. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$548,987 for the Military including \$122,089 from general revenues and 2.8 positions. The revised request is \$186,654 from general revenues and 1.8 positions above the enacted budget adjusted for that allocation.

The Governor recommended \$39.9 million, which is \$11.5 million more than enacted and \$566,480 more than requested. The recommendation includes \$229,253 less from general revenues than requested largely from a reduction to the Rhode Island Statewide Communications Network. The Governor recommended 2.0 fewer full-time equivalent positions than enacted. Subsequently, the Governor requested an amendment to add \$3.6 million more from federal funds to more accurately reflect expenditures anticipated from federal awards, additional security services and stimulus projects.

The Assembly added \$3.9 million more from federal grant funds for the emergency management and reduced general revenues turnover savings of \$109,000. The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Military Staff is \$39,014.

Salaries and Benefits. The agency requested \$120,037 more than the adjusted budget for all salaries and benefits, including \$196,833 less from general revenues. This includes \$192,227 from all funds or \$28,819 from general revenues for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. It also reflects savings from vacant positions and extended leave. The agency's revised request includes 102.0 full-time positions, which is one less position than enacted to reflect the elimination of a maintenance position.

The Governor recommended \$66,163 less from all funds including \$5,102 more from general revenues than requested to reflect the increase in retire health rates. The Governor further recommended 2.0 full-time equivalent positions less than enacted. The Assembly assumed general revenue savings of \$109,000 from the additional vacancies and included the across-the-board reductions.

National Guard

Temporary and Other Contracted Services. The National Guard requested \$53,640 less than enacted from federal funds for contracted services. Accounting and temporary services have decreased expenditures due to a reduction in staffing. Also, a reduction in new hires resulted in fewer initial physical exams and yearly physicals. There is also a decrease in distance learning expenses because of a change with the contract for facilitating that program.

The Governor recommended \$49,826 more than requested for increased costs for security and other temporary staff, but included \$15,460 less from general revenues. Subsequently, the Governor requested an amendment to add \$106,035 from federal funds for contracted security staff to be housed at Quonset Point and the Command Readiness Center. The Assembly concurred, with the exception of the across-the-board reductions.

Military Funeral Honors. The National Guard requested \$149,426 from general revenues to continue providing a fourth member to the detail for Military Funeral Honors. The enacted budget did not include appropriations for this item. The Military indicated that this expenditure results from the Governor's State Active Duty Authorization dated June 16, 2008. The National Guard provides military honor guard details for all eligible military burials, at the family's request. The National Guard had provided a seven member detail and more recent six member detail. In April 2008, the National Guard further reduced the participants to four members. The honor guard detail had been fully funded by federal funds, but as of April 2008 the Federal National Guard Bureau informed the Rhode Island National Guard that federal funds are available to support a maximum of a three member detail. The additional member will be funded from general revenues, which are not included in the enacted budget. Rhode Island General Law authorizes compensation subject to the availability of state funds for honor guard detail at funerals. *The Governor recommended funding as requested.* The Assembly concurred.

Military Family Relief Fund. The National Guard requested \$30,000 for additional expenditures from the military relief family fund based on availability of additional funding. The fund, which is

supported by donations including an income tax check-off, provides financial support, in the form of grants, to National Guard and Reserve families encountering financial hardships due to extended deployments. *The Governor recommended funding as requested.* The Assembly concurred.

Capital Projects. The National Guard requested a revised capital project budget of \$2.8 million for FY 2009. This is \$0.6 million more from Rhode Island Capital Plan funds than enacted, for the Quonset Point, Schofield and Woonsocket projects which represents funds carried forward from FY 2008. *The Governor recommended \$763,212 more than requested from Rhode Island Capital Plan funds for all approved projects to accelerate available funds.*

The Governor subsequently requested an amendment to add \$614,006 from federal funds that match the Rhode Island Capital Plan funds and \$604,900 from new federal stimulus funds for the Property and Fiscal Office roof and the Field and Maintenance Shop 3 window projects from FY 2011 to FY 2009. The latter are included in the approved capital plan for FY 2011. The Assembly concurred, with the exception of reducing \$50,000 from asset protection and shifting of \$63,340 for the Woonsocket building demolition to FY 2010.

Other Operating Adjustments. The National Guard requested \$128,632 less than enacted, including \$8,003 less from general revenues for all other operating expenses. The most significant change is a \$125,107 reduction in maintenance and repairs from a facility that will soon be vacated. *The Governor recommended \$6,144 more from all funds than requested for Military Staff vehicles including \$3,244 from general revenues primarily for repairs and gas costs.* The Assembly concurred, with the exception of the across-the-board reductions.

Emergency Management

Rhode Island Statewide Communications Network. The Emergency Management Agency's revised request included \$2.6 million from federal funds carried forward from FY 2008 for the continued expansion of the Rhode Island Statewide Communications Network, which includes upgrading equipment, training, salaries and benefits and travel related expenses. The enacted budget includes \$3.7 million for this program including \$1.3 million from general revenues. Although the request decreases expenditures for the salaries and benefits related to this project by \$200,563 from general revenues, it shifts that funding to operating expenses to preserve the full appropriation.

The Governor recommended the requested federal funds increase, but did not concur with the additional general revenues and reduced requested expenses by \$222,139. The Assembly added \$2.0 million more from federal funds for statewide interoperable communications network expenditures, based on a subsequent request from the Governor.

Homeland Security Grants. The Emergency Management Agency's revised request included an increase in federal grand awards of \$4.0 million for homeland security activity. The changes reflect the adjustment to accurately reflect the actual grant award balance. The agency routinely budgets available resources not necessarily planned expenditures. *The Governor recommended federal funding of \$4.0 million which is \$6,000 more than requested to reflect additional grant funding.* The Assembly added \$800,000 more from federal funds to accurately reflect current expenditures, based on a subsequent request from the Governor.

Urban Areas Security Initiative 2008. The agency requested new federal funding of \$1.7 million. The Urban Areas Security Initiative provides financial assistance to address the unique multi-disciplinary planning, operations, equipment, training, and exercise needs of high-threat, high-density

urban areas, and to assist them in building and sustaining capabilities to prevent, protect against, respond to, and recover from threats or acts of terrorism. *The Governor recommended funding as requested. Subsequently, the Governor requested an amendment to shift \$1.0 million in funding from FY 2010 to FY 2009 for costs associated with this grant.* The Assembly concurred.

Other Grant Adjustments. The Emergency Management Agency's revised request included an increase in federal grant awards of \$2.3 million. The FY 2009 revision appears to adjust for funds carried forward from prior years and revised estimates of grant awards. The agency routinely budgets available resources not necessarily planned expenditures.

The Governor recommended \$30,000 more from federal funds than requested for the agency to coordinate with the Department of Health in an effort to ensure city and town Pandemic Flu preparedness. The Governor subsequently requested an amendment to add \$1.6 million from federal funds, which includes \$50,592 for map modernization management support, \$41,879 for pre-disaster mitigation, \$24,000 for flood mitigation assistance, \$1.3 million for emergency management performance grants, \$114,453 for hazardous materials programs, and \$26,886 for the Community Assistance Program grant. The Assembly concurred.

Transit Security Grant 2008. The Emergency Management Agency requested \$454,000 for transit security activities. This is \$214,000 more than enacted. The Emergency Management Agency is the pass through agency for this grant that is transferred directly to the Rhode Island Public Transportation Authority. The grant provides funding to the nation's key high-threat urban areas to enhance security measures for their critical transit infrastructure including bus, ferry and rail systems. Grant funding is used for staff training on how to deal with anti-terrorism and mass transit security. *The Governor recommended funding as request.*

The Governor subsequently requested amendments to add \$779,292. The Assembly concurred.

Other Operating Adjustments. The Emergency Management Agency requested \$41,501 more than enacted from general revenues. The bulk of the increased expense is attributed to utility expenses. *The Governor recommended funding as requested.* The Assembly concurred, with the exception of the across-the-board reductions.

Department of Public Safety

		FY 2008 Reported	FY 2009 Enacted	FY 2009 Revised	FY 2009 Final
Expenditures by Program					
Central Management	\$	4,155,708	\$ 4,987,750	\$ 4,323,591	\$ 9,204,123
E-911		5,834,446	5,449,940	5,798,684	5,736,354
Fire Marshal		2,681,580	2,638,889	3,820,127	4,078,997
Security Services		3,665,489	3,744,088	3,524,634	3,485,764
Municipal Police Training Academy		456,443	497,195	530,371	540,742
State Police		56,125,211	70,507,597	71,392,709	70,708,608
Rhode Island Justice Commission		231,628	-	-	-
Total	\$	73,150,505	\$ 87,825,459	\$ 89,390,116	\$ 93,754,588
Expenditures by Category					
Salaries and Benefits	\$	45,617,909	\$ 49,226,220	\$ 46,472,856	\$ 45,832,576
Contracted Services		1,336,078	509,069	860,356	1,154,433
Subtotal	\$	46,953,987	\$ 49,735,289	\$ 47,333,212	\$ 46,987,009
Other State Operations		6,781,018	6,546,965	7,225,192	7,190,804
Aid to Local Units of Government		-	-	-	-
Assistance, Grants, and Benefits		18,109,601	18,915,067	18,668,794	23,425,381
Capital		1,440,581	12,628,138	16,162,918	16,151,394
Capital Debt Service		(134,682)	-	-	-
Operating Transfers		-	-	-	-
Total	\$	73,150,505	\$ 87,825,459	\$ 89,390,116	\$ 93,754,588
Sources of Funds					
General Revenue	\$	62,946,519	\$ 66,828,094	\$ 64,656,938	\$ 63,963,302
Federal Aid		5,957,636	6,232,120	9,976,455	15,309,713
Restricted Receipts		1,103,585	434,000	835,000	835,000
Other		3,142,765	14,331,245	13,921,723	13,646,573
Total	\$	73,150,505	\$ 87,825,459	\$ 89,390,116	\$ 93,754,588
FTE Authorization		422.1	414.5	396.1	396.1
FTE Average		405.9			

FY 2009 Revised Request. The Department requested expenditures of \$91.0 million from all sources, including \$66.3 million from general revenues, \$3.2 million more than the FY 2009 enacted budget from all sources, and 19.4 fewer full-time equivalent positions.

The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$2,321,080 from general revenues and 11.4 positions for the Department. The revised request is \$1.8 million from general revenues above the enacted budget adjusted for that allocation. Staffing is 8.0 positions below the adjusted budget.

The Governor recommended expenditures of \$89.4 million from all sources, \$1.6 million less than requested. He included \$1.7 million less from general revenues than requested. The Governor recommended 18.4 fewer positions than enacted, 1.0 more than requested.

The Governor subsequently requested a series of amendments, which increased expenditures from federal funds by \$4.4 million. This includes \$3.8 million of grant awards based upon passage of the federal stimulus act.

The Assembly provided \$93.8 million from all sources, \$4.4 million more than recommended, primarily from newly available federal funds, and \$0.7 million less from general revenues.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Department of Public Safety is \$543,636.

E-911 Telephone System

Other Salaries and Benefits. The Department requested \$259,040 more than the adjusted budget for all other salaries and benefits. This includes \$53,236 for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. The request continues to include funding for the contract and specification compliance officer position which was eliminated in the enacted budget. The Department downgraded the position contract to 0.5 positions, but upgraded a 0.5 administrative support specialist to full-time. The request also eliminates 2.0 positions: a telecommunicator and a shift supervisor.

Subsequently, the Department submitted a corrective action plan to eliminate the position targeted in the FY 2009 enacted budget saving an additional \$62,150. To date, the position has not been eliminated. The Department also indicated it will leave a telecommunicator position vacant for an additional \$34,374 in savings for FY 2009. *The Governor recommended \$74,963 less than requested from general revenues, which reflects the additional savings from the corrective action plan.* The Assembly concurred, with the exception of the across-the-board reductions.

Overtime. The Department requested \$226,031 more from general revenues above the enacted amount of \$50,000 for E-911 overtime expenditures. E-911 exceeded its overtime budget within the first quarter and requested additional funding to offset current vacancies. The division has begun an accelerated training program for four new telecommunicators to mitigate this expense. *The Governor recommended \$26,031 less than requested based upon the hiring of 4.0 new telecommunicators on January 1, 2009.* The Assembly concurred.

Software Maintenance. The Department requested \$36,488 more from general revenues for software maintenance expenditures the agency inadvertently omitted from its initial FY 2009 request. This includes software support funding for equipment located within the alternate Public Safety Answering Point. *The Governor recommended funding as requested.* The Assembly concurred.

Pictometry Upgrade. The Department requested an increase of \$85,119 of federal Homeland Security grant funds carried forward from FY 2008 for its project to establish a pictometry database project. The database includes aerial pictures, which will allow call takers to better determine the exact coordinates of a caller. *The Governor recommended funding as requested.* The Assembly concurred.

Geo-Coding Upgrade. The Department requested \$250,000 from new federal Homeland Security grant funds to continue to maintain the integrity of the newly acquired GIS data through contracts to perform routine maintenance on the database. The Department requested \$250,000 from general revenues in the FY 2009 budget; however, the Governor and the Assembly did not include funding for this upgrade in the FY 2009 enacted budget. The Department has since identified federal funds for this purpose. *The Governor recommended funding as requested.* The Assembly concurred.

Other Operating. The Department requested \$26,820 more from all sources, including \$24,120 from general revenues for other operating expenses. This includes expenses for telephone, technical support, and computer supplies.

Subsequently, the Department submitted a corrective action plan that included the delay of the purchase of new computer equipment to save \$25,000 and to delay the purchase of the update to the SS-7 system for which \$150,000 was included in the enacted budget.

The Governor assumed the savings included in the corrective action plan, further reduced the request by \$6,100 and eliminated the \$55,000 from Rhode Island Capital Plan funds budgeted for building repairs. The Assembly concurred, with the exception of the across-the-board reductions.

Fire Marshal

Salaries and Benefits. The agency requested \$108,819 more than the adjusted budget for all salaries and benefits. This includes \$59,626 for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. The remaining change reflects some additional turnover savings, but the request assumes all positions would eventually be filled.

Subsequently, the Department submitted a corrective action plan that includes leaving the principal clerk stenographer position vacant to save \$6,057. The plan also indicated that two new hires elected to waive health insurance will produce additional savings of \$6,995.

The Governor recommended \$97,857 less than requested from general revenues to reflect additional turnover savings and a correction to the agency's benefit calculations, offset by increased retiree health costs. The Assembly concurred, with the exception of the across-the-board reductions.

Grant Adjustments. The Department requested an increase of \$1.2 million from federal funds for the purchase of equipment and fire safety supplies. This includes \$0.3 million of new Homeland Security funding for a new explosive detonation vehicle as well as \$0.5 million carried forward from FY 2008 for a containment vessel, a digital X-Ray format system, and Quick Attack Robots. There is also \$0.1 million carried forward from FY 2008 to provide training for local fire departments on emergency response to hazardous materials emergency procedures.

The Governor recommended funding as requested and added \$56,000 from an additional award. Subsequently, the Governor requested an amendment to include \$285,000 from newly available federal Homeland Security Urban Area Security Initiative funds. The Assembly concurred.

Quarry Blasting Study. The Department requested \$15,800 from general revenues for the last payment of the Quarry Blasting Study. Funding was reappropriated in FY 2008 for the study; however, due to delays in the processing of the expenditures at the end of FY 2008, the final payment was not made. The study is complete and will be delivered once the final payment is made. *The Governor recommended funding as requested.* The Assembly concurred.

Other Operating. The Department requested \$11,163 more from general revenues for all other operating expenses. This included \$11,700 less for vehicle maintenance expenses offset by increases for clerical services at the Fire Training Academy and other adjustments. *The Governor recommended \$3,500 less than requested with adjustments in computer equipment.* The Assembly concurred, with the exception of the across-the-board reductions.

Security Services

Salaries and Benefits. The agency requested \$23,083 less than the adjusted budget for all salaries and benefits for the Capitol Police. This includes \$34,473 for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. It also reflects 2.0 vacant positions, a chief lieutenant and a capitol police officer, within the agency for which authorization to fill is requested. Presently, the duties of the position of lieutenant have been assigned to the sergeant. The Department also eliminated 2.0 capitol police officer positions. This is offset by \$100,000 of additional overtime expenses to cover shifts due to vacancies.

Subsequently, the Department's corrective action plan proposed to leave the lieutenant, sergeant and officer positions vacant all year to produce savings of \$185,763 for FY 2009.

The Governor recommended \$20,357 more than requested primarily to reflect an increase in retiree health insurance. The Assembly concurred, with the exception of the across-the-board reductions.

Other Operating. The Department requested \$34,211 less from general revenues for all other operating expenses. This includes \$15,000 less for uniform and supply expenditures due to the consolidation of the agency within the Department of Public Safety that allowed for a better purchasing agreement with the supplier. This is in addition to a reduction of \$18,000 of vehicle and maintenance expenditures. *The Governor recommended funding as requested.* The Assembly concurred, with the exception of the across-the-board reductions.

Municipal Police Training Academy

Salaries and Benefits. The agency requested \$46,986 less than the adjusted budget for all salaries and benefits. This includes \$3,047 for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. It also reflects savings from eliminating an administrative assistant position. The Governor recommended \$1,329 less than requested for additional turnover savings. The Assembly concurred, with the exception of the across-the-board reductions.

Community Policing and Cultural Diversity Grant Award. The Department requested \$93,400 from federal funds to reflect a new grant award for community policing and cultural diversity training. This training program will focus on community policing and problem solving in addition to the reintegration of war veterans to police forces. *The Governor recommended funding as requested.* The Assembly concurred.

Law Enforcement Safety Coordinator. After the Department submitted its budget request, the Academy received a federal grant award of \$15,945 to contract for a Law Enforcement Safety Coordinator. The Law Enforcement Safety Coordinator will promote and assist with the implementation of national and state safety highway safety training programs addressing occupant protection, impaired driving, speed management, and other traffic safety initiatives. *The Governor subsequently requested an amendment to include the \$15,945 from this grant.* The Assembly concurred.

Other Operating. The Department requested \$7,472 more than enacted including \$9,215 more from general revenues, for all other operating expenditures. This includes an increase of \$8,840 for vehicle maintenance and an increase of \$375 for other operating expenses. *The Governor recommended funding as requested.* The Assembly concurred, with the exception of the across-the-board reductions.

State Police

Salaries and Benefits. The agency requested \$0.1 million more than the adjusted budget from all sources for State Police salaries and benefits. This includes \$0.4 million for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. It also reflects the retirement of 17.0 troopers and two civilian vacancies. These include 1.0 detective colonel, 4.0 detective troopers, 12.0 senior troopers, the director of telecommunications, and the principal confidential transcriber. The request assumes filling the two civilian vacancies and eliminating the 17.0 trooper positions.

Subsequently, the Department submitted a corrective action plan that includes turnover savings from 2.0 more troopers to produce an additional saving of \$24,149. The Department also proposed to eliminate the 8.0 full-time equivalent positions in the State Police Violent Fugitive Task Force to produce an additional saving of \$202,265.

The Governor recommended \$0.1 million less than requested. The Governor included the turnover savings from the 2.0 additional trooper retirements, but not the elimination of 8.0 positions in the Fugitive Task Force. The recommendation assumes the filling of one of the two civilian vacancies and eliminating the 19.0 trooper positions. The Assembly provided \$150,000 less from general revenues, based on additional turnover and operating savings reflected in the Department's third quarter report in addition to the statewide across-the-board reductions.

Sworn Members Retiree Health Benefits. The 2008 Assembly passed Article 4 of 2008-H 7204, which required all state retiree health benefits to move from a pay-as-you go to an actuarial basis. For the State Police sworn members, whose benefits are calculated separately from other state agencies, the enacted budget includes \$3.0 million based on 20.06 percent of salaries. The Department's revised request includes \$17,460 less using updated payroll projections.

The Governor recommended legislation in his revised budget to delay the move to actuarial funding by two years. Funding the State Police on a pay-as-you-go basis requires a payroll rate of 13.2 percent for FY 2009, or \$0.9 million less than enacted. The Assembly concurred.

Computer Maintenance Contracts. The agency requested \$254,389 more than enacted from general revenues for computer maintenance contracts to support annual costs. The State Police overspent its budget for this in FY 2008. It had requested additional funding for FY 2009, which was not provided. *The Governor recommended funding as requested.* The Assembly concurred.

Pension. Pensions for troopers hired before July 1, 1987 are funded through a general revenue appropriation and are projected to exceed the enacted budget by \$601,198. Changes to the enacted budget assumptions include three fewer widow's pensions, two more disability pensions and 10 more regular pensions. Subsequently, the corrective action plan indicated \$39,688 in savings due to the death of a pensioner. *The Governor recommended funding as requested, adjusted for the corrective action plan.* The Assembly concurred.

Fleet Replacement. The Department requested \$1.1 million for fleet replacement costs, \$231,663 less than enacted. This decrease reflects the current schedule for repayment of debt service for vehicles that have already been purchased, provided by the Budget Office. *The Governor recommended funding as requested.* The Assembly concurred.

Vehicle Maintenance. The Department requested \$1.8 million for vehicle maintenance costs. This is \$66,993 less than enacted from all sources, including \$245,007 more from general revenues and \$312,000 less from Department of Transportation funding. The decrease from Department of Transportation funding is due to an estimate of a reduction in the number of road detail hours from 35,000 to 22,000. The Department has not explained why maintenance costs do not decrease as usage goes down.

Subsequently, the Department submitted a corrective action plan that would increase the reimbursement rate for patrol vehicle usage on road construction details from \$24.00 per hour to \$30.00 per hour. This would increase revenue from the Department of Transportation funds by \$34,722 in FY 2009. *The Governor recommended funding as requested; however, it did not appear to include the corrective action plan savings.* The Assembly concurred.

Statewide Communications Network Connection. The Department requested \$1.7 million from new federal funding to provide portable, mobile, and console radio equipment that will allow the State Police to migrate its communication efforts to the Rhode Island Statewide Communications Network. The network project is being developed and funded with state and federal sources through the State Emergency Management Agency's budget. *The Governor recommended funding as requested.* The Assembly concurred.

Fusion Center. The Department requested \$50,000 more than enacted from federal sources carried forward from FY 2008 to purchase a comprehensive intelligence system for the Rhode Island Fusion Center. The Rhode Island Fusion Center electronically collects information from a number of government and public databases. This information allows the Department to use the Fusion Center to cross reference and look for disparities of information relating to individuals that may be partaking in illegal activities. *The Governor recommended funding as requested. Subsequently, the Governor requested an amendment to further increase this funding by \$263,373.* The Assembly concurred.

Drug Enforcement Program. The Department requested \$274,710 more than enacted from federal sources carried forward from FY 2008 to develop and implement a records management system. *The Governor recommended funding as requested.* The Assembly concurred.

Cyber Terrorism Task Force. The Department requested \$79,289 more than enacted from additional federal United States Army Intelligence Cyber Terrorism Task Force funds. These funds are to be used to protect the nation's cyber infrastructure including the Internet and other infrastructures that use computer systems. *The Governor recommended funding as requested.* The Assembly concurred.

Internet Crimes Against Children. The Division requested \$40,793 more than enacted from federal funds to establish a statewide multi-agency law enforcement task force to target online predators and child exploitation investigations. The increase reflects funding for the lease of a property used to target and monitor online predators. *The Governor recommended funding as requested. The Governor subsequently requested an amendment to add \$0.2 million based on passage of the federal stimulus act.* The Assembly concurred.

Grant Adjustments. The Department requested \$80,475 more than enacted from all sources for other grant adjustments. This includes \$66,455 to further develop the security of the nation's existing technology infrastructure, and \$31,000 for the purchase of portable radios and car chargers for police vehicles. *The Governor recommended funding as requested.*

Subsequently, the Governor requested an amendment transferring the \$325,456 from federal funds for the Rhode Island Grants to Encourage Arrest Policies and \$9,984 from federal funds for the Forensic Improvement program to Central Management. The Assembly concurred.

Training and Surveillance Equipment. The Department requested \$408,000 more than enacted from restricted receipts and federal funds available from the forfeiture of seized money to purchase new equipment of new federal property and restricted receipt forfeitures. The Department plans to purchase radio and phone recording equipment, police equipment, a network upgrade, a server and desktop replacement, in addition to software upgrades. *The Governor recommended funding as requested.* The Assembly concurred.

Other Operating. The Department requested \$69,340 more from general revenues for all other operating expenditures. This includes an increase of \$12,815 for telephone expenditures, \$21,000 more for staff uniforms and \$24,319 more for contract services, such as employee physicals. Subsequently, the Department submitted a corrective action plan and included a delay in purchasing laptop computers for recruits, for which \$150,000 was included in the enacted budget. *The Governor recommended funding as requested, removed \$150,000 for the purchase of laptops for recruits, and added \$50,000 from new federal funds.* The Assembly concurred, with the exception of the across-the-board reductions.

Capital. The State Police requested \$11.6 million from Rhode Island Capital Plan funds for its capital projects, which is \$0.1 million more than enacted. This includes \$95,673 reappropriated for improvement projects at the barracks and \$50,010 more than enacted for improvements to the State Police Headquarters. Detailed descriptions of all projects appear in the Capital Budget Section of this publication. *The Governor recommended funding as requested, with a slight adjustment of \$140.*

The Assembly provided \$11.3 million, \$0.3 million less than recommended. The Assembly shifted \$225,000 for parking lot improvements from FY 2009 to FY 2010 due to project delays and shifted \$50,000 from FY 2009 to FY 2011 for improvements to the State Police Headquarters due to a delay in the bidding process.

Central Management

Salaries and Benefits. The agency requested \$244,687 more than the adjusted budget for all salaries and benefits. This includes \$20,912 for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. It also reflects unachieved program reductions. The FY 2009 enacted budget authorized a total of 9.0 full-time equivalent positions that included a program reduction of 4.0 positions for the Justice Commission Office. However, this reduction did not occur as enacted. The request reconfigures the staffing to reflect a net addition of 2.6 positions above the enacted budget, for a staffing level of 11.6 positions.

The Governor recommended \$51,114 less than requested to correct a miscalculation in the request. The Governor recommended adding 2.6 positions as requested. The Assembly concurred, with the exception of the across-the-board reductions.

Forensic Improvement Program. The Governor's revised budget includes \$9,984 from federal sources for improvements to the state's crime labs, forensic laboratories, and medical examiner's office, with the goal to expedite the process of forensic evidence in the State Police program. *The Governor subsequently requested an amendment to add \$42,855 from available resources for this purpose and transferred the \$9,984 from federal sources due to a misclassification.* The Assembly concurred.

Grant Adjustments. The Department requested \$814,692 less than enacted from federal sources for grant adjustments. This includes \$65,025 less than enacted for Crime Victim Assistance grants, which will be carried forward to FY 2010; and \$752,257 less than enacted for the Narcotics Control Assistance Program, which will be carried forward to FY 2010. *The Governor recommended funding as requested.*

Subsequently, the Governor requested an amendment to transfer \$325,456 from federal funds from the State Police Program to Central Management for the Rhode Island Grants to Encourage Arrest Policies and the Forensic Improvement program.

The Governor further requested an amendment based on passage of the federal stimulus act to add \$0.3 million from Crime Victim Assistance grants, \$2.8 million from Byrne Grant awards, and \$0.5 million new federal awards for the Violence Against Women grant program. The Assembly concurred and included the additional funding.

Office of the Public Defender

	FY 2008	FY 2009	FY 2009	FY 2009
	Reported	Enacted	Revised	Final
Expenditures by Category				
Salaries and Benefits	\$ 8,369,864	\$ 8,648,144	\$ 8,622,493	\$ 8,386,060
Contracted Services	138,873	221,743	168,766	166,807
Subtotal	\$ 8,508,737	\$ 8,869,887	\$ 8,791,259	\$ 8,552,867
Other State Operations	758,034	814,442	817,979	811,192
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	36,028	32,400	34,400	34,400
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 9,302,799	\$ 9,716,729	\$ 9,643,638	\$ 9,398,459
Sources of Funds				
General Revenue	\$ 9,030,938	\$ 9,468,259	\$ 9,318,047	\$ 9,072,868
Federal Aid	271,861	248,470	325,591	325,591
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 9,302,799	\$ 9,716,729	\$ 9,643,638	\$ 9,398,459
FTE Authorization	93.5	93.5	91.0	91.0
FTE Average	90.3			

FY 2009 Revised Request. The Office requested \$115,299 less than enacted from all sources including \$188,961 less from general revenues and 2.5 fewer full-time equivalent positions. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$574,967 for the Office including \$564,925 from general revenues and 2.6 positions. The revised request is \$375,964 from general revenues above the enacted budget adjusted for that allocation.

Subsequently, the Office submitted a corrective action plan indicating it could achieve savings of \$375,964 by eliminating 14.0 positions in addition to turnover savings and reductions in purchased services.

The Governor recommended \$150,212 less than enacted from general revenues, which is \$38,749 more than requested. He also recommended 2.5 fewer positions as requested. The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Office of the Public Defender is \$245,179. The Assembly also included \$105,000 less general revenues to reflect turnover savings.

Adult Drug Court. The Office requested \$38,670 more than enacted from federal funds to support the adult drug court program. This was not included in the enacted budget because the Office was not aware it would be awarded the funds. *The Governor recommended \$494 more than requested to reflect the retiree health rate increase.* The Assembly concurred.

Juvenile Response Unit. The Office requested \$35,323 more from federal funds to reflect the grant received to support its juvenile response unit staff. The unit staff provides immediate defense intervention and advocacy to incarcerated juveniles eligible for non-custody community-based treatment alternatives. *The Governor recommended \$1,417 more than requested to reflect the retiree health rate adjustments.* The Assembly concurred.

Salaries and Benefits. The Office requested \$385,675 more than the adjusted budget for all other salaries and benefits. This includes \$130,275 for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. This is offset by reductions for one uncompensated leave day and updated costs for salaries, medical, and retirement benefits. The FY 2009 revised request assumes filling 3.0 of its vacant positions.

The Office's corrective action plan proposed to achieve savings of \$321,754 from salaries and benefits by eliminating 14.0 positions which will result in the elimination of constitutionally and statutorily required representation in parental rights cases and misdemeanor violation of probation cases. The Office's plan also projected \$38,208 from attrition by prolonging unfilled vacancies longer than expected. *The Governor recommended \$54,749 more from general revenues than requested to reflect the increase in the retiree health insurance rate.* The Assembly included \$105,000 less general revenues to reflect turnover savings as well as across-the-board reductions.

Contracted Services. The Office requested the enacted amount of \$133,566 for trial-related expenditures such as expert witnesses, interpreter/translators, transcripts, and a contractual social worker to fill in for an employee on medical leave. Other contract service expenses include security alarm installation, electronic entry maintenance, paper shredding, database maintenance, internet access and the statewide J-link network. The Office's corrective action plan subsequently proposed to achieve \$16,000 in purchased services reductions in outside interpreters and expert witnesses. *The Governor recommended the \$16,000 reductions proposed in the corrective action plan.* The Assembly concurred, with the exception of the across-the-board reductions.

Department of Environmental Management

	FY 2008	FY 2009	FY 2009	FY 2009
	Reported	Enacted	Revised	Final
Expenditure by Program				
Office of the Director	\$ 8,009,309	\$ 8,757,719	\$ 7,868,592	\$ 7,807,343
Bureau of Natural Resources	32,485,864	47,308,018	44,316,049	47,094,275
Bureau of Environmental Protection	29,878,351	32,892,415	30,874,114	31,911,086
Subtotal	\$ 70,373,524	\$ 88,958,152	\$ 83,058,755	\$ 86,812,704
Expenditures by Category				
Salaries and Benefits	\$ 46,263,764	\$ 46,999,150	\$ 42,816,096	\$ 42,595,557
Contracted Services	5,649,304	7,494,623	8,310,539	8,444,125
Subtotal	\$ 51,913,068	\$ 54,493,773	\$ 51,126,635	\$ 51,039,682
Other State Operations	8,796,650	9,484,789	10,074,994	10,026,248
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	5,834,827	10,233,488	6,103,874	7,103,874
Capital	3,828,979	14,746,102	15,753,252	18,642,900
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 70,373,524	\$ 88,958,152	\$ 83,058,755	\$ 86,812,704
Sources of Funds				
General Revenue	\$ 36,032,812	\$ 35,779,384	\$ 34,011,362	\$ 33,555,663
Federal Aid	18,024,013	33,435,438	30,423,404	34,508,404
Restricted Receipts	13,483,302	16,411,875	13,514,137	13,614,137
Other	2,833,397	3,331,455	5,109,852	5,134,500
Total	\$ 70,373,524	\$ 88,958,152	\$ 83,058,755	\$ 86,812,704
FTE Authorization	482.0	473.0	409.0	409.0
FTE Average	471.0			

FY 2009 Revised Request. The Department requested \$3.4 million less than enacted, including \$1.6 million less from general revenues, \$3.2 million less from federal funds, \$1.2 million less from restricted receipts and \$2.6 million more from other funds. The Department requested 409.0 full-time equivalent positions, which is 64.0 less than authorized. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$2,890,539 for the Department including \$1,703,604 from general revenues and 13.0 positions. The revised request is \$78,434 from general revenues and 51.0 fewer positions than the adjusted allocation. The Department subsequently submitted a corrective action plan to meet the adjusted budget through turnover savings in the Department's Office of Administrative Adjudication.

The Governor recommended \$2.5 million less than requested, primarily from a shift of underground storage tank resources to the Rhode Island Public Transit Authority. The total recommendation is \$5.9 million less than enacted, including \$1.8 million less from general revenues, \$3.0 million less from

federal funds, \$2.9 million less from restricted receipts and \$1.8 million more from Rhode Island Capital Plan funds. The Governor recommended the requested number of positions. The Governor subsequently requested an amendment to add \$4.0 million from federal funds to more accurately reflect expenditures anticipated from federal awards, as well as the addition of \$0.6 million from the American Recovery and Reinvestment Act of 2009.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Department of Environmental Management is \$455,699. The Assembly also adjusted Rhode Island Capital Plan Fund expenditures and concurred with the remainder of the recommendation.

Salaries and Benefits. The agency requested \$1.3 million less than the adjusted budget for all salaries and benefits. This includes \$526,574 for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. The Department requests 409.0 positions, or 64.0 less than the FY 2009 authorized amount. The Department noted that the positions became vacant due to retirements and other turnover.

The request is 51.0 positions less than the position reductions assigned by the Budget Office as part of the statewide savings. By program, the Office of the Director has been reduced by 6.0 positions, the Bureau of Natural Resources was reduced by 40.1 positions and the Bureau of Environmental Protection was reduced by 17.9 positions in the Department's revised request. The Department subsequently submitted a corrective action plan to meet the adjusted budget through \$0.3 million turnover savings in the Department's Office of Administrative Adjudication.

The Governor recommended \$0.1 million more than requested, \$155,893 less from general revenues to reflect the turnover savings included in the corrective action plan, offset by the retiree health rate adjustment. The Governor recommended the requested reduction of 64.0 positions. The Assembly concurred, with the exception of the across-the-board reductions.

Parks Operations. Excluding salaries and benefits, the Department requested \$2.8 million from general revenues for program expenses related to the division of parks and recreation, \$361,463 more than enacted for grounds maintenance, equipment repairs and waste disposal. During the past three fiscal years, the Department has incurred an average deficit of \$0.4 million. The revised request for operating expenditures in FY 2009 is \$361,463 above the enacted amount, which is consistent with the three year average. The Department's initial FY 2009 request included \$230,234 more than enacted; however, the Governor recommended \$55,234 more than enacted and the Assembly concurred. If the full request was appropriated to the Department, the revised request would have been \$131,229 more than enacted. *The Governor recommended funding as requested. The Assembly concurred.*

Federal Grants. The Department requested \$1.7 million less from federal funds for grants throughout the Department. This includes \$0.2 million less for the Boating Infrastructure Program, \$1.8 million less for the Specialty Crops Program, \$75,000 less for the Finfish Monitoring Program, \$0.1 million less for the Narragansett Bay Monitoring Program, \$400,000 to fund the Heavy Duty Diesel Vehicles Retrofit Program and \$14,000 more for the Rural Community Fire Protection Program. The Department noted that the changes are being requested to more accurately reflect the anticipated FY 2009 federal award.

The Governor recommended funding as requested. Subsequently, the Governor requested an amendment to add \$3.4 million from federal funds for seven separate grants throughout the Department in order to more accurately reflect expenditures anticipated from federal awards. This includes \$1.5 million more each for the Forest Legacy Program and the Comprehensive Wildlife Management Program, \$0.3 million for remediation of leaking underground storage tanks and \$0.4 million from the Diesel Emissions Reductions program. The Assembly concurred.

Rose Hill Landfill. The Department requested \$250,000, or \$1,070 more than enacted from federal funds for the remaining construction costs for the capping of the Rose Hill Landfill Superfund site. *The Governor recommended \$251,391, or \$2,461 more than enacted to reflect the anticipated federal award. Subsequently, the Governor requested an amendment to add \$325,000 more from federal funds to reflect the actual federal award. The Assembly concurred.*

Rhode Island Capital Plan Fund Projects. The Department requested \$4.5 million from Rhode Island Capital Plan funds for five ongoing capital projects. The request is \$2.2 million more than enacted, including \$0.3 million more for state-owned dam repairs, \$0.1 million for the rehabilitation of Fort Adams, \$1.0 million for upgrades to the state piers at Newport and Galilee and \$0.9 million for facilities improvements at the state's recreational facilities.

The Governor recommended \$1.0 million less than requested and \$1.2 million more than enacted. Recommended changes to the enacted include \$0.9 million more for facilities improvements at the state's recreational facilities, \$400,000 more for upgrades to the Newport Piers, and \$0.2 million less for upgrades to the Galilee Piers. The Assembly concurred with four projects, but removed \$0.1 million from the Galilee Piers project to reflect actual expenditures.

Payments to Host Beach Communities. The Department requested \$455,000 from general revenues for payments to host beach communities, which is \$55,000 more than enacted to reflect actual payments owed. The Department collects fees for daily and seasonal parking at seven facilities across the state and reimburses the four host communities of Charlestown, Westerly, Narragansett and South Kingstown 27.0 percent of all daily parking fees collected from Memorial Day to Labor Day. Historically, the Department budgets \$400,000 for this payment, and has consistently required a supplemental appropriation for the payment. The FY 2003 through FY 2007 average payment was \$429,965. It appears that the Department could request expenditures closer to this average to avoid the annual supplemental appropriation. *The Governor recommended funding as requested. The Assembly concurred.*

Oil Spill Prevention, Administration and Response Fund. The Department requested \$2.0 million from the Oil Spill Prevention, Administration and Response Fund. The request includes funding for continued renovations of the Dawley Park facility for Emergency Response, maintenance of the Physical Oceanographic Real-Time system, and contractual services with the University of Rhode Island to update the state's emergency response plan, and to support the Narragansett Bay National Estuarine Research Reserve. The request is \$248,294 less than enacted to reflect anticipated receipts in the fund. *The Governor recommended \$242,144 less than enacted, which is \$6,150 more than requested. The Assembly concurred.*

Underground Storage Tank Financial Responsibility Fund Review Board. The Department requested \$4.2 million from restricted receipts for the Underground Storage Tank Financial Responsibility Fund Review Board. The Board is funded through a one cent per gallon tax on motor fuel. The request is \$21,965 less than enacted to reflect available restricted receipt funding.

The Governor recommended expenditures of \$2.0 million, which is \$2.2 million less than requested and \$2.3 million less than enacted. The recommendation reflects the transfer of \$2.3 million from the Underground Storage Tank restricted receipts to the Intermodal Surface Transportation Fund for use by the Rhode Island Public Transit Authority. The Assembly concurred.

Rhode Island Pollutant Discharge Elimination System. The Department requested \$1.0 million to operate the Rhode Island Pollutant Discharge Elimination System, which includes developing and enforcing permit limitations for municipal and industrial wastewaters, storm water, and combined sewer overflows discharged directly to the waters of the state, as well as industrial wastewaters discharged to municipally-owned treatment facilities. The request is \$13,909 more than enacted, including \$11,296 more from general revenues and \$2,613 more from federal funds for increases in salaries and benefits. ***The Governor recommended \$16,489 more than requested for the retiree health rate increase. The Assembly concurred.***

Foundry Lease Payment. The Department requested \$2.4 million from general revenues for its headquarter lease payment and utilities expenses. The request is \$48,165 less than enacted, including \$2,373 less for electricity and \$25,595 less for heating expenses. In March 2005, the Department entered a new ten-year lease agreement with the Foundry Associates, which is in effect from July 8, 2006 through July 7, 2016. It should be noted that the State Water Resources Board moved into the Foundry Building during FY 2009, and will now pay a pro-rated share of the rent. This is not reflected in the Department's request. ***The Governor recommended funding as requested. The Assembly concurred.***

Bays, Rivers and Watersheds. The Department requested \$0.2 million from restricted receipts for the Bays, Rivers and Watersheds Coordination Team. The request is \$0.5 million less than enacted. The Department notes the funds were inadvertently excluded from the revised request. ***The Governor restored funds to the enacted level, as intended in the request. The Assembly concurred.***

Fish and Wildlife Land Acquisition. The Department requested \$0.4 million or \$0.2 million more than enacted from restricted receipts to acquire land for fish and wildlife activities throughout the state. Funding is derived from the sale of fishing and hunting licenses, and would be used to purchase land that can be converted to recreational usage. The requested amount has increased because the restricted receipts are allowed to accumulate until they are needed for expenditure. It should be noted that pursuant to federal law, these funds can only be used for fish and wildlife land purchases, and may not be used for operating expenditures. ***The Governor recommended funding as requested. The Assembly concurred.***

All Other Adjustments. The Department requested \$0.5 million more for all other expenses, including \$0.2 million more from general revenues, \$0.2 million more from restricted receipts, and \$51,217 more from federal funds. Requested increases for operating supplies include: maintenance repairs to vehicles and equipment, fuel for fish and wildlife vehicles, janitorial services, laboratory testing services and small scale building maintenance.

The Governor recommended funding essentially as requested; however, he recommended adding \$0.2 million more than requested from Rhode Island Capital Plan funds to reflect a carry forward balance for construction costs at the Rose Hill Landfill. The funds were inadvertently excluded from the request. The Governor subsequently requested an amendment to add \$125,000 of Congestion Mitigation and Air Quality funds to purchase design and engineering services for the Blackstone Valley Bike Path. The Assembly concurred, with the exception of the across-the-board reductions.

Coastal Resources Management Council

	FY 2008	FY 2009	FY 2009	FY 2009
	Reported	Enacted	Revised	Final
Expenditures by Category				
Salaries and Benefits	\$ 3,049,838	\$ 3,071,247	\$ 3,128,005	\$ 3,097,404
Contracted Services	498,481	90,086	411,179	409,694
Subtotal	\$ 3,548,319	\$ 3,161,333	\$ 3,539,184	\$ 3,507,098
Other State Operations	178,728	167,320	149,279	149,224
Assistance, Grants, and Benefits	120,000	-	-	-
Capital	1,633,388	1,908,009	400,000	400,000
Capital Debt Service	-	-	-	-
Operating Transfers	(5,500)	-	-	-
Total	\$ 5,474,935	\$ 5,236,662	\$ 4,088,463	\$ 4,056,322
Sources of Funds				
General Revenue	\$ 1,985,139	\$ 1,877,703	\$ 2,034,354	\$ 2,002,213
Federal Aid	1,779,206	1,453,450	1,659,109	1,659,109
Restricted Receipts	120,000	250,000	395,000	395,000
Other	1,590,590	1,655,509	-	-
Total	\$ 5,474,935	\$ 5,236,662	\$ 4,088,463	\$ 4,056,322
FTE Authorization	30.0	30.0	30.0	30.0
FTE Average	29.9			

FY 2009 Revised Request. The Council requested \$0.7 million more than enacted from all sources, including \$0.5 million more from general revenues and \$0.2 million more from federal funds. The Council requested 35.0 full-time positions, which is 5.0 more than authorized. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$182,313 for the Council including \$102,392 from general revenues and 0.8 positions. The revised request is \$616,626 from general revenues and 5.8 positions above the enacted budget adjusted for that allocation.

Excluding the new positions, the request is \$169,990 above the adjusted budget. The Council subsequently submitted a corrective action plan to achieve \$0.2 million in savings through turnover and fee increases.

The Governor recommended \$1.1 million less than enacted, including \$0.2 million more from general revenues, \$0.6 million more from federal funds, \$0.1 million more from restricted receipts, \$1.7 million less from Rhode Island Capital Plan funds, and no new positions.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits.

The total amount allocated to the Coastal Resources Management Council is \$32,141. The Assembly concurred with the remainder of the Governor's recommendation.

New Positions. The Council requested \$446,636 from general revenues to fund 5.0 new full-time equivalent positions. The new positions would cost approximately \$38,213 per month. If the positions were authorized in February 2009, the total salaries and benefits cost would be \$191,065 for FY 2009. The new positions include one supervising coastal policy analyst, one principal civil engineer, one principal environmental scientist and two coastal policy analysts. The Council indicated that the requested positions are due to a series of new duties added by the 2004 Assembly related to the Coastal and Estuary Habitat Restoration Program and Trust Fund. It should be noted that the 2005 Assembly provided the Council with an additional position. The Council has requested these 5.0 new positions in its last three budget requests; neither the Governor nor the Assembly concurred. *The Governor did not recommend the new positions.* The Assembly concurred.

Other Salaries and Benefits. The agency requested \$133,483 more than the adjusted budget from all sources for all other salaries and benefits. This includes \$65,258 for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. It also reflects \$68,225 in statewide savings that the Council did not achieve. Subsequently, the Council submitted a corrective action plan which included additional turnover savings of \$44,322. *The Governor recommended \$0.2 million more than adjusted and \$0.1 million more than requested to reflect the restoration of statewide savings and additional retiree health costs at the Council.* The Assembly concurred, with the exception of the across-the-board reductions.

Legal Services Correction. The Council requested \$91,500 more than enacted from general revenues for outside legal services. Of this amount, \$90,000 is being requested to reflect actual annual legal expenditures that were inadvertently excluded from the enacted budget, and \$1,500 to reflect a payment for legal services that was incurred in FY 2008 but not paid until FY 2009. *The Governor recommended \$71,500 from general revenues and \$20,000 from federal funds to fund the request for legal services.* The Assembly concurred.

Management Plans. The Council requested \$188,607 from federal funds for FY 2009 for contracts with the University of Rhode Island to develop management plans for coastal waters throughout the state. Historically, the Council requests funding for this program in its revised request to more accurately reflect the anticipated federal award. *The Governor recommended funding as requested.* The Assembly concurred.

Providence River Dredging. The FY 2009 budget included \$1.7 million from Rhode Island Capital Plan funds for the Council's final payment of the state's cost share for the Providence River Dredging Project to the Army Corps of Engineers. *The Governor's recommendation delayed this payment until FY 2010.* The Assembly concurred.

All Other Operating. The Council requested \$1,345 less than enacted from all funds for all other operating expenses. This includes \$5,011 more from general revenues, \$5,500 more from Rhode Island Capital Plan funds and \$11,856 less from federal funds. The general revenues increase includes \$5,000 for additional clerical services such as attendance recording and furnishing of transcripts and minutes of all special and contested hearings, semi-monthly meetings, sub-committee meetings and all public hearings. It should be noted that the Council annually requests additional funding for these purposes, and maintains that the number of hearings and meetings where clerical services will be needed can fluctuate based on the number and types of permits the Council will issue.

Subsequently, the Council submitted a corrective action plan that includes savings based on a reduction in the number of meetings; however, it is unclear if this would be consistent with the Administrative Procedures Act. The plan also includes additional fee increases to offset the unachieved savings. This does not seem feasible because the fee increases would need to be effective January 2009 and would require additional hearings, which would lead to additional costs for clerical and stenography services.

The Governor recommended \$0.1 million more than enacted and \$0.1 million more than requested, including \$1,301 more from general revenues and \$0.1 million more from restricted receipts to reflect carry-forward funds from a project in FY 2008. The Assembly concurred, with the exception of the across-the-board reductions.

State Water Resources Board

	FY 2008	FY 2009	FY 2009	FY 2009
	Reported	Enacted	Revised	Final
Expenditures by Category				
Salaries and Benefits	\$ 661,256	\$ 638,426	\$ 615,825	\$ 506,058
Contracted Services	724,053	547,034	645,851	491,918
Subtotal	\$ 1,385,309	\$ 1,185,460	\$ 1,261,676	\$ 997,976
Other State Operations	164,807	144,598	152,143	150,857
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	42,059	47,944	48,044	48,044
Capital	43,491	100,000	119,635	100,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,635,666	\$ 1,478,002	\$ 1,581,498	\$ 1,296,877
Sources of Funds				
General Revenue	\$ 1,226,089	\$ 1,378,002	\$ 1,352,046	\$ 1,087,060
Federal Aid	-	-	-	-
Restricted Receipts	327,378	-	109,817	109,817
Other	82,199	100,000	119,635	100,000
Total	\$ 1,635,666	\$ 1,478,002	\$ 1,581,498	\$ 1,296,877
FTE Authorization	9.0	6.0	6.0	6.0
FTE Average	5.3			

FY 2009 Revised Request. The State Water Resources Board requested \$8,090 less than enacted from all sources including \$27,725 less from general revenues, \$19,635 more from Rhode Island Capital Plan funds and the enacted level of 6.0 full-time equivalent positions. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly but not reflected in the individual agency totals is \$41,811 for the Board, all of which is from general revenues. The revised request is \$14,086 from general revenues above the enacted budget adjusted for that allocation. The Board subsequently submitted a corrective action plan to meet the adjusted budget through additional turnover savings.

The Governor recommended \$0.1 million more than the adjusted budget, including \$15,855 more from general revenues, \$0.1 million from restricted receipts not in the enacted budget and the requested number of positions.

The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 5.0 percent of recommended salaries and benefits and operating costs and 10.0 percent of recommended purchased services for the final two months of the year as well as savings from reduced rates for medical benefits and assessed fringe benefits. The total amount allocated to the Water Resources Board is \$19,986. The Assembly concurred with the remainder of the Governor's recommendation.

Salaries and Benefits. The Board requested \$14,086 more than the adjusted budget for salaries and benefits. This includes \$9,212 for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. It also reflects the Board's request to fill three vacant positions in the first quarter of FY 2009. Subsequent to the budget submission, the agency submitted a corrective action plan which identified an additional \$14,096 in personnel savings that would be achieved by holding the positions vacant for an additional quarter. As of January, the positions have not been filled, which should result in additional personnel savings. *The Governor recommended \$19,210 more than the adjusted budget and \$5,124 more than requested from general revenues to reflect the filling of 3.0 vacant positions at the Board during FY 2009.* The Assembly concurred, with the exception of the across-the-board reductions.

Big River Management Area Groundskeeping. The Board requested \$17,800 less than enacted from general revenues to reflect a decrease in groundskeeping expenses at the Big River Management Area. Of this amount, \$10,800 was due to the cancellation of the Board's maintenance contract with an outside vendor for general building and grounds maintenance. The remaining \$7,000 reduction is due to an adjustment in the Board's contract with the Towns of Exeter and West Greenwich for maintenance of roads, bridges and parking lots at the Big River Management Area. *The Governor recommended funding as requested.* The Assembly concurred.

Big River Management Area Maintenance. The Board requested \$19,635 more than enacted from Rhode Island Capital Plan funds for maintenance activities at the Big River Management Area. The additional request reflects a \$9,635 carry forward from FY 2008 and a \$10,000 increase to more accurately reflect annual expenditures. Maintenance activities include litter and dumping enforcement and removal. *The Governor recommended funding as requested.* The Assembly concurred.

Rental Expense. The Board requested \$2,500 from general revenues for rental expenses for its new offices at 235 Promenade Street in Providence. The Board has recently moved to the new location, and the request reflects six months of rental expenditures, which are used to pay a portion of the Department of Environmental Management's lease with the Foundry Building Associates. *The Governor recommended funding as requested.* The Assembly concurred.

Moving Expenses. The Board's request includes \$7,000 more than enacted from general revenues for moving expenses that were incurred when the Board relocated from the Powers Building to the Foundry Building. Expenses included wages for temporary employees, moving supplies, transportation of office equipment and other miscellaneous moving expenses. *The Governor recommended funding as requested.* The Assembly concurred.

Supplemental Water Supply Study. The Board incurred costs in FY 2008 as part of the supplemental water supply study that will be paid in FY 2009. The revised request did not include this expense. *The Governor recommended \$109,817 from safe drinking water restricted receipts funds to make the payment.* The Assembly concurred.

All Other Operating. The Board requested \$8,300 more than enacted from general revenues for all other operating expenses. The request reflects increased expenditures for temporary clerical services, advertising and maintenance and repairs to the Board's information technology equipment.

The Governor recommended \$4,945 more than the adjusted budget and \$3,355 less than requested from general revenues for all other operating expenses. The Assembly concurred, with the exception of the across-the-board reductions.

Department of Transportation

	FY 2008 Reported	FY 2009 Enacted	FY 2009 Revised	FY 2009 Final
Expenditures by Program				
Central Management	\$ 8,971,167	\$ 19,287,781	\$ 14,616,170	\$ 14,616,170
Management and Budget	760,190	2,162,403	1,351,936	1,351,936
Infrastructure Program	295,705,205	348,576,196	352,617,143	374,896,876
Total	\$ 305,436,562	\$ 370,026,380	\$ 368,585,249	\$ 390,864,982
Expenditures by Category				
Salaries and Benefits	\$ 55,898,041	\$ 63,529,823	\$ 60,071,302	\$ 60,071,302
Contracted Services	36,979,288	33,310,816	33,467,379	33,467,379
Subtotal	\$ 92,877,329	\$ 96,840,639	\$ 93,538,681	\$ 93,538,681
Other State Operations	33,785,247	44,417,197	47,007,396	53,581,645
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	14,071,082	26,981,963	23,602,040	25,005,420
Capital	74,282,993	113,360,677	113,050,747	127,505,079
Capital Debt Service	-	-	-	-
Operating Transfers	90,419,911	88,425,904	91,386,385	91,234,157
Total	\$ 305,436,562	\$ 370,026,380	\$ 368,585,249	\$ 390,864,982
Sources of Funds				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	189,355,117	263,437,353	266,069,476	286,069,476
Restricted Receipts	(160,669)	1,447,246	1,450,000	1,450,000
Other	116,242,114	105,141,781	101,065,773	103,345,506
Total	\$ 305,436,562	\$ 370,026,380	\$ 368,585,249	\$ 390,864,982
FTE Authorization	733.2	729.2	691.2	691.2
FTE Average	705.3			

FY 2009 Revised Request. The Department requested \$8.7 million less than the enacted budget, including \$3.8 million less from federal funds, \$4.9 million less from other funds, \$2,754 more from restricted receipts and 2.0 positions more than enacted. The Budget Office's initial distribution of the \$91.1 million in statewide savings adopted by the 2008 Assembly, but not reflected in the individual agency totals is \$4,605,725 for the Department and 20.0 positions. The revised request is \$4.0 million from all sources below the adjusted budget. The Department did not reduce staffing in its request.

The Governor recommended \$368.6 million, which is \$7.2 million more than requested and \$1.4 million less than enacted including \$4.1 million less from other funds, \$2.6 million more from federal funds, \$2,754 more from restricted receipts, and 38.0 fewer positions. The Governor subsequently requested an amendment to add \$24.5 million, of which \$4.5 million is to reflect the transfer of gasoline tax proceeds from the Intermodal Surface Transportation Fund to the Department for winter

maintenance expenditures, and \$20.0 million of federal funds from the American Recovery and Reinvestment Act of 2009 for infrastructure projects. The Assembly concurred.

Department of Transportation Gasoline Tax. Section 31-36-7 of the Rhode Island General Laws sets the gasoline tax at 30 cents per gallon. 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 Rhode Island Public Transit Authority (RIPTA), the elderly/disabled transportation program of the Department of Elderly Affairs, and the state general fund as general revenues.

The FY 2009 enacted budget was based on a per penny yield of \$4.630 million and the November Revenue Estimating Conference reduced that estimate to \$4.475 million. The Department's request was based on the enacted yield of \$4.630 million.

The following table illustrates available resources and anticipated expenditures for FY 2009:

Other Funds	FY 2008 Reported	FY 2009 Enacted	FY 2009 Revised	FY 2009 Final
<i>Gas Tax Yield per Cent</i>	<i>4.514</i>	<i>4.630</i>	<i>4.475</i>	<i>4.400</i>
<i>RIDOT Cents</i>	<i>20.75</i>	<i>20.75</i>	<i>20.75</i>	<i>20.75</i>
<i>RIPTA Cents</i>	<i>7.25</i>	<i>7.25</i>	<i>7.75*</i>	<i>7.75*</i>
DOT Budget (RIDOT and RIPTA)				
Balance Forward	\$ 2,941,761	\$ 4,387,083	\$ 7,603,958	\$ 7,603,958
Gas Tax	126,384,832	129,640,000	125,300,000	125,400,000
Debt Service Transfer	(34,244,027)	(42,220,460)	(36,426,624)	(36,426,624)
Internal Services Funds Transparency	(1,643,281)	(1,929,662)	(1,546,457)	(1,546,457)
Nonland Surplus Property	269,764	15,000	15,000	15,000
Land Sales	1,226,136	5,598,459	2,000,000	2,000,000
Other (SIB, RICAP, Outdoor Adv)	398,176	7,657,170	8,207,274	8,207,274
Available	\$ 95,333,361	\$ 103,147,590	\$ 105,153,151	\$ 105,253,151
Expenditures	87,729,403	103,109,891	102,893,273	104,368,732
Surplus/Deficit	\$ 7,603,958	\$ 37,699	\$ 1,500,000	\$ 124,541
RIDOT				
Balance Forward	\$ 2,941,761	\$ 4,387,083	\$ 7,603,958	\$ 7,603,958
Gas Tax	93,660,188	96,072,500	92,856,250	91,300,000
Debt Service Transfer	(33,568,788)	(41,454,976)	(36,426,624)	(36,426,624)
Internal Services Funds Transparency	(1,643,281)	(1,929,662)	(1,546,457)	(1,546,457)
Nonland Surplus Property	269,764	15,000	15,000	15,000
Land Sales	1,226,136	5,598,459	2,000,000	2,000,000
Other (SIB, RICAP, Outdoor Adv)	398,176	7,657,170	8,207,274	8,207,274
Available	\$ 63,283,956	\$ 70,345,574	\$ 72,709,401	\$ 71,153,151
Gas Tax	53,785,922	57,037,246	60,987,127	60,806,336
Land Sales	1,226,136	5,598,459	2,000,000	2,000,000
Nonland Surplus Property	269,764	15,000	15,000	15,000
Other (SIB, RICAP, Outdoor Adv)	398,176	7,657,170	8,207,274	8,207,274
Other Expenditures	55,679,998	70,307,875	71,209,401	71,028,610
Surplus/Deficit	\$ 7,603,958	\$ 37,699	\$ 1,500,000	\$ 124,541
RIPTA				
Gas Tax	\$ 32,724,644	\$ 33,567,500	\$ 32,443,750	\$ 34,100,000
Debt Service Transfer	(675,239)	(765,484)	(759,878)	(759,878)
Available	\$ 32,049,405	\$ 32,802,016	\$ 31,683,872	\$ 33,340,122
Expenditures	32,049,405	32,802,016	31,683,872	\$ 33,340,122

**Total includes one half cent transferred from the Underground Storage Tank Fund.*

The Governor recommended total gas tax expenditures of \$97.6 million, including \$32.4 million to the Rhode Island Public Transit Authority, \$9.0 million for the Grant Anticipation Revenue Vehicle (GARVEE) Bond, and \$55.7 million for operations of the Department. The Governor subsequently submitted an amendment to provide \$4.5 million of gasoline tax proceeds from the Intermodal Surface Transportation Fund to the Department of Transportation in FY 2009 for expenditures related to winter maintenance. His FY 2009 budget assumed a \$6.0 million surplus in the Intermodal Surface Transportation Fund, but due to a severe winter during FY 2009, the Governor recommended transfers of \$4.5 million from the surplus for these expenditures.

The Assembly recognized a \$1.6 million reduction to reflect the updated per penny gasoline tax yield based on the May Revenue Estimating Conference, which reduced the per penny yield by \$75,000 to \$4.400 million.

Rhode Island Public Transit Authority Gasoline Tax. Under existing statute, the Rhode Island Public Transit Authority receives 7.25 cents of the 30 cent gasoline tax. The funds are transferred to the Authority but reflected in the Department of Transportation's budget as a grant to the Authority in order to account for the gas tax in the state's accounting structure, since the Authority is a quasi-public corporation.

The FY 2009 enacted budget was based on a per penny yield of \$4.630 million and the November Revenue Estimating Conference reduced that estimate to \$4.475 million. The Department requested the enacted amount of \$32.8 million be transferred to the Authority.

The Governor recommended \$31.7 million be transferred to the Authority, \$1.1 million less than enacted to reflect a reduction in the gasoline tax yield. The Assembly permanently transferred one half cent from the Underground Storage Tank Fund to the Intermodal Surface Transportation Fund to be used by the Authority. The Underground Storage Tank Fund is funded through the one cent environmental protection regulatory fee that is assessed on each gallon of motor fuel sold in the state. The May Revenue Estimating Conference reduced the per penny yield by \$75,000 to \$4.400 million, which reduced the Authority's revenues by \$0.5 million. This reduction was offset by \$2.200 million from the half cent, which resulted in additional funds of \$1.7 million for the Authority.

Salaries and Benefits. The Department requested \$3.7 million more than the adjusted budget for all salaries and benefits, which is \$0.9 million less than enacted. This includes \$876,544 for the increase to the assessed fringe benefit rate to account for the high volume of leave payouts from recent retirements. The request reflects full restoration of the statewide savings allocation including the 20.0 positions assumed for statewide retirements as well as an additional 2.0 legal positions the Department is requesting be transferred from the Department of Administration.

The Governor recommended \$3.5 million less than enacted and \$1.1 million more than the adjusted budget including \$3.3 million more from federal funds, \$1.9 million less from other funds, and \$0.2 million less from restricted receipts. The Governor's recommendation includes the transfer of 2.0 legal positions and the associated funding from the Department of Administration to the Department of Transportation, and includes 691.2 full-time equivalent positions. The recommendation is \$2.5 million less than requested to reflect 40.0 fewer positions than requested, as well as additional turnover from vacancies not reflected in the Department's request. The Assembly concurred.

National Highway Transportation Safety Administration Grants. The Department requested \$12.4 million from federal funds from the National Highway Transportation Safety Administration for FY

2009. The request is \$4.6 million less than enacted to reflect the actual federal award. Major changes to the enacted amount for these programs include \$4.9 million less for the Safety Belt Use Enforcement Program, \$0.4 million less for the Racial Profiling Prohibition Program and \$0.2 million less for the Alcohol Impaired Drivers Countermeasure Program. The Department requested \$0.4 million more for both the Community Highway Safety Program and the Traffic Safety Information System Improvement Grant. *The Governor recommended funding as requested.* The Assembly concurred.

Fixed Guideway/Commuter Rail. The Department requested \$6.1 million, or \$8.2 million less from federal transit funds to reflect a delay in a portion of the Fixed Guideway Commuter Rail project. The Department notes the federal fund reduction is due to delayed construction of the Wickford Junction layover facility. The Department's revised request is consistent with its FY 2010 through FY 2014 capital budget request. This project is explained in the Capital Budget Section of this analysis. *The Governor recommended funding as requested.* The Assembly concurred.

Federal Highway Projects. The Department requested \$200.1 million from federal funds, \$6.7 million more than enacted to reflect its expenditure plan for highway projects in FY 2009. The Department's request increases federal funds by \$6.7 million or 3.5 percent to reflect the Department's expenditure plan for FY 2009. Major programmed expenditures include \$48.5 million for improvements to bridges, \$13.7 million for the highway program, \$11.6 million for the interstate program, \$22.6 million for pavement management and \$23.0 million for the traffic safety program.

The Department noted it must submit its projected federal fund expenditures before the end of the federal fiscal year, and budgets the projected expenditures in anticipation of the actual federal award. The Department also noted that this practice can lead to adjustments for both current and budget year proposals.

The Governor recommended \$207.8 million from federal funds for the Department's highway projects. This is \$14.4 million more than enacted and \$7.7 million more than requested, which restores funding to the enacted level to reflect the Department's anticipated award as well as its approved capital plan.

Subsequently, the Governor requested an amendment to add \$20.0 million from federal funds for FY 2009 from the American Recovery and Reinvestment Act of 2009 for infrastructure improvement projects. The additional funds would be used for various projects, including the re-paving of highways, roads and bridges, bridge washing, and safety and lighting improvements. The Assembly concurred with the use of these funds.

Winter Maintenance Operations. Excluding salaries and benefits, the Department requested \$10.2 million in operating expenses related to the winter maintenance program for FY 2009, \$1.5 million more than enacted. This includes \$0.1 million more for vehicles and vehicle maintenance, \$0.8 million more for salt, sand and liquid de-icers and \$0.6 million more for vendor snowplowing contracts. The average annual cost for winter maintenance operations from FY 2004 through FY 2008 was \$11.5 million, and the Department noted that its initial FY 2009 request included \$8.7 million because winter maintenance was budgeted based on available resources, not historical spending. The revised request of \$10.2 million is \$1.3 million below the five-year average for winter maintenance expenditures, and appears to be based on the past four years of expenditures. *The Governor recommended funding as requested.* The Assembly concurred.

Vehicle Maintenance. Excluding salaries and benefits, the Department requested \$5.7 million from other funds for vehicle maintenance throughout the Department. The request is \$0.8 million more than

enacted to reflect an increase in projected vehicle maintenance for FY 2009. The Department noted that vehicle maintenance costs have increased in recent years due to the lack of new vehicle purchases, which has affected all divisions, and includes vehicles such as dump trucks, pavers, tractors, grading equipment, backhoes and street sweepers. The delay has increased the cost and frequency of maintenance. It should be noted the Department's FY 2009 request, which was \$1.3 million more than the FY 2008 enacted budget, was fully funded. *The Governor recommended \$6.3 million, which is \$0.6 million more than enacted and \$0.2 million less than requested.* The Assembly concurred.

Utility Permit Applications. The Division of Infrastructure Engineering currently issues permits to perform utility work within a state right-of-way. For FY 2009, the Governor recommended and the Assembly concurred with the implementation of a fee for utility permits, and included \$1.0 million from these revenues to be used to offset highway lighting costs. The Department's revised request removes these funds because the fee could not be instituted through departmental rules and regulations as originally proposed. *The Governor recommended funding as requested.* The Assembly concurred.

Land Sale Revenue. The Department requested \$2.0 million from land sale revenue for equipment purchases in the Infrastructure Engineering Division. The revenue is derived from Department owned land as well as land that will become available for sale as portions of the Interstate 195 relocation are completed. The request is \$2.7 million less than enacted due to lower than anticipated land sale revenue, and the Department has decreased its expenditure request to reflect this change. The Department noted eligible portions of this revenue would be used to purchase catch basin cleaners, mini-excavators, road surfacing equipment and miscellaneous roadside maintenance equipment such as weed trimmers. *The Governor recommended funding as requested.* The Assembly concurred.

Information Systems Upgrades. The Department requested \$1.5 million, or \$0.7 million less than enacted from gasoline tax funds for upgrades to the Department's Management Information System. The Department noted the upgrades have been completed in FY 2009 ahead of schedule, which has resulted in the savings. The revised request reflects these savings. *The Governor recommended funding as requested.* The Assembly concurred.

Radio System Upgrade. The Department requested \$0.3 million from other funds to upgrade the Department's radio system. The upgrades were not included in the Department's original FY 2009 request; however, funding became available during FY 2009 from the sale of a Department owned radio tower. The Department requests to use these funds to upgrade the radio systems on a portion of the Division of Maintenance's vehicles in order to be used with the Rhode Island Statewide Communications Network. *The Governor recommended funding as requested.* The Assembly concurred.

Maintenance Operations. The Department requested \$7.4 million from gasoline tax proceeds for maintenance operations excluding activities associated with winter maintenance. These include activities such as trash and debris removal, landscaping, sand removal, graffiti removal and catch basin cleaning. The request is \$0.2 million more than the approved plan to reflect projected maintenance costs for FY 2009. The major increase in the request is for repairs to maintenance vehicles and equipment. The Department notes the increase is attributed to aging vehicles and equipment. Repair costs have increased as the equipment and vehicles reach their useful life, similar to the expenses for vehicle maintenance previously mentioned in this analysis. *The Governor recommended \$7.6 million, which is \$0.2 million more than enacted and \$46,023 more than requested.* The Assembly concurred.

All Other Operating. The Department requested \$0.1 million less than enacted from all sources for all other operating costs. This includes \$0.2 million more from restricted receipts and \$0.3 million

less from other funds. *The Governor recommended \$2.2 million more than requested and \$2.1 million more than enacted from all sources for all other operating expenditures, including \$0.1 million less from federal funds, \$1.9 million more from other funds, and \$0.2 million more from restricted receipts. The Department requested personnel expenditures based on 731.2 positions, but the recommendation reflects 691.2 positions, which results in lower than requested personnel expenditures. The recommendation shifts available funding to operating expenditures. The recommendation includes increased operating for items such as highway lighting costs and also reflects a technical correction to the GARVEE bond debt service account. The Assembly concurred.*

Section VI

Special Reports

Revenues Changes

The Governor recommended \$41.1 million more general revenues than estimated at the November 2008 Revenue Estimating Conference for FY 2009 and \$137.6 million more for FY 2010. Subsequent to submission of his revised budget, he lowered his estimated FY 2009 changes to \$27.9 million. The Assembly adopted \$53.8 million less than the Governor in FY 2009, including a loss of \$70.0 million resulting from the May Revenue Estimating Conference. It adopted \$69.6 million less in FY 2010, which includes a loss of \$130.1 million from the Revenue Estimating Conference.

Taxes.

- **Personal Income Tax.** The Governor recommended Article 38 of 2009-H 5019 to make significant changes to the personal income tax structure beginning in tax year 2011. Those changes include: eliminating the flat tax option and the alternative minimum tax; taxing all capital gains as ordinary income; moving the start point from federal taxable income to federal adjusted gross income, eliminating itemized deductions and substituting higher standard deductions; and changing from five brackets to four. The Assembly adopted the change to the capital gains tax but retained current law on the remainder of the proposal.
- **Capital Gains Tax as Ordinary Income.** The Assembly amended the personal income tax statutes to tax capital gains as ordinary income regardless of how long an asset has been held before taxed and included \$23.6 million in revenues. Prior, Rhode Island taxed capital gains income based on the length of time the seller has owned the asset. If an asset was held for five years or more, then the capital gains income from that asset was taxed at a 0.83 percent, 1.67 percent, 2.08 percent or 2.33 percent rate contingent on the taxpayer's income and type of asset sold.
- **Small Business Administration Loan Guaranty Fee Credit.** The Governor recommended Article 14 in 2009-H 5019 to reinstate the tax credit allowed for loan guaranty fees paid to the U.S. Small Business Administration, effective for tax years beginning after December 31, 2008. Unused credits could be carried over five years. The Governor recommended legislation to end the credit in his FY 2005 budget, and the Assembly concurred. The Governor assumed \$275,459 in lost revenues in his revised budget, of which \$252,963 is the loss of personal income from the credit. He subsequently requested that the Assembly withdraw that article based upon passage of the American Recovery and Reinvestment Act of 2009, which provided for waiver of these fees. The Assembly concurred.
- **Earned Income Tax Credit Increase.** The American Recovery and Reinvestment Act increases benefits from 40.0 percent to 45.0 percent of the first \$12,570 in earned income for families with three or more children for tax years 2009 and 2010. The credit begins to phase out at a rate of 15.98 percent of earnings above \$16,420 for individuals and \$21,420 for those married and filing jointly. Since Rhode Island's credit is 25.0 percent of the federal amount, the total estimated revenue loss would be \$175,306 for FY 2010. The Budget includes this revenue loss.
- **Sales Tax Paid on New Qualified Motor Vehicle Purchases.** The American Recovery and Reinvestment Act of 2009 provides an itemized deduction for state and local sales taxes paid on new vehicles under 8,500 pounds and up to \$49,500 in value purchased between February 17 and December 31, 2009. The deduction is subject to a phase out for individuals with modified adjusted gross income between \$125,000 and \$135,000 and \$250,000 and \$260,000 for those married and filing jointly.

The deduction would be either an addition to itemized deductions or an addition to the standard deduction for non-itemizers. The deduction taken by non-itemizers will not affect Rhode Island tax revenues, as the state is not coupled to the federal standard deduction. However, the additional itemized deduction would flow through on the Rhode Island return, costing the state revenue.

The Governor recommended that the state not uncouple from this provision and included loss of \$1,442,305 in tax year 2009 income tax revenues, which would be felt in FY 2010. The Budget adopted in 2009-H 5019 Substitute A, as amended, included legislation that amended the personal income tax statutes to disallow the deduction, preventing the revenue loss.

- **Cancellation of Debt Income.** *The American Recovery and Reinvestment Act of 2009 allows businesses that repurchase their debt in 2009 and 2010 to defer reporting the cancellation of debt income as taxable income until 2014 and then spreads the income repayment from 2014 through 2018. The Assembly amended the tax statutes to disallow the spread of income from cancellation of debt income. Currently, the cancellation of debt income is taxed in the same year that it is earned. The Center on Budget and Policy Priorities estimated that the revenue loss for the state, absent this change, would be \$21.0 million, including \$4.0 million for FY 2010. Several states including Florida, Maryland and Minnesota have already decoupled from the federal corporation income tax statutes.*

- **Unemployment Compensation Increase.** The American Recovery and Reinvestment Act of 2009 allows states that wish to participate to provide an additional \$25 in unemployment compensation for each recipient each week any unemployment insurance benefits are received from February 22, 2009 through December 31, 2009. The states may pay this as an addition to regular benefits or as separate compensation, but the state must ensure the average weekly benefit of regular compensation is not below the average on December 31, 2008. Eligible recipients with claims that continue past December 31, 2009 are eligible to continue receiving this additional \$25 until their claim ends, or June 30, 2010, whichever is sooner.

Rhode Island began paying out this benefit on March 1, 2009. The Governor included \$1,846,284 in additional revenue from this increased taxable compensation. The Assembly concurred.

- **Unemployment Compensation Deduction.** The American Recovery and Reinvestment Act also suspends federal income tax obligations on the first \$2,400 in unemployment benefits received for tax year 2009. Unemployment benefits in excess of \$2,400 would be subject to federal income tax. The Act also increased the weekly benefits by \$25 and extended benefits to 33 weeks. Since Rhode Island piggybacks on federal taxable income, any income excludible from federal taxable income would be excludible from Rhode Island taxable income. The Governor did not recommend uncoupling from this modification to adjusted gross income and included a tax year 2009 loss of \$5,371,008 in FY 2010. The Budget adopted in 2009-H 5019, Substitute A, as amended, amended the personal income tax statutes to disallow the deduction, preventing the revenue loss.

- **Business Corporation Tax Phase-Out.** The Governor's budget includes a revenue loss of \$14.5 million in FY 2010 from the reduction of the Business Corporation Tax from 9.0 percent to 7.5 percent, effective January 1, 2010. The Governor recommended full phase-out by 2014 and replacement with a minimum tax based on income. The Assembly did not concur with the Governor's proposal and restored the \$14.5 million in revenues for FY 2010.

- **SBA Loan Guarantee Credit Fee.** The Governor recommended Article 14 in 2009-H 5019 to reinstate the tax credit allowed for loan guaranty fees paid to the U.S. Small Business Administration, effective for tax years beginning after December 31, 2008. Unused credits could be carried over five

years. The Governor recommended legislation to end the credit in his FY 2005 budget, and the Assembly concurred. The Governor included \$275,459 in lost revenues in his revised budget, of which \$22,496 is the loss of the corporate income from the credit. He subsequently requested that the Assembly withdraw that article based upon passage of the American Recovery and Reinvestment Act of 2009, which provided for waiver of these fees. The Assembly concurred.

- **Health Insurance Gross Premiums.** The Governor recommended increasing the gross premiums tax for nonprofit hospital service corporations, health management organizations and nonprofit dental corporations from 1.75 percent to 2.0 percent, the same rate as other insurers, effective January 1, 2009. The 2006 Assembly removed the exemption from nonprofit hospital service corporations and health management organizations effective January 1, 2008 and applied a 1.1 percent rate. The 2008 Assembly increased the rate to 1.75 percent and added nonprofit dental service corporations to the definition of insurers that are subject to the gross premiums tax effective January 1, 2009.

He subsequently recommended removing the exemption for the state's managed care health plans from the gross premiums tax, which increased his FY 2009 estimate to \$12.8 million and would provide an estimated \$13.6 million in FY 2010. The Assembly concurred.

- **Group Homes.** The Governor's Budget includes \$12.7 million less revenues for FY 2010, of which \$11.1 million is from the elimination of the group home tax pursuant to changes included in the Global Waiver. Rhode Island was the only state allowed to implement a tax on the group homes that provide services to adults with developmental disability under its previous Medicaid Waiver. When the state implemented the Medicaid Global Waiver, all existing state waivers were collapsed into a single waiver, and since the original waiver that permitted the state to collect the tax is no longer in effect, the state is not allowed to collect the tax. The Assembly concurred.

- **Nursing Home Reimbursement Rates.** The Governor recommended a series of expenditure reductions to nursing homes that will lower their general revenues by \$7.0 million for FY 2009 and \$29.1 million for FY 2010. Based on the current nursing home tax rate of 5.5 percent of nursing home gross revenues, nursing home tax revenues will be \$382,268 less in FY 2009 and \$1.6 million less in FY 2010. The Assembly restored a portion of the assumed loss and adjusted the revenue to reflect a loss from all sources of funds and reduced revenues by \$250,022 to reflect this for FY 2009. The Assembly assumed the \$1.6 million loss for FY 2010.

- **Cigarette Tax.** The Governor recommended Article 11 of 2009-H 5019 to increase the cigarette tax by \$1.00 per pack to \$3.46, eliminate minimum markup provisions, and reduce the cigarette distributors' compensation for affixing tax stamps from 1.25 percent to 1.0 percent. The compensation is for the cost of affixing the Rhode Island tax stamps on each pack of cigarettes. He estimated that would produce \$17.4 million in increased cigarette and sales taxes for FY 2009.

The Governor's proposal did not include the impact of an increase in the federal cigarette tax, which is included in H.R. 2, the SCHIP reauthorization, which has become law. It increased the federal cigarette tax by 61 cents to \$1.00 per pack. That, combined with the proposed state increases, would sharply increase price, thereby lowering demand, and lowering the Governor's estimates. His Division of Taxation received information on current prices, which also affected the estimates.

The Governor subsequently requested the Assembly to amend Article 11 to retain the minimum markup provisions, retain the current distributor compensation, and change the effective date to April 1. That decreases the FY 2009 estimate to \$8.0 million, and would produce an estimated \$30.2 million in FY 2010. Rhode Island final price would be slightly lower than that for Massachusetts

based on un-weighted average base price across all brands. The Assembly included \$13.1 million based upon an April 10 start date, which is \$4.3 million less than the Governor's original estimate. The estimated yield for FY 2010 is \$30.2 million.

- ***OTP to 80.0 Percent of Price.*** The Assembly increased the tax on smokeless tobacco, snuff, and pipe tobacco from 40.0 percent of wholesale price to 80.0 percent, which would result in \$1.0 million in additional revenue annually and \$333,333 for FY 2009.
- ***Estate Tax Exemption.*** The Governor proposed increasing the Rhode Island estate tax exemption amount from \$675,000 to \$1.0 million for any resident or non-resident who dies on or after January 1, 2010 and assumes a revenue loss of \$1.5 million for FY 2010. The Assembly increased the exemption amount to \$850,000, and beginning on January 1, 2011 and thereafter, the exemption amount will be adjusted by the Consumer Price Index. This reduces the recommended revenue loss to \$0.8 million.

Departmental Revenues.

- ***Motor Vehicle Title Fees.*** The Governor recommended Article 10 in 2009-H 5019 to increase title fees from \$25 to \$50. This fee was last increased in 1992, from \$10 to \$25. The revised budget includes \$1,292,600 in additional revenues, which has been pro-rated for a March 1, 2009 effective date. The FY 2010 impact is \$3,877,825 in additional revenues. The Assembly concurred; however, it included \$0.2 million less revenues for FY 2009 to reflect a month delay to implement the fee increase.
- ***Motor Vehicle License Reinstatement Fees.*** The Governor recommended Article 10 in 2009-H 5019 to increase the fee charged for restoration of revoked or suspended licenses from \$75 to \$250. This fee was last increased in 1996, from \$25 to \$75. The FY 2009 revised budget includes \$1,534,167 and the FY 2010 impact is estimated to be \$3,682,000 in additional revenues, assuming the same number of operators who had their licenses reinstated in FY 2008 pro-rated for a February 1, 2009 effective date. The Assembly increased this fee to \$150, which would generate an additional \$1.6 million annually and \$0.4 million for the remainder of FY 2009, \$1.1 million less than the Governor's proposal.
- ***Motor Vehicles Title and Registration Reinstatement Fees.*** The Governor recommended Article 10 in 2009-H 5019 to increase the fee charged for restoration of revoked or suspended registrations from \$50 to \$250. This fee has not increased since it was established in 1996 at \$50. The FY 2009 revised budget includes \$358,417 in additional revenues pro-rated for a February 1, 2009 effective date. The FY 2010 impact is estimated to be \$860,200 in additional revenues. The Assembly concurred; however, it included \$0.1 million less revenues for FY 2009 to reflect a month delay to implement the fee increase.
- ***License Reinstatement DUI.*** The current fee for the restoration of revoked or suspended licenses is \$75. The Assembly increased this fee from \$75 to \$350 for reinstatements from driving under the influence of alcohol. Assuming 5,343 reinstatements consistent with FY 2008, this would generate an additional \$1.5 million annually and \$0.4 million for the remainder of FY 2009.
- ***Business Regulation Fees.*** The Budget includes an additional \$1.6 million from increasing selected fees charged to individuals and entities, regulated through the Department of Business Regulation, by 20.0 percent, effective July 1, 2009. The 31 selected fees have not been increased since FY 2000 or earlier. These fees affect insurance professionals, design professionals, those in the upholstery and bedding industry, banking and securities entities, and the registration for fundraisers and charities.

- ***Small Claims Mediation Fee.*** The Governor recommended Article 35 of 2009-H 5019 to increase the entry fee for plaintiffs involved in small claims mediation from \$30 to \$50. Currently, \$10 is deposited into a small claims mediation fund and \$20 goes to general revenues. Of the increase, \$10 would go to general revenues and the other \$10 would go to the mediation fund, which would be converted into a restricted receipt account. The budget assumes \$78,929 in additional revenues for FY 2009 and \$198,901 for FY 2010. The Assembly concurred.
- ***National Council on Aging Grant.*** The Governor's Budget includes \$124,802 in revenues to reflect new funds provided by the National Council on Aging to expand and sustain a chronic disease self-management program statewide with adults 60 years old and older in diverse and at risk populations. He requested an amendment to also recognize the revenue in FY 2009. The Assembly concurred.
- ***American Cancer Society Donation.*** The Governor's Budget includes a \$10,000 grant from the American Cancer Society to support women's cancer screening activities. The Assembly concurred.
- ***Background Checks.*** The Governor recommended Article 11 in 2009-H 5983 to increase the fee for the Bureau of Criminal Identification background checks from \$5 to \$25. Currently, the Bureau performs 44,705 checks annually, generating \$223,525 in revenues. This increase would generate \$1,117,625 per year, resulting in additional revenues of \$894,100 for FY 2010. The Assembly did not concur with this proposal.
- ***Expungement Fee.*** The Budget includes additional revenues of \$1.2 million from charging \$100 for court orders for record expungements. The Office of the Attorney General's Bureau of Criminal Identification processes approximately 12,286 expungements annually at no cost.
- ***Food Licenses Late Renewal Penalty.*** The Governor's Budget includes \$25,000 in revenues from imposing a penalty fee of \$100 for late renewals of permits granted for food protection licenses. The Budget also includes a civil penalty fee of \$500 per day for each day that an establishment operates with a lapsed or invalid permit. The fee increase would take effect on January 1, 2010; the annual revenue increase would be \$50,000. The Assembly did not concur with either proposal.
- ***Hospital License Fee.*** The Governor's budget extends the FY 2010 licensing fee at the current rate of 4.78 percent of net patient services revenue. He included the enacted amount of \$111.4 million in revenue, which includes \$106.2 million from the community hospitals and \$5.3 million from Eleanor Slater Hospital.

The Assembly enacted Section 2 of Article 16 to include an FY 2010 licensing fee at 5.237 percent of revenues and updated the base year to 2008. The Budget assumes revenues of \$128.8 million, \$123.1 million from the community hospitals and \$5.8 million from Eleanor Slater Hospital. The Assembly also updated the FY 2009 licensing fee from the enacted level of 4.78 percent to 5.473 percent of hospitals' net patient services revenue and assumed additional revenue of \$16.2 million for total collections of \$111.4 million in revenue, \$106.2 million from the community hospitals and \$5.3 million from Eleanor Slater Hospital.

- ***Coastal Resources Management Council Fees.*** The Budget includes additional revenue of \$0.2 million from increasing certain fees through the Coastal Resources Management Council. This includes increasing the structural shoreline protection application fee from \$750 to \$1,500 for the first 100 feet and from \$10 to \$15 for each additional foot. It also includes increasing the fee for recreational vehicle permits from \$50 to \$100 for residents and from \$100 to \$200 for non residents,

allowing for vehicle access to the beaches. There is also an increase to the residential dock application fee from \$500 to \$1,500, which allows a homeowner to build a dock on their property.

- ***Saltwater Fishing License.*** The 2009 Assembly adopted legislation that prohibits fishing in the state's marine waters without a license effective January 1, 2010. Without a state program, federal authorities would have assumed control of the fee for the license as well as limited the state's use of revenue derived from the sale of the licenses. Licenses would require a \$7.00 fee for residents and \$10.00 for non-residents. The Budget does not include any projected revenue from the sale of saltwater fishing licenses.

Gas Tax.

- ***Gas Tax.*** The Budget retains one cent of the 32-cents per gallon motor fuel tax previously designated for the General Fund within the Intermodal Surface Transportation Fund. The Department of Transportation's FY 2010 budget will increase by \$4,400,000 and general revenues will decrease by the same amount.
- ***Gas Tax Increase.*** The Budget includes a two cent increase in the motor fuel tax for a total of 32 cents per gallon. The additional funding will be allocated to the Rhode Island Public Transit Authority, which increases the Authority's share of the motor fuel tax to \$0.0925.

Lottery.

- ***Video Lottery.*** The Assembly included an additional \$10.7 million from video lottery terminal proceeds for expanded hours seven days per week, referred to as 24-3. The 2008 Assembly had approved 24-3 operations for the period May 2008 through June 30, 2009 for Twin River and Newport Grand. The Administration announced it would administratively expand to 24-7.

Other Miscellaneous Revenue.

- ***Land Sales.*** The Governor's FY 2010 Budget includes \$10.0 million in new revenues from the sale of two parcels of state-owned land to the Rhode Island Housing and Mortgage Finance Corporation. This includes \$6.0 million in revenues from the sale of the Aime Forand property to the Rhode Island Housing and Mortgage Finance Corporation. The state owns the land and the 2008 Assembly approved \$16.9 million from Rhode Island Capital Plan funds to renovate the building to be used as the new registry for the Division of Motor Vehicles. If a developer were to purchase and renovate the facility, the state would be required to make annual lease payments for 20 to 30 years.

He also included \$4.0 million for the land between Pontiac and Howard Avenue, formerly slated for the new State Police headquarters. Rhode Island Housing would issue a request for proposals for prospective developers for the development of a multiple use complex to include but not be limited to office space, retail, restaurant, residential and institutional use.

The land sale revenues of \$16.0 million from three parcels of land were first included in the Governor's FY 2009 revised budget. He subsequently requested an amendment to remove \$10.0 million of the land sale revenue from the FY 2009 revised budget and include it in the FY 2010 budget. The Assembly did not concur with the Governor's proposals; both budgets do not include any revenues from land sales.

- ***Workers' Compensation Escrow Fund.*** The Governor recommended the transfer of \$0.7 million from the Workers' Compensation Escrow Fund to the General Fund by June 30, 2009. This would leave \$500,000 in the account to cover any workers' compensation claims with the state, but leaves the state liable for any claims above this amount. When a company withdraws from operating a business in the state, the parent company of the defunct operation is required to pay into an escrow account to cover potential workers' compensation claims filed by employees after the business ceases operations. Any claims filed against one of these companies are paid from this fund, but if the claims exceed the amount in the fund, the state is liable for the difference. The Assembly concurred.

- ***TDD Dual Party Relay Account.*** The Governor recommended the transfer of \$385,246 from the Public Utilities Commission dual party relay service fund to the general fund by June 30, 2009. The telecommunications relay device fund supports the service that allows for communication with and between deaf, hard of hearing, speech impaired and/or hearing persons. The Commission indicated some concern that, with current obligations and resources, the transfer would cause a negative balance at the end of FY 2009. The Governor subsequently requested a budget amendment to reduce the amount transferred by \$202,000 to \$183,246 to maintain adequate funding to pay the vendor providing the service. The Assembly concurred.

- ***Purchase Card Rebates.*** Under its purchasing card agreement, the state annually receives a rebate based on the volume of purchases. The Governor's FY 2010 budget includes \$50,000 from the annual rebate; his FY 2009 revised budget includes \$250,000 from the funds that have been accruing in an escrow account for several years. The Assembly concurred.

- ***Rhode Island Health and Educational Building Corporation Transfer.*** The Budget includes a transfer of \$1.0 million from the Rhode Island Health and Educational Building Corporation to the general fund in FY 2010.

- ***Human Resource Investment Council Transfer.*** The Budget includes a transfer of \$1.5 million from the Human Resource Investment Council to the general fund in FY 2010. The Council has an estimated FY 2009 year end balance of \$1.8 million. Employer payroll taxes fund two restricted receipt accounts, which the Council uses for employment, training, education and economic development activities.

Other.

- ***Underground Storage Tank Gas Tax.*** The Budget includes the transfer of \$2,237,500 of gas tax deposits into the Underground Storage Tank Fund to the Rhode Island Public Transit Authority for FY 2009. The FY 2010 budget includes the permanent dedication of one-half of the \$0.01 per gallon surcharge on motor fuel to the Authority. Based on the current gasoline tax yield estimate, the FY 2010 impact to the Authority would be \$2,200,000.

State Aid to Local Governments

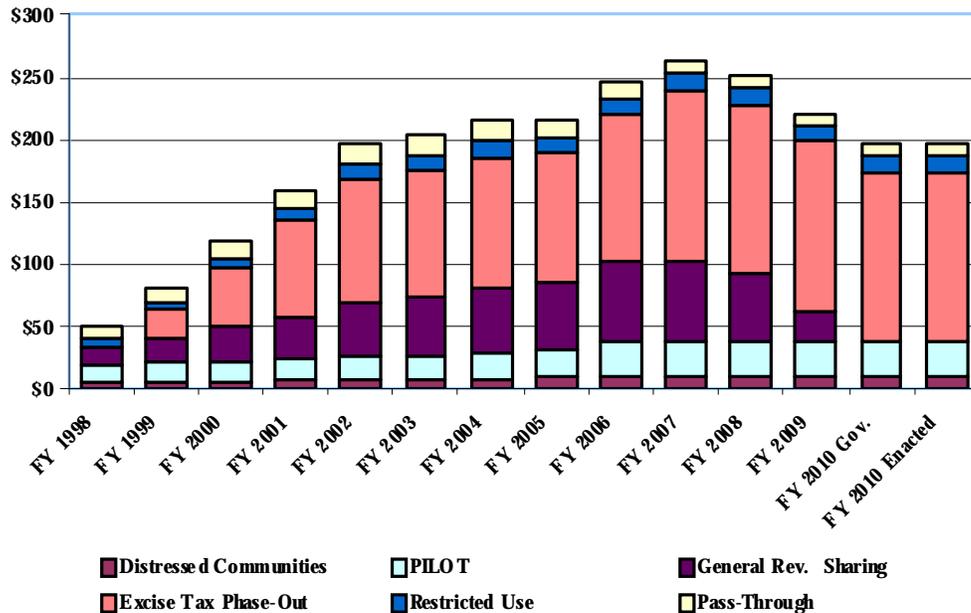
Introduction

The FY 2010 budget adopted by the Assembly contains total state aid to cities and towns of \$186.7 million from state general revenues. Funding includes \$173.3 million for general aid programs and \$13.6 million for restricted use programs. Local communities will also receive \$9.2 million in public service corporation property taxes that the state collects and passes through to the communities.

The general aid amount is \$25.1 million less than the amount the Assembly provided in the FY 2009 final budget, primarily from the elimination of the General Revenue Sharing program. For FY 2010, the Assembly enacted legislation to subject the program permanently to appropriation.

The budget provides \$135.3 million to fund the Motor Vehicle Excise Tax program, which maintains the \$6,000 exemption; however, it assumes no growth in values from FY 2009 for which growth was 0.1 percent above FY 2008. The Assembly enacted legislation to continue allowing communities to meet the 80.0 percent maintenance of effort for libraries to qualify for state library aid. The Assembly also froze the tax rate applied to the tangible personal property of public service corporations at the FY 2008 rates. Freezing the rate at the FY 2008 level is estimated to save the municipalities \$645,000.

The following graph shows historical funding data, in millions. The graph below also shows the allocation and growth of funding for state aid programs from FY 1998 through FY 2010 enacted.



The major changes in the aid proposal are discussed on the following pages, followed by tables that show proposed distribution of general aid by community as well as each general aid program by community. There are also tables showing the distribution of library operating aid, which is considered restricted and not included in the general aid totals and public service corporations tax collections, a local levy collected at the state level and returned to local governments for tax collection efficiency purposes.

- **General.** The Assembly provided \$173.3 million for general state aid to local governments in FY 2010.

Fiscal Year	1990	1995	2000	2005	2006	2007	2008	2009	2010 Enacted
General Aid - State Sources									
Distressed Communities*	\$ -	\$ 7.2	\$ 6.6	\$ 9.5	\$ 10.6	\$ 10.2	\$ 10.4	\$ 10.4	\$ 10.4
PILOT	0.3	12.2	16.1	22.7	27.0	27.8	27.8	27.6	27.6
General Rev. Sharing	27.8	13.6	27.6	52.4	65.0	65.1	55.1	25.0	-
Excise Tax Phase-Out	-	-	47.3	105.0	117.6	136.2	135.3	135.4	135.3
Subtotal	\$ 28.1	\$ 33.0	\$ 97.5	\$ 189.7	\$ 220.2	\$ 239.3	\$ 228.6	\$ 198.3	\$ 173.3
Restricted Use Aid - State Sources									
State Aid for Libraries	\$ 1.6	\$ 3.3	\$ 5.7	\$ 8.1	\$ 8.4	\$ 8.7	\$ 8.8	\$ 8.8	\$ 8.8
Library Const. Aid	1.3	1.9	1.6	2.5	2.6	2.8	2.8	2.6	2.8
Police & Fire Incentive	4.1	1.3	0.9	1.1	1.1	0.7	0.7	-	-
Prop. Reval. Reimb.	-	-	0.0	0.6	0.6	2.0	1.1	1.1	1.8
Other	0.1	0.0	-	-	-	-	-	-	-
Subtotal	\$ 7.2	\$ 6.5	\$ 8.2	\$ 12.3	\$ 12.7	\$ 14.2	\$ 13.4	\$ 12.5	\$ 13.5
Total - State Sources	\$ 35.2	\$ 39.5	\$ 105.7	\$ 202.0	\$ 233.0	\$ 253.5	\$ 241.9	\$ 210.8	\$ 186.7
Other Aid - Pass-Through									
Public Service Corp.	\$ 9.9	\$ 7.2	\$ 12.8	\$ 14.6	\$ 14.6	\$ 10.3	\$ 10.3	\$ 9.2	\$ 9.2

*FY 2007 reflects recapture of \$230,272 overpayment from FY 2006.

- **Distressed Communities Relief Fund.** The budget includes \$10.4 million to fund the Distressed Communities Relief Fund for FY 2010, consistent with the enacted budget. Communities' aid distribution for FY 2010 is based on updated qualifying tax levies. The Governor recommended using \$10.0 million of the total \$30.0 million available from the flexible portion of the federal stabilization funds in lieu of general revenues. The Assembly provided \$10.0 million from general revenues in lieu of the stimulus funds, which it used elsewhere. The Assembly also enacted legislation to clarify how much of the appropriation will be distributed equally to each qualifying distressed community and permanently subjected the portion from video lottery terminal funding to appropriation.

- **Payment in Lieu of Taxes Program.** The budget includes \$27.6 million to level fund the Payment in Lieu of Taxes program at the FY 2009 revised level. Distributions to communities reflect updated data and a ratable reduction to the appropriation.

- **General Revenue Sharing.** The FY 2010 budget does not include any funding for the General Revenue Sharing Program, consistent with the Governor's recommendation. The Assembly adopted legislation to subject the program permanently to appropriation; deleted the requirement for a distribution of 3.0 percent of second prior year state tax revenues for FY 2010 and each year thereafter, and deleted the two-thirds requirement for repealing or amending the statute relating to the apportionment of aid.

The Governor's revised budget reflects the suspension of the state's appropriation for the General Revenue Sharing payments to communities in FY 2009. He subsequently requested an amendment to restore \$31.0 million to fund the program to be distributed through the existing formula; however, communities would be required to allocate a portion to school budgets based on the percent of support for the school budget that the community supplied in FY 2007. The Assembly did not concur and restored \$25.0 million to be distributed proportionally on the same basis as the original enactment.

- **Motor Vehicle Excise Tax Phase-Out.** The budget includes \$135.3 million to fund the Motor Vehicle Excise Tax program. It maintains the \$6,000 exemption; however, it assumes no growth in values from FY 2009 for which growth was 0.1 percent above FY 2008. The 2008 Assembly enacted

legislation to permanently reduce the reimbursements to 98.0 percent of the calculated value beginning with FY 2008.

- ***Library Resource Sharing Aid.*** The budget includes \$8.8 million for FY 2010 library operating aid, \$1.1 million or 11.0 percent less than allowed under current law, which requires 25.0 percent reimbursement of second prior year expenditures. Community distributions reflect updated data and a ratable reduction to the appropriation. The 2008 Assembly enacted legislation to reduce the maintenance of effort requirement for municipalities to provide library services to at least 80.0 percent of the previous year for just FY 2009. The FY 2010 budget continues allowing communities to meet the 80.0 percent maintenance of effort for libraries to qualify for state library aid.

- ***Library Construction Aid.*** The budget provides \$2.8 million for library construction aid, to reflect current law requirements for FY 2010 based on updated cost information and construction schedules for approved projects. The state reimburses libraries up to half of the total cost for eligible projects on an installment basis for a period of up to 20 years.

- ***Property Valuation Reimbursement.*** The budget provides full funding of \$1.8 million to reimburse communities conducting property valuation updates.

- ***Public Service Corporation Tax.*** The budget assumes the state will collect \$9.2 million of property taxes from public service corporations on behalf of municipalities and pass that back to them. The Governor proposed legislation in his FY 2009 revised budget to freeze the tax rate applied to the tangible personal property of public service corporations at the FY 2008 rates. Freezing the rate at the FY 2008 level is estimated to save the municipalities a total of \$645,000. Annual tax collections have dropped from \$16.6 million in FY 2004 to \$9.2 million in FY 2009. The Assembly concurred with the Governor's recommendation.

State Aid – General

State aid can be classified into *general* state aid and *restricted use* aid. *General* aid payments made to municipalities can be used for general budget use or as reimbursement for costs incurred. Examples include: General Revenue Sharing, Payments in Lieu of Taxes, Distressed Communities Relief, and Vehicle Excise Tax Phase-out payments. The general purpose of these programs is to relieve pressure on local property taxes by providing revenues from the state's broad based taxes to local governments.

Rhode Island property taxes comprise 53.2 percent of all local revenues; nationally they comprise only 27.9 percent. The Rhode Island percentage is the second highest in the United States, partially due to the fact that Rhode Island local governments are not allowed to levy local option general sales or income-based taxes.

Rhode Island also ranks high in the percentage of state and local revenues generated from property taxes. It has traditionally relied more on local property taxes than most states. FY 2006 data showed that it ranks 11th in total per capita state and local taxes, but 5th in state and local property taxes. The rankings are similar when the state and local property taxes are measured as percentages of personal income. Further, it ranks 8th in the share that property taxes contribute to total sales, income and property taxes.

FY 2006 Data from Bureau of Census	Rhode Island	United States	Rank
All State and Local Taxes			
Per Capita	\$ 4,424	\$ 3,963	11
As Percentage of Personal Income	11.80%	10.80%	7
State and Local Property Taxes			
Per Capita	\$ 1,783	\$ 1,151	5
As Percentage of Personal Income	4.8%	3.1%	3
Percentage of Income, Sales and Property Taxes	50.2%	37.2%	8
State and Local Income Taxes			
Per Capita	\$ 964	\$ 714	17
As Percentage of Personal Income	2.6%	1.9%	19
Percentage of Income, Sales and Property Taxes	27.1%	24.0%	33
State and Local Sales Taxes			
Per Capita	\$ 808	\$ 936	27
As Percentage of Personal Income	2.2%	2.5%	37
Percentage of Income, Sales and Property Taxes	22.7%	31.4%	38
Local Revenues Sources Only			
Percent from State Government	30.4%	33.9%	34
Percent from Property Tax	53.2%	27.9%	2

The high rankings are also partially due to the relatively low percentage of state contributions to local budgets. State aid contributed 30.4 percent of FY 2006 local revenue sources in Rhode Island, the 34th lowest percentage in the United States. Nationally, states contributed an average of 33.9 percent. These rankings are in spite of concerted efforts by the General Assembly to decrease reliance on the property tax as a source of state and local expenditures in recent years.

Restricted use aid includes payments made to a municipality for a specific purpose or payments to non-governmental entities providing a public service. These include library aid and police and fire incentive pay plan sharing. The largest source of restricted aid is education aid, which is not included here. More complete information concerning education aid is contained in the *Education Aid* section of the *Budget as Enacted*.

Pass-through aid in the form of the Public Service Corporation tax is a third category often listed as state aid. However, it is not paid for from state sources, but is actually a local levy collected at the state level and returned to local governments for tax collection efficiency purposes. It is not part of the state budget or funds.

General State Aid

Distressed Communities Relief Program. The Distressed Communities Relief program was established in 1990 to provide assistance to the communities with the highest property tax burdens relative to the wealth of the taxpayers. The 2005 Assembly increased eligibility for FY 2006 to any community falling into the lowest 20.0 percent for at least three of four indices to be eligible for assistance under the Distressed Communities Relief program.

Rankings	Central			North			West		
	Burrillville	Falls	Coventry	Cranston	Providence	Pawtucket	Providence	Warwick	Woonsocket
FY 2008									
	<i>Data Not Used for FY 2008 Distributions</i>								
Levy/Full Value	21	12	5	2	3	9	1	3	6
Per Capita Income 2000	7	1	11	10	19	4	2	6	3
Personal Income/Full Value	12	1	6	7	3	4	8	5	2
Full Value Per Capita	10	1	7	8	6	3	4	5	2
Qualifying Rankings	1	3	3	3	3	3	4	4	4
FY 2009									
Levy/Full Value	19	14	10	2	7	12	1	3	13
Per Capita Income 2000	7	1	11	10	19	4	2	6	3
Personal Income/Full Value	6	1	10	9	7	3	4	5	2
Full Value Per Capita	6	1	10	9	7	3	4	5	2
Qualifying Rankings	3	3	0	1	3	3	4	4	3
Qualifying Rankings	1	3	3	3	3	3	4	4	4
FY 2010									
Levy/Full Value	22	17	5	3	6	13	1	2	8
Per Capita Income 2000	7	1	11	10	19	4	2	6	3
Personal Income/Full Value	6	2	9	7	4	3	12	5	1
Full Value Per Capita	7	1	10	9	6	3	4	5	2
Qualifying Rankings	3	3	1	2	3	3	3	4	3

Most funds are distributed based on the ratio of an eligible municipality's tax levy to the total tax levy of all eligible municipalities. However, when a new community qualifies, that community receives 50.0 percent of current law requirements the first year it qualifies. The remaining 50.0 percent is distributed to the other distressed communities proportionately. When a community falls out of the program, it receives a one-time transition payment of 50.0 percent of the prior year requirement exclusive of any reduction for first year qualification.

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

The Governor's FY 2010 budget includes \$10.4 million to fund the Distressed Communities Relief Fund, consistent with the enacted budget. He recommended using \$10.0 million of the total \$30.0 million available from the flexible portion of the federal stabilization funds in lieu of general revenues. Communities' aid distribution for FY 2010 is based on updated qualifying tax levies.

For FY 2010, a state appropriation equal to the FY 2009 enacted budget would have been \$9.6 million and the current law dedicated portion of video lottery terminal revenues would be \$0.9 million. The recommended \$10.0 million from the state stabilization fund appears to replace \$9.6 million of the general revenues and \$0.4 million from video lottery proceeds. The recommendation distributed all \$10.4 million on a weighted basis, which excludes the portion of video lottery machine revenues that are distributed equally among qualifying communities without a statutory change. The Governor subsequently requested an amendment to clarify how much of the appropriation would be distributed equally to each qualifying distressed community. The Assembly concurred and adopted legislation subjecting the video lottery terminal funding to appropriation for FY 2010 and each year thereafter.

Payment in Lieu of Taxes (PILOT). This program reimburses cities and towns for property taxes, which would have been due on real property owned by nonprofit educational institutions, nonprofit hospitals, or any state-owned hospital, veterans' residential facility or correctional facility, which is

exempt from taxation by state law. Reimbursement is based on 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation.

The Governor recommended \$27.6 million for FY 2010, which represents reimbursement of 23.9 percent of the value. Distributions to communities reflect updated data. The Assembly concurred.

General Revenue Sharing. Beginning in FY 1994, a portion of total state tax revenues from the second prior fiscal year have been earmarked as state aid to cities and towns and distributed based on per capita income and local tax burdens for public purposes. In the FY 1999 budget, the General Assembly began increasing the percentage of revenues dedicated to the General Revenue Sharing program as a mechanism for reimbursing municipalities for lost local revenues from the ten-year phase-out of the inventory tax. The law also provided that the percentage of second prior year tax collections dedicated to the program would increase on an annual basis through FY 2011 to a total of 4.7 percent.

The 2005 Assembly provided that 6.25 percent of the state share of video lottery net terminal income solely attributable to new machines at Lincoln and Newport be dedicated to the program, up to a maximum of \$10.0 million to non-distressed communities based on the proportion of the general revenue sharing distribution for that year. The 2006 Assembly converted that dedication to 0.10 percent of all net terminal income up to a maximum of \$10.0 million to non-distressed communities.

The 2006 Assembly fixed the FY 2007 appropriation at \$64.7 million to which the video lottery terminal revenues would be added for FY 2007 only and did not concur with the Governor's proposal to freeze the amount at 3.0 percent of the second prior year's general tax revenues, ending the phase-up to 4.7 percent. For FY 2008 the amount would be based upon 3.7 percent of the second prior year's general tax revenues.

The 2007 Assembly concurred with the Governor's proposal to freeze communities' FY 2008 aid payments at the FY 2007 level, and fix future amounts at 3.0 percent of tax revenues ending the phase-up.

The 2008 Assembly provided \$55.1 million for the General Revenue Sharing program and changed the reference year data used for the distribution formula to be the same as used for FY 2008. This assured that each community received the same amount of aid in FY 2009 as it did in FY 2008.

The Governor's FY 2009 revised budget reflects the suspension of the state's appropriation for the General Revenue Sharing payments to communities in FY 2009. He subsequently submitted an amendment to restore \$31.0 million from general revenues to fund the program. The Administration needs to receive final approval from the Secretary of Education for the state's use of the state fiscal stabilization funds. The \$31.0 million would be distributed through the existing formula; however, communities would be required to allocate a portion to school budgets based on the percent of support for the school budget that the community supplied in FY 2007. Communities that contributed less than 5.0 percent would be required to allocate 100 percent of the general revenue sharing allocation to the schools. Communities that contributed between 5.0 percent and 25.0 percent would be required to allocate 75.0 percent, communities that contributed between 25.0 percent and 50.0 percent would be required to allocate 50.0 percent, and communities that contributed more than 50.0 percent would be required to allocate 25.0 percent to school budgets.

The Assembly did not concur and provided \$25.0 million to fund the program in FY 2009, distributed proportionally on the same basis as the original enactment.

The FY 2010 budget does not include any funding for the General Revenue Sharing Program, consistent with the Governor's recommendation. The Assembly enacted legislation to subject the program permanently to appropriation; deleted the requirement for a distribution of 3.0 percent of second prior year state tax revenues for FY 2010 and each year thereafter, and deleted the two-thirds requirement for repealing or amending the statute relating to the apportionment of aid.

Motor Vehicle Excise Tax Phase-Out. The 1998 General Assembly enacted legislation to eliminate the property tax on motor vehicles and trailers over a period of seven years. It was modified in subsequent legislative sessions to substantially extend the phase-out period. It began with a \$1,500 exemption for FY 2000 tax bills that increased by \$1,000 per year to the FY 2005 amount of \$4,500. Cities and towns are held harmless for the exemptions and are reimbursed on the basis of 100 percent collections. They also received adjustments for freezing tax rates at the FY 1998 level through FY 2003. Fire districts may no longer levy motor vehicle excise taxes, and they are fully reimbursed for the lost revenues.

The 2005 Assembly increased the exemption amount from \$4,500 to \$5,000 per vehicle for FY 2006 and dedicated certain future revenues from video lottery terminals to phase out the tax. The 2005 Assembly also provided that 78.125 percent of the *state share* of video lottery net terminal income solely attributable to new machines at Lincoln and Newport up to \$10.0 million per year be dedicated to ending the car tax by increasing the exemption in \$500 increments until it is ended.

The 2006 Assembly increased the exemptions to \$6,000 and converted that dedication to 1.22 percent of *all* net terminal income up to \$10.0 million per year and provided that the amount of the vehicle value exemption increase to the nearest \$250 increment, and the amount cannot be less than the prior year's exemption.

The 2007 Assembly provided \$135.5 million to fund the car tax phase-out for FY 2008 with a \$6,000 exemption consistent with current law and updated data. This maintains the tax rate freeze and provision for annual increases in the limit based on increases in video lottery terminal proceeds.

The 2008 Assembly provided \$139.6 million to fund the car tax phase-out for FY 2009, and adopted the Governor's recommendation to permanently reduce the Motor Vehicle Excise Tax reimbursements to 98.0 percent of the calculated value beginning with FY 2008.

The Governor's revised budget includes \$135.4 million or \$4.2 million less than enacted to reflect updated data, which shows that the growth rate from FY 2008 to FY 2009 was actually 0.1 percent. The enacted budget assumed a growth rate of 3.2 percent. Subsequently, the Governor requested an amendment to further reduce expenditures by \$10,036 to reflect final numbers received from municipalities. The Assembly concurred with the Governor's updated recommendation.

The FY 2010 budget includes \$135.3 million to fund the program and maintains the \$6,000 exemption; however, it assumes no growth in values from FY 2009 for which growth was 0.1 percent above FY 2008.

Restricted Use State Aid

State Support for Public Libraries. State law requires that the state provide financial support to public libraries, which remained relatively stable for the period from FY 1991 through FY 1997. In FY 1998, the General Assembly appropriated an additional \$1.0 million to begin increasing funding to meet the requirement of 25.0 percent for the grants-in-aid program by FY 2000. The statute requires

an amount equal to 25.0 percent of second prior fiscal year local expenditures for library services as grants-in-aid. The same requirement applies to institutional libraries, but that funding is not shown in these tables as local aid. Additionally, the state is required to fund 100.0 percent of the administrative and operating costs of the Rhode Island Library Network.

The 2003 Assembly amended the legislation to allow Providence Public Library endowment funding to be considered local effort with the annual amount that may be included for endowment funds capped at 6.0 percent of the three-year average market value of the endowment, calculated at the end of the calendar year. The 2004 Assembly further amended the laws to extend that to all libraries.

The 2007 Assembly concurred with the Governor's proposal for \$8.8 million for FY 2008 library operating aid. This added \$0.1 million for the statewide reference library resource grant and froze all other communities at the FY 2007 distribution, which was 25.0 percent of FY 2005 local expenditures for library services.

The 2008 Assembly concurred with the Governor's recommendation to provide \$8.8 million for FY 2009 library operating aid. That Assembly also enacted legislation to reduce the maintenance of effort requirement for municipalities to provide library services to at least 80.0 percent of the previous year for just FY 2009. Current law would require an annual maintenance of effort at 100.0 percent of the previous year.

The 2009 Assembly enacted legislation to continue allowing communities to meet the 80.0 percent maintenance of effort for libraries to qualify for state library aid. The FY 2010 budget includes \$8.8 million to level fund state library aid at the FY 2009 level.

Library Construction Aid. The Rhode Island General Laws establish a library construction aid program, which is administered by the Office of Library and Information Services. The statute provides the authority to make grants-in-aid to a municipality or a free public library for the construction or capital improvements of any free public library designed to provide better services to the public.

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

Reimbursable costs also include any cost of borrowing for the state share during the construction period. Examples of costs not eligible for state funds include the cost of fundraising by the municipality or the free library or the costs of public relations. In a case where the library is a component of local government, payments are made to the municipality. Payments for free public libraries are made directly to the libraries.

Library construction aid is considered indirect aid for two reasons. Firstly, payments are not necessarily made to a local government; some are made directly to free public libraries. Thus, funding cannot entirely be considered traditional local aid. Secondly, funds are targeted for specific use and are not for general support of the local government or free library budget.

The FY 2010 budget provides full funding of \$2.8 million for library construction aid.

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

The amount of the incentive is based on a point system, which is related to the individual's level of educational attainment. The state makes payments directly to the municipalities, which, in turn, make payments to the participants in the program.

As part of his FY 2009 budget, the Governor proposed legislation to eliminate both programs. The Assembly maintained this program in the general laws, however, provided no funding for FY 2009. The Governor did not recommend funding this program in FY 2010; the Assembly concurred.

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

The amount of the incentive is based on a point system, which is related to the individual's level of educational attainment. The state makes payments directly to the municipalities, which, in turn, make payments to the participants in the program.

As part of his FY 2009 budget, the Governor proposed legislation to eliminate both programs. The Assembly maintained this program in the general laws, however, provided no funding for FY 2009. The Governor did not recommend funding this program in FY 2010; the Assembly concurred.

Property Valuation Reimbursement. Section 44-5-11.6 of the Rhode Island General Laws requires that municipalities update property valuations using statistical techniques every third and sixth year after a full revaluation. The statute also requires that the state reimburse municipalities for 100.0 percent of the costs for the first update at a rate not to exceed \$20 per parcel. Reimbursement for future updates declines based on a defined schedule in the General Laws.

The 2008 Assembly adopted the Governor's recommendations for \$1.3 million in reimbursements for FY 2009 and \$1.1 million for costs in FY 2008. The Governor's revised budget includes \$1.1 million for FY 2009 and \$1.8 million for FY 2010 reimbursements. The Assembly concurred with the Governor's revised and FY 2010 recommendations.

Pass-Through Revenues

Public Service Corporation Tax. The budget assumes the state will collect \$9.2 million of property taxes from public service corporations on behalf of municipalities and pass that back to them. The Assembly concurred with the Governor's proposal included in 2009-H 5019 Substitute A, as amended to freeze the tax rate applied to the tangible personal property of public service corporations at the FY 2008 rates. Freezing the rate at the FY 2008 level is estimated to save the municipalities a total of \$645,000. Annual tax collections have dropped from \$16.6 million in FY 2004 to \$10.2 million in the current fiscal year.

Under Section 44-13-13 of the Rhode Island General Laws, the tangible personal property of telegraph, cable, and telecommunications corporations and express corporations used exclusively in conducting business for the corporation is exempt from local taxation, but is subject to taxation by the state. Tangible personal property includes lines, cables, ducts, pipes, machines and machinery, and equipment.

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

General Aid Total

Includes Distressed Communities, PILOT, General Revenue Sharing and Motor Vehicles Excise Tax

<i>Community</i>	<i>FY 2006</i>	<i>FY 2007</i>	<i>FY 2008</i>
Barrington	\$ 2,830,925	\$ 3,260,301	\$ 3,268,942
Bristol	2,691,563	3,081,071	2,922,409
Burrillville	3,240,142	3,885,698	3,760,409
Central Falls	3,379,532	3,528,757	3,243,739
Charlestown	852,665	936,483	866,977
Coventry	3,427,033	3,988,348	3,812,033
Cranston	19,926,723	21,450,471	20,425,332
Cumberland	3,559,174	4,062,225	4,089,535
East Greenwich	1,425,871	1,557,063	1,513,199
East Providence	8,333,008	9,283,727	8,616,983
Exeter	970,307	1,090,830	1,086,925
Foster	983,516	1,151,696	1,101,404
Glocester	1,587,594	1,768,320	1,695,064
Hopkinton	924,666	1,056,253	1,031,526
Jamestown	533,538	580,369	551,129
Johnston	7,011,467	7,736,080	7,242,458
Lincoln	3,308,628	3,924,324	3,736,353
Little Compton	366,072	402,426	385,233
Middletown	1,997,956	2,096,386	1,919,901
Narragansett	1,951,357	2,140,769	1,972,906
Newport	4,306,522	4,380,075	4,073,086
New Shoreham	168,864	178,191	163,945
North Kingstown	3,499,634	3,787,911	3,574,813
North Providence	7,742,883	9,098,237	8,666,099
North Smithfield	2,405,932	2,709,706	2,631,332
Pawtucket	16,529,854	17,557,642	16,590,781
Portsmouth	2,037,411	2,227,878	2,110,591
Providence	62,037,104	64,180,292	62,048,682
Richmond	855,685	965,333	883,671
Scituate	1,772,595	2,025,626	1,956,153
Smithfield	5,311,608	5,881,913	5,557,422
South Kingstown	2,985,202	3,302,280	3,149,694
Tiverton	1,819,006	2,063,275	1,952,024
Warren	1,365,102	1,641,102	1,551,682
Warwick	17,521,772	19,819,035	18,990,051
Westerly	3,330,070	3,896,976	3,762,036
West Greenwich	664,609	790,541	765,029
West Warwick	5,178,497	5,573,325	5,352,382
Woonsocket	9,528,656	10,325,702	9,682,075
Subtotal	\$ 218,362,743	\$ 237,386,635	\$ 226,704,006
Fire Districts	1,875,837	1,875,837	1,875,837
Total	\$ 220,238,580	\$ 239,262,472	\$ 228,579,843

General Aid Total

Includes Distressed Communities, PILOT, General Revenue Sharing and Motor Vehicles Excise Tax

<i>Community</i>	<i>FY 2009</i>	<i>FY 2010 Enacted</i>	<i>Difference</i>
Barrington	\$ 3,125,947	\$ 3,031,882	\$ (94,065)
Bristol	2,499,709	2,168,146	(331,563)
Burrillville	3,655,225	3,385,743	(269,481)
Central Falls	2,437,447	1,788,940	(648,507)
Charlestown	679,079	522,331	(156,748)
Coventry	3,344,912	2,954,920	(389,992)
Cranston	17,949,054	15,793,559	(2,155,495)
Cumberland	3,386,290	2,787,560	(598,730)
East Greenwich	1,441,549	1,373,435	(68,115)
East Providence	7,286,516	6,254,731	(1,031,785)
Exeter	1,055,363	1,020,562	(34,801)
Foster	977,677	858,447	(119,231)
Glocester	1,436,958	1,218,863	(218,095)
Hopkinton	937,764	850,943	(86,821)
Jamestown	489,316	432,967	(56,349)
Johnston	6,046,614	5,064,868	(981,746)
Lincoln	3,290,880	2,922,165	(368,715)
Little Compton	332,886	292,210	(40,676)
Middletown	1,473,502	1,097,078	(376,424)
Narragansett	1,563,584	1,224,495	(339,089)
Newport	3,274,428	2,565,977	(708,450)
New Shoreham	128,280	93,112	(35,168)
North Kingstown	3,172,884	2,830,693	(342,190)
North Providence	7,361,946	6,380,266	(981,681)
North Smithfield	2,422,658	2,171,945	(250,714)
Pawtucket	14,043,657	11,937,103	(2,106,554)
Portsmouth	1,811,059	1,559,418	(251,641)
Providence	54,401,275	48,518,644	(5,882,631)
Richmond	955,893	834,514	(121,379)
Scituate	1,753,959	1,579,960	(173,999)
Smithfield	4,726,296	3,999,465	(726,831)
South Kingstown	2,687,023	2,317,233	(369,790)
Tiverton	1,662,201	1,413,809	(248,392)
Warren	1,318,756	1,125,745	(193,011)
Warwick	16,616,539	14,740,820	(1,875,718)
Westerly	3,417,763	3,123,736	(294,028)
West Greenwich	680,747	594,921	(85,826)
West Warwick	4,684,296	4,129,801	(554,495)
Woonsocket	7,929,413	6,434,911	(1,494,501)
Subtotal	\$ 196,459,347	\$ 171,395,918	\$ (25,063,429)
Fire Districts	1,875,837	1,875,837	-
Total	\$ 198,335,184	\$ 173,271,755	\$ (25,063,429)

Distressed Communities Relief

<i>City or Town</i>	<i>FY 2006</i>	<i>FY 2007</i>	<i>FY 2008</i>
Barrington	\$ -	\$ -	\$ -
Bristol	-	-	-
Burrillville	-	299,245	299,245
Central Falls	317,021	295,811	300,986
Charlestown	-	-	-
Coventry	-	-	-
Cranston	-	-	-
Cumberland	-	-	-
East Greenwich	-	-	-
East Providence	-	-	-
Exeter	-	-	-
Foster	-	-	-
Glocester	-	-	-
Hopkinton	-	-	-
Jamestown	-	-	-
Johnston	-	-	-
Lincoln	-	-	-
Little Compton	-	-	-
Middletown	-	-	-
Narragansett	-	-	-
Newport	-	-	-
New Shoreham	-	-	-
North Kingstown	-	-	-
North Providence	606,290	1,109,083	1,120,853
North Smithfield	-	-	-
Pawtucket	1,707,021	1,536,196	1,573,062
Portsmouth	-	-	-
Providence	6,056,115	5,158,354	5,294,376
Richmond	-	-	-
Scituate	-	-	-
Smithfield	-	-	-
South Kingstown	-	-	-
Tiverton	-	-	-
Warren	-	-	-
Warwick	-	-	-
Westerly	-	-	-
West Greenwich	-	-	-
West Warwick	1,026,315	929,107	950,454
Woonsocket	927,431	826,392	845,484
Total	\$ 10,640,193	\$ 10,154,186	\$ 10,384,458

Distressed Communities Relief

<i>City or Town</i>	<i>FY 2009</i>	<i>FY 2010 Enacted</i>	<i>Difference</i>
Barrington	\$ -	\$ -	\$ -
Bristol	-	-	-
Burrillville	504,712	508,393	3,680
Central Falls	288,851	289,687	836
Charlestown	-	-	-
Coventry	-	-	-
Cranston	-	-	-
Cumberland	-	-	-
East Greenwich	-	-	-
East Providence	-	-	-
Exeter	-	-	-
Foster	-	-	-
Glocester	-	-	-
Hopkinton	-	-	-
Jamestown	-	-	-
Johnston	-	-	-
Lincoln	-	-	-
Little Compton	-	-	-
Middletown	-	-	-
Narragansett	-	-	-
Newport	-	-	-
New Shoreham	-	-	-
North Kingstown	-	-	-
North Providence	1,024,798	1,021,041	(3,758)
North Smithfield	-	-	-
Pawtucket	1,499,940	1,497,807	(2,132)
Portsmouth	-	-	-
Providence	5,299,785	5,294,787	(4,999)
Richmond	-	-	-
Scituate	-	-	-
Smithfield	-	-	-
South Kingstown	-	-	-
Tiverton	-	-	-
Warren	-	-	-
Warwick	-	-	-
Westerly	-	-	-
West Greenwich	-	-	-
West Warwick	935,710	946,361	10,651
Woonsocket	830,661	826,383	(4,279)
Total	\$ 10,384,458	\$ 10,384,458	\$ -

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2006</i>	<i>FY 2007</i>	<i>FY 2008</i>
Barrington	\$ 51,885	\$ 53,865	\$ 53,865
Bristol	541,562	560,835	560,835
Burrillville	76,004	78,891	78,891
Central Falls	21,449	-	-
Charlestown	-	-	-
Coventry	-	-	-
Cranston	3,590,332	3,583,905	3,583,905
Cumberland	88	139	139
East Greenwich	7,772	7,940	7,940
East Providence	57,965	61,629	61,629
Exeter	-	-	-
Foster	259	270	270
Glocester	-	-	-
Hopkinton	-	-	-
Jamestown	9	-	-
Johnston	-	-	-
Lincoln	-	-	-
Little Compton	-	-	-
Middletown	-	-	-
Narragansett	-	-	-
Newport	632,176	658,326	658,326
New Shoreham	-	-	-
North Kingstown	6,631	6,836	6,836
North Providence	443,308	533,146	533,146
North Smithfield	37,392	38,817	38,817
Pawtucket	314,165	330,377	330,377
Portsmouth	-	-	-
Providence	19,609,385	20,124,158	20,124,158
Richmond	468	627	627
Scituate	-	-	-
Smithfield	415,240	437,602	437,602
South Kingstown	111,380	121,138	121,138
Tiverton	-	-	-
Warren	-	-	-
Warwick	758,471	862,977	862,977
Westerly	125,744	132,288	132,288
West Greenwich	-	-	-
West Warwick	-	-	-
Woonsocket	173,509	173,199	173,199
Total	\$ 26,975,194	\$ 27,766,967	\$ 27,766,967

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2010</i>		<i>Difference</i>
	<i>FY 2009</i>	<i>Enacted</i>	
Barrington	\$ 49,199	\$ 48,674	\$ (525)
Bristol	584,813	634,467	49,654
Burrillville	73,011	70,725	(2,286)
Central Falls	20,927	21,195	268
Charlestown	-	-	-
Coventry	-	-	-
Cranston	3,633,524	3,564,549	(68,975)
Cumberland	140	119	(21)
East Greenwich	8,008	7,852	(156)
East Providence	60,645	59,510	(1,135)
Exeter	-	-	-
Foster	437	476	39
Glocester	-	-	-
Hopkinton	-	-	-
Jamestown	-	-	-
Johnston	-	-	-
Lincoln	-	-	-
Little Compton	-	-	-
Middletown	-	-	-
Narragansett	-	-	-
Newport	753,317	754,667	1,350
New Shoreham	-	-	-
North Kingstown	6,591	6,499	(92)
North Providence	513,661	457,836	(55,825)
North Smithfield	48,733	50,270	1,537
Pawtucket	353,035	349,008	(4,027)
Portsmouth	-	-	-
Providence	19,570,192	19,651,150	80,958
Richmond	-	-	-
Scituate	-	-	-
Smithfield	466,237	457,147	(9,090)
South Kingstown	118,511	139,158	20,647
Tiverton	-	-	-
Warren	-	-	-
Warwick	1,028,280	1,025,527	(2,753)
Westerly	127,296	124,499	(2,797)
West Greenwich	-	-	-
West Warwick	-	-	-
Woonsocket	163,852	157,083	(6,769)
Total	\$ 27,580,409	\$ 27,580,409	\$ -

General Revenue Sharing

<i>City or Town</i>	<i>FY 2006</i>		<i>FY 2007</i>		<i>FY 2008</i>	
Barrington	\$	259,555	\$	243,363	\$	206,206
Bristol		1,039,674		991,817		840,384
Burrillville		768,637		706,306		597,138
Central Falls		1,693,857		1,693,857		1,432,052
Charlestown		413,891		407,812		345,546
Coventry		909,356		1,014,646		859,727
Cranston		5,644,004		5,428,521		4,599,682
Cumberland		1,287,982		1,560,119		1,321,917
East Greenwich		215,603		176,808		149,812
East Providence		2,801,112		2,681,452		2,272,041
Exeter		123,532		90,542		76,718
Foster		274,156		310,305		262,927
Glocester		573,692		567,421		480,785
Hopkinton		217,544		225,882		191,394
Jamestown		160,979		146,604		124,220
Johnston		2,543,347		2,554,217		2,164,233
Lincoln		743,316		959,291		812,824
Little Compton		108,622		105,828		89,670
Middletown		1,028,122		979,347		829,818
Narragansett		862,695		882,212		747,514
Newport		1,959,634		1,846,695		1,564,738
New Shoreham		91,107		91,497		77,527
North Kingstown		1,014,310		890,042		754,148
North Providence		2,316,767		2,404,365		2,032,742
North Smithfield		641,962		656,282		556,079
Pawtucket		5,573,666		5,476,767		4,630,267
Portsmouth		680,619		654,697		554,736
Providence		15,536,990		15,536,990		13,135,563
Richmond		170,980		148,321		125,675
Scituate		440,227		452,695		383,576
Smithfield		1,807,118		1,867,355		1,582,243
South Kingstown		1,041,896		1,015,803		860,708
Tiverton		604,647		646,245		547,575
Warren		482,593		502,159		425,488
Warwick		4,911,046		4,872,914		4,128,906
Westerly		631,967		757,697		642,010
West Greenwich		187,739		223,294		189,201
West Warwick		1,484,272		1,473,614		1,245,850
Woonsocket		3,726,785		3,868,095		3,270,235
Total	\$	64,974,001	\$	65,111,876	\$	55,111,876

General Revenue Sharing

<i>City or Town</i>	<i>FY 2009</i>	<i>FY 2010 Enacted</i>	<i>Difference</i>
Barrington	\$ 93,540	\$ -	\$ (93,540)
Bristol	381,217	-	(381,217)
Burrillville	270,875	-	(270,875)
Central Falls	649,611	-	(649,611)
Charlestown	156,748	-	(156,748)
Coventry	389,992	-	(389,992)
Cranston	2,086,520	-	(2,086,520)
Cumberland	599,651	-	(599,651)
East Greenwich	67,958	-	(67,958)
East Providence	1,030,650	-	(1,030,650)
Exeter	34,801	-	(34,801)
Foster	119,269	-	(119,269)
Glocester	218,095	-	(218,095)
Hopkinton	86,821	-	(86,821)
Jamestown	56,349	-	(56,349)
Johnston	981,746	-	(981,746)
Lincoln	368,715	-	(368,715)
Little Compton	40,676	-	(40,676)
Middletown	376,424	-	(376,424)
Narragansett	339,089	-	(339,089)
Newport	709,801	-	(709,801)
New Shoreham	35,168	-	(35,168)
North Kingstown	342,099	-	(342,099)
North Providence	922,098	-	(922,098)
North Smithfield	252,250	-	(252,250)
Pawtucket	2,100,394	-	(2,100,394)
Portsmouth	251,641	-	(251,641)
Providence	5,958,590	-	(5,958,590)
Richmond	57,009	-	(57,009)
Scituate	173,999	-	(173,999)
Smithfield	717,741	-	(717,741)
South Kingstown	390,437	-	(390,437)
Tiverton	248,392	-	(248,392)
Warren	193,011	-	(193,011)
Warwick	1,872,966	-	(1,872,966)
Westerly	291,230	-	(291,230)
West Greenwich	85,826	-	(85,826)
West Warwick	565,146	-	(565,146)
Woonsocket	1,483,453	-	(1,483,453)
Total	\$ 25,000,000	\$ -	\$ (25,000,000)

Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2006</i>	<i>FY 2007</i>	<i>FY 2008</i>
Barrington	\$ 2,519,485	\$ 2,963,073	\$ 3,008,871
Bristol	1,110,327	1,528,419	1,521,189
Burrillville	2,395,501	2,801,257	2,785,136
Central Falls	1,347,205	1,539,089	1,510,701
Charlestown	438,774	528,671	521,431
Coventry	2,517,677	2,973,702	2,952,306
Cranston	10,692,387	12,438,045	12,241,745
Cumberland	2,271,104	2,501,966	2,767,479
East Greenwich	1,202,496	1,372,315	1,355,447
East Providence	5,473,931	6,540,646	6,283,312
Exeter	846,775	1,000,288	1,010,207
Foster	709,101	841,121	838,207
Glocester	1,013,902	1,200,899	1,214,279
Hopkinton	707,122	830,371	840,132
Jamestown	372,550	433,765	426,909
Johnston	4,468,120	5,181,863	5,078,225
Lincoln	2,565,312	2,965,033	2,923,529
Little Compton	257,450	296,598	295,563
Middletown	969,834	1,117,039	1,090,083
Narragansett	1,088,662	1,258,557	1,225,392
Newport	1,714,712	1,875,054	1,850,022
New Shoreham	77,757	86,694	86,417
North Kingstown	2,478,693	2,891,033	2,813,829
North Providence	4,376,518	5,051,642	4,979,357
North Smithfield	1,726,578	2,014,607	2,036,436
Pawtucket	8,935,002	10,214,303	10,057,076
Portsmouth	1,356,792	1,573,181	1,555,855
Providence	20,834,614	23,360,791	23,494,586
Richmond*	684,237	816,384	757,369
Scituate	1,332,368	1,572,931	1,572,577
Smithfield	3,089,250	3,576,955	3,537,577
South Kingstown	1,831,926	2,165,338	2,167,848
Tiverton	1,214,359	1,417,030	1,404,450
Warren	882,509	1,138,943	1,126,194
Warwick	11,852,255	14,083,144	13,998,167
Westerly	2,572,359	3,006,991	2,987,738
West Greenwich	476,870	567,247	575,828
West Warwick	2,667,910	3,170,604	3,156,079
Woonsocket	4,700,931	5,458,017	5,393,158
Municipalities	\$ 115,773,355	\$ 134,353,606	\$ 133,440,705
Fire Districts	1,875,837	1,875,837	1,875,837
Total	\$ 117,649,192	\$ 136,229,443	\$ 135,316,542

**Motor Vehicles Excise Tax in 2009 reflects an additional \$80,000 for a retroactive payment due to an under payment in FY 2008*

Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2010</i>		<i>Difference</i>
	<i>FY 2009</i>	<i>Enacted</i>	
Barrington	\$ 2,983,208	\$ 2,983,208	\$ -
Bristol	1,533,679	1,533,679	-
Burrillville	2,806,626	2,806,626	-
Central Falls	1,478,058	1,478,058	-
Charlestown	522,331	522,331	-
Coventry	2,954,920	2,954,920	-
Cranston	12,229,010	12,229,010	-
Cumberland	2,786,499	2,787,441	942
East Greenwich	1,365,583	1,365,583	-
East Providence	6,195,221	6,195,221	-
Exeter	1,020,562	1,020,562	-
Foster	857,971	857,971	-
Glocester	1,218,863	1,218,863	-
Hopkinton	850,943	850,943	-
Jamestown	432,967	432,967	-
Johnston	5,064,868	5,064,868	-
Lincoln	2,922,165	2,922,165	-
Little Compton	292,210	292,210	-
Middletown	1,097,078	1,097,078	-
Narragansett	1,224,495	1,224,495	-
Newport	1,811,310	1,811,310	-
New Shoreham	93,112	93,112	-
North Kingstown	2,824,194	2,824,194	-
North Providence	4,901,389	4,901,389	-
North Smithfield	2,121,675	2,121,675	-
Pawtucket	10,090,288	10,090,288	-
Portsmouth	1,559,418	1,559,418	-
Providence	23,572,708	23,572,708	-
Richmond*	898,884	834,514	(64,370)
Scituate	1,579,960	1,579,960	-
Smithfield	3,542,318	3,542,318	-
South Kingstown	2,178,075	2,178,075	-
Tiverton	1,413,809	1,413,809	-
Warren	1,125,745	1,125,745	-
Warwick	13,715,293	13,715,293	-
Westerly	2,999,237	2,999,237	-
West Greenwich	594,921	594,921	-
West Warwick	3,183,440	3,183,440	-
Woonsocket	5,451,446	5,451,446	-
Municipalities	\$ 133,494,480	\$ 133,431,051	\$ (63,428)
Fire Districts	1,875,837	1,875,837	-
Total	\$ 135,370,317	\$ 135,306,888	\$ (63,428)

**Motor Vehicles Excise Tax in 2009 reflects an additional \$80,000 for a retroactive payment due to an under payment in FY 2008*

Library Aid

<i>City or Town</i>	<i>FY 2006</i>		<i>FY 2007</i>		<i>FY 2008</i>
Barrington	\$	306,140	\$	314,971	\$ 314,971
Bristol		65,294		57,181	57,181
Burrillville		74,370		79,855	79,855
Central Falls		63,103		66,132	66,132
Charlestown		44,392		45,568	45,568
Coventry		153,472		167,177	167,177
Cranston		528,702		548,485	548,485
Cumberland		227,806		240,606	240,606
East Greenwich		96,606		102,399	102,399
East Providence		462,377		499,379	499,379
Exeter		8,495		28,066	28,066
Foster		32,927		29,271	29,271
Glocester		61,275		64,709	64,709
Hopkinton		36,259		31,238	31,238
Jamestown		66,151		70,379	70,379
Johnston		113,932		121,452	121,452
Lincoln		178,322		172,879	172,879
Little Compton		24,385		25,425	25,425
Middletown		142,579		149,936	149,936
Narragansett		105,684		111,496	111,496
Newport		338,300		346,432	346,432
New Shoreham		81,499		88,246	88,246
North Kingstown		231,438		234,608	234,608
North Providence		166,022		174,550	174,550
North Smithfield		60,484		60,768	60,768
Pawtucket		370,173		395,733	395,733
Portsmouth		105,447		109,462	109,462
Providence*		2,245,863		2,256,261	2,360,926
Richmond		22,998		22,769	22,769
Scituate		85,358		93,610	93,610
Smithfield		229,928		240,145	240,145
South Kingstown		186,603		194,843	194,843
Tiverton		83,613		87,145	87,145
Warren		40,908		46,087	46,087
Warwick		620,165		666,766	666,766
Westerly		286,605		287,135	287,135
West Greenwich		20,216		21,394	21,394
West Warwick		189,057		196,189	196,189
Woonsocket		210,568		219,987	219,987
Total	\$	8,367,516	\$	8,668,734	\$ 8,773,398

**Includes the Statewide Reference Library Resource Grant.*

Library Aid

<i>City or Town</i>	<i>FY 2009</i>		<i>FY 2010</i>		<i>Difference</i>
	<i>FY 2009</i>	<i>Enacted</i>	<i>Enacted</i>	<i>Enacted</i>	
Barrington	\$ 317,722	\$ 321,077	\$ 321,077	\$ 3,355	
Bristol	57,817	58,525	58,525	708	
Burrillville	80,245	91,281	91,281	11,036	
Central Falls	77,237	76,209	76,209	(1,028)	
Charlestown	45,205	45,556	45,556	351	
Coventry	186,831	189,995	189,995	3,164	
Cranston	572,241	567,846	567,846	(4,395)	
Cumberland	248,544	242,267	242,267	(6,277)	
East Greenwich	105,141	106,867	106,867	1,726	
East Providence	467,926	472,150	472,150	4,224	
Exeter	32,415	32,881	32,881	466	
Foster	33,195	33,174	33,174	(21)	
Glocester	65,133	67,171	67,171	2,038	
Hopkinton	28,963	28,196	28,196	(767)	
Jamestown	71,068	74,753	74,753	3,685	
Johnston	122,433	105,464	105,464	(16,969)	
Lincoln	174,946	176,403	176,403	1,457	
Little Compton	25,296	25,583	25,583	287	
Middletown	143,075	130,962	130,962	(12,113)	
Narragansett	117,559	120,292	120,292	2,733	
Newport	348,867	355,526	355,526	6,659	
New Shoreham	92,970	93,402	93,402	432	
North Kingstown	234,918	236,452	236,452	1,534	
North Providence	178,999	174,633	174,633	(4,366)	
North Smithfield	58,075	57,152	57,152	(923)	
Pawtucket	409,610	415,117	415,117	5,507	
Portsmouth	103,586	100,332	100,332	(3,254)	
Providence*	2,314,736	2,299,939	2,299,939	(14,797)	
Richmond	25,637	26,120	26,120	483	
Scituate	91,895	92,783	92,783	888	
Smithfield	236,390	244,438	244,438	8,048	
South Kingstown	189,662	199,346	199,346	9,684	
Tiverton	86,606	91,028	91,028	4,422	
Warren	44,050	49,036	49,036	4,986	
Warwick	675,910	669,452	669,452	(6,458)	
Westerly	281,881	281,816	281,816	(65)	
West Greenwich	22,136	23,819	23,819	1,683	
West Warwick	190,207	188,581	188,581	(1,626)	
Woonsocket	214,271	207,774	207,774	(6,497)	
Total	\$ 8,773,398	\$ 8,773,398	\$ 8,773,398	\$ -	

**Includes the Statewide Reference Library Resource Grant.*

Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2006</i>	<i>FY 2007</i>	<i>FY 2008</i>
Barrington	\$ 195,838	\$ 165,956	\$ 165,956
Bristol	261,626	221,816	221,816
Burrillville	183,927	156,192	156,192
Central Falls	220,395	186,716	186,716
Charlestown	91,509	77,318	77,318
Coventry	392,026	332,049	332,049
Cranston	922,998	782,494	782,494
Cumberland	370,741	313,933	313,933
East Greenwich	150,765	127,677	127,677
East Providence	566,917	481,518	481,518
Exeter	70,387	59,589	59,589
Foster	49,766	42,243	42,243
Glocester	115,833	98,122	98,122
Hopkinton	91,241	77,193	77,193
Jamestown	65,462	55,400	55,400
Johnston	328,299	278,198	278,198
Lincoln	243,334	205,799	205,799
Little Compton	41,836	35,441	35,441
Middletown	201,835	171,805	171,805
Narragansett	190,505	161,330	161,330
Newport	308,272	262,039	262,039
New Shoreham	11,760	9,937	9,937
North Kingstown	306,537	259,512	259,512
North Providence	377,390	320,185	320,185
North Smithfield	123,635	104,890	104,890
Pawtucket	849,514	720,845	720,845
Portsmouth	199,681	169,383	169,383
Providence	2,021,586	1,712,408	1,712,408
Richmond	84,092	70,903	70,903
Scituate	120,211	101,885	101,885
Smithfield	240,015	203,327	203,327
South Kingstown	325,109	275,088	275,088
Tiverton	177,686	150,556	150,556
Warren	132,274	112,258	112,258
Warwick	999,138	847,803	847,803
Westerly	267,413	226,600	226,600
West Greenwich	59,209	49,855	49,855
West Warwick	344,437	292,223	292,223
Woonsocket	503,295	427,271	427,271
Total	\$ 12,206,494	\$ 10,347,757	\$ 10,347,757

Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2009</i>		<i>FY 2010</i>		<i>Difference</i>
	<i>FY 2009</i>		<i>Enacted</i>		
Barrington	\$ 147,676	\$	147,676	\$	-
Bristol	197,285		197,285		-
Burrillville	138,694		138,694		-
Central Falls	166,194		166,194		-
Charlestown	69,005		69,005		-
Coventry	295,616		295,616		-
Cranston	696,008		696,008		-
Cumberland	279,566		279,566		-
East Greenwich	113,688		113,688		-
East Providence	427,497		427,497		-
Exeter	53,077		53,077		-
Foster	37,527		37,527		-
Glocester	87,347		87,347		-
Hopkinton	68,803		68,803		-
Jamestown	49,363		49,363		-
Johnston	247,561		247,561		-
Lincoln	183,491		183,491		-
Little Compton	31,548		31,548		-
Middletown	152,198		152,198		-
Narragansett	143,655		143,655		-
Newport	232,459		232,459		-
New Shoreham	8,868		8,868		-
North Kingstown	231,151		231,151		-
North Providence	284,579		284,579		-
North Smithfield	93,230		93,230		-
Pawtucket	640,596		640,596		-
Portsmouth	150,574		150,574		-
Providence	1,524,424		1,524,424		-
Richmond	63,412		63,412		-
Scituate	90,648		90,648		-
Smithfield	180,989		180,989		-
South Kingstown	245,156		245,156		-
Tiverton	133,988		133,988		-
Warren	99,745		99,745		-
Warwick	753,423		753,423		-
Westerly	201,649		201,649		-
West Greenwich	44,648		44,648		-
West Warwick	259,731		259,731		-
Woonsocket	379,521		379,521		-
Total	\$ 9,204,590	\$	9,204,590	\$	-

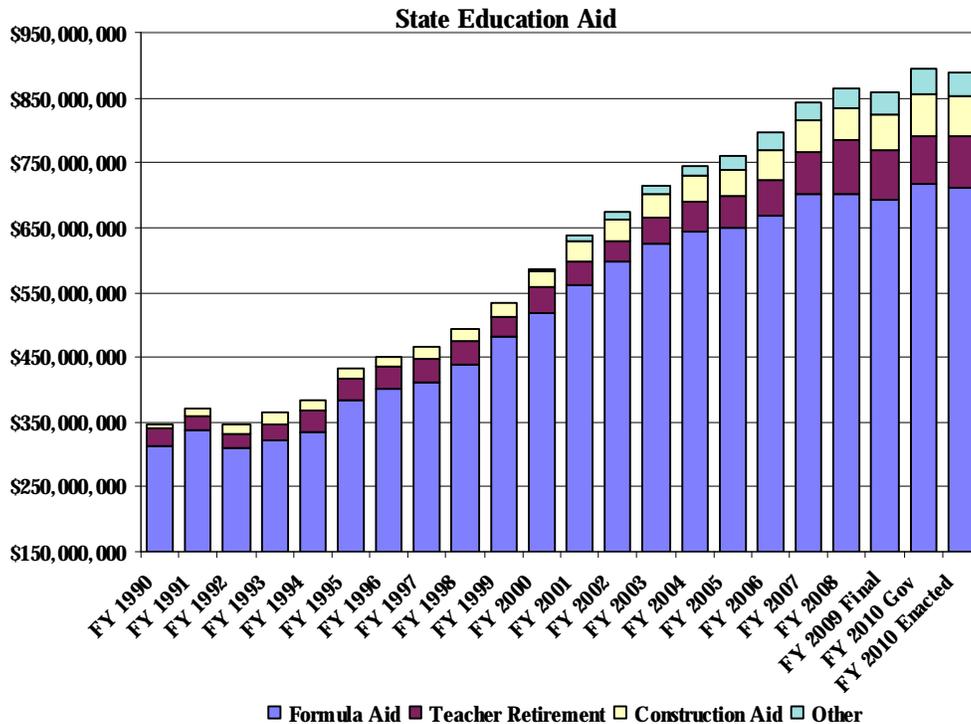
Education Aid

Summary

The Assembly appropriated \$889.7 million for FY 2010 total aid for local school districts, which is \$33.0 million more than final FY 2009 aid. This increase includes \$19.1 million more for local school districts including Central Falls and the Met School, most of which results from lower pension savings in FY 2010 than assumed in the final budget. Both budgets captured the local share of savings from adopted pension changes for the state and reduced education aid by the amount of savings districts would have achieved from those pension changes. These savings are offset by the end of one-time FY 2009 distributions from the permanent school fund from additional hours of operation at Twin River and Newport Grand. The change to FY 2009 also includes \$1.5 million more for the state share of teacher retirement costs, \$7.4 million more for school construction aid than FY 2009 final aid, \$4.8 million more for charter school support and \$0.1 million more for other set-aside distributions by the Department.

Funding includes \$712.4 million in direct distributions to local school districts, \$38.0 million for other formula aid for distribution by the Department of Elementary and Secondary Education for specific programming, \$77.8 million for the state's contribution to teacher retirement, and \$61.5 million for school construction costs.

Total funding has increased an average of 4.3 percent per year since FY 1990. The Assembly provided a 3.8 percent increase to FY 2009 final aid. This is 1.5 percent less than the aid first enacted for FY 2009 by the 2008 Assembly. The table below shows historical funding data.



The final FY 2009 budget eliminated \$5.8 million of professional development funds and \$4.3 million for half of the estimated Permanent School fund distributions to local communities. It reduced Providence's aid by \$1.4 million to recoup overpaid school construction aid. It reduced aid by \$40.7 million to capture estimated savings to local communities from changes to the pension system. It also used \$38.3 million from federal fiscal stabilization funds in lieu of a like amount from general revenues.

The tables at the end of this section show the FY 2010 distribution of direct aid by community and comparable data for FY 2005 through FY 2009. The major changes in aid are listed below and described in detail in the pages that follow.

Federal Stimulus

On February 17, President Obama signed the American Recovery and Reinvestment Act of 2009. The FY 2009 final budget includes a total of \$75.1 million and the FY 2010 budget includes \$74.0 million for support for local school districts, charter schools and state schools. This includes \$75.5 million over FY 2009 and FY 2010 from state fiscal stabilization funds of the total \$134.9 million available over FY 2009 through FY 2011 for elementary and secondary education. This would leave \$27.3 million available for FY 2011. The state has received a preliminary waiver from the requirement that the state maintain support for both elementary and secondary education and public higher education at no less than the FY 2006 level for fiscal years 2009, 2010 and 2011 in order to be eligible for stabilization funds.

Both the FY 2009 and FY 2010 budgets also include \$17.0 million through the Title I program and \$19.8 million for special education through the Individuals with Disabilities Education Act program each year. This is the total amount available through the Act.

The FY 2010 education aid budget includes a total of \$66.1 million from federal stimulus funds for districts, \$3.6 million for Central Falls, \$0.8 million for the Metropolitan Career and Technical School, \$2.1 million for charter schools, \$0.4 million for the School for the Deaf and \$1.0 million for the Davies Career and Technical Center. The distributions by source and use are shown below.

Federal Stimulus Funds			
Sources	FY 2009 Final	FY 2010 Enacted	Two Year Total
	Fiscal Stabilization Funds	\$ 38,324,822	\$ 37,195,184
Title I Disadvantaged Youth	17,021,580	17,021,580	34,043,160
Special Education	19,794,850	19,794,850	39,589,700
Total	\$ 75,141,252	\$ 74,011,614	\$ 149,152,866
Uses			
Local School Districts	\$ 70,419,317	\$ 66,131,515	\$ 136,550,832
Central Falls	3,536,944	3,641,398	7,178,342
Met School Operations	264,700	836,660	1,101,360
Charter Schools	627,543	2,062,726	2,690,269
School for the Deaf	55,768	383,388	439,156
Davies Career and Technical School	236,980	955,927	1,192,907
Total	\$ 75,141,252	\$ 74,011,614	\$ 149,152,866

Education Aid by Component

The Assembly enacted \$33.0 million more for FY 2010 than the FY 2009 final budget. This includes \$19.1 million more from general revenues and federal funds for local education operating aid for each school district, including Central Falls and the Met School, including the stimulus special education and Title I funding distributed to districts through the Department. The increase reflects revisions to assumed savings from pension changes based on final actuarial analysis. The Budget excludes the \$7.3 million from Permanent School Fund distributions that the 2008 Assembly provided for FY 2009 through the 24/3 gaming provision that expired on June 30, 2009. The Budget also includes \$5.0 million more for other formula aid and distribution by the Department, \$1.5 million more for the state share of teacher retirement costs, and \$7.4 million more for construction aid.

The following table compares the FY 2010 enacted funding for the major components of education aid to FY 2009 final aid and the Governor's recommendation for all sources of funds. It is followed by an explanation of each of the items in the table.

Education Aid	FY 2009 Final	FY 2010 Governor	FY 2010 Enacted	Change to Governor	Change to Final
Local School Operations	\$ 443,036,634	\$ 464,623,147	\$ 467,073,274	\$ 2,450,127	\$ 24,036,640
Permanent School Fund	7,300,000	-	-	-	(7,300,000)
Title I	15,259,321	15,259,321	15,259,321	-	-
Special Education	18,900,459	18,900,459	18,900,459	-	-
Central Falls Operations	44,446,068	45,918,784	46,068,156	149,372	1,622,088
Met School Operations	11,830,303	13,020,468	13,023,467	2,999	1,193,164
Professional Development	-	5,825,502	-	(5,825,502)	-
Group Homes Funding	9,876,000	9,456,000	9,456,000	-	(420,000)
Other Distributed Aid	142,630,657	142,630,657	142,630,657	-	-
Subtotal	\$ 693,279,442	\$ 715,634,338	\$ 712,411,334	\$ (3,223,004)	\$ 19,131,892
Set-Aside Funds					
Progressive Support & Intervention	\$ 2,363,432	\$ 3,163,432	\$ 3,163,432	\$ -	\$ 800,000
Hasbro Children's Hospital*	100,000	100,000	-	(100,000)	(100,000)
Charter Schools - Direct Aid	29,280,724	34,264,474	34,106,942	(157,532)	4,826,218
School Visits	145,864	145,864	145,864	-	-
Professional Development	495,000	995,000	-	(995,000)	(495,000)
Textbook Loans	316,677	240,000	240,000	-	(76,677)
School Breakfast	300,000	-	300,000	300,000	-
Subtotal	\$ 33,001,697	\$ 38,908,770	\$ 37,956,238	\$ (952,532)	\$ 4,954,541
Total	\$ 726,281,139	\$ 754,543,108	\$ 750,367,572	\$ (4,175,536)	\$ 24,086,433
Other Aid					
Teacher Retirement	\$ 76,286,018	\$ 75,283,638	\$ 77,752,559	\$ 2,468,921	\$ 1,466,541
Construction Aid	54,140,052	63,738,663	61,538,663	(2,200,000)	7,398,611
Statewide Total	\$ 856,707,209	\$ 893,565,409	\$ 889,658,794	\$ (3,906,615)	\$ 32,951,585

* The Assembly categorized the grant to the Hasbro Children's Hospital as a community service grant.

Local School Operations. The Assembly provided \$467.1 million in support to locally operated school districts, excluding Central Falls. This is the enacted level, with adjustments for savings to local districts from pension changes. Savings to local districts from adopted pension changes are estimated to be \$20.3 million and the budget reduces education aid by that amount. It also uses \$31.9 million from federal stabilization funds in lieu of \$31.2 million from general revenues.

Based on final actuarial analysis of adopted pension changes, the budget assumes a FY 2010 employers' contribution rate, shared between the state and local school districts, of 20.07 percent of payroll. Savings to local districts is estimated to be \$20.9 million, and the budget reduces aid by that amount since the districts will no longer have those obligations. The FY 2009 value was \$40.7 million.

There is also a reduction of \$1.4 million to Providence's aid for the second year of payback for overpaid school construction aid it received on expenditures not eligible for reimbursement. In previous years, when it had been determined that a community owes the state for construction aid overpayments the community has been able to repay the state over a number of years. The 2009 Assembly amended the statutes in 2009-H 5019 Substitute A, as amended to mandate the payback formula for all communities where the situation arises and reduced aid to Providence for the first year of payback.

Permanent School Fund. The 2008 Assembly enacted legislation that became law on May 6, 2008 to allow Twin River and Newport Grand to operate video lottery games on a twenty-four hour basis on weekends and federally recognized holidays. The state share of any additional revenue from the additional hours, up to \$14.1 million through June 30, 2009 only, will be allocated to the Permanent School Fund. Those funds are to be distributed as aid to local education authorities in the same proportion as the general revenue aid distribution. The FY 2010 budget does not include this funding, as the law sunset on June 30, 2009. The Department of Administration administratively extended the overnight hours; the 2009 Assembly did not adopt legislation to direct those proceeds to the Permanent School Fund.

The FY 2009 final budget assumes that \$7.3 million will be distributed for December 2008 through June 2009 and reduces operating aid by approximately one-half that amount.

Title I. The Budget includes \$15.3 million of the total \$17.0 million from Title I stimulus funds for direct relief to local schools for FY 2010. The remaining \$1.7 million is distributed to Central Falls, the Met School, the state schools and charter schools. This represents 50.0 percent of available Title I stimulus with the remaining budgeted in the FY 2009 final budget. Distribution formulae for these grants are weighted so that local education agencies with higher percentages of poor children receive more funds.

Special Education. The Budget includes \$18.9 million of the total \$19.8 million from special education stimulus funds through the Individuals with Disabilities Education Act program for direct relief to local schools for FY 2010. The remaining \$0.9 million is distributed to Central Falls, the Met School, the state schools and charter schools. This represents 50.0 percent of available stimulus funding with the remaining budgeted in the FY 2009 final budget.

Central Falls Operations. The Assembly provided \$46.1 million in support for the state operated Central Falls School District. This is \$1.6 million or 3.0 percent more, adjusted for pension savings, than the final FY 2009 allocation. This includes \$42.5 million from general revenues, \$2.2 million from federal fiscal stabilization funds, \$0.5 million from special education stimulus funds and \$1.0 million from Title I stimulus funds. The tables at the end of the report include the \$78,462 in charter school indirect aid that the district receives.

Metropolitan Career and Technical School. The Assembly provided \$13.0 million from all funds for the operation of the Metropolitan Career and Technical School. This is \$1.2 million or 10.1 percent over the final FY 2009 level and assumes full enrollment at the Providence campuses and

freezing enrollment at 90 students at the School's new East Bay campus. The budget includes \$12.2 million from general revenues, \$0.6 million from federal fiscal stabilization funds, \$66,889 from special education stimulus funds and \$0.2 million from Title I stimulus funds.

Professional Development. Consistent with its action in the FY 2009 final budget, the Assembly eliminated the distributed portion of the Professional Development Investment fund, which provides funds for skill development for teachers and staff. The FY 2009 enacted budget had included \$5.8 million. Distribution of these resources is based on student population and Commissioner approval is required before any of these funds can be spent.

The enabling statute includes language allowing for an additional appropriation to be made to support teacher professional development in all districts through a number of specified programs. The Governor had proposed allocating \$995,000 for Department programming, \$500,000 more than the enacted level. The additional funding was for the Department to develop and implement a new statewide performance management system for educators. The summary table displays the distributed funds and the set aside funds separately. The Assembly eliminated this indirect funding as well.

Group Homes. Consistent with current law, the budget adjusts group home aid to reflect actual beds, and includes \$9.5 million, which is \$420,000 less than the final FY 2009 allocation. The 2007 Assembly enacted legislation to ensure that the payment of communities' group home aid more closely reflects the actual number of group home beds open at the time of the budget. The legislation mandates that increases in beds prior to December 31 of each year shall be paid as part of the supplemental budget for that year and included in the budget year recommendation. Decreases in beds are not reflected until the budget year so any decreases in group home beds during FY 2009 would not be reflected until FY 2010 unlike increases which are funded as part of the supplemental budget. The 2008 Assembly increased the per bed amount from \$15,000 to \$22,000 for the group home beds associated with the Bradley Hospital's residential CRAFT program.

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

The 2001 Assembly enacted legislation to provide a per bed allotment to districts in which group homes are located. The legislation relieved the sending district of financial responsibility for students placed in out of district group homes. In FY 2010, the 19 communities hosting group homes, which have a total of 616 beds, will receive \$15,000 per bed, with the exception of the CRAFT beds. This is the per pupil rate that was provided in the FY 2002 budget in an attempt to reflect the mix of regular and special education students residing in these homes; it has never increased.

Other Distributed Aid. The budget includes \$142.6 million for other distributed aid, consistent with the enacted budget. The FY 2010 allotment freezes the distribution to each community at the FY 2009 level, which uses data that has not been updated since FY 2006. The following components comprise "other distributed aid".

- **Early Childhood Investment Fund.** The budget includes \$6.8 million for distribution to districts for schools and teaching staff for kindergarten through third grade to improve student performance.

These resources are to be used in conjunction with literacy set-aside funds and are distributed based on the student population in these grades for each district.

- **Student Technology Investment Fund.** The budget includes \$3.4 million to provide schools and teaching staff with up-to-date educational technology and training to help students meet the demand of the twenty-first century. Fund distribution is based on a district's proportion of total student population.
- **Student Language Assistance Investment Fund.** The budget includes \$31.7 million to assist students that require additional language educational services, and distribution is based on a district's proportion of limited English proficiency students.
- **Full Day Kindergarten.** The budget includes \$4.2 million to provide aid for districts with full day kindergarten programs.
- **Vocational Technical Equity Fund.** The budget includes \$1.5 million to provide aid for districts that send students to locally operated career and technical centers. The funds are intended to support the academic instruction component of vocational education for students enrolled in career and technical education programs.
- **Targeted Aid.** The budget includes \$20.0 million to provide funds to locally or regionally operated districts with a tax effort that exceeds tax capacity and in which at least 40.0 percent of the K-3 students are eligible for free or reduced lunches.
- **Student Equity Investment Fund.** The budget includes \$73.8 million for the Student Equity Investment fund. Fund distribution is based on a district's proportion of students eligible for free or reduced lunches.

Set-Aside Funds

Progressive Support and Intervention. The Assembly enacted \$3.2 million or \$0.8 million more than the FY 2009 allocation for support of reform efforts in selected school districts. The additional funding is to fund two initiatives recommended by the Governor's Urban Education Task Force. This includes \$0.7 million for a preschoolers' pilot program to increase school readiness and \$0.1 million for extended learning time in the urban districts.

Hasbro Children's Hospital School. The Assembly opted to treat the grant to the Hasbro Children's Hospital as a community service grant; the \$100,000 grant is now budgeted elsewhere in the Department's budget. This program supports educational personnel, supplies, and materials for students in the hospital.

Charter Schools. The Assembly provided \$34.1 million for aid to public charter schools. This is \$4.8 million greater than the FY 2009 final allocation for charter schools. Total funding includes \$1.5 million from federal fiscal stabilization funds, \$0.2 million from special education stimulus funds and \$0.4 million from Title I stimulus funds. This includes \$3.3 million to increase direct funding for 11 existing schools based on updated enrollments and per pupil costs and \$1.5 million to be distributed at the Regents' discretion for charter school expansion or new charter schools including mayoral academies. The 2008 Assembly made changes to the charter school statutes to allow for the creation of a new type of charter school, called a mayoral academy.

Indirect aid, provided to districts that send students to charters schools, is \$1.2 million, which freezes distribution to each community at the FY 2009 level, which is based on data that has not been updated since FY 2006. Indirect aid is reflected in the community distribution tables at the end of the report.

Charter schools are public schools authorized by the state through the Board of Regents to operate independently from many state and local district rules and regulations. Current law limits the statewide total to no more than 20 charters, serving no more than 4.0 percent of the state's school age population. At least 10 of the 20 total charters shall be reserved for charter school applications designed to increase the educational opportunities for at-risk pupils. There are currently 11 charter schools in Rhode Island.

The Assembly did not adopt the Governor's proposed legislation to exempt charter schools that are chartered after July 1, 2009 and those subject to renewal after July 1, 2009 from having to follow the same employee provisions as other public schools. He proposed that these schools be exempt from prevailing wage and benefit provisions and from participation in the state teacher retirement system or from classifying their employees as public employees. Currently only mayoral academies are exempt from these provisions. The state currently grants charters for a period of up to five years.

School Visits. The budget includes the enacted level of \$145,864 to support school visits. Funds are allocated to the Department of Elementary and Secondary Education for on-site school reviews and other support for district accountability measures. This funding supports the School Accountability for Learning and Teaching system, known as SALT.

Textbook Loan Program. The budget includes the enacted level of \$240,000 for reimbursements allowed under the textbook loan program. The state reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12th grade. FY 2009 expenditures were \$316,677.

School Breakfast. The Assembly included the enacted level of \$300,000 to reimburse administrative costs associated with the state's school breakfast program. The Governor proposed eliminating the administrative cost reimbursement to districts for the school breakfast program. State law mandates that all public schools provide a breakfast program and that costs, other than transportation, associated with this program in excess of available federal money, which funds the meals, shall be borne exclusively by the state. Absent an appropriation, administrative costs would shift to the districts; food is paid from federal sources.

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

Other Aid

Teacher Retirement. The Assembly included \$77.8 million to fund the state's 40.0 percent share of the employer contribution for teacher retirement, an increase of \$1.5 million or 1.9 percent to the FY 2009 final budget based on adopted pension changes. The Assembly adopted pension changes that apply to those eligible to retire on or after October 1, 2009. The changes include a minimum retirement age of 62 with a proportional application of that minimum age to current members based on

their current service as of October 1, 2009. This means that those closest to retirement eligibility would have the smallest change in their current minimum retirement age.

Changes also include freezing service credits for those in Plan A, shifting all future accrual to Plan B. Members in both plans would retain the respective 80.0 and 75.0 percent caps on their accruals. The cost-of-living adjustment would all be based on the Plan B model of the lesser of inflation or 3.0 percent on the third anniversary. Finally, the salary basis for benefits would be changed to the five consecutive highest years, from the current three.

Based on final actuarial analysis of adopted pension changes, the budget assumes a FY 2010 employers' contribution rate, shared between the state and local school districts, of 20.07 percent of payroll. Savings for the employer's share is estimated to be \$37.2 million for both the state and locals. The state's savings for FY 2010 are estimated to be \$14.9 million. Teachers contribute 9.5 percent of their salaries and that rate is set in the General Laws. Employers contribute the difference between the teachers' share and the amount needed to support the system, as determined annually by the State Employees' Retirement System. The state pays 40.0 percent of the employer's share.

School Housing (Construction) Aid. The Assembly funds construction aid to local districts at \$61.5 million. This is \$7.4 million more than the FY 2009 entitlement. The FY 2010 budget assumes that all projects underway are completed on time with the exception of the Nathan Bishop Middle School project in Providence that will not be completed by June 30, 2009 in order to be eligible for FY 2010 aid. The state reimburses cities and towns for a share of school capital projects. The shares are based on a district's wealth compared to the aggregate state wealth, and the minimum share for each district is 30.0 percent.

The 2003 Assembly enacted changes to the program in an effort to control growth. The legislation limits bond interest reimbursements for new projects to only those financed through the Rhode Island Health Educational and Building Corporation. It also eliminated debt impact aid and made other changes to this program, largely to codify existing practice into the General Laws.

Distribution Tables

The following tables show the enacted distribution of direct aid by community, including the Metropolitan Career and Technical School, and includes comparable data for FY 2005 through FY 2008.

Education Aid By Community

<i>Community</i>	<i>FY 2005</i>	<i>FY 2006</i>	<i>FY 2007</i>	<i>FY 2008</i>
Barrington	\$ 2,398,582	\$ 2,479,907	\$ 2,599,526	\$ 2,599,526
Burrillville	13,076,186	13,145,661	13,779,743	13,854,743
Charlestown	1,852,720	1,910,676	2,002,838	2,002,838
Coventry	18,881,202	19,151,316	20,075,081	20,075,081
Cranston	33,029,207	33,943,638	35,580,911	35,580,911
Cumberland	12,594,809	12,646,981	13,257,009	13,257,009
East Greenwich	1,810,042	1,860,042	1,949,761	1,949,761
East Providence	25,064,677	25,530,776	26,762,254	26,888,254
Foster	1,311,926	1,351,283	1,416,463	1,416,463
Glocester	2,995,087	3,065,960	3,213,847	3,213,847
Hopkinton	5,902,911	5,954,153	6,241,352	6,241,352
Jamestown	492,652	507,432	531,908	531,908
Johnston	10,188,342	10,413,088	10,915,364	10,915,364
Lincoln	7,012,603	7,062,603	7,403,268	7,403,268
Little Compton	341,592	351,839	368,810	368,810
Middletown	9,916,122	10,014,086	10,497,116	10,497,116
Narragansett	1,725,404	1,809,860	1,897,159	1,897,159
Newport	11,060,746	11,253,278	11,796,080	11,871,080
New Shoreham	93,128	101,451	106,345	106,345
North Kingstown	11,384,463	11,434,463	11,986,005	11,986,005
North Providence	12,511,050	12,623,955	13,232,872	13,382,872
North Smithfield	4,541,694	4,611,787	4,834,237	4,834,237
Pawtucket	61,615,711	63,782,029	66,858,559	67,023,559
Portsmouth	5,854,978	6,632,443	6,250,042	6,700,042
Providence	181,224,594	185,142,176	193,974,756	194,109,756
Richmond	5,829,987	5,903,843	6,188,615	6,188,615
Scituate	3,200,400	3,250,400	3,407,183	3,407,183
Smithfield	5,332,948	5,407,726	5,668,568	5,743,568
South Kingstown	9,766,904	9,948,816	10,428,698	10,548,698
Tiverton	5,553,102	5,659,091	5,932,058	5,932,058
Warwick	35,195,464	35,894,621	37,626,000	37,626,000
Westerly	6,386,546	6,528,189	6,843,077	6,843,077
West Warwick	19,341,994	19,499,965	20,440,547	20,440,547
Woonsocket	43,913,617	45,425,511	47,616,613	47,661,613
Bristol-Warren	19,267,184	19,554,956	20,498,190	20,498,190
Exeter-West Greenwich	7,227,202	7,308,493	7,661,019	7,661,019
Chariho	368,936	380,004	398,334	398,334
Foster-Glocester	5,395,937	5,466,199	5,729,861	5,729,861
Central Falls	36,068,643	41,319,965	43,313,036	44,358,224
Met School Operations	7,261,970	8,814,530	10,406,956	11,487,734
Total	\$ 646,991,266	\$ 667,143,195	\$ 699,690,061	\$ 703,232,027

Education Aid By Community

<i>Community</i>	<i>FY 2009 Final Aid with Permanent School Fund</i>	<i>Group Homes</i>	<i>Operating Support</i>	<i>Restore Gen Rev Offset for Permanent School Fund</i>
Barrington	\$ 2,833,141	\$ -	\$ -	\$ 16,243
Burrillville	14,365,299			86,571
Charlestown	1,972,363			10,151
Coventry	20,729,736			125,438
Cranston	37,393,973	(15,000)		221,670
Cumberland	13,861,808			82,836
East Greenwich	2,124,173			12,183
East Providence	28,015,374			168,010
Foster	1,462,329			8,851
Glocester	3,341,319			20,082
Hopkinton	6,218,478			36,039
Jamestown	594,948			3,324
Johnston	11,346,291	(15,000)		67,173
Lincoln	7,834,669	(15,000)		46,259
Little Compton	420,976			2,304
Middletown	10,883,760			65,591
Narragansett	2,125,471			11,854
Newport	12,414,764	(75,000)		74,176
New Shoreham	119,860			664
North Kingstown	12,492,425			74,894
North Providence	13,966,464			83,622
North Smithfield	5,007,306			30,207
Pawtucket	69,826,814	(15,000)		418,794
Portsmouth	6,969,373			41,865
Providence	204,787,867	(285,000)		1,211,386
Richmond	6,167,879			35,991
Scituate	3,610,394			21,290
Smithfield	5,970,511			35,888
South Kingstown	11,005,793			65,913
Tiverton	6,169,744			37,066
Warwick	39,244,609			235,104
Westerly	7,263,935			42,759
West Warwick	21,128,019			127,722
Woonsocket	49,399,894			296,312
Bristol-Warren	21,008,993			127,707
Exeter-West Greenwich	7,771,415			47,401
Chariho	892,154			10,491
Foster-Glocester	5,884,435			35,803
Central Falls	45,535,331		1,313,862	274,144
Met School Operations	11,830,303	-	1,190,736	-
Total Distributed	\$ 733,992,388	\$ (420,000)	\$ 2,504,598	\$ 4,313,778
Adjusted Chariho	\$ 15,250,874	\$ -	\$ -	\$ 92,672

Education Aid By Community

<i>Community</i>	<i>Stimulus Fiscal Stabilization Gen Rev Offset</i>	<i>Local Pension Savings</i>	<i>Stimulus Fiscal Stabilization</i>	<i>Local Pension Savings</i>
Barrington	\$ (127,753)	\$ (479,974)	\$ 128,427	\$ 479,974
Burrillville	(680,886)	(221,802)	684,478	221,802
Charlestown	(98,429)	(165,410)	98,948	165,410
Coventry	(986,582)	(809,946)	991,787	809,946
Cranston	(1,743,450)	(1,634,824)	1,752,647	1,634,824
Cumberland	(651,511)	(576,968)	654,948	576,968
East Greenwich	(95,820)	(256,529)	96,326	256,529
East Providence	(1,321,413)	(835,298)	1,328,384	835,298
Foster	(69,612)	(46,620)	69,979	46,620
Glocester	(157,943)	(98,842)	158,776	98,842
Hopkinton	(306,729)	(204,005)	308,347	204,005
Jamestown	(26,140)	(77,629)	26,278	77,629
Johnston	(528,323)	(484,294)	531,110	484,294
Lincoln	(363,831)	(555,918)	365,750	555,918
Little Compton	(18,125)	(36,983)	18,221	36,983
Middletown	(515,877)	(405,297)	518,598	405,297
Narragansett	(93,235)	(271,536)	93,727	271,536
Newport	(583,400)	(361,090)	586,477	361,090
New Shoreham	(5,226)	(30,681)	5,254	30,681
North Kingstown	(589,048)	(596,294)	592,155	596,294
North Providence	(657,696)	(527,312)	661,166	527,312
North Smithfield	(237,577)	(178,749)	238,830	178,749
Pawtucket	(3,293,847)	(1,160,043)	3,311,223	1,160,043
Portsmouth	(329,271)	(380,731)	331,008	380,731
Providence	(9,527,656)	(3,430,014)	9,577,917	3,430,014
Richmond	(304,137)	(181,951)	305,742	181,951
Scituate	(167,445)	(245,676)	168,328	245,676
Smithfield	(282,265)	(365,568)	283,754	365,568
South Kingstown	(518,412)	(646,065)	521,147	646,065
Tiverton	(291,529)	(284,613)	293,067	284,613
Warwick	(1,849,116)	(1,854,990)	1,858,870	1,854,990
Westerly	(336,300)	(586,900)	338,074	586,900
West Warwick	(1,004,543)	(550,966)	1,009,842	550,966
Woonsocket	(2,330,517)	(758,390)	2,342,811	758,390
Bristol-Warren	(1,004,427)	(529,969)	1,009,726	529,969
Exeter-West Greenwich	(372,812)	(317,118)	374,779	317,118
Chariho	(19,576)	-	19,679	-
Foster-Glocester	(281,592)	(187,670)	283,077	187,670
Central Falls	(2,156,165)	(524,171)	2,167,539	524,171
Met School Operations	(568,958)	-	571,386	-
Total Distributed	\$ (34,497,174)	\$ (20,860,836)	\$ 34,678,581	\$ 20,860,836
Adjusted Chariho	\$ (728,871)	\$ (551,366)	\$ 732,716	\$ 551,366

Education Aid By Community

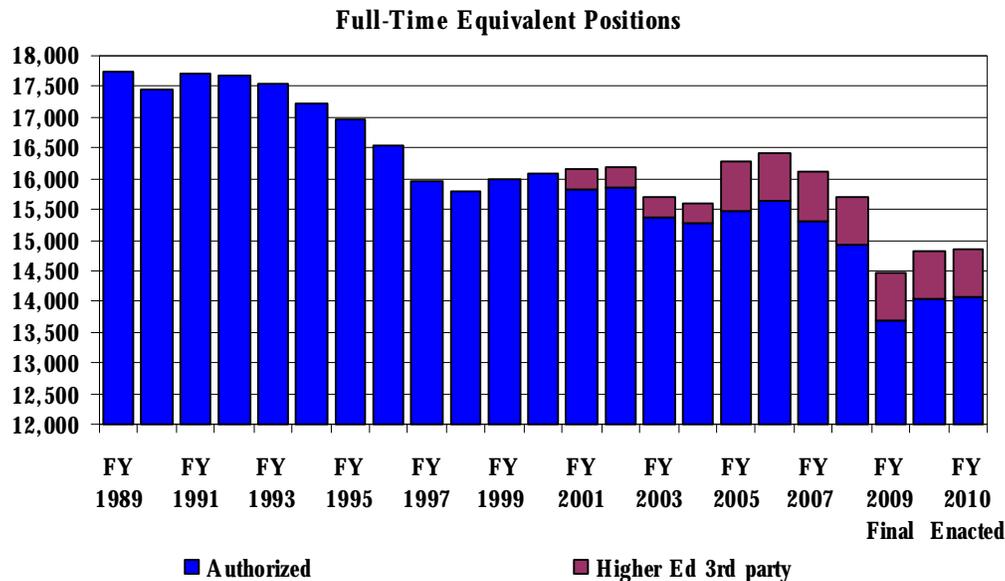
<i>Community</i>	<i>Permanent School Fund Sunset</i>	<i>FY 2010 True Aid</i>	<i>Change To Final FY 2009 Aid</i>
Barrington	\$ (27,487)	\$ 2,822,571	\$ (10,570)
Burrillville	(146,500)	14,308,962	(56,337)
Charlestown	(21,178)	1,961,855	(10,508)
Coventry	(212,273)	20,648,106	(81,630)
Cranston	(375,121)	37,234,719	(159,254)
Cumberland	(140,179)	13,807,902	(53,906)
East Greenwich	(20,617)	2,116,245	(7,928)
East Providence	(284,315)	27,906,040	(109,334)
Foster	(14,978)	1,456,569	(5,760)
Glocester	(33,983)	3,328,250	(13,068)
Hopkinton	(65,996)	6,190,139	(28,339)
Jamestown	(5,624)	592,786	(2,162)
Johnston	(113,674)	11,287,577	(58,714)
Lincoln	(78,282)	7,789,565	(45,104)
Little Compton	(3,900)	419,476	(1,500)
Middletown	(110,996)	10,841,076	(42,684)
Narragansett	(20,060)	2,117,756	(7,714)
Newport	(125,524)	12,291,493	(123,271)
New Shoreham	(1,124)	119,427	(432)
North Kingstown	(126,740)	12,443,686	(48,739)
North Providence	(141,510)	13,912,046	(54,418)
North Smithfield	(51,117)	4,987,649	(19,657)
Pawtucket	(708,705)	69,539,279	(287,535)
Portsmouth	(70,846)	6,942,129	(27,244)
Providence	(2,049,972)	203,714,542	(1,073,325)
Richmond	(65,438)	6,140,037	(27,842)
Scituate	(36,027)	3,596,540	(13,854)
Smithfield	(60,732)	5,947,156	(23,355)
South Kingstown	(111,542)	10,962,899	(42,894)
Tiverton	(62,725)	6,145,622	(24,121)
Warwick	(397,856)	39,091,611	(152,998)
Westerly	(72,358)	7,236,110	(27,825)
West Warwick	(216,138)	21,044,903	(83,117)
Woonsocket	(501,434)	49,207,065	(192,828)
Bristol-Warren	(216,113)	20,925,887	(83,107)
Exeter-West Greenwich	(80,214)	7,740,568	(30,846)
Chariho	(4,212)	898,536	6,382
Foster-Glocester	(60,587)	5,861,136	(23,299)
Central Falls	(463,921)	46,670,789	1,135,459
Met School Operations	-	13,023,467	1,193,164
Total Distributed	\$ (7,300,000)	\$ 733,272,171	\$ (720,217)
Adjusted Charho	\$ (156,824)	\$ 15,190,567	\$ (60,307)

State Government Personnel and Staffing

Summary

The Governor recommended \$1,676.7 million for personnel expenditures and 14,828.9 full-time equivalent positions, including 785.0 higher education positions dedicated for research or supported by other third-party funds. The recommendation is \$125.3 million more and 129.7 positions less than the FY 2009 enacted budget. The expenditures include both salaries and benefits, as well as contracted services.

The Assembly adopted \$1,623.2 million for personnel expenditures and 14,863.0 full-time equivalent positions, including 785.0 higher education positions dedicated for research or supported by other third-party funds. The recommendation is \$71.8 million more and 95.6 positions less than the FY 2009 enacted budget. It contains significant undistributed savings, which will require keeping positions vacant.



Personnel Costs

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

The Governor's personnel recommendation includes \$1,480.1 million for salaries and benefits and \$196.7 million for contracted services. These expenditures represent an increase of \$125.3 million, or 8.1 percent, from the FY 2009 enacted budget. Salaries and benefits increase by \$128.7 million, or 9.5 percent and purchased services decrease by \$3.3 million, or 1.6 percent. The data are shown in the table below and do not include personnel costs funded from internal service funds.

FY 2010 Governor	General Revenues	Federal Funds	Restricted Receipts	Other Funds	Total
Salaries and Wages	\$ 523,687,949	\$ 172,454,398	\$ 31,244,665	\$ 270,214,810	\$ 997,601,822
Benefits	261,335,306	95,377,108	16,575,214	109,187,987	482,475,615
Total Salaries and Benefits	\$ 785,023,255	\$ 267,831,506	\$ 47,819,879	\$ 379,402,797	\$ 1,480,077,437
Contracted Services	51,463,451	117,555,992	10,546,005	17,099,114	196,664,562
Total Personnel	\$ 836,486,706	\$ 385,387,498	\$ 58,365,884	\$ 396,501,911	\$ 1,676,741,999

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

FY 2010 Enacted	General Revenues	Federal Funds	Restricted Receipts	Other Funds	Total
Salaries and Wages	\$ 479,588,637	\$ 183,172,870	\$ 31,187,665	\$ 270,214,810	\$ 964,163,982
Benefits	237,866,664	103,570,008	16,878,658	109,957,786	468,273,116
Total Salaries and Benefits	\$ 717,455,301	\$ 286,742,878	\$ 48,066,323	\$ 380,172,596	\$ 1,432,437,098
Contracted Services	45,527,798	117,188,265	10,946,005	17,099,114	190,761,182
Total Personnel	\$ 762,983,099	\$ 403,931,143	\$ 59,012,328	\$ 397,271,710	\$ 1,623,198,280

The Assembly included \$1,432.4 million for salaries and benefits and \$190.8 million for contracted services. This is \$71.8 million more than enacted and \$53.5 million less than the Governor. The reduction is largely due to statewide saving assumptions offset by lower pension savings.

Personnel Savings Proposals

The Governor's FY 2009 revised and FY 2010 budgets include initiatives to reduce personnel costs including savings from reducing retirement benefits, delaying the movement to an actuarial based system for retiree health costs and eliminating positions vacated through retirement. These are described in the paragraphs that follow, along with the Assembly's action on these items as well as additional changes.

- **Retirement Benefits.** The Governor included savings in his revised budget of \$112.3 million, including \$95.1 million from general revenues, by amending the retirement statutes to eliminate cost-of-living adjustments for all state employees, including judges and teachers who do not retire by April 1. The amendment would also increase the minimum age for state employees and teachers retiring after April 1 to receive pension payments to age 59. The proposal also sets a higher standard for accidental disability pensions for state employees and teachers and modifies the wage base for pension benefit calculation for state police to be consistent with other state employees.

The savings estimates were included without benefit of the actuarial studies required by sections 12.1-1 of Title 22 and 10-9 of Title 36 of the Rhode Island General Laws. Actuarial analysis dated January 28 indicated most of the budgeted savings are unachievable. The study reduced projected savings to \$39.2 million.

The Governor subsequently requested an amendment to 2009-H 5019 that would make the changes apply to state employees and teachers that are not eligible to retire prior to July 1 rather than those that

had not retired by April 1. His actuarial analysis estimated savings of \$54.3 million for FY 2009; that is the proposal on which his FY 2010 budget is based.

The Governor's FY 2010 budget assumes \$32.4 million in savings from all sources, including \$20.5 million from general revenues for retirement expenses related to state employees including judges and state police. Those savings are included in the individual agency budgets. Savings from changes to teachers' pensions would be \$44.0 million and are noted in the Education Aid report.

The Assembly's pension changes, which apply to state employees not eligible to retire as of October 1, 2009 and newly hired judges, produce \$21.5 million in total savings for FY 2010. This is \$9.4 million less than the revised value of the Governor's proposed savings, when other Assembly changes to personnel expenses are considered. The Assembly provided the \$9.4 million from all funds, including \$5.5 million from general revenues in the Department of Administration's budget for statewide distribution to account for the lower level of savings than that assumed in the agency budgets.

For most state employees, the changes include a minimum retirement age of 62 with a proportional application of that minimum age to current members based on their current service as of October 1, 2009. This means that those closest to retirement eligibility would have the smallest change in their current minimum retirement age.

Changes also include freezing service credits for those in Plan A and shifting all future accrual to Plan B. Members in both plans would retain the respective 80.0 and 75.0 percent caps on their accruals. The cost-of-living adjustment would all be based on the Plan B model of the lesser of inflation or 3.0 percent on the third anniversary. Finally, the salary basis for benefits would be changed to the five consecutive highest years, from the current three.

The Assembly also reduced benefits for all judges hired after July 1, 2009. These include changing the salary basis for benefits to the five consecutive highest years, from the current three and reducing the maximum benefit accrual to 80.0 percent for full retirement from the current 90.0 percent and to 65.0 percent for a reduced retirement from the current 70.0 percent.

The pension legislation also requires that all service credit purchases, except military time, be at full actuarial value, effective June 16, 2009.

The Assembly did adopt the Governor's proposal to change disability pensions sought after October 1, 2009, such that retirees will receive either 66 2/3 percent or 50 percent of their allowance depending on a finding by the Retirement Board of whether the individual is completely disabled from further employment.

- **Retiree Health Benefits.** The Governor proposed Article 4 of his revised budget 2009-H 5019 to delay the state's movement to an actuarial based system for payment of retiree health benefits, also known as other post employment benefits, "OPEB", for two years, until FY 2011. The 2008 Assembly enacted legislation to change its provision of these benefits from a pay-as-you-go system along with significant benefit reductions to future retirees effective October 1, 2008. The revised actuarial estimates now updated for the recent surge of retirements suggest actuarial funding would require a \$14.5 million general revenue supplemental appropriation. The revised budget assumes this article will save \$8.3 million from general revenues and includes only costs to fund the new pay-go rate, an additional \$6.2 million. The FY 2010 impact is similar. The Assembly concurred and adopted the legislation in 2009-H 5019, Substitute A as amended.

- **Retirements.** The FY 2009 enacted budget permanently eliminated 400 unspecified positions vacated through retirement to produce \$30.5 million of undistributed savings including \$16.8 million from general revenues. The positions were from those who retired before October 1, 2008 to avoid being subject to changes in retiree health benefits. The Governor's revised budget eliminates those 400 and an additional 494.8 vacancies, netting a 492.8 position reduction when other staffing changes are included. His FY 2010 recommendation; however, restores 106.5 vacancies from the revised level. He also adds another 256.6 new positions. The new positions include 135.0 related to the federal stimulus act and 57.0 for implementation of the Medicaid Global Waiver, with the balance for other programming adjustments such as the new state police class and additional Department of Health staff. It does appear that a number of the new positions are not funded. The recommended staffing authorization is 859.8 positions below the FY 2008 level, but 1,375.8 more positions than the actual level during the last pay period in March 2009.

The Assembly included 9.1 positions more than the Governor's revised recommendations for FY 2009 and 34.1 positions more than the Governor's recommendations for FY 2010. The enacted staffing level for FY 2010 is 1,385.8 positions more than the actual level during the last pay period in June 2009. The Budget also includes statewide personnel savings, which reduces the number of funded positions, which will require maintaining many current vacancies.

- **Undistributed Savings.** The Assembly included statewide savings in the Department of Administration's budget for allocation that are not reflected in the agency totals.

Salaries and Benefits. The Assembly adopted statewide across-the-board reductions for all agencies and departments that included general revenue reductions of 6.25 percent of recommended salaries and benefits. This assumes 5.0 percent for a full year, consistent with similar savings adopted as part of the FY 2009 revised budget for the final two months of FY 2009. It also assumes an additional 2.5 percent for six months, which equates to 1.25 percent. The total savings assumed is \$38.9 million.

Contracted Services. The Assembly also reduced recommended general revenues for contracted services by 10.0 percent, which equates to savings of \$5.1 million from general revenues.

Statewide Health Insurance. The Budget Office indicated that a review of employee medical claims trends shows these costs, for which the state is self funded, will be less than the amounts budgeted for FY 2009. The state will suspend the charges to agencies and employees for one pay period in FY 2009 to recoup these savings, which are estimated to be \$3.0 million from general revenues. The Assembly also reduced the FY 2010 budget to reflect these savings.

Assessed Fringe Benefits. The state's assessments to agency budgets for payout of employee benefits such as unused leave, unemployment and workers' compensation have generated more resources than necessary for projected expenses. The FY 2009 budget included a significant increase in the rate charged to cover the unusually large payouts associated with the recent retirement surge. The Budget Office has suspended the assessment for two pay periods in FY 2009, which saves \$2.1 million from general revenues. The Assembly also reduced the FY 2010 budget to reflect these savings.

Changes for each agency are summarized in the paragraphs at the end of this report and explained in further detail in the individual agency analyses contained in the FY 2009 revised and FY 2010 sections of the *Budget as Enacted*.

Distribution of Positions

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

10 Changes to Enacted FTE	Gen. Govt.	Human Services	Education	Public Safety	Natural Res.	Transp.	Retire-ments	Total
<i>FY 2009 Enacted</i>	<i>2,497.4</i>	<i>3,825.3</i>	<i>4,711.3</i>	<i>3,086.4</i>	<i>509.0</i>	<i>729.2</i>	<i>(400.0)</i>	<i>14,958.6</i>
09 Vacancy Reductions	(197.2)	(352.2)	(126.5)	(114.9)	(64.0)	(40.0)	400.0	(494.8)
09 Prog. Changes & Transfers	(1.0)	1.0	-	-	-	2.0	-	2.0
Stimulus	34.0	(1.0)	5.0	-	8.0	89.0	-	135.0
Global Waiver	-	57.0	-	-	-	-	-	57.0
Vacancy Restorations	30.4	63.0	13.1	-	-	-	-	106.5
Program Changes	51.7	10.6	1.0	33.4	-	-	-	96.7
Transfers	4.0	(14.6)	-	12.6	-	-	-	2.0
Total Change to Enacted	(78.1)	(236.2)	(107.4)	(68.9)	(56.0)	51.0	400.0	(95.6)
FY 2010 Enacted	2,419.3	3,589.1	4,603.9	3,017.5	453.0	780.2	-	14,863.0

The following is a brief summary of the distribution of positions by function. A description of the position changes from the FY 2009 enacted budget follows. Most of the positions in state government are in the education and human services functions, which together account for 31.0 percent of all positions.

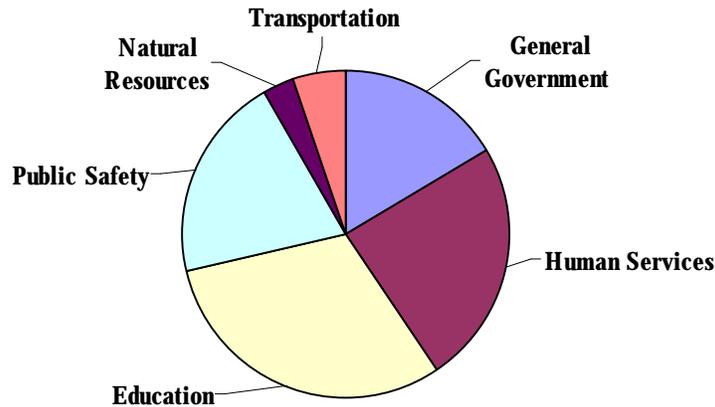
The Budget includes 2,419.3 full-time equivalent positions for general government agencies, 16.3 percent of the distributed positions. This is a decrease of 78.1 full-time equivalent positions compared to the FY 2009 enacted budget. The Budget provides 3,589.1 full-time equivalent positions for human services, or 24.1 percent of all distributed positions. This is 236.2 fewer positions than the FY 2009 enacted budget.

The Budget includes 4,603.9 full-time equivalent positions for education, 31.0 percent of all distributed positions. This is 107.4 fewer positions than the FY 2009 enacted budget. The total includes 785.0 higher education positions that are dedicated for research or supported by other third party funds.

There are 3,017.5 full-time equivalent positions for public safety agencies, 20.3 percent of all distributed positions. This is 68.9 fewer full-time equivalent positions than the FY 2009 authorized level.

The Budget provides 453.0 full-time equivalent positions for natural resources agencies; 56.0 less than the FY 2009 authorized level. The Budget also provides 780.2 full-time equivalent positions for transportation, which is 51.0 more positions than the FY 2009 enacted budget primarily to assist in the implementation of projects related to the American Recovery and Reinvestment Act.

Staffing by Function



Program Changes to FY 2009 Enacted Staffing Levels

Administration. The Governor included staffing of 888.6 positions, 67.2 fewer positions than the enacted budget. This reflects the transfer of 17.0 filled and 3.0 vacant positions to other state agencies as follows: 2.0 positions to the Office of the Governor, 1.0 position to the Office of Health and Human Services, 2.0 positions to the Department of Transportation, 3.0 positions to the Department of Revenue for the Local Government Assistance Program and 9.0 filled and 3.0 vacant positions for the Contractors' Registration and Licensing Board to the Department of Business Regulation.

The request also includes the elimination of 91.2 vacant positions partially offset by the addition of 43.0 positions including 33.0 positions from the American Recovery and Reinvestment Act. It also includes a state purchasing agent and one to administer a new federal program in Statewide Planning. There were also a number of transfers within department functions.

The Assembly authorized staffing of 895.6 full-time positions, 7.0 positions more than recommended. This reflects the elimination of 4.0 new positions in the State Budget Office and the state purchasing agent, offset by 12.0 positions to retain the Contractors' Registration and Licensing Board in the Department of Administration.

Business Regulation. The Governor included 103.0 positions, which includes the transfer of the Contractors' Registration and Licensing Board, along with 12.0 positions from the Department of Administration. Besides this transfer, the Governor recommended 91.0 positions, which is 6.0 fewer than enacted, and is consistent with his FY 2009 revised recommendation to eliminate 6.0 vacant positions in FY 2009. The Assembly did not transfer the Board from the Department of Administration and concurred with the remainder of the recommendation.

Labor and Training. The Governor included 396.3 positions, which is 10.9 fewer than enacted. This includes elimination of 11.9 vacancies consistent with his FY 2009 revised budget and the transfer of 1.0 position from the Office of Health and Human Services. The Assembly concurred and added 40.0 positions due to newly available funding for the Workforce Investment Act programs and unemployment insurance administration. Those are limited to the extent the funding is available.

Revenue. The Governor included staffing of 424.0 full-time equivalent positions, 40.0 fewer positions than enacted. This includes the transfer of 3.0 positions for the Local Government Assistance Program from the Department of Administration to the Office of Municipal Finance. The recommendation also includes the following eliminations: 1.0 position from the Office of the Director, 2.0 positions from the Office of Revenue Analysis, 15.0 positions from the Division of Taxation and 25.0 positions from the Division of Motor Vehicles. The Assembly concurred.

Legislature. The Governor included 289.8 positions, 8.1 less than enacted and requested, which assumed eliminating unspecified vacancies. The Assembly restored staffing to the enacted level.

Secretary of State. The Governor included 56.4 positions, which is 0.6 fewer than enacted and restored 1.4 positions eliminated in his FY 2009 revised budget. These positions were thought to be vacant when they were proposed for elimination, but have remained filled. The Governor recommended restoring them in the FY 2010 budget. The Assembly restored the 0.6 position that the Governor had not restored, for a total of 57.0 full-time equivalent positions.

Office of the General Treasurer. The Governor included 83.0 positions, which is 3.0 fewer than enacted and consistent with revisions to the FY 2009 budget that eliminated vacancies to meet the retirement related workforce reduction. The Assembly concurred.

Board of Elections. The Governor included 12.0 positions, which is 2.0 fewer than enacted, and consistent with his FY 2009 revised recommendation, which eliminated two vacant positions, 1.0 Clerk/Machine Demonstrator and Ballot Coordinator and 1.0 Special Projects Coordinator. The Assembly concurred.

Office of the Governor. The Governor included 42.0 positions, which is 3.0 more than enacted. This includes the elimination of 2.0 vacant positions and the transfer of 5.0 positions; 2.0 positions from the Department of Administration and 3.0 positions from the Office of Health and Human Services. The Assembly concurred and included an additional position transferred from the Office of Health and Human Services.

Office of Health and Human Services. The Governor included 73.1 positions, which is 19.1 fewer than enacted from eliminating 10.1 vacant positions, transferring 6.0 positions to Health, 3.0 positions to the Governor's Office, 1.0 to Labor and Training and 1.0 from the Department of Administration. The Assembly retained 2.0 legal positions the Governor recommended for transfer to Health and transferred one additional position to the Office of the Governor.

Children, Youth and Families. The Governor recommended 700.0 full-time equivalent positions, 38.5 less than enacted. This includes eliminating 44.5 vacant positions, including 4.0 less positions in Central Management, 1.0 less position in Behavioral Health, 12.5 less in Juvenile Corrections, and 27.0 less in Child Welfare. The recommendation also includes the addition of 6.0 positions to perform duties associated with the statewide Medicaid waiver. The Assembly concurred.

Elderly Affairs. The Governor recommended 31.0 full-time equivalent positions, 4.0 less than enacted from eliminating 4.0 vacant positions. The Assembly concurred.

Department of Health. The Governor recommended 414.6 positions, which is 1.1 more than enacted. This includes an additional 6.0 positions transferred from the Office of Health and Human Services and 12.6 positions less from a transfer of the Forensic Science Unit to the Department of Public Safety. It also includes eliminating 2.9 vacancies and adding 10.6 new positions including, 5.0 more

positions for the medical examiner office, 1.0 new legal staff and the balance for inspection and regulatory functions. The Assembly did not concur with the transfer of 2.0 legal positions from the Office of Health and Human Services or the 10.6 new positions and retained the 12.6 positions to continue forensic functions at the Department of Health.

Human Services. The Governor recommended 954.6 positions, which is 39.8 fewer positions than enacted. This reflects the elimination of 84.8 positions. This restores 25.0 vacancies eliminated as part of the revised budget. These include 11.0 social workers and eligibility technicians, 2.0 laborers, 1.0 child support supervisor, with the balance in paraprofessional and administrative positions. He also added 45.0 positions for the implementation of the Medicaid Global Waiver. The Assembly concurred.

Mental Health, Retardation and Hospitals. The Governor recommended 1,395.4 positions, which is 139.2 fewer than enacted. This includes eliminating 145.2 vacancies, 40.0 fewer than eliminated as part of the revised budget. The budget also adds 6.0 to support global waiver activities and reduces 3.0 positions from the elimination of a substance abuse referral program. The Assembly restored the 3.0 substance abuse positions and concurred with the remainder of the recommendation.

Elementary and Secondary Education. The Governor recommended 327.4 positions, which is 11.6 positions less than enacted. His recommendation includes eliminating 3.0 teachers, 1.0 speech language pathologist, 1.0 behavioral specialist and 1.0 occupational therapist at the School for the Deaf. He also recommended eliminating 10.8 vacant positions at the Department offset by an additional 5.0 positions to implement stimulus funding and comply with reporting requirements. The Assembly concurred.

Public Higher Education. The Governor recommended 4,182.1 full-time equivalent positions, which is 93.8 less than enacted with the reduction to be achieved through unspecified program changes. This includes 0.7 positions at the Office, 50.6 positions at the University, 22.4 positions at the College and 20.1 positions at the Community College. The Assembly concurred.

Public Safety. The Governor's budget includes 447.7 positions for the Department of Public Safety. This is 33.2 positions more than enacted. This reflects the elimination of 18.4 positions as part of his FY 2009 revised budget. The FY 2010 budget also includes transferring 12.6 positions from the Department of Health for the Forensic Sciences Unit and adding 3.0 new staff, 35.0 new state troopers, and 1.0 operation maintenance coordinator for the new state police headquarters.

The Assembly provided 432.1 positions, 15.6 less than recommended. The Assembly maintained the Forensic Science Unit in the Department of Health, along with the 12.6 full-time equivalent positions and did not provide the 3.0 new lab positions. Additionally, the Assembly did not concur with the new operations maintenance coordinator, but did provide a principal project manager position.

Corrections. The Governor recommended 1,423.0 full-time equivalent positions, 92.0 fewer than enacted. This includes eliminating 24.0 administrative positions, 16.0 correctional officers, 14.0 probation and parole officers, 5.0 medical staff, 5.0 adult counselors, and 28.0 clerical and technical staff. The Assembly concurred.

Military Staff. The Governor recommended 111.0 full-time equivalent positions, 8.0 more than enacted. This reflects the elimination of 1.0 vacant aide position and the addition of 9.0 new positions for facilities management, environmental response and security for the National Guard. The Assembly concurred.

Environmental Management. The Governor recommended 417.0 full-time equivalent positions, 56.0 less than enacted. This includes eliminating 64.0 vacant positions, including 6.0 positions in the Office of the Director, 17.9 positions in the Bureau of Environmental Protection and 40.1 positions in the Bureau of Natural Resources. The recommendation also includes the addition of 8.0 positions to accommodate the expected increase in permitting requests for construction projects related to the American Recovery and Reinvestment Act. The Assembly concurred.

Department of Transportation. The Governor recommended 780.2 positions, 51.0 more than enacted. This includes eliminating 40.0 vacant positions and transferring back 2.0 legal positions to the Department of Transportation from the Department of Administration, to reflect actual work being performed. The recommendation also includes an additional 89.0 positions to assist in the implementation of additional projects related to the American Recovery and Reinvestment Act. The Assembly concurred.

Mergers and Consolidations

Introduction

Merger and consolidation proposals have appeared regularly in budgets. The FY 1991 budget presented to the 1990 General Assembly listed 72 state agencies and departments. By contrast, the FY 2010 budget adopted by the 2009 General Assembly contains 41 state agencies and departments. The Governor recommended several administrative transfers, conversions, and revisions to some of the changes enacted by the 2008 Assembly as part of his FY 2010 budget. The Assembly's actions on these items are noted below along with additional changes.

FY 2010

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

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

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

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

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

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

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

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

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

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

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

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

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

History

FY 1991

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

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

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

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

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

FY 1992

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

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

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

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

FY 1993

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

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

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

FY 1994

Consumers Council. The Council was abolished as recommended.

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

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

Children's Code Commission. This agency was abolished.

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

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

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

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

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

FY 1995

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

FY 1996

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

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

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

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

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

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

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

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

FY 1997

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

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

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

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

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

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

Liquor Program. Governor Almond proposed that the Liquor Control functions in the Department of Business Regulation be divided with the tax collection functions transferred to the Division of Taxation

in the Department of Administration. Industry regulation functions would remain in the Department of Business Regulation. The Assembly concurred.

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

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

Departments of Labor and Employment and Training. Governor Almond recommended the elimination of the Department of Labor and the consolidation of its functions, along with the Department of Employment and Training, into a new Department of Labor and Training. The Assembly did not concur when the Appropriations Act, 96-H 8783, Substitute A, was approved. However, the Assembly did agree with the consolidation later in the session, under a separate bill, 96-H 8219.

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

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

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

E-911 Emergency Telephone System. Governor Almond recommended that a number of public safety functions be merged into the State Police. This was similar to Governor Sundlun's proposal to the 1993 Assembly to merge seven agencies and departments providing for training and education of public safety officials into a Department of Public Safety headed by the Superintendent of the State Police. E-911 was one of the agencies recommended. The Assembly did not concur.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FY 1998

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

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

FY 2000

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

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

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

FY 2002

Division of Sheriffs. The 2001 Assembly consolidated the Sheriffs and the Marshals (which were part of the Department of Corrections) into a new Division of Sheriffs in the Department of Administration and transferred 213.0 full-time equivalent positions to Administration. This was done in Article 29 of 01-H 6100, Substitute A as amended, which also established the new position of Administrator of the new Division. This position would be responsible for oversight of both the Sheriffs and Marshals, and would be in the classified service. The legislation also calls for an Executive High Sheriff.

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

FY 2003

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

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

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

FY 2004

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

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

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

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

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

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

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

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

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

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

FY 2005

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

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

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

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

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

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

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

FY 2006

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

Capital Projects and Property Management. The Governor recommended creation of the Capital Projects and Property Management program within the Department of Administration to assume direct responsibility for real property inventories, strategic planning budgeting construction management and code enforcement for all capital projects. This includes the transfer of 30.5 full-time equivalent positions into the new division, 27.5 of which are from the Central Services Division within Administration and 3.0 from the departments located at the Pastore Government Center. The Assembly concurred.

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

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

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

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

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

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

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

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

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

Fugitive Task Force. The Assembly shifted the Fugitive Task Force unit, 8.0 full-time equivalent positions, and \$583,056 from general revenues from the Judiciary to the State Police. The Fugitive Task Force is a statewide warrant squad, established under Rhode Island General Laws Section 12-6-7.2, charged with the responsibility of arresting individuals for whom arrest warrants have been issued and remain outstanding.

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

FY 2007

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

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

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

The Assembly concurred with the transfer of positions but it included direct appropriations to the Department of Administration.

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

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

Lottery Division. The Governor's FY 2006 revised and FY 2007 budgets include the Lottery Division as a program within the Department of Administration's budget based upon legislation enacted by the 2005 Assembly. He transferred \$215.1 million and 64.5 full-time equivalent positions for the Lottery, which was previously a quasi-public agency, into the Department of Administration. The Lottery will still operate on its own revenues collected from gaming sales. The Assembly reduced Lottery positions by 9.5 to an authorized level of 55.0 full-time equivalent positions and transferred the Lottery to the newly created Department of Revenue.

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

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

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

Health and Human Services Secretariat. The Governor proposed legislation consistent with his Executive Order 05-21 establishing the Office of Health and Human Services to serve as the principal agency for managing the Departments of Human Services, Elderly Affairs, Mental Health, Retardation and Hospitals, Health, and Children, Youth and Families. It also created the unclassified position of

secretary of health and human services. He included the position in the FY 2006 revised and FY 2007 budgets of the Governor's Office. The legislation gives the secretary authority to appoint the employees for the Secretariat. The budget does not include associated positions. The Assembly concurred and provided for the current five employees to be transferred to the office from their respective agencies. This includes 2.0 from Department of Human Services, 1.0 from Department of Children, Youth and Families, 1.0 from Department of Health and 1.0 from the Governor's Office.

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

Corrections Educational Programs. The Governor recommended outsourcing educational instruction programs at the Department of Corrections. This initiative included the elimination of 17.0 instructors and individual instruction contracts and the establishment of a single \$550,000 contract for all instructional services. The Assembly did not concur with the Governor's recommendation and restored the 17.0 instructor positions.

Underground Storage Tank Fund. The Governor proposed legislation to merge the Underground Storage Tank Financial Responsibility Fund Review Board into the Department of Environmental Management, with its one cent per gallon of motor fuel tax being deposited into a restricted receipt account within the Department. The Governor's FY 2007 Budget includes \$4.0 million for all expenditures for the Underground Storage Tank program within the Environmental Protection program in the Department. This includes \$3.55 million for remediation payments and \$550,000 to be used for administrative purposes, of which \$340,500 is to fund the Board's 4.0 full-time equivalent positions. The Assembly concurred and provided that the employees be transferred with no loss of service time.

FY 2008

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

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

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

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

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

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

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

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

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

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

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

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

FY 2009

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

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

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

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

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

Department of Public Safety. The 2007 Assembly enacted legislation to consolidate a number of public safety agencies into a single department to achieve efficiencies in training and facilities. The director would be the superintendent of the State Police. The agencies include the State Police, Fire Marshal, E-911, Fire Code Commission, Justice Commission, Municipal Police Training, Sheriffs, and Capitol Police. The Governor would submit legislation to the 2008 Assembly as part of the FY 2009 budget, with an effective date no sooner than July 1, 2008 and no later than January 1, 2009.

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

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

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

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

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

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

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

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

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

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

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Explanation of Articles

Article 1

- **Section 1. FY 2010 Appropriations.** This section of Article 1 contains the appropriations for FY 2010.
- **Section 2. Line Item Appropriations.** This section establishes that each line of Section 1 in Article 1 constitutes an appropriation.
- **Section 3. Transfer of Functions.** This section of Article 1 authorizes the Governor to transfer appropriations and full-time equivalent position authorizations associated with transfers of functions.
- **Section 4. Health and Educational Building Corporation Transfer.** Section 4 of Article 1 transfers \$1.0 million from the Rhode Island Health and Educational Building Corporation to the State Controller June 30, 2010. These revenues are included in the FY 2010 budget.
- **Section 5. Extension of Previous Authorizations.** This section of Article 1 authorizes an extension of the Preservation, Recreation and Heritage bond authorization until June 30, 2011.
- **Section 6. Internal Service Funds.** Section 6 of Article 1 authorizes the establishment of limited and specific internal service accounts to implement the cases in which state agencies provide services to other state agencies, institutions and other governmental units on a cost reimbursement basis.
- **Section 7. Legislative Intent.** This section of Article 1 authorizes the chairpersons of the finance committees of the two chambers to provide a “statement of legislative intent” for specifying the purpose of the appropriations contained in Section 1 of this article.
- **Section 8. Temporary Disability Insurance Funds.** Section 8 of Article 1 appropriates all funds required for benefit payments from the Temporary Disability Insurance Fund and the Temporary Disability Insurance Reserve Fund for FY 2010. This section appears annually.
- **Section 9. Employment Security Funds.** Section 9 of Article 1 appropriates all funds required for benefit payments to the unemployed from the Employment Security Fund for FY 2010. This section appears annually.
- **Section 10. Lottery.** This section of Article 1 appropriates to the Lottery Division any funds required for the payment of prizes and commissions. Prizes are not included as expenditures in the budget.
- **Section 11. Full-Time Equivalent Positions.** This section of Article 1 limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2010. It also provides that no contracted employee can be hired nor may any agency contract for services replacing work done by state employees without public hearings and recommendations by the Budget Office and State Director of Personnel and determination of need by the Director of Administration. In addition, state employees whose funding is from non-state funds

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that are time limited shall receive appointments limited to the availability of the non-state funding source. The section also includes the usual provision for the Governor or designee, Speaker of the House or designee, and President of the Senate or designee to jointly adjust the authorization.

· **Section 12. Rhode Island Capital Plan Appropriations.** This section of Article 1 provides for automatic reappropriation of unexpended balances from FY 2010 Rhode Island Capital Plan fund projects over \$500. Balances of less than \$500 can be reappropriated at the discretion of the State Budget Officer. The provision for the Budget Officer's discretion over balances less than \$500 appeared for the first time in FY 2006.

· **Section 13. Multi-Years Appropriations.** Section 13 of Article 1 makes multi-year appropriations for a number of capital projects included in the FY 2010 through FY 2014 Capital Budget that are funded with Rhode Island Capital Plan funds. The FY 2010 and multi-year appropriations supersede appropriations made for capital projects in Section 12 of Article 1 of the FY 2009 Appropriations Act.

· **Section 14. Budget Reserve Transfer.** Section 14 of Article 1 provides for an appropriation of \$22.0 million from the budget reserve fund on June 30, 2009 to liquidate an anticipated FY 2009 closing deficit. Section 1 of Article 1 contains the appropriation to payback the funds in FY 2010.

· **Section 15. Human Resource Investment Council Transfer.** Section 15 of Article 1 transfers \$1.5 million from the Human Resource Investment Council to the State Controller on June 30, 2010. These revenues are included in the FY 2010 budget.

· **Section 16. Effective Date.** This section of Article 1 establishes that the article is effective July 1, 2009.

Article 2. Short Term Borrowing

Article 2, Section 1 allows the state to borrow a maximum of \$350.0 million during FY 2010 for cash flow purposes in anticipation of tax receipts. The note must be repaid by June 30, 2010.

Section 2 of Article 2 repeals Article 2 of 2009-H 5019 Substitute A as amended that allowed for interfund transfers to be made whole by September 30 of the following fiscal year instead of the year in which the transfer was made. This section would reverse those changes, which were in conflict with the state constitution, which requires that all monies borrowed in a fiscal year be repaid in that year.

Article 3. Education Aid

Article 3 contains legislation for implementation of FY 2010 education aid. It reduces education aid to school districts and charter schools by the amount of retirement contribution savings from pension changes; reduces education aid by \$34.0 million from general revenues offset by a distribution of \$34.1 million from federal fiscal stabilization funds to districts. It suspends professional development

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investment funds for FY 2010 and reduces Providence's aid by a portion of overpaid school construction aid.

It also strikes language distributing charter school aid based on updated data and distributes stimulus funds based on enacted, not revised, levels to be consistent with how all other distributions are calculated.

Article 4. Supplemental

This article contains changes to the FY 2009 revised appropriations for expenditures contained in Article 1, Section 1 of Chapter 5 of the 2009 Public Laws that took effect April 10, 2009.

Article 5. Governmental Organization

Section 1. Office of Health and Human Services. This section establishes an assessment and coordination organization and consolidates the program integrity, quality control and collection and recovery activities within the Office of Health and Human Services into a single unit. Both entities are to be in operation by October 1, 2009. The section also transfers food and nutritional services to the executive office by March 1, 2010 and client protective services to the executive office by January 1, 2011.

The section delays comprehensive overview of Medicaid expenses that is to be prepared and submitted to the Governor and chairpersons of the House and Senate Finance Committees from February 1 of each year to March 15.

This section also requires the secretary to submit to the House and Senate Finance Committees, by January 1, 2010, a plan to restructure functional responsibilities across the departments to establish a consumer centered, integrated system across the health and human services agencies. This section does not have a fiscal impact.

Sections 2 through 4. Forensic Functions and Activities. These sections consolidate the functions of the University of Rhode Island's crime lab into the Department of Health's Forensic Science Unit, and transfers funding responsibility for the University of Rhode Island's crime lab from the Office of the Attorney General's budget to the Department of Health's budget.

Sections 5 through 7. Board Corporate. Sections 5 through 7 transfer the Water Resources Board Corporate into the Clean Water Finance Agency once the debt of the Board Corporate is paid off, which is projected to be in 2014. The Board Corporate is the funding component for the state's Water Resources Board; however, due to the capacity and capabilities of the Agency, merging the two entities will result in more efficient and cost effective lending for water infrastructure projects.

Section 8. Sullivan Perry. This section amends current law and provides that any savings from the adjustment for community based long term care services in the Department of Human Services from the reduction in nursing home days, including hospice care, will be spread to the current service

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estimate for community based long term care services for elderly 65 years of age and older in the budgets of the Department of Human Services and the Department of Elderly Affairs.

Sections 9 through 11. Paratransit Services for the Elderly. These sections amend current law to shift the responsibility for paratransit services from the Department of Elderly Affairs to the Department of Human Services. They also shift the one cent gas tax allotment from Elderly Affairs to Human Services. The paratransit program provides rides to elders and adults with disabilities to congregate meal sites, adult day services, and medical appointments.

Section 12. Health Insurance Commissioner. This section increases the statutory duties of the health insurance commissioner. It requires that the commissioner conduct quarterly public meetings throughout the state, develop proposals to allow the market for small business health insurance to be affordable, make recommendations to the House and Senate Finance Committees upon request and produce an annual report, which includes presentation before the House and Senate Finance Committees.

Section 13. Effective Date. This section establishes the article as effective upon passage.

Article 6. Local Aid

Section 1. Community Support for Schools and Libraries. This section continues to allow communities to meet the 80.0 percent maintenance of effort for libraries to qualify for state library aid.

Section 2. VLT Local Aid. This section clarifies how much of the appropriation from video lottery terminal funding is to be distributed equally to each qualifying distressed community. It also subjects distributions from video lottery terminal funding to appropriation.

Section 3. General Revenue Sharing. This section subjects the General Revenue Sharing program permanently to appropriation; deletes the requirement for a distribution of 3.0 percent of second prior year state tax revenues for FY 2010, estimated to be \$76.0 million, and each year thereafter, and deletes the two-third requirements for repealing or amending the statute relating to the apportionment of aid.

Section 4. Effective Date. This section establishes the article as effective upon passage.

Article 7. Pension Plans Changes

Article 7 makes multiple changes to state employees and teachers except all eligible to retire as of October 1, 2009. It also changes benefits for new judges and makes a technical correction to 2009 legislation to restore the judges' death benefit if death occurs before retirement. Total savings from these changes is \$58.6 million, of which \$49.4 million is from general revenues.

For state employees and teachers who become eligible to retire on or after October 1, 2009, the changes include a minimum retirement age of 62 with a proportional application of that minimum age to current members based on their years of service as of October 1, 2009. This means that those

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closest to retirement eligibility would have the smallest change in their current minimum retirement age.

Changes also include freezing service credits for those in Plan A, shifting all future accrual to Plan B. Members in both plans would retain the respective 80 and 75 percent caps on their accruals. The cost-of-living adjustment would all be based on the Plan B model of the lesser of inflation or 3.0 percent on the third anniversary. Finally, the salary basis for benefits would be changed to the five consecutive highest years, from the current three. The legislation also requires all service credit purchases except military time, must be at full actuarial value, effective June 16, 2009.

The changes also require that for disability pension sought after October 1, 2009, retirees will receive either 66 2/3 percent or 50 percent of their allowance depending on a finding by the Retirement Board of whether the individual is completely disabled from further employment.

Article 8. Unemployment Security

Sections 1 and 2. Unemployment Trust Fund. These sections allow the Governor to delegate to the Director of Labor and Training the authority to request short-term advances to the state's unemployment trust fund from the federal unemployment account and to make voluntary repayments of those advances when necessary or appropriate.

Section 3. Employment Security Fund. This section waives the requirement that all employers subject to federal and state unemployment insurance taxes pay the required 0.3 percent surtax on the individual employer's taxable wages for that quarter when the funds available for benefits in the Employment Security Fund are less than zero for the second month in any calendar quarter. This section also waives the requirement for the duration of calendar years 2009 and 2010, while federal loans for the payment of benefits remain interest free. This article is effective upon passage.

Article 9. Municipal Tipping Fee

Article 9 establishes the municipal tipping fee at \$32.00 per ton in FY 2010 for municipalities that recycle 24 percent or less of their solid waste. Municipalities that recycle between 25 and 29 percent will pay \$31.00 per ton, those recycling between 30 and 34 percent will pay \$30.00 per ton and municipalities recycling more than 35 percent of their solid waste will pay \$29.00 per ton. The article includes \$6.6 million in savings to municipalities.

Article 10. Judicial Arbitration Fees

Article 10 converts the arbitration fees escrow account into a restricted receipt account and exempts it from the state's 10.0 percent indirect cost recovery charge. It also empowers the presiding justice of the Superior Court to retain the services of qualified arbitrators to be paid from the restricted receipt account.

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Article 11. Expungement Fees

Article 11 requires the courts to charge a new fee of \$100 for court orders granting expungement of records. Currently, there are no fees associated with granting and/or processing expungements. The Office of the Attorney General's Bureau of Criminal Identification processes approximately 12,286 expungements annually from the courts. The Budget assumes \$1.2 million in new revenues for FY 2010.

Article 12. DBR Fees

This article amends several sections of Rhode Island General Law to increase certain fees for the application and/or the renewal of specific licenses and professional registration filings. The article raises the selected fees by 20 percent to yield \$1.6 million in additional revenues, effective July 1. The 31 selected fees have not been increased since FY 2000 or earlier. The fees affected are part of the Banking, Securities, Insurance and Commercial Licensing, Racing and Athletics divisions as well as the Boards for Design Professionals.

Article 13. Budget Stabilization Account

This article amends current law to reflect the constitutional requirement for legislative appropriation of the funds from the "rainy day fund." It retains the current law requirement for the payback to be made in the subsequent year. The budget assumes use of \$22.0 million for FY 2009 and the payback of the full \$22.0 million in FY 2010.

Article 14. Recovery of Legal Costs

This article authorizes the Department of Health to recover legal costs incurred for licensing of health care facilities. It also establishes a restricted receipt account to account for the revenues and expenditures. The Budget assumes \$125,000 in general revenue savings from shifting this cost to the regulated facilities.

Article 15. Public Utilities

This article increases the limit on the amount each utility company may be assessed for expenses incurred for rate cases and other matters before the Public Utilities Commission from \$250,000 to \$500,000 annually. It also allows for the state's 10.0 percent indirect recovery charge to be assessed in addition to that amount.

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Article 16. Revenues

Section 1. Gas Tax. This section retains one cent of the thirty cent per gallon motor fuel tax currently designated for the General Fund within the Intermodal Surface Transportation Fund. The section also increases the motor fuel tax by two cents to thirty two cents. Based on the 2009 May Revenue Estimating Conference's per penny motor fuel tax yield, available general revenues would be decreased by \$4.4 million while the Department of Transportation's budget is increased by the same amount. Beginning in FY 2010, the Department's share of gasoline tax would be 21.75 cents, 9.25 cents for the Rhode Island Public Transit Authority and one cent for elderly transportation.

Section 2. Hospital Licensing Fee. This article extends the hospital licensing fee in FY 2009 at a rate of 5.473 percent of hospitals' net patient services revenue for the hospital fiscal year ending on or after January 1, 2007. It also includes an FY 2010 licensing fee at 5.237 percent of revenues and hospital fiscal year ending on or after January 1, 2008.

The total revenue collected from the hospitals for FY 2009 will be \$127.6 million including \$121.5 million from the community hospitals and \$6.0 million from the state's Eleanor Slater Hospital. For FY 2010, the revenue collected will be \$128.8 million, \$123.1 million from the community hospitals and \$5.8 million from Eleanor Slater Hospital. The licensing fee appears annually in the Appropriations Act.

Section 3. Health Care Provider Tax. This section eliminates the health care provider tax that is paid by group home providers in both the state run and privately operated system providing residential services to adults with developmental disabilities as well as intermediate care facilities for the mentally retarded. Federal law no longer allow states to collect the health care provider tax from community based facilities; however Rhode Island retained its exemption to continue to collect the tax until acceptance of the Medicaid global waiver eliminated that exemption. The change is effective July 1, 2009.

Section 4. Corporate Statistics of Income. Section 4 requires that the Division of Taxation prepare and submit statistics of corporate income tax data modeled after the federal report.

Section 5. Information Sharing. Section 5 requires the Director of the Department of Labor and Training to provide record information for the purposes of meeting statutory requirements such as compiling the annual tax expenditure report.

Section 6. Personal Income Tax Refund Setoff. This section adds medical assistance overpayments to the statutory list of debts subject to state income tax refund intercept beginning with calendar year 2009 tax returns. The budget includes savings of \$183,750, \$66,352 from general revenues and reduces Department expenses by applying the receipts collected through the intercept as a credit against program expenses.

Section 7. Employers Withheld Tax Return. This section of Article 16 amends current law to impose a penalty of 0.5 percent of tax owed per month not to exceed 25.0 percent, on employers for failure to pay employer's withholding tax. Currently, a similar penalty is imposed on employers for failure to file personal income tax returns. The Budget does not assume any revenue from passage of this section; however, it will help to enforce collection of tax owed to the state.

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Section 8. Sales Tax Retailer. This section changes the definition of a retailer to add companies that contract with Rhode Island companies, sell over the Internet and whose receipts are in excess of \$5,000. The Budget does not assume any revenue from passage of this section; however, it will help to enforce collection of taxes that are due to the state.

Section 9. Mandated Electronic Filing – Sales Tax. This section requires sales tax filers who had an average monthly sales and use tax liability of \$200 or more per month for the previous year to file electronically, effective January 1, 2010.

Section 10. Mandated Electronic Filing –Withholding. This section requires employers with more than 10 employees to file withholding statements electronically, effective January 1, 2010.

Section 11. CODI Decouple. The American Recovery and Reinvestment Act of 2009 allows businesses that repurchase their debt in 2009 and 2010 to defer reporting the cancellation of debt income as taxable income until 2014 and then spreads the income repayment from 2014 through 2018. This section of Article 16 amends the tax statutes to disallow the spread of income from cancellation of debt income. Currently, the cancellation of debt income is taxed in the same year that it is earned. The Center on Budget and Policy Priorities estimates that the revenue loss for the state absent this change would be \$21.0 million, including \$4.0 million for FY 2010. Several states including Florida, Maryland and Minnesota have already decoupled from the federal corporation income tax statutes.

Sections 12 and 13. Jobs Development Tax Credit. Section 12 amends the Jobs Development Act to modify the definition of full-time employees to be those working at least 30 hours per week, having health benefits, and making at least 250.0 percent of minimum wage for companies qualifying on or after July 1, 2009. For companies that are currently eligible under different definitions, any new employee who replaces an existing employee must meet the new criteria. Section 13 requires companies that qualify for rate reduction to file an annual report with the tax administrator.

Section 14. Estate Tax. This section increases the Rhode Island estate tax exemption amount from \$675,000 to \$850,000 for any resident or non-resident who dies on or after January 1, 2010. Beginning on January 1, 2011 and thereafter, the exemption amount will be adjusted by the Consumer Price Index. The budget assumes \$0.8 million less in revenues. This section of the article takes effect upon passage.

Sections 15 and 16. Capital Gains. Sections 15 and 16 tax capital gains as ordinary income regardless of how long an asset has been held before tax, effective January 1, 2010. The Budget includes \$23.6 million in revenues for FY 2010. A similar proposal was included in the Governor's budget. Under current law, Rhode Island taxes capital gains income based on the length of time the seller has owned the asset. If an asset is held for five years or more, then the capital gains income from that asset is taxed at 0.83 percent, 1.67 percent, 2.08 percent or 2.33 percent rate contingent on the taxpayer's income and type of asset sold.

Section 17. Effective Date. Sections 1, 2, 12 and 13 shall take effect on July 1, 2009; Section 3 shall take effect upon passage and apply to provider tax assessment of gross patient revenues related to services provided after June 30, 2009, but shall not apply to assessments of gross patient revenue due

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and payable to the state for services provided prior to July 1, 2009; Section 10 shall take effect January 1, 2010. The remainder of the article shall take effect upon passage.

Article 17. Public Corporation Debt Management Act Resolution

Section 1. The Public Corporation Debt Management Act requires that all new debt authorizations be approved by the Assembly except in certain circumstances.

Section 2. Rhode Island College Recreation Center Project. This section authorizes Rhode Island College to issue \$11.3 million from revenue bonds backed by student fees to renovate the existing recreation center on the Rhode Island College campus. The \$11.3 million includes \$10.0 million for construction costs, \$0.4 million for cost of issuance and \$0.9 million for a debt reserve fund. The authorization assumes a 30-year term and an interest rate of 6.5 percent for a total cost of \$26.5 million and annual debt service payments of \$0.9 million.

Section 3. University of Rhode Island Repaving and Road Construction Project. This section authorizes the University of Rhode Island to issue \$15.2 million from revenue bonds backed by parking fees, general revenues and university funds for a repaving and road construction project. The project includes repaving and reconstructing the major parking facilities, internal roadways, and walkways and associated infrastructure on the Kingston, Narragansett Bay and W. Alton Jones campuses, and the construction of a new roadway extension and two roadway connections on the Kingston Campus. The \$15.2 million includes \$13.5 million for construction costs, \$1.3 million for debt service reserve and \$0.4 million for cost of issuance. The authorization assumes a 20-year term and an interest rate of 6.0 percent for a total cost of \$26.3 million and annual debt service of \$1.3 million.

Section 4. University of Rhode Island Purchase of Fraternity House for the International Engineering Program. This section authorizes the University of Rhode Island to enter into an installment purchase of the former Sigma Alpha Epsilon Fraternity House from the fraternity corporation. The University has been leasing this building from the fraternity corporation for the International Engineering Program over the past ten years. The purchase price of the building is \$1.1 million with a one-time payment of \$250,000 in FY 2010 and an installment purchase of \$850,000. Annual debt service would be \$87,000 backed by student resident fees and/or other University revenues, for a total cost of \$1.3 million assuming 15 years and 6.0 percent interest. The University made a direct loan from the Rhode Island Health and Educational Building Corporation to purchase the Chi Phi fraternity house for the purpose of expanding the International Engineering Program in FY 2007. This would be a similar financing mechanism.

Section 5. DMV Computer Upgrade. The 2006 Assembly authorized the Department of Administration to borrow \$13.0 million from Certificates of Participation to replace the computer system at the Division of Motor Vehicles with debt service supported by a transaction surcharge. It appears that collection to date is not sufficient to cover debt service costs. This section extends the authorization to collect the surcharge of \$1.50 per transaction from seven to ten years.

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Section 6. Public Finance Debt Management. This section removes the Resource Recovery Corporation's exemption from Assembly approval for debt issuances and requires that the Corporation seek Assembly approval for all future debt issuances.

Section 7. Turnpike. This section authorizes the Rhode Island Turnpike and Bridge Authority to issue up to \$50.0 million of revenue bonds. The bonds would be non-taxable and secured by toll revenue, with the proceeds being used for steel repair and corrosion protection paint projects on the Newport Pell and Mount Hope bridges. The bonds would be secured by toll revenue; the Authority indicates this will require a toll increase of unstated size. The Authority is anticipating a rate of 7.0 percent and a 30-year term, with projected annual debt service of \$4.0 million.

Section 8. Rail Corporation. This section includes the authorization for the Rhode Island Public Rail Corporation to fully indemnify AMTRAK in order for the state to use its tracks to extend commuter rail service south of Providence. The section stipulates that no state subsidies will be used to provide the additional service.

Article 18. Supplemental Security Income Beneficiaries

This article establishes a separate state reimbursement category for Supplemental Security Income recipients in state licensed supportive residential care settings and reduces the state supplement to the federal benefit from the current rate of \$575 to \$300. The combined benefits are used to pay the facility providing the care. The article directs the Office of Health and Human Services to develop criteria to ensure these clients are receiving the appropriate care in the correct setting. It also authorizes the Office to establish rules specifying payment certification standards that must be met by the state licensed supportive residential care settings and assisted living residences providing services to persons receiving supplemental security income payments.

The article also has the Department of Mental Health, Retardation Hospitals making the state supplement payment for developmentally disabled adults who receive residential services and financial assistance through its budget directly to the providers. The budget assumes general revenue savings of \$300,000 in the Department of Human Services' budget from no longer paying a transaction fee for this population. The resident will continue the \$39.93 state supplement; however, it will no longer be in the same check as the federal portion. It will be made directly through the community support providers.

Article 19. Hospital Uncompensated Care

This article extends the uncompensated care payments to the community hospitals with the state making a payment for FY 2009 that does not exceed \$99.5 million, an FY 2010 payment that does not exceed \$114.7 million and an FY 2011 payment that does not exceed \$117.8 million. This is based on a recalculation of the qualifying costs and an increase to the federal uncompensated care cap consistent with the federal stimulus package that provides a 2.5 percent increase for the payments.

The article also includes state funded reimbursements to acute care community hospitals for additional costs totaling \$3.65 million as well as adjustments to increase reimbursements for outpatient services

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to community hospitals by paying a rate that is equal to what Medicare would pay for the same services totaling \$25.5 million.

Article 20. Cash Assistance

This article amends the Rhode Island Works Program and establishes a July 1, 2008 effective date for the 24 month period a family is eligible to receive cash assistance within the 48 month lifetime limit. Previously, the Department was including any time prior to July 1, 2008 in its determination of the cash assistance recipient's 24 month eligibility.

Article 21. General Public Assistance-Hardship Assistance Fund

This article provides \$478,000 from general revenues that the Director of the Department of Human Services may provide for hardship contingency payments for FY 2010.

Article 22. Medicaid Global Waiver

This article amends the Rhode Island Medicaid Reform Act of 2008, which allows implementation of the global waiver to include restrictions to implementing the waiver and seeking legislative approval for rules and regulation changes, provides for a demonstration implementation taskforce, and level of care criteria for clients currently residing in an institutional setting. The article allowed individuals who were receiving institutional care on or before January 15, 2009 to maintain their level of care for institutionalization prior to the implementation of the global waiver even if they choose to move to a community setting and then need to re-enter an institutional setting. This includes nursing homes, hospitals or intermediate care facilities for the mentally retarded. For these individuals, the new levels of care defined in the global waiver would not apply.

This article also requires the Office of Health and Human Services to submit, as part of the budget process, an annual report that include the distribution between institutional care and home and community-based care services, by percent, and any current or projected waiting lists for either service.

It also further defines methods for selective contracting and allows for the possible suspension of a medical assistance provider who declines to participate in any of the Department of Human Services medical assistance programs.

The Assembly later passed 2009-H 5112 Substitute C to amend the language for those clients residing in an institutional setting on or before January 15, 2009 because the Centers for Medicare and Medicaid notified the state that this language was in violation of the special terms and conditions of the global waiver as well as other Medicaid provisions. 2009-H 5112 Substitute C, as amended, corrects for this conflict and provides for the application of pre-waiver levels of care unless an individual transitions to a community setting. The new levels of care will be applied to anyone returning to an institutional setting.

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Article 23. Medical Assistance

Section 1. Nursing Facilities Acuity Based Rates. This section requires the Department of Human Services to review the methods for long term care reimbursements to nursing facilities and other long term care service providers and allows it to modify the nursing home principles of reimbursement to reflect an acuity based rate adjustment to provide reimbursement based on the recipient's level of care needs with rates being in effect on January 15, 2010. The Department is also required to hold its public hearing and submit the final implementation plan to the chairpersons of the House and Senate Finance Committees by December 1, 2009.

Section 2. Medicaid Selective Contracting. This section provides the Department of Human Services with the authority to use selective contracting to purchase shared living expenses, durable medical equipment and supplies, and any additional Medicaid services when appropriate. The budget assumes savings of \$1.1 million, \$0.5 million from general revenues from passage of this section.

Sections 3 through 5. States Children's Health Insurance Program. Sections 3 through 5 include several changes to the RIte Care program consistent with federal changes under the Children's Health Insurance Program Reauthorization Act of 2009. The federal program allows states the option to provide coverage to legal, non-citizen children and to leverage a federal match, and this article restores coverage to that group for whom the 2006 Assembly eliminated state funded medical benefits. The budget includes \$1.9 million from all sources, including \$0.8 million from general revenues, which represents coverage for approximately 820 more children.

The federal program also allows states to receive an enhanced federal match for pregnant women and certain children whose medical services are currently matched at the standard Medicaid rate. The section changes current law to allow for this enhanced rate and the budget assumes general revenue savings of \$0.9 million.

Sections 6 through 8. Hospital Rate Payments – Diagnosis Related Groups. These sections eliminate the current hospital rate reimbursement system and replace it with a method utilizing diagnosis related groups, payments to hospitals based on diagnoses, procedures and patient age. Currently, the state reimburses individual in-state hospitals based on a portion of the allowable costs for inpatient and outpatient services. The changes allow for the current payment system to be operational until no later than March 30, 2010, when the new system must be in effect. The budget assumes savings of \$2.5 million, \$1.2 million from general revenues.

Section 9. Long Term Care Reform – Medicaid Global Waiver. Section 9 of this article designates that the secretary of the Executive Office of Health and Human Services, in collaboration with the directors of the other four human service agencies, shall offer the full range of long term care services to eligible individuals allowed under the Medicaid global waiver. The section defines core services, levels of care and the duties of the assessment and coordination unit.

Section 10. Long Term Care Services and Finance Reform. The section amended the Rhode Island Medicaid Reform Act of 2008 which allows implementation of the global waiver to include restrictions to implementing the waiver and seeking legislative approval for rules and regulation changes, provides

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for a demonstration implementation taskforce, and protections for clients currently residing in an institutional setting. It allowed individuals who were receiving institutional care on or before January 15, 2009 to maintain their level of care for institutionalization prior to the implementation of the global waiver even if they choose to move to a community setting and then need to re-enter an institutional setting. This includes nursing homes, hospitals or intermediate care facilities for the mentally retarded. For these individuals, the new levels of care defined in the global waiver would not apply.

This article also requires the Office of Health and Human Services to submit, as part of the budget process, an annual report that includes the distribution between institutional care and home and community-based care services, by percent, and any current or projected waiting lists for either service.

It also further defines methods for selective contracting and allows for the possible suspension of a medical assistance provider who declines to participate in any of the Department of Human Services medical assistance programs.

This section also allows the Department of Human Services to establish separate needs based criteria for admission into a long term care facility that are more stringent than those used for access to home and community based services. The Department is also provided the authority to set rules that define the frequency of re-assessments for long term care services.

The Assembly later passed 2009-H 5112 Substitute C to amend the language for those clients residing in an institutional setting on or before January 15, 2009 because the Centers for Medicare and Medicaid notified the state that this language was in violation of the special terms and conditions of the global waiver as well as other Medicaid provisions. 2009-H 5112 Substitute C, as amended, corrects for this conflict and provides for the application of pre-waiver levels of care unless an individual transitions to a community setting. The new levels of care will be applied to anyone returning to an institutional setting.

Section 11. Rhode Island Global Consumer Demonstration Waiver. This section authorizes the Department of Human Services, in collaboration with the Executive Office of Health and Human Services, to proceed with federal approval in accordance with any special terms and conditions of the Rhode Island Global Consumer Compact Demonstration Waiver. The authority is effective as of July 1, 2009 and has no fiscal impact.

Section 12. Medical Assistance Usual and Customary Charges. This section provides that no medical assistance provider can bill the Department of Human Services more than that provider's usual or customary charge for the same services. This is defined as the lowest cost charged by the provider for any product or service at the time it was provided. This includes offers of rebates or discounts, or those covered under warranty and guarantee.

The section also allows the Department to waive this provision if it is necessary for the continuum of care for individuals receiving treatment services from mental health centers or to avert serious economic hardships to mental health centers.

Section 13. RIte Care. The section repeals the RIte Care co-share medical premium requirement for individuals between 133 and 150 percent of the federal poverty level adopted by the 2008 Assembly.

2009-H 5983 Substitute A as Amended

This is retroactive to May 31, 2009 so that it complies with the eligibility maintenance of effort provisions outlined in the American Recovery and Reinvestment Act. The budget restores \$1.5 million from all sources of funds, including \$0.5 million from general revenues.

Section 14. Effective Date. Section 14 establishes the effective date. Section 13 shall be in effect on May 31, 2009; Section 9 can be implemented through the emergency rules and regulations process, and the remainder of the article is effective upon passage.

Article 24. Effective Date

Article 24 provides that the act shall take effect upon passage, except where a provision within the article specifies a retroactive or prospective effective date.

2009-H 5019 Substitute A as Amended

Article 1

- **Section 1. FY 2009 Appropriations.** This section of Article 1 contains the revised appropriations for FY 2009. These were subsequently amended in Article 4 of 2009-H 5983 Substitute A, as amended.
- **Section 2. Line Item Appropriations.** This section establishes that each line of Section 1 in Article 1 constitutes an appropriation.
- **Section 3. Dual Party Phone Relay Fund.** This section of Article 1 mandates that the Public Utilities Commission transfer \$183,246 from the Dual Party Phone Relay escrow account to the general fund by June 30, 2009. The 2005 Assembly authorized a similar transfer during a time in which there was a surplus of funds.
- **Section 4. Workers' Compensation Escrow.** Article 1, Section 4 transfers \$0.7 million from the Workers' Compensation Escrow Fund to state general revenues by June 30, 2009. These revenues are included in the FY 2009 revised budget.
- **Section 5. Internal Service Funds.** Section 5 of Article 1 authorizes the establishment of limited and specific internal service accounts to implement the cases in which state agencies provide services to other state agencies, institutions and other governmental units on a cost reimbursement basis. This section maintains the accounts authorized by the 2008 Assembly; however, changes the amount to reflect updated expenditure projections.
- **Section 6. Full-Time Equivalent Positions.** This section of Article 1 limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2009. It also provides that no contracted employee can be hired nor may any agency contract for services replacing work done by state employees without public hearings and recommendations by the Budget Office and State Director of Personnel and determination of need by the Director of Administration. In addition, state employees whose funding is from non-state funds that are time limited shall receive appointments limited to the availability of the non-state funding source. The section also includes the usual provision for the Governor or designee, Speaker of the House or designee, and President of the Senate or designee to jointly adjust the authorization.
- **Section 7. Effective Date.** *This section of Article 1 establishes that the article is effective upon passage.*

Article 2. Interfund Transfers

Article 2 amends current language to mandate that interfund transfers must be made whole by September 30 of the following fiscal year and mandates that no other interfund transfer can be made from the same fund until at least six months after the fund was made whole from the previous transfer. This article was subsequently repealed in Article 2 of 2009-H 5983 Substitute A as amended, as the provisions were found to be in conflict with the state constitution.

2009-H 5019 Substitute A as Amended

Article 3. Clean Water Finance Agency Stimulus Compliance

Article 3 allows the Clean Water Finance Agency to provide financial assistance for both clean water and drinking water infrastructure projects in the form of principal forgiveness and negative interest loans. The language contained in the article allows the Agency to issue loans that would be in compliance with the provisions of the American Recovery and Reinvestment Act of 2009.

Article 4. Retiree Health Benefits

Article 4 delays the state's movement to an actuarial based system for payment of retiree health benefits, also known as other post employment benefits "OPEB" for two years, until FY 2011. The article would also alter the valuation schedule from annually to one in compliance with generally accepted accounting principals. The 2008 Assembly enacted legislation to change its provision of these benefits from a pay-as-you-go system along with significant benefit reductions to future retirees effective October 1, 2008. The revised actuarial estimates now updated for the recent surge of retirements suggest actuarial funding would require a \$14.5 million general revenue supplemental appropriation. The revised budget assumes this article will save \$8.3 million from general revenues and includes only costs to fund the new pay-go rate, an additional \$6.2 million.

Article 5. Unemployment Insurance Benefits

Article 5 suspends the one week waiting period for the receipt of unemployment insurance benefits from the date of passage through June 30, 2009. Suspending the waiting period allows claimants to receive compensation one week earlier, but does not change the value or duration of a benefits claim.

Article 6. Public Service Corporation Rate

This article freezes the tax rates applied to the tangible personal property of public service corporations at the FY 2008 rate, effective March 31, 2009. Freezing the rates at the FY 2008 level is estimated to save the municipalities a total of \$645,000. Annual tax collections have dropped from \$16.6 million in FY 2004 to \$10.2 million in the current fiscal year. In FY 2008, the tax rate was \$15.56 per thousand dollars of value and it is estimated to be \$14.47 per thousand dollars of value in FY 2009. The article takes effect on March 31, 2009.

Article 7. State Aid

This article provides a state appropriation of \$25.0 million for the General Revenue Sharing payments to communities in FY 2009, to be distributed proportionally on the same basis as the original enacted budget, which had included \$55.1 million. The state generally makes the formula payment to communities in March of each year, and the supplemental payment from video lottery revenues at the end of June.

2009-H 5019 Substitute A as Amended

Article 8. Energy Revolving Fund

This article repeals the Energy Revolving Loan Fund and provides enabling legislation to transfer any remaining balances as of June 30, 2008 to the general fund. The FY 2008 budget already includes the transfer of \$1.3 million from the Energy Revolving Loan Fund. In the event the transfer is not allowed, the FY 2008 closing deficit would increase by \$1.3 million.

Article 9. Revenues

Sections 1 through 4. **Division of Motor Vehicles.** Sections 1 through 4 of Article 9 double the title fee from \$25 to \$50, including transfers and increase the fee for restoration of revoked title or registration from \$50 to \$250; increase the fee for restoration of a revoked or suspended license from \$75 to \$150; and increase the fee for the restoration of a revoked or suspended license for individuals driving under the influence of alcohol from \$75 to \$350. The budget assumes \$2.1 million in revenues from these fee increases.

Sections 5 through 7. **Cigarette Tax.** Sections 5 through 7 of Article 9 increase the cigarette tax by \$1.00 per pack to \$3.46 effective April 10, 2009. The minimum markup provision and the distributors' stamping discount are maintained. The budget includes \$13.1 million in additional revenue in FY 2009, and the estimated yield for FY 2010 is \$30.2 million.

Section 8. **Other Tobacco Products.** Section 8 increases the tax on smokeless tobacco, snuff, and pipe tobacco from 40.0 percent of wholesale price to 80.0 percent which would result in \$1.0 million in additional revenue annually and \$333,333 for FY 2009.

Section 9. **Health Insurers Tax.** Section 9 increases the gross premiums tax for nonprofit hospital service corporations and health management organizations and nonprofit dental corporations from 1.75 percent to 2.0 percent making all insurers taxed at the same rate effective January 1, 2009. It also removes the gross premiums tax exemption from Medicaid managed care providers. The 2006 Assembly removed the exemption from nonprofit hospital service corporations and health management organizations effective January 1, 2008 and applied a 1.1 percent rate. The 2008 Assembly increased the rate to 1.75 percent and added nonprofit dental service corporations to the definition of insurers that are subject to the gross premiums tax effective January 1, 2009. The budget includes \$12.8 million in additional revenues.

Sections 10 and 11. **Underground Storage Tank Fund.** Sections 10 and 11 allow transfers of up to \$2,237,500 of gas tax deposits into the Underground Storage Tank Fund to be directed to the Rhode Island Public Transit Authority, effective January 1, 2009 and permanently dedicates one-half of the \$0.01 per gallon surcharge on motor fuel sold to owners and operators of underground storage tanks to the Authority beginning in FY 2010. In the past, deposits into the fund have been diverted in the amount of \$2.0 million each for FY 2006 and FY 2008.

Section 12. **Personal Income Tax.** The American Recovery and Reinvestment Act of 2009 allows for an itemized deduction for state and local sales taxes paid on new vehicles under 8,500 pounds and up to \$49,500 in value for vehicles purchased between February 17 and December 31, 2009. It also suspends federal income tax obligations on the first \$2,400 in unemployment benefits received. The

2009-H 5019 Substitute A as Amended

Governor's FY 2010 budget includes a revenue loss of \$6.8 million from allowing the deductions. This section amends the personal income tax statutes to disallow the deductions. Passage of this section results in additional revenues of \$6.8 million in FY 2010.

Sections 13 and 14. Court Mediation Fees. These sections increase the entry fee for plaintiffs involved in small claims mediation from \$30 to \$50 effective upon passage. Of the increase, \$10 is deposited as general revenues and the other \$10 is forwarded to the small claims mediation fund, which is converted into a restricted receipt account. The budget assumes \$78,929 in additional revenues for FY 2009 and \$198,901 for FY 2010.

Section 15. Effective Date. Sections 5 through 8 take effect April 10, 2009 and Section 9 takes effect upon passage and applies to tax years beginning on or after January 1, 2009. The remainder of the article takes effect upon passage.

Article 10. Pension Reform

This article authorized the diversion of scheduled contributions for the retirement system into a special fund pending the adoption of pension changes that would produce significant savings for FY 2009. For local school districts, the state would contribute their remaining employer contributions into the special fund from the \$40.7 million withheld from planned state aid payments. Once changes are adopted, the correct contributions will be transferred to the retirement fund, and the remaining savings would revert to the state. The state would also restore to local districts any amount withheld from their school aid in excess of the actual savings produced. The appropriations contained in Article 1 include the full \$92.5 million from general revenues needed to fund the required contributions under current law.

The Assembly subsequently adopted pension changes in Article 7 of 2009-H 5983 Substitute A, as amended, which also repealed the deferral language in this article. Articles 1 and 4 of that legislation contain the revision to appropriations based on the final savings estimates.

The article also excludes one-time salary reductions, such as in the case of furloughs or shutdown days, from the calculation of retiring employees' highest three consecutive years of compensation in determining retirement benefits for participants in the Municipal Employees' Retirement System. It extends the requirement that employees pay the retirement contribution they would have paid, were it not for the salary reduction. Current law is limited to retirements prior to June 30, 1995; this change is consistent with the revision adopted by the 2008 Assembly for state employees.

Article 11. Economic Development and Industrial Facilities Corporations

The 2006 Assembly enacted legislation to require its approval for project status, which provides for sales tax exemptions for Economic Development Corporation and Rhode Island Industrial Facilities Corporation projects. This article returns the authority to grant "project status" to the corporations with strict provisions and removes the requirement for Assembly approval. The article requires that the sales tax exemption be reimbursed rather than an up-front purchase exemption.

Article 12. Pupil Transportation

2009-H 5019 Substitute A as Amended

Article 12 mandates the use of a statewide transportation system, upon implementation, for special needs students and the eventual implementation of the transportation system for all students. The legislation permits any school committee that transports its students primarily using district-owned buses and district employees to continue to do so. The article also requires the Department of Elementary and Secondary Education to manage and oversee the system in collaboration with the Office of Statewide Planning and the Rhode Island Public Transit Authority; however, it allows the management and oversight function to be delegated to an outside consultant through a competitive process if deemed more efficient. The budget includes \$50,000 from general revenues for implementation work.

Article 13. Education Aid

Article 13 contains legislation for implementation of the revised FY 2009 education aid proposal. It suspends professional development investment funds for FY 2009; reduces education aid by the amount of retirement contribution savings originally proposed in the Governor's revised budget; reduces Providence's aid by a portion of overpaid school construction aid; and reduces general operating aid by the estimated amount of Permanent School Fund distributions from December 1, 2008 through June 30, 2009. It also provides \$38.3 million from federal fiscal stabilization funds offset by a like reduction from general revenues.

Article 13 makes changes to the education aid statutes to establish a repayment schedule for communities that have been overpaid school housing aid. The repayment schedule is based on the total amount of overpayment in relation to the amount of local revenues reported by the school district.

Article 14. Nursing Facilities

Article 14 includes a five percent reduction in daily rates paid to nursing homes in FY 2009. The final budget assumes savings in nursing home expenditures of \$6.5 million, including \$3.1 million from general revenues.

Article 15. Out-of-State Hospital Payments

Article 15 changes the Medicaid payment methodologies to out-of-state hospital providers from defined percentages in statute to rates determined by the Department in accordance with federal regulations. Previously, out-of-state providers are reimbursed percentages of their charges for services as follows: 50.0 percent for inpatient; 53.0 percent for outpatient; and 61.0 percent for transplants. This article applies to reimbursements on or after March 1, 2009.

The final budget assumes savings of \$366,695 from all sources including \$142,773 from general revenues based upon the Department reimbursing out-of-state hospitals at the following percentages for their services: 45.0 percent inpatient; 47.7 percent for outpatient; and 54.9 percent for transplants.

Article 16. Hospital Payments

2009-H 5019 Substitute A as Amended

This article eliminates three payments the state is to make to community hospitals in FY 2009. The first two are separate inpatient and outpatient upper limit payments intended to provide a rate to the community hospitals for services that is equal to what Medicare would pay for the same inpatient and outpatient services. The third payment is for state funded reimbursements to certain community hospitals for additional uncompensated care costs. The three payments were included in Section 2 of Article 19 of 2008-H 7390 Substitute A, as amended. The budget assumes savings of \$31.4 million including \$14.3 million from general revenues.

The Assembly later reversed this action in 2009-H 5983 Substitute A, as amended. Article 19 of that subsequent legislation restored the outpatient upper payment limit and included \$21.1 million from all funds and the state only payment made for additional uncompensated care payments totaling \$3.65 million.

Article 17. Effective Date

Article 17 provides that the act shall take effect upon passage, except where a provision within the article specifies a retroactive or prospective effective date.

Section VII

Summary Tables

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General Revenues

	FY 2009 Consensus	FY 2009 Final	FY 2010 Consensus	FY 2010 Adopted
Personal Income Tax	\$ 1,011,000,000	\$ 970,600,000	\$ 939,600,000	\$ 963,200,000
General Business Taxes				
Business Corporations	108,000,000	112,000,000	113,000,000	113,000,000
Public Utilities Gross	104,500,000	115,000,000	115,000,000	115,000,000
Financial Institutions	2,000,000	4,130,000	3,750,000	3,750,000
Insurance Companies	77,000,000	80,400,000	81,900,000	81,900,000
Bank Deposits	1,700,000	1,700,000	1,730,000	1,730,000
Health Care Provider	49,000,000	48,400,000	37,700,000	36,126,589
Sales and Use Taxes				
Sales and Use	831,000,000	823,200,000	815,000,000	815,000,000
Motor Vehicle	48,000,000	50,800,000	50,400,000	50,400,000
Motor Fuel	930,000	1,000,000	920,000	920,000
Cigarettes	119,600,000	131,000,000	148,000,000	148,000,000
Alcohol	11,100,000	10,800,000	10,900,000	10,900,000
Other Taxes				
Inheritance and Gift	28,000,000	30,200,000	30,200,000	29,399,700
Racing and Athletics	2,500,000	2,500,000	2,100,000	2,100,000
Realty Transfer	7,800,000	7,500,000	7,200,000	7,200,000
Total Taxes	\$ 2,402,130,000	\$ 2,389,230,000	\$ 2,357,400,000	\$ 2,378,626,289
Departmental Receipts	331,500,000	330,151,170	203,700,000	335,532,188
Gas Tax Transfer	4,475,000	4,400,000	4,400,000	-
Other Miscellaneous	16,597,040	18,400,000	6,500,000	9,000,000
Lottery	349,100,000	338,100,000	338,000,000	348,700,000
Unclaimed Property	9,300,000	8,200,000	5,000,000	5,000,000
Total General Revenues	\$ 3,113,102,040	\$ 3,088,481,170	\$ 2,915,000,000	3,076,858,477

General Revenue Budget Surplus Statement

	FY 2008	FY 2009	FY 2010
Opening Surplus			
Free Surplus	\$ -	\$ (42,950,479)	\$ 1,142,383
Reappropriated Surplus	3,640,634	1,738,518	-
Subtotal	\$ 3,640,634	\$ (41,211,961)	\$ 1,142,383
Revenues	3,428,978,613	3,088,481,170	3,076,858,477
Cash Stabilization Fund	(68,579,568)	(67,001,675)	(73,872,021)
Total Available Resources	\$ 3,364,039,679	\$ 2,980,267,534	\$ 3,004,128,839
Expenditures	\$ 3,405,251,366	\$ 3,001,125,151	\$ 3,000,341,114
Total Surplus	\$ (41,211,687)	\$ (20,857,617)	\$ 3,787,725
Transfer from Rainy Day Fund	-	22,000,000	-
Reappropriations	(3,640,364)	-	-
Free Surplus	\$ (44,852,051)	\$ 1,142,383	\$ 3,787,725
<i>Operating Surplus/(Deficit)</i>	<i>(41,211,687)</i>	<i>22,092,862</i>	<i>2,645,342</i>

Expenditures from All Funds

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
General Government				
Administration	\$ 560,884,005	\$ 624,444,995	\$ 685,057,084	\$ 601,864,659
Business Regulation	11,663,704	10,961,348	12,445,442	11,332,045
Labor and Training	484,805,942	798,257,902	726,084,649	930,034,066
Revenue	249,139,675	231,279,840	227,920,497	239,805,187
Legislature	35,615,553	34,496,395	36,468,724	37,430,724
Lieutenant Governor	901,418	847,381	973,262	973,262
Secretary of State	7,403,864	7,013,866	6,440,579	6,495,579
General Treasurer	31,489,283	27,630,691	31,161,135	30,736,632
Board of Elections	2,175,218	2,025,807	1,850,141	1,850,141
Rhode Island Ethics Commission	1,405,309	1,388,302	1,437,730	1,437,730
Governor's Office	5,158,611	5,211,183	5,836,754	5,737,384
Human Rights	1,382,968	1,390,927	1,424,747	1,424,747
Public Utilities Commission	6,869,214	6,848,694	7,012,531	7,412,531
Commission on Women	107,208	106,723	109,462	109,462
Subtotal - General Government	\$ 1,399,001,972	\$ 1,751,904,054	\$ 1,744,222,737	\$ 1,876,644,149
Human Services				
Health and Human Services	\$ 14,787,081	\$ 8,577,812	\$ 9,277,812	\$ 9,390,689
Children, Youth and Families	209,941,252	246,572,369	247,814,655	247,749,655
Elderly Affairs	33,579,723	33,303,976	33,169,875	25,523,166
Health	126,077,776	134,153,110	134,056,949	132,310,791
Human Services	1,775,182,036	1,809,677,973	1,875,872,580	1,963,510,139
MHRH	457,490,509	468,126,775	470,632,735	462,873,731
Child Advocate	558,800	547,055	588,148	588,148
Deaf and Hard of Hearing	368,807	355,550	380,146	370,146
Commission on Disabilities	911,985	695,512	926,400	726,400
Mental Health Advocate	431,171	433,625	448,423	448,423
Subtotal - Human Services	\$ 2,619,329,140	\$ 2,702,443,757	\$ 2,773,167,723	\$ 2,843,491,288
Education				
Elementary and Secondary	\$ 1,145,530,047	\$ 1,122,604,449	\$ 1,155,007,685	\$ 1,150,007,562
Higher Education	820,039,552	832,955,995	878,398,870	886,769,732
Arts Council	3,275,655	3,416,567	3,474,826	3,274,826
Atomic Energy	1,532,900	1,171,858	1,140,115	1,217,115
HEAA	26,649,807	32,950,087	28,631,338	28,631,338
Historical Preservation	2,323,114	2,645,097	2,626,768	2,613,504
Public Telecommunications	2,132,366	1,973,393	1,908,358	1,908,358
Subtotal - Education	\$ 2,001,483,441	\$ 1,997,717,446	\$ 2,071,187,960	\$ 2,074,422,435

Expenditures from All Funds

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Public Safety				
Attorney General	\$ 23,731,514	\$ 23,987,032	\$ 24,182,213	\$ 23,507,213
Corrections	186,497,239	181,987,751	190,005,506	185,355,506
Judicial	97,349,720	95,431,750	95,984,801	95,984,801
Military Staff	28,419,792	47,126,140	30,685,749	27,041,133
Public Safety	87,825,459	93,754,588	95,980,961	91,427,484
Public Defender	9,716,729	9,398,459	9,809,087	9,809,087
Subtotal-Public Safety	\$ 433,540,453	\$ 451,685,720	\$ 446,648,317	\$ 433,125,224
Natural Resources				
Environmental Management	\$ 88,958,152	\$ 86,812,704	\$ 89,537,646	\$ 90,973,245
CRMC	5,236,662	4,056,322	5,541,521	5,541,521
Water Resources	1,478,002	1,296,877	1,480,485	1,473,785
Subtotal-Natural Resources	\$ 95,672,816	\$ 92,165,903	\$ 96,559,652	\$ 97,988,551
Transportation				
Transportation	\$ 370,026,380	\$ 390,864,982	\$ 483,283,224	489,066,491
Subtotal-Transportation	\$ 370,026,380	\$ 390,864,982	\$ 483,283,224	\$ 489,066,491
Total	\$ 6,919,054,202	\$ 7,386,781,862	\$ 7,615,069,613	\$ 7,814,738,138

Expenditures from General Revenues

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
General Government				
Administration	\$ 461,660,272	\$ 468,112,139	\$ 498,875,056	\$ 429,600,820
Business Regulation	10,118,066	9,165,752	9,577,234	9,577,234
Labor and Training	6,513,092	6,525,819	6,667,994	6,667,994
Revenue	37,849,916	32,794,928	36,368,064	36,191,064
Legislature	34,099,202	32,988,062	34,912,012	35,874,012
Lieutenant Governor	901,418	847,381	973,262	973,262
Secretary of State	6,307,144	6,323,741	5,966,241	5,521,241
General Treasurer	2,563,767	2,430,926	2,500,299	2,500,299
Board of Elections	1,512,874	1,530,537	1,850,141	1,600,141
Rhode Island Ethics Commission	1,405,309	1,388,302	1,437,730	1,437,730
Governor's Office	5,158,611	4,629,699	5,836,754	5,106,754
Human Rights	991,659	918,472	1,016,242	1,016,242
Public Utilities Commission	-	-	-	-
Commission on Women	107,208	106,723	109,462	109,462
Subtotal - General Government	\$ 569,188,538	\$ 567,762,481	\$ 606,090,491	\$ 536,176,255
Human Services				
Health and Human Services	\$ 5,223,297	\$ 3,601,193	\$ 3,448,389	\$ 3,621,896
Children, Youth and Families	137,133,720	161,387,588	158,722,427	158,822,427
Elderly Affairs	16,071,786	14,065,905	11,687,598	9,920,687
Health	32,281,674	28,036,508	30,596,230	29,554,572
Developmental Disabilities *	-	-	-	-
Human Services	767,224,135	659,792,849	642,064,842	662,081,602
MHRH	219,361,864	182,796,006	168,779,509	166,015,780
Child Advocate	519,657	506,500	547,048	547,048
Deaf and Hard of Hearing	368,807	355,550	380,146	370,146
Commission on Disabilities	413,651	381,983	366,450	366,450
Mental Health Advocate	431,171	433,625	448,423	448,423
Subtotal - Human Services	\$ 1,179,029,762	\$ 1,051,357,707	\$ 1,017,041,062	\$ 1,031,749,031
Education				
Elementary and Secondary	\$ 931,218,471	\$ 827,915,698	\$ 861,797,078	\$ 857,726,770
Higher Education	179,856,018	170,880,998	174,885,270	173,306,844
Arts Council	2,094,847	1,895,913	1,983,986	1,983,986
Atomic Energy	824,470	774,873	775,346	775,346
HEAA	7,323,051	7,283,678	7,305,741	7,305,741
Historical Preservation	1,348,825	1,281,622	1,298,364	1,285,100
Public Telecommunications	1,365,306	1,206,333	1,142,702	1,142,702
Subtotal - Education	\$ 1,124,030,988	\$ 1,011,239,115	\$ 1,049,188,487	\$ 1,043,526,489

Expenditures from General Revenues

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Public Safety				
Attorney General	\$ 21,212,039	\$ 20,811,579	\$ 21,774,743	\$ 21,099,743
Corrections	178,623,504	155,158,888	182,390,562	177,390,562
Judicial	85,000,000	81,687,029	83,907,229	83,907,229
Military Staff	3,739,948	3,427,246	3,529,979	3,279,979
Public Safety	66,828,094	63,963,302	66,518,758	54,745,909
Public Defender	9,468,259	9,072,868	9,583,189	9,583,189
Subtotal-Public Safety	\$ 364,871,844	\$ 334,120,912	\$ 367,704,460	\$ 350,006,611
Natural Resources				
Environmental Management	\$ 35,779,384	\$ 33,555,663	\$ 35,651,578	\$ 35,484,369
CRMC	1,877,703	2,002,213	2,027,574	2,027,574
Water Resources	1,378,002	1,087,060	1,370,485	1,370,785
Subtotal-Natural Resources	\$ 39,035,089	\$ 36,644,936	\$ 39,049,637	\$ 38,882,728
Transportation				
Transportation	\$ -	\$ -	\$ -	\$ -
Subtotal-Transportation	\$ -	\$ -	\$ -	\$ -
Total	\$ 3,276,156,221	\$ 3,001,125,151	\$ 3,079,074,137	\$ 3,000,341,114

Expenditures from Federal Grants

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
General Government				
Administration	\$ 33,952,039	\$ 71,626,013	\$ 91,347,447	\$ 80,173,897
Business Regulation	-	87,641	-	-
Labor and Training	35,594,755	58,972,995	92,322,826	214,366,612
Revenue	1,894,095	2,698,597	1,943,239	2,604,929
Legislature	-	-	-	-
Lieutenant Governor	-	-	-	-
Secretary of State	541,139	296,287	-	500,000
General Treasurer	1,170,081	1,100,489	1,293,540	1,293,540
Board of Elections	662,344	495,270	-	250,000
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	-	581,484	-	630,630
Human Rights	391,309	472,455	408,505	408,505
Public Utilities Commission	100,547	102,659	103,600	103,600
Commission on Women	-	-	-	-
Subtotal - General Government	\$ 74,306,309	\$ 136,433,890	\$ 187,419,157	\$ 300,331,713
Human Services				
Health and Human Services	\$ 7,593,011	\$ 4,304,457	\$ 4,544,633	\$ 4,484,003
Children, Youth and Families	69,839,591	82,257,990	85,504,945	85,504,945
Elderly Affairs	12,257,937	13,718,071	16,460,162	15,210,364
Health	68,180,665	80,167,763	78,444,370	77,831,370
Developmental Disabilities *	-	-	-	-
Human Services	999,808,193	1,141,726,187	1,225,366,325	1,288,587,124
MHRH	222,757,014	273,943,994	284,303,513	280,058,238
Child Advocate	39,143	40,555	41,100	41,100
Deaf and Hard of Hearing	-	-	-	-
Commission on Disabilities	189,769	135,851	174,949	174,949
Mental Health Advocate	-	-	-	-
Subtotal - Human Services	\$ 1,380,665,323	\$ 1,596,294,868	\$ 1,694,839,997	\$ 1,751,892,093
Education				
Elementary and Secondary	\$ 191,008,411	\$ 271,890,336	\$ 278,150,906	\$ 278,346,091
Higher Education	4,096,820	4,488,591	11,997,554	20,338,416
Arts Council	741,355	1,001,429	1,055,840	855,840
Atomic Energy	407,277	103,116	30,000	107,000
HEAA	12,550,536	18,766,778	14,575,320	14,575,320
Historical Preservation	479,640	845,462	819,367	819,367
Public Telecommunications	-	-	-	-
Subtotal - Education	\$ 209,284,039	\$ 297,095,712	\$ 306,628,987	\$ 315,042,034

Expenditures from Federal Grants

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Public Safety				
Attorney General	\$ 1,263,609	\$ 1,313,294	\$ 1,274,540	\$ 1,274,540
Corrections	2,712,735	23,296,574	2,196,668	2,196,668
Judicial	1,939,312	2,711,941	1,445,452	1,445,452
Military Staff	22,949,023	40,716,675	25,018,046	21,941,615
Public Safety	6,232,120	15,309,713	10,232,874	17,227,246
Public Defender	248,470	325,591	225,898	225,898
Subtotal-Public Safety	\$ 35,345,269	\$ 83,673,788	\$ 40,393,478	\$ 44,311,419
Natural Resources				
Environmental Management	\$ 33,435,438	\$ 34,508,404	\$ 32,067,164	\$ 33,680,872
CRMC	1,453,450	1,659,109	1,608,438	1,608,438
Water Resources	-	-	-	-
Subtotal-Natural Resources	\$ 34,888,888	\$ 36,167,513	\$ 33,675,602	\$ 35,289,310
Transportation				
Transportation	\$ 263,437,353	\$ 286,069,476	\$ 381,348,383	\$ 381,348,383
Subtotal-Transportation	\$ 263,437,353	\$ 286,069,476	\$ 381,348,383	\$ 381,348,383
Total	\$ 1,997,927,181	\$ 2,435,735,247	\$ 2,644,305,604	\$ 2,828,214,952

Expenditures from Restricted Receipts

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
General Government				
Administration	\$ 8,876,034	\$ 16,334,694	\$ 17,387,399	\$ 18,938,514
Business Regulation	1,545,638	1,707,955	2,868,208	1,754,811
Labor and Training	24,905,914	24,701,721	25,314,950	25,314,950
Revenue	925,663	799,483	845,292	845,292
Legislature	1,516,351	1,508,333	1,556,712	1,556,712
Lieutenant Governor	-	-	-	-
Secretary of State	555,581	393,838	474,338	474,338
General Treasurer	27,502,060	23,903,082	27,165,006	26,740,503
Board of Elections	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	-	-	-	-
Human Rights	-	-	-	-
Public Utilities Commission	6,768,667	6,746,035	6,908,931	7,308,931
Commission on Women	-	-	-	-
Subtotal - General Government	\$ 72,595,908	\$ 76,095,141	\$ 82,520,836	\$ 82,934,051
Human Services				
Health and Human Services	\$ 1,970,773	\$ 672,162	\$ 1,284,790	\$ 1,284,790
Children, Youth and Families	1,757,941	2,284,059	2,203,059	2,203,059
Elderly Affairs	620,000	1,120,000	392,115	392,115
Health	25,486,027	25,717,414	24,784,937	24,693,437
Developmental Disabilities *	-	-	-	-
Human Services	8,024,708	7,931,437	8,316,413	8,316,413
MHRH	4,590,000	5,458,101	5,203,044	5,203,044
Child Advocate	-	-	-	-
Deaf and Hard of Hearing	-	-	-	-
Commission on Disabilities	8,565	11,127	10,001	10,001
Mental Health Advocate	-	-	-	-
Subtotal - Human Services	\$ 42,458,014	\$ 43,194,300	\$ 42,194,359	\$ 42,102,859
Education				
Elementary and Secondary	\$ 7,363,165	\$ 7,250,840	\$ 7,501,077	\$ 7,501,077
Higher Education	1,041,526	666,433	667,543	667,543
Arts Council	-	94,225	-	-
Atomic Energy	-	-	-	-
HEAA	-	-	-	-
Historical Preservation	494,649	518,013	509,037	509,037
Public Telecommunications	-	-	-	-
Subtotal - Education	\$ 8,899,340	\$ 8,529,511	\$ 8,677,657	\$ 8,677,657

Expenditures from Restricted Receipts

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Public Safety				
Attorney General	\$ 980,866	\$ 1,114,433	\$ 932,930	\$ 932,930
Corrections	-	-	-	-
Judicial	8,710,408	9,324,149	9,807,120	9,807,120
Military Staff	315,321	346,833	337,449	337,449
Public Safety	434,000	835,000	609,000	609,000
Public Defender	-	-	-	-
Subtotal-Public Safety	\$ 10,440,595	\$ 11,620,415	\$ 11,686,499	\$ 11,686,499
Natural Resources				
Environmental Management	\$ 16,411,875	\$ 13,614,137	\$ 15,246,049	\$ 15,246,049
CRMC	250,000	395,000	250,000	250,000
Water Resources	-	109,817	-	-
Subtotal-Natural Resources	\$ 16,661,875	\$ 14,118,954	\$ 15,496,049	\$ 15,496,049
Transportation				
Transportation	\$ 1,447,246	\$ 1,450,000	\$ 1,500,000	\$ 1,500,000
Subtotal-Transportation	\$ 1,447,246	\$ 1,450,000	\$ 1,500,000	\$ 1,500,000
Total	\$ 152,502,978	\$ 155,008,321	\$ 162,075,400	\$ 162,397,115

Expenditures from Other Funds

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
General Government				
Administration	\$ 56,395,660	\$ 68,372,149	\$ 77,447,182	\$ 73,151,428
Business Regulation	-	-	-	-
Labor and Training	417,792,181	708,057,367	601,778,879	683,684,510
Revenue	208,470,001	194,986,832	188,763,902	200,163,902
Legislature	-	-	-	-
Lieutenant Governor	-	-	-	-
Secretary of State	-	-	-	-
General Treasurer	253,375	196,194	202,290	202,290
Board of Elections	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	-	-	-	-
Human Rights	-	-	-	-
Public Utilities Commission	-	-	-	-
Commission on Women	-	-	-	-
Subtotal - General Government	\$ 682,911,217	\$ 971,612,542	\$ 868,192,253	\$ 957,202,130
Human Services				
Health and Human Services	\$ -	\$ -	\$ -	\$ -
Children, Youth and Families	1,210,000	642,732	1,384,224	1,219,224
Elderly Affairs	4,630,000	4,400,000	4,630,000	-
Health	129,410	231,425	231,412	231,412
Developmental Disabilities *	-	-	-	-
Human Services	125,000	227,500	125,000	4,525,000
MHRH	10,781,631	5,928,674	12,346,669	11,596,669
Child Advocate	-	-	-	-
Deaf and Hard of Hearing	-	-	-	-
Commission on Disabilities	300,000	166,551	375,000	175,000
Mental Health Advocate	-	-	-	-
Subtotal - Human Services	\$ 17,176,041	\$ 11,596,882	\$ 19,092,305	\$ 17,747,305
Education				
Elementary and Secondary	\$ 15,940,000	\$ 15,547,575	\$ 7,558,624	\$ 6,433,624
Higher Education	635,045,188	656,919,973	690,848,503	692,456,929
Arts Council	439,453	425,000	435,000	435,000
Atomic Energy	301,153	293,869	334,769	334,769
HEAA	6,776,220	6,899,631	6,750,277	6,750,277
Historical Preservation	-	-	-	-
Public Telecommunications	767,060	767,060	765,656	765,656
Subtotal - Education	\$ 659,269,074	\$ 680,853,108	\$ 706,692,829	\$ 707,176,255

Expenditures from Other Funds

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Public Safety				
Attorney General	\$ 275,000	\$ 747,726	\$ 200,000	\$ 200,000
Corrections	5,161,000	3,532,289	5,418,276	5,768,276
Judicial	1,700,000	1,708,631	825,000	825,000
Military Staff	1,415,500	2,635,386	1,800,275	1,482,090
Public Safety	14,331,245	13,646,573	18,620,329	18,845,329
Public Defender	-	-	-	-
Subtotal-Public Safety	\$ 22,882,745	\$ 22,270,605	\$ 26,863,880	\$ 27,120,695
Natural Resources				
Environmental Management	\$ 3,331,455	\$ 5,134,500	\$ 6,572,855	\$ 6,561,955
CRMC	1,655,509	-	1,655,509	1,655,509
Water Resources	100,000	100,000	110,000	103,000
Subtotal-Natural Resources	\$ 5,086,964	\$ 5,234,500	\$ 8,338,364	\$ 8,320,464
Transportation				
Transportation	\$ 105,141,781	\$ 103,345,506	\$ 100,434,841	\$ 106,218,108
Subtotal-Transportation	\$ 105,141,781	\$ 103,345,506	\$ 100,434,841	\$ 106,218,108
Total	\$ 1,492,467,822	\$ 1,794,913,143	\$ 1,729,614,472	\$ 1,823,784,957

Full-Time Equivalent Positions

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
General Government				
Administration	955.8	845.6	888.6	895.6
Business Regulation	97.0	91.0	103.0	91.0
Labor and Training	407.2	395.3	396.3	436.3
Revenue	464.0	410.0	424.0	424.0
Legislature	297.9	297.9	289.8	297.9
Lieutenant Governor	8.0	8.0	8.0	8.0
Secretary of State	57.0	55.0	56.4	57.0
General Treasurer	86.0	83.0	83.0	83.0
Board of Elections	14.0	12.0	12.0	12.0
Rhode Island Ethics Commission	12.0	12.0	12.0	12.0
Governor's Office	39.0	39.0	42.0	43.0
Human Rights	14.5	14.5	14.5	14.5
Public Utilities Commission	44.0	44.0	44.0	44.0
Commission on Women	1.0	1.0	1.0	1.0
Subtotal - General Government	2,497.4	2,308.3	2,374.6	2,419.3
Human Services				
Health and Human Services	92.2	85.1	73.1	74.1
Children, Youth and Families	738.5	694.0	700.0	700.0
Elderly Affairs	35.0	32.0	31.0	31.0
Health	413.5	409.6	414.6	414.6
Human Services	994.4	884.6	954.6	954.6
MHRH	1,534.6	1,352.4	1,395.4	1,398.4
Child Advocate	5.8	5.7	5.7	5.7
Deaf and Hard of Hearing	3.0	3.0	3.0	3.0
Commission on Disabilities	4.6	4.0	4.0	4.0
Mental Health Advocate	3.7	3.7	3.7	3.7
Subtotal - Human Services	3,825.3	3,474.1	3,585.1	3,589.1
Education				
Elementary and Secondary	339.0	311.4	327.4	327.4
Higher Education	4,275.9	4,180.0	4,182.1	4182.1
Arts Council	8.6	7.6	7.6	8.6
Atomic Energy	8.6	8.6	8.6	8.6
Higher Education Assistance Authority	42.6	42.6	42.6	42.6
Historical Preservation	16.6	16.6	16.6	16.6
Public Telecommunications	20.0	18.0	18.0	18.0
Subtotal - Education	4,711.3	4,584.8	4,602.9	4,603.9

Full-Time Equivalent Positions

	FY 2009 Enacted	FY 2009 Final	FY 2010 Recommended	FY 2010 Enacted
Public Safety				
Attorney General	231.1	231.1	231.1	231.1
Corrections	1,515.0	1,423.0	1,423.0	1,423.0
Judicial	729.3	729.3	729.3	729.3
Military Staff	103.0	101.0	111.0	111.0
Public Safety	414.5	396.1	447.7	432.1
Public Defender	93.5	91.0	91.0	91.0
Subtotal-Public Safety	3,086.4	2,971.5	3,033.1	3,017.5
Natural Resources				
Environmental Management	473.0	409.0	417.0	417.0
CRMC	30.0	30.0	30.0	30.0
Water Resources	6.0	6.0	6.0	6.0
Subtotal-Natural Resources	509.0	445.0	453.0	453.0
Transportation				
Transportation	729.2	691.2	780.2	780.2
Subtotal-Transportation	729.2	691.2	780.2	780.2
Statewide retirements effective Oct. 1	(400.0)			
Total Positions	14,958.6	14,474.9	14,828.9	14,863.0

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